

Update on Shrimp Markets for 2023

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Background

- 40+ Years in Seafood Industry
- Crab, shrimp, lobster and cod market analyst since 1997
- Price and market outlooks for Atlantic Canada, Alaska, and US West Coast
- 2005-2018 Price arbitrator for Alaska crab
- Expert on Mussel and Oyster Markets
- Co-Founder of NFI's Global Seafood Market Conference
- Annual Market Review for Fisheries Council of Canada
- Founder of SeafoodNews and Seafood Datasearch



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The Winding Glass: What does 40 years in the American Seafood Industry look like?

The Winding Glass is the name and acronym I used at the Boston Harbor of Commerce. I am always drawn to the history of the industry and the people who have shaped it. After my retirement, I will continue to write the Winding Glass column for SeafoodNews.

FFAW Sounds Alarm Over Fish Deaths in Northern Harvest Science Park

An aquaculture company opened itself up to speculation about the impact of a 20-year-old facility that will be used to produce and process farmed salmon. The facility is a 20-year-old facility that will be used to produce and process farmed salmon. The facility is a 20-year-old facility that will be used to produce and process farmed salmon.

FFAW Letter to USFWS: Do Right What...

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WEEKLY RECAP | September 20, 2019



Outline for Today

- Canadian Production Falling
- Current Shrimp Market Pricing
- Export Markets
- US shrimp Market
- Retail and Foodservice Use of Shrimp
- West Coast Pandalus Jordani
- Economic Outlook:
 - US, Europe, China
- Issues for shrimp Market in 2023
- Questions and Discussion



Canadian production declining slightly

Area	2019 (Landings)	2020 (Landings)	2021 (Landings)	2022* (quota)	2022* catch
Eastern/Western Assessment Zones (SFA 0-3)	14,007	17,459	19,106	44,025 (7% Increase)	25443.42
Newfoundland & Labrador (SFA 4-6)	38,914	32,913	35,997	40,607 (2% Increase)	30049.18
Gulf of St. Lawrence (SFA 8-12)	16,161	17,881	17,217	15,812 (8% decrease)	12333.36
Scotian Shelf (SFA 13-15)	2,500	2,500	2,400	2,300 (12% decrease)	2200
Total	71,528	70,753	74,720	100,744	70,026

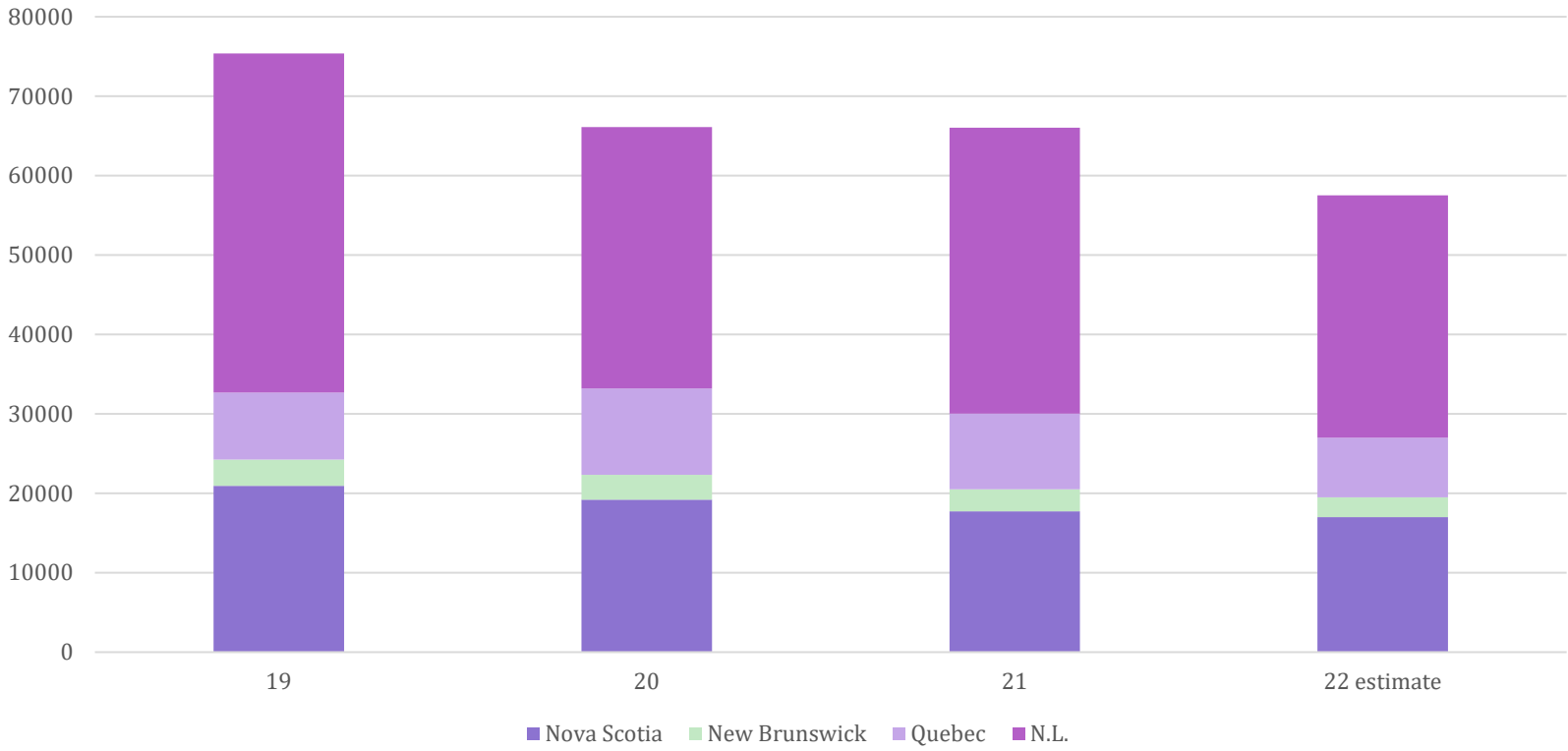
2022 totals are estimates based on percent of quota caught

Source: Presentation at Coldwater Prawn Forum, Seafood Datasearch



A second estimate shows same trend

Shrimp Landings by Province



Source: DFO, Seafood Datasearch



Export volumes declined slightly for cooked and peeled, less for shell on



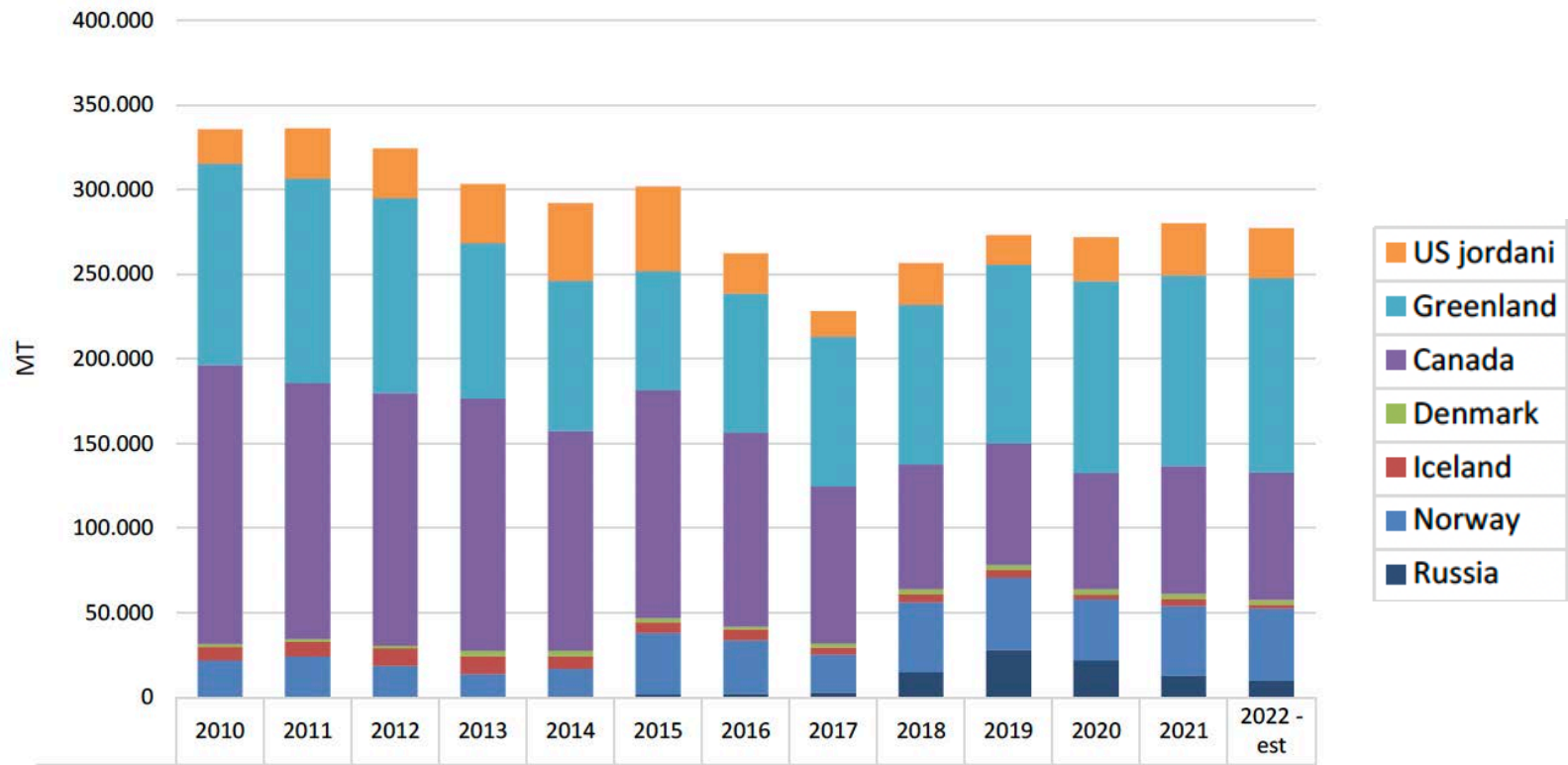
Source: Global Trade Tracker



Global Coldwater Shrimp Supply Stable

Change from 2021 is -1%

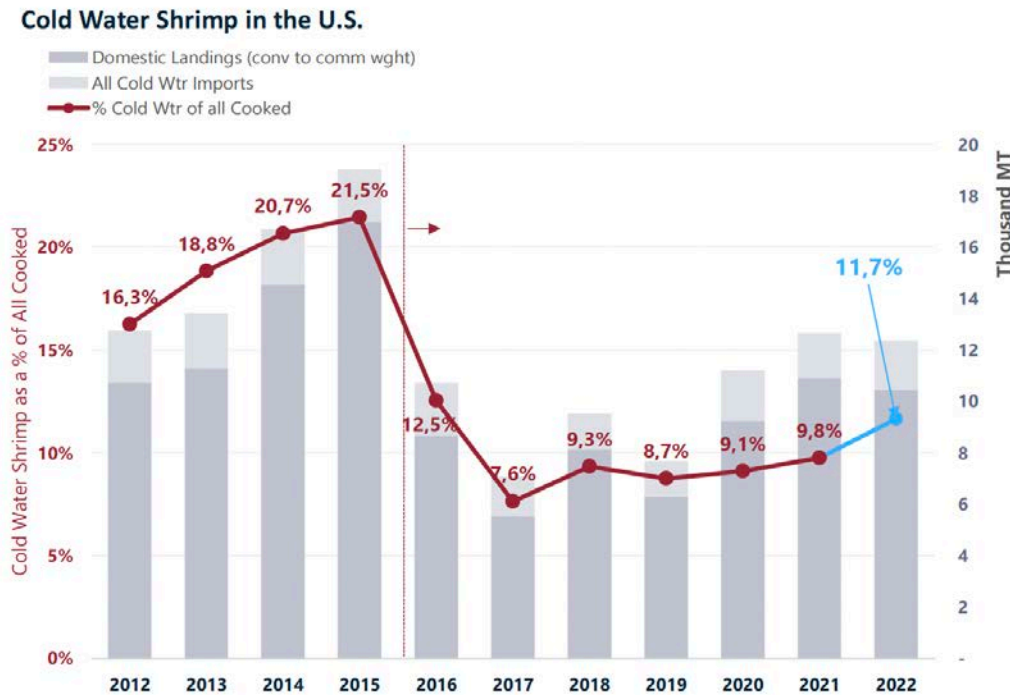
Landings of coldwater prawns (*Pandalus borealis*, *jordani* and *montagu*) in main landing countries



