

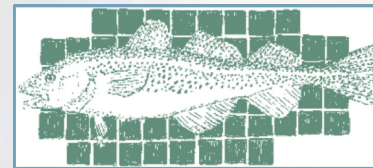
# Update on Shrimp Markets for 2024

John Sackton  
Seafood Datasearch  
Province of New Brunswick  
March 27, 2024



# Background

- 45+ 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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Wed, Sep 20, 2018

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

(The winding glass is the special and complex career of Jim Larkin, founder of SeafoodNews.)

I am stepping down as a publisher of SeafoodNews at the end of the month. As part of my agreement with Larkin Agency and AgencyOne, I'm writing and co-authoring a book about the industry in my final, and likely, my last days. After that, after my retirement, I will continue to write my Winding Glass column for SeafoodNews.

I began in the seafood industry in 1977. Starting as a lobsterman, I then ran a lobster boat for 10 years. I loved to fish, and I enjoyed the challenges of being a lobster diver. Then being a lobster truck driver and organizer, I applied to go back to school to the Marine Affairs program at the University of Maine.

To read the rest of **The Winding Glass: What does 40 years in the American Seafood Industry look like?**, please login below.

Send Password Login

**FFAW Sounds Alarm Over Fish Deaths in Northern Harvest Salmon Pens**

An aquaculture company opened itself up to speculation about the safety of a 400,000-pound harvest when it refused to let government inspectors see the pens. The government's encouragement to proactively inspect the industry, says the provincial Salmon Institute.

"The truth is the company, by not proactively opening up and having their pens inspected, hindered any growing facts that we would have known of this company," says Bruce Galt, executive director of the FFAW. "And it also means that the farm was not open to the public to see the deaths in Northern Harvest Sea Farms pens..."

WEEKLY RECAP | September 20, 2019



# Outline for Today

- Northern Shrimp in Trouble in Gulf
- 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 2024
- Questions and Discussion



# Gulf shrimp in trouble

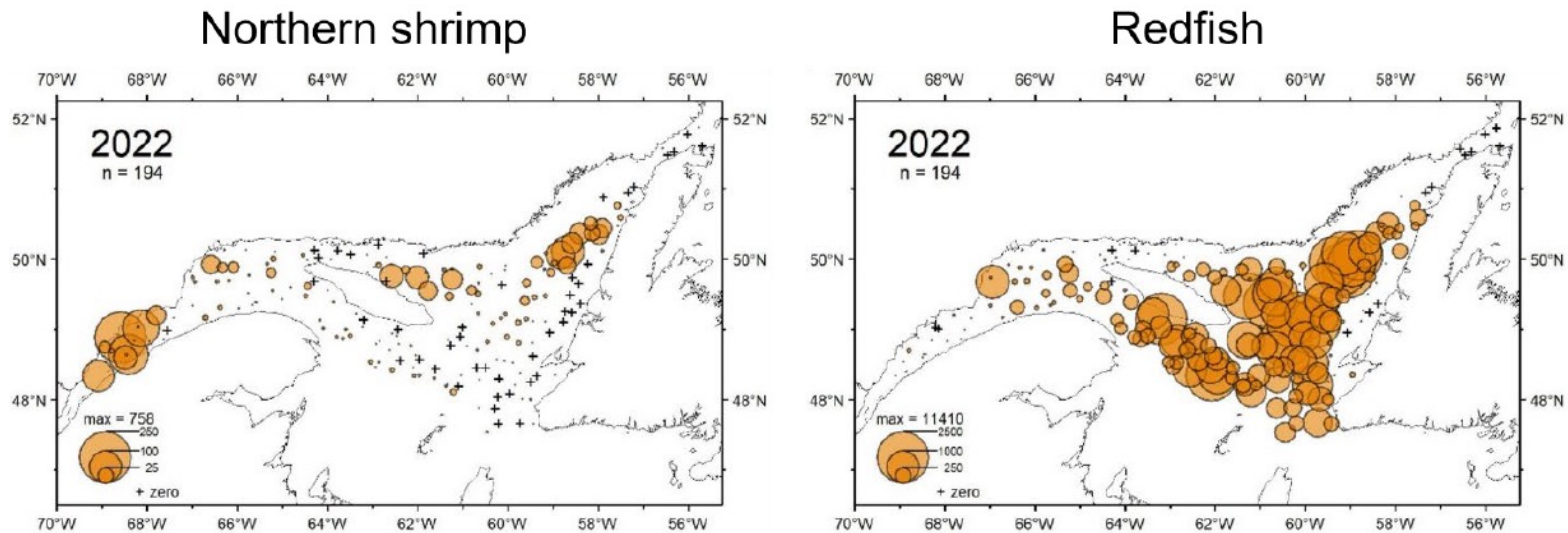


Figure 12. Distribution of northern shrimp and redfish catch rates (kg/15 minutes tow) in the August 2022 DFO survey in the Estuary and northern Gulf of St. Lawrence.



# Survey shows changes since 2015

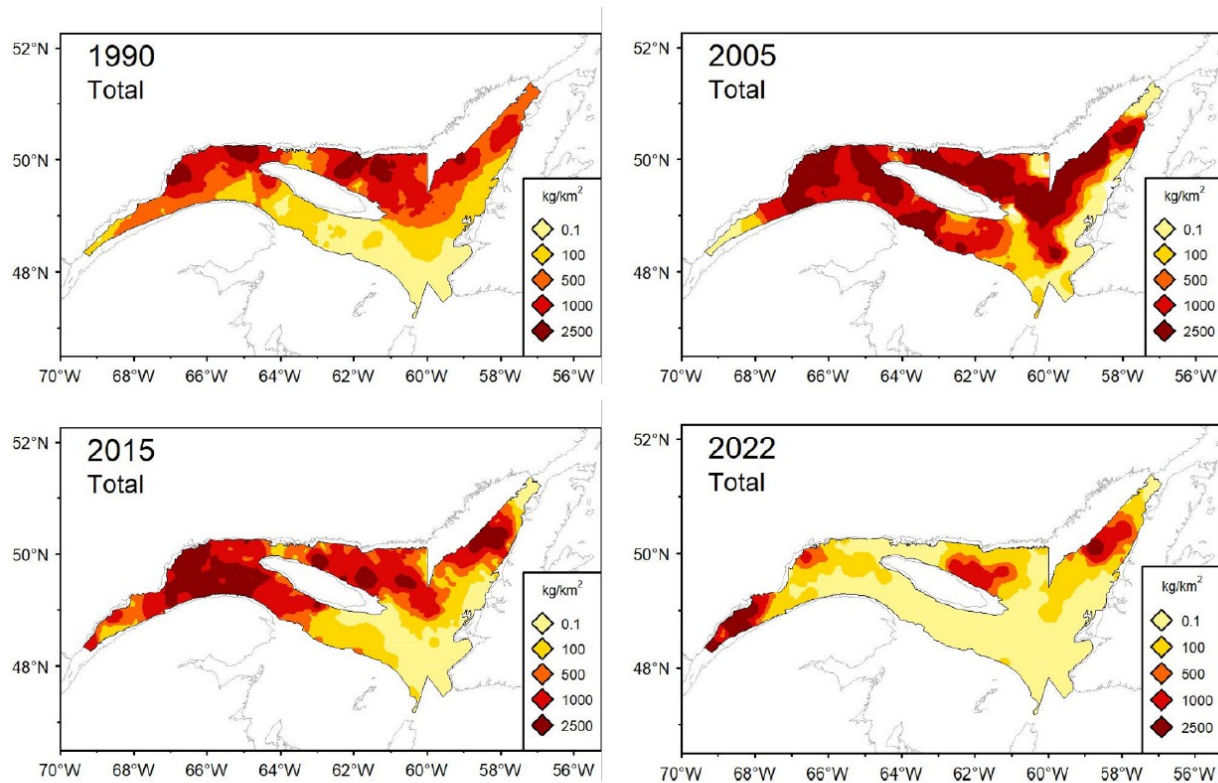


Figure 5. Northern shrimp biomass (kg/km<sup>2</sup>) distribution in the DFO survey obtained by kriging for 1990, 2005, 2015, and 2022.





