Seafood market expectations

H2 2024

14 August 2024

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We feed the world with the data it needs. Our intelligence is integral to our clients' businesses and the entire supply chain. Our clients play a vital role in the world. Their decisions have a huge impact on people, communities and industries. And our data enables this. Every single day. We are Expana, and our market intelligence delivers a more resilient, more transparent and more sustainable supply chain.

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Speakers

Expana delivers independent business critical forecasts, proprietary prices and analysis in the seafood markets, providing market participants with extensive coverage in all key regions across the world.

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Agenda

U.S. Shrimp

European Shrimp

U.S. Groundfish

European Groundfish

U.S. and European Farmed Salmon

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Shrimp Overview – U.S.

Gary Morrison

Principal Reporter

Key drivers – U.S. shrimp

- Increased global production
- Impact of countervailing duties and antidumping determinations
- U.S. shrimp imports
- Higher costs throughout the value chain
- U.S. demand

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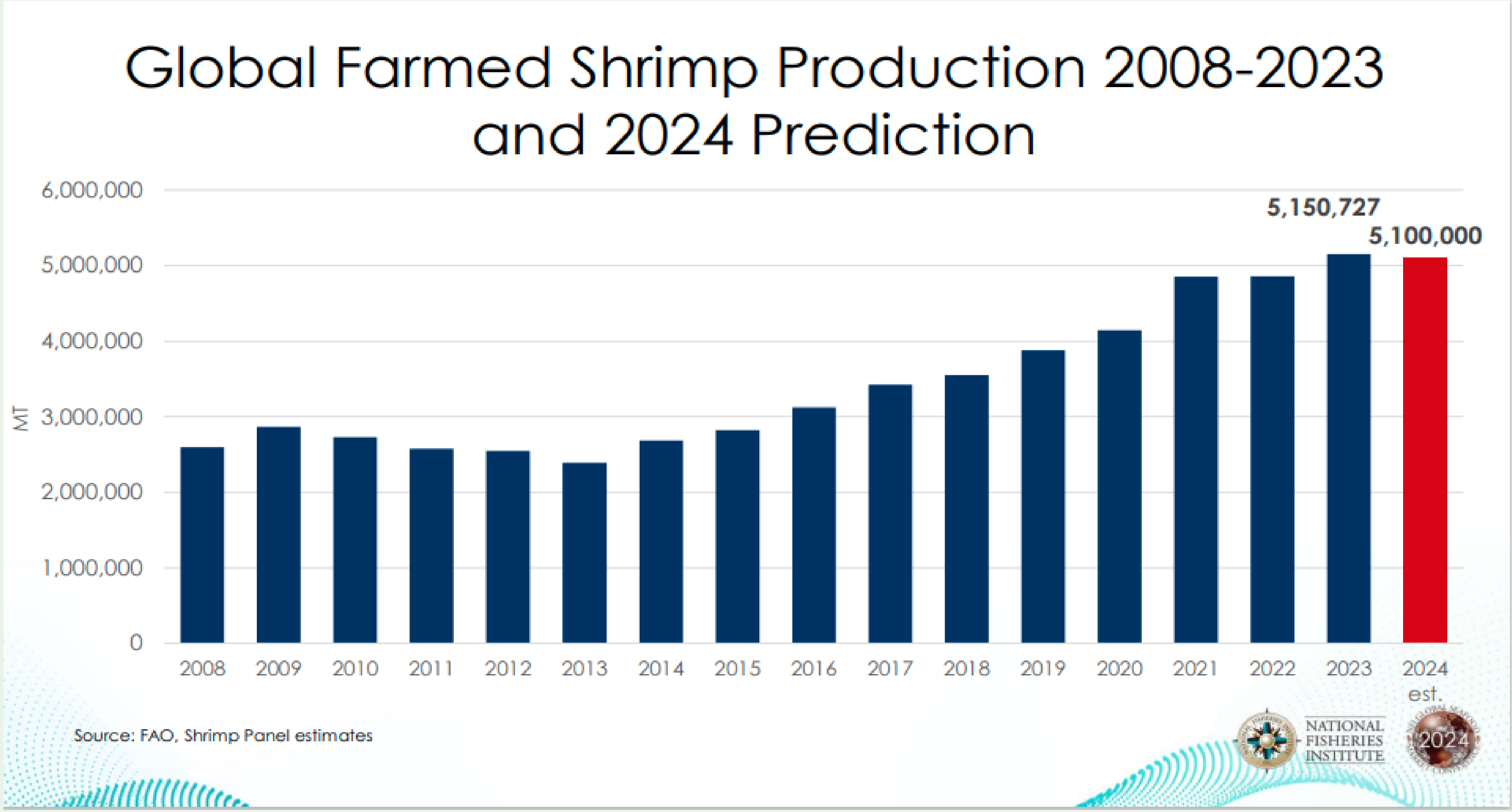
Global Farmed Shrimp Production 2008-2023
and 2024 Prediction
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4,000,000
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2017
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2019
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2021
2022
2023
2024 est.
Source: FAO, Shrimp Panel estimates
NATIONAL FISHERIES INSTITUTE
2024

U.S. Shrimp Imports - Total

Source: Expana, U.S. Census

U.S. Seafood Imports - Ecuador

Source: Expana, U.S. Census

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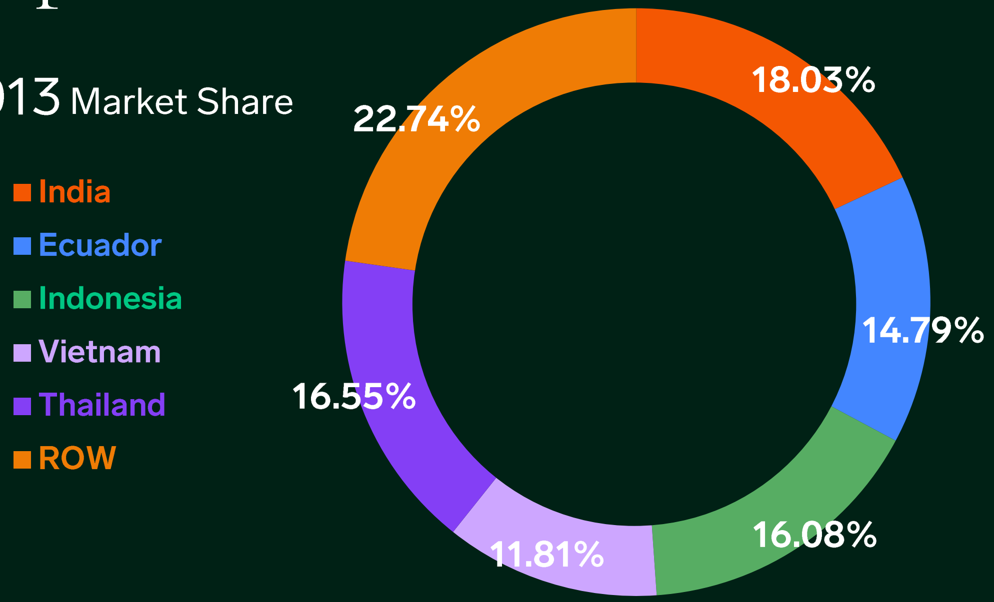
Supply:

- CAGR 7.4% 2013 – 2021
- Decline of 12% total imports 2021 to 2023
- Ecuador cementing spot #2 (11.93% CAGR 2013 – 2021)
- +12% from 2021 to 2023
- Only country up in last two years

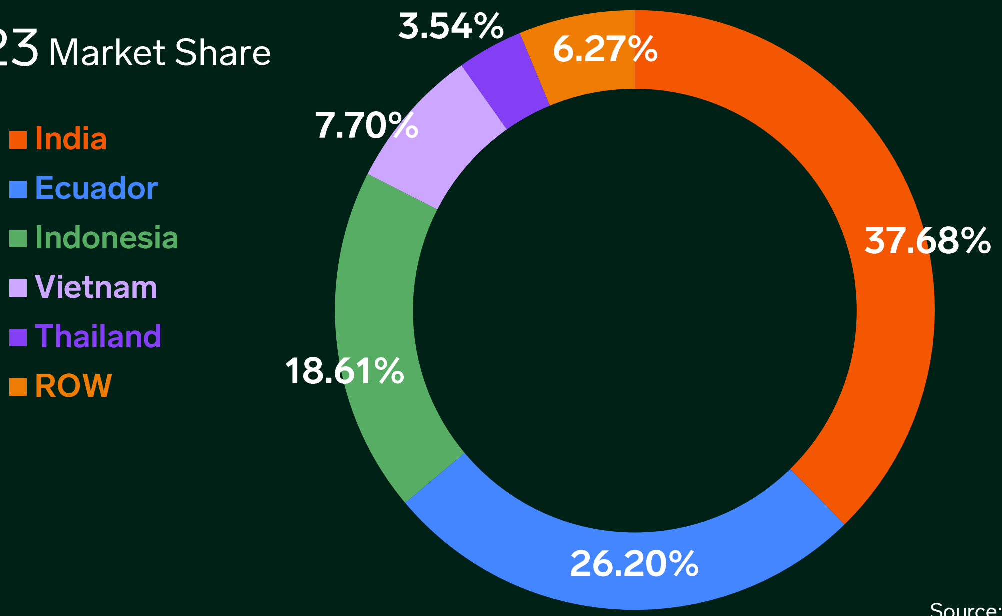
Source: Expana, U.S. Census

Trade partners

2013 Market Share



2023 Market Share



Source: Expana, U.S. Census

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Supply trends:

- India #1 trade partner (Market share growth 18% -> 38%)
- Ecuador quickly #2 (Market share growth 15% -> 26%)
- Indonesia (16% -> 19%), slower market share growth
- Thailand, Vietnam, and ROW declining market share

Price series

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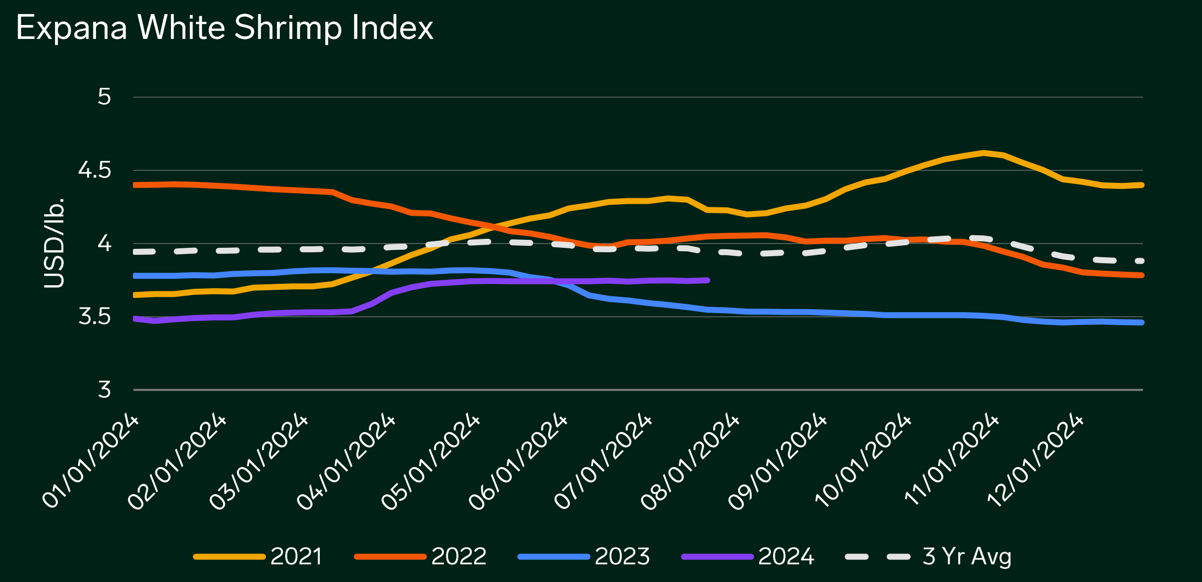
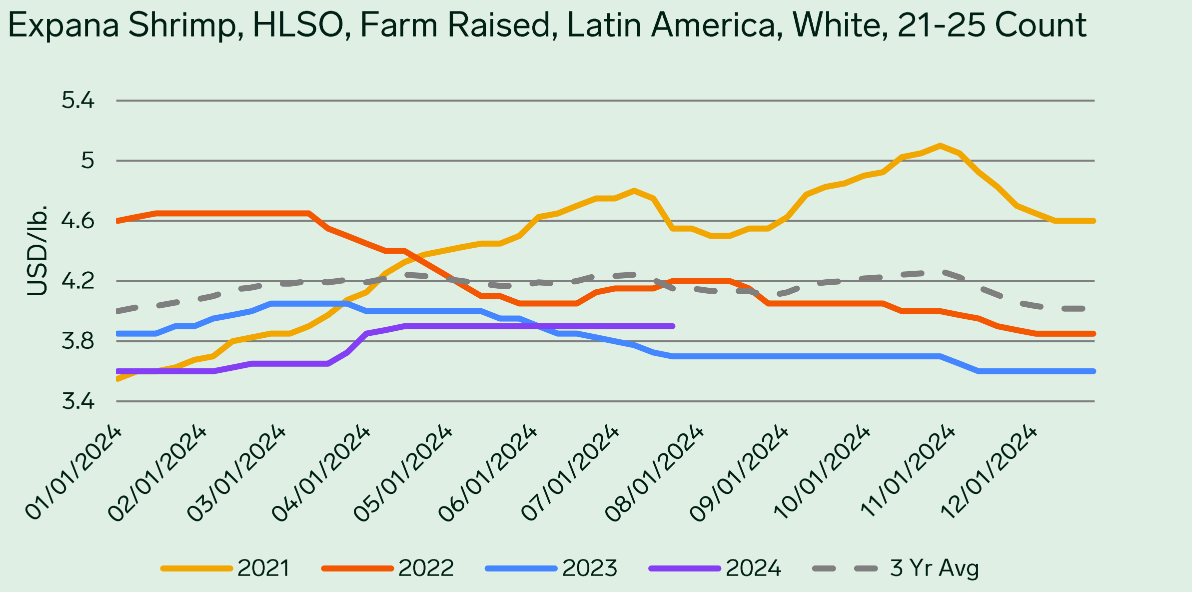
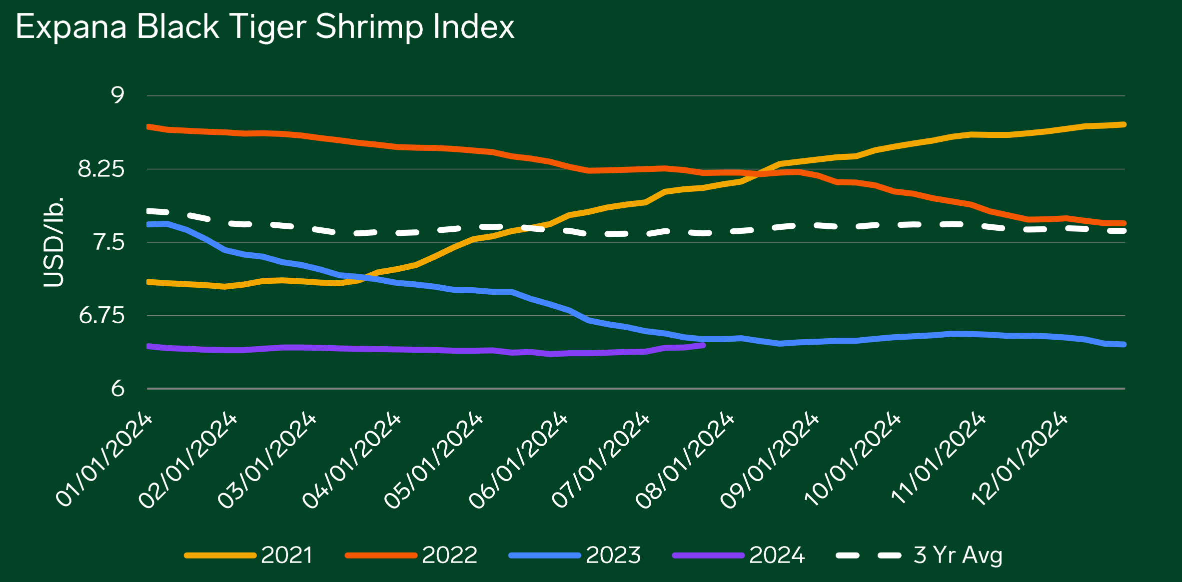
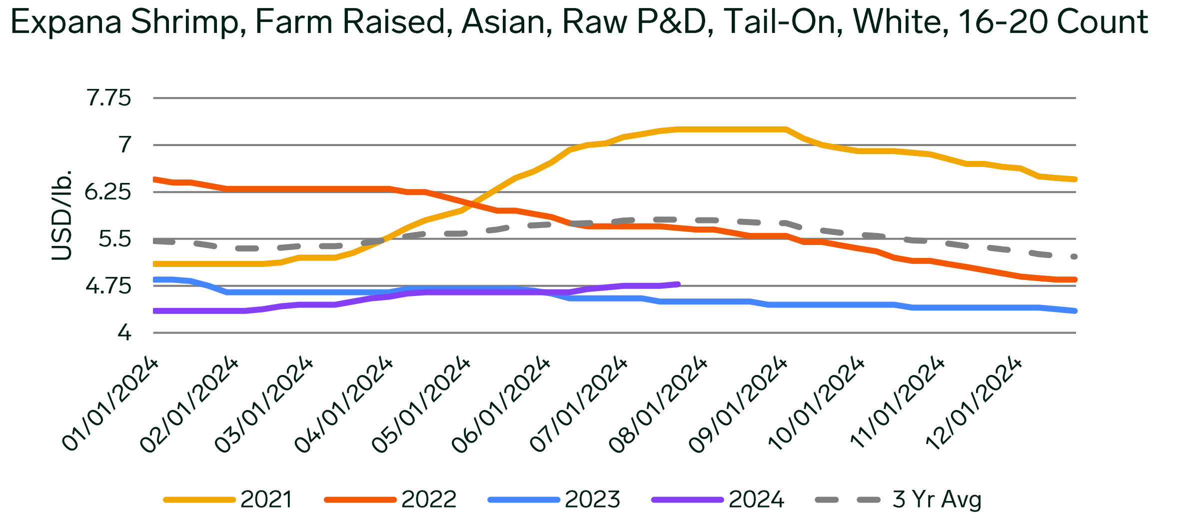