ICWPF 2022



US Supply of Cooked and Peeled Pandalus



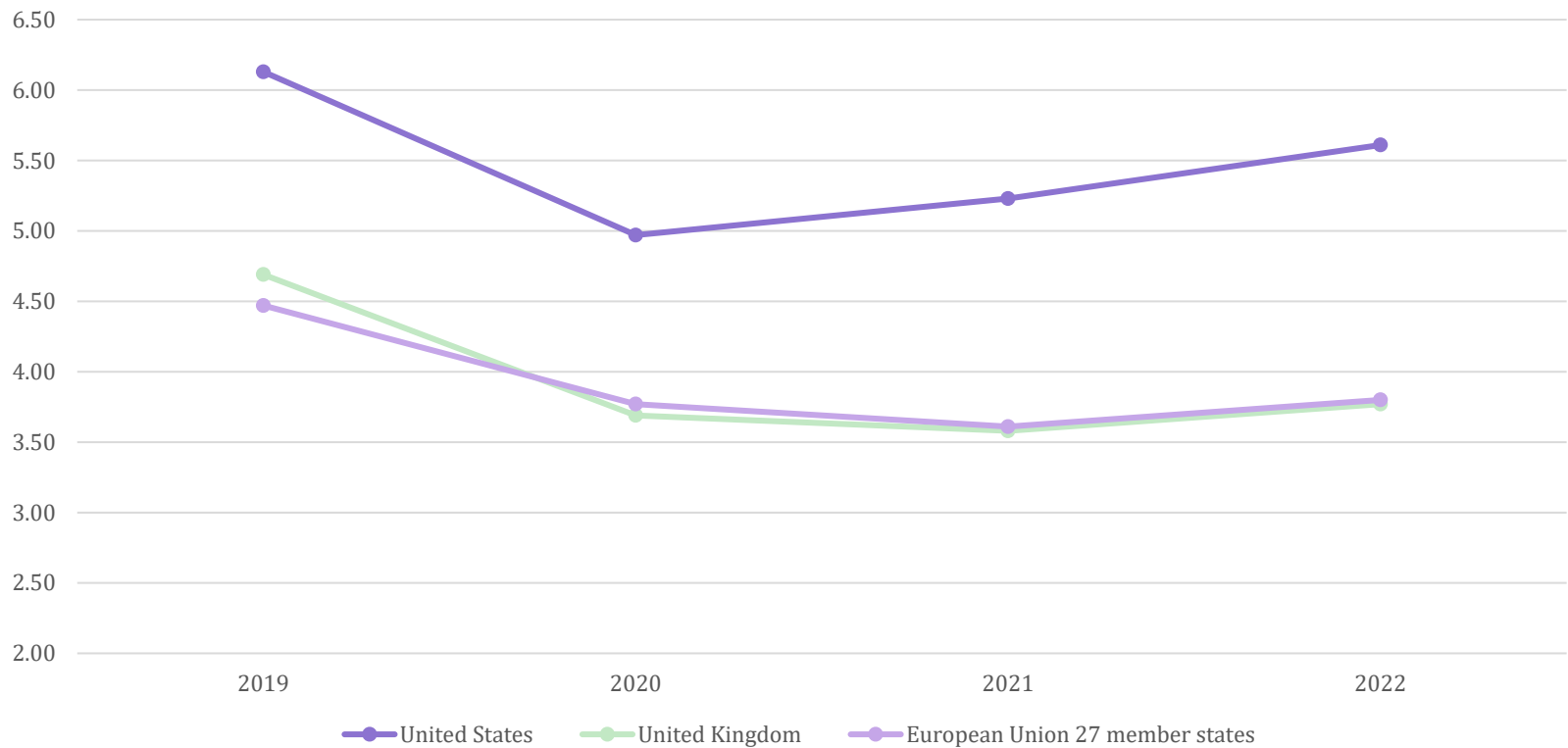
Source: Presentation at Coldwater Prawn Forum, Seafood Datasearch

- Increased use of value-added shrimp is a benefit to coldwater shrimp.
- 2023 forecast is for market share to decline slightly.



Prices for Cooked and Peeled Improved in 2022

\$USD per Lb Export Pricing



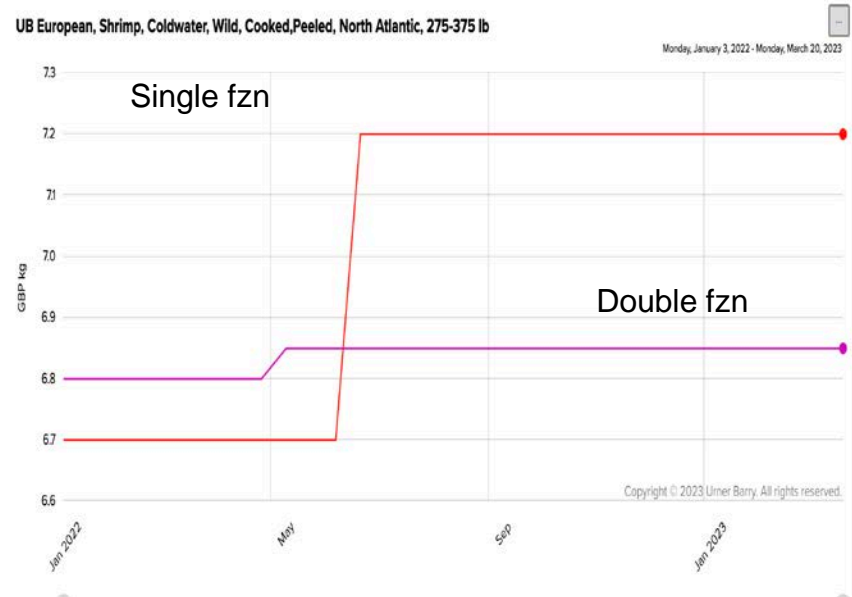
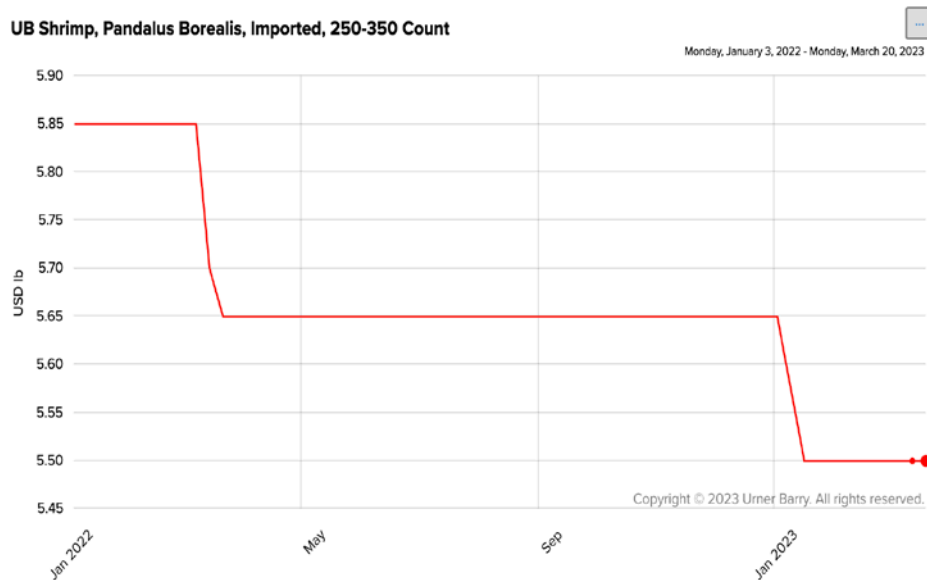
Source: Global Trade Tracker



In 2023 Coldwater shrimp price weakens in US, but not in UK

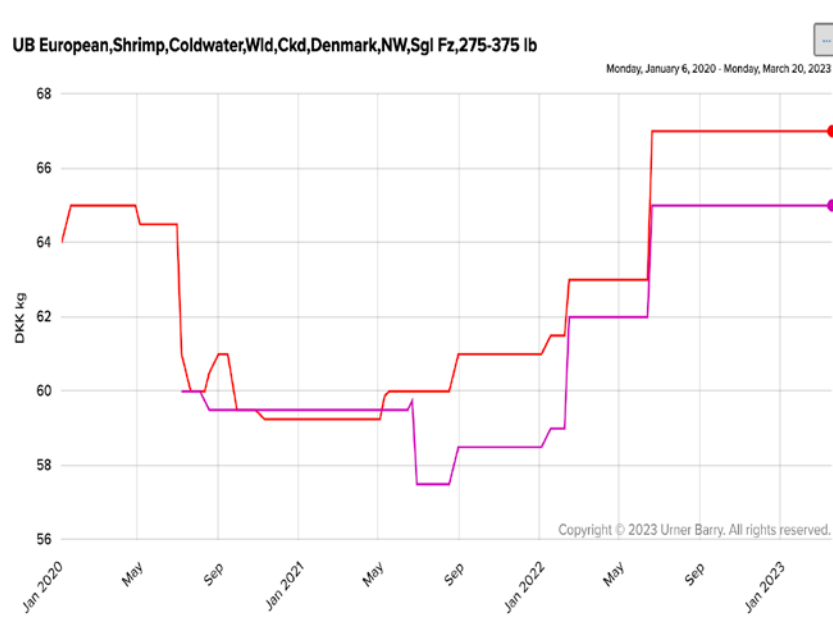
US Pricing (\$ lb)

UK Pricing (GBP /kg)