# 2024 could see some fishery closures

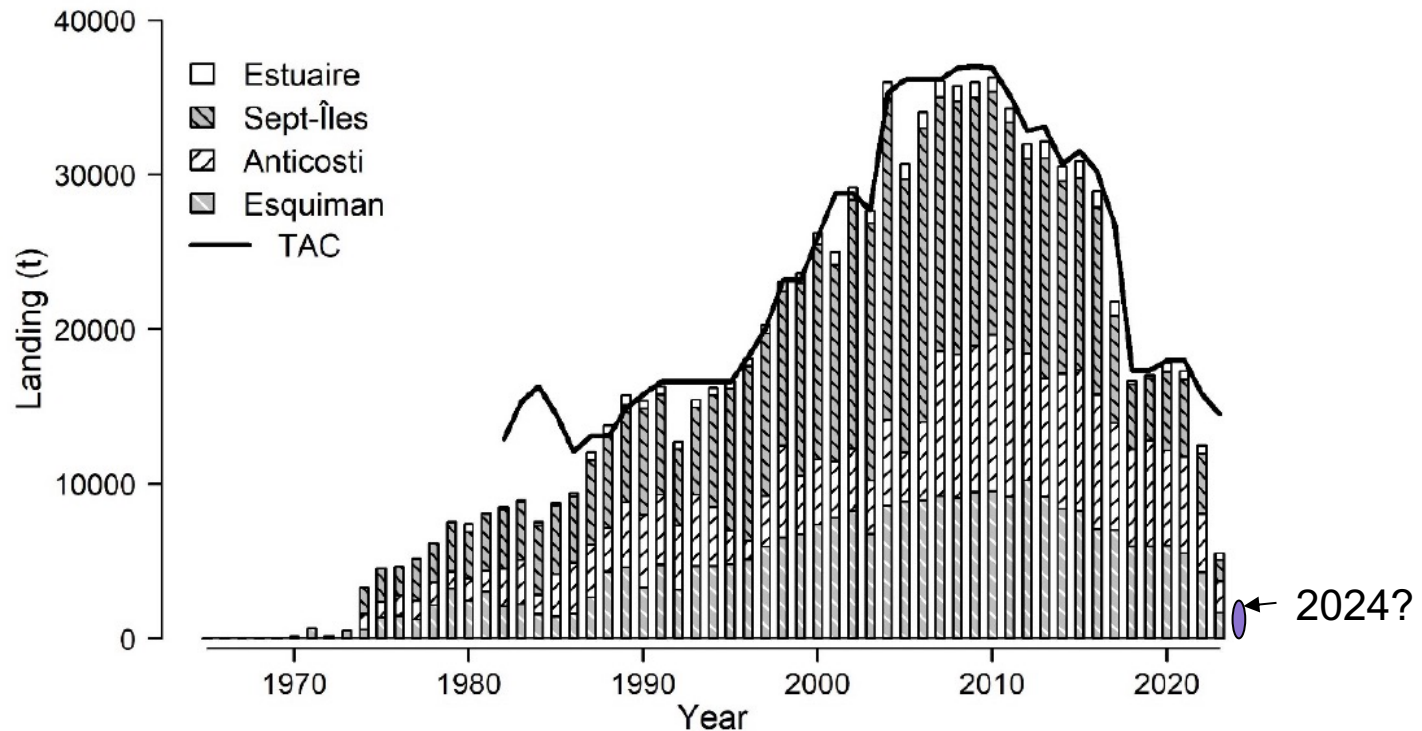


Figure 2. Annual landing per assessment unit and total allowable catches (TAC). The 2022 and 2023 data are preliminary as of October 15.



# Science recommendation after survey for 2024

area	Low bound	High bound
Sept-Iles	0	342
Anticosti	0	488
Esquiman	320	1757

Even with most aggressive quota will not be higher than 2587 tons and is likely to be lower, even if the fishery opens in all areas.

In 2023 only 38% of the quota was landed for 5,505 tons



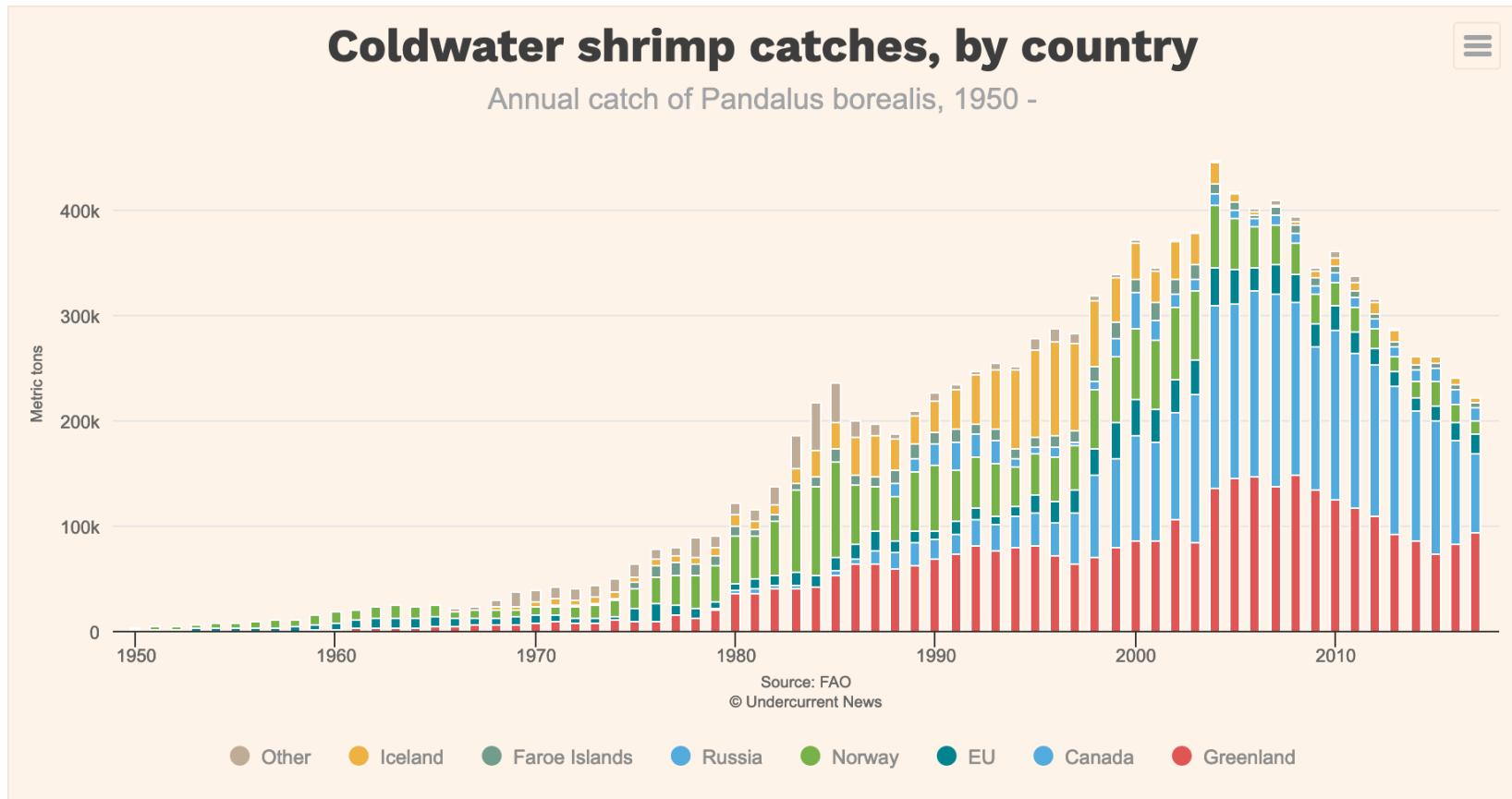
# In 2024 the shrimp contraction will continue

- Lack of product means that much of the fishery will have to adjust, and plants that in the past produced cooked and peeled shrimp will have to source elsewhere or curtail operations.
- The rest of our discussion is on markets adjusting to the changes in where cooked and peeled shrimp is coming from.

