



Date: 5/1/2022

To:

From:

Cc:

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

Blue Swimming Crab / *Portunus pelagicus* (SE Asia)

Inconsistent is the best way to describe the April market for blue swimming crab. Inconsistency in production, demand, and pricing, both on the buy and the sell side. Softer than normal operator demand has triggered importers, still sitting on expensive Q4 inventories, to pull back on their orders. This pull back is being felt by processors, resulting in lower price offers. The plant closures during Ramadan will impact supply through early May, and the advent of the Indonesian low season is only a month out. Supplies will become tighter, and if the US foodservice market emerges as expected, pricing will likely stabilize. Stateside, sloppiness remains as importers seek to move inventory. A cautious approach is recommended, as many of the aggressive offers have a story to tell (previously frozen, aged, minimum requirements, etc.).

Venezuela – The Fresh Shiny Object

The Venezuela fresh fishery is always active in Q1/Q2 but has had an unusually strong impact this Spring due to its perceived relative value to *pelagicus*. While quality is inconsistent at best, often riddled with shells, this year's larger price variance is attracting attention from price buyers. We have even heard that some operators are buying/freezing product to lower food cost. On the other hand, we have also seen buyers jump in, and quickly out of this resource due to push back on quality. This fishery winds down mid-summer, and availability is inconsistent.

Red Swimming Crab / *Portunus haanii* (Vietnam, China)

Vietnamese production should start to pick up in late May. China entered into conservation on May 1st, so other than meat processed from previously frozen crab, it will have nothing to offer through Q3. Demand for lower priced red crab has also increased, placing more pressure on a resource that's already constrained. As Vietnam gets back into full swing, supplies for Q3/Q4 should improve. Prices should remain stable to firm through May across all grades.



Supply Chain Update

Supply chain costs continue to rise, with freight being the most alarming component. Over the past 6 months we've seen a dramatic increase in freight costs, driven in large part by rising fuel costs. Over the last few months, fuel surcharges have increased from 20% to 60%. Warehouse fees are increasing, driven by overhead cost increases. There are fewer trucks available for routes, and fewer drivers able to drive them. Diesel fuel costs have increased by more than \$2.44/gallon year over year, now averaging \$5.62/gallon. In just the last two weeks, average diesel costs have gone up \$0.50/gallon. All in all, these costs are being felt up/down the supply chain and are ultimately being passed in price.