Source: USDA, Expana



Source: Expana



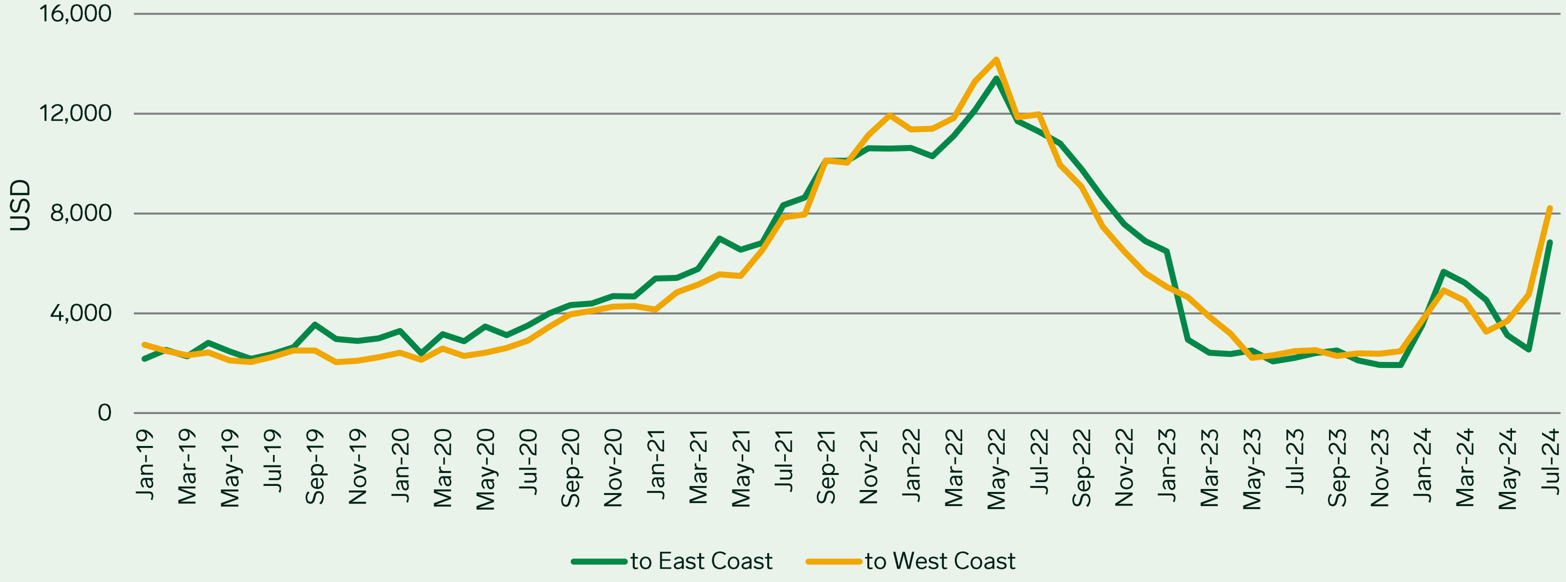


Demand remains below expectations and limiting broader price support

Cost increases

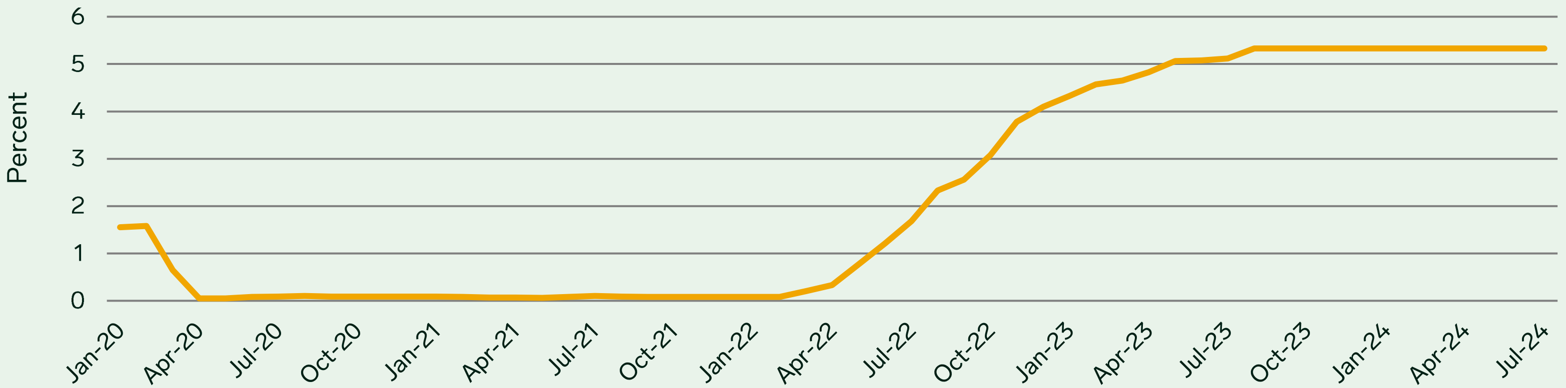
Marittime: 40 ft. shipping container Standard Dry Containers - from India (Nhava Sheva)

Source: Expana, Drewry



Federal Funds Effective Rate

Source: Expana, St. Lous FED



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Outside cost factors:

- Shipping rates move higher
- Cost of capital higher
- Cold storage costs increasing
- Increased transit times
- FDA holds
- Supply gaps noted
- More importer-to-importer trade as a result

Source: European Commission

Antidumping and countervailing duties

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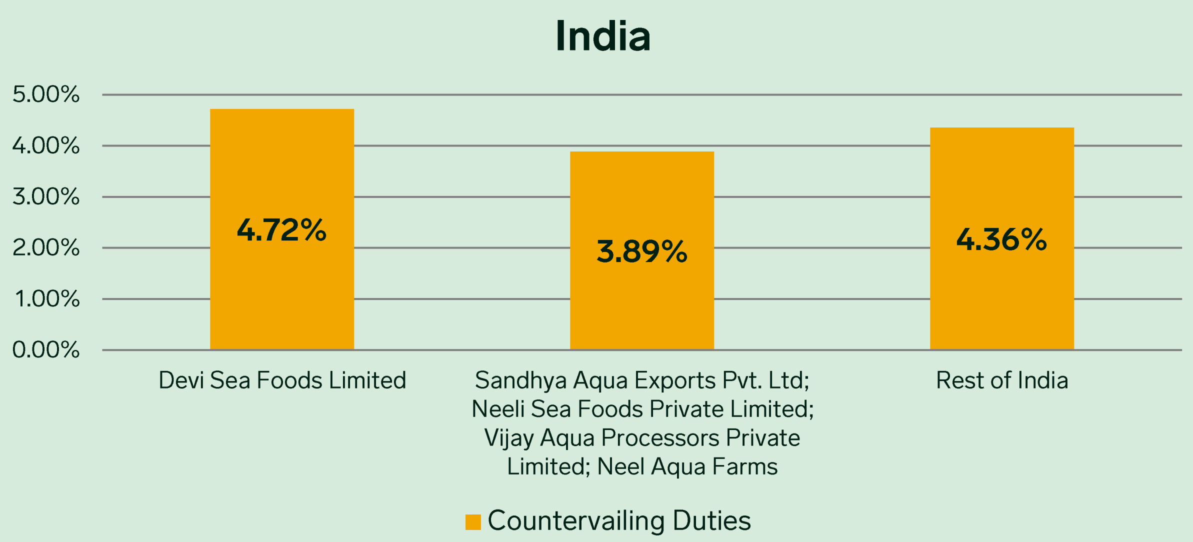
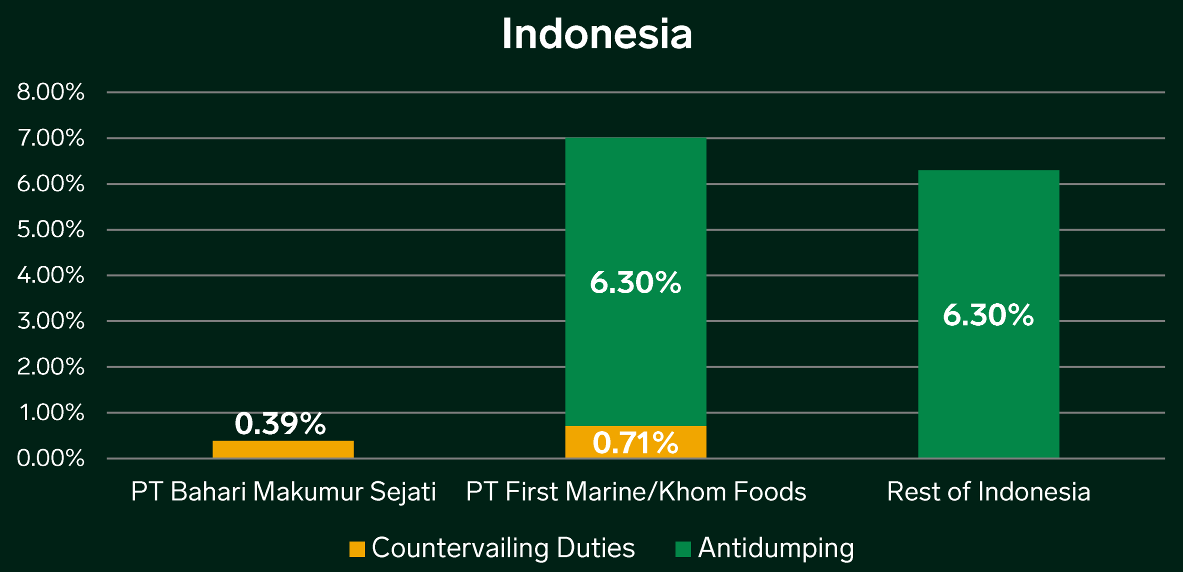
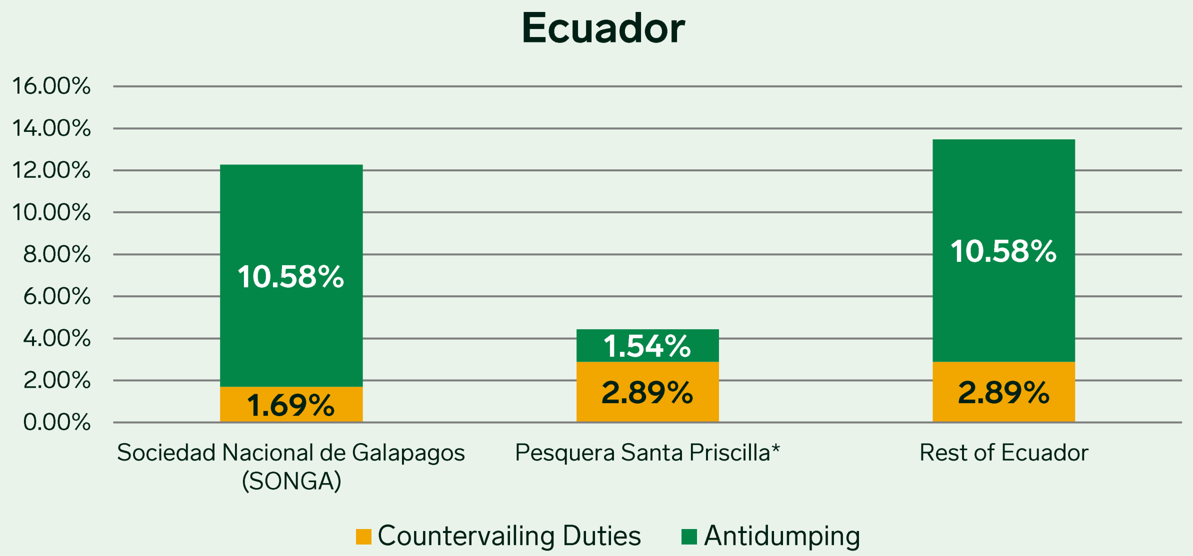
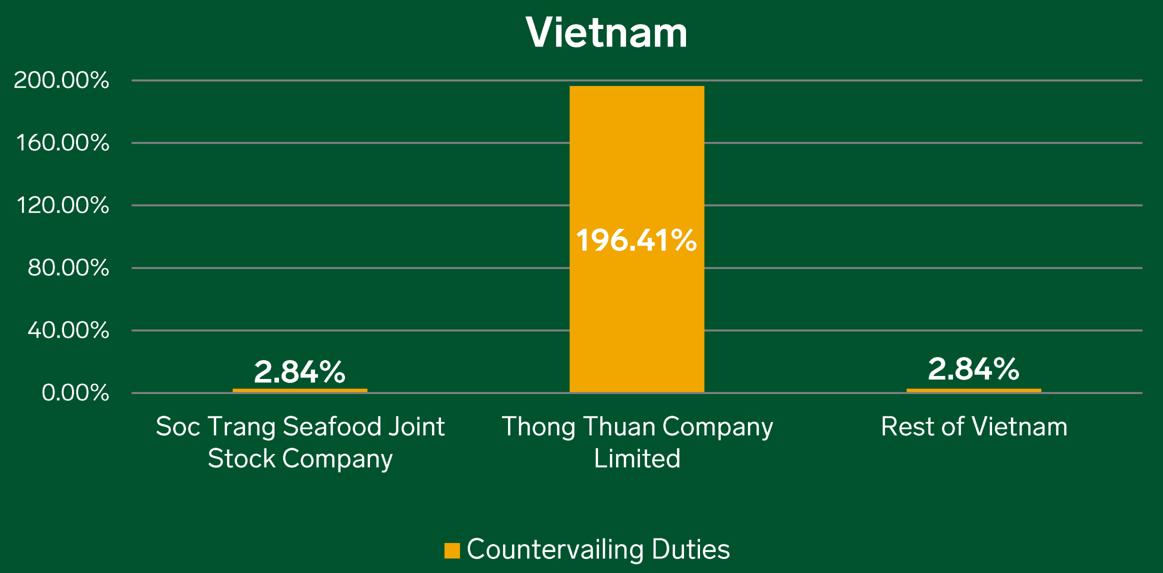


