

April 2022

Seafood 2022 Quarterly Recap



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Quarterly Issues

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Part. I

Quarterly Issues

Russia-Ukraine

Conflict

- The Russia-Ukraine conflict in February led to global seafood price rises and supply disruptions.
- Russian sanctions on EU airlines passing through Russian airspace disrupted the flow of seafood exports from European countries to Asian countries.
- G7's move to remove Russia from the "most favored nation" (MFN) status may increase tariffs on whitefish, snow crab, salmon, and other products that originated from Russia.

Price Trends

- The price for fresh seafood hiked an average of 10.9% in February 2022 YoY, based on IRI and 210 Analytics.
- The wholesale price of fresh finfish rose by 18.8% to USD 9.09/unit from June 2020 according to the US Bureau of Labor Statistics. The price of fresh shellfish rose slightly by 2%.
- The frozen seafood prices hiked 15.9% to USD 9.98/unit on average, and shelf-stable seafood prices surged 13.3% to an average of USD 2.02/unit, according to Seafoodsource.
- The US Department of Agriculture (USDA) Economic Research Service reported that high costs of fish are expected to continue in the first half of the year due to high demand but low supply.
- Significant price increases in raw materials may burden global seafood processors.

Supply Chain Disruptions

- The freight transport strike in Spain since March 2022 has severely affected the supply of seabream and seabass in MercaMadrid, the biggest Spanish wholesale market.
- While Russia and Ukraine are the main producers of Alaska pollock and Pacific cod, the supply is fluctuating due to the ongoing sanctions on the warring countries.

COVID-19

- Restaurant and hotel closures due to lockdowns in the US, Europe, and China disrupted the fisherfolk and aquaculture farmers who relied on selling fresh or frozen seafood products.
- The seafood industry faced labor shortages due to COVID-19 cases among seafood workers and seafood processors.

Part II

Quarterly Summary

1.1 Seafood

- Salmon
- Tuna
- Cod
- Pollock
- Shrimp

Salmon

Norway

The price of Norwegian Atlantic salmon in Q1 remained high. The Fish Pool Index on Norwegian salmon peaked by 14.98% WoW in Week 7 to USD 10.63 due to the Russia-Ukraine conflict. The price then dropped to USD 9.53 in Week 10. In addition, the cost of Norwegian salmon exports to Asia has almost doubled after Russia closed its closed airways.

Chile

In Q1-2022, the price of Chilean salmon remained high, peaking at USD 7.06 in Week 9. The increased prices may continue due to the high demand in the Americas and Europe. The price of Chilean salmon remains high due to supply shortages of farmed salmon caused by the harmful algal bloom. The farmers are concerned over the algal blooms as the salmon farms are having the deadliest algal blooms in five years in early 2022.

United Kingdom

The Scottish salmon recovered its export value to pre-COVID levels. According to Salmon Scotland, salmon prices increased 94.8% YoY to USD 48.79 in January 2022, largely driven by the Russia-Ukraine conflict. The price recorded in week 7 was USD 9.97/kg for 1-3kg, a notable weekly rise.

The Price of Norwegian Wholesale Atlantic Salmon Imported to France

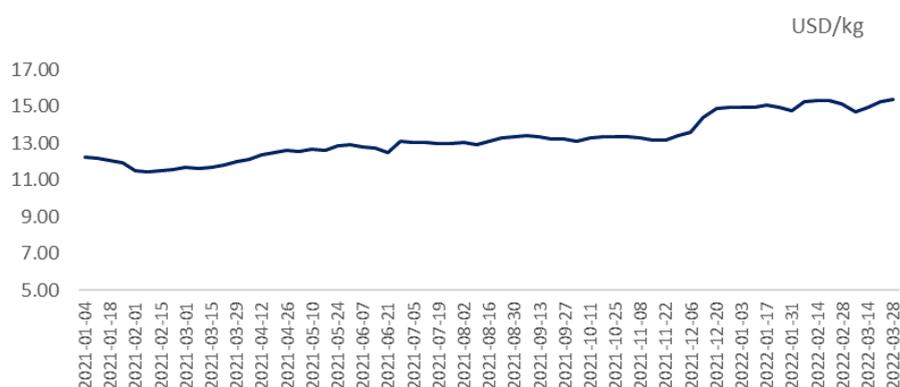


Figure 1.
Source: Tridge

Outlook

The Atlantic salmon price is expected to surge due to the tightening supply and growing demand. Particularly, the challenge in transporting Atlantic salmon to the Asian market may cause prices to remain high and dampen the trade volume. As for Chilean salmon, the increased price will continue to remain strong until Q2, based on the historic performance of D-trim Chilean salmon during Lent.