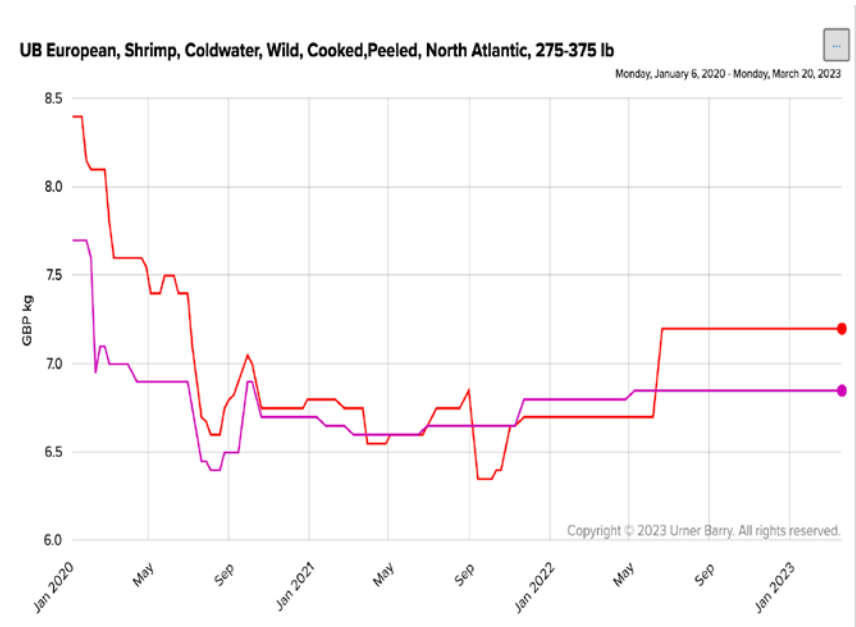


Denmark demand appears stronger than in UK

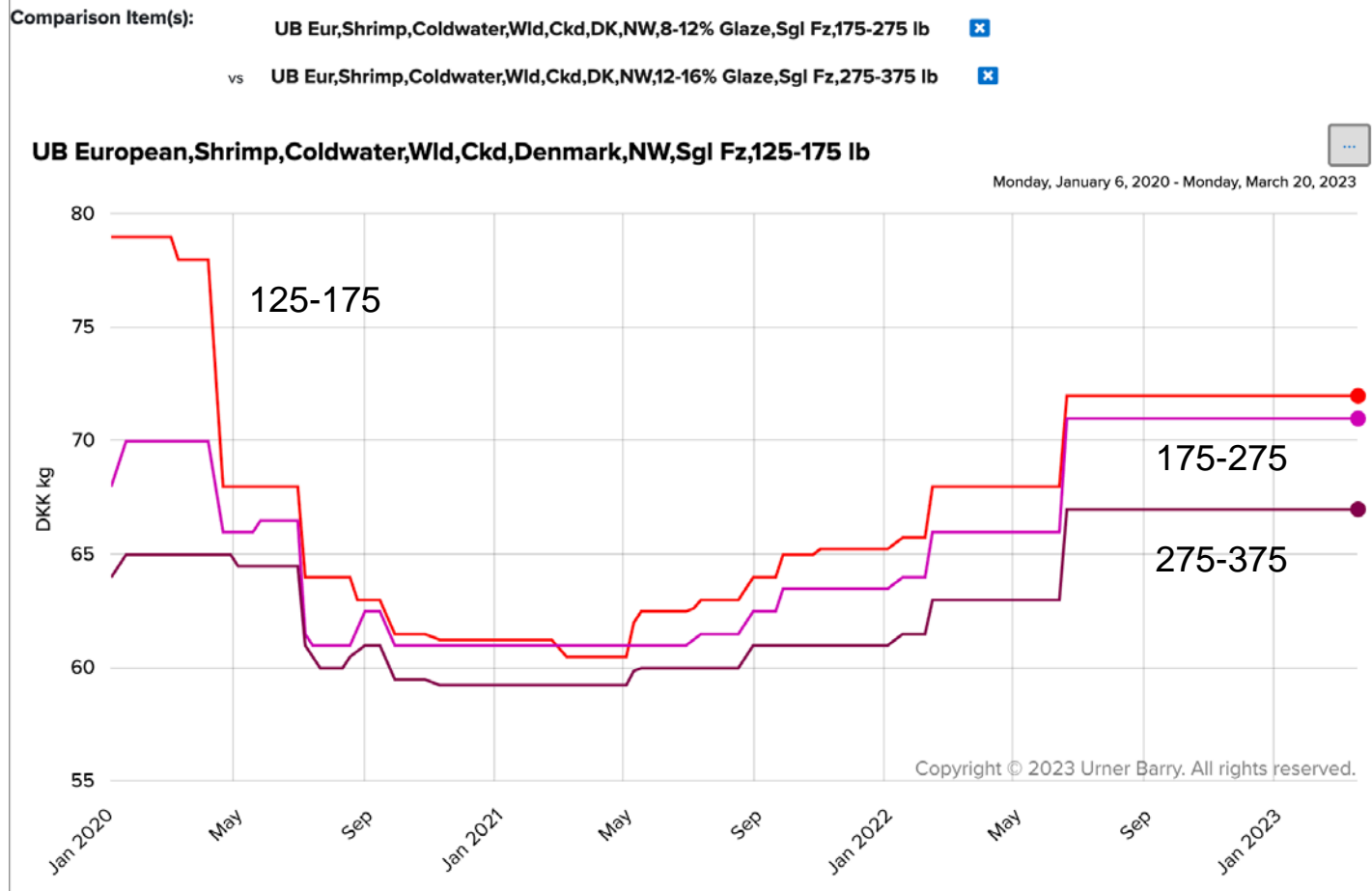
Denmark Single and 2X Frozen



UK Single and 2X Fzn

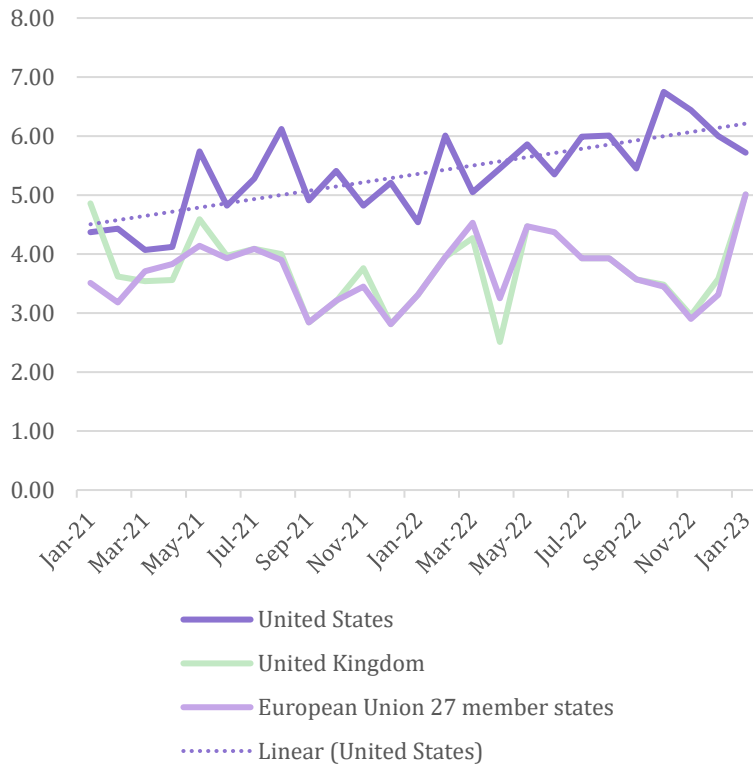


Single fzn by Size in Denmark

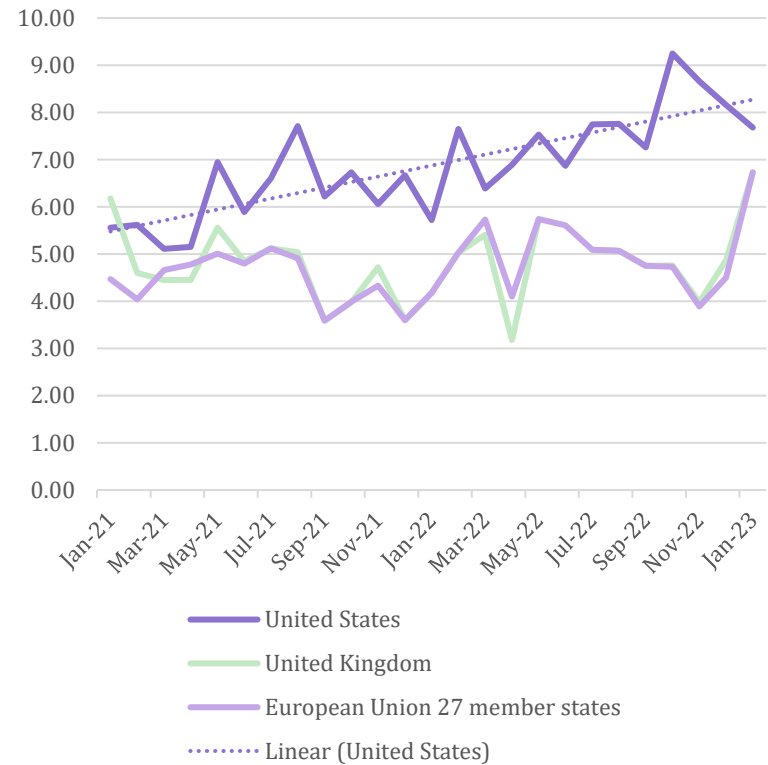


US market has stronger shrimp pricing regardless of currency

US dollar export pricing

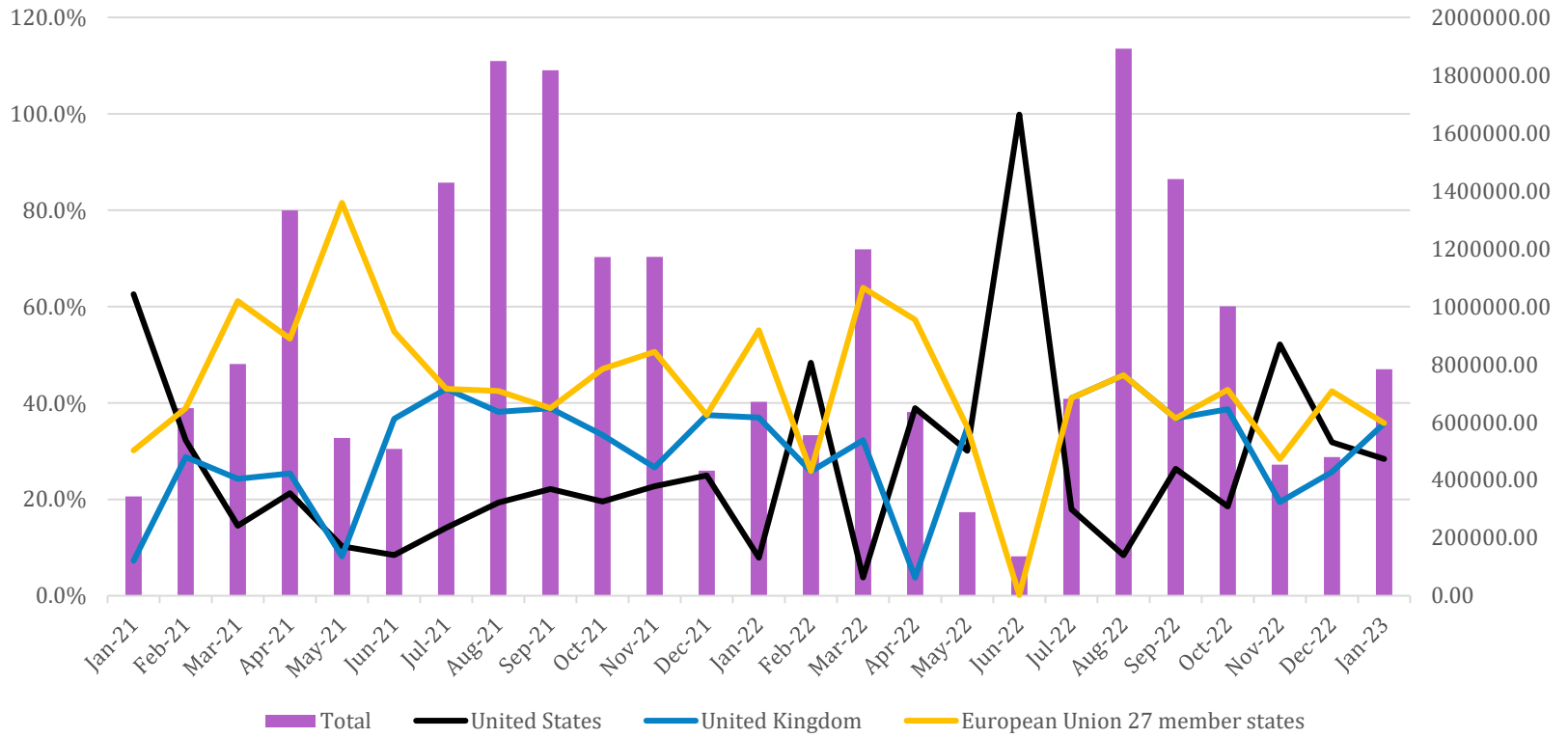


Canadian dollar export pricing



But US is not primary export market by volume

Chart Title



Source: Global Trade Tracker



