



Date: 2/19/2024

From: Heron Point Seafood, LLC.

Re: February Market Update – *Portunus pelagicus* and *Portunus haanii*

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

Demand for pasteurized crab within foodservice was steady in January, despite continued economic uncertainty. As Lent kicks off this month, we expect to see this same trend expand to retail. From a production standpoint, Indonesia is in high season right now and is packing to steady demand for retail, club and foodservice customers. Philippines is in low season and won't be a factor until late May or early June. India is also in low season as is Tunisia. Venezuela's return has been slower than normal, and prices are higher than expected. Collectively, these place demand pressure on Indo to support US demand. Sizing continues to be a problem in Indonesia with crabs running below average. This reduces the mix of Colossal, Jumbo Lump, Petite and Super Lump. The larger crabs being caught are also being diverted to Asian markets at a premium.

Because of conservative buying in Q4, inventory within the US is tight right now. We do expect supplies to improve in late Q1/early Q2 reflective of heavier buying activity in early '24. We'll see more product available, but the issue of sizing will persist. Pricing is expected to firm on premium grades and stabilize on value grades.

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

Vietnam is now in low season. TET is about to conclude, which means we won't see any new production of crab until early March. Chinese New Year is also about to end, but that fishery is essentially offline for new production through the summer. Furthermore, with Venezuela fresh crab meat both high priced and more limited in availability, further pressure is being placed on the *haanii* resource. In-country supplies have been adequate/tight for the first 30+ days of the year. As such, we expect pricing to remain firm on all grades, particularly with premium grades (Colossal, Jumbo Lump).



Supply Chain Update

After dropping by -5% again in December, diesel pricing has stabilized in January, up \$0.02/gallon over the past 30 days. Average pricing is \$3.96/gallon, which is still relatively strong versus YAGO, down -\$0.63/gallon YOY.

We are starting to feel the impact of container ships being rerouted around the Red Sea to avoid possible terrorist acts. This rerouting has not only doubled ocean shipping rates but has also resulted in delays averaging 1-2 weeks (Source: Wall Street Journal, 1/10/24). It is estimated that the new routing around Cape Horn increases vessel trips by +\$1M. (Source: Xeneta) What's also concerning is the potential for port congestion once the rerouted containers arrive. Measures are underway to manage this to minimize impact, but it does bear watching.

COMPARE STATES (i)

Location National National

Gas Reg Mid Prem **Diesel**