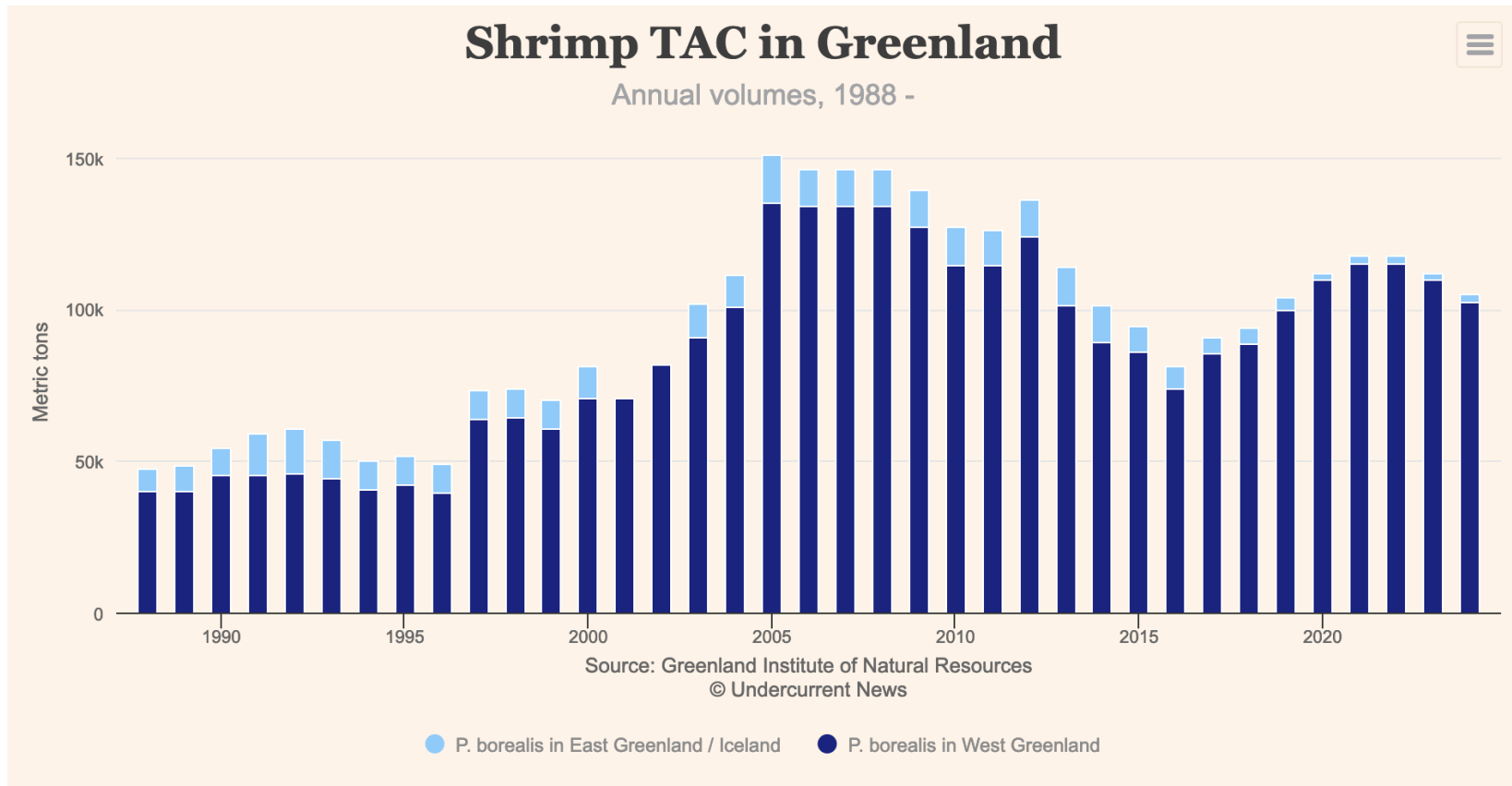




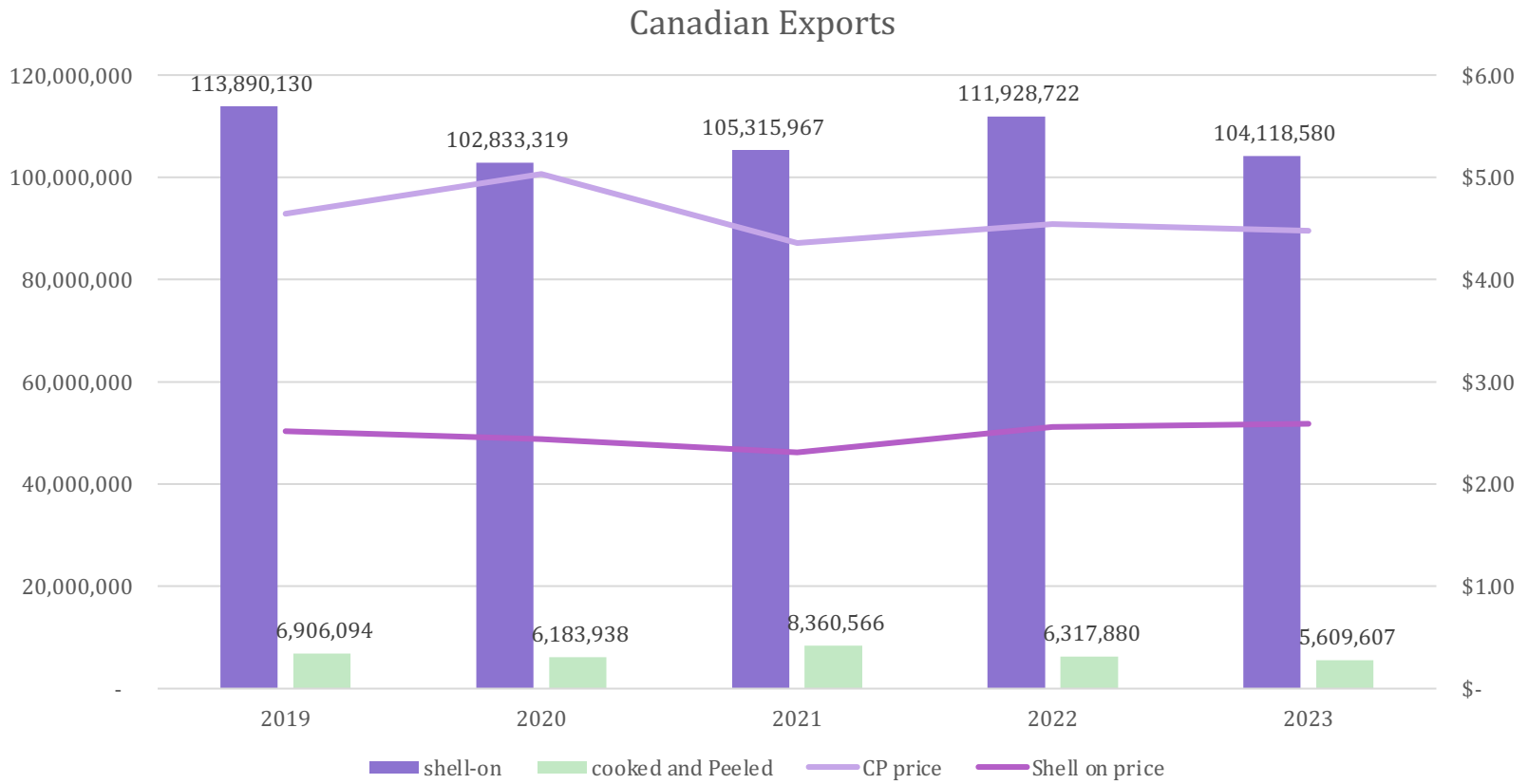
# Trend of falling *P. borealis* coldwater shrimp volumes continuing