Tuna

Thailand

At the beginning of Q1, the tuna price hit a three-year high of USD 1,750/mt, mainly due to the slower fishing in the western pacific ocean (WPO) and supply shortage from COVID-19. The high prices stabilized in February from improved catches in both WPO and the Indian Ocean. However, the average cost and freight (CFR) prices for skipjack tuna delivered to Bangkok rose 3% MoM to USD 1,650/mt in March, caused by the higher fuel cost.

Indonesia

According to Tridge's Engagement Managers, the price of skipjack tuna delivered to Indonesia was recorded at USD 1.11/kg at the beginning of the year. Approaching Ramadan, the price of skipjack tuna rose with a decline in stocks. To keep the sustainability of the country's tuna stock, the Indonesian government recently planned to tighten regulations for harvest to ensure sustainability under a nationwide tuna harvest strategy proposed in 2018.

Vietnam

During Q1, the selling price of tuna in Vietnam reached its highest in the past 10 years, mainly due to the increasing transportation and production costs impacted by the Russia-Ukraine conflict. The approximate price range for Vietnam Tuna is between USD 6.59/kg - 8.24/kg. Meanwhile, the export value of Vietnamese tuna to the EU increased to USD 15 million, up 82% YoY, due to the rising demand for tuna along with the economic recovery of the EU reaching pre-COVID 19 levels. In addition, the Vietnamese tuna industry is expected to recover after the EU-Vietnam Free Trade Agreement (EVFTA) restarts in 2022.

The Price of Farmgate Skipjack Tuna in Indonesia

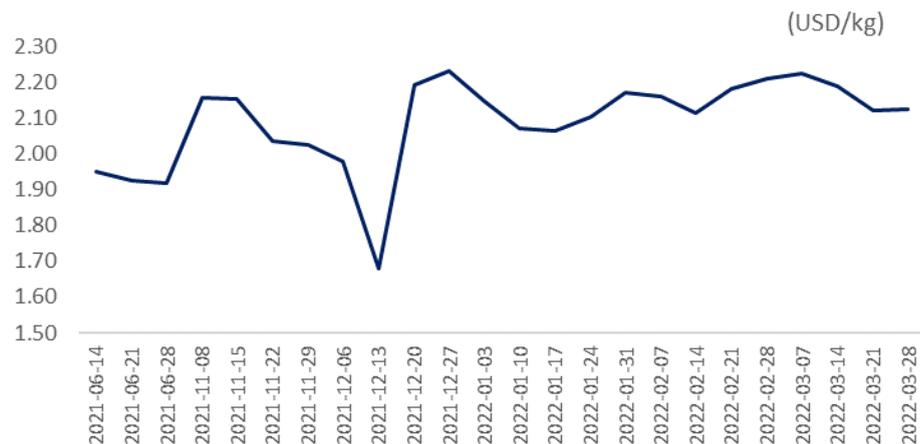


Figure 2.
Source: Tridge

Outlook

Due to higher operating costs with rising fuel prices and slow fishing from COVID-19, the tuna cost is expected to remain. There is also a growing concern over the sustainability of the skipjack tuna supply as fishing in the western Pacific Ocean (WPO) has slowed down, while other varieties such as yellowfin, bluefin, albacore, and bigeye are overfished in the WPO.

Shrimp

Vietnam

The price for Vietnamese vannamei slumped in week 9, after a peak in week 7, and remained flat. The export volume of Vietnamese vannamei surged by 17% YoY in 2021, due to the EU-Vietnam Free Trade Agreement (EVFTA). In addition, the anti-dumping tax on Indian shrimp imposed by the US also increased the market share of Vietnamese shrimp from 11% to 13%. Meanwhile, the shrimp producers struggled with COVID-19 cases, which caused labor shortages. In the coming harvest seasons, the prices are expected to decrease.

