

FOOD AND NUTRITIONAL

# Supply Chain Outlook 2021

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*the***WrightGroup**<sup>™</sup>

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# ECONOMY

- FULLY VACCINATED PEOPLE DO NOT NEED TO WEAR MASKS
- CHINA POPULATION GROWTH SLOWING

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## Pricing Trends Key

- Price Increase 
- Price Increase Due to Current Events 
- Price Stable 
- Price Decrease 

## USA

The Centers for Disease Control has stated that fully vaccinated people do not need to wear masks or physically distance during outdoor or indoor activities, large or small. The new guidelines mark the most significant easing of pandemic recommendations thus far and should help further boost economic activity, particularly in the travel and leisure sectors where American's appetite for travel has continued to increase over the past few months. New unemployment benefit claims dropped to a pandemic low of 473,000, a significant improvement from its peak of 900,000 in January. Though extended federal benefits along with the continued re-opening of various segments of the economy has left many employers still struggling to find workers to fill vacant roles. Inflation remains a growing concern as prices continue to climb at a significant rate. The consumer price index rose 4.2% in the past 12 months, the largest increase since 2008. Stock markets have also remained volatile as investors weigh the news of increased economic activity and re-opening with the inflationary concerns raised from increases in prices and significant economic stimulus, but YTD are still posting positive returns:

- S&P 500: +9.49%
- DJIA: +11.16%
- NASDAQ: +1.84%

## NEW GUIDELINES MARK THE MOST SIGNIFICANT EASING OF PANDEMIC RECOMMENDATIONS AND SHOULD HELP FURTHER BOOST ECONOMIC ACTIVITY

## European Union

The Economic outlook in Europe has brightened considerably as vaccinations have ramped up and restrictions have begun to ease. The European Commission has upgraded its forecast for the region with EU growth now projected to hit 4.2 % for 2021, up from its previous forecast of 3.7 % three months ago. Four of the regions' largest economies (Germany, France, Spain, and the United Kingdom) are expected to grow 3.4 %, 5.7%, 5.9% and 5% respectively thanks in large part to increases in vaccination rates and a continued growth in export demand coming from the US and China.

## China

China's National Bureau of Statistics recently released the data from the national census conducted in 2020. The once-a-decade data showed the percentage of the country's aging population growing significantly to 260 million people, with the proportion of people aged 60 and above increasing 5.4% since the last census was taken in 2010. Population growth has also reduced to its slowest pace since modern day census taking started in 1953, mirroring demographic shifts seen in other nations in the region including Japan and South Korea. The severe COVID-19 outbreak in India has hurt the region's recovery efforts as well. The country's GDP growth has already taken a modest hit with projections decreasing from 11% to 9.8%, including fears that it could decrease even further depending on when the outbreak truly subsides.

# CURRENT EVENTS

- US PIPELINE HACKED
- IMMUNITY PRODUCTS SOUGHT BY CONSUMERS

## COVID-19

- Top 3 total number of deaths are in US, Brazil & Mexico.
- Top 3 total number of cases are in US, India and Brazil.
- Global COVID-19 cases have passed 140 million.
- Several COVID-19 vaccines are approved for use in 178 countries and territories administering and publishing roll-out data.
- Overall, the US and China have given the most vaccine doses (216 million and 214 million respectively) while India has administered 130 million doses. Israel and United Arab Emirates have given more doses per 100 people in countries with populations over 1 million.
- While total cases globally are stable or decreasing due to vaccine administration, Asia is the notable exception because of the surge of cases in India.

## Global Trade

- Freight Surcharges increasing and becoming more common
  - Many companies exporting goods from the US to Europe have seen freight costs on the rise due to increased overall demand for shipping containers and a shift in container supply to China to meet shortages
  - In turn, freight surcharges on goods coming out of Europe are becoming more and more common for the US companies purchasing those goods

## Supply Chain

- Colonial Pipeline forced to shut down due to crippling cyber-attack last week
  - The pipeline supplies 45% of East Coast gasoline, diesel, and jet fuel
  - Supply interruption led to gas prices surging above \$3 per gallon as well as more than 1,000 gas stations in the region running out of fuel

- Pandemic related shortages continuing to grow across a variety of different goods including:
  - Chlorine
  - Computer chips
  - Chicken
  - Gasoline
  - Lumber
- Port conditions are beginning to improve and goods have started to move through them at a faster pace, though still not quick enough