# Greenland, largest producer is reducing TAC

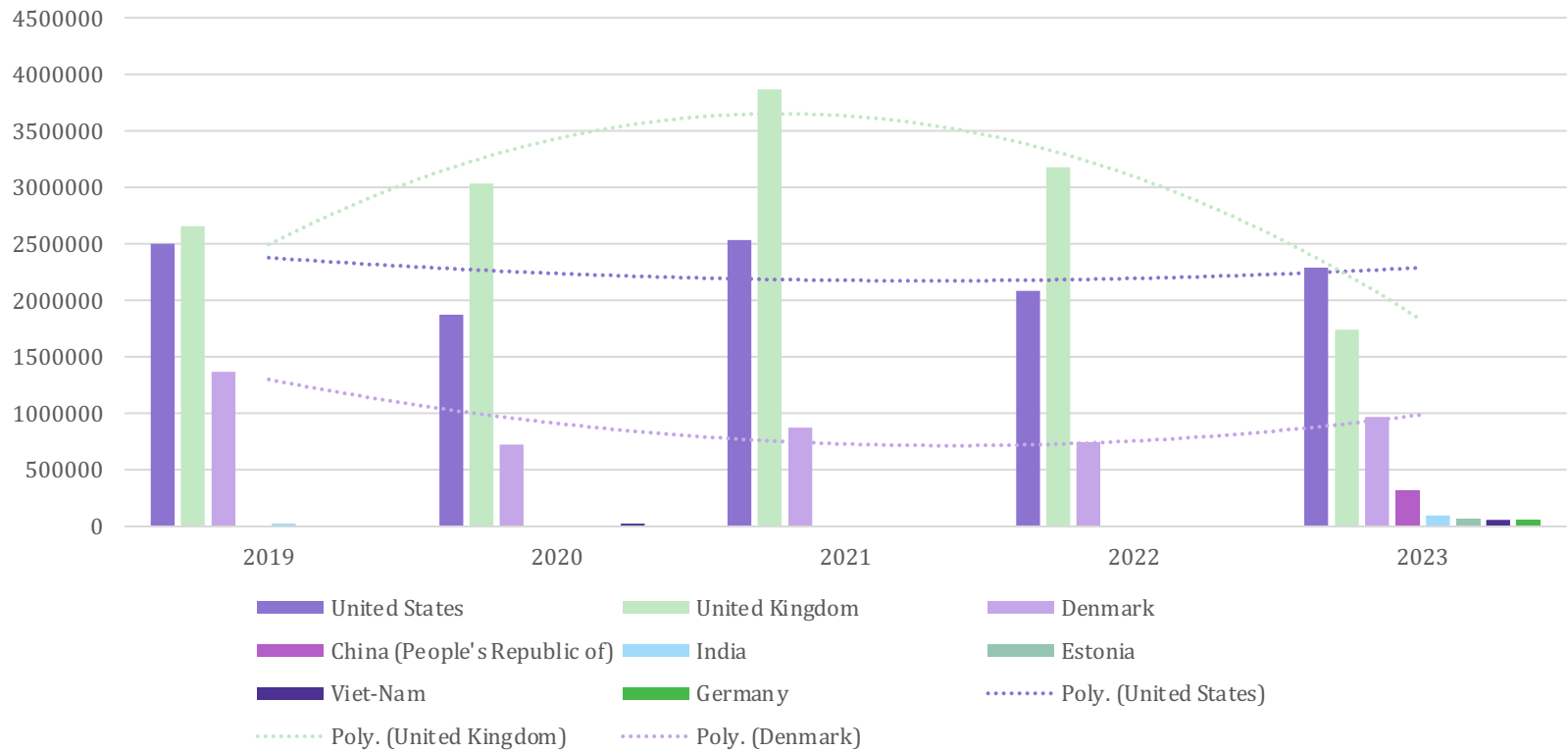


# Offshore shell on shrimp dominates Canadian exports

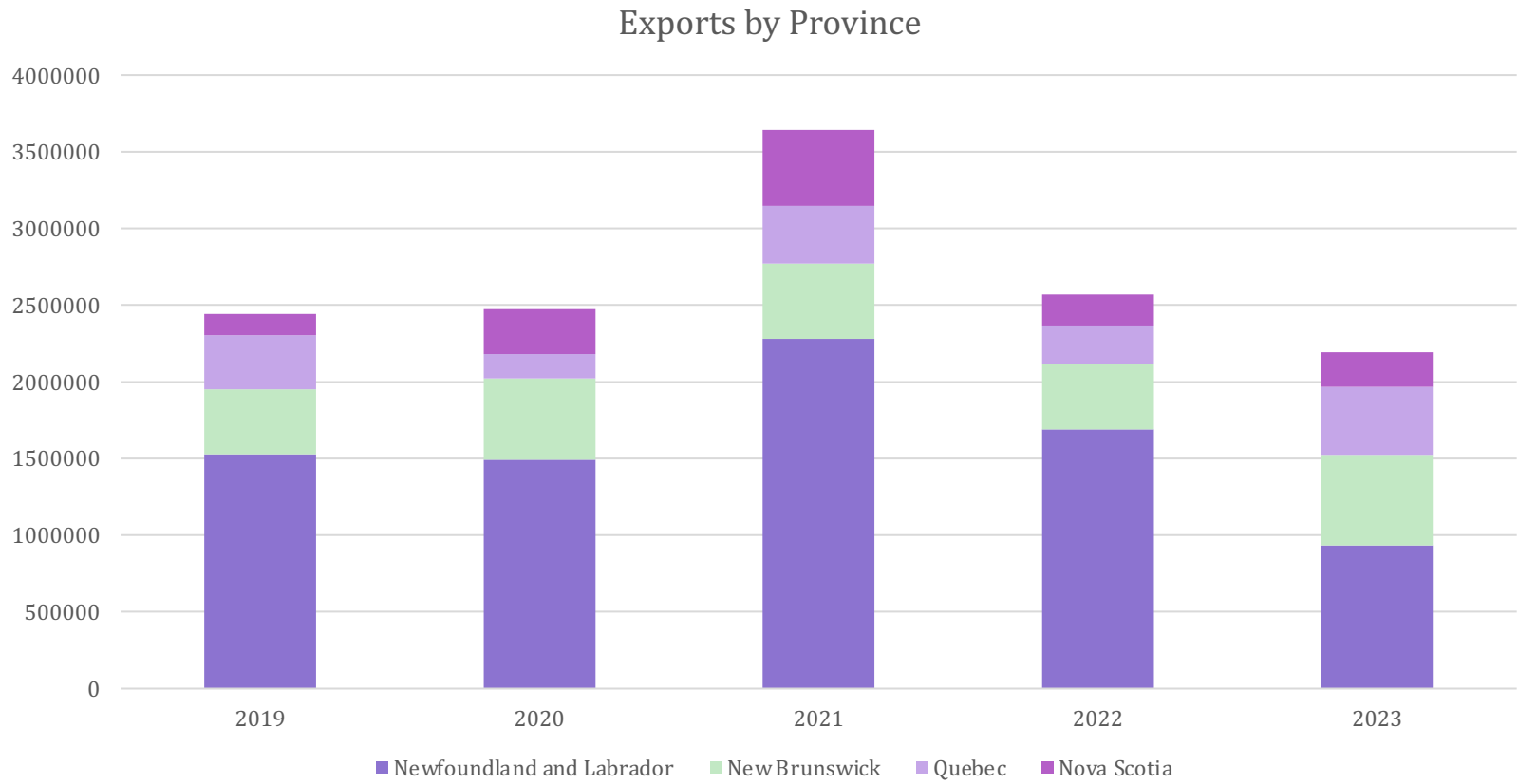


# Canadian Cooked and Peeled Exports

Cooked and Peeled Exports



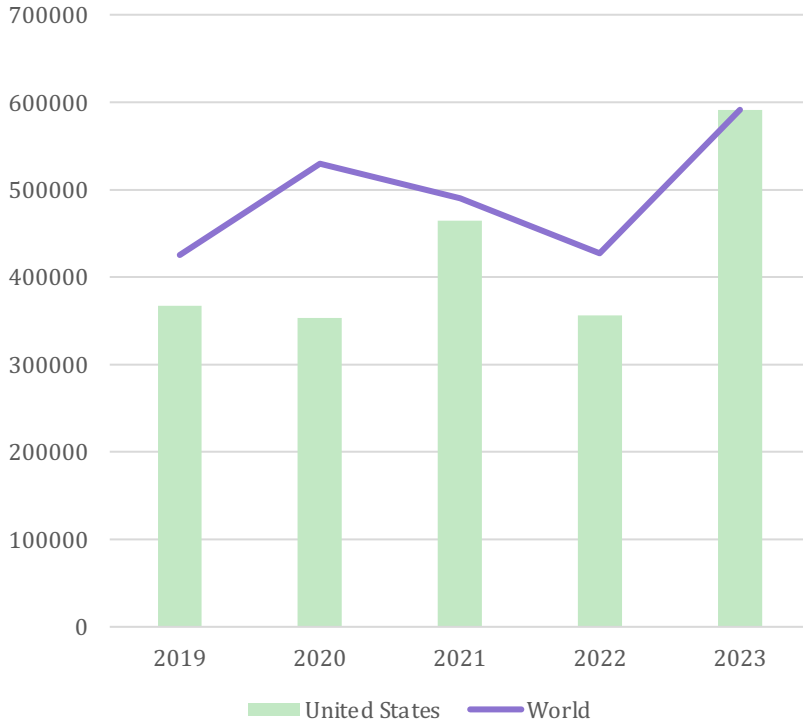
# Exports by Province



# Partners for NB, NL

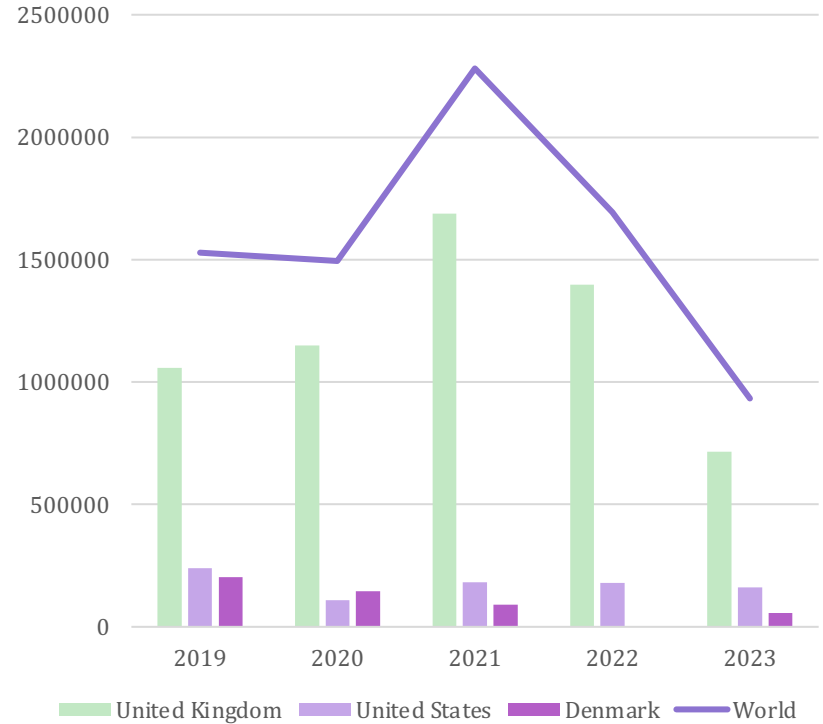
## New Brunswick by Partner

In 2023 All NB exports went to US



## Newfoundland by Partner

Newfoundland Exports





# Canada supplied virtually all P. Borealis to US in 2022, 23



- The US had negligible imports from Norway or Greenland.
- NB and QB are primary sources for US coldwater.



# West coast coldwater shrimp

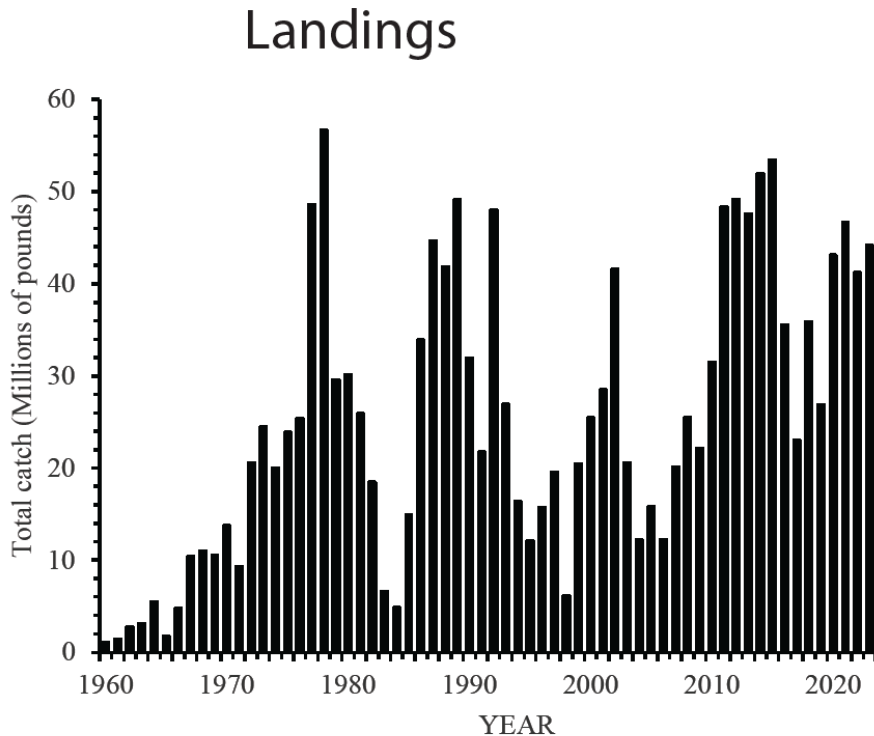


Figure 1. Landings of pink shrimp into Oregon by year: 1957-2023.

Oregon had excellent season last year:  
-volume up to 44.1 million lbs.  
-2 and 3 year old shrimp meant good catch rates and larger size.