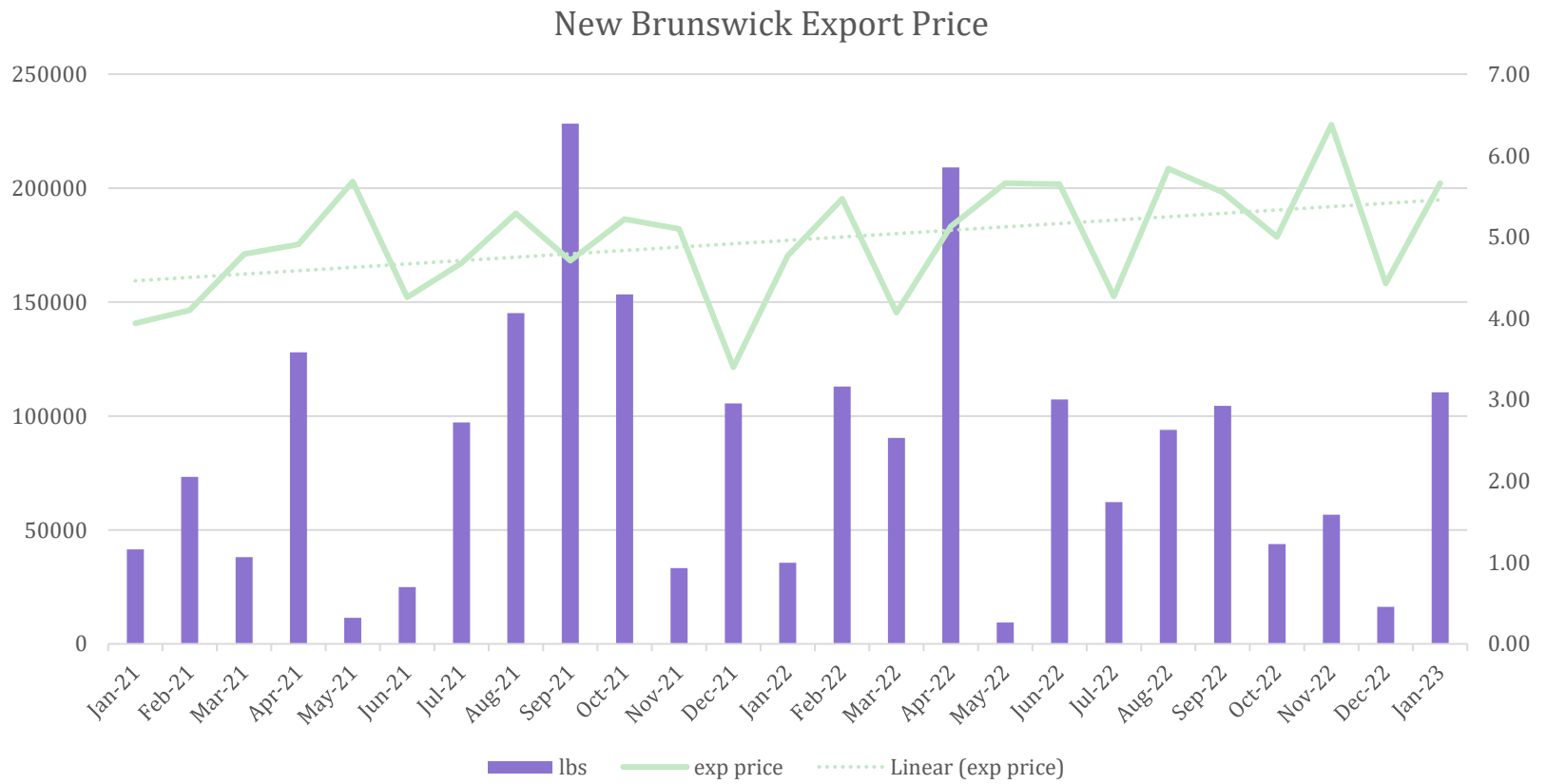
Export volume by Major Market



Source: Global Trade Tracker



Export price of NB shrimp to US

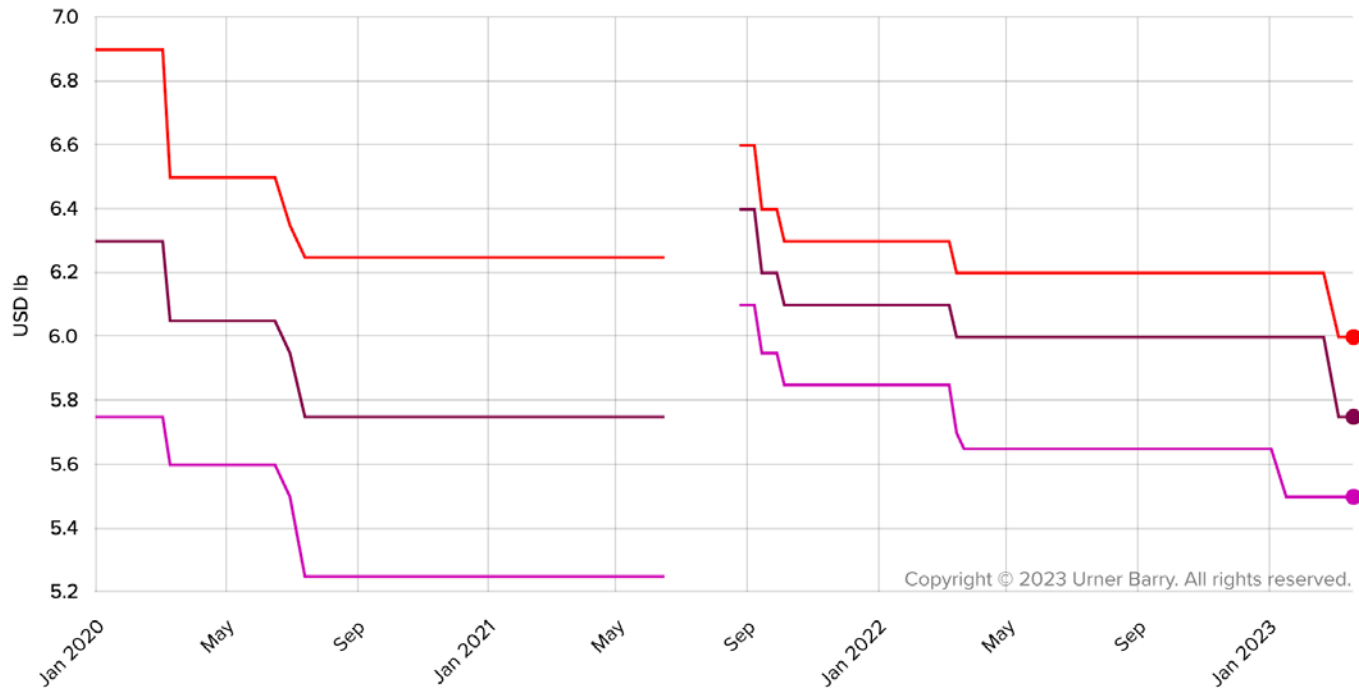


Pricing by size has narrowed in US

Comparison Item(s): **UB Shrimp, Pandalus Borealis, Imp, 250-350** vs **UB Shrimp, Pandalus Borealis, Imp, 150-250**

UB Shrimp, Pandalus Borealis, Imported, 125-175 Count

Monday, December 30, 2019 - Monday, March 20, 2023



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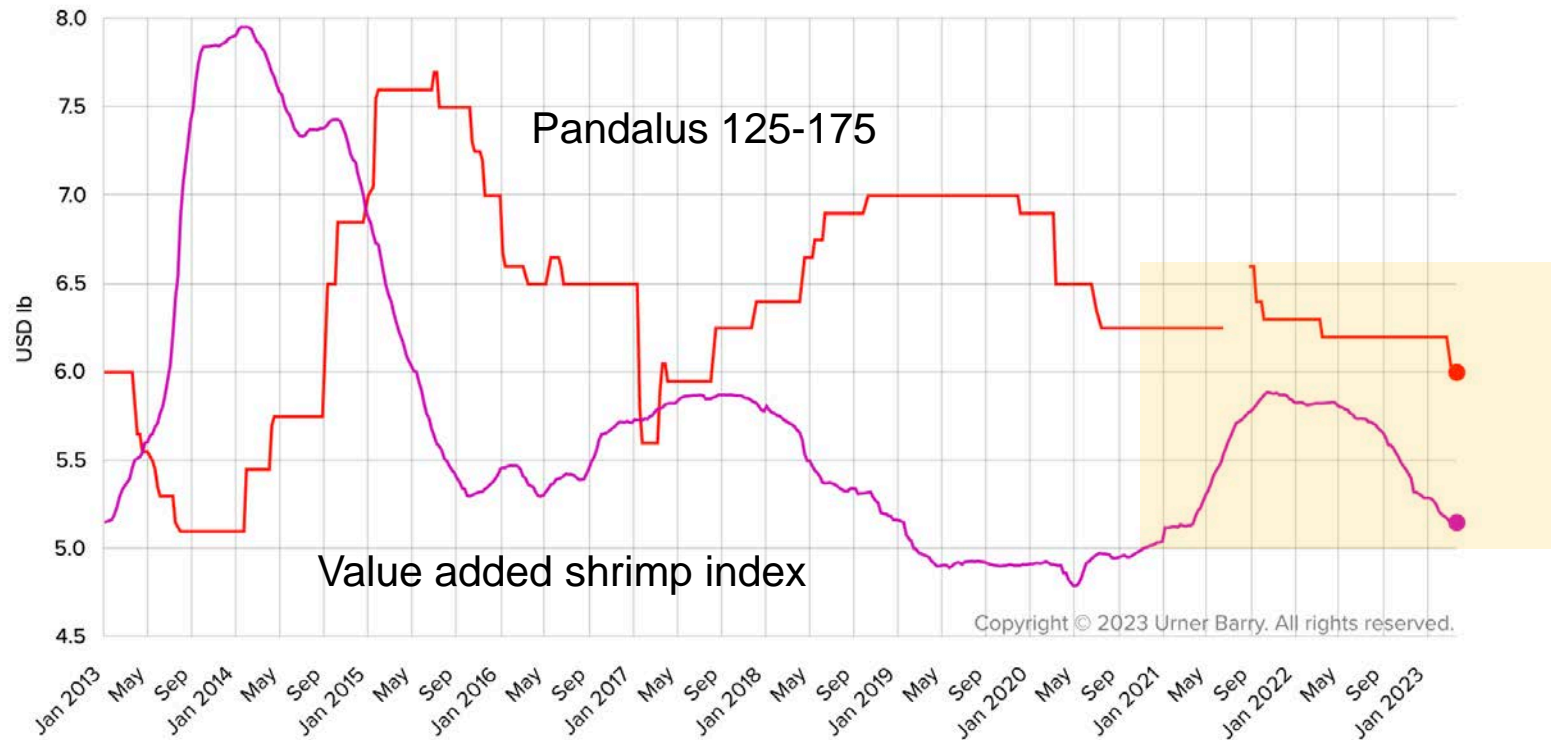
Source: Urner Barry