Ecuador

The price for Ecuadorian shrimp stayed low in early January due to decreased imports from the Chinese and the US markets due to sufficient shrimp inventory. The shipping crisis forced the price to increase in the local market since the previous quarter. The prices rose around 7.7% to USD 5.60/kg for 20-30 pieces/kg at the end of February, due to the rising input cost. Meanwhile, Ecuadorian shrimp exports increased at the beginning of 2022, with 83,772mt. China accounted for the largest export volume, with 40,000mt in January, up three-fold YoY. In the same month, the average export prices to China increased by 31% YoY to USD 6.26/kg.

Indonesia

The domestic and global demand for Indonesian shrimp grew amid the pandemic. The Ministry of Maritime Affairs and Fisheries (KKP) expects to increase exports by 30% in 2022, increasing trade, especially to the US. The farm gate prices of shell-on vannamei shrimp continued to rise across farming regions in Indonesia throughout Q1. The rising prices will continue ahead of the Ramadan season.

The Price of Wholesale Vannamei Shrimp in Vietnam

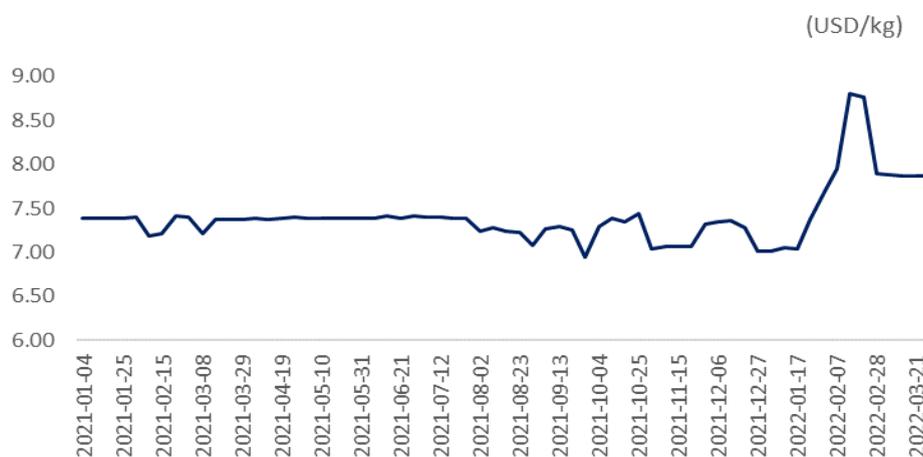


Figure 3.

Source: Tridge

Outlook

The price of Vietnamese shrimp is expected to decline because the US, the largest importer of Vietnamese shrimp, still has sufficient shrimp inventory. As for the Ecuadorian shrimp, the costs may continue to increase due to the high production cost mainly driven by the Russia-Ukraine conflict. While China accounts for the largest export volume of Ecuadorian shrimp, the COVID-19 outbreak in China may challenge the farmers in the following quarter.

Cod

Norway

In February, fresh cod prices increased by 38% YoY, even higher than the pre-COVID level. According to the Norwegian Seafood Council (NSC), the increased catch volume mitigated the Russia-Ukraine impact on the cod supply. However, it's yet to be seen how the strong volume will remain. Overall, the export prices for fresh and frozen cod from Norway remained strong compared to the previous year's level largely due to the growing international demand and high inflation.

Iceland

The average price for ungutted Icelandic cod between 1.3-8kg in March is USD 3.45/kg, up 46.81% YoY. The prices for Icelandic cod filets remained strong with an average price of USD 9.59/kg in February, up by 53.07% YoY. Amid the conflict in Russia and Ukraine, the country's cod quota was cut by 13% to 222,373mt, beginning Sep-22, which may contribute to high prices due to the supply shortage.

UK

Amid the disruption in the supply chain from the pandemic and Brexit, the United Kingdom had already imported more than 430,000mt of whitefish in 2020 to meet the country's demand. The Russia-Ukraine conflict is restricting the sufficient flow of whitefish, including cod. As Russia accounts for nearly 30 percent of the UK's whitefish imports, the delays in cod supply are pushing prices upward for cod prices imported to the UK.

China

In March, the price for headed and gutted (H&G) Barents Sea cod was USD 5,300/mt, which surged by 31.13% YoY, due to the supply shortage in China. In the first four weeks of 2022, Norway has exported 5,102mt of frozen cod to China, up 172% YoY. China reached its highest cod price level in 14 years.

