



Date: 2/1/2023
To: Heron Point Customers
From: Heron Point Seafood, LLC
Re: February Market Outlook – *Portunus pelagicus* and *Portunus haanii*

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

So far, February has seen strong demand fueling steady production. Select US Importers have aggressively jumped back into the game committing to new production in order to service expected strong Spring retail demand. The Philippine fishery is now in low season and fresh Venezuelan meat won't emerge on the market until March/April. All of these factors have emboldened Indonesian processors to take pricing, and weekly increases are now the norm. As these costs have gone up, the expectation is that pricing will ultimately firm on the street. So far, importers have remained reticent to adjust their pricing and risk losing share in a market still recovering from the 2020-2021 climb. It's important to remember that, despite these likely price increases, the overall value of blue swimming crab is excellent. Current prices are hovering around pre-pandemic levels, and even with expected increases, they still offer retailers and operators an attractive menu option.

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

Vietnam and China are both moving into low season with less production expected out of both countries over the next four to five months. China normally does not produce nor export product leading up to its Conservation in May. However, because they have ample inventories of frozen crab, they continue to ship pasteurized crab meat processed from this raw material. The proliferation of frozen / refreshed Chinese crab meat will reduce the impact of normal seasonality and is further eroding the quality of what's being offered. Refreshed product results in excess moisture, soft texture and reduced shelf life. Conversely, refrigerated Vietnamese product is never frozen, offering a higher quality option at a stable, value price relative to blue swimming crab. As prices firm with blue crab, we expect an uptick in demand for lower cost red crab alternatives.



Supply Chain Update

The overall supply chain for imported pasteurized crab meat has improved significantly since the dark days of the pandemic. Cargo ship congestion is down dramatically across all US ports. According to *Freightwaves.com*, the number of inbound cargo containers is now averaging roughly 30-40 vessels. Just a year ago, the average was closer to 150. This is being driven by a reduction in overall imports, and by improvements in receiving, processing and moving freight. The Asian Lunar New Year holidays and associated plant closures should further relieve congestion, as closures will allow US ports to further catch up. (source: *Freightwaves.com*)

Diesel pricing is averaging \$4.54/gallon nationally, down roughly \$0.06/gallon since January. However, pricing is up +19% vs. last year at this time. (source: AAA) Those costs, coupled with continued labor challenges at the port, within the trucking companies and at the warehouses, lead to higher overall freight for importers. Simply stated, it's more expensive to move a case of crab meat across the country than it was a year ago.

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Location

Gas

