



Date: 10/1/2023

To:

From: - Heron Point Seafood, LLC.

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

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

Demand for blue *pelagicus* continues to be steady in October. September, normally a period of softer demand, was stronger than expected for the foodservice and retail sectors. This was particularly true for larger/premium grades – Colossal and Jumbo Lump. The Indonesian fishery remains in low season, so production is down against steady US demand. As such, beach pricing continues to rise for each container booked. These cost increases are being largely absorbed by the importers, reticent to pass pricing on the street. Wholesale prices have remained flat since mid-summer, defying normal supply-demand dynamics. We expect this stability to continue through Q4 for most grades.

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

As noted previously, the Vietnamese red crab fishery was essentially delayed for 2 months due to unusually hot and dry weather. What would have shipped in May shipped in July. That said, in country supply of red crab dwindled over the summer months and is only now being replenished with inbound containers from Vietnam. China, normally a factor in September and October, has exported fewer containers post conservation. New arrivals are hitting the US, but in lower quantities and at higher prices. China continues to struggle with the US tariff as well as an increased demand for higher quality Vietnamese meat. It is uncertain as to how many containers will ship out of China prior to the fishery going out of season in January. Expectations are that the overall volume of exported red swimming crab will be noticeably down by year end. With that being said, prices are expected to firm in Q4 across all grades. As noted before, caution needs to be applied to Chinese red crab due to the common practice of freezing and thawing crab meat for 'refrigerated' sale. Due to inconsistent demand and internal challenges, China has frozen, and continues to freeze its crab meat. By utilizing previously frozen crab, they have the ability to lower their costs and compete on price. The old adage, "you get what you pay for", applies. China's also struggling with negative press surrounding questionable forced labor practices within the seafood industry. This could translate to reduced US demand as consumer awareness grows.



## Supply Chain Update

The volatility in the Middle East could impact oil prices, ultimately driving up diesel fuel cost at the pump. Prior to the attack on Israel, oil prices had been on the decline, and it was expected that gas prices could drop into the low \$3s by mid-October. This may no longer be the case as oil producing regions could drive supplies down and prices up. US and global futures traded +4% on Monday 10/9. Expectations are that pricing could exceed \$100/barrel soon. (CBS News)

### COMPARE STATES <sup>i</sup>

Location

Gas