# Oregon saw larger shrimp with mean count 127/lb

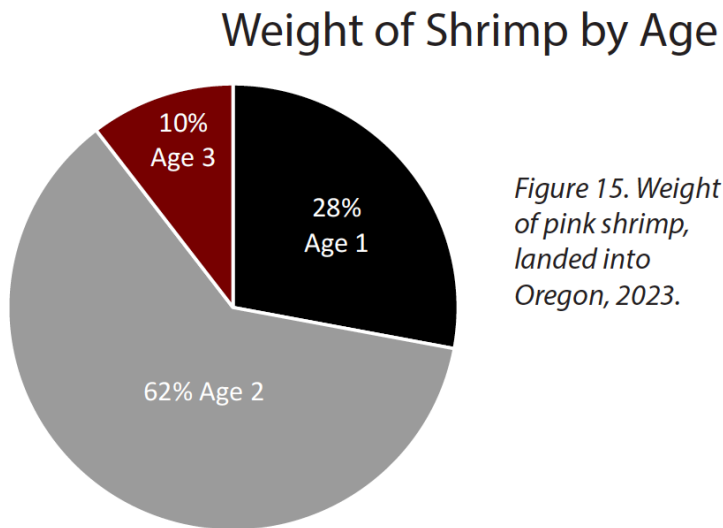


Figure 15. Weight of pink shrimp, landed into Oregon, 2023.

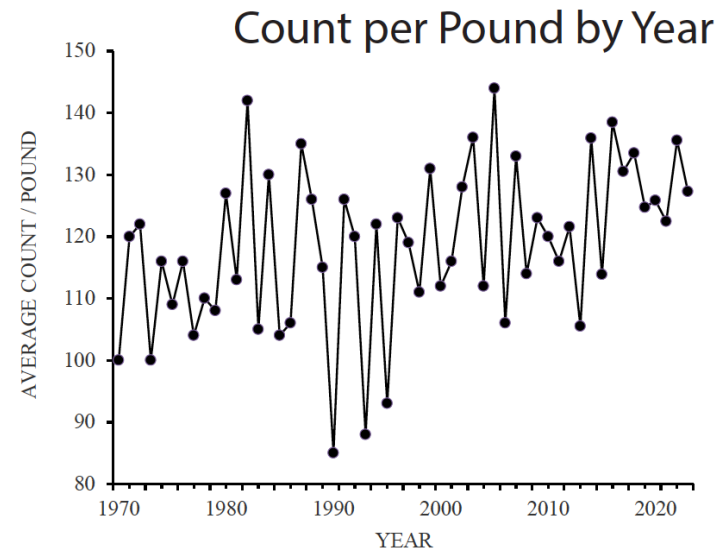


Figure 16. Average count per pound of pink shrimp landed into Oregon, by year: 1970-2023.



# Vessel prices (\$0.42 lb) lowest since 2010

- Vessel prices for West Coast shrimp continued to fall.
- Shrimp were larger, but prices still were lower
- Third year prices have declined
- Indication of weak overall market for shrimp on West coast.
- Likely due to competition from low cost sales of warm water cooked and peeled
- Also, though average size was larger, there were a lot more smaller 500-800 size shrimp.

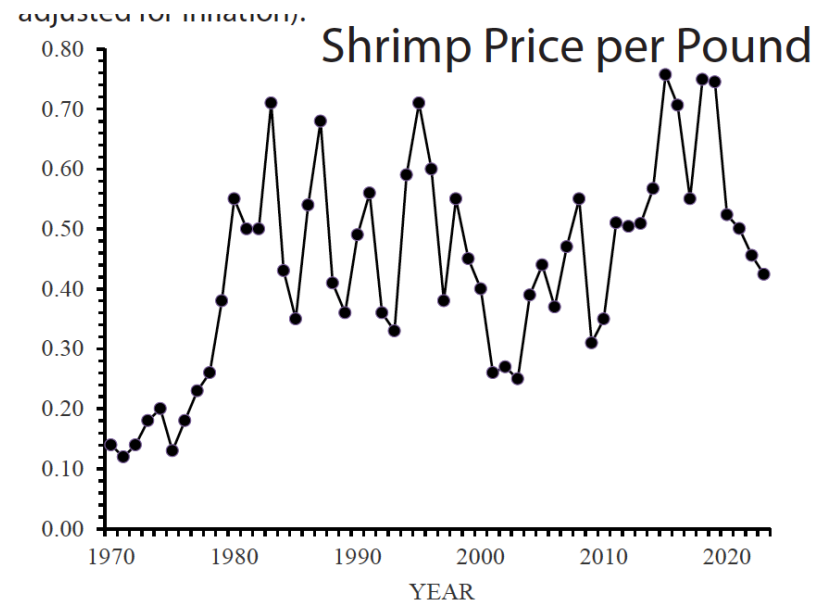


Figure 13. Average ex-vessel price-per-pound of pink shrimp landed into Oregon, by year: 1970-2023.



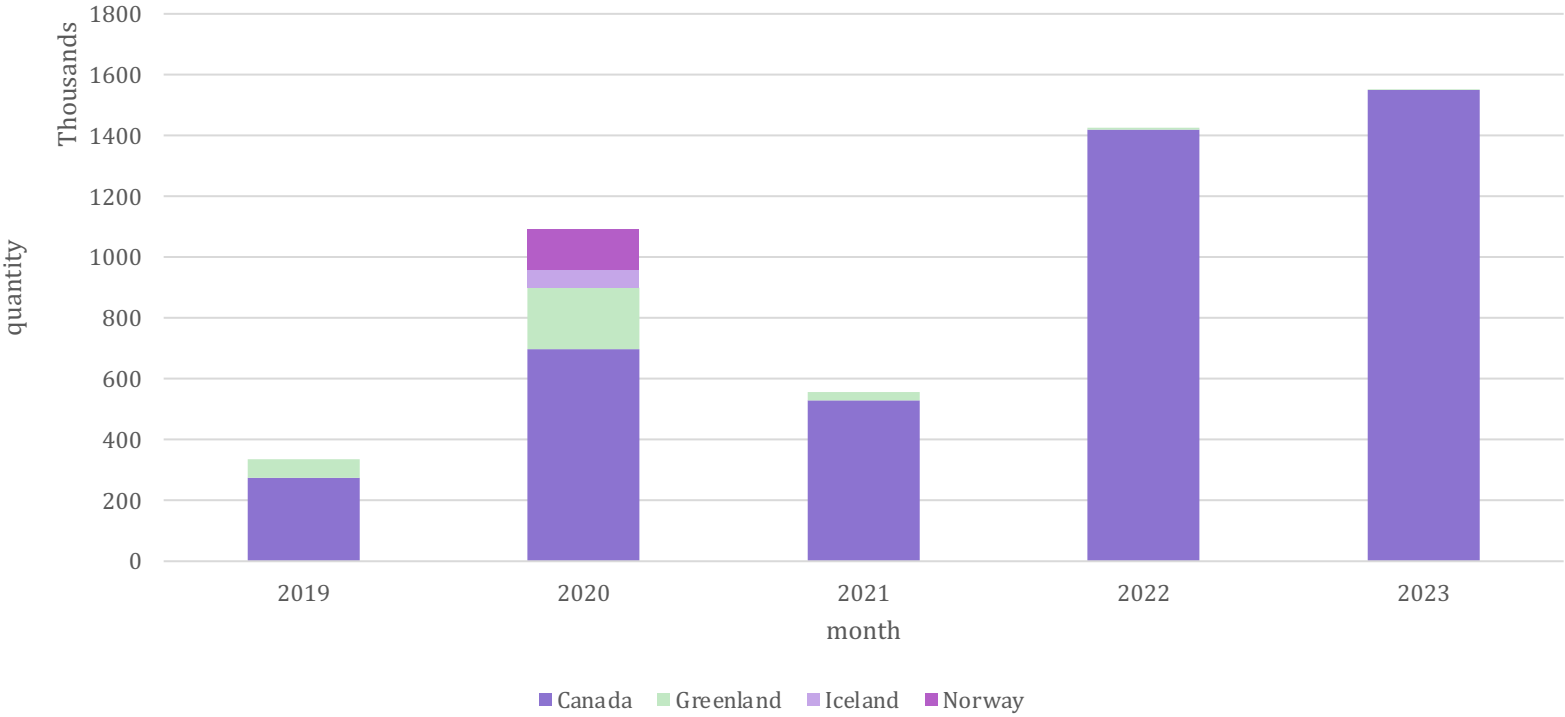
# Forecast is for lower harvest in 25-30 million lb range

- 2021 year class: some 3 year olds will be in 2024 fishery, at large sizes
- 2022 class had good recruitment, but only showed up at 50% of expectations. Should be plentiful in 2024, but at lower levels.
- 2023 year class: poor recruitment.
- Upshot is that overall volume will fall.