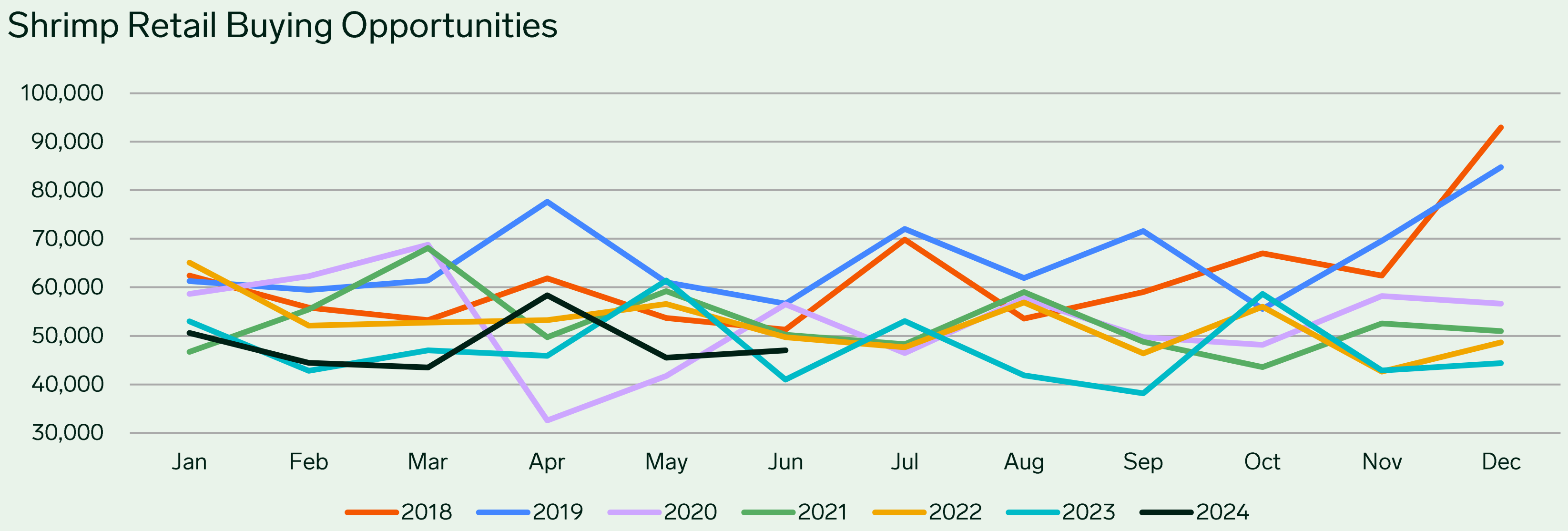


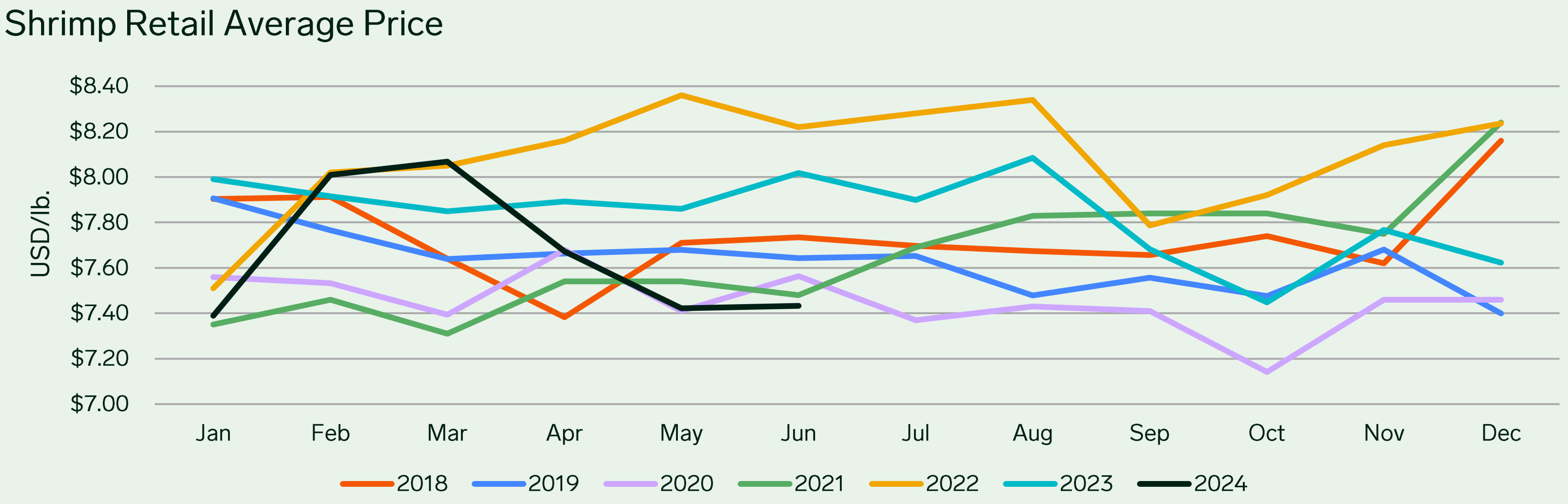




Source: European Commission

Retail data





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Demand:

- Retail ads hover near multi-year lows
- July average retail ad price $7.43/lb., +$0.01 m-o-m
- Only lower months in last 4 years: June 2024, January 2024, and March 2021 low $7.31/lb

Source: European Commission

Shrimp Overview – Europe

Fabienne O'Donoghue

Seafood Market Reporter

Key drivers – Europe shrimp

- EU indicators impacting consumer wallet
- Seafood demand
- Shrimp imports
- Market prices

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Inflation June 2024

Spain	3.4%
France	2.5%
Italy	0.8%
Germany	2.2%
Netherland	3.2%
UK	2.0%

Inflation in the EU
HICP - monthly data (% annual rate of change)

Source: Eurostats

	weighs	Jul-23	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
All-items HICP	*1000*	5.3	2.6	2.4	2.4	2.6	2.5	2.6
Food, alcohol & tobacco	*194.7*	10.8	3.9	2.6	2.8	2.6	2.4	2.3
processed food, alcohol & tobacco	*151.2*	11.3	4.5	3.5	3.2	2.8	2.7	2.7
unprocessed food	*43.5*	9.2	2.1	-0.5	1.2	1.8	1.3	1.0
Energy	*99.1*	-6.1	-3.7	-1.8	-0.6	0.3	0.2	1.3
Non-energy industrial goods	*257.3*	5.0	1.6	1.1	0.9	0.7	0.7	0.8
Services	*448.8*	5.6	4.0	4.0	3.7	4.1	4.1	4.0

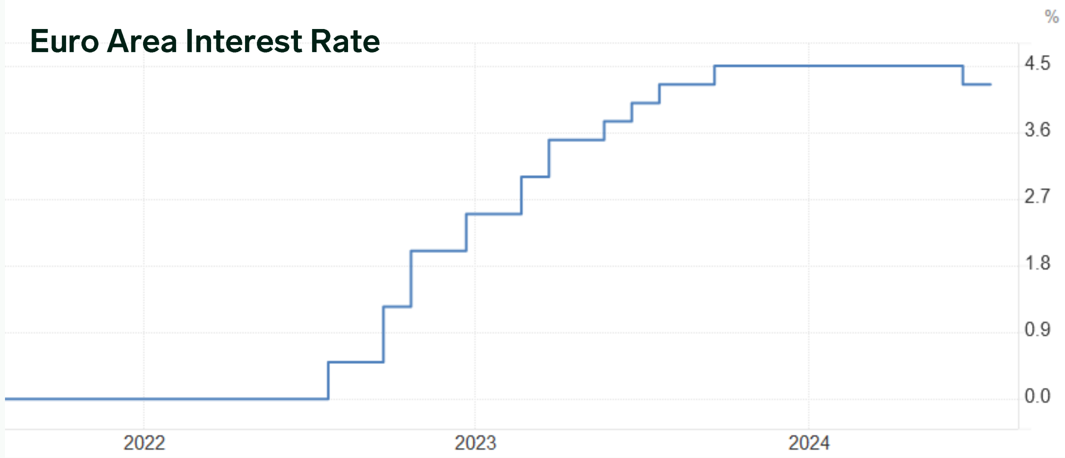
Source: Eurostats

Cost of living

- Average **inflation rate** in the EU now at 2.7%, but 10 to 15% price increase over 2 years on food, alcohol and tobacco, strongest on Processed Food category
- **Interest rates** at 4.25%, up from 0.5% two years ago

Other EU indicators

- EU **economic growth** lower than expected at 0.5% forecast for winter 2024
- Wage growth slightly picking up in 2024 Q1
- Unemployment rate stable at around 6% in June 2024



Source: Trading Economics

Consumption

Retail

- In 2024, retail trade on the food category is slightly down y.o.y. every month so far, except for March and May, two months with public holidays and holiday period

Seafood

- Not back to pre-inflation levels of seafood B2C sales yet which stood at 5.64bn kilograms in 2020, but improvement planned for this year and next
- June 2024 - MSC study on European consumers shows that:
  - 29% of respondents eat less seafood than 2 years ago, vs only 12% who eat more.
  - Top motivators are quality, health, price
  - People say lower prices are key to encourage them to eat more of it.

Volume of retail trade

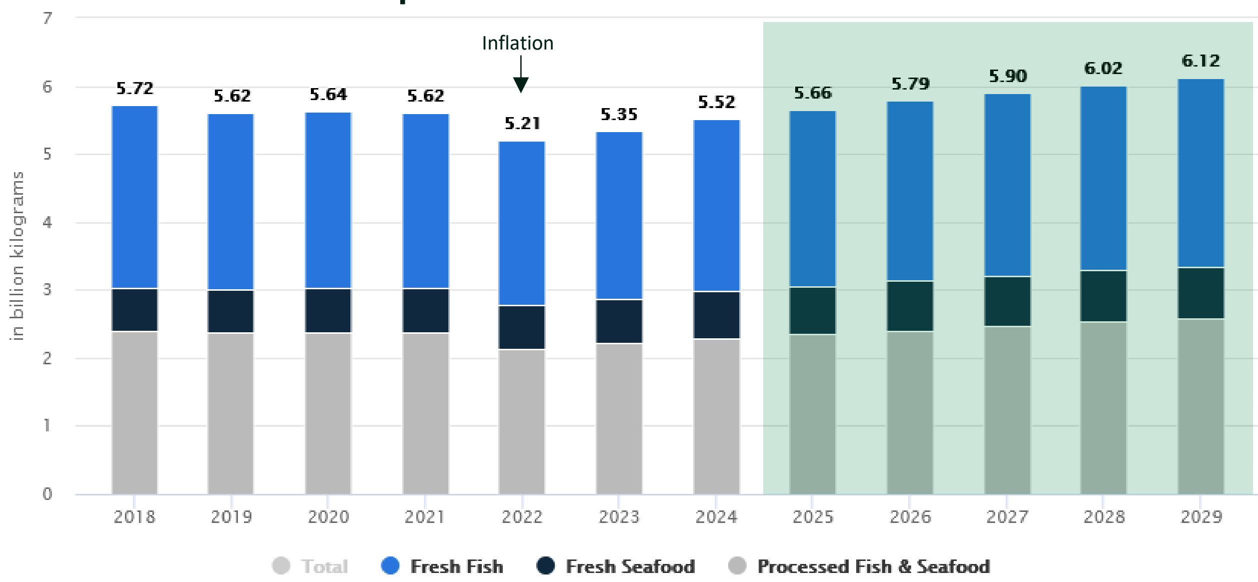
% change compared with the same month of the previous year*

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
EU						
Total retail trade	-0.5	0.2	1.3	0.4	0.7	0.1
Food, drinks, tobacco	-0.8	-0.5	1.3	-0.1	0.9	-0.5
Non-food products (except automotive fuel)	-0.5	1.1	1.8	0.8	0.9	0.7
Automotive fuel in specialised stores	-0.5	-1.0	-1.0	0.9	-0.3	0.5

* Calendar adjusted

Source: Eurostat

European B2C seafood sales in volume



Source: Statista Market Insights

Most recent update: Jun 2024

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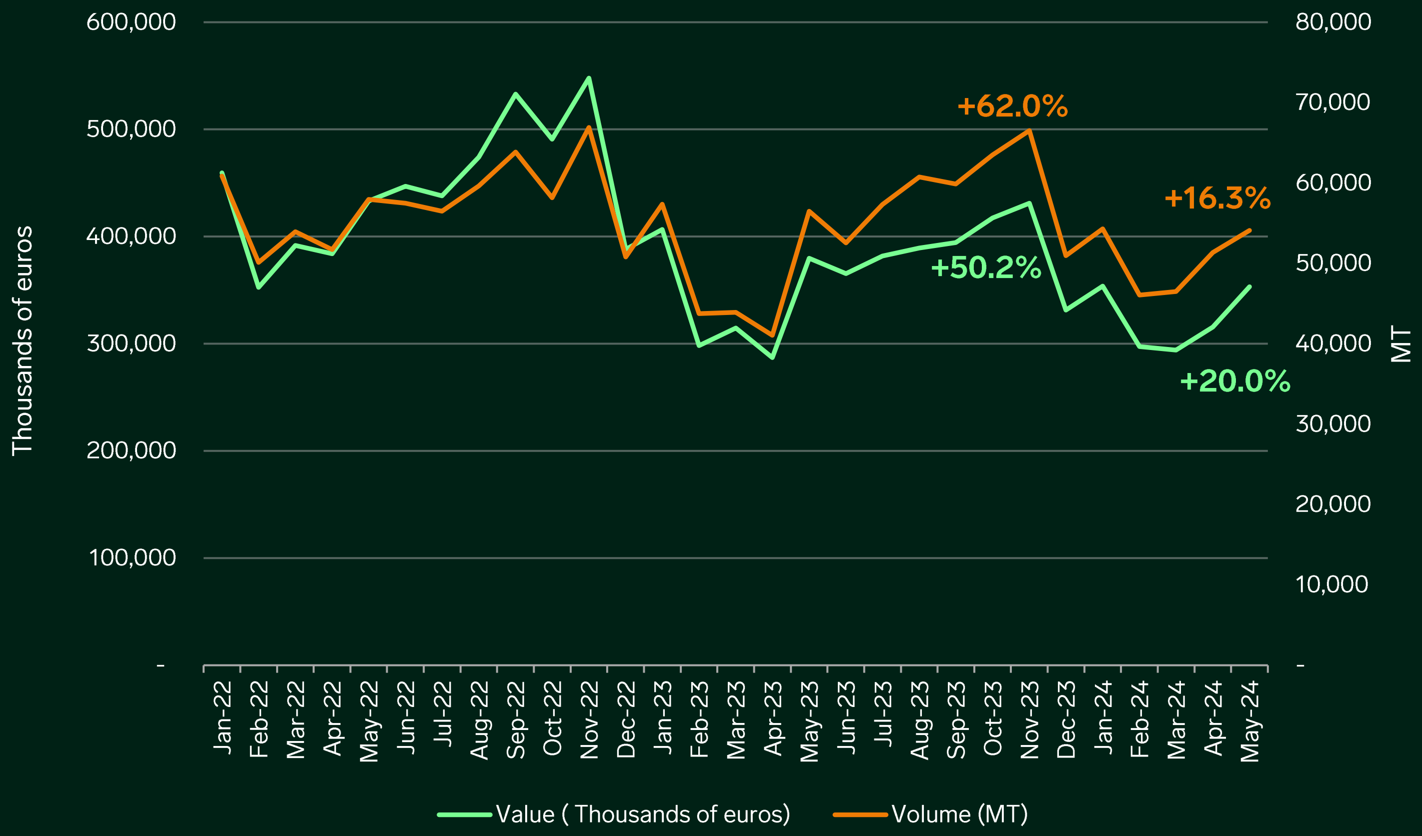
Imports

- Strong drops of import volumes in December and February due to seasonal slowdown, but recovery in April and May prior to the summer demand.
- June and July quieter activity due to holidays but import recovery expected to start before fall
- Last year, import value did not progress as fast as import volume, between April and November 2023 (62.0% vs 50.2%).
- Importers and distributors had inventories left due to the inflation slowing down consumption in Europe. Now they are only ordering what it is needed to avoid paying for stocks.
- In 2024, the patterns are similar between volume and value, which suggests a more stable market in terms of pricing.
- However sources report a fair demand this month, as replacement takes place, as well as some enquiries for the year-end period