For first time since 2016 Pandalus and cooked white shrimp declining at same time

UB Shrimp, *Pandalus Borealis*, Imported, 125-175 Count

Monday, December 31, 2012 - Monday, March 20, 2023



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Variation in price by market

- US is weakening slightly, along with all shrimp
- UK Single frozen market is increasing, but 2X is stable
- Denmark has higher prices for both single and double frozen

In terms of Canadian dollar pricing,
the US market still has the highest
return



Exports of C&P declined in 2022



Source: Global Trade Tracker



Exports of Shell on mostly to China

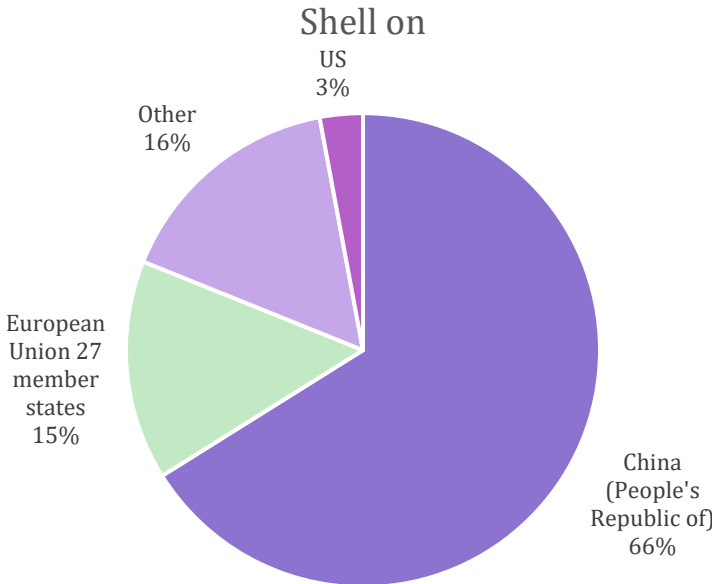


Source: Global Trade Tracker

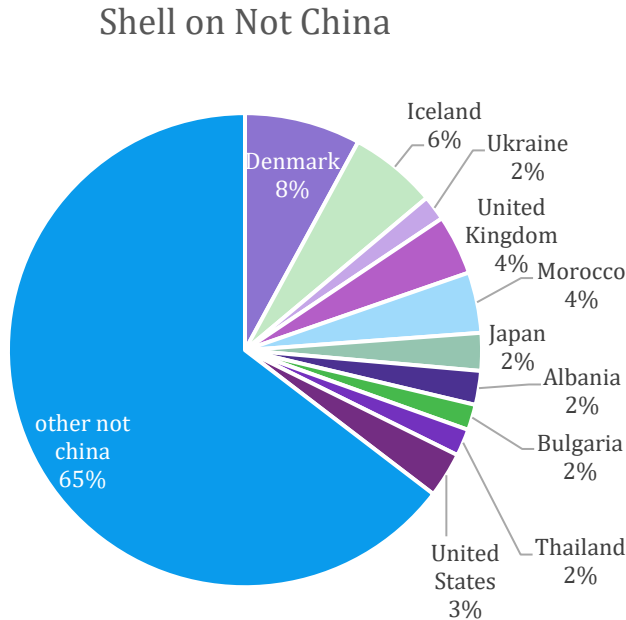


2022 breakdown of shell on exports

19% of non-china exports going for hand peeling



- China (People's Republic of)
- European Union 27 member states
- Other
- US



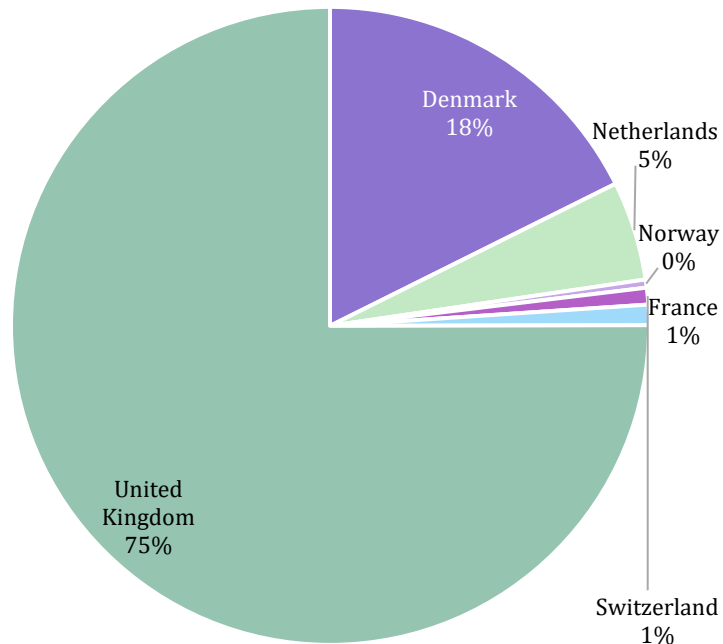
- Denmark
- Iceland
- Ukraine
- United Kingdom
- Morocco
- Japan
- Albania
- Bulgaria
- Thailand
- United States
- other not china

Source: Global Trade Tracker

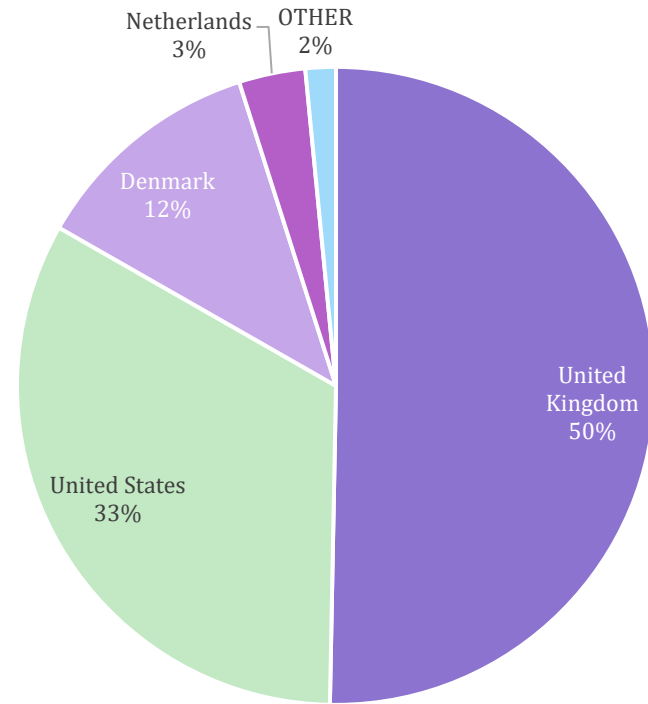


2022 C&P exports to Europe

Europe C&P from Canada



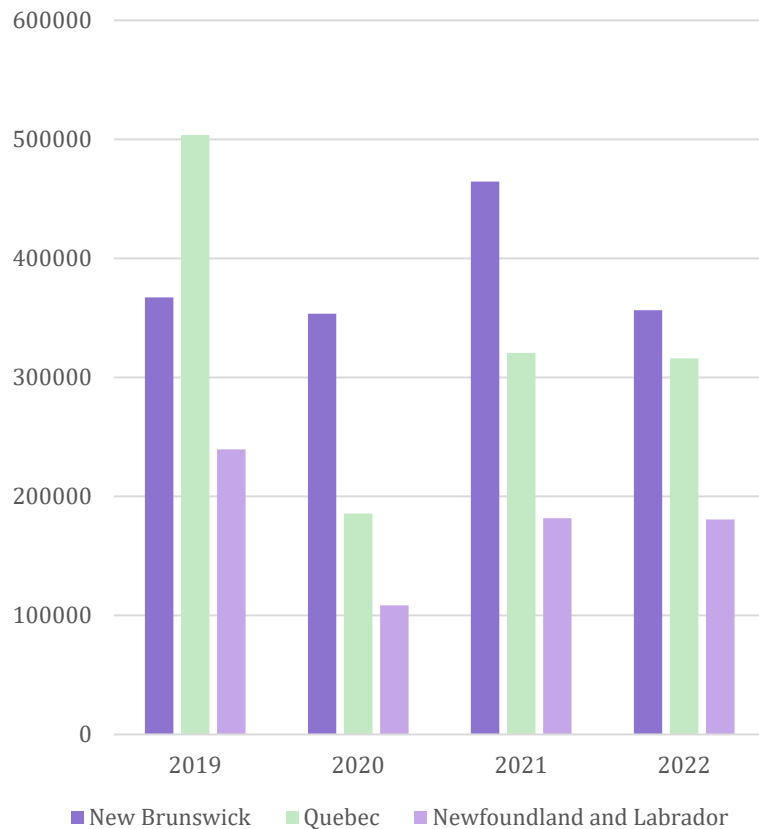
All C&P Exports



Source: Global Trade Tracker



New Brunswick and Quebec ship most C&P to US



- New Brunswick and Quebec are the primary suppliers to the US.
- Newfoundland primarily exports to UK