# US Coldwater shrimp imports increased, all from Canada

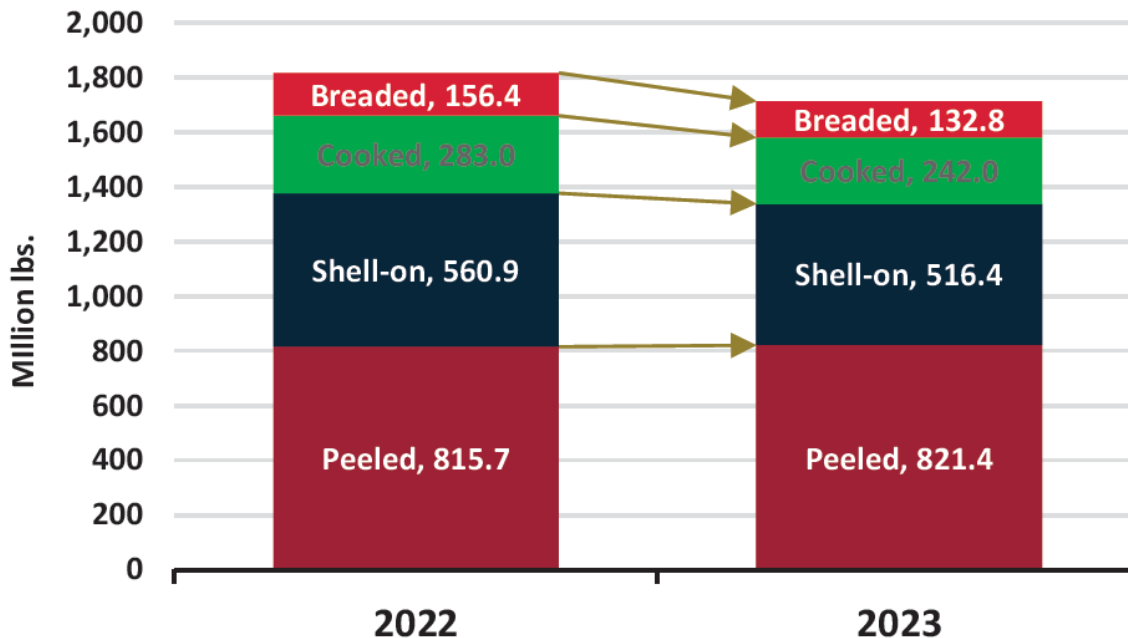
'quantity' by 'partner name' and 'month' for 'partner name' 'Canada' or 'Norway' or 'Greenland' or 'Iceland'





# US warm water shrimp market very weak

YTD Shrimp Imports by Type Breakdown



Source: U.S. Census, Urner Barry, USDOC

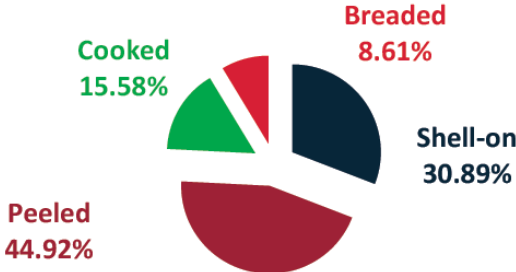
Overall imports declined with all categories down except for peeled shrimp.



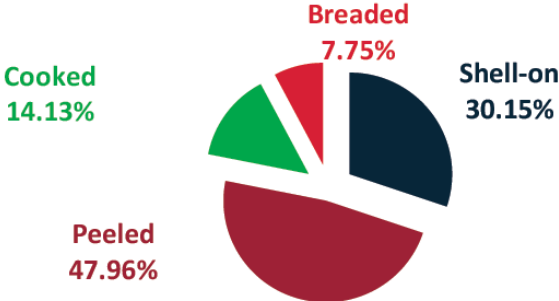
# Prices have continued to decrease

- Prices for warm water shrimp at historic lows.
- Peeled category only category with increase over 2022.

2022



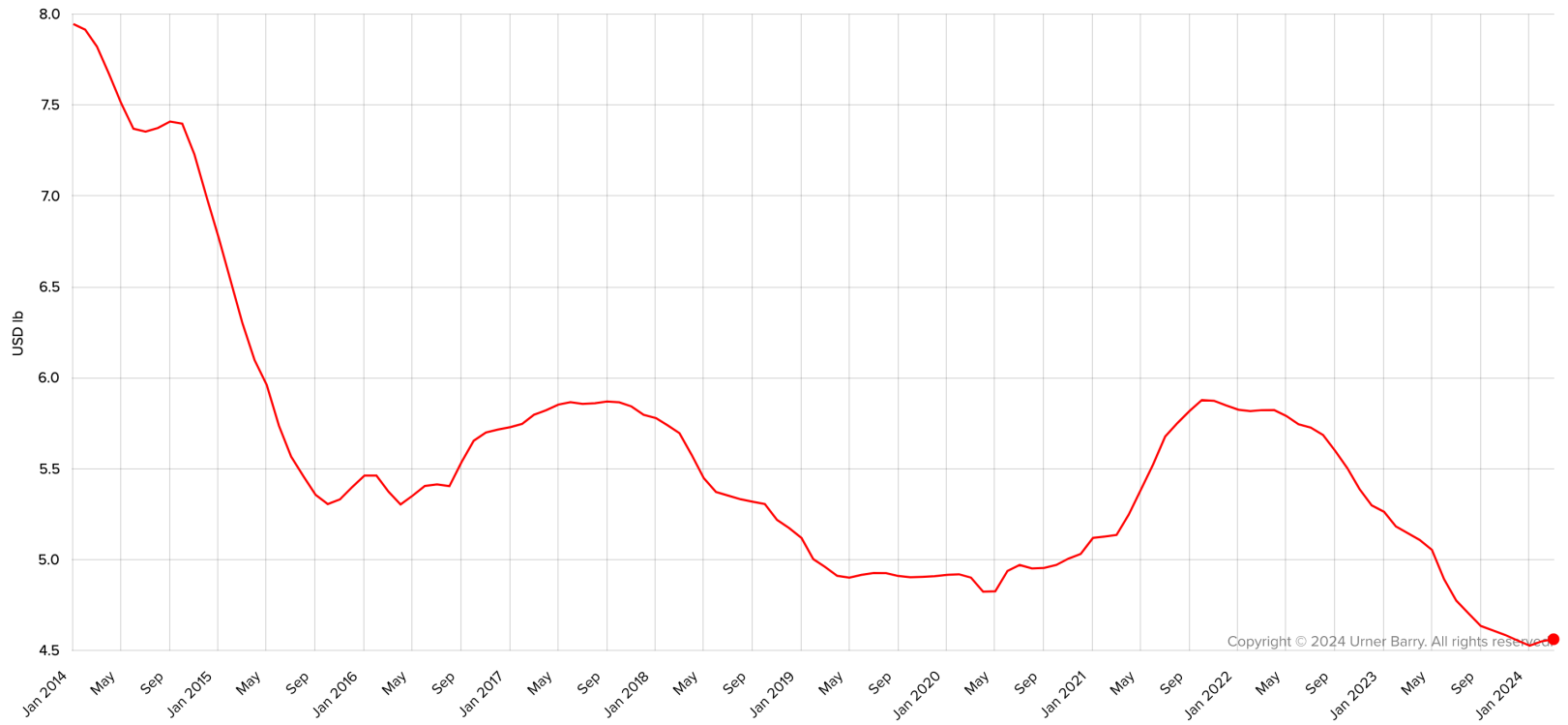
2023



# Cooked and peeled shrimp index at lowest point in ten years

Urner Barry Value-Added Shrimp Index (includes cooked and peeled and raw peeled)

Wednesday, January 1, 2014 - Friday, March 1, 2024



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# Economic headwinds still hurting shrimp sales

- Both retail and foodservice sectors facing extreme resistance to higher prices.
- Further, an extended period of low prices for warm water shrimp has not increased volumes.
- In this environment, higher prices lead directly to contraction in consumption.



# Retail sales of fresh and frozen shrimp declining

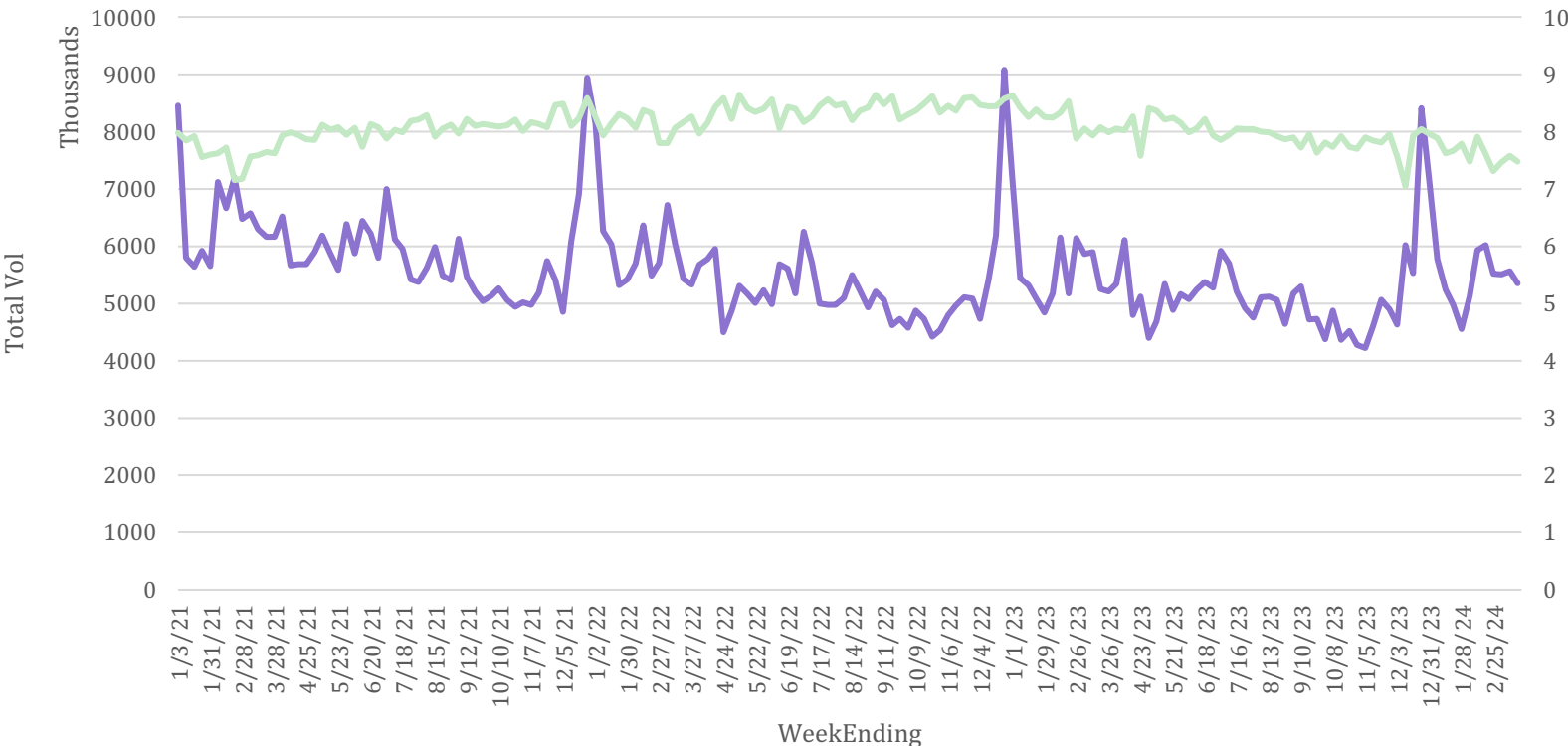
Price per pound	February 2024			Latest 52 weeks ending 2/25/2024		
	Average price per pound	Change vs. YA	Change vs. 3YA	Average price per pound	Change vs. YA	Change vs. 3YA
Frozen shrimp	\$7.79	-8.2%	+1.3%	\$8.09	-6.4%	+4.0%
Fresh shrimp	\$8.57	-4.1%	+3.6%	\$8.60	-3.9%	+3.1%

