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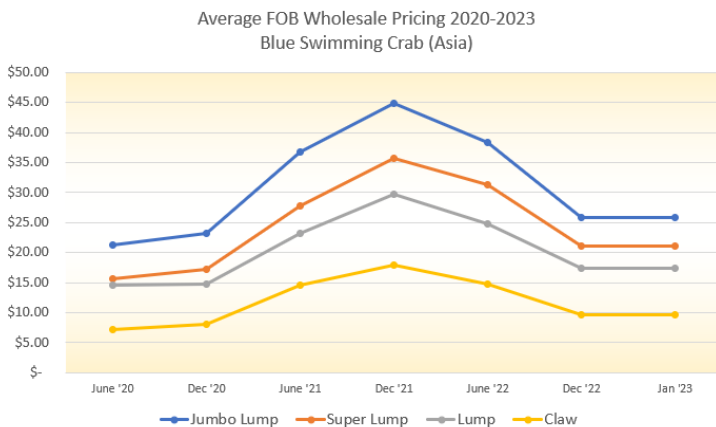
To: Heron Point Customers
From: Heron Point Seafood, LLC

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

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

The new year rings in more market stability for blue swimming crab. Since November, prices across all grades have seen little movement. This is a reflection of modest holiday demand and tighter in-country inventory. Indonesia is now in a strong La Nina weather pattern, and fishing has been impacted by heavy rains, strong winds and flooding. Fishing has been decent, but disruptions at the plant level have been common. As was the case in December, Asian processors continue to push the beach price up in anticipation of increased retail and foodservice demand. This confidence has been buoyed by very recent demand spikes by a select few importers. Costs are expected to increase, but whether wholesale prices will firm stateside remains a question. For the next month we expect continued price stability with sufficient inventory to support normal post-holiday demand. As previously noted, the good news is that pricing has come full-circle and is now at almost pre-pandemic levels. *Urner Barry's* trend data below showcases this

correction over the last 12 months.



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

Availability of red swimming crab will become tighter as we move through January. Both Vietnam and China are moving into low season with less production put up for the US market. While this is expected, it hasn't fully materialized yet, and the

flow of red crab out of Vietnam remains steady. As with blue crab, prices have also seen stability over the past 30 days, with little change in *haanii*. Despite being 70%+ of the overall market, China was never really a factor in the 2022 season for reasons that have been touched on previously. We again stress caution as it relates to quality with Chinese exports. Much of this year's production has been frozen for future processing and will ultimately end up in the US



market at some point in 2023. Soft texture, poor color, excessive moisture and off flavor along with reduced shelf life make this something to watch and assess prior to buying. For those relying heavily on Chinese product, it may be a good time to look at diversification with Vietnam.

Supply Chain Update

Good news continues on the fuel front, with both diesel and gas prices again dropping in December. Current national average for diesel is \$4.68/gallon, down -9% from a month ago. (source: AAA). Coupled with reduced port congestion, these prices should help lower overall freight costs. Expectations are that spot truck rates will drop -25% in Q1, and potentially -33% by year end (source; food business news). While these are positive, higher warehouse costs and continued labor challenges temper the overall freight cost advantages for January.