



Date: 12/1/2022  
To: Heron Point Customers  
From: Heron Point Seafood, LLC  
Re: December Market Outlook – *Portunus pelagicus* and *Portunus haanii*

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

As we close out 2022, a sense of optimism exists for a more stable and attractive crab meat market. The phrase, “what goes up must come down” couldn’t have been more appropriate for 2022. January pricing was at an all-time high only to plummet in June to levels not seen since early on in the pandemic. The correction we’ve all experienced over the past six months is now largely complete. From a supply standpoint, Indonesian production remains strong as the fishery moves into its peak season (Dec-Apr). The increased buying activity in August and September has emboldened processors to raise prices. The speculation is that the US market, despite strong economic headwinds, continues to spend at retail and in foodservice. The holidays are right upon us and demand for crab meat, while down from 2021, will remain steady. Recent activity shows strong holiday demand, and low relative prices are helping to return crab to menus and seafood counters.

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

The Vietnam fishery continues to see strong catch rates, despite a season which normally comes to a close in December. Availability across all grades is good, and pricing is attractive, following the softness in the blue crab fishery. China continues to struggle with exports, freezing crab meat for future pasteurization. The back end of the Chinese season (Jan-May) typically sees much reduced production, so the freeze/thaw/pasteurize process is sure to increase. We advise ‘kicking the tires’ on anything that seems too good to be true from a pricing standpoint. Heron Point Seafood imports its red crab exclusively from Vietnam.

### **Supply Chain Update**

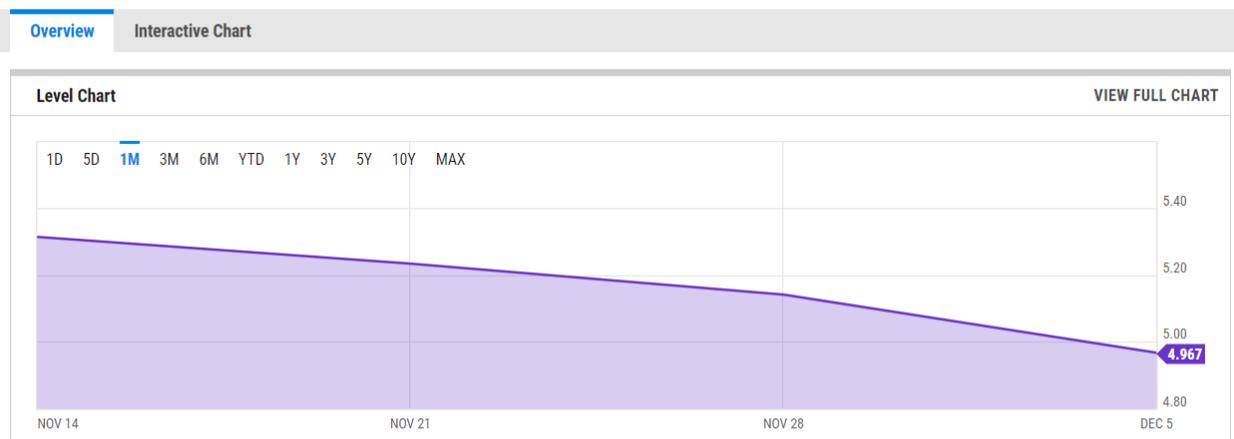
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Over the past 30 days, US diesel prices, now averaging \$4.97/gallon, have decreased by - \$0.33/gallon or -7%. While this trend is positive, a year ago diesel fuel averaged \$3.72/gallon, - \$1.25 cheaper. Bottom line, the cost of freight has increased by 34% impacting profitability and pricing throughout the supply chain.

### US Retail Diesel Price

4.967 USD/gal for Wk of Dec 05 2022



Exports out of Asia have slowed as US imports have fallen to a 20 month low in October. Experts predict delays in imports from China due to a high rate of container cancellations over the past six months. (Source: Essfeed.com). Surprisingly, US trade with the EU has resulted in a shift away from China and new port activity and congestion. The Ukraine war and imposed sanctions has increased US and EU trade.

On-going labor issues with dockworkers continues to stress the ports of Long Beach and Los Angeles, leading inbound container ships to bypass these ports in favor of East Coast options. This has largely cleared up the historic congestion problem on the West Coast. New York / New Jersey combines as the largest US port for cargo volume. (Source: CNBC). Congestion has now moved across country with longer vessel waiting times in NY, Savannah, NJ and Houston.