Date 10/24/2024

To:
From: – Heron Point Seafood

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

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

The US market for blue swimming crab remains stable in October. Demand in both retail and foodservice has been steady this fall, despite some economic uncertainty and continued inflation challenges. September/October are typically post summer hangover periods in terms of consumer demand, but this year appears to be outpacing the average. From an inventory standpoint, late summer imports continue to be adequate across most grades.

Overseas, the market is a bit less stable, with processors scrambling to service late holiday and Q1 container demand against continued low season catch volumes. The impact of an extended dry/hot season has slowed the normal seasonal transition, but we have started to see some intermittent rains which may be a sign that the weather patterns are shifting. Should this continue, we would expect to see improved catch rates in November, about 30 days behind the historical timeline. India will wrap up its production in the next month and Philippines will also slow down considerably. With demand steady and supplies tight, beach prices will remain stable/high. For the next 30-60 days, expect sufficient inventories and stable market pricing for blue swimming crab.

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

The impact of a poor Chinese season is being felt in the States with tighter inventories and higher prices for *haanii.* As noted last month, China's short season (August-December) was late to start and exports have been limited. Hindered by high costs and onerous tariffs, China has kept more inventory in-country leaving US customers short. As Vietnam is the only other fishery producing *haanii*, this fishery has seen a profound uptick in demand.

Production in Vietnam has been vastly better than that in China but is below historical averages. This is largely weather driven, with a delayed summer transition to peak product and modest catch rates since. This increased demand against below average production has driven up pricing. We would expect continued tight supplies and firming prices as both fisheries transition to low season in December. Heron Point remains the #1 importer of swimming crab from Vietnam and is well positioned to capitalize on this critical resource.

As a reminder, anything sourced out of China is more than likely to be processed from previously frozen raw material. This has been a strategy routinely employed by Chinese packers – blending frozen meat into 'fresh' production to drive costs down – but one that is becoming even more common as limited new season crab remains in country. As such, expect issues with shelf-life, texture, odor and color on Chinese red crab.

Supply Chain Update

Diesel fuel pricing is flat month over month, but still considerably lower than YAGO. Interestingly enough, the national average is far higher than that seen in major port locations. In Texas, average pricing is roughly $0.50 cheaper; $0.12 cheaper in South Carolina; $0.03 cheaper in Maryland. Conversely, diesel pricing in California is $1.35/gallon higher.

The recent East Coast/Gulf Coast port strike was short lived, but the threat remains. A decision was made to defer the strike until January '25 to avoid holiday interruptions. Unless an agreement is reached before January, expect significant disruption resulting in product delays and increased costs. The timing of this would be of particular consequence to the red *haanii* fishery due to its low season with fewer containers produced.