



Date: 8/1/2022

To:

From: – Heron Point Seafood, LLC

Cc:

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

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

As we end out the summer, there is no defined ‘market’ in the US for pasteurized crab meat. Prices are all over the place for blue crab grades. This is because what’s being offered are deals, fueled by the need to turn expensive inventory purchased in Q4/Q1. As has been the case since April, importers remain focused on turning inventory into cash in order to take advantage of attractive prices being offered by Asian processors desperate to build containers. Selling well below cost, importers are slowly shedding inventory. Originally slow to react to sluggish US demand, the Asian crab market has now responded, with container prices softening. As previously noted, there is a 90+ day lead time from production to US port, so these attractive prices wouldn’t be seen in-country until early October. This is great news for operators and retailers seeking to bring crab back and promote prior to the holidays. Until that time, our recommendation is to continue to buy to service this steady demand, working with suppliers able to support you 12 months out of the year with consistent quality and competitive pricing. The temptation to jump at low ball prices is real, but many offering them aren’t viable nor reliable long-term sources.

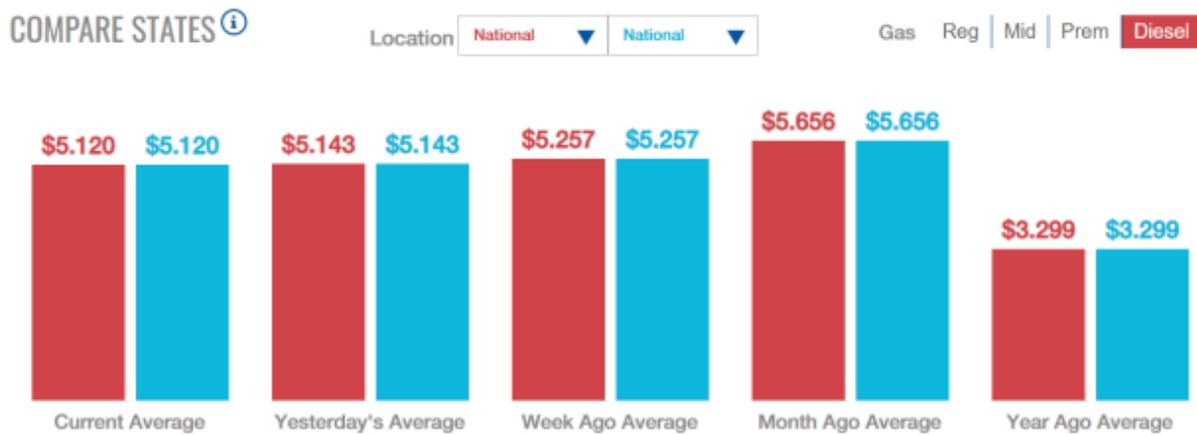
Red Swimming Crab / *Portunus haanii* (Vietnam, China)

Vietnam is in full swing and we expect to see a more significant and steady supply of red crab meat over the next four to five months. As has been the case since December, Vietnam remains the only game in town for fresh, refrigerated red swimming crab meat. Previously frozen Chinese product has made its way into the US but offers lower quality and consistency. China will come out of Conservation on August 15th, so we expect supplies of Chinese red to start hitting our ports in November. This is a unique year in that the new Chinese season opens in the midst of a declining US market. Coupled with a +25% tariff, it is uncertain how the US market for Chinese crab meat will emerge.



Supply Chain Update

We have seen diesel prices decrease by roughly 10% over the past 30 days, down over \$0.50/gallon. While this is a positive trend, prices remain relatively high (\$5.12 vs. \$3.30 YAGO), so the impact on freight remains considerable. (Source: AAA)



Container delays continue, but the impetus for these delays has shifted from outbound to inbound. Where there were once issues with outbound processing and shipping, there are now issues with inbound receivals and outbound freight. Vessels are remaining offshore, waiting to unload their cargo and leading to delays. West Coast delays in Long Beach/LA have decreased by 33% from May, while East Coast delays in Houston, New York and Savannah are way up. In Savannah alone, congestion is six times what the port can accommodate leading to +14 day delays. (Source: Seatrade Maritime News)

From a warehousing standpoint, capacities are largely full so finding space is difficult and at a premium. Warehousing costs are also increasing with staffing and utilities all way up