EU & UK Shrimp imports in volume and value

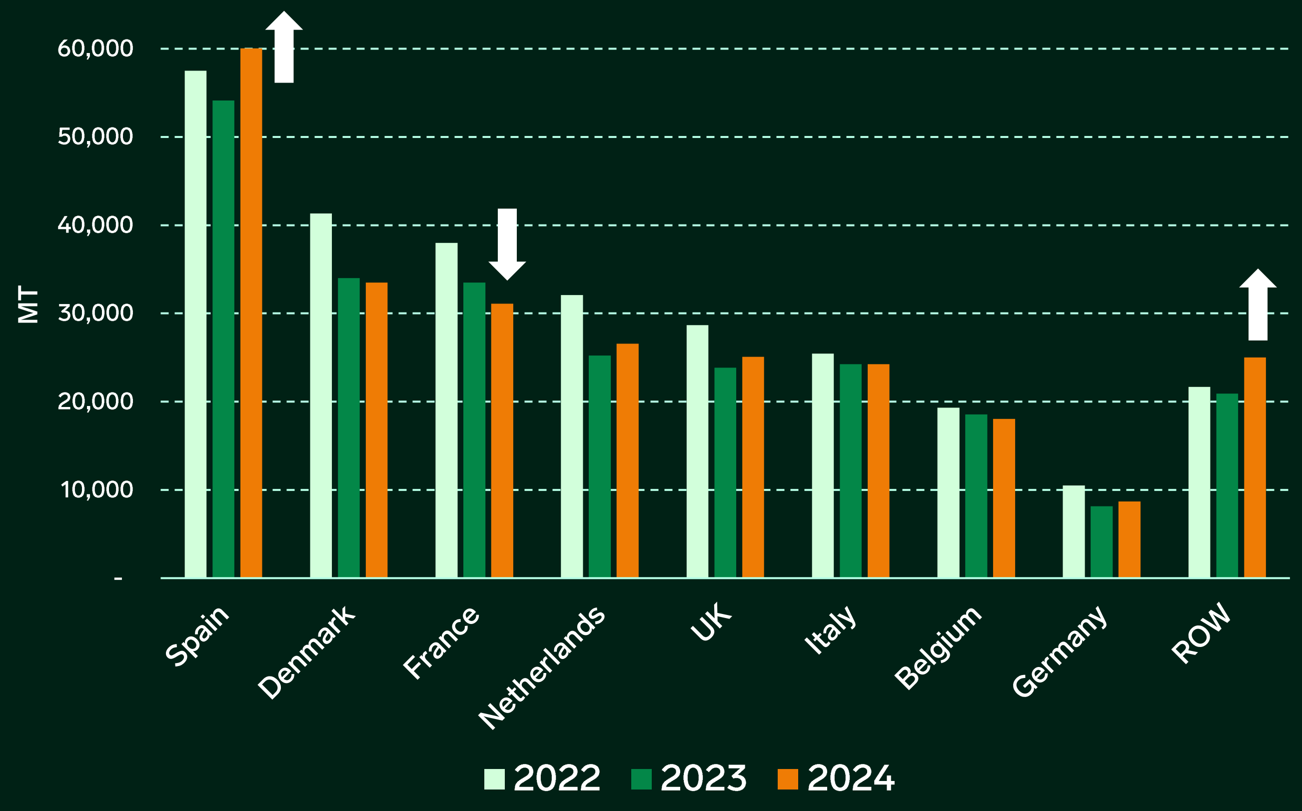


Source: GTT

Main markets

- January to May import volume: **+4.0% y.o.y.** for EU & UK, but less 8% compared with 2022
- Y.o.y. increase in large markets like **Spain (11%)**, Netherlands (5%), UK (5%) and Germany (7%), also with a lower impact Portugal (27%), Greece (37%) and Estonia (22%)
- Spain at 60.0k MT is the first country importing shrimps with 24% of the EU & UK market
- **France** the second market with 12% sees a **two-year decline** of 18%, also two-year decline for Belgium imports (-6%)
- Denmark imports large volumes of cold-water shrimp Pandalus Borealis to process and a large part is sold to China

EU & UK shrimp importers Jan-May



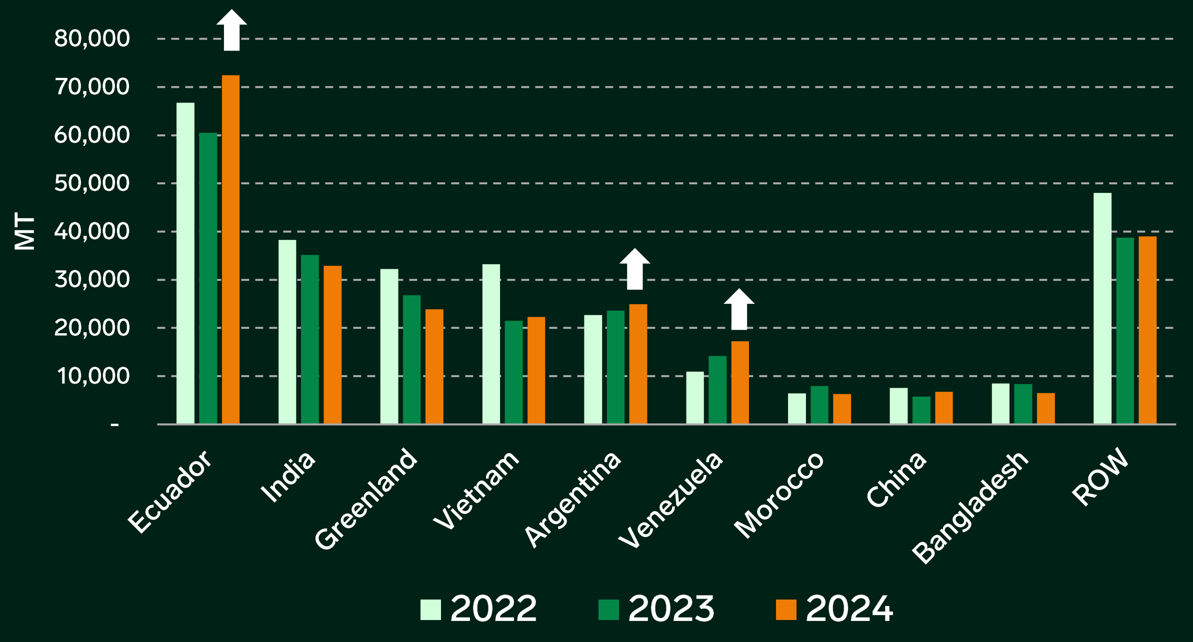
Source: GTT

Imports (Jan-May)

Trade partners

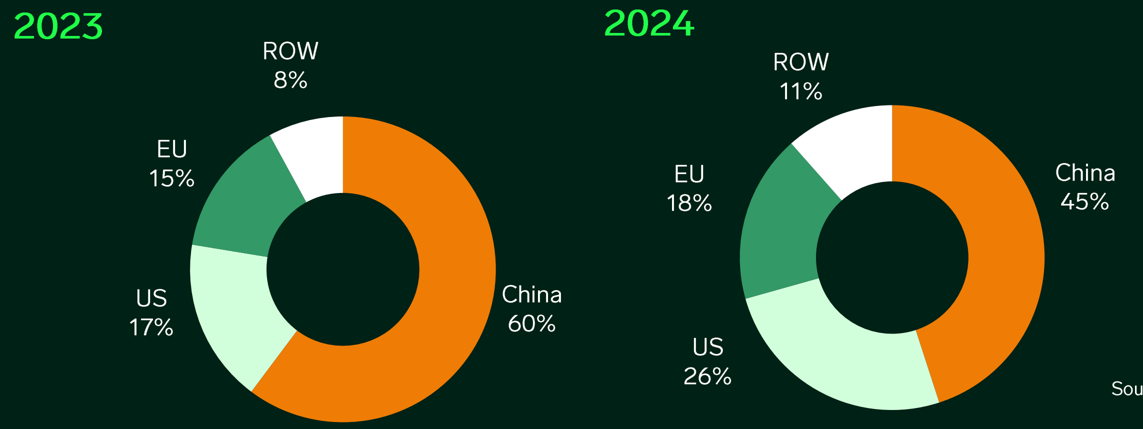
- Strong progression from **Latin American suppliers**, mainly Ecuador (29% market share), Argentina (10% MS) and Venezuela, whereas Asian presence is regressing
- Ecuador diversifying offering with more added value shrimp, but main product is head-on shell-on raw
- **India (13% MS), Vietnam and Bangladesh** lost market share in the last 2 years. Price, quality and freight issues.
- EU prices heavily dependent on demand of other larger markets for Ecuador:
    - Ecuador's presence in China is lower so far this year at 45% y.o.y. due to economical slowdown, but demand is picking up with two festivals next month
    - Ecuador's sales to the US boosted prior to the implementation of AD and CVD.

EU & UK shrimp imports Jan-May



Source: GTT

Ecuador sales destinations (in volume between January and May)



Source: GTT

Prices

- Prices at the lowest in January due to the slowdown in demand after the year-end celebrations, then regain of value between February and April with Easter and the preparations for the summer
- **Price stability** since June with steady market and seasonal decline of activity
- Smaller sizes not available as producers prefer to offer larger ones for higher returns
- Difficult for Europeans to find shrimp at cooking quality required by local processors

Price movements – HOSO vannamei from Latin America to Europe

Source: Expana

Prices

- Same pattern as vannamei HOSO
- Prices driven by demand movements
- Farmgate prices slightly climbing due to lower volumes harvested (mortality due to disease, heavy rains)
- However, no increase yet observed on export prices, due to lower-than-expected buying appetite

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Price movements – PND vannamei from Asia to Europe

Source: Expana

Whitefish

Lorin Castiglione

Senior Market Reporter

Key drivers – whitefish (U.S.)

- Section 301 tariffs and exclusions
- Russian sanctions
- Demand fluctuations
- Rising replacement costs overseas and price impact
- Potential 2025 quota reductions

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Section 301 China tariffs

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SEPT 2018
10% tariff imposed

MAY 2019
Increased to 25%

JUN 2019
Exemption for U.S. products processed in China

OCT 2019
Proposed increases to 30% dropped

DEC 2019
Product-specific exclusion granted for haddock

AUG 2020
Product-specific exclusion extended

DEC 2020
Haddock exemption expired, 25% reinstated

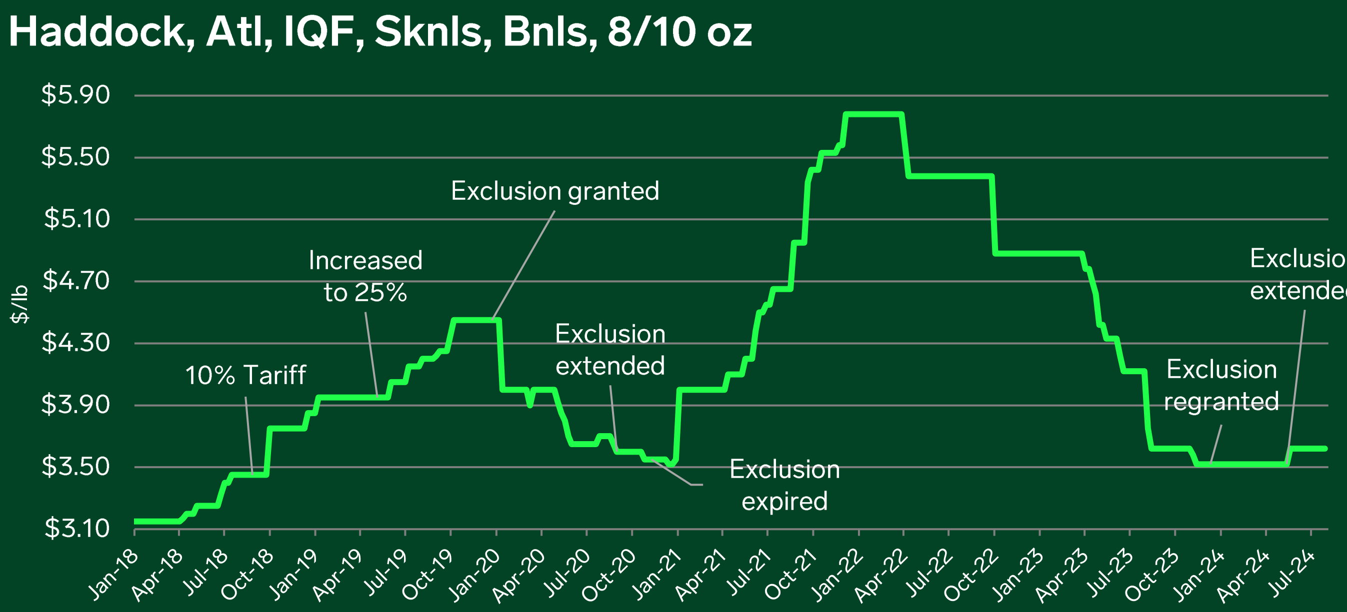
DEC 2023
Exclusions on haddock, sole, flounder granted

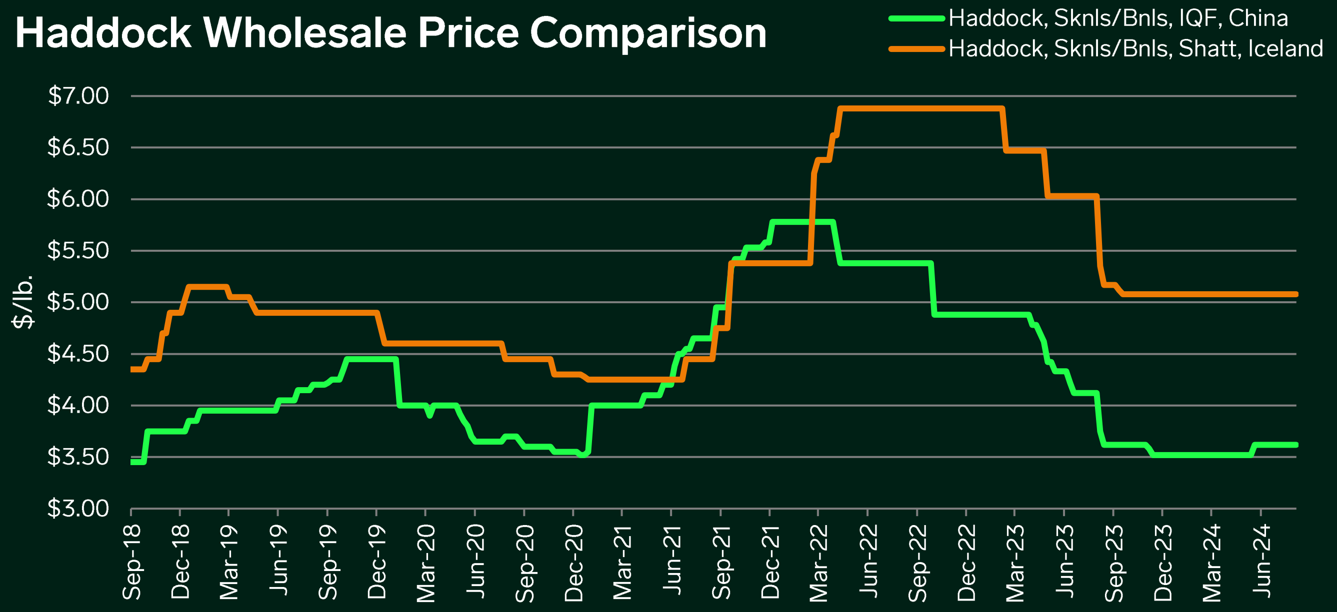
MAY 2024
Exclusions were further extended to May 31, 2025

MAY 2025
?

Section 301 China tariffs

- **Initial Tariff Impact:** 10% tariff in 2018 led to immediate price increases.
- **Escalation to 25%:** Further price surge, reflecting higher cost pressures.
- **Exclusion Effects:** Tariff exclusions granted in 2020 temporarily stabilized prices. Price spikes followed exclusion expirations.
- **Price Peaks and Exclusion Extensions:** Highest prices occurred during exclusion expirations. Extensions led to temporary price relief.
- **Market Uncertainty:** Frequent tariff changes created instability and unpredictability in the market.
- **Potential Quota Reduction:** Fishery scientists suggest a 16% Barents Sea quota reduction for 2025.