Source: Global Trade Tracker



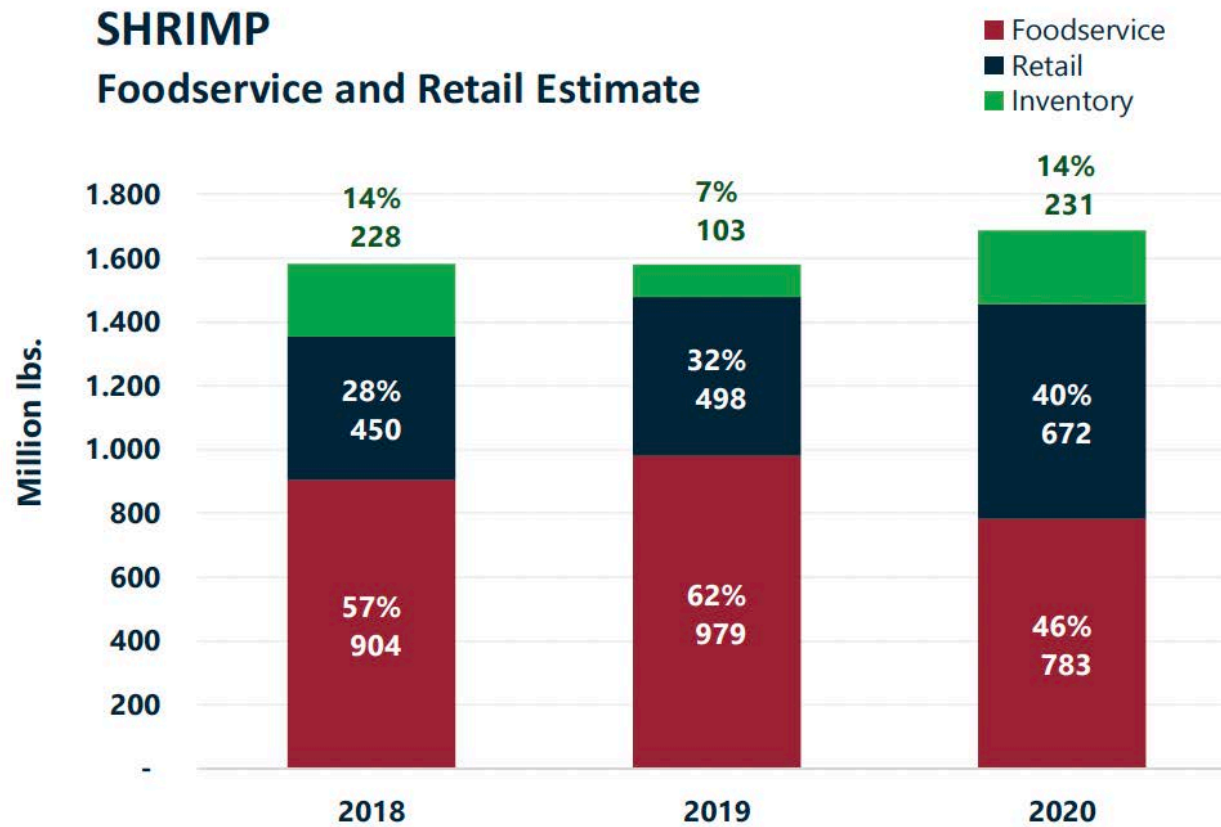
US overall shrimp imports declined in 2022 for first time in 10 years



Source: Seafood Datasearch, US Customs Data



US Breakdown of Retail vs Foodservice

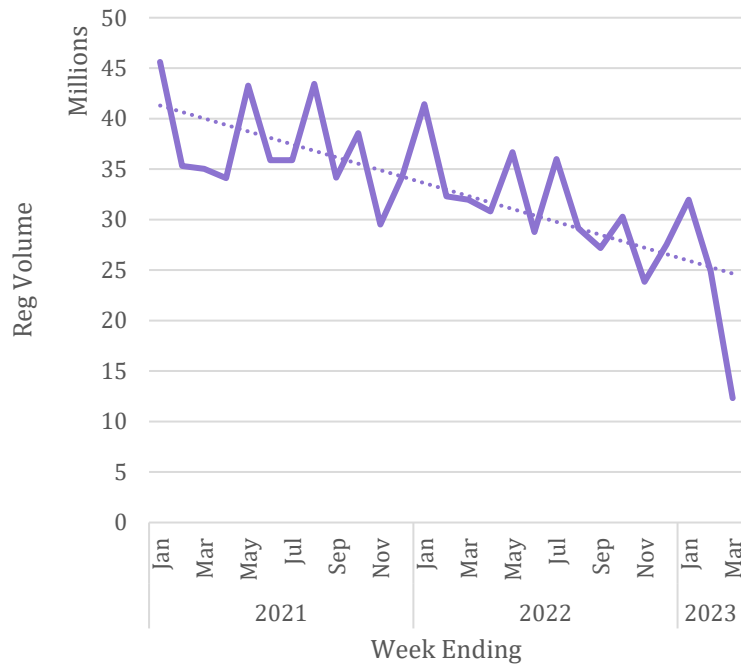


Source: Uner Barry

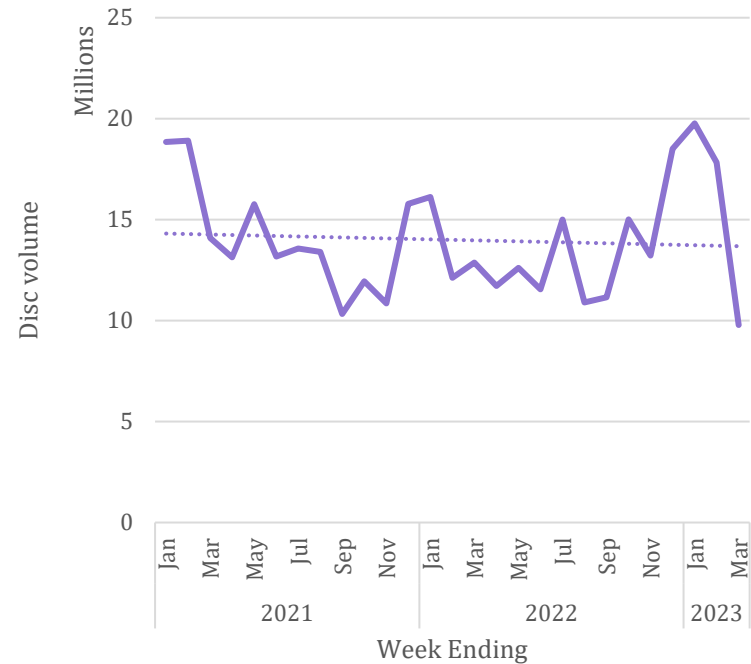


Shrimp sales at retail: Overall volume declining

'Reg Volume' by year and month of 'Week Ending' for 'Location' 'Total US - Multi Outlet'



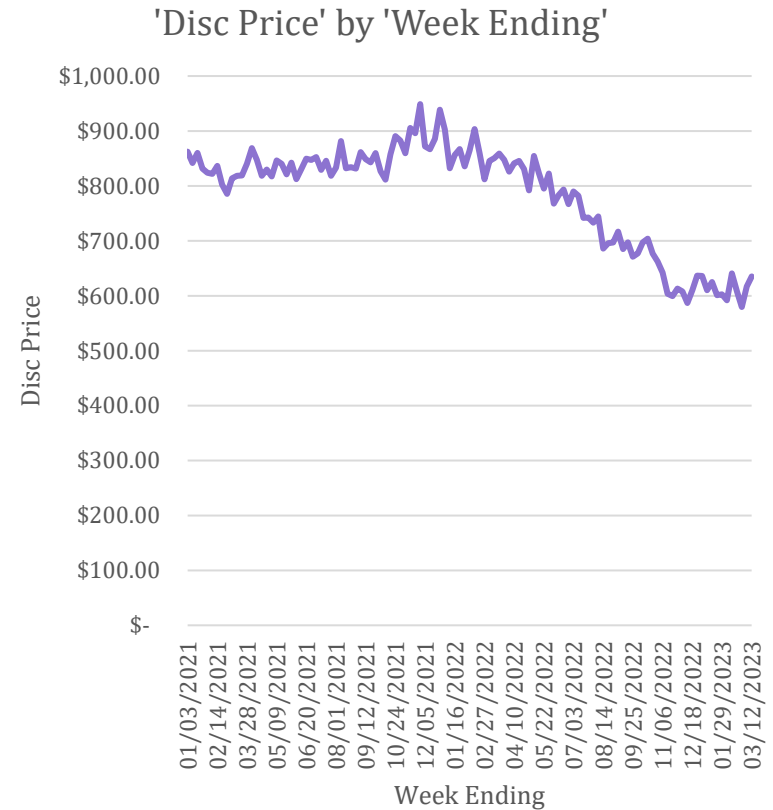
'Disc volume' by year and month of 'Week Ending' for 'Location' 'Total US - Multi Outlet'



Source: IRI data



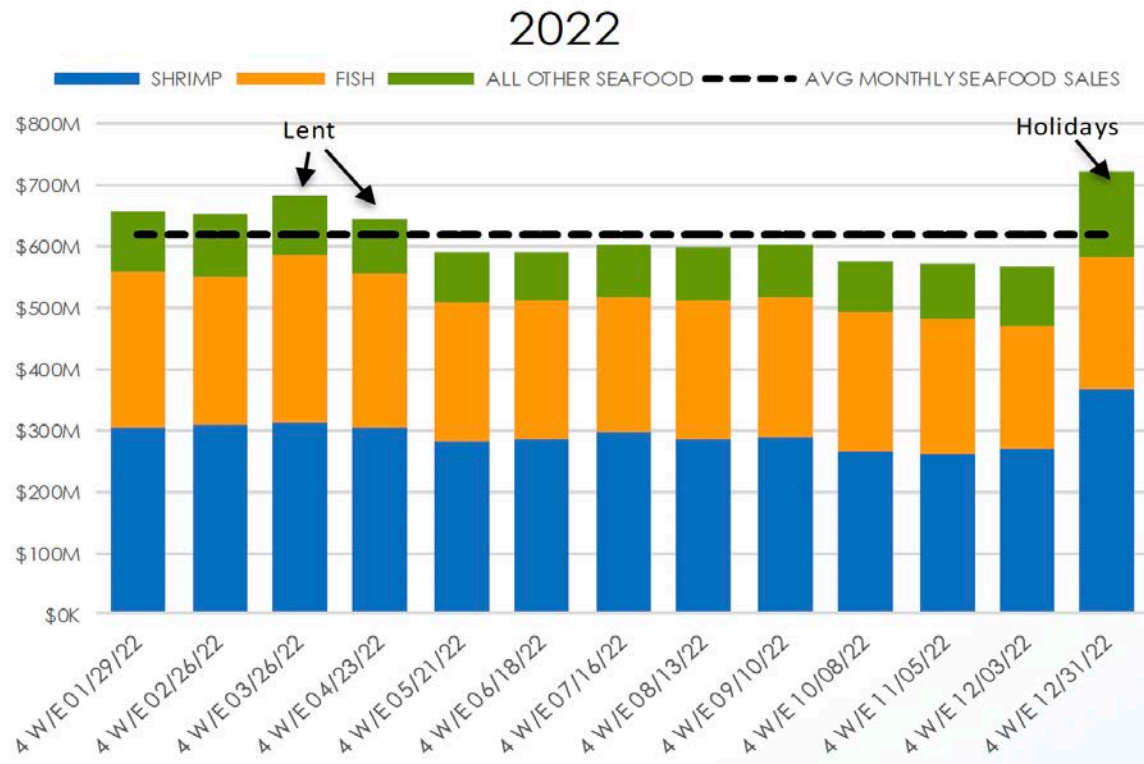
Avg retail price for shrimp declining as well



Source: IRI data, Seafood Datasearch



Retail seasonal buying patterns have normalized



- In 2022, Frozen Seafood sales averaged \$619M every four weeks, a -0.9% decline from 2021
 - 2022's average four week Frozen Seafood sales were up 56% from pre-COVID time in 2019