The Price of Frozen Wholesale Cod in Poland

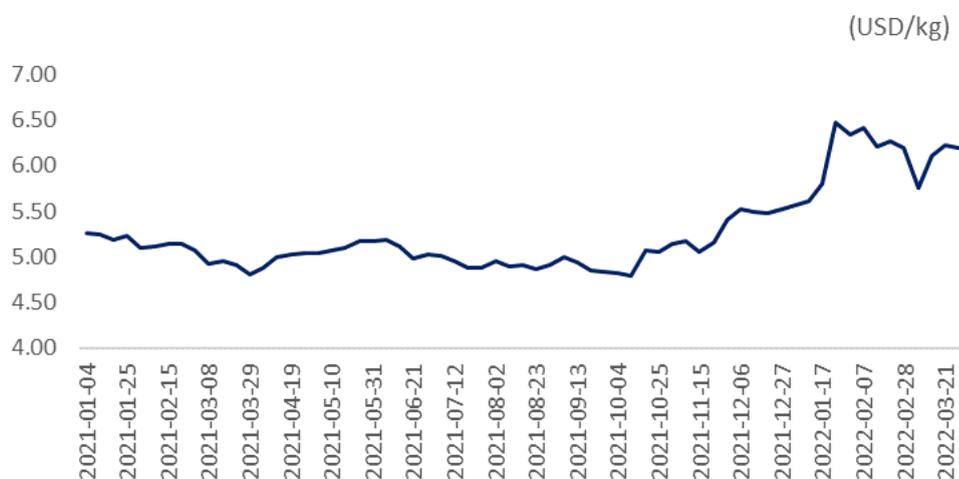


Figure 4.

Source: Tridge

Outlook

The supply and price of cod is highly dependent on the western sanction on Russian seafood imports. Russian sanctions already taken by the US will directly impact the global supply of cod, seeking an alternate source from other countries such as Norway or Canada.

Pollock

Russia

The price of Russian Alaska pollock exported to China surged to USD 1,400/mt in February, prices highest since April 2020, which may concern Chinese processors as western sanctions on Russia may lead to a supply shortage. Uncertainty regarding Russian pollock delivered to the Chinese market continues as new COVID-19 cases led to restrictions on Russian fish on March 6th. The price of pollock soared to 15-years highs as of March 25th due to the strong demand while the harvest decreased. In January 2022, the national output of pollock filet increased by 44% YoY, mince production rose 2.4 times over 2021, and fishmeal production rose 55%, according to Undercurrent. The value-added pollock production is growing with the industry's effort and government incentives to move away from Chinese market dependency and make Russian pollock

more appealing in the global market. On March 17th, the domestic supply of pollock delivered to Russia was well above the volumes in January 2021, with a total catch of 620,000mt YTD.

United States

The price for single frozen blocks of US Alaska pollock reached USD 4,450/mt in Q1-2022, up 20% YoY. However, the price may remain high due to the uncertainty of supply. While global pollock supplies are short, the total allowable catch (TAC) for pollock in the US has decreased by 189,000mt to 1.24M mt in 2022. In addition, the Biden administration has banned the import of Russian seafood, including pollock, effective starting March 11th.

United Kingdom

The imposed sanction on Russian seafood imports is putting a ripple effect on the surging price of pollock. Russia accounts for nearly 60 percent share of Alaskan pollock production. With the global supply shortage of whitefish, including pollock, the price is expected to rise 20-30%.



Figure 5.

Source: Undercurrent

Outlook

The Russia-Ukraine conflict will reduce the pollock supply exported from Russia to Europe and the US, increasing the pollock prices. Meanwhile, the Chinese market also put a headwind on the supply of Russian pollock as the country continues to change its restriction on Russian seafood.

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About Us

Tridge is a Global Trade Ecosystem in the food and agriculture industry that combines professional network and data intelligence and makes trustworthy and sustainable cross-border trades possible. We create and provide a very unique and powerful global-scale platform for buyers and suppliers to be connected and do business with each other more confidently and seamlessly.

Our mission is to become a go-to place for the ultimate sourcing solutions by creating a safe and reliable trade community. For Buyers, Tridge consistently provides extensive market trend data around the globe, creating opportunities in both untapped and existing markets and connecting them with credible suppliers. For Suppliers, we identify and develop sales opportunities from the regions they could not reach ever before. We combine state-of-the-art technology to make this happen.

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