Source: Expana

Russian sanctions

Cod Shatterpack, Skls/Bnls, Atlantic 8-16 oz

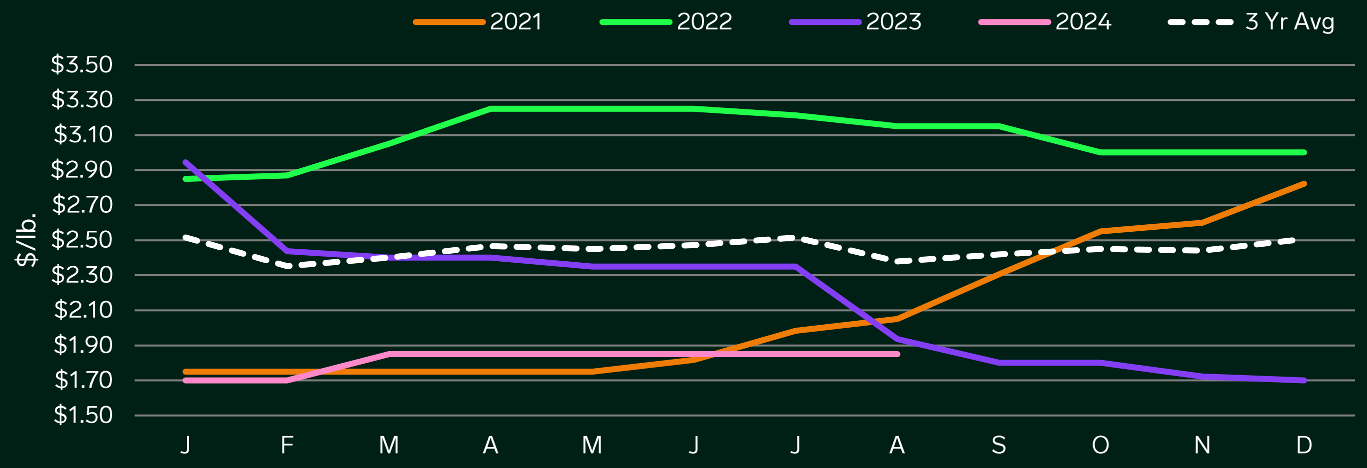
Source: Expana

Cod:

- **Price Surge:** Significant spike in prices following Russia's invasion of Ukraine in early 2022.
- **Supply Chain Disruptions:** Conflict led to global cod supply chain uncertainties and increased costs.
- **Long-term Market Adjustments:** Sustained higher prices throughout 2022 as the market adjusted to new sourcing and geopolitical realities.
- **Stabilization at Higher Price Levels:** Prices stabilized post-peak but remained above pre-invasion levels, showing lasting market impact.
- **Potential Quota Reduction:** Fishery scientists suggest a 31% Barents Sea quota reduction for 2025.

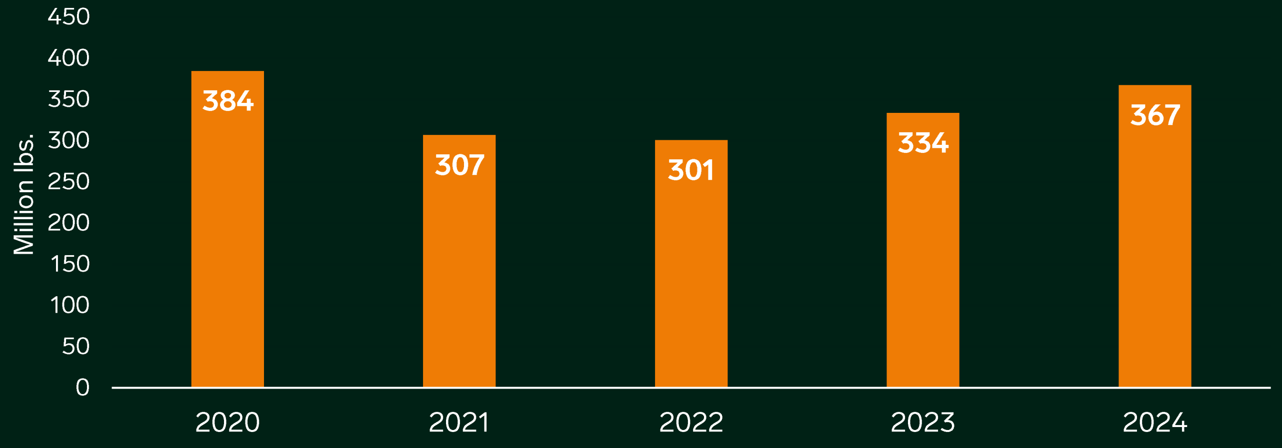
Russian sanctions

Pollock, Fil, CN, Pacific, Dbl Fz, Sknls/Bnls, IQF, 6-8 oz EBP



Source: Urner Barry by Expana

YTD (Jan - Jun) Alaska Pollock Exports

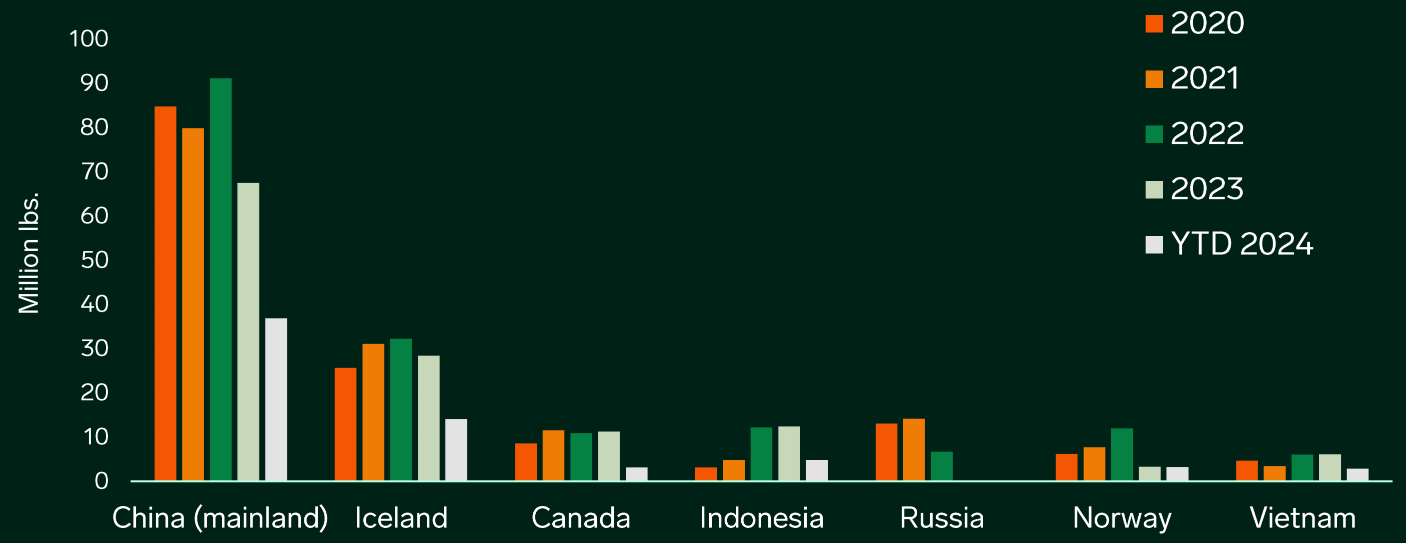


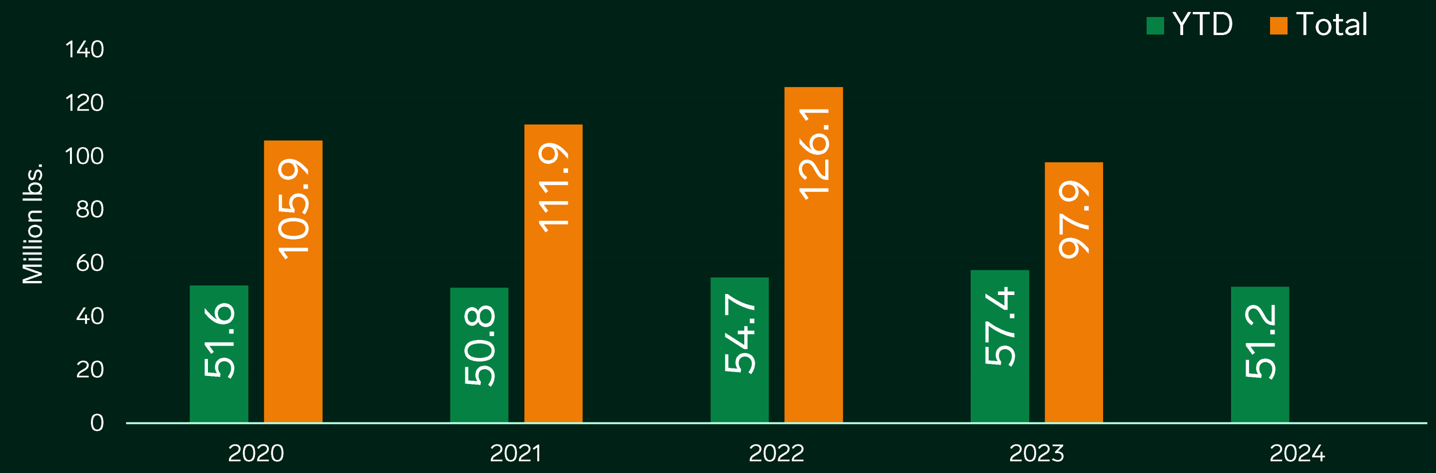
Source: Expana

Pollock:

- **Price Stabilization:** Pollock prices show relative stability compared to other whitefish species
- **Increased Production Capacity:** Enhanced production efforts, particularly in Pin Bone Out (PBO) processing, to meet growing global demand.
- **Global Supply Chain Resilience:** Despite geopolitical challenges, the pollock market demonstrates resilience with consistent export growth.
- **Divergence from Historical Averages:** In 2024, prices are sitting below the 3-year average despite added demand on the market
- **Shift in Export Markets:** Increasing exports, especially to non-traditional markets, signify strategic shifts in response to international trade dynamics.

Import figures





Cod:

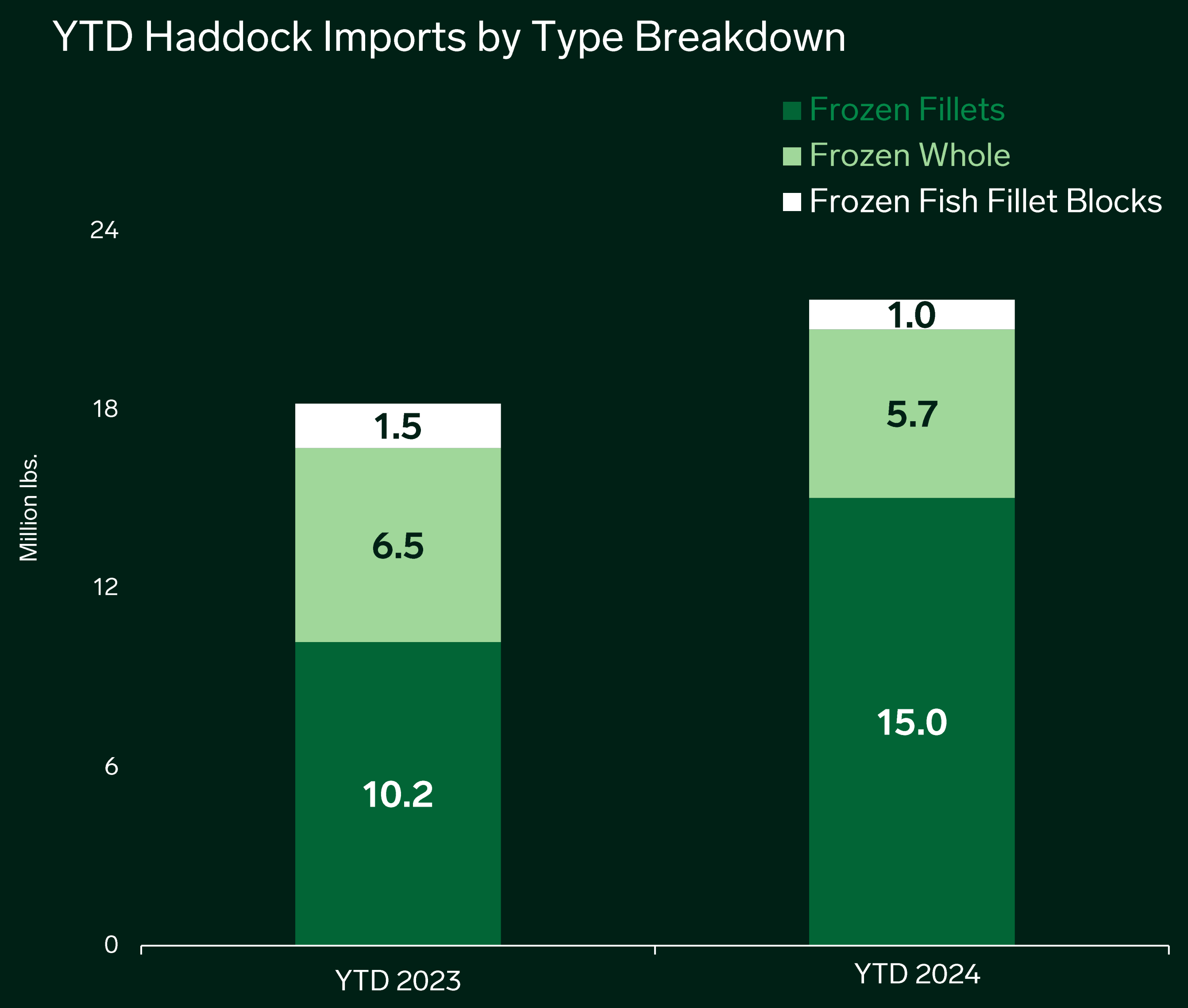
- **Significant Decline from China:** Cod imports from China dropped dramatically from 2022 to 2023, with a reduction of approximately 24 million pounds.
- **Zero Imports from Russia in 2023:** 2023 marked the first year with zero cod imports from Russia, a stark contrast to the historical average of around 10 million pounds.
- The reduction in volume from China is also tied to the decrease in twice-frozen product originally sourced from Russia.
- **Indonesia's Rising Contribution:** Indonesia saw an increase in cod import volume in 2023, marking a notable shift in supply sources.
- **Year-to-Date (YTD) 2024 Trends:** All countries listed in the top chart are importing less cod into the US compared to 2023, with the exception of Norway, which has increased by about 1.5 million pounds.
- **Stability in Frozen Fillet Imports:** Despite changes in origin, YTD imports for frozen cod fillets in 2024 are consistent with previous years, indicating resilience in this segment of the market.

Source: USDOC, Expana

Import figures

Haddock:

- **Shift in Haddock Import Composition**: There is a noticeable contraction in YTD imports of frozen fish fillet blocks and whole fish in 2024 compared to 2023.
- **Increase in Frozen Fillet Imports**: Despite reductions in other categories, imports of frozen fillets have increased significantly in 2024, rising from 10.2 million pounds YTD in 2023 to 15.0 million pounds YTD in 2024.
- **Overall YTD Volume Surpassing Last Year**: The increase in frozen fillets has driven overall YTD haddock import volumes to trend above last year, even in the face of high premiums on single-frozen products.



Source: USDOC, Expana

Whitefish (E.U.)

