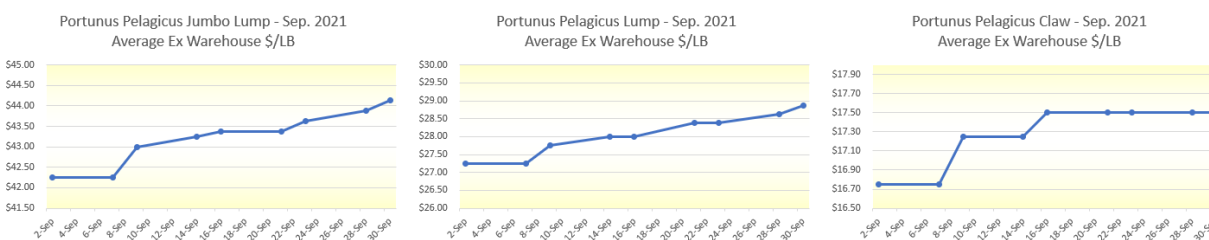




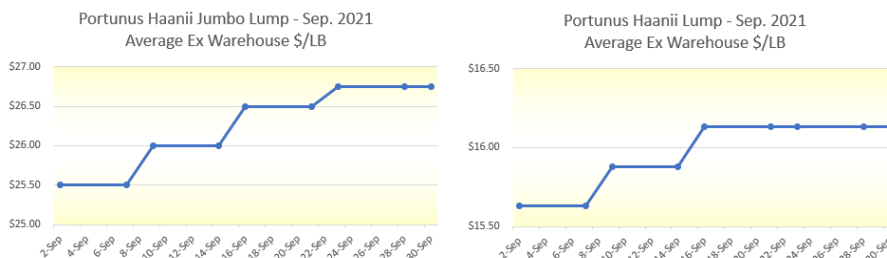
Date: 10/1/21  
 To:  
 From: Heron Point Seafood, LLC.  
 Cc:  
 Re: October Market Outlook – *Portunus pelagicus* and *Portunus haanii*

### Blue Crab / Indonesia, Philippines, Vietnam



The typical September softening in U.S. foodservice demand is being felt across the industry right now, with kids back in school and vacations coming to an end. As usual, we expect this to be short-lived as the build for holiday demand starts this month. Production in Indonesia remains constrained, limited by low season catch rates and continued logistical challenges with processing and shipping. Containers continue to be partially filled and delayed. The other dynamic is that harvests are yielding smaller crabs, resulting in a smaller % of larger grades (Colossal, Jumbo, Super). This has driven average pricing by 4-5% over the last 30 days for Colossal and Jumbo Lump. Philippine production remains in peak season with typical volumes being built and shipped. We expect a normal slow down to start in December and run through June.

### Red Crab / Vietnam, China



After a strong start to the Chinese *haanii* fishery, catch rates have declined overall in September. Fishermen have had a tougher time locating crab and as a result, beach pricing has risen across all grades. Coupled with a major increase in freight cost and a +25% tariff still in place, expect



high priced inventory in Q4. Chinese production ends in another few months, so if the fishery is going to impact overall red crab supplies, it must find the crab and increase its production now. The situation in Vietnam provides a bit more hope, albeit for November and December inbounds. The country has started to loosen restrictions on processing and plants are being given the green light to re-open. The problem is that workers will trickle back into them, resulting in capacity issues for the next 30-60 days. Expectations are that Vietnam will be back in full operation by year end to support their Q1 high season production.

### **Supply Chain Update**

Challenges abound both abroad and in-country as it relates to shipping and receiving product. Overseas, a shortage of labor in Vietnam due to continued struggles with COVID-19 has led to delays in packing and shipping product. In China, exporters are being limited to shipping a maximum of two containers monthly due to a shortage of available containers.

We are also experiencing challenges at home. Last week, there were more than 70 vessels sitting off-shore in Los Angeles awaiting a scheduled unload. Similar problems exist in Savannah and other major ports. A lack of employees to unload and process the containers, coupled with a lack of trucks to move them out, have combined to create weeks long delays. This will not be resolved quickly and is impacting all industries.