



# Seafood Insider

April, 2013

## SHELL FISH MARKET

### White Shrimp:

At the moment, white shrimp prices remain firm to strong. However, recent market updates continue to rumor that prices may elevate further due to the affects of EMS (early mortality syndrome). Supplies on popular sizes 16-20 and 21-25 ct. shrimp continue to be tight and overall, the attitude of the market is firm to strong with projected higher replacement offerings.

### Tiger Shrimp:

Tiger shrimp prices are reported to be stretched as supplies continue to be tight on larger sizes. Trading remains active as buyers seek to ensure inventory coverage amid higher replacement costs. Thailand imports reportedly continued a downward trend due to the impact of EMS disease as well as exports into other markets rather than the United States. As a result, Thailand exports continue to decline. New season is slated to begin in May.

### Domestic Gulf Shrimp:

The market for domestic headless, shell-on shrimp was unchanged, however full steady to firm undertones persist. On-hand supplies are eroding, and trading among packers is ongoing. Additional premiums are being sought.

### Crab:

Pasteurized: Industry price offers remain firm and supply continues to be adequate for current demand. This supply balance is anticipated to persist for the coming quarter of 2013. Typically demand is at its highest during the summer season due to operator seasonality and this is fully expected to stimulate price increases.

Snow Crab: The quota for this year's Alaska Bering Sea opilio snow crab fishery, which got underway in mid-January, is 66 million pounds (30,000 metric tons), a 25% decline from last year's harvest. Although the cut is significant, the quota is still the second highest in the past 14 years. The market is expected to remain steady to firm on 5-8's; currently supplies are adequate for active demand. Where as 8-up supply remains short.

Canadian Snow Crab: 5-8 ct. crab in the Newfoundland and Gulf markets adjusted higher; supplies range adequate to barely adequate for a moderate to active demand. U.S imports of snow crab, more than 90% of which comes from Canada, were essentially flat through November 2012.

King Crab: The king crab market adjusted lower on 6-9 ct. and 14-17 ct. red and 14-17 ct. golden; supplies range adequate to fully adequate for a quiet demand. The balance of the red and golden markets is unchanged. A few still lower offerings are noted on 9-12 ct. and 12-14 ct. reds and 16-20 ct. golden crab.

### Lobster:

N. Atlantic: Supplies of 7-8 oz. and larger tails are tight. 6-7 oz. tails are full steady to firm with some higher offerings. 3-4 oz. through 5-6 oz. tails are full steady with a few higher offerings noted.

Brazils: Overall, Brazil tails are firm as seasonal supplies ebb. Available supplies continue to be challenged on prime size 6 oz. and subsequently prices for Brazils remain firm in the market. Caribbean tails are full steady for a quiet to fair demand. A few offerings trend higher on large tails. Honduras and Nicaragua seasons concluded the end of February.

W. Aussies: W. Aussies continue to experience some degree of unavailability and price elevations are likely eminent.

S. African: Popular H size tails continue to be the highest in demand but the shortest in supply. This has consequently added pressure on both supply and price on the next larger sized G tails.



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### Sea Scallops:

Domestic: Domestically, prices continue to be very strong while elevating slightly over the past month. Market pricing and current speculation is that prices will rise slightly over the coming months, especially considering the 35% cut in the new season quota. This is expected to be a major contributing factor toward elevating future prices to even higher levels. There is also a concern with the biomass being smaller; consequently a size projection for 2013 reveals an alarming reduction in U/10 availability. This will drive up the price for U10's; resulting in an increased demand for U/12's and U/15's.

Canada: The market for Canadian scallops continues to show signs of steadiness. Similar to Domestic Scallops, the impending winter months do draw suspicion indicating the price will remain firm due to the threat of adverse weather. With the exception of 30/40 ct. scallops, that continue to experience limited availability, overall landings are reported to be adequate for current demand.

Peru: Industry updates continue to report challenged supplies and strong prices in the south. Adverse weather in northern Peru, (the primary region for scallop handling), is accredited to be an ongoing factor in the restricted supply situation.

### Bay Scallops:

Since the fall, China bay harvest, prices have rebounded about a dime, but they could head south once again. Last fall's harvest was average, but Chinese processors are believed to be holding significant inventory. If they decide to unload it this winter, look for prices to drop.

## FIN FISH MARKET

### Atlantic Cod:

Atlantic Cod prices continue to exhibit some nominal softening due to poor market conditions and an excess in available raw materials. Industry reports indicate that the excess in available inventories is a direct result of consumption declines in recession-wracked southern European countries like Spain, Portugal and Italy, which consume large amounts of salted cod. Additionally, the bump in quota (33% to a record 1 million metric tons) for the Barents Sea, the world's largest cod fishery, is another attributing factor. Processor speculation remains firm that prices will continue to experience softening in the coming months.

### Pacific Cod:

The Alaska cod catch will again be at near record levels, although catches will be off slightly. This year's quota in the Bering Sea is 260,000 metric tons, about the same as last year. The cod quota in the Gulf of Alaska is 60,000 metric tons, down about 8% from last year.