## Consumer Trends

- Large food companies which performed well in 2020 in beverage, alcohol, center store, breakfast and snack categories are expecting to accelerate innovation in 2021. Market research data indicates that consumers are ready to reach beyond their 2020 comfort zones in purchases, dining and cooking experiences. This is particularly true with Millennial and Gen Z consumers and for their children. Households with kids are more likely to purchase fortified foods (66%) vs households without kids (53%) into 2021. Sales of supplements for kids jumped 34% in 2020 with immune boost the top reason for increased use. 50% of school-aged children were still learning remote into 2021 so kid-targeted snacks, smoothies, even pancakes and desserts are seeing more launches, including with fruits and vegetables for healthfulness.
- Label changes are mandatory by July 2021. New dietary guidelines are focused on the nutrients of concern, especially for children 1-8 years old: Vitamin D, potassium, calcium, iron and fiber. Underconsumption of Vitamins A, C, E, K plus magnesium and choline needs to be addressed as parents select more healthy foods and beverages for their children.
- Allergen-free, gluten-free and non-GMO entries have grown 10-15% during 2020.
- "Super" immunity still tops the health benefit most sought by consumers with Vitamin D, zinc, herbs, botanicals, fruits and vegetables most noteworthy. Calling out polyphenols and antioxidants continues to trend.
- Plant-based products are appealing and being tried more often by flexitarians, i.e. people and pets who also eat meat, fish and dairy.



FAT SOLUBLE

# VITAMINS

Trending Vitamins:

- FOLIC ACID
- CYANOCOBALAMIN
- VITAMIN C
- VITAMIN D

**Vitamin A:** Prices for Vitamin A have stabilized despite tightened supply due to European producer supply constraints.



**Vitamin D:** Prices on Vitamin D have stabilized after major increases in 2020.



**Vitamin E:** Suppliers report costs of the raw ingredients used to manufacture E products are significantly increasing (Methanol, Acetic Acid, Alcohol, Acetone) which is resulting in the E products increase.



**Vitamin K:** Current pricing for vitamin K1 is stable. Most users prefer a 1% or 5% trituration. New uses in bone health and other condition-specific formulations, especially with vitamin K2, is making this formerly minor vitamin a more interesting story. Pricing and demand are stable.



The market now has a strong interest in immunity ingredients, leading to price increases among many vitamins.

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# VITAMINS<sup>CONT.</sup>

Trending Vitamins:

- FOLIC ACID
- CYANOCOBALAMIN
- VITAMIN C
- VITAMIN D

**Vitamin C:** Prices remain high and are not currently increasing. However, potential extensive summer shutdowns could cause prices to move up in second half of this year.



**Vitamin B1 (Thiamine):** The B1 market has stabilized but still volatile as we move into second half of 2021.



**Vitamin B2 (Riboflavin):** Riboflavin USP and food grade pricing are firm, and supplies are adequate. Several new entrants have begun manufacturing and potential capacity increases can be expected by the majors.



**Vitamin B3 (Niacin/ Niacinamide):** Pricing has stabilized in recent months even as pyridines have tightened up.



**Vitamin B5 (Calcium Pantothenate):** Supply of Vitamin B5 was tightening up, prices on upward trend.



## **Vitamin B6 (Pyridoxine):**

B6 pricing has been stable as supplies have improved and demand has decreased.



**Vitamin B7 (Biotin):** After reaching exceptionally high prices in 2020, B7 prices began to fall and have now stabilized at a low level.



## **Vitamin B9 (Folic Acid):**

Vitamin B9 prices have increased due to lack of raw material availability.



**Vitamin B12 (Cyanocobalamin)** The B12 prices and supply are relatively stable.



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# MINERALS

- SOME MINERALS HAVE SEEN PRICE INCREASES
- COVID-19 HAS MADE SOURCING SOME MINERALS DIFFICULT

## Trending Minerals

- Iron
- Magnesium Sulfate
- Magnesium Oxide
- Magnesium Citrate
- Zinc Gluconate
- Zinc Citrate
- Zinc Oxide

**Calcium Carbonate:** Visit the Granulations section on page 10 for more information about our directly compressible version of SuperTab® oyster shell calcium carbonate.

- SuperTab® Oyster Shell Granulation (OSG) 2000 AM
- SuperTab® Oyster Shell Granulation 2100 Malto
- SuperTab® Oyster Shell Granulation 2300 Acacia

**Copper:** Due to increased domestic demand in China coupled with COVID-19 related supply issues, copper inventories have large drops month after month. Prices have remained stable but could see an increase in Q4.

**Iron:** Iron prices and availability remain stable.

## Electrolytes

**Calcium:** Prices for calcium are stable and are expected to remain steady through Q4.

**Magnesium:** Magnesium prices were on a rise however, they are currently stable.

**Potassium:** Prices and availability are stable.

**Phosphorus:** Prices are stable and expected to remain so in Q4.

**Sodium:** Sodium Ascorbate prices are increasing as with all Vitamin C.

## Zinc

Zinc pricing is slightly high. There is a high demand for Zinc and supply is limited causing lead times to increase.

**Zinc Gluconate:** Price and lead times for Zinc Gluconate are increasing.


**Zinc Oxide:** Prices for Zinc Oxide increase with lead times which are longer than average.


**Zinc Sulfate:** Prices and lead time are increasing.

**Zinc Ascorbate:** Price and lead times for Zinc Ascorbate are increasing.

**Zinc Citrate:** Prices are back up and have increased lead times.

### Pricing Trends Key

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# MINERALS<sup>CONT.</sup>

- SOME MINERALS HAVE SEEN PRICE INCREASES
- COVID-19 HAS MADE SOURCING SOME MINERALS DIFFICULT

## Chelates

Prices for most chelates remain stable. Contact us for more information about specific chelate pricing.