Boris Ampuero

Seafood Market Reporter

Norwegian cod

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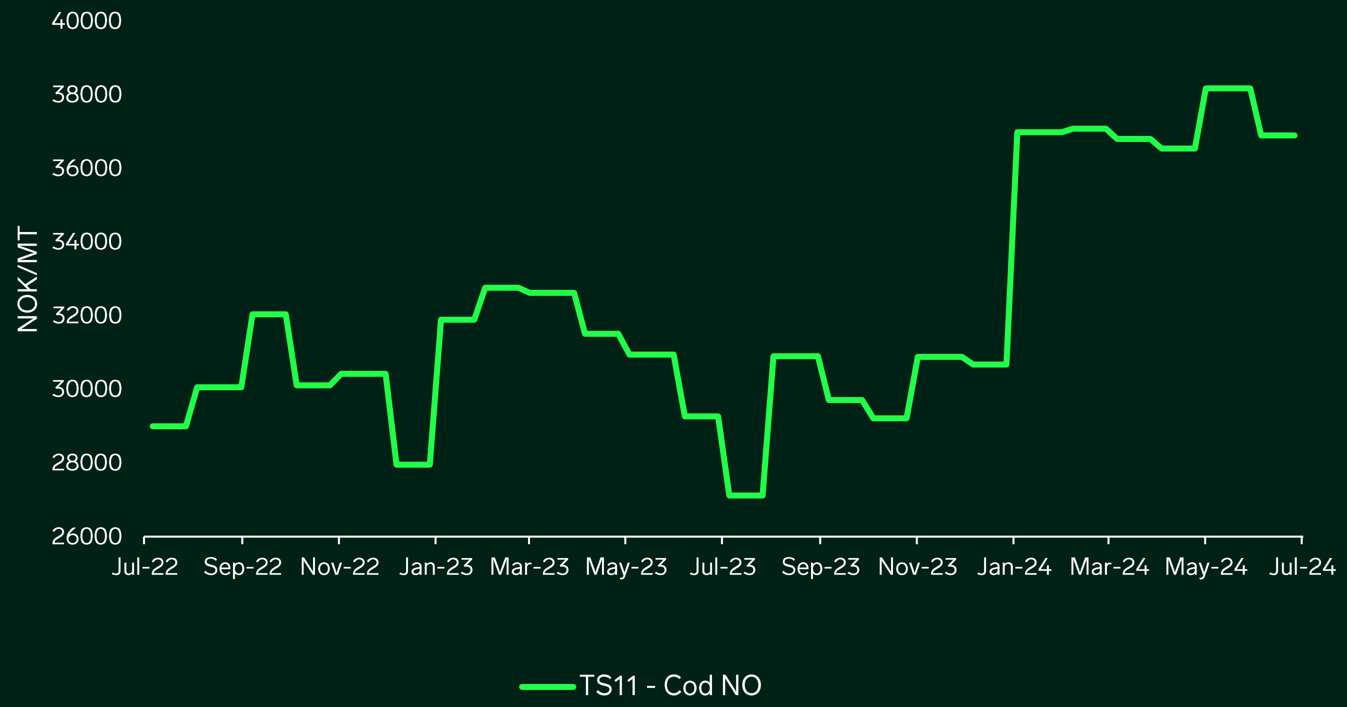


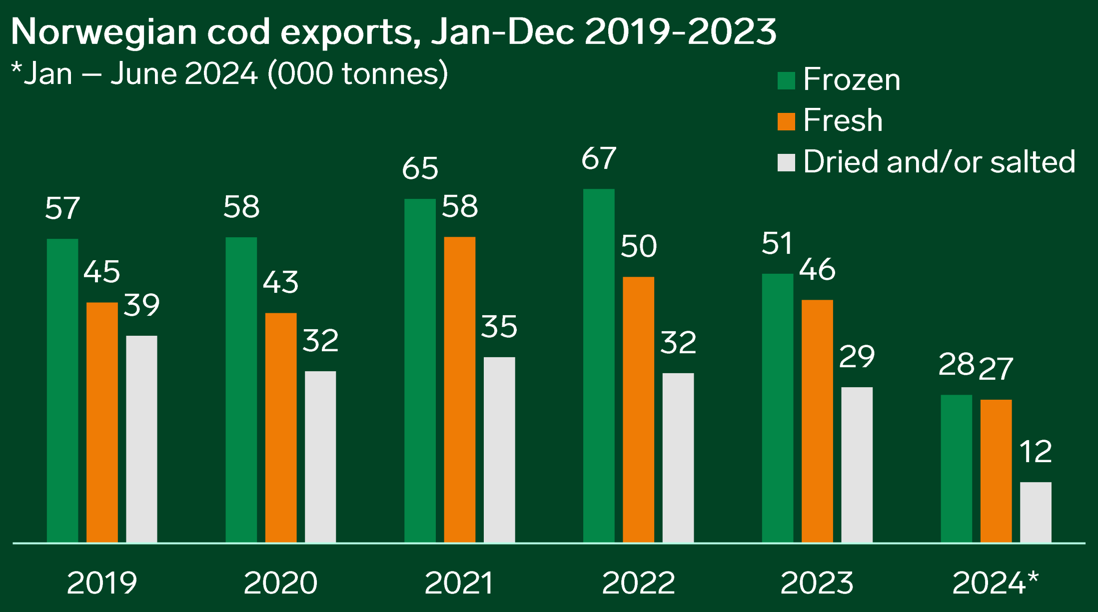
Product name	Current Price (NOK/MT)	% M-o-M Change	%Y-o-Y Change
Norwegian Cod	36,901	-3.35	+26

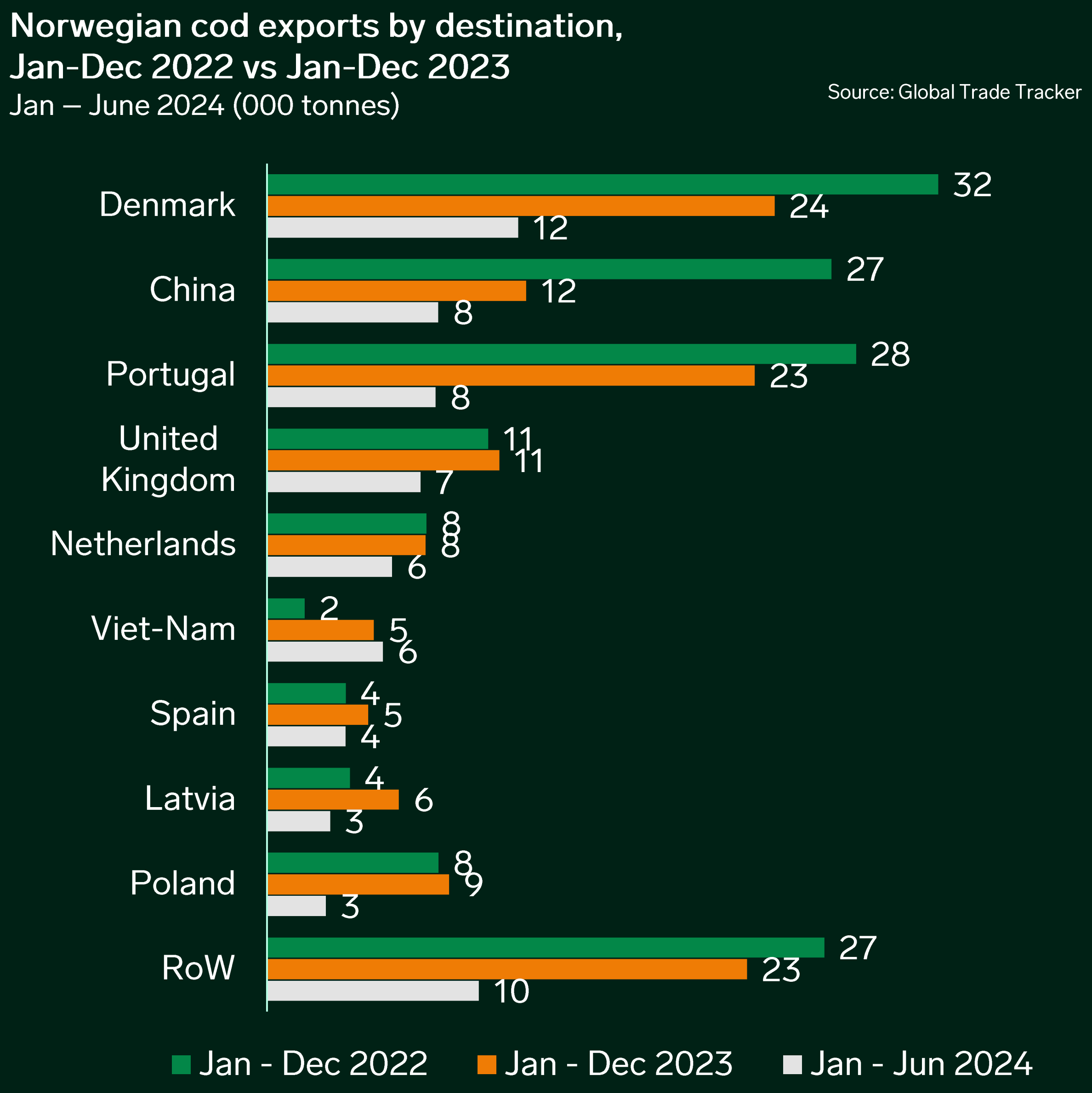
Source: Expana

Factors Influencing Norwegian Cod

- **Prohibition and Tariffs:** The prohibition of Russian-origin seafood in the US, along with the EU tariffs on Russian-origin cod, are in effect.
- **Barents Sea Cod Quota:** The Barents Sea cod quota has been reduced by 20% compared to 2023.
- **Cod Quota Advice by 2025:** The Norwegian-Russian research group suggests a 31% reduction cod quota for 2025.

Norwegian cod

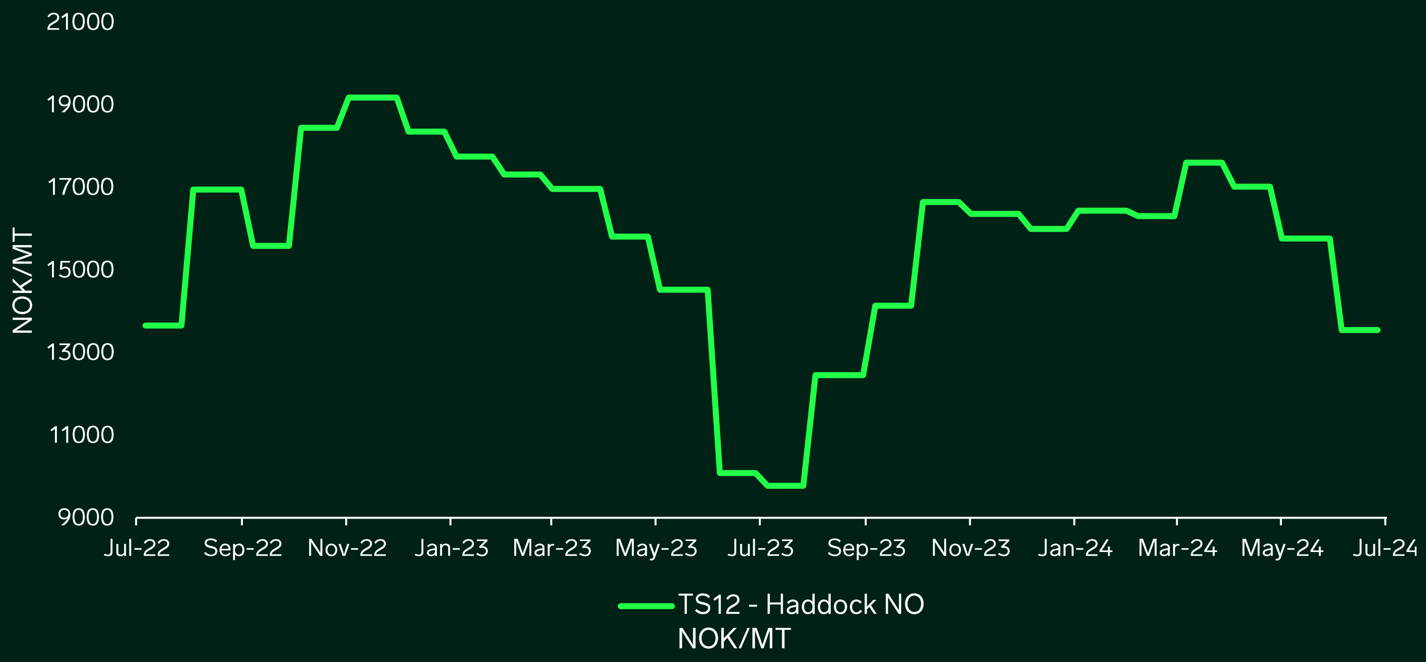




Norwegian cod exports by product and destination

- Norwegian cod exports reached 66,584 MT during Jan-Jun 2024, accounting for 52% of total exports in 2023.
- Fresh and frozen cod exports show similar exports around 28,000 MT.
- Historical primary markets are Denmark, Portugal, China, and the United Kingdom.

Norwegian haddock



Product name	Current Price (NOK/MT)	% M-o-M Change	%Y-o-Y Change
Norwegian Haddock	13,548	-14	+34

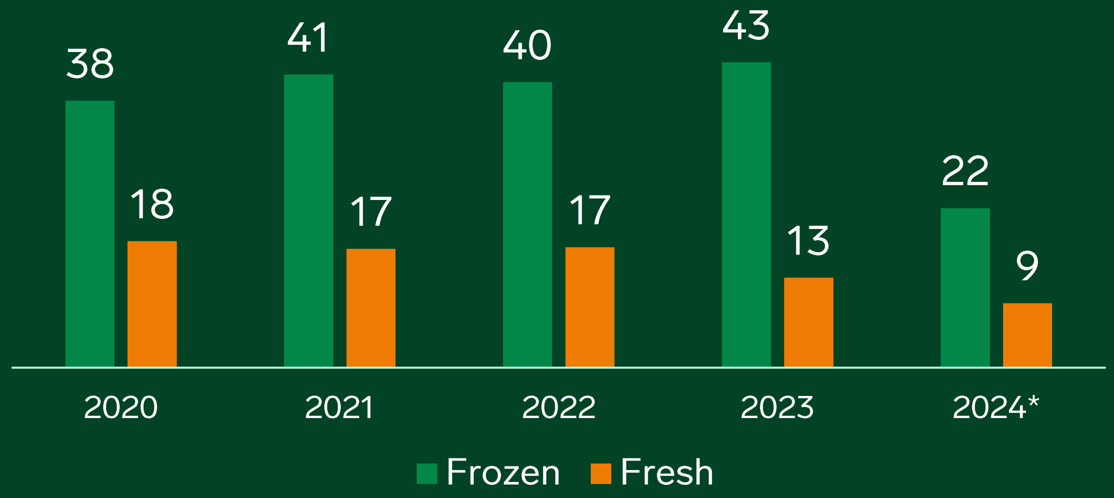
Source: Expana

Factors Influencing Norwegian Haddock

- **Haddock Market Response:** The market has responded to the 17% quota reduction in the Barents Sea.
- **Export Volume:** In June, the export volume dropped by 46% y-o-y, it has reported by the Norwegian seafood council.
- **Quota Recommendation:** The Norwegian-Russian Research Group suggested cutting the quota for Northeast Arctic haddock by 16% for 2025.