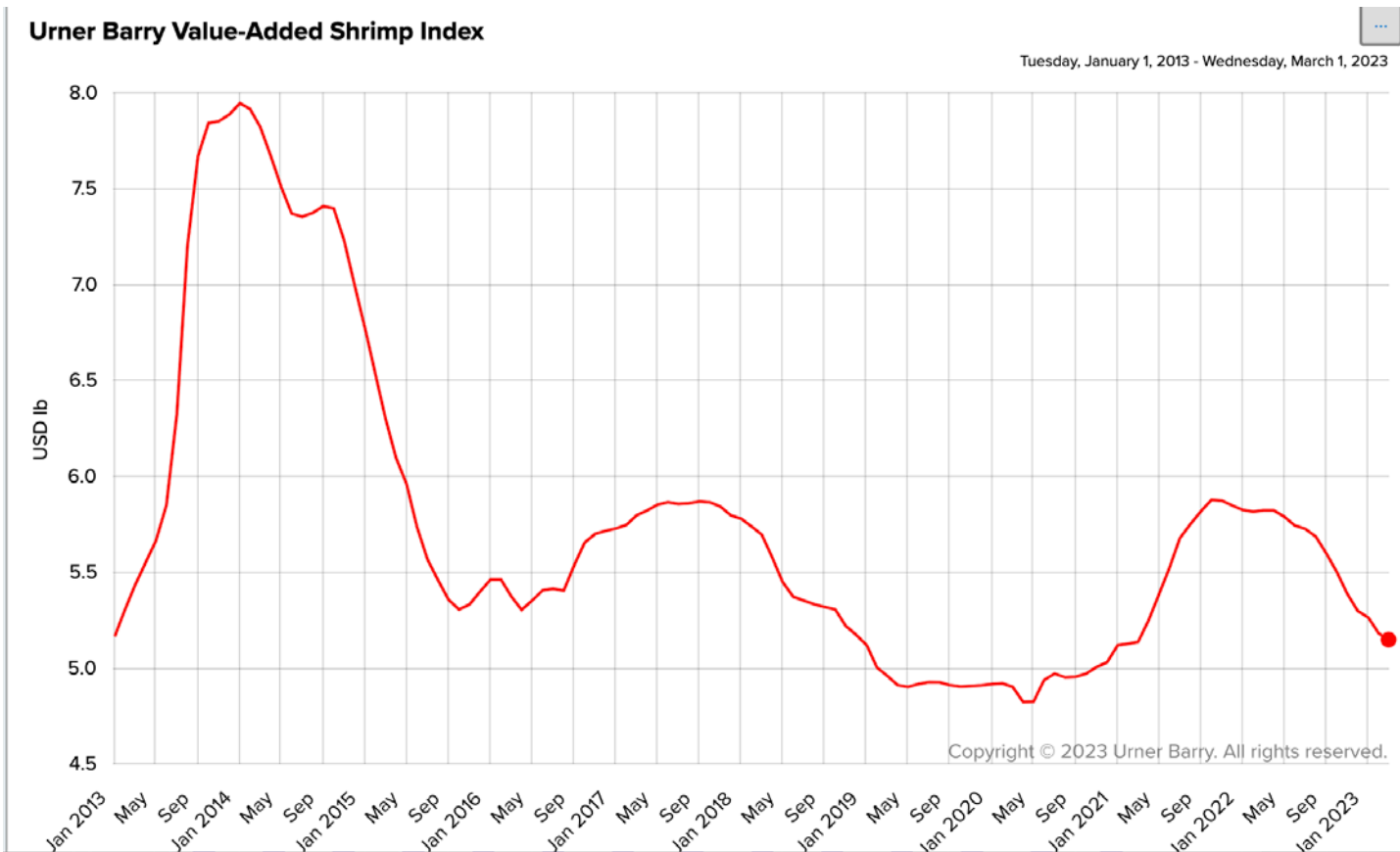


US has warm water shrimp inventory

- Record imports in 2021, plus declining sales volumes in 2021 and 2022, have led to a build up shrimp inventory.
- Result is a weak market going into the summer, even as global farmed shrimp cuts back.



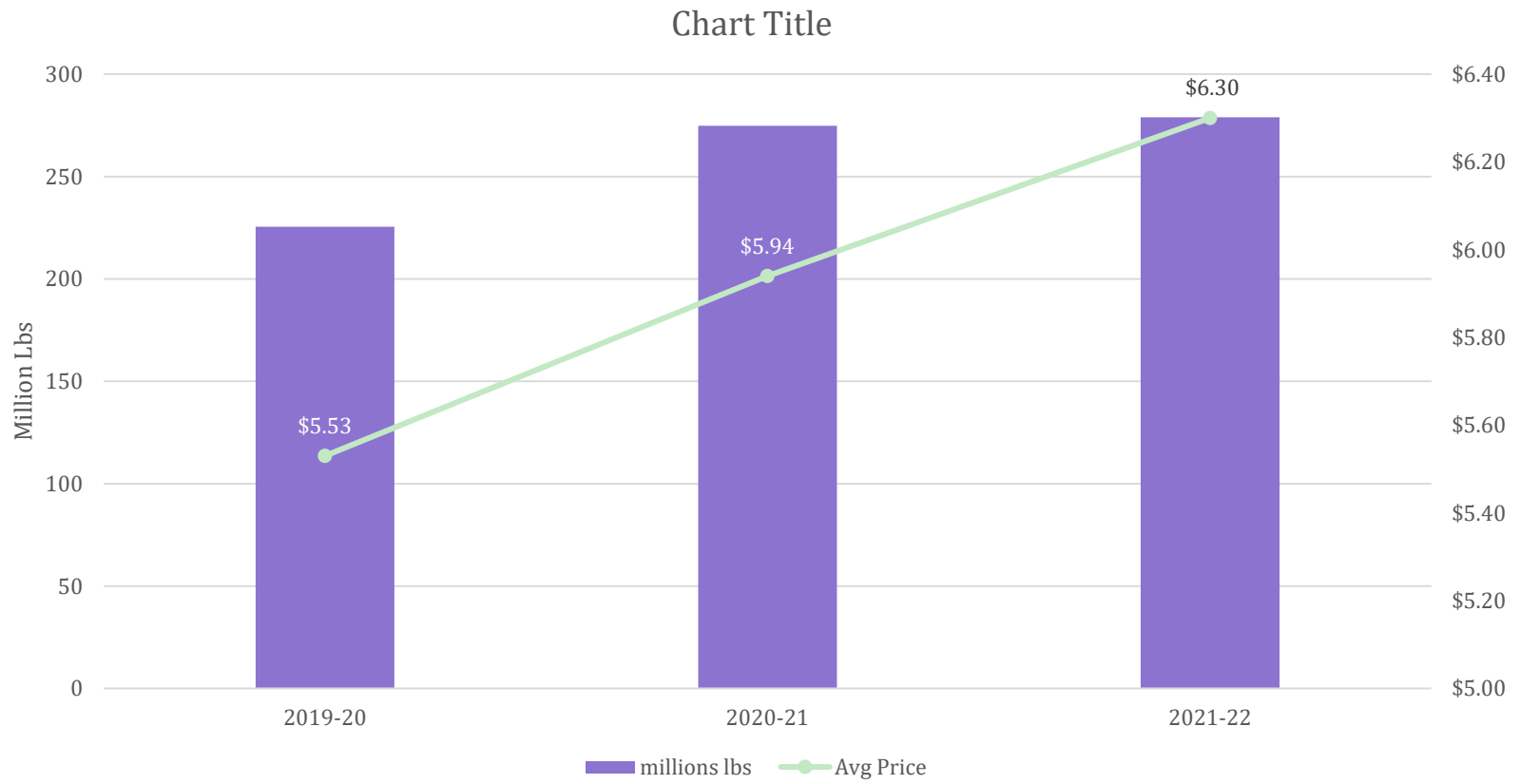
Shrimp pricing is cyclical: we are approaching the bottom portion of the cycle



Source: Urner Barry



Broadline shrimp sales have improved with no evidence of decline



Source: SupplyTrak, Seafood Datasearch



Restaurants have seen customers back away from seafood due to higher costs

Shrimp is up 1.5%,

In comparison

- ▲ **Produce** is up 3%.
- ▲ **Dairy** is up 7%.
- ▲ **Poultry** is up 5%.
- ▲ **Beef** is up 3%.
- ▲ **Oils and Shortenings** are up 6%.
- ▲ **Pork** is up 6%.

Shrimp is the best performing seafood item and with price declines it should improve its position this summer



What does this mean for coldwater shrimp

- Traditionally coldwater shrimp and warmwater shrimp do not compete on price.
- However, this year both are showing price weakness
- Retail sales of coldwater shrimp unlikely to improve this year
- Restaurant sales have a better chance as foodservice is expecting improved conditions



West Coast Pandalus Jordani

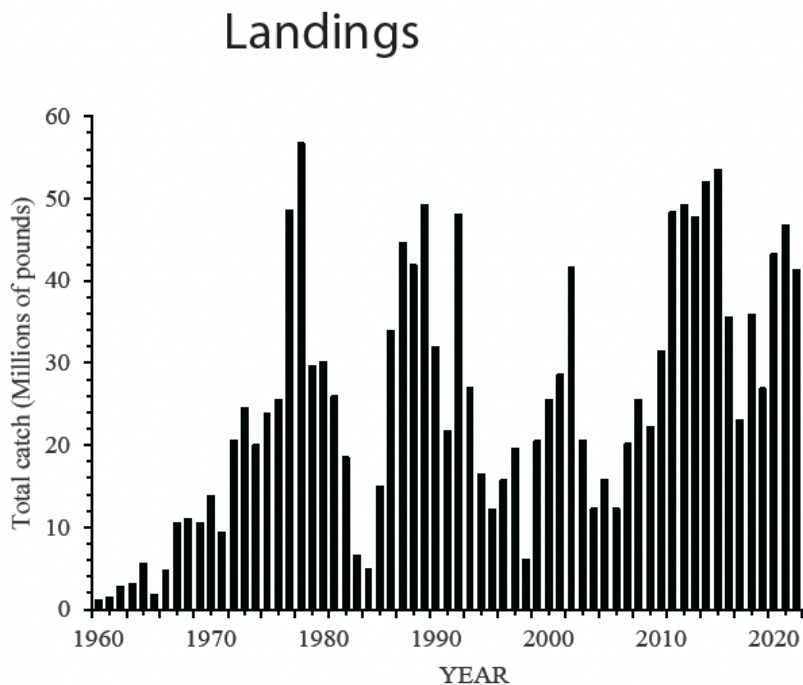


Figure 1. Landings of pink shrimp into Oregon by year: 1957-2022.

- Oregon landings continued at a high level (41.2 million lbs)
- Catch rates were very high
- Prices to vessels were low

Vessel prices (\$0.46 lb) lowest since 2010

- Low prices are a result of smallest shrimp since 2005, with mean size being 136/lb (350-500 count)
- 2023 Season predicted to be 34 million lbs, a 17% decline from 2022

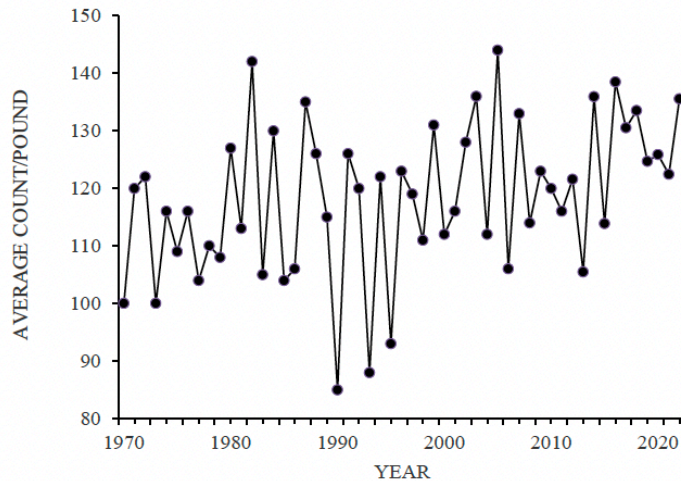


Figure 16. Average count per pound of pink shrimp landed into Oregon, by year: 1966-2022.