**Zinc Amino Acid Chelate:** Prices and lead times for Zinc Amino Acid are increasing.



**Zinc Bisglycinate Chelate:** Prices for Zinc Bisglycinate are increasing, and lead times are longer than average.



**Zinc Glycinate Chelate:** Longer than average lead times, and prices are beginning to increase.



**Copper Glycinate Chelate:** Prices are stable and expected to remain so.



**Manganese Amino Acid Chelate:** Prices remain stable but are experiencing longer than average lead times.



## Trace Minerals

**Chromium:** Chromium prices remain stable but can be difficult to source due to long lead times.



**Molybdenum:** The Molybdenum market is experiencing longer than normal lead times, but prices are remaining stable.



**Selenium:** The Selenium lead times have increased, however, prices are stable.



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# PREMIXES

- MANUFACTURERS ARE SWITCHING TO PREMIXES
- PANDEMIC HAS CHANGED THE WAY PROVIDERS OFFER SERVICES

## Custom Nutrient Premixes

More and more manufacturers are switching to vitamin and mineral premixes. Premixes consolidate multiple nutrients into a quality-assured, single-step ingredient and deliver economies of scale by simplifying ingredient procurement from a single source.



## Wright Group SuperBlend®

Our value-added SuperBlend® custom nutrient premixes deliver performance and stability in high temperature and shear processes in a variety of food and beverage products, including:

- Extruded bars
- Gummy supplements
- Breakfast cereals
- Ready to drink beverages
- Beverage mixes





# MICROENCAPSULATION

- AN EFFECTIVE METHOD OF MASKING UNWANTED FEATURES
- DELIVER A WIDE-RANGE OF FUNCTIONAL INGREDIENTS



## Microencapsulation Technology

Vitamins, minerals, and other nutrients possess unique characteristics that can affect the appearance, color, and odor of the final product. Microencapsulation is an effective method of masking unwanted sensory characteristics while maximizing nutrient function.

SuperCoat®, our most recent innovation using our proprietary SMART™ process, envelops particles at the microscopic level in a protective shell. This value-added coating technology delivers superior performance and stability of essential nutrients for a wide range of multi-functional ingredients.

### Trending Microencapsulated Nutrients:

- Vitamin C
- Vitamin B5 (Calcium Pantothenate)
- Vitamin B9 (Folic Acid)

With a diverse portfolio of products, The Wright Group is one of only a select group of manufacturers with the technology and resources to deliver independent manufacturing of custom premixes, microencapsulated nutrients, and granulations.

Our comprehensive supply chain and extensive list of pre-qualified ingredients allows us to react quickly to changing market trends and help you keep up with consumer demand. We also understand that superior service is just as important as technology and expertise. That's why we provide you with prompt quotations, technical assistance, and support documentation to help you efficiently deliver your products on time. Contact us today to talk to one of our experts about your project needs or ask about any ingredients not listed here.



# GRANULATIONS

- DELIVER ESSENTIAL NUTRIENTS IN GRANULAR POWDERS IDEAL FOR HIGH SPEED TABLETING
- CAN BE INCORPORATED INTO DRUM-TO-HOPPER TABLET BLENDS



## Granulations

Rather than outsource granulations from a third-party manufacturer, The Wright Group has committed to developing technologies and processes in-house to effectively and efficiently manufacture **SuperTab® direct compressible granulations**.

**SuperTab® granulations** deliver essential nutrients in uniform, free-flowing, granular powders ideal for high speed tableting processes. As usual The Wright Group™ combines quality, innovation and superior knowledge to make sure your product is the best it can be. Ask about our granulation capabilities today!

## Trending Granulations:

- Glucosamine
- Chondroitin
- Vitamin C

## Oyster Shell Granulation

**SuperTab® Oyster Shell calcium carbonate is sourced from an above sea level deposit**, characterized as fossilized oyster shell beds. These oyster shell beds have been thoroughly vetted over the past ten years with testing of the material both analytically and physically to insure consistency and purity. The Wright Group sources the high purity genuine shells exclusively from a domestic supplier.

Contact us today to get started on your next dietary supplement product containing calcium carbonate granulations. Insist on SuperTab® Oyster Shell authenticity in your formulation.







# FUELING YOUR PRODUCTS ENHANCING YOUR BOTTOMLINE

## About The Wright Group

Our comprehensive supply chain and extensive list of pre-qualified ingredients allows us to react quickly to changing market trends and help you keep up with consumer demand. We also understand that superior service is just as important as technology and expertise.

That's why we provide you with prompt quotations, technical assistance, and support documentation to help you efficiently deliver your products on time. Contact us today to talk to one of our experts about your project needs or ask about any ingredients not listed here.

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