



Seafood Insider

July, 2013

SHELL FISH MARKET

Shrimp:

White: 31-35 count and smaller Latin American HLSO white shrimp are full steady with possibly a stronger undertone. Ecuador shrimp production is under buying pressure from Europe and Asia as shortages of shrimp continue to develop because of the limited Thailand and global production in those sizes.

21-25 and 26-30 count HLSO white shrimp are dominated by Indian shrimp. That market has seen some weakness particularly on 21-25 count. 16-20 count HLSO Indian shrimp remain full steady as current production is generally not offered in large count sizes but will soon follow.

Easy peel has been full steady. 26-30 count and larger peeled white shrimp supplies should seasonally improve with Indian production. Supplies of smaller count shrimp remain limited especially due to continuing production issues and an import shortfall from Thailand. Indonesia has recently helped supply some of the smaller counts.

Vietnam may supply product as well but it remains an uncertainty due to their production issues and now a 5-7% CVD preliminary subsidy rate. Cooked shrimp are at the heart of supply issues. Thailand is the major supplier of cooked shrimp to retail programs. Thai shrimp production and imports have been severely affected by EMS disease and cooked imports are down 30% YTD. The spot market for cooked shrimp represents on-hand inventories and has been firm.

Orders for delivery several months out have been noted as substantially higher. Thailand production in the 3rd quarter of cooked shrimp and retail demand will dictate whether the market holds the firm levels currently offered for future delivery.

Black Tiger: The black tiger market is as they say "a whole different kettle of fish". 2011 FAO shrimp production figures indicated that black tiger production was only 20% of total world shrimp production. In the intervening year and a half that fraction has certainly dropped further as countries like India and Vietnam have continued to switch to white shrimp production.

Add a relatively high CVD rate to those production countries and the availability of black tiger shrimp is declining as the market continues to firm for the limited offerings. White shrimp production seasonally precedes the slower growing black tiger shrimp. Therefore, white shrimp should increasingly become available while black tiger shrimp will follow. This may continue to put upward pressure on the black tiger market but it is unclear the price separation that can be maintained between black tiger and white market prices.

In a few words...16-20 through 26-30 count white shrimp supply should improve shortly and may carry a barely steady to weak undertone. The small shrimp supply will take a bit longer to improve from Asia although Ecuador should have HLSO production. However, cooked shrimp will remain tight into the 3rd quarter if and when Thailand production improves. Black tiger shrimp are poised to remain firm but conversion to whites will continue.

Gulf and Pond Shrimp:

Pond white shrimp: markets have firmed up over the last two weeks. Recent signs of the market weakening were quickly turned around by global news. The most recent being that shrimp aquaculture in Mexico is seeing what they believe to be EMS in some of their white shrimp. In addition, global supply of white shrimp is low for current demand. Thus far, the impact has been on middle sizes ranging from 21-25ct up to 41-50ct, with ripple effects to smaller shrimp (51ct and up) mostly from shifts in the sizes demanded.

White and brown shrimp: markets continue in an upward direction. The new season is open in some parts of the Gulf, but catch rates have been slow. The low inventory levels carrying over from low catch rates last year have resulted in premiums being paid for the shrimp that are being caught today. The Texas waters are scheduled to open mid to late July which should help the situation. Involved parties are hopeful that Texas will bring some relief to inventory and pricing by early to mid August.

Peeled white shrimp (PUD): catch rates have started slowing down for the season. Additional shrimp will continue to be caught throughout the summer, however a majority of the landings of small shrimp (100ct and smaller) are said to be completed. As a result, markets have stabilized on these small sizes for the time being. The larger sizes such as 41-50ct and 71-90ct remain unsettled, but market pricing is favorable for consumers which could lead to a firming of the market as the catch rates decrease.



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Gulf and Pond Shrimp:

Rock shrimp: inventory in the US is still unavailable. If possible, our recommendation is that consumers should seek alternative options such as pink shrimp until product becomes available.

Domestic P&D: supply is beginning to feel a larger impact from the low headless shrimp inventories across the US. The Texas season will open in mid to late July which is where this product is caught. Raw material and pricing from the new season is expected approximately 30-45 days after the season opens in Texas. Catch rates will be the key factor as to which way the market will head in the coming months.

Crab:

Pasteurized: As of late, market prices are showing evidence of firming as the summer months are historically a high demand period. Generally, it is difficult to achieve any sort of balance during this period of supply vs. demand as it is the low production period in Asia and this typically translates to elevated costs during the summer months. Currently market supply of high quality Portunas Pelagicus species of Jumbo Lump and Special meat is limited. The Hanaai specie season is expected to resume in the fall.

Snow Crab: The landings of Snow crab out of Canada continue to progress with 21.06% of the estimated catch remaining as of late June. Many gulf fishing zones are beginning to wind down for the catch season; however, Nova Scotia is expected to continue fishing through August. As of late, prices have started to firm up on such popular sizes at 5-8ct. Whereas supply is currently being reported to be moderate/tight on prime 8 & 10 up sizes.

King Crab: Market prices remain firm on most sizes. As a result, demand is slight (slow) due to the luxury price position.

Lobster:

Warm Water: Prices remain stable on Brazil tails. New season began the first part of June with new supply arrivals expected for July. There continues to be little to no speculation on new season prices. Demand remains insignificant for 2013 which is partly attributed to elevated cost.

Demand for S. African tails continue to flounder in a decline state due to elevated costs compared to other offerings and species. Supply of popular H Tails continues to be limited to non existent.