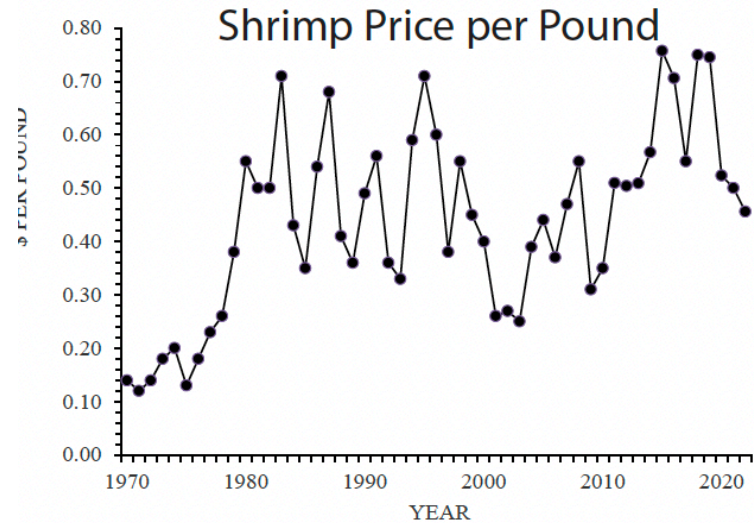


Figure 13. Average ex-vessel price-per-pound of pink shrimp landed into Oregon, by year: 1968-2022.



US economic forecasts show no consensus: but timing of recession is receding

“Estimates of inflation-adjusted gross domestic product or real GDP, inflation, labor market indicators, and interest rates are all widely diffused, likely reflecting a variety of opinions on the fate of the economy—ranging from recession to soft landing to robust growth.”

National Assoc. of Business Economists Monthly Survey

1c. What is the probability of a recession occurring over the next 12 months?

Response	Percent of Responses (43)
0-10%	7%
11-25%	5
26-50%	30
51-75%	49
76-100%	9
Don't know / not sure	0

1d. If so, when will the recession start?

Response	Percent of Responses (43)
Q1 2023	28%
Q2 2023	33
Q3 2023	21
Q4 2023	9
After Q4 2023	9
Don't know / not sure	0



Key US Uncertainties

- Will bank crisis intensify?
- Will tighter credit cause a deeper recession?
- Will interest rates rise or fall more than expected?

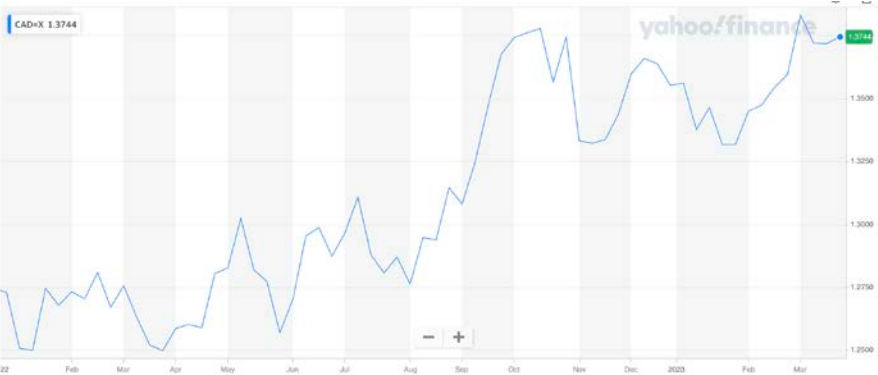
In this environment, impossible to see what risks lie ahead for producers.



Currency is expected to be stable:

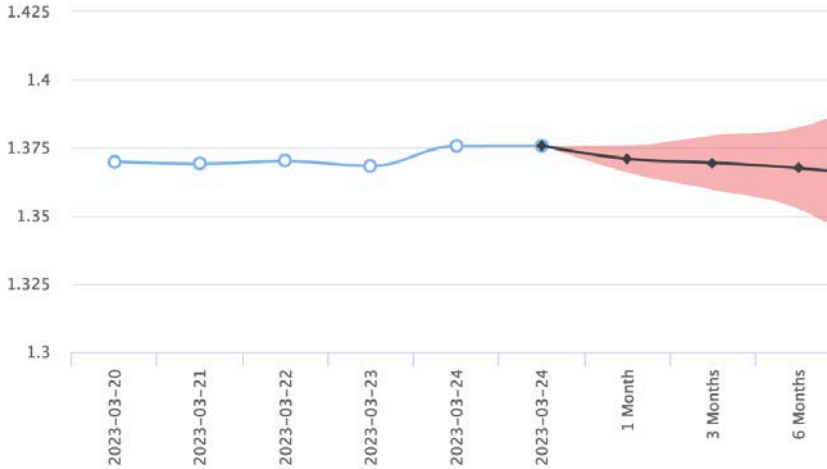
\$CA has weakened 8% since last spring

Currency history



Currency forecast

Market Implied Expectations:

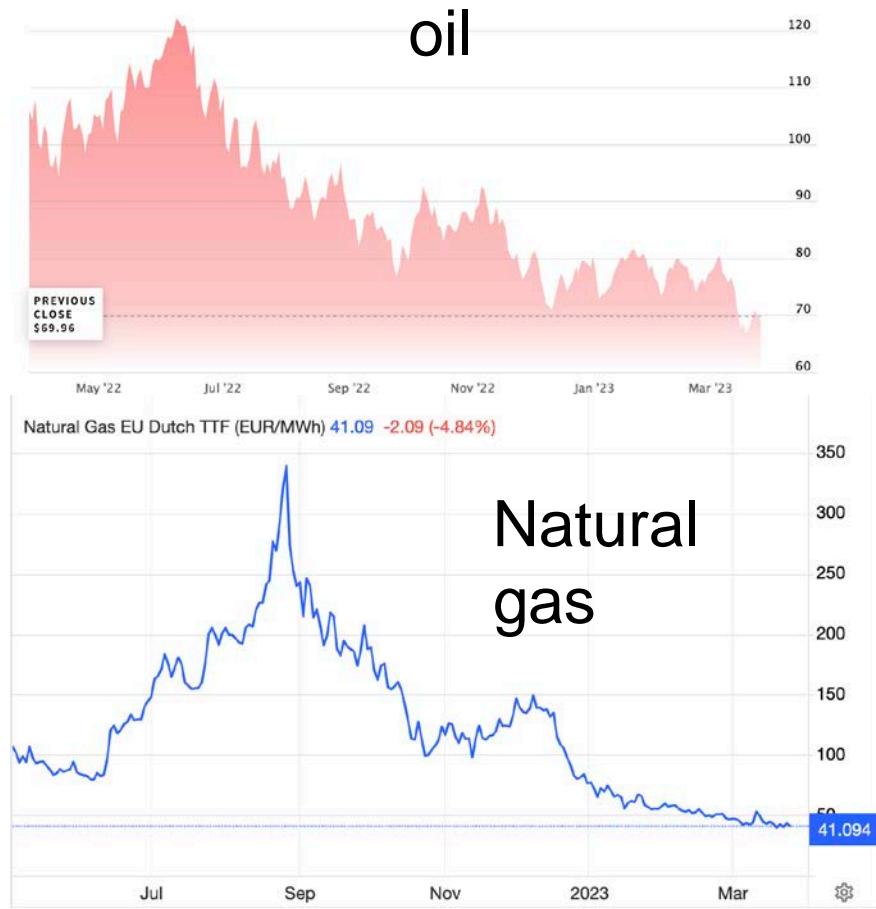
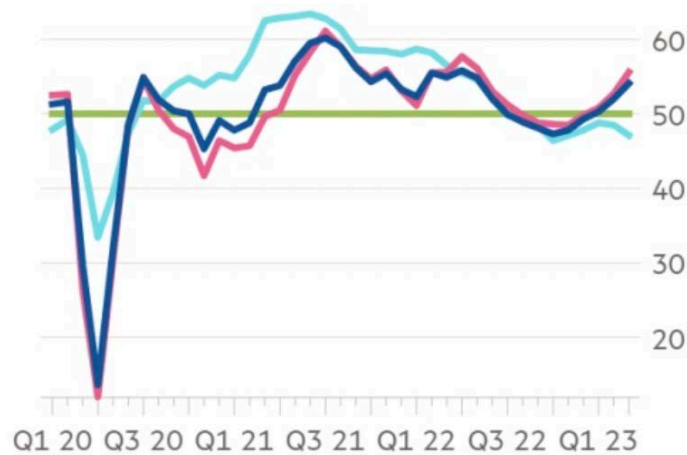


Europe is seeing a better than expected winter: oil and natural gas prices have fallen to lowest levels in a year

Business activity rebounds in eurozone

Purchasing managers' index

- Composite
- Services
- Manufacturing
- The 50 mark separates growth from contraction

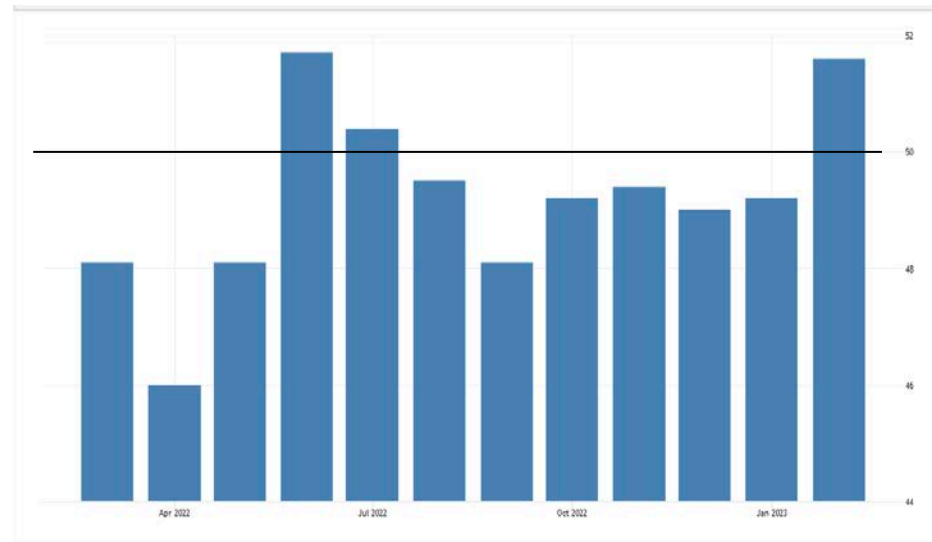


Chinese demand increased in 2022 with lower prices for shell-on

February Data very strong

- Supplier delivery times improved at quickest rate for 8 years
- Output, new orders, and employment gains exceeded expectations
- *“Optimism continued to improve among manufacturers in February. The reading for their expectations for future output reached a high not seen since March 2021. They expressed strong confidence in a post-Covid economic recovery.”*

Manufacturing Index above 50 is positive



Others are more cautious:

Maersk: Chinese consumer is a bit more stunned by what's happened and is not in a splurging mood right now.



Economic Outlook will affect coldwater shrimp pricing

- Canadian C&P shrimp exports declined due to lower catch volume, not changes in markets.
- Both Europe and China appear to potentially have stronger economies than expected.
- The US outlook remains very uncertain.



2023 Outlook

Positive

- More Canadian coldwater shrimp going to US
- Export markets appear to be stable with good demand for shrimp
- Currency is slightly weaker than during sales season last year.
- Shrimp is a value at foodservice

Negative

- Overall shrimp market weakness in US could impact Coldwater shrimp.
- Oregon shrimp likely to be larger size, more competitive with Canada
- Economic uncertainty is a negative factor.



Time for Questions

- Please put questions in chat and they will be presented.