Type	February 2024 % change			Latest 52 weeks % change		
	\$ sales	\$ vs. YA	Lbs vs. YA	\$ sales	\$ vs. YA	Lbs vs. YA
Shrimp	\$69M	-6.4%	-2.5%	\$897M	-6.9%	-3.1%
Frozen shrimp	\$323M	-4.7%	+3.8%	\$4.0B	-7.9%	-1.6%



# Retail volume has been falling along with prices even at holiday periods

'Total Vol' by 'WeekEnding' for 'Location' 'Total US - Food'





# We are still in a negative dynamic for retail seafood



**Sustained impact inflation  
Prices +30-35% versus pre-pandemic**



**Record high consumer credit card  
debt levels, exceeding \$1 trillion**



**Depleted savings after building up a  
reserve early on in the pandemic**



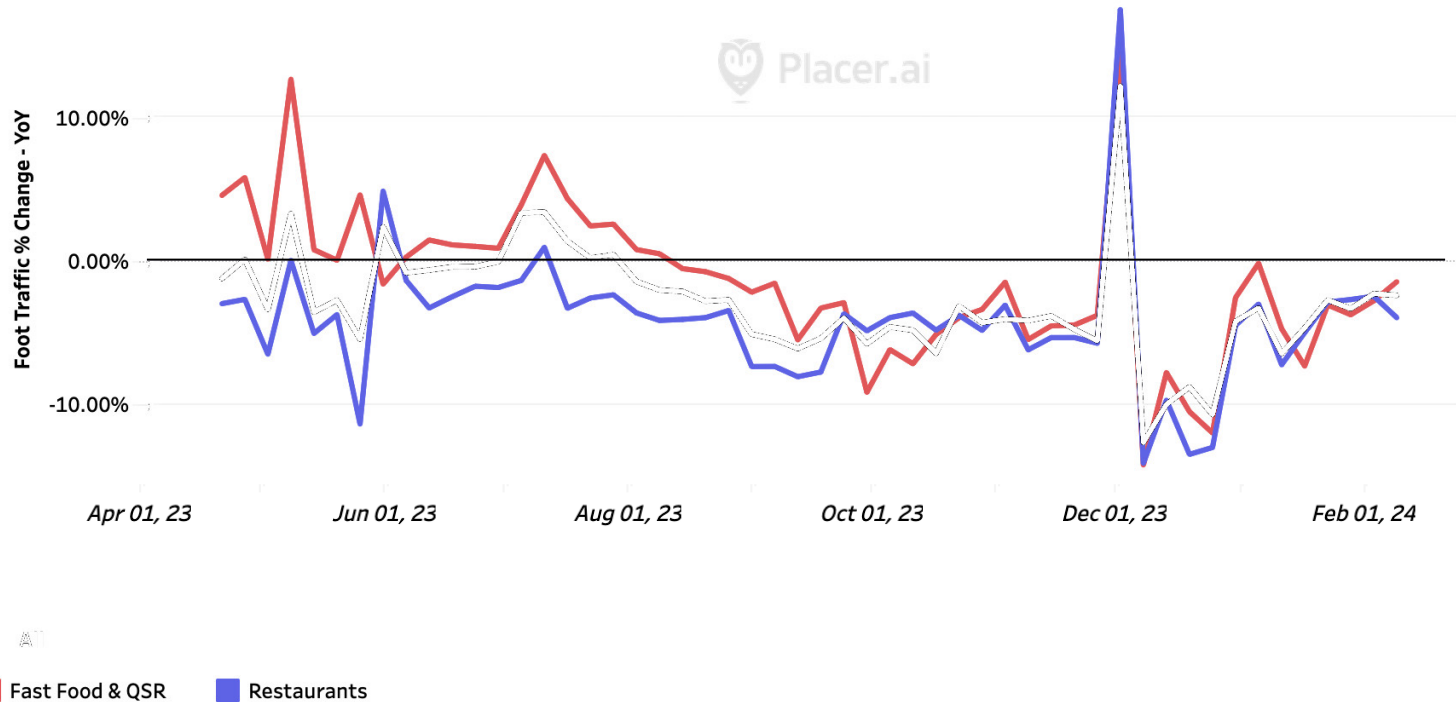
**Reduced spending power  
(EBT and student debt repayments)**



Circana data from NFI GSMC conf

# Cellphone measure of restaurant traffic also shows consistent decline

Industry Comparison of Foot Traffic % Change in Nationwide - Previous Year



# Food costs are biggest concern of restaurant operators

## OPERATOR'S MOST PRESSING CHALLENGES

DEC '23

Food Costs	72%
Labor Costs	56%
Labor Recruitment / Hiring	34%
Retaining Current Staff	31%
Customers Reducing How Often They Visits	22%
Customers Reducing How Much They Spend	22%



# Reduction in Quota for Gulf means less P. Borealis for US

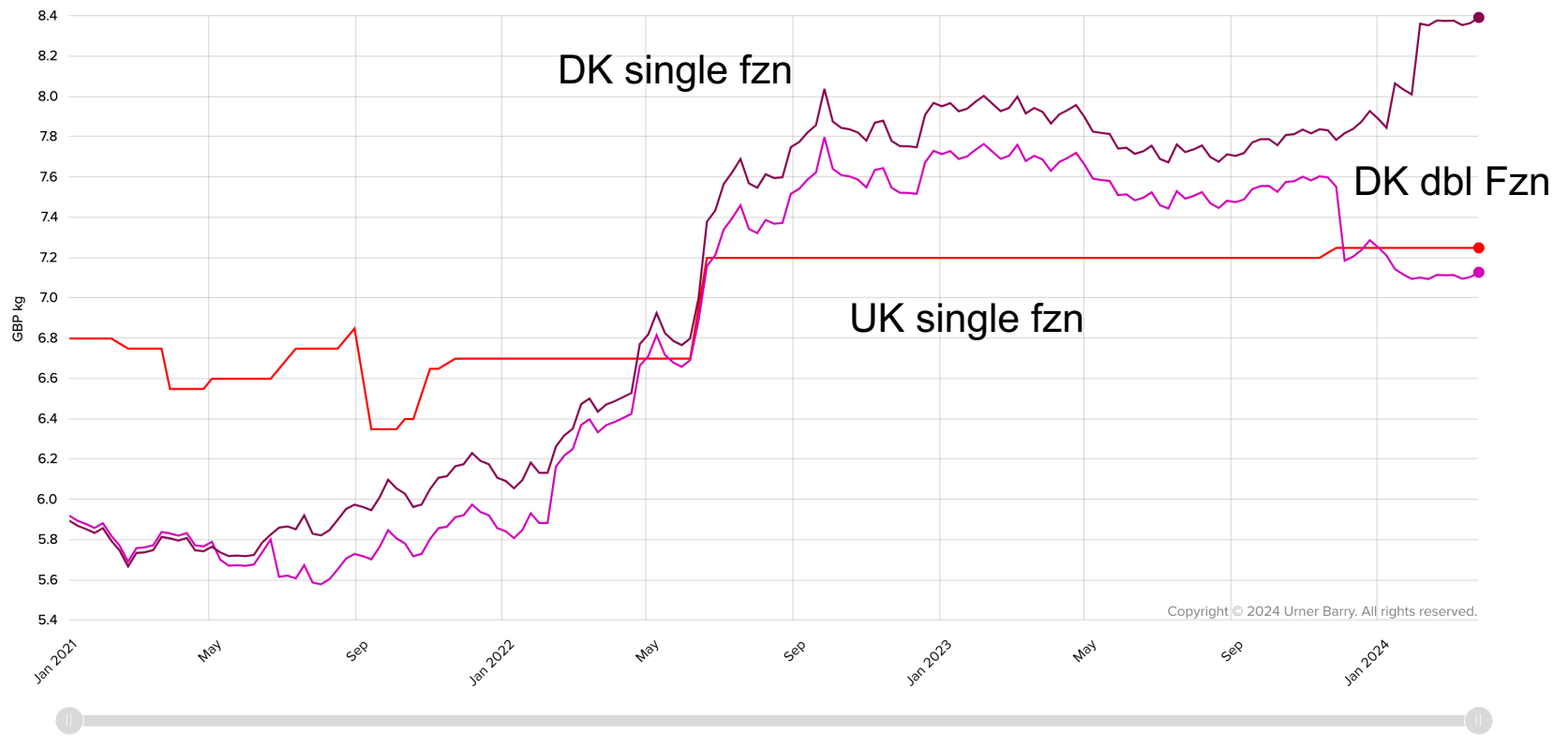
- In the past two years virtually all P. Borealis in US has come from NL and NB.
- With a big cut, or even moratorium on some fishing areas, total volume will decline.
- CWP volume also declining in Norway and Greenland
- Prices could go up for those customers still wanting Pandalus Borealis