Post Chinese New Year speculation persists that Pacific Cod prices will potentially soften even further as supply is reportedly abundant due to the increase in Atlantic Cod quota (33% increase).

### Haddock:

Haddock imports have been rising steadily due to the increase in supplies of frozen product. Frozen haddock continues to be a good value due to yet another bump in the big Barents Sea quota, which is shared by Norway and Russia. This year's quota is up another 5 percent to 318,000 metric tons (as recently as 2002, the quota was just 85,000 metric tons).

Fresh haddock fillet prices, which have been averaging about \$7/lb. this winter, should drop steeply when the Canadian fishery opens June 1 and a glut of fish hits the market.

### Pollock:

The Pollock market remains steady following the opening of the fishing season in Alaska; prices for fresh East Coast Pollock are up drastically as catches are well below what was expected. Despite the challenges on the fresh side, raw material prices for frozen remain stable for the moment. However, there are noted shortages on small size fillets, specifically 2-4 oz. fillets and this could lead to elevated prices in the longer term. Processors are reporting strong sales in all global markets. This is expected to keep prices firm through the first quarter of 2013.



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### Grouper:

The demand for Grouper remains challenged in terms of getting users to return, which is reported to stem from the previous interruption in supply. Grouper supplies, of both Mexican and Chinese origin, continue to be consistent and prices are expected to remain firm.

### Mahi Mahi:

Peru remains the leading fillet supplier, accounting for 52 percent of the imports, followed by Ecuador, which supplied 30 percent of the frozen fillets. Although the market demand remains steady, there is some softening in prices in queue due to the amount of available supply.

### Ocean Perch:

Raw material prices for Chinese frozen fillets remain very strong, especially on smaller sizes as processors are reporting challenges with available raw materials. Subsequently, firming prices are expected to slow exports for processors as buyers seek lower price alternatives. The sales outlook remains uncertain—current anticipation is prices will remain elevated suggesting Ocean Perch could be a less appealing protein.

Canadian origin Ocean Perch continues to experience price softening through the first quarter of 2013. There remains some speculation that even lower prices may come as supply continues to outpace demand. Carry over stocks are currently expected going into the new fishing season this coming summer, this should be successful in keeping prices low.

### Tuna:

Supply and demand continue to experience good balance and subsequently prices remain stable. Market updates persist that steadiness should continue on Tuna through the first quarter. Indonesia, a primary sourcing origin, has entered typhoon season and fishing will be dependent on suitable weather.

### Salmon:

The Northeast fillet market remains firm as demand continues to be reported as moderate to active with available supply adequate as well. The Chilean market remains adjusted slightly higher on all fillets, higher offerings continue to be noted on all sizes.

### Swai (Vietnamese Pangasius):

Last week the average US duty rate applied to non-exempt Vietnamese pangasius exporters was raised from \$0.03 cents to \$0.35 cents lb.; this week the market responded promptly with prices shooting up as the change will raise costs throughout the entire supply chain overnight.

The duty rates were raised after the US Department of Commerce selected Indonesia as the surrogate country to determine costs rather than Bangladesh which had been used for the past five years.

Now a number of Vietnamese exporters face a suddenly significant and retroactive hike in their duty rates that has already impacted market prices as well.

The immediate rise in Urner Barry prices is one indication that Vietnamese exporters will look to offset the sudden rise in duty rates by passing their increased costs down the supply chain assuming all supply and demand variables remain constant.

### Tilapia:

The market has held steady since December even though replacement costs started to tick up in the 4Q of 2012. Industry sources have credited the spike in replacement costs for a variety of reasons including general increases to production costs and the Chinese New Year.

Tilapia farmers and processors are reportedly at odds in a proverbial game of chicken. Farmers are struggling finding balance between rising feed costs and low price offers from processors. Consequently farmers are choosing to leave fish in the water. The cost of feed has risen considerably in the last 9 months and is a significant factor in the cost of raising Tilapia to maturity. Accordingly, frozen fillet prices are expected to rise into the coming months and there is some suspicion that supply on larger fillet sizes will be challenging.



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### Zander:

Both supply and demand for Zander continue to operate in tandem. Replenishment prices on larger size pike perch did experience nominal decreases over the winter months. However, industry eagerness points out that Euro Perch may experience tight supply coming into the spring while the smaller zander, notably 20-40 and 40-60 gm. sizes, are expected to remain limited on supply and firm in price.

## DOMESTIC LAKE FISH MARKET

### Perch:

Overall demand for Lake Fish remains stagnant. Elevated costs from the lack of supply over the last 2-3 years are blamed to be the chief reason for the decline in popularity. Yellow Lake Perch inventories are reportedly abundant.

### Walleye:

Walleye supply and prices continue to experience steadiness. Processors report that both prices and supply are expected to remain constant through the spring. With the exception of some limited availability on smaller sizes, primarily 4-6 and 6-8 oz.

### Whitefish:

Market updates report that Whitefish prices are expected to remain firm through the spring season. Processors account that limited supply is the primary factor for current market conditions. New season is expected to commence in early summer. However, some sporadic fishing does take place over the winter months in Lake Michigan and Lake Erie, if weather permits.



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