Norwegian haddock

Norwegian haddock exports, Jan-Dec 2020-2023
*Jan – June 2024 (000 tonnes)

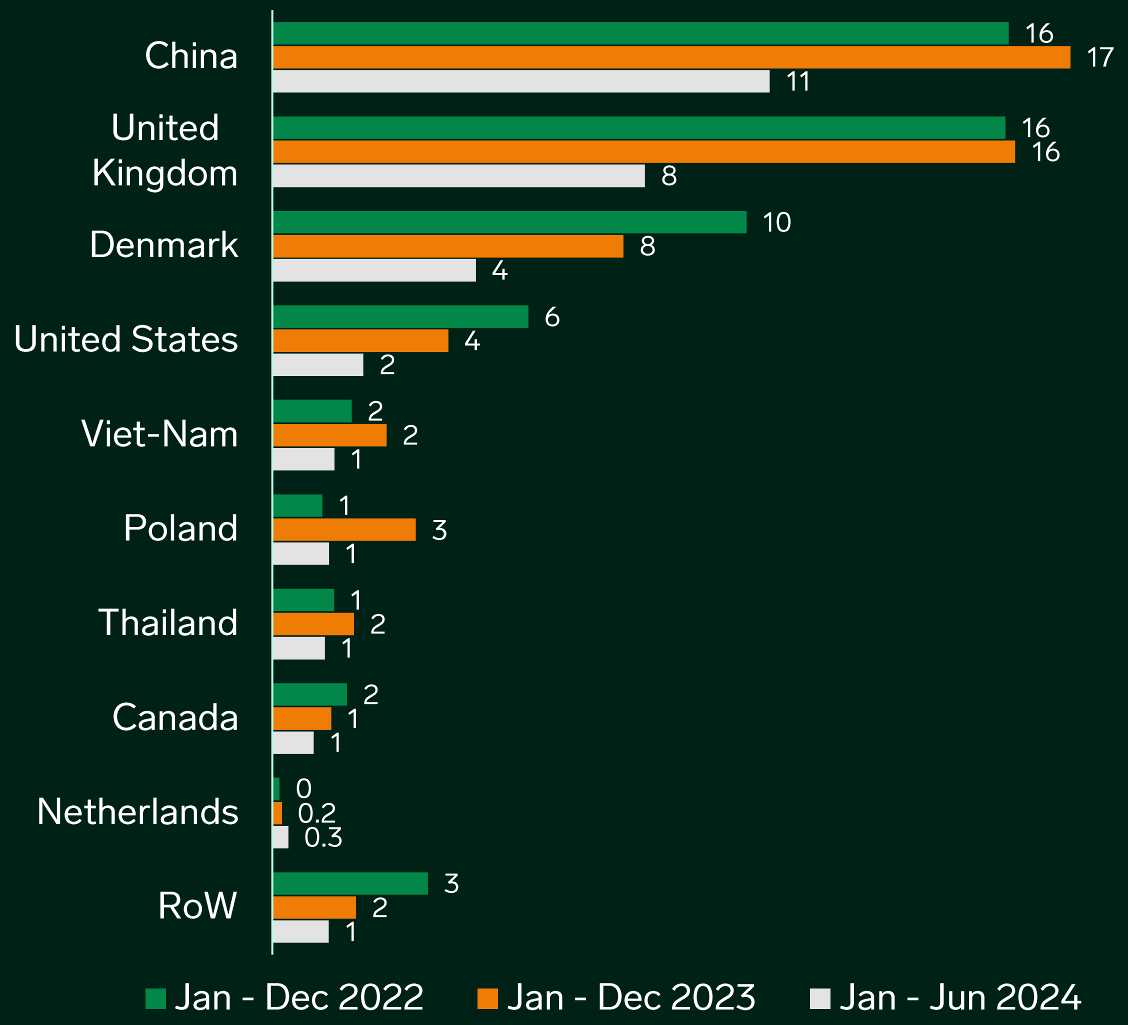


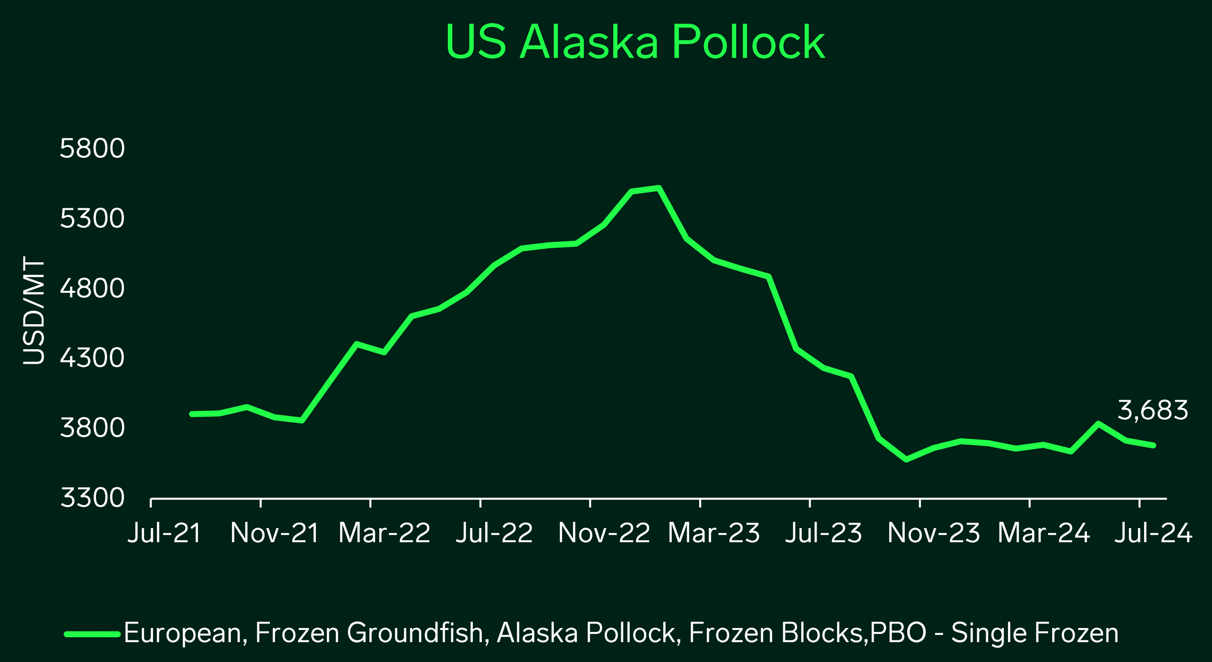
Norwegian haddock exports by product and destination

- Norwegian haddock exports during Jan-Jun 2024 accounted for 31,521 MT, representing 77% of the exports in 2023.
- Most of the exportation has been frozen (71%).
- China, the UK and Denmark remain the most important markets.

Norwegian haddock exports by destination, Jan-Dec 2022 vs Jan-Dec 2023
Jan – June 2024 (000 tonnes)

Source: Global Trade Tracker





Factors Influencing the US Alaska pollock in Europe

- **US Ban on Russian Seafood:** US ban on Russian seafood, including third-country processing, since December 2023.
- **EU Duty on Russian Products:** The EU has imposed a 13.7% duty on Russian seafood products.
- **Alaska Pollock Fishing Seasons:** The Alaska pollock “A season” runs from January to April, and the “B season” from June to October.
- **Demand Influences:** The demand for Alaska pollock may be influenced by the shortage of alternative whitefish options.

Factors Influencing the Russian pollock in Europe

- US Ban on Russian Seafood: There is a ban on Russian seafood processed in third-party countries.
- China’s Market Role: China remains the most important market for Russian seafood.
- Alternative Markets: Russian Alaska Pollock has found alternative markets in Asia, South America and Africa.
- Domestic Consumption Program: The Russian government has implemented a program to boost domestic seafood consumption

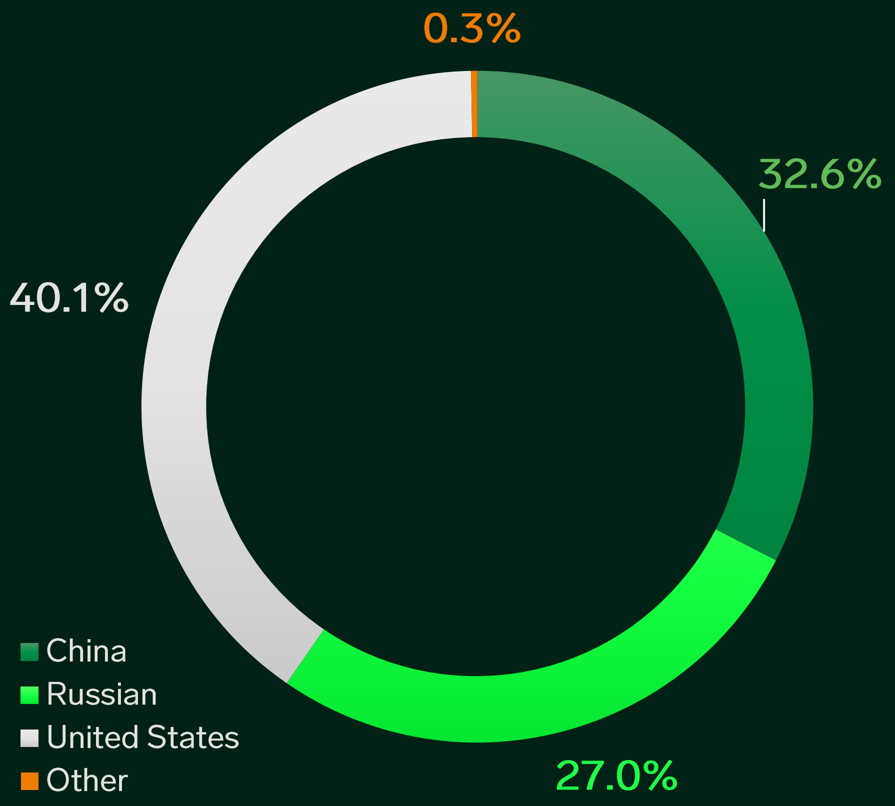
EU Imports by Export Country of Alaskan Pollock fillet, YTD 2021 to 2023(Jan-Jul) and YTD 2024*(Jan-May)

	YTD 2021		YTD 2022		YTD 2023		YTD 2024*	
Export Country	MT	%	MT	%	MT	%	MT	%
China	52,610	-31.0%	54,815	-14.5%	74,243	-39.8%	31,376	-57.7%
Russian Federation	25,720	28.7%	30,976	20.4%	30,394	-1.9%	26,052	-14.3%
United States	44,825	-10.1%	32,617	-27.2%	21,002	-35.6%	38,637	84.0%
Other	29,644	17.1%	38,113	28.6%	32,604	-14.5%	277	-99.2%
Total	152,799	-10.9%	156,521	2.4%	158,243	1.1%	96,342	-39.1%

Alaskan Pollock fillet in Europe

- **Import Decline:** The import of frozen Alaska Pollock fillets has experienced a decline of 39.1 % YTD.
- **Reason for Decrease:** This decrease can be primarily attributed to reduced imports from China and Russia.
- **Significant Decline in import from South Korea:** In 2023, the Republic of Korea accounted for 2.24% YTD imports. This year, the volume dropped dramatically to just 0.07% YTD.
- **Growth in the United States:** The United States has seen remarkable growth, with an increase of 84% YTD.

YTD 2024 Imports by Export Country of Alaskan Pollock fillet (January to May)



Source: Global Trade Tracker

Farmed salmon

Janice Schreiber

Managing Editor, Seafood

Key drivers – salmon

- Global production, decreases out of both Norway and Chile through H1
- Decrease in U.S. imports of farmed salmon from Chile
- U.S. and European Price Trends
- Retail situation in the U.S.

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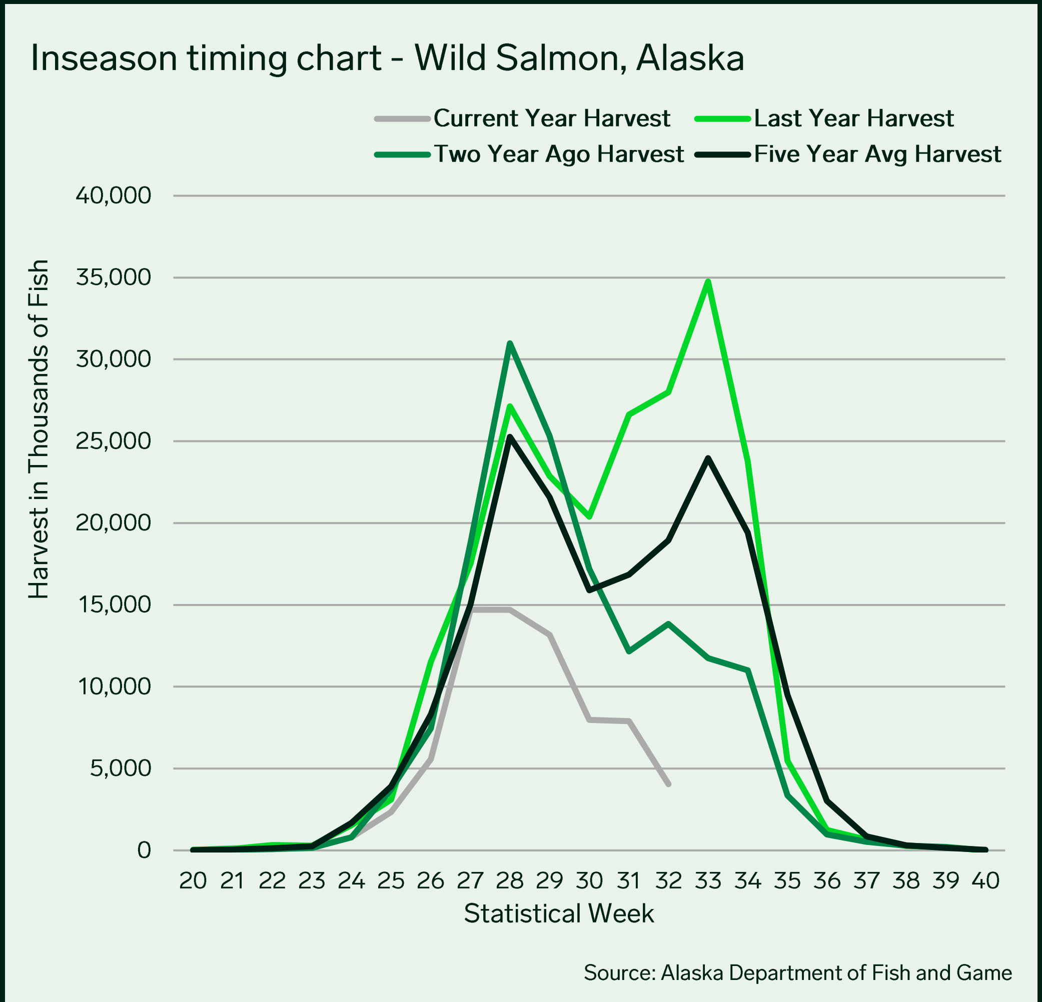
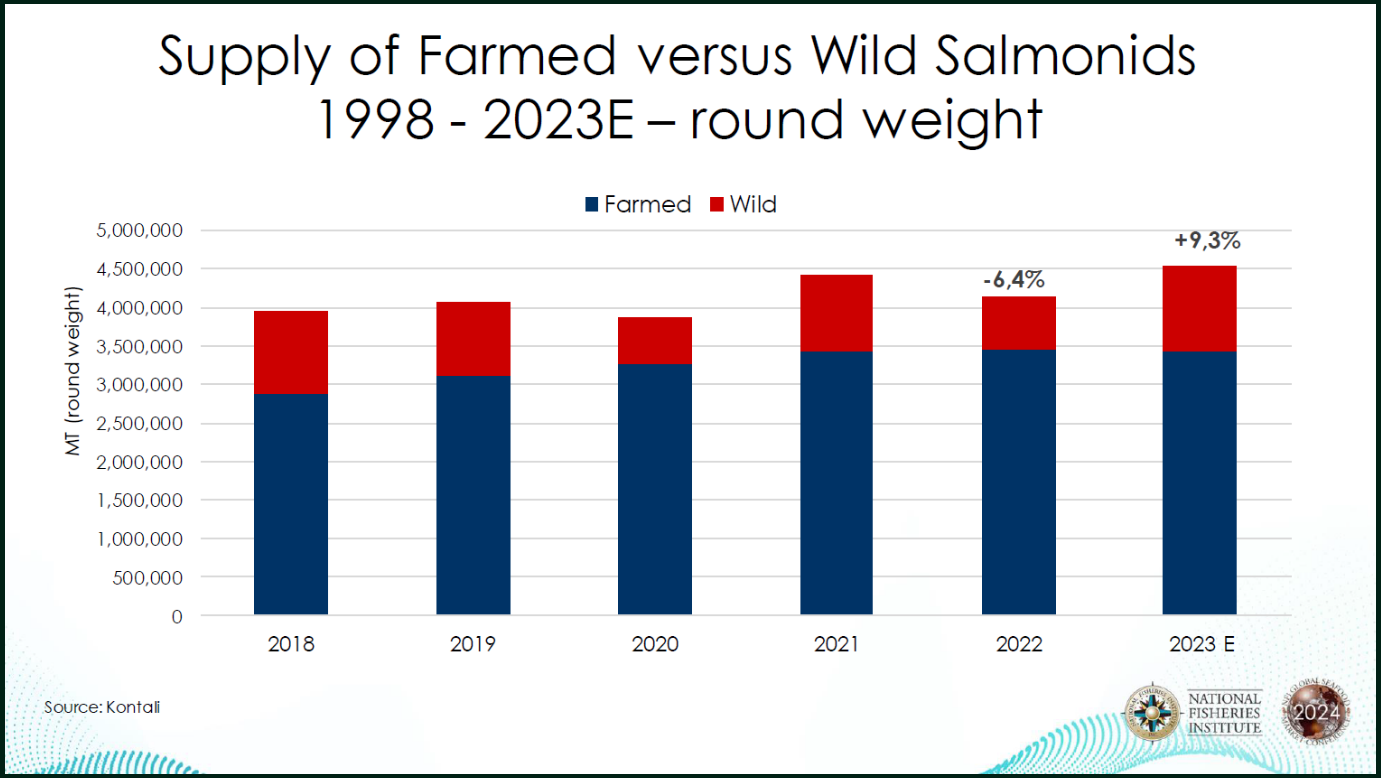
Global supply of salmon





Observations:

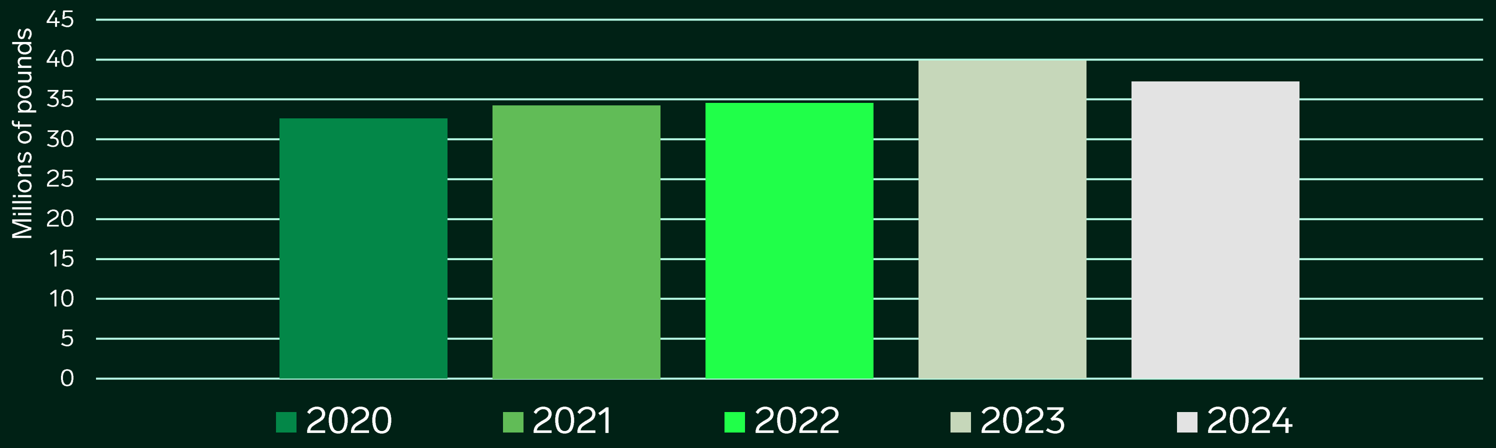
- Anticipation is global supply of salmon in 2024 will ...
- In 2023, global supply of salmon grew, but due to wild catch, not farmed salmon.

