



# Seafood Insider

February, 2013

## SHELL FISH MARKET

### White Shrimp:

For the moment, white shrimp prices remain steady; however market updates now indicate anticipation that prices may elevate due to increases in Thailand raw material prices. Industry reports project that prices from Vietnam and India will follow suit as a result. Increased supply coverage by large processing companies is being pointed to be one likely culprit to impending increases as there is also a presence of a new virus in Thailand and Vietnam, which is expected to impact upcoming shrimp harvests.

### Tiger Shrimp:

Tiger shrimp season has fully concluded and prices are expected to continue to increase going into the spring months. Industry processors are reporting very tight to short supply on all sizes. New season harvest is expected to commence late April or early May.

### Domestic Gulf Shrimp:

Pond white shrimp supply out of Central & South America remains mostly steady, with some smaller sizes such as 51/60 & 61/70 having limited production. With sales lacking strength through the holidays, high inventory levels may draw markets lower.

Large brown shrimp catches have almost completely ceased; with U10 product accounting for less than 1/10<sup>th</sup> of 1% being caught today and U12's only making up 1%. Larger size headless white (10/15 & 16/20) is also very hard to come by and supply will be tight through to next season. With suppliers unable to build up their inventory, prices should react accordingly. Smaller sizes such as 21/25's, 26/30's and even 31/40's are also aiming upward as catch rates continue to be poor with the season end drawing near.

Peeled white shrimp (PUD) remain firm, however this market tends to have more volatility as we get closer to the Lenten season and supply is not abundant.

Rock shrimp continues to experience very short supply and prices remain firm as a result. The market for rock shrimp is far outselling what is being caught and supply is very difficult to come by.

Supply of domestic Peeled and Deveined (P&D) shrimp remains steady for the time being, but raw material prices are expected to increase in the coming months due to high demand for headless shell on product.

### Crab:

Pasteurized: Industry reports continue to project that prices will remain firm and supply is to be satisfactory. This equilibrium is expected to keep the market stable for at least the first few months of 2013. Typically demand is at its highest during the summer season due to operator seasonality.

Snow Crab: 8 and 10 ups remain tight to non existent at this time. Prices have increased on market to the levels at or above the previous year. Lack of supply (8 and 10 ups) continues to put added pressure on the next smallest size (5-8ct), as a result expect prices to firm. The Alaskan season quota for snow crab has decreased by approx 25% for 2013. Thus, relief is not expected on costs going into the spring months. This outcome has resulted in both supply and market prices firming for this size.

King Crab: Processors are reporting that larger sized crab (6-9, 9-12 etc) should experience some degree of price relief during the first quarter of 2013. Alternatively, sizes 16-20, 20-24 and 20 ups continue to exhibit tight supply as most can be sold overseas for higher prices. To date, 20-24's are the shortest in supply. Industry reports indicate that until there is softening of prices overseas, the supply of these sizes will continue to be sporadic. The quota remains unchanged at 7.834 million pounds.

### Lobster:

N. Atlantic: Market reports indicate that supply on N. Atlantic Lobster remains settled while demand and prices are experiencing some signs of decline. Overall, lobster demand continues to be in a slump due to its luxurious nature.

Brazils: With the exception continued of short supply on prime size 6 oz, both supply and price for Brazils remain stable. The future sales outlook continues to be positive.



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### Lobster:

W. Aussies: W. Aussies remain in limited availability and prices are elevated. S. African tails are recommended as a temporary substitution.

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

### Sea Scallops:

Domestic: Domestically, prices are firm and continue to show signs of elevation. As of late, the supply anticipated from the winter landings continues to be unsettled and this is partially contributing to the elevation in prices. Adverse weather is a reality to market pricing and current anticipation is that prices will rise slightly over the coming months. Additionally, a cut of 30% in the new season quota is expected to be another contributing factor to push prices to an even higher level.

Canada: The market for Canadian scallops continues to show stability. However, similar to Domestic Scallops, the impending winter months do draw suspicion of rising prices due to the threat of adverse weather. Overall landings are reported to be adequate for current demand. 30/40 ct scallops continue to experience limited availability.

Peru: Market updates continue to report limited supplies in the south and this is attributing to the elevation in prices. 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:

China origin bay scallop prices continue to hold firm and inventories remain sparse. New season commenced in late November with first arrivals expected late Feb or early March 2013.

## FIN FISH MARKET

### Atlantic Cod:

Atlantic Cod prices continue to experience price softening due to poor market conditions and a surplus in raw materials. Market prices of Atlantic Cod Loins continue to trend in parity with Pacific Cod Loins. With the increased Russian/Norwegian Atlantic Cod quota (25% increase), processors continue to speculate that prices may experience even more softening after Chinese New Year.

### Pacific Cod:

Pacific Cod prices remain stable despite Atlantic Cod prices softening. Limited production capacity coupled with short term supply shortages leading up to Chinese New Year has been instrumental in maintaining firm prices. However, with Atlantic Cod reaching parity in price, processors expect that future Pacific Cod prices will have to experience some level of relief post Chinese New Year.

