



Date: 1/1/2022

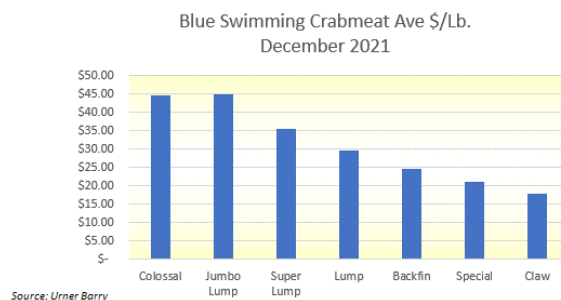
To:

From:

Re: January Market Outlook – *Portunus pelagicus* and *Portunus haanii*

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### Blue Swimming Crab / Indonesia, Philippines, Vietnam



After an unprecedented climb in pricing over the past twelve months, the blue swimming crab market has started to stabilize. The typical post-holiday hangover, poor weather, high inflation and the impact of the Omicron virus have all combined to slow restaurant traffic and the demand for crabmeat. We do believe that this sluggishness will subside, and that foodservice demand will return. That confidence is buoyed by 12 months of consistent demand despite record setting prices. Conversely, retail demand for crabmeat has been brisk, with consumers shifting to at home consumption.

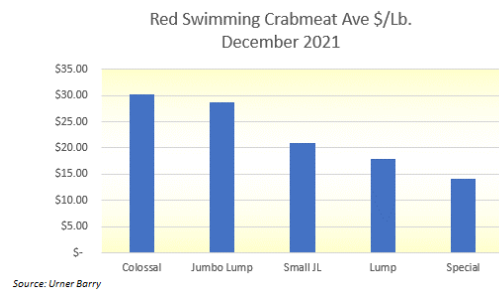
Early season Indonesian production has been decent, with high import demand continuing in support of US retail Lenten promotions. The average crab size is running small, so the yield for larger grades has been poor and prices have remained high. These elevated prices are being further supported by the upcoming spring/summer seasons where crab sales typically peak. The annual shutdown of the Chinese and Vietnamese crab fisheries for CNY/TET is also placing seasonal demand pressure on the Indonesian fishery, keeping prices firm.

#### Market Sloppiness

The typical soft January demand has led to some sloppy pricing in the market. In order to keep inventory and cash flow moving, reduced price offers on select grades are being made by some importers. We expect these offers to continue on an inconsistent basis until foodservice demand rebounds. We do not believe that this Q1 sloppiness is an indication of a profound shift in what's being produced in Southeast Asia, and how beach prices are being established.



## Red Swimming Crab / Vietnam, China



Both the Vietnamese and Chinese fisheries are in low season production now. Both countries shut down in February for the TET/CNY holiday. Production March through April will be limited, particularly in China. The government mandated conservation in China runs from May through August, completely shutting down the fishery. Inbounds from late season production in both countries continue, but overall supplies will be tight in Q1. Prices have remained firm, driven by limited supplies and the continued high priced blue alternatives.

## Supply Chain Update

Challenges with inbound freight schedules continue into 2022. Delays on container shipments are averaging several weeks out of Asia, impacting the availability of product and how that availability is spread out over time. Domestic freight issues are also being impacted by Covid-19/Omicron, with fewer truckers and warehouse personnel able to support product flow. All of these issues have combined to impact higher costs on the street for distributed product.

## Our Approach

We continue to support our growing business by actively buying. The market in 2021 was unprecedented, with limited supplies against steady demand. This continued through Q4 and we see no indication that consumer and operator demand for crabmeat will wane in 2022. As we did in 2021, we will continue our commitment to supporting all of our loyal customers with crabmeat, allocating as much as possible whenever possible. We look forward to a great 2022, and the opportunity to be your valued supplier partner.