

Slade Gorton Monthly Market Report

January 2018



Did you know January is National Soup Month? Pictured above is an Icelandic Cod Soup with White Wine, Apple and Dill Oil. Source: Pinterest



SLADE GORTON

America's Original Seafood Family™

Why 2018 is the Year of the Cod

January is when we all shake off the holiday hangover and dig in for a new year of opportunity.

The Chinese New Year and Lent will dominate the news in the first quarter for us in the fish business. Those who made smart purchases in late 2017 will be in good position to take advantage of Lenten season seafood demand and stronger markets.

Aside from Lent, we expect a dynamic year for Atlantic cod; both single frozen product from Iceland and twice frozen fish from China. This will be driven by the massive quota cut to the Alaskan Pacific cod quota in the Bering Sea and the Gulf of Alaska. The reduction will take an estimated 185 million pounds of raw material off the market.

Expect to see tighter Pacific cod inventories and higher prices as we move through Lent and for the rest of 2018.

Global Market Conditions

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Catfish

Chinese Catfish – Our supplies of imported Chinese Catfish cleared through USDA inspection. Prices are competitive and stable. Expect overseas production to slow down now through March as packers close for the extended holiday season in China.

Domestic Catfish – New fish is growing bigger than anticipated and supplies are tight on 3-5 oz and 5-7 oz fillets.



Clams

Inventories of super surfer and regular sized Atlantic clam strips are non-existent. Poor weather continues to hamper production up and down the major East Coast fishery. Average lead time for new inventory is between 2 and 4 weeks for frozen raw material. We have not adjusted prices any higher but the market remains at elevated levels.



Cod

Atlantic Cod – The market for single and double frozen Atlantic cod is strong as we head into Lent and the Chinese New Year. Demand for Atlantic cod is higher and expected to increase since Alaska's Pacific cod supply is forecast to decline in 2018.

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Cod (cont.)

Icelandic Cod –Fresh and frozen Icelandic cod readily available from Iceland. Icelandic cod quotas were adjusted higher for the 2017/18 fishing season. Expect no interruption to supply.

Pacific Cod –Prices for Pacific cod continue to rise. Buyers are taking positions before the Chinese New Year to meet Lenten demand. At the same time, inventories are expected to tighten because of a cut to Alaska's Pacific cod quota for the 2018 fishing season.



Crab

King Crab – The Alaskan and Russian king crab market continues to correct downward from record high prices. Demand is lackluster.

Dungeness Crab –Delays to start of the 2017/18 Dungeness crab seasons in California, Oregon and Washington were extended to January 15 because of poor meat fills in the crabs. Inventories are tight and prices are up. Expectation is for new season production to reach the market in about 3 weeks as long as fishing commences as planned.

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Haddock

Supplies and prices for imported Chinese haddock are stable. Expect to see some impact from supplies and prices from the Chinese New Year. However, this market is relatively steady compared to other whitefish items.



Lobster

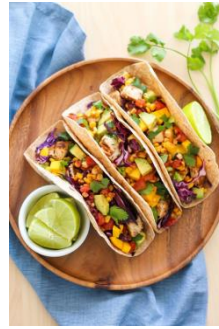
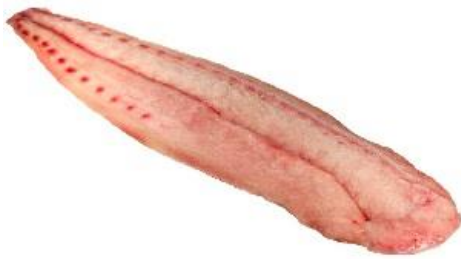
Coldwater Tails: Nova Scotia season has shaped up to be similar to last year's lackluster catch. Still, no one is offering 5-20 oz. tails without forcing meat and we expect those sizes to command premiums in the market well into the summer. There are also shortages of smaller 2-5 oz sizes being reported.

Warm Water Tails: The warm water lobster fishing season will run until February. However, EU and Asian buyers locked up the production for inventories at high prices. There is no inventory on tails for US buyers. All sizes are short. Limited availability of cold water lobster tails is putting additional pressure on warm water prices.

Meat: Prices are weak and have dropped from historically high levels to 3 year lows. While we feel prices on meat won't drop down to where they were 4 years ago, replacement prices declined in December and into early January. It's best to buy week to week for now. Keep in mind that on lobster meat, there are always 20 ways to make something \$4.00 per lb cheaper or more expensive.

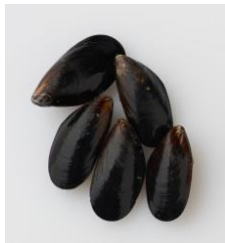
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Mahi

New season production is starting to hit the market. Market prices are in decline but are still holding at reasonably high levels.



Mussels

New Zealand: Price have come down over the last few weeks and there are no reports of production issues from producers.

Chilean: Offers for Chilean product are lower. However prices remain steady with production good.



Oysters

Gulf Oysters –Supplies for fresh and frozen oysters are adequate and prices are steady.

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Scallops

Domestic – Atlantic scallop production remains in seasonal decline. Boats have already used over half of their days at sea allocations. Harvest volumes have reached their annual projections. Prices are expected to rise as we head into the lowest production period of the year for this item.

Japanese – Production is forecast to rebound in 2018 after a successful 2017 harvesting campaign. We note no changes in price.

China – Supplies of 80-120 bays out of China are available. However, the US market generally demands a larger sized item, which are non-existent.

Peru – There is not a lot of supply in the market. Demand is low.



Shrimp

Warmwater Shrimp – Indonesian shrimp is readily available in prime sizes 16-20, 21-25s, 26-30s and 31-40s. The market for these sizes is in decline given record supply on the market. Holiday demand for shrimp was seasonally strong.

Coldwater Shrimp – Oregon boats have been off the water for some time. New season production will not begin until April 2018. Most existing supplies in the market are now on allocation. Prices in the market are strong.

Breaded Shrimp – Raw materials are readily available. However, an overall increase in demand for value added seafood is starting to impact prices of breaded shrimp.

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Squid

Loligo –Prices are firming on 5-8's as inventories appear to be short in the market. Packers are trying to force 3-5 purchases, which suggests the size of the squid coming out of the water is small.

Todarodes – Prices about the same as Loligo. Some market participants have noted even higher offers on product but nothing to warrant an increase in pricing.



Swai

Vietnamese pangasius producers continue to struggle with clearing exports past the USDA's Catfish Inspection Program. The market is up sharply to historical highs. Inventories should be available in the market sometime after the New Year. However, the issues with the USDA make it difficult to predict availability.



Tilapia

The market is favorably priced in a very competitive whitefish market. This is the best pangasius alternative on price point.

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Tuna

Raw material has been pretty abysmal and sizes are not accommodating what most of the market requires. Market is up \$.40- \$.50 cents. The market is climbing and hasn't really hit its peak. Demand is strong, driven by interest in poke. Expect the market to rise and product to be short soon.



Whiting

Chilean supplies are ample and the market is steady. Whiting from Argentina has come into good supply with strong fishing.

