



Date: 1/18/2024

From: Heron Point Seafood, LLC.

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

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

Demand for blue crab remains strong within the US market, fueled by aggressive consumer spending at both retail and foodservice during the holiday season. Despite uncertainty in the economy, consumers spent a record \$220B on on-line shopping in Nov/Dec. That's up +5% YOY and buoyed strong restaurant and retailer numbers. What we're seeing now is a disconnect between available supply and persistent demand. Importers took a more cautious approach in Q4, booking fewer containers against uncertain demand. With a 90+ day window for new production, this conservative buying is now resulting in less product in-country. Nowhere is this being felt more than with the premium grades – Colossal, Jumbo Lump and Super Lump. Smaller size crabs yield lower percentages of these grades. Coupled with fewer containers being ordered, the result is a shortage of the larger grades.

While the rains in Indonesia have returned, the crabs have not. Normally we see a bump in landings 3-6 weeks after the rains commence, but this hasn't happened and nobody's certain as to why. The Philippine fishery is winding down, India is off-line, and Venezuela has yet to really play a role. This means added pressure to a slow to emerge Indonesian fishery. As such, Beach prices have stayed high and are expected to remain that way in advance of the Spring and Summer seasons. Availability on blue crab is spotty for premium grades, adequate for value grades (Lump, Backfin, Special, Claw).

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

As is normal in January, availability of *haanii* is tighter as we head into low season in both Vietnam and China. Chinese New Year and TET commence early February, which will take both fisheries off-line for a month. Production in Vietnam is good, and the expectation is that containers will continue to be shipped through January at a steady clip. As is normally the case, China will see very limited production post CNY, limiting shipments to previously frozen crab from the 2023 season. Q4 exports out of China was relatively modest, a reflection of continued internal



challenges and softer US demand. Pricing has firmed somewhat, reflective of higher demand and the advent of low season production post CNY/TET.

Supply Chain Update

Diesel pricing dropped by -5% again in December, now averaging \$3.94/gallon (Source: AAA). Over an annual basis, diesel fuel has seen a more dramatic -\$0.68/gallon decline, lowering the freight rates and fuel surcharges domestically.

The impact of the recent terrorism activity in the Red Sea is being felt on inbound container shipments. Delays are now averaging 2+ weeks as vessels must reroute themselves to avoid possible conflict. As of early January, “carriers have already diverted more than \$200 billion in trade from the Red Sea.” (Source: CNBC) Expect both supply disruptions and eventual cost increases as a result of this situation. Rates from Asia to eastern ports in the US have risen by +55% to \$3900 per 40-foot container. West coast port prices climbed +63% to more than \$2700.

COMPARE STATES ⓘ

Location National National

Gas Reg Mid Prem **Diesel**

