



Seafood Insider

Shell Fish Market

Shrimp

Thailand imports continue to be affected by EMS. Some expected production improvements in the 3rd quarter; however, those predictions have generally been pushed out to late 2013 and into 2014 before production improves.

Imports from India and Vietnam were both higher for the month of June while imports from Indonesia were about even. Additionally, Vietnam imports of peeled & deveined and cooked shrimp increased substantially. Indian imports were not as heavy compared to recent months. Imports of HLSO and easy peel were off sharply. Peeled & deveined imports were down 15% but YTD imports remain positive at 3.6% higher. Cooked and also breaded imports were down.

The shrimp complex continues strong. Inventories are closely held with some depletions being increasingly reported. As inventories move out, offering prices are increasingly aligned with overseas replacement costs which continue to strengthen amid the global scramble to secure shrimp.

Thus far reports of buyer resistance are limited as concern is focused on securing product. Premiums and rationing are the rule across the complex as sellers balance inventories against demand.

It is likely the imposition of the US's countervailing duty on June 4th has exacerbated already declining shrimp imports. Not only directly in the form of duties for the affected countries, but also decreasing the US's competitiveness and a global shrimp shortage. The CVD increases in the final rates will change the dynamics of shrimp imports. Although it is too early to tell exactly

how markets will be affected it will again at least weaken our competitive situation for the already tight and limited global supply.

The ITC will make their final determination on injury to the domestic shrimp industry on September 19th. If they determine injury rates, they will be in effect until the administrative review in one year.

Gulf and Pond Shrimp

Pond white shrimp: have shown temporary signs of leveling off out of Central and South America. The market has been extremely strong over the last few months with CVD hitting Ecuador, limited Asian supply due to EMS and a strong global demand all playing their part. Importers have started pushing back on high raw material prices in fear that the US markets won't support the prices. This could be the attributing factor for the market stabilizing for the time being. Unfortunately this tactic will only be a temporary fix if global demand continues to pay premiums as they have done thus far. With replacement cost being higher than our current markets and global supply issues still at hand it is unlikely that the market will weaken in the near future.

White and brown shrimp: remain very strong. Shrimp is being purchased at the docks as fast as fishermen are able to catch it, which hasn't helped slow the markets any this season. Brown shrimp catch rates have been steady in most sizes, while whites have been slow in some of the middle sizes (21-25 ct up to 31-40 ct). Additional fishing will be done for whites in the next month which will hopefully add relief to their limited supply. The market with gulf white and brown shrimp continues to be strong

with global supply issues on imports and a solid demand in the US. The market is not expected to weaken prior to the holidays as inventory levels continue to be lean across the supply chain.

Peeled white shrimp (PUD): continue to see the impact of the market strength in other areas. Larger sized PUD's (41-50 ct & 71-90 ct) are seeing additional demand as traditional users of imported shrimp seek lower cost alternatives. Most strength in this category is in the larger sizes, however smaller sizes could see a ripple effect from the entire market.

Rock shrimp: is starting to be caught, but in very small quantities as a by-catch to gulf browns at this time. As expected, preliminary pricing on these limited amounts has reflected the scarcity of the product. The bulk of this product is caught in the fall by boats specifically targeting rock shrimp. With the premium prices that whites and brown shrimp are going for today and their heavy demand, it is uncertain how many fishermen will target rock shrimp this year.

Domestic P&D: is being produced now as the Texas brown season is fully underway. Premium prices are being paid compared to last year as expected based on the entire shrimp market. Some of the smaller sized shrimp (26-30 ct & 31-35 ct) are continuing to see heavy demand compared to the larger sizes. The pressure on these smaller sizes could lead to additional premiums being sought for raw material. The outlook on this market does not show signs of weakening before the holidays.

September, 2013

Crab

Pasteurized: The (*Portunus pelagicus*) market saw brisk sales over the first half of the summer in the US. As reported earlier, this is partly due to the peak season of selling, however the shortage in the (*Portunus hanni*) category and the low season of production in (*Portunus pelagicus*) countries were also contributing factors.

Unfortunately, brisk sales have led to select shortages in this category. Colossal and Jumbo grades continue to be tight and prices continue to reflect it. Furthermore, Super Lump, Lump, Backfin Lump, Special and Claw went from being available and relatively inexpensive to pricing moving up and inventories becoming more in line, so much so that some grades like Special have tightened up just like Colossal and Jumbo. Production in Indonesia, Thailand, and Philippines are starting to pick up, but relief remains at least 30 + days away.

Lack of inventories and firm pricing on lower quality Chinese Hanni Crabmeat are still being experienced. Increased demand on the economical Hanni continues and is fully expected to persist, however, new season arrivals are slated for late Sept/early October. Industry buzz indicates it is still premature to tell if price relief will be achieved with available new season supply.

Snow Crab: Newfoundland, Gulf, and Nova Scotia have wrapped up for the year. The new season has resulted in low inventories and consequently market prices have firmed up on all sizes. At the moment, prices are expected to remain firm until the new Alaskan season which typically begins in January.

King Crab: At the moment, inventories for larger sized bulk red king crab are ample. Demand is reportedly slower than expected and as such, there is some pending speculation that prices may soften as a result. Subsequently, industry recommendation is to buy only as needed on the 9-12 and 14-17 ct sizes. Conversely, inventories on the smaller sizes, 16-20 and 20-24 ct, remain difficult to secure and prices continue to be a premium level.

