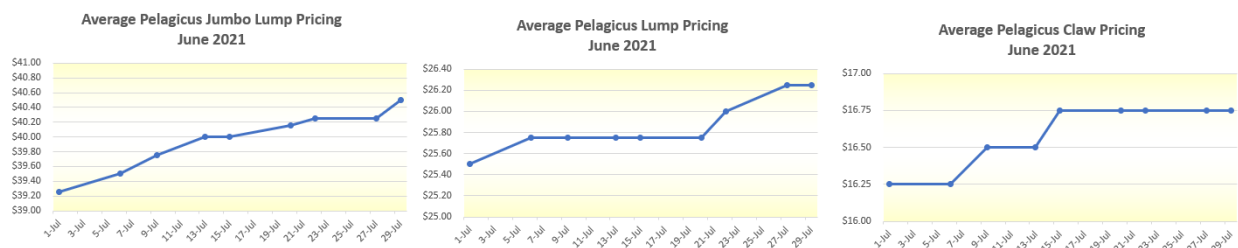




Date: 8/1/21
To:
From: Heron Point Seafood, LLC.
Re: August Market Outlook – *Portunus pelagicus* and *Portunus haanii*

Blue Crab / Indonesia



The Indonesian blue swimming crab fishery is quickly approaching low season, with an expected dip in production. Over the past few weeks, landings have been down 10-15% across the 1,500 mile coastline, driven by the end of the rainy season with warming waters and air temperatures. Some regions have been impacted more severely than others, but Heron Point maintains a strong presence with processors along the entire coast, maximizing access to supply. COVID-19 still remains a big problem from a processing standpoint. Despite relatively lax governmental restrictions, staffing to support production, distribution and exporting has caused major issues with both processing rates and container loading/shipping. U.S. demand remains very strong, despite another 3% increase in average monthly FOB pricing (UB June '21), up \$1.25/lb. on Jumbo Lump, \$0.75/lb. on Lump and \$0.50/lb. on Claw over the past 30 days. We expect pricing to continue to echo this high demand and tight supply.

Red Crab / Vietnam, China

Virtually nothing is being produced in Vietnam right now due to major challenges with COVID-19 and subsequent governmental restrictions. Plant capacity has been reduced to 50% in an effort to reduce staffing/spread. Combined with a very late start to the season with poor initial fishing results, this new reduction in supply will prevent the fishery from “catching up” prior to going into low season in December. The one positive note is that China decided to move up the opening of its fishery to mid-August which should provide some supply relief, albeit at a higher 25% tariff price tag.



Freight / Supply Chain

The massive demand for imported goods, across all sectors of business, has placed an unprecedented pressure on the supply chain, resulting in record setting prices for container bookings and long and unpredictable delays in inbound schedules. A year ago, booking a container of pasteurized crabmeat might have cost an importer \$3,000.00. It's now 10X that, with quotes as high as \$30,000 just to ship the freight. Essentially, we are incurring over \$1.00/lb. in cost just for the freight to move product to the US for sale. Furthermore, bookings are filling up faster and faster as importers look to get ahead of the holiday rush. For example, Indonesian bookings for August were full in late July. All of this is impacting the ultimate pricing being quoted on the street. Below is a map of the global freight congestion as of 8/3/21 (www.vesselfinder.com)

