



# Seafood Insider

## Shell Fish Market

### Shrimp

Shrimp prices spiked in early July. As a result, the market moved sharply higher even on large Indian whites which are in production with imports heavy as news spread of likely disease driven production issues in Mexican farmed shrimp.

Although it was anticipated by some that Thailand production might improve in the 3rd quarter, it appears now that improvements in production and imports are at least delayed and shortfalls may be even worse than initially considered. Despite the better import figures from the top supplying countries, with the exception of Thailand, the shrimp market has literally become a sellers' market.

Amid the short situation, the focus of the market gravitated mostly towards sourcing product during July as buyers looked to acquire product for both immediate needs and 4th quarter holiday needs. However, this flurry in buying activity has resulted in sellers instituting further price premiums in an attempt to preserve their own supplies and forced overseas offerings even higher.

Reports are that in many cases overseas packers have temporarily pulled off the market and limited commitments as they wait for the spot market to settle. With the advancing price of raw material some packers have struggled to fill commitments.

Overall, the result is that price premiums continue to develop throughout the entire shrimp complex. On-hand supplies are reported as short with many holes developing in inventories and thus, remaining inventories in the U.S. are being

tightly held in fear of major supply interruptions.

### Gulf and Pond Shrimp

**Pond white shrimp:** out of Central and South America is strong and has not shown many signs of weakening. Lack of raw material from Asian countries has led to new buyers looking for white shrimp in this region and premiums being sought throughout all sizes. In addition, inventory levels appear to be low, which has led to aggressive purchasing of any raw material that is available for sale. Taking short inventory positions and strong markets into account for both imports and domestic shrimp, the Central and South American shrimp market will unlikely be weak until the global supply issues are in the rear view mirror.

**White and brown shrimp:** markets have continued their trend and remain strong. Led by global supply issues and low inventory levels across the board, raw material is going for a premium at the docks today. The sizes being caught currently are said to be smaller than average for this time of year, partially due to cooler weather. As weather warms up the shrimp sizes should improve. Texas waters opened for fishing on July 15th which historically leads to pricing relief. However, this year there is uncertainty amongst buyers and sellers alike if the amount of shrimp caught in Texas waters can help turn the market around for domestic white and brown shrimp.

**Peeled white shrimp (PUD):** have begun to see the impact of strong shrimp markets across the board. The larger sized PUD's (41-50 ct & 71-90 ct) have shown the most strength as buyers seek alternatives to imports due to the short

supply issues. All indicators point upward in the peeled market as the headless markets continue to strengthen.

**Rock shrimp:** inventory in the US is still unavailable at this time. Early indicators have shown that rock shrimp pricing will follow suit with other domestic once available considering the shortage of raw material. Pink shrimp markets have also firmed up considerably over the last month as boats fishing Florida waters have headed west to fish for whites or browns for the rest of the season. This stronger pink shrimp market will also influence the scarce rock shrimp once caught.

**Domestic P&D:** shrimp remains firm as packers wait for new landings of raw material. Current brown shrimp inventory and strong demand will play their part in keeping this market steady to strong. Catch rates in Texas will be the final deciding factor on this market as raw material should be hitting the docks around the middle of August.

### Crab

**Pasteurized:** The crabmeat market (*Portunus pelagicus*) has seen brisk sales over the first half of the summer in the US. However, this upward trend is likely due to a combination of the peak season of selling, shortages in the (*Portunus hanni*) category and the low season of production in (*Portunus pelagicus*) countries. Colossal and Jumbo supply/prices remain tight. While Super Lump, Lump, Backfin, Special and Claw went from being plentiful and relatively inexpensive to prices moving up recently and inventories becoming tight.

Production in Indonesia is beginning to

pick up pace while production in Thailand and the Philippines is underway. New production won't be seen until Sept/October. Importers are still scrambling to get as much raw material as they can to fill containers. Lack of inventories on lower quality Chinese crabmeat still continues, however the new season starts in August with first arrivals expected in Sept/October. High sales demand will remain strong until mid-September, thus prices will continue to stay firm through the summer.

**Snow Crab:** Newfoundland and most Gulf Zones have wrapped up fishing for the year. While Nova Scotia Zones 23-24 are expected to wrap up in the next 2 weeks. Overall, market prices have continued to move up on all sizes and inventories are reported as short at all levels within Canada. Most US inventories are reportedly pre-committed to multi-unit customer programs as well.

