



From: Heron Point Seafood

Re: June Market Update – *Portunus pelagicus* and *Monomia haanii*

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

The Indonesian fishery is ‘steady as she goes’ right now. Typically, June would represent the beginning of the fishery’s low season. That hasn’t happened as of yet, driven by continuing rains and favorable temperatures. We are starting to see some regions slow down production, so the feeling is that Indonesia will slide into low season this month, a little later than normal. Beach prices have been consistent, remaining firm on larger grades and softening slightly on value grades. Overall production has been steady, meeting demand from US importers. The advent of the Eid Al Adha holiday may slow down production, but the impact is typically minimal. Based on the 90-120 day lead time out of Asia, all imports today are servicing fall demand. What’s been purchased to this point is what’s in the states, or on the way for summer consumption. As prices have been steady since Q1, it’s largely an even playing field when it comes to inventory values. Street pricing is more a reflection of strategy than cost for relevant (larger) importers.

In terms of other resources, India and The Philippines are both in season now and are contributing to the overall supply. India starts big boat season this week after two months of moratorium. Collectively they represent roughly 18% of total crab meat imports, so while they’re important, they don’t have the impact that Indonesia has on market dynamics.

Expect improving supplies in Q3 across all grades, reflective of Q2 purchasing activity. Pricing will be stable/high on Colossal, Jumbo Lump and Super Lump, but softening somewhat on Lump, Special and Claw based on normal availability.

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

The Vietnamese fishery is now underway and in full production. Conditions are favorable and containers are being packed. Timing relative to last year is improved, about a month ahead of schedule in terms of new production. Rains have started and fishermen are out taking advantage of increased production demand. We have seen a pronounced increase in focus on this fishery, driven in part by its reputation for superior quality and consistency, and in part by China’s continued challenges on both those fronts. Demand for Vietnam quality is now driving purchasing decisions in the US, placing added pressure on this fishery. Good news is that there’s capacity



and interest in driving production. Expect to see more and more Vietnamese sourced product in restaurants and in supermarkets this year.

Increased demand has kept pricing firm on most grades. Colossal, Jumbo Lump and Petite have held their pricing due to overall lack of availability. There is no new Chinese production available at this time to book, as this fishery will remain in conservation until mid-August. Anything sourced out of China would be last season's production and likely would have been pulled out of the freezer – compromising quality and shelf life.

Expect improving supplies of Vietnamese *haanii* starting this month and lasting through year end. Pricing should be stable this summer but will be impacted by normal supply and demand. A good example of this is the volatility of fresh Venezuelan Jumbo Lump. As this fresh option becomes more expensive, interest in lower cost *haanii* increases.

Supply Chain Update

Diesel pricing continues to soften, down another -4% since May or -\$0.14/gallon. The bigger story with freight cost is tied to shipping, both in container cost and with inbound delays. Average container costs have more than doubled over the last few months. There's also an issue with container availability. As we move into peak shipping season, vessels are being taxed with longer transit times due to on-going piracy and port issues. To stay on schedule, vessels are skipping ports and not picking up containers on return trips. That's led to a capacity issue with available shipping containers right as peak season commences. Experts predict spot rates to increase dramatically this summer. (Source: CNBC)