Cold Water: The N. Atlantic season is fully underway. Industry reports anticipate that the market will soon settle due to the influx of new season supply. Large tail production is slated for the latter part of the season out of Nova Scotia, normally around November. Some reports currently speculate that the large sized tails may be short and as a result, prices are expected to be firm. Increased demand of large whole lobsters from China is also expected to add pressure to market prices.

The Maine season is scheduled to begin in July. A significant amount of production is sold live/fresh to local tourists and retailers with the remainder being allocated for processed tails and meat production.

Sea Scallops:

Despite decent landings the past few weeks, the market price levels for U.S. scallops remain elevated; the market is expected to stay stable through the summer months.

Bay Scallops:

Chinese sea scallops continue to go unquoted due to insufficient quantities entering the U.S. market. Consequently, there is an enthusiastic level of interest in the shape of the upcoming production season in China which generally begins June 15 and runs through July 31.



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FIN FISH MARKET

Atlantic Cod:

Atlantic Cod prices continue to experience some nominal softening due to an excess in available raw material. Industry reports indicate that the surplus in available inventories is a direct correlation to the decline in European consumption as well as the increase in catch quota for the Barents Sea.

Recent processor anticipation indicates some speculation that prices will soon start to firm if not potentially increase due to low raw material prices and the resulting poor return on investment to fisherman and processors. Reportedly, fishermen are purposely choosing to leave part of the catch quota in the water as costs incurred cannot be recovered.

Pacific Cod:

Although the Alaska Cod catch is described to be at near record levels this year, catch numbers are reported to be intentionally off due to low raw material prices. Overall, market conditions remain guarded as market prices are uncertain and could potentially see additional softening.

Haddock:

Despite rising prices, Haddock imports have been increasing steadily. Imports of twice-frozen fillets from China are up 16 percent year to date and subsequently, the extra supplies have been putting pressure on prices. However, raw material H & G prices continue to be reported as volatile, with noted increases continuing. Thus, increased instability of Haddock pricing is influencing many users to consider Cod as an alternative option.

Pollock:

The Pollock market remains steady, however small size fillets, specifically 2-4 oz, are tight in supply. This is expected to result in elevated prices in the near term. Processors are reporting strong sales in all global markets.

Grouper:

Supply of both Mexican and Chinese origins continues to be adequate due to static demand. As a result, prices are expected to stay steady.

Mahi Mahi:

Mahi prices and supply continue to experience steadiness as the grilling season progresses.

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 and this is resulting in oversupply and high inventory holdings at the present time.

Tuna:

Industry reports continue to anticipate good balance between supply and demand. As a result, prices have experienced some softening. This is very welcome news going into the grilling season as higher prices did cause an resurgence to drop Tuna as a menu item.

Salmon:

The Chilean salmon market continues to exhibit unrest. Industry reports state there is a growing concern for the re-emergence of ISA and sea lice problems. The measured past problems with the disease are anticipated to create a shortfall in supply, currently estimated at 24%. Consequently, this perfect storm is contributing to major instability in this region.

Prices of farmed Atlantic salmon out of Norway continue to trend upwards and are expected to persist for the remainder of the summer months. Currently, processors do not expect much relief for the next 2 quarters. Considering the Chilean issues, this continues to add pressure on supply out of this region.



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Swai (Vietnamese Pangasius):

The downward trend of imports continues for Swai due to several packers being subjected to tariff increases. The action by the US is expected to have a dampening affect on the popularity that Swai has gained in the last few years. As a result, future supply remains somewhat uncertain.

Tilapia:

Pricing in the U.S. continues to inch up creating higher replacement costs. The Tilapia raw material remains pessimistic as a big shortage of raw material supply is noted in Guangdong, Guangxi, and Hainan due to the bad weather.

Since the outbreak of H7N9 bird flu at the end March in China, the domestic consumption of seafood has risen sharply. As a result, Tilapia raw material price is continuing an upward trend due to poor supply and strong demand. Current expectation is prices will stay at this high level until at least August because farming quantities are reduced compared to last year.

Zander:

Supply remains sufficient for larger sized Zander due to static demand. Whereas market reports reinforce that Euro perch continues to experience limited supply.

DOMESTIC LAKE FISH MARKET

Perch:

Catches are reported as good the first month into the new season. The new season quota reduction of 15-20% is expected to influence better balance with market prices. The combination of lackluster demand and higher prices from the fall of 2012 is inspiring market prices to right themselves which should help influence this popular item back on menus. For now, steady supply is anticipated.

Walleye:

The nominal reduction of 8% in the catch quota for Walleye has been instrumental in keeping supply stable. Market reports emphasize that prices are expected to remain reasonable through the summer months.

Whitefish:

According to current market reports, Whitefish prices are expected to remain firm to slightly elevated through the summer months. Processors state that limited supply is the leading cause for current market conditions. New season is expected to commence in early summer depending on weather conditions.

SPECIALTY

Frog Legs:

Currently supply of frogs of 4-6 and 6-8 ct sizes are plentiful, however 8-12ct continues to experience limited availability. New season arrivals are anticipated for this fall in Sept / Oct. Arrival delays that are a result of FDA sampling continue to be common.

Gator:

At this time, supply remains good for both wild and farmed gator. New season supplies are anticipated for the middle to end of September. Higher prices from the start the 2012 -13 have influenced many to remove this specialty item off the menu. However, softening prices appear to be stimulating a renewed interest.



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