### Haddock:

Prices for Haddock continue to experience an upward trend. The elevation in prices is partially due to limited production prior to the Chinese New Year break, however the more impactful reason is a reduction in quota for 2013 (37% reduction compared to 2012). According to press releases, the Haddock quota has been reduced to prevent decline of stocks.

Secondary processors are reporting limited inventory of smaller raw material, which is predicted to create a shortage of smaller fillets and loins between the 3-6 oz ranges. American secondary processors are reporting increases in longline frozen at sea (FAS) Haddock raw material over the past 2 months. Chinese secondary processors are also reporting increases in raw material prices in the past two weeks.

Processor speculations of price increases are expected to become a reality in early 2013. Although, market updates continue to point out there are market pressures that could possibly prevent further price increases and in reality could spark downward pressure instead. The increase in Atlantic Cod quota is being touted to be the attributing factor along with the weak market for value added and H&G Cod raw materials. Asian processors are slated to begin production in March 2013 while any significant market shift will occur soon after and raw material supply conditions will become much clearer. It is reported that buyers should be cautious going into 2013.



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## FIN FISH MARKET

### Pollock:

2013 "A" season commenced on January 20<sup>th</sup>. Industry reports indicate that fishing has gotten a slow start as processors and fisherman are negotiating ground prices. Raw material prices continue to show stability; however there are noted shortages of fillets in North America, specifically 2-4oz fillets. Processors are reporting strong sales in South America, North America, and European markets which will be instrumental in keeping prices stable until after Chinese New Year. Price will likely be less of a factor than availability from now until early March.

### Grouper:

The demand for Grouper continues to experience slow sales. Mexican and Chinese origin Grouper are the primary sourcing areas, whereas Chinese origin has been highly unreliable in terms of consistent availability and this has been successful in maintaining firm prices.

### Mahi Mahi:

New season Mahi is around the corner. Sales continue to be slower than anticipated, of which increased costs are the likely culprit. Market updates do point towards some softening on prices as supply remains sufficient.

### Ocean Perch:

Raw material prices for China 2X frozen remain elevated. Subsequently, firming prices are expected to continue to slow exports for processors as buyers seek lower price alternatives. Overall, the sales outlook remains uncertain – current speculation is prices will remain elevated making Chinese origin Ocean Perch a less attractive protein.

New season inventories for Canadian origin Ocean Perch brought slightly lower pricing for the fall months. Despite, recent industry speculation that pointed to higher, supply continues to outpace demand and consequently prices are showing softening going into the first quarter of 2013.

### Tuna:

Supplies continue to experience adequate balance with current demand and subsequently, prices have stabilized. Industry reports indicate that stability should persist on Tuna through the first quarter as the prime sourcing origin, Indonesia, has entered typhoon season and fishing will be dependent on suitable weather.

### Salmon:

Both Norwegian and Chilean salmon continue to experience supply and price stability. Slow demand is persisting for this popular species and industry anticipation indicates status quo for the foreseeable future.

### Swai: (Vietnamese Pangasius)

Vietnam pangasius raw material supply conditions are reported plentiful and the market price continues to show softening. Despite lower prices and good supply, farmers continue to experience hardship due to the increasing cost of feed. Feed costs continue to experience tight supply and processors are quick to point out that price increases are inevitable on future production.

### Tilapia:

Market conditions and product availability are quickly changing as raw material supply continues to be reported as short. Consequently, prices continue to rise and fillet prices have increased between \$0.10 - \$0.20lb. Prices are expected to continue to rise in the first quarter of 2013.

### Zander:

Supply continues to be adequate for current demand. However, prices for the larger size pike perch did experience slight softening going into the winter months. Industry anticipation continue to point out that Euro Perch will be very short on supply through the spring season while the smaller zander in the 20-40 and 40-60 g sizes remain short on supply and firm in price.



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## DOMESTIC LAKE FISH MARKET

### Perch:

Overall demand for Lake Fish remains fairly stagnant. High costs and severe lack of supply over the last 2-3 years are noted to be the primary causes for the significant decline in popularity. Yellow Lake Perch inventories remain plentiful this season.

### Walleye:

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

### Whitefish:

Market updates state that prices on Whitefish will remain elevated until the spring season. The issue of limited supply is attributed to be the primary factor. New season is expected to commence in early summer...although there will be some sporadic fishing in Lake Michigan and Lake Erie over the winter months if weather permits.

## SPECIALTY

### Frogs:

Processors continue to report adequate supply of 4-6 and 6-8 ct sizes, whereas the 8-12 ct size is still experiencing FDA interruptions. The new season arrivals are now very plentiful, but demand has yet to rebound due to the long term unavailability. Minimal change is expected on both supply and market prices in the first quarter.

### Gator:

Farmed Gator supply continues to be challenged and higher than normal are a reality. Conversely, wild gator supply continues to exhibit stability but prices remain elevated. Hurricane Isaac had a significant impact on the harvest and consequently the overall impact on supply.



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