U.S. supply

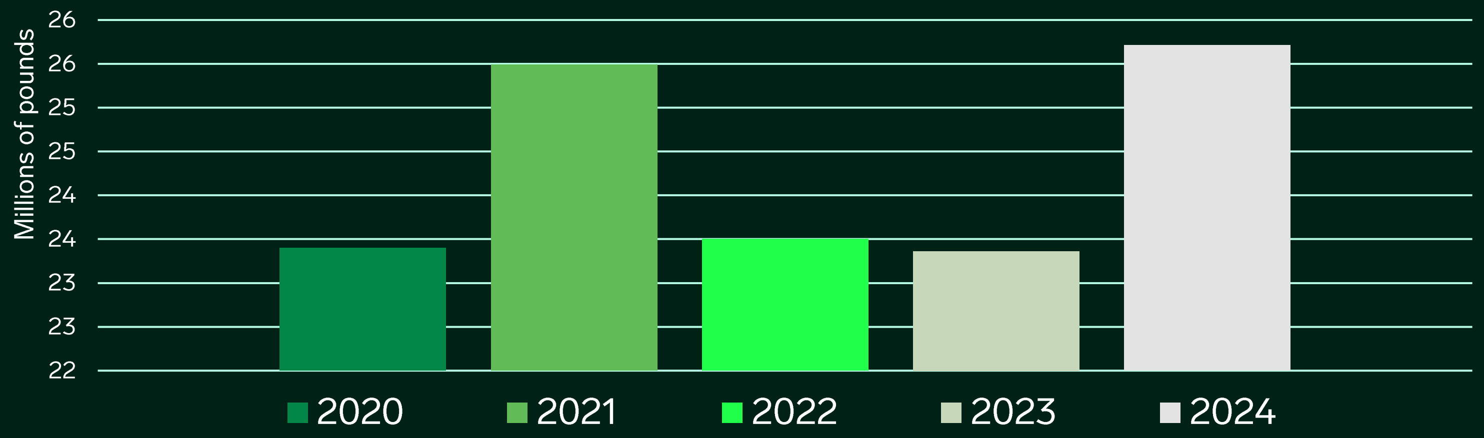
Supply:

- Fresh salmon fillet supply out of Chile, the driver in the category down 9.7 percent through H1, overall, the category is down 6.9 percent.
- Fresh whole salmon supply in contrast is up, through the first half of the year with the category driver, Canada, up 43 percent. Overall fresh whole is up 6.1 percent.

U.S. Fresh Fillet YTD Imports – Jan -Jun



U.S. Fresh Whole Fish YTD Imports – Jan -Jun



Source: U.S. Census, Expana

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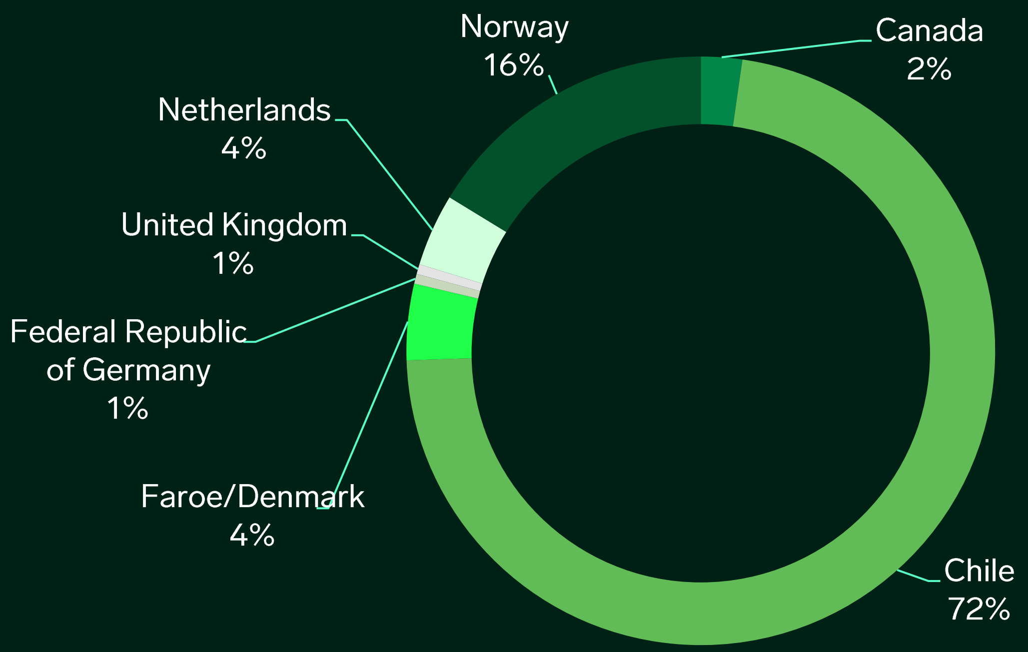
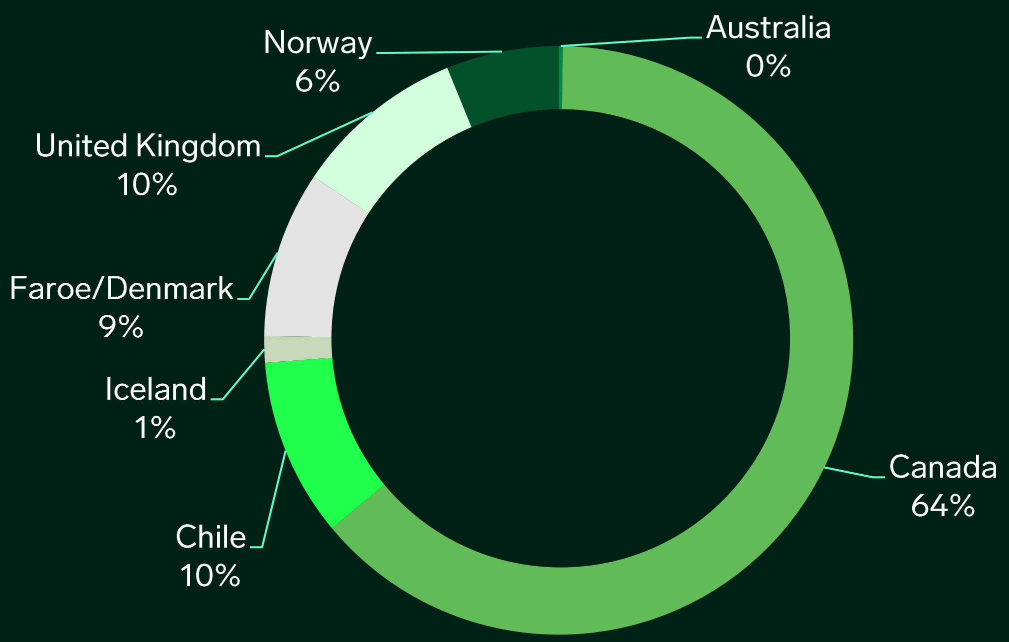
U.S. trade partners

2024 YTD Fresh Fillets



2024 YTD Fresh Whole Fish



Source: U.S. Census, Expana

Supply trends:

- Chile is the dominate supplier to the U.S. market, especially on fresh fillets.
- Although volumes of whole fish are smaller in the overall farmed salmon market, their volatility can greatly affect the marketplace.

U.S. price trends

- Relatively flat fresh Chilean fillet market, acting very seasonal
  - ➢ Currently pricing is under the 3-year average but above the 5-year average
- Headwinds earlier part of the year in Norway
  - ➢ Uncertainty remains around the Norwegian salmon tax
    - ○ Contracts were reported to be shortened
    - ○ Investment reported to be stalled
  - ➢ Winter wounds affected output of Norwegian exports
    - ○ Non-superior fish cannot leave Norway
    - ○ Imports into the U.S. market through June are down over 57 percent
- All origins out of Europe typically see another seasonal slip in August and September

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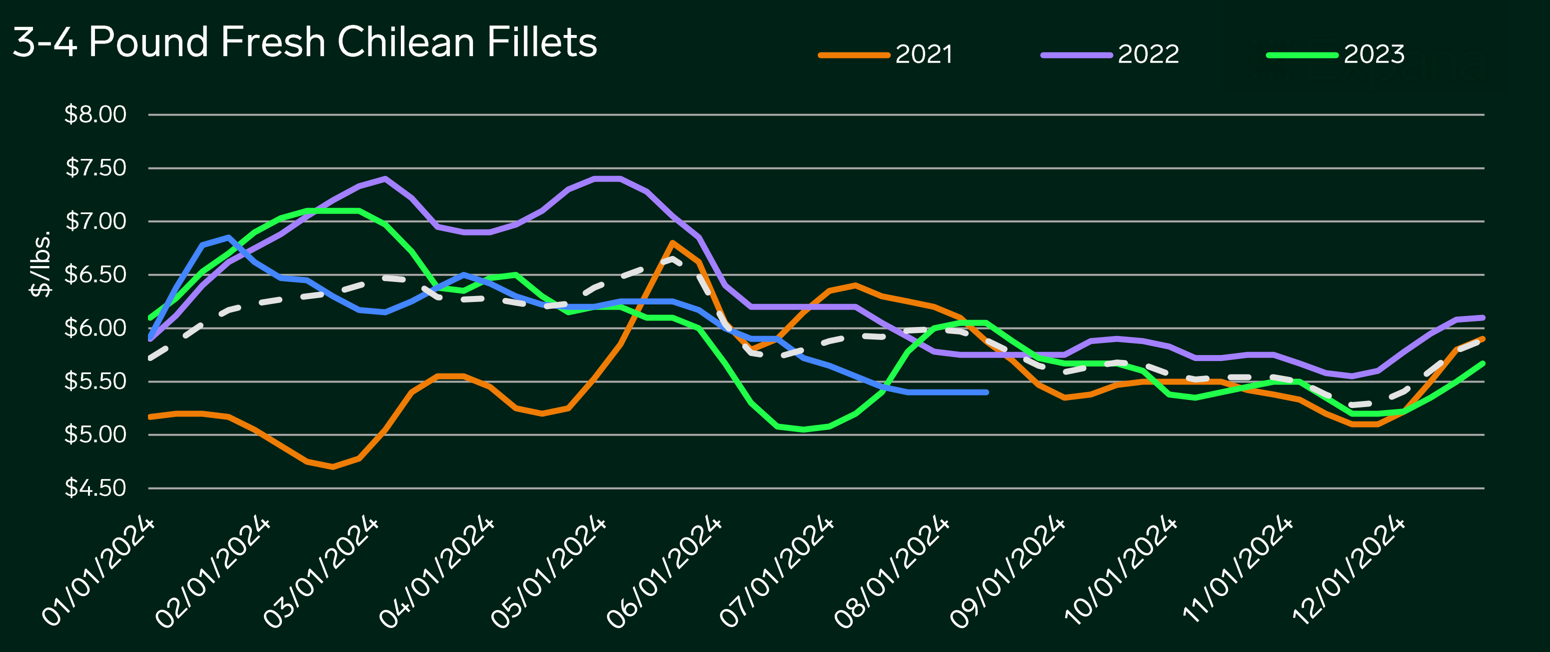
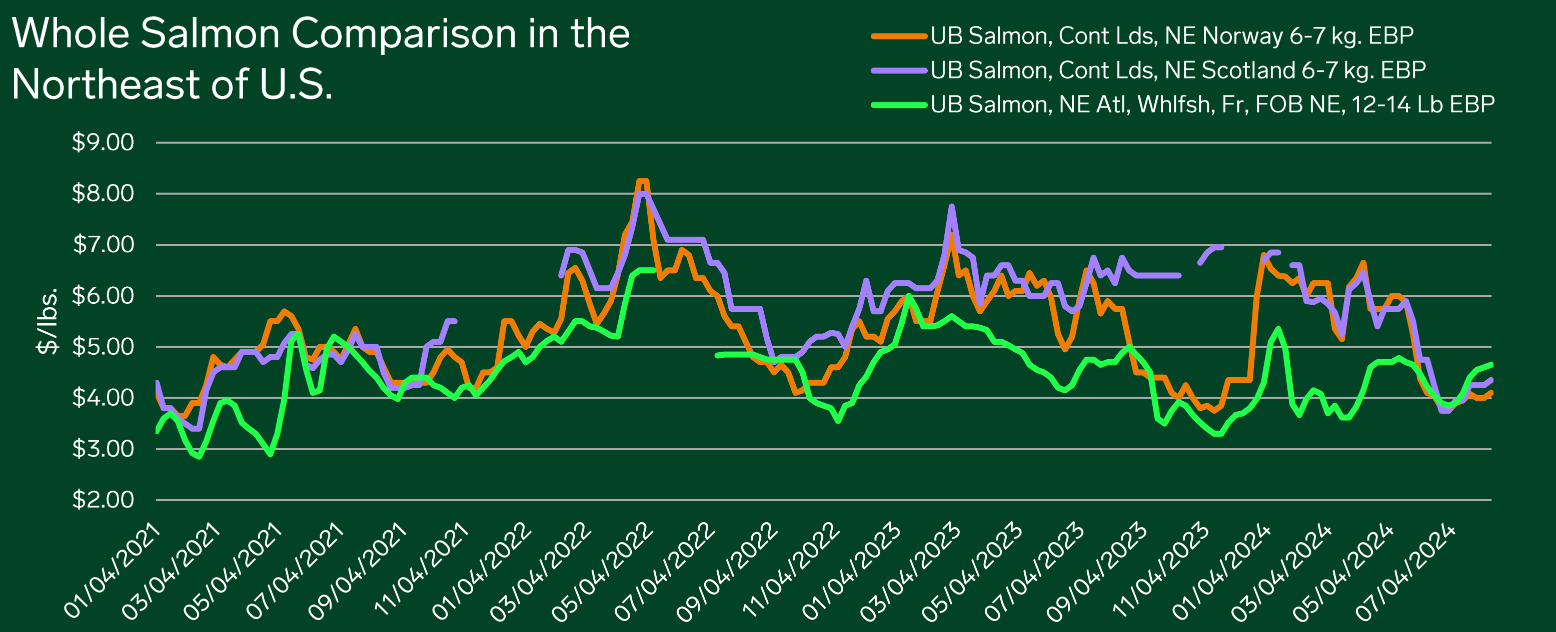