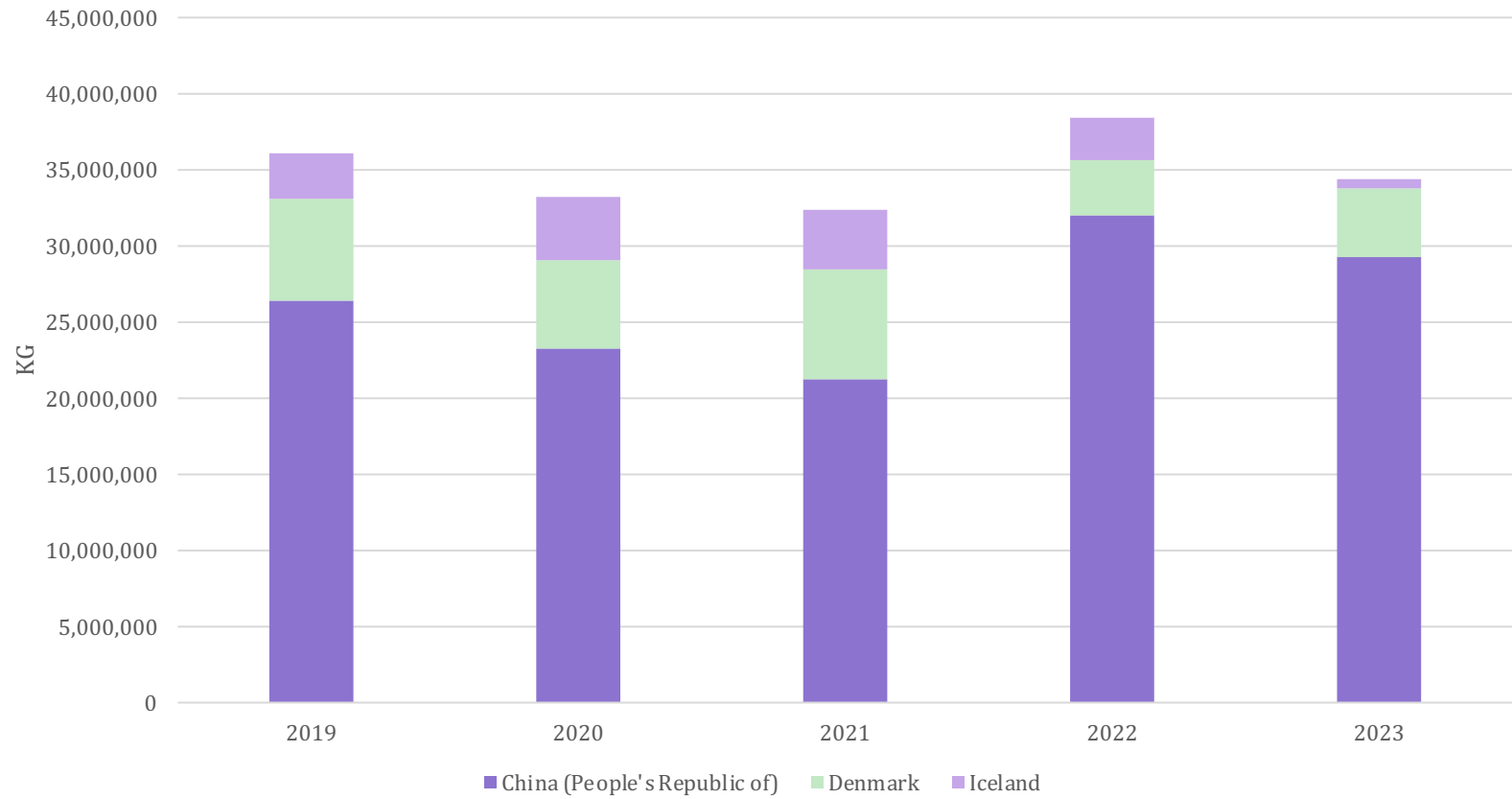
# Danish single fzn prices increasing

UB European, Shrimp, Coldwater, Wild, Cooked, Peeled, North Atlantic, 275-375 lb

Monday, January 4, 2021 - Monday, March 25, 2024

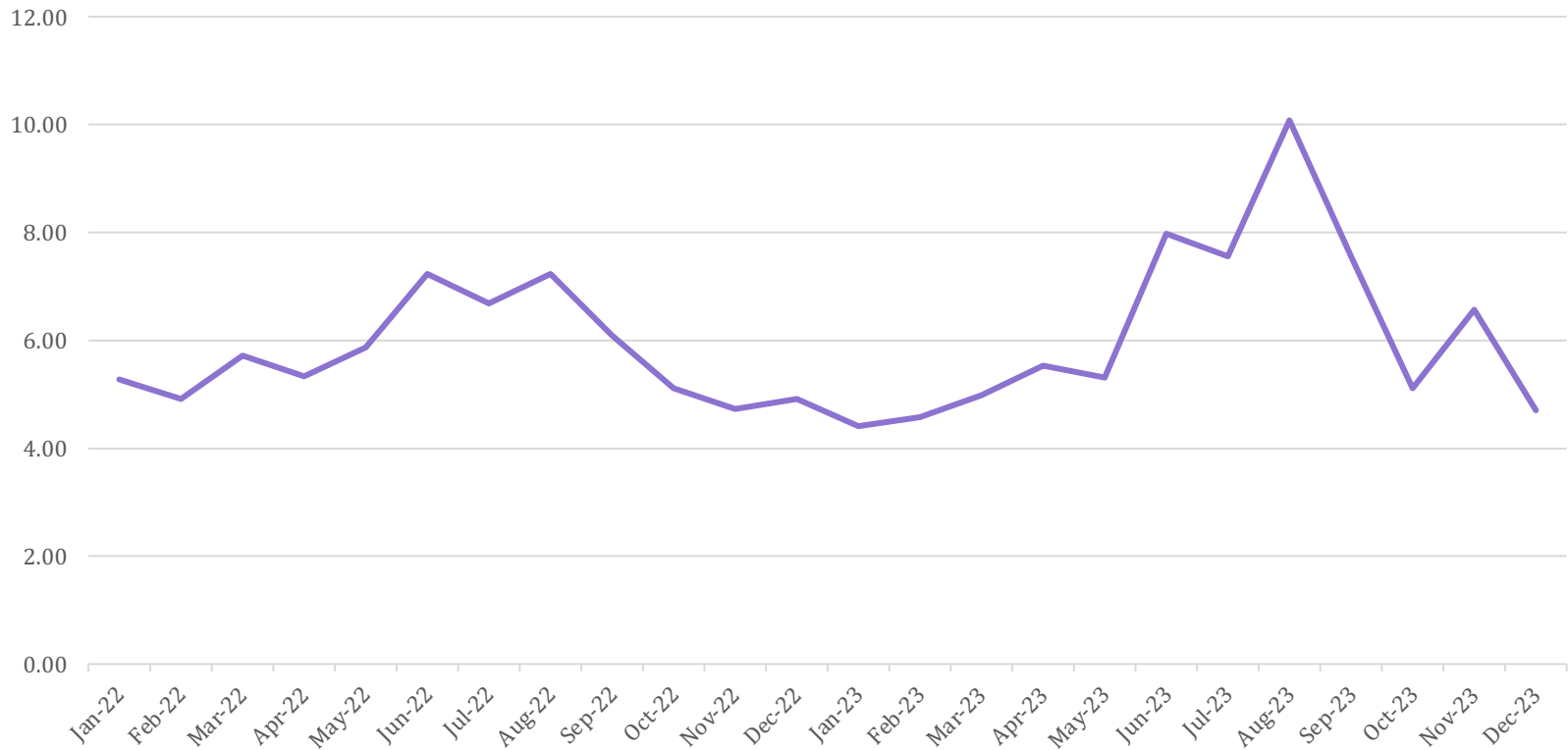


# Canada offshore shrimp exports continue at high level



# China export pricing for shell on

china export price USD/KG





# 2024 Issues

- Elephant in the room is reduction in shrimp quota. There may not be much shrimp to catch.
- The reduction will lead to a dislocation in US market for *P. borealis*. West coast *P. jordani* supply will be lower also.
- Change in supply should put upward pressure on coldwater prices in US, despite weak overall shrimp market.





# Other regions also seeing lower catches

- When inshore reductions took hold in Newfoundland, some companies began producing twice frozen using offshore industria shrimp.
- In 2023 Denmark increased its purchase of CA offshore shrimp. Some of that may be going to a 2X fzn market.
- Iceland has usually imported shrimp to product 2x fzn for UK market



# 2024 Outlook

## Positive

- Lower availability will likely be compensated with price increases.
- Other areas (West Coast, Greenland) also seeing reductions, so not just in the Gulf.

## Negative

- With no shrimp to fish price doesn't matter.
- Overall weak market means that it is harder for coldwater shrimp to maintain its price premium in US.
- Price differential will push some users to switch out of category.
- Disconnect between shell-on prices to China and C&P prices in Europe



# Time for Questions

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

