



Date: 6/1/2022

To:

From:

Cc:

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

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

Crab meat production remains steady in all major producing regions. The rains in Indonesia continue, extending the season beyond its normal calendar. After a lengthy period of soft demand, importers appear to be cautiously jumping back into the fray, booking containers at a measured rate. This rate is hindered by concerns about when and how the US foodservice market will materialize for crab. Summer is typically a high demand season, and signs are evident that we will have a strong 2022 despite economic headwinds. These positive signs are being felt overseas, and coupled with the upcoming low season, have buoyed processor confidence in price stabilization. Whether the market continues to soften or stabilize is anyone's guess, but we will have a much clearer picture in the next 60 days. Regardless of these potential changes, it's important to note that the 90 day lead time for new production means that what's in country or about to arrive is what will impact pricing stateside. Most importers have partially filled warehouses with expensive product purchased in Q1/Q2. With fewer containers enroute, replacement costs are having less of an impact on inventory WAC. That said, this summer's demand will be largely serviced by product that's here now, not product that's being packed and shipped in June.

As importers strive to free up cash, offers will continue to be made on this inventory. The demand for more affordable options has triggered a run on value priced Lump, Special and Claw, but conversely, higher priced Colossal and Jumbo Lump have seen less interest. As always, 'buyer beware' when it comes to prices that seem too good to resist. Quite often there's a story behind the offer, with concerns about raw material source, handling, shelf life, processing from frozen, etc. that need to be understood. We would encourage you to do your due diligence to ensure apples-apples. Lastly, as was evident throughout the pandemic, continuity of supply is of paramount importance. The value of a reliable source of crabmeat throughout the year should be factored into the equation when considering low ball prices designed to free up cash flow.



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

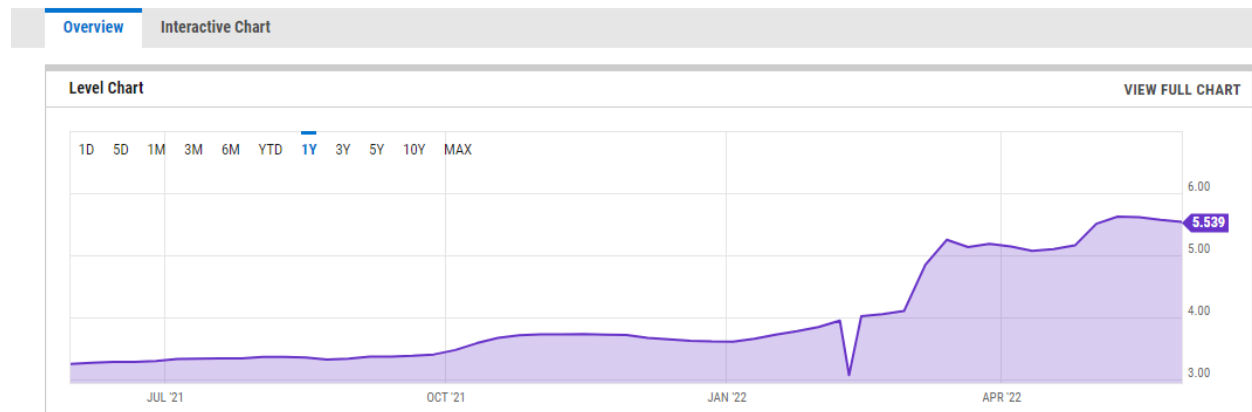
Availability of red swimming crab remains tight. Vietnam will start to increase production this month, with impact being felt in August. Too early to gauge the season, but normally July and August are ramp up months with full season production starting in September. Prices have remained firm, reflective of low season supplies. China remains in conservation, offering up meat processed from previously frozen crab.

### Supply Chain Update

Diesel costs are ridiculously high, impacting the supply chain here and abroad. Since 2021, average retail diesel prices have increased 53% since January, up \$1.93/gallon. Conversely, retail gasoline prices have increased 40% over the same timeframe. (ycharts.com)

### US Retail Diesel Price

5.539 USD/gal for Wk of May 30 2022



Container prices have fallen off since their peak in September of '21, but other product and shipping costs are up due to inflation. Ingredients, packaging, pallets are all more expensive. Warehouse space, fuel surcharges, overhead and maintenance, all up.