Industry anticipation expects prices to remain firm until the new Alaskan season, which typically begins in January. However, there may be some limited supply available out of Nova Scotia and Greenland during the winter months that could help elevate some market pressure.

**King Crab:** At the moment, current inventories on larger sized bulk red king crab are adequate. However, movement is reported as slow and there is speculation that prices may soften on 9-12 and 14-17 ct sizes. Inventories on the smaller sizes, namely 16-20 and 20-24 ct's, are scarce and subsequently trading at premium prices. Reciprocally, brown king crab inventories are reportedly very limited, especially 6-9 and 12-14 ct size ranges. With the exception of 16-20 ct, inventories on the mid range 14-16 ct and smaller remain ample. Overall expect prices to firm over the next month on USA brown king crab.

## Lobster

**Warm Water:** New season for Brazil's began June 1st with first container arrivals in July. There have been some delays due to FDA holds. Prices are steady at or above like sized N. Atlantic's for now, but are at lower price points

compared to the 2012 season. This niche market might adjust with arrivals of other WW tail supply, namely Nicaragua etc.

S. African tails have been slow, as costs have been high compared to other offering and species. H Tails remain the shortest on the market. Currently oman's are back in stock. However, costs remain high compared to other species of tails.

**Cold Water:** Typically the N. Atlantic Lobster season yields a higher percentage of small "Canner lobsters" with a wide variety of items; tails, meat, whole cooks, claws and arms that go into domestic and overseas markets. To date, sales on meat items have been strong and are expected to stay firm through the fall.

The Maine season is underway with some slight delays due to water temps. Peak season is August for this region where a good portion of the lobster goes to the live whole market. Expect yields on these items to improve as the landings pick up. Typically the first part of the Maine season is from recently molted lobsters and the meat fill from this point forward will only improve. The greatest impact for this is at the front of the lobster in the claws and knuckles. Tail meat remains relatively steady in relation to meat fill.

Prices are somewhat unsettled at this time as many processors have sold out of the spring Canadian product and are depending on the Maine product for supply. Large sizes still remain short as the bulk of these are produced in the fall out of the Nova Scotia region.

## Scallops

The market for domestic dry scallops is currently at all-time highs, with additional upward pressure noted. These have also been subjected to the largest gains in the category; currently U/10's are up 24 percent year-over-year, 10/20's up 15 percent, and 20/30's are 11 percent higher.

At the same time, domestic processed products are falling short of attaining all-time highs, rather trading at 52-week highs. It's been suggested that some

upside potential is limited as buyers are resisting such high prices for processed products. Still, trading is currently trending as much as nine percent over year ago levels.

Planned cuts in domestic quota continue to send buyers far-and-wide seeking scallop supply, and so far, sharp increases were noted in imports from China (+76%), Canada (+62%), Argentina (+87%), and Peru (+206%). The surge in imports from China is very much being welcomed by U.S. buyers.

The market for Canada origin scallops is only marginally higher than a year ago, but all sizes are currently recording all-time highs with the exception of the 10/20 ct. Catch reports from Canada indicate a robust start and very good catch rates. However, it has been suggested that the majority of the catch is comprised of larger 20/30 count scallops.

## Fin Fish Market

### Atlantic Cod

As of late, Atlantic cod prices have begun to firm. Industry reports indicate that the surplus of available inventories is beginning to find balance due to improved demand. This is welcome news to both fishermen and processors alike.

### Pacific Cod

As with Atlantic cod, the overall market conditions for Pacific cod remains stable and market prices have settled. Supply is reported to be sufficient for current demand.

### Haddock

Haddock prices continue to rise due to a severe shortage of raw materials. Many processors are purposely opting to move their production focus to a more economically friendly species. As such, future supply and pricing is expected to be volatile and will likely influence users to consider cod as an alternative option.

### Pollock

The Pollock "B" season is reportedly yielding a higher percentage of smaller sized fish. This was initially good news to processors as the 2013 "A" season

resulted in a higher percentage of large fish. However, as the "B" season progressed, the catch has continued to trend with smaller sized fish and this now has processors concerned with their ability to cover future demand on large sized fillets. For now, prices remain stable on all sizes, but there is a building anticipation that market prices will have to rise on larger size fillets as demand begins to outpace supply.

