



From: Heron Point Seafood

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

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

As we head into the fall season, supplies of blue swimming crab are adequate to meet current demand. Containers, originally scheduled for July, arrived in late August due to continuous inbound delays, now averaging 2-4 weeks. Because of these delays, summer inventories were tight across most grades, loosening up a bit in August as containers started to arrive. As of now, normal inventory levels are available across most grades.

Overseas, production has been limited. This has been an unusually severe low season driven by extended high temperatures and dry weather. We would normally see a transition into improved catch rates in October, but right now there are no signs that the rains are forthcoming. We could very well be in low season through November. Current Indonesian supply is down 20% over the last month. Beach prices have firmed over the past few weeks, up an average of 15-20%. They are expected to continue to climb in the fall. So far, the impact of both the Philippine and Indian fisheries has been minimal.

For the next 30-60 days, expect good inventories and stable/firming pricing.

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

September is normally a peak production period in both Vietnam and China. Both fisheries are on-line and should be at capacity to support the final push to December. That's not been the case for either. High water temperatures have resulted in a displaced biomass in Vietnam. Catch rates are not where they were/should be for this time of the season. China, having just come off Conservation in mid-August, has had a terrible start to its season. Poor catch rates have led to minimal production. Furthermore, the country is keeping more of its production in-country due to high US tariffs and increased consumer demand. China's core production window is so short (August-Dec) that a slow start can have a major impact on resource planning for US accounts. This places further pressure on the Vietnamese fishery. Expect tight supplies through year end and prices that are likely to firm should China continue to struggle.



Lastly, the interplay between the blue *pelagicus* and red *haanii* fisheries bears watching. With production below normal and expectations guarded, there is likely to be less red crab in-country in Q4 and to start the year. That said, expect increased demand for blue crab to support strong holiday sales. The dynamics of supply and demand will then ensue.

Supply Chain Update

We've started to see some price softening on diesel fuel with averages down -\$0.11/gallon over the past 30 days. When compared to YAGO, that's a profound \$0.78/gallon or -17% drop. Unfortunately, this advantage is muted by the continued increased container costs and 4 week average inbound delays. Both rerouting (Red Sea) and port congestion in the USA are contributing to delays.

The potential for an East Coast/Gulf Coast port strike is certainly something to keep an eye on. Negotiations are underway to prevent this, but the impact on shipping into the East Coast/Gulf Coast would be significant should they not reach an agreement. Timeline would be early October.

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