



Date: 5/1/2023

To: Heron Point Customers

From: Heron Point Seafood, LLC

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

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

April proved to be a challenging month for crab meat pricing and availability within the US market. As discussed previously, heavy importer buying activity in early 2023 led to beach price escalation on a daily/weekly basis. This demand has continued, and pricing continues to climb. A 90-100 day lead time means summer arrivals will carry these higher price tags. Much of the summer has already been purchased, but activity over the next 30-60 days will cover expected demand into the early fall. Right now, confidence is high that the US market demand will be strong, despite economic headwinds.

From a supply standpoint, the impact of the recent Muslim holidays appears to be minimal. All plants are back on-line and awaiting crab for processing. Indonesia's low season would be normally upon us in June, but the last year has seen very little seasonality in terms of landings. No peaks and valleys per say, just a steady supply of crab throughout the year. This is largely weather related, driven by both temperature and rainfall.

The Philippine fishery has commenced and should be in full swing by June. While it may offer relief to an overtaxed Indonesian fishery, its inventory won't arrive stateside until late summer/fall. The Venezuelan fresh fishery has kicked in, offering aggressive pricing to move off extensive initial production. We expect those prices to firm somewhat as this initial inventory is now fully depleted.

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

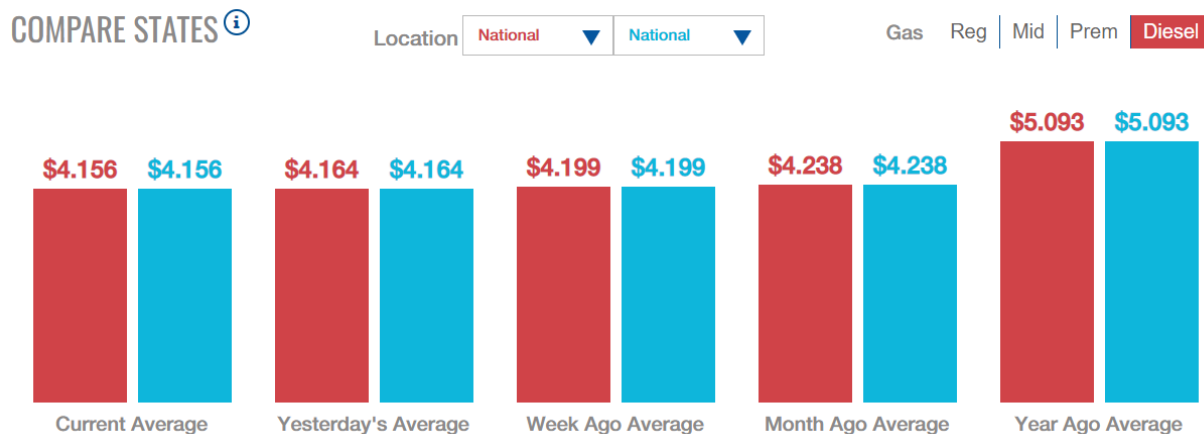
The weather in Vietnam has been very dry and hot, not conducive to crab activity and fishing. This is unusual, but it is not known whether this is a trend or a unique weather pattern that will soon change. Until rains return and temps cool down, we do not expect to see normal production out of Vietnam. Partial containers are today's reality. As such, expect pricing to continue to rise



for red crab. This is due to the fact that China is in low season with almost no production expected until late summer. They go into full conservation from May 15th-August 15th. As we've noted in the past, expect to see previously frozen Chinese *haanii* being packed as 'refrigerated' quality, and shipped into the states over the next few months. Not to 'beat a dead crab', but it's safe to say that buyer should beware. Previously frozen meat is wetter, has poor texture, and offers reduced shelf life. Good news is that China's inventory of this previously frozen crab seems to be dwindling.

Supply Chain Update

Diesel pricing has come down -2% since late March, now averaging \$4.16/gallon nationally. Diesel prices have declined more than -18% over the last 12 months. (Source: AAA).



According to the latest "McCown Report" in *Seatrade Maritime News*, total inbound containers dropped -32% in March. The decline was worse on the West Coast ports, down -35% vs. -29% on the East Coast. As noted in March, this is likely to lead to consolidation and could result in longer lead times. As we bring in multiple containers weekly, we will continue to stay in front of this to reduce the impact on availability to our customers. Expect