### **Grouper**

Supply of both Mexican and Chinese origins remains ample due to stagnant demand. As a result, stable prices are expected to continue for the foreseeable future.

### **Mahi Mahi**

Mahi supply and prices remain ample. New season will commence in late fall from Guatemala and will move down the coast to Ecuador and Peru in the latter part of 2013.

### **Ocean Perch**

Raw material prices for ocean perch have been on a steady decline in recent weeks. Supply and market conditions are the two factors for the recent decline. On the supply side, the quota for 2013 has been increased by 22% over 2012.

The primary market for ocean perch is Europe with 48% of production being consumed. Processors are reporting weak demand and overall decreased sales in this major market. This is resulting in oversupply and high inventory holdings at the present time.

### **Tuna**

Prices continue to soften on most sizes of the TST treated tuna as the end of summer grilling season approaches. The summer months reportedly experienced an increase in demand and prices are expected to remain steady through the fall months.

### **Salmon**

The salmon market remains in flux, especially out of Chile. Low prices in 2012 and the high debt in Chile has resulted in several consolidations of salmon producers. At the moment, fast cash is reported to be the better return

for farmers on exported fresh product and this is taking precedence over frozen production. Overall, prices are reportedly firming out of every region.

Norway has also experienced increases as of late resulting in prices firming up. Cooler than normal water temps have resulted in slower than expected growth rates. This coupled with higher demand and lower frozen imports out of Chile have put added pressure on supply resulting in elevated prices across the board.

### **Swai (Vietnamese Pangasius)**

The pangasius fillet market remains steady with imports for May registering a record high for that month. May's figure showed an increase for the first time since March 2012. Despite the correction of duties released in May, the market in the U.S. has remained steady since the jump in prices seen in March.

### **Tilapia**

Frozen fillet prices continued to move higher throughout June as inventories run seasonally low and replacement costs remain higher than last year. The fresh market moved higher for the first time in more than 6 months primarily due to higher bidding from importers to farmers as pockets of shortages at the source were reported. This ultimately made importers raise their asking prices in the US. The undertone at currently listed quotations is steady.

### **Zander**

Production in Europe continues to be very poor. Most fishing is now stopped due to warm water temps. In particular, short supply situations are being reported on all smaller sizes: 20-40 gm, 40-60 gm, 2-4 oz and 4-6 oz. Although supply is reportedly stable at the moment, expect prices for European Lake Perch to firm up over the next several months as the new season commences in October.

## **Domestic Lake Fish Market**

### **Perch**

To date, industry updates confirm that well over half of the quota on perch has been caught for 2013. The predominate

catch size this season has been the medium or Michigan size vs. the larger Ohio size (an estimate of 70/30). Additional supply is expected in October due to the heavy push for processing to prep for winter supplies to last till the spring. Expect prices to firm as we enter into the fall processing season.

### **Walleye**

Similar to perch, the walleye quota is also reported trending at 50% caught. Typically, walleye fishing during the summer months lags as the warmer water temps drive the fish to deeper waters. However, the moderate summer temps this year have contributed to higher than normal catch rates. To date, most of the catch is reported as 90% jumbos and 10% mediums. However, the fall fishing is expected to bring a higher yield of smaller prime sized fish and processors are hopeful that this class of fish will yield 50% jumbos and 50% mediums.

### **Whitefish**

Whitefish continues to be very short in the market and remains especially tight on the highly desired 8-10 oz size. Consequently, prices are expected to stay firm going into the fall. The overall lack of resources out of Lake Michigan, Lake Superior and inland Canadian lakes is resulting in excessive pressure on the supply and heavy Russian exports of H&G are increasing pressure on the already stressed resource.

## **Specialty**

### **Frog Legs**

Supply remains sufficient on all sizes of frogs 4-6, 6-8, and 8-12 ct sizes. New season arrivals can be expected Sept/Oct; to date there is no indicator of new season prices.

## Gator

Current inventories of wild gator remain stable and no interruptions are expected as the new season approaches in September. As of late, farmed gator has taken a surge in usage and subsequently supply has become somewhat tight. Prices have experienced some softening the last few weeks to stimulate sales in an effort to reduce carry over inventories in preparation for new season supply.