Inventories continue to be poor on large brown crab in the 6-9 and 12-14 size range. Whereas inventories for the mid range 14-17 ct and smaller sizes, with the exception of the 16-20 ct is adequate. Overall, expect future prices to firm over the next month on USA Brown 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 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 tails 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 was expected to be similar to last year but the landings are reported as marginal and as a result prices have crept up over the last few weeks.

Industry reports note lower landings and this is contributing to the price pressure; however, this is a cyclical factor as fishing is limited over the Labor Day holiday weekend. Additionally, the live market continues to bear the inflation affects from the tourist season. This will fall off as the seasonal color tours conclude.

Nova Scotia is slated to begin the last week of November and goes to January. Inventories on larger prime sizes, 6/7 and 8/10 oz, is currently tight and as such, prices have increased. Overall, do not expect much relief on market prices for

the duration of the season with adequate supply. To date, the new season speculation is for increased landings. However, the live market continues to experience increased pressure due to the harder shells being preferred and strong trade value to overseas shipments, especially to China. Soft shell lobsters generally have a high mortality rate and subsequently harder shell Lobsters offer a better value and less risk for overseas shipments.

Scallops

Prices and demand for large US and Canadian-landed scallops remain high, and look set to continue as buyers are not moving over to cheaper product. Inventories of the smaller sizes — mainly imported Peruvian product and Chinese bay scallops — are high at the moment, but sales of these remain "flat at best". The combination of a cut in days at sea for scallop fishing with poor harvests earlier in the year means supplies continue to be tight, and prices are still creeping up.

Production is going to start falling dramatically in the fall and winter. Currently, most of the boats that offload here have completed their days at sea, and won't have new ones until March. Thus, processor anticipation indicates there may be some shortages on select sizes becoming more prevalent as there is 5 or 6 months of sales until the new season.

Fin Fish Market

Atlantic Cod

Atlantic cod prices continue to show firming as industry reports state that the surplus of raw material has found balance with increased demand. This is welcome news to both fishermen and processors alike. According to trade journals, the low prices earlier this year could not be sustained for long. However, the spawning stock in the Barents Sea is reportedly bigger than ever recorded before and this essentially translates to a lot of big cod swimming in the sea and thus the supply of larger fillets will remain ample.

Pacific Cod

As with Atlantic cod, due to the demand vs. supply equilibrium being reached, the overall market conditions continue to experience stable to firming prices.

Haddock

Panic in the market is causing prices for haddock raw material to continue to rise, as buyers anticipate further cuts in the Russian and Norwegian quota in the Barents Sea next year.

Fishing has been focused on cod as companies save up quota for later in the year, where Norwegian and Russian vessels encounter more haddock by-catch. This has contributed to the shortage in the market. Fishing companies are also strategically avoiding haddock, to allow time for the prices to increase, before going in and catching later in the year, when they have hit a peak.

Pollock

The Pollock "B" season continues to progress, however smaller sized fish remains the bulk of the catch. This was initially good news to processors, but the trend of smaller fish is now fully expected to put extra pressure on large sized fillets. For now, prices are stable but speculation of higher market prices is likely eminent as demand begins to outpace supply.

Grouper

Supply of both Mexican and Chinese origins remains ample due to stagnant demand. Over the last few weeks prices have softened but expect these to firm up later this fall as supply starts to dwindle.

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

Despite the increase in quota for 2013, raw material prices have begun to settle now that the core fishing season is winding down. Processors continue to

report that demand remains lack luster, especially in the prime market of Europe, and this is expected to keep prices stable for the foreseeable future.

Tuna

Landings have also been plentiful overseas. As a result, there is currently a glut on supply in the market and this is leading to some price softening as of late. However, the current equilibrium will likely become challenged as supply origins such as Indonesia and Vietnam are either wrapping up their current season or entering the low catch period due to impending adverse weather conditions. Overall, the expectation is that tuna supply and market prices will begin to tighten up the latter part of the calendar year.

Salmon

To date, the salmon market continues to experience unstable times due to numerous factors driven by mixed growth signals and this is causing recent industry reports to flip flop greatly on the issue. Some sources are indicating disappointing growth and excess supply, while others are indicating that Norway plant capacities are being stretched by increased production of both portion and value added products. Additionally, reports on Chile are pointing to debt & cash flow issues as well as increases in export demand on fresh salmon as being the cause for short supply and increased prices. All in all, the near term future for Salmon is expected to be in flux.

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 tilapia prices ticked up to near five-year-highs as US importers wrestled with lack of supplies and rising overseas replacement costs. China's production woes are in part the result of massive 2012 buying when US importers jumped on a glut of cheap tilapia last summer

that drove US imports up 65% compared with 2011. However, at the same time higher replacement costs have also been met with increased production costs namely with feed prices.

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 are reportedly adequate as the new September season approaches. New season arrivals are expected around late Sept/early Oct. To date, there is no indication on supply or price expectation. Conversely, farmed gator supply is short and experiencing allocations. As with wild, expect new seasons arrival soon, however there remains no indication of supply or market price expectation.

