



Date: 8/1/2023
To:
From: - Heron Point Seafood, LLC.
Re: August Market Outlook – *Portunus pelagicus* and *Portunus haanii*

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

As we move into the last month of the summer, demand for crab meat appears to be ‘steady’ across the country. Feedback from many of our customers indicates that, despite inclement weather and a somewhat uncertain economy, restaurant traffic was good in July. Consumers continue to frequent restaurants and spend on crab. The expectation is that the summer will finish strong in terms of restaurant traffic, and demand for crab will be steady. Conversely, retail crab meat demand has been more modest, down in some markets and flat in others. This is not unusual for this time of the year, and we expect demand to pick up as holiday promotions get underway in the late fall.

Supply remains constrained due primarily to challenges in Indonesia. This fishery represents roughly 50-60% of the total blue crab resource and has struggled with recent high temperatures and dry weather. As such, catch rates have been relatively poor, impacting production and keeping prices high. While production levels from secondary fisheries are stable, the advent of Venezuela going into conservation will place further pressure on an already taxed Indonesian fishery. Demand will pick up further as importers compete for containers to support expected holiday demand. As mentioned before, importing is a ‘futures’ business, so decisions today have consequences 90 days hence. As such, increased prices on blue crab over the balance of the year are a possibility.

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

After a challenging few months of poor landings and light production, we now see stronger container fills coming from Vietnam. This is due primarily to the lower temperatures and wetter conditions allowing for improved catch rates. Due to the 90 day lead time, we expect inbound containers in August and early September to continue to be partially filled, but the outlook for late September and October is much improved. Containers are being packed full and we’ll see multiple arriving on a more frequent basis. This will position red crab users well for late

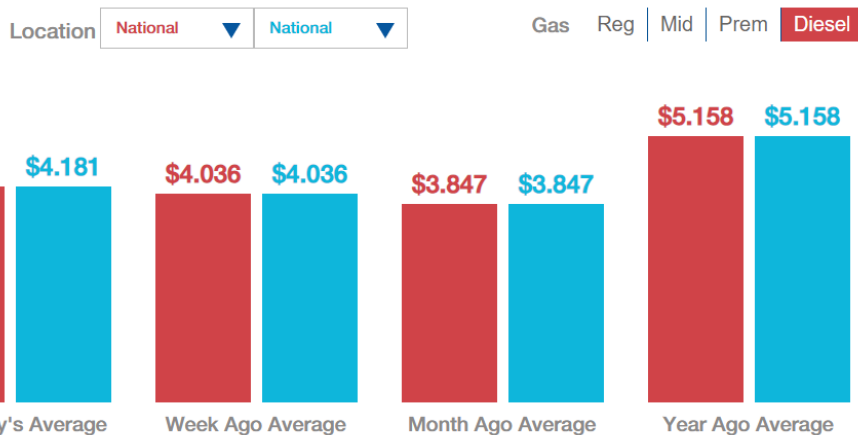


fall/holiday planning. China remains on conservation and won't begin harvesting and processing until later this month. We would expect new production from China to start arriving in October/November per normal, but we would also expect some/much of this to route to the freezer for later thawing/picking/pasteurization. Heron Point sources exclusively from Vietnam, a fishery able to meet our quality standards for fresh, pasteurized crab meat. August pricing will continue to stay firm on tight supplies.

Supply Chain Update

Gas prices are on the rise in America, driven by intense heat and a subsequent lack of domestic production. Average diesel pricing has increased by \$0.34/gallon over the last 30 days. This trend is expected to continue through August as refineries struggle to make an impact. Overseas, we've also seen a reduction in exports from OPEC and from Russia which has also contributed to this price climb. Good news is that it's still low relative to last August's average of \$5.19/gallon.

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According to *Freightos*, the cost of a 40' container Asia to West Coast has increased +2% in July, but it remains 86% lower than the same time last year. East Coast rates have been more stable in July, comparably lower by 76% than last July. US ocean import volumes in June were trending above pre-pandemic levels, indicating a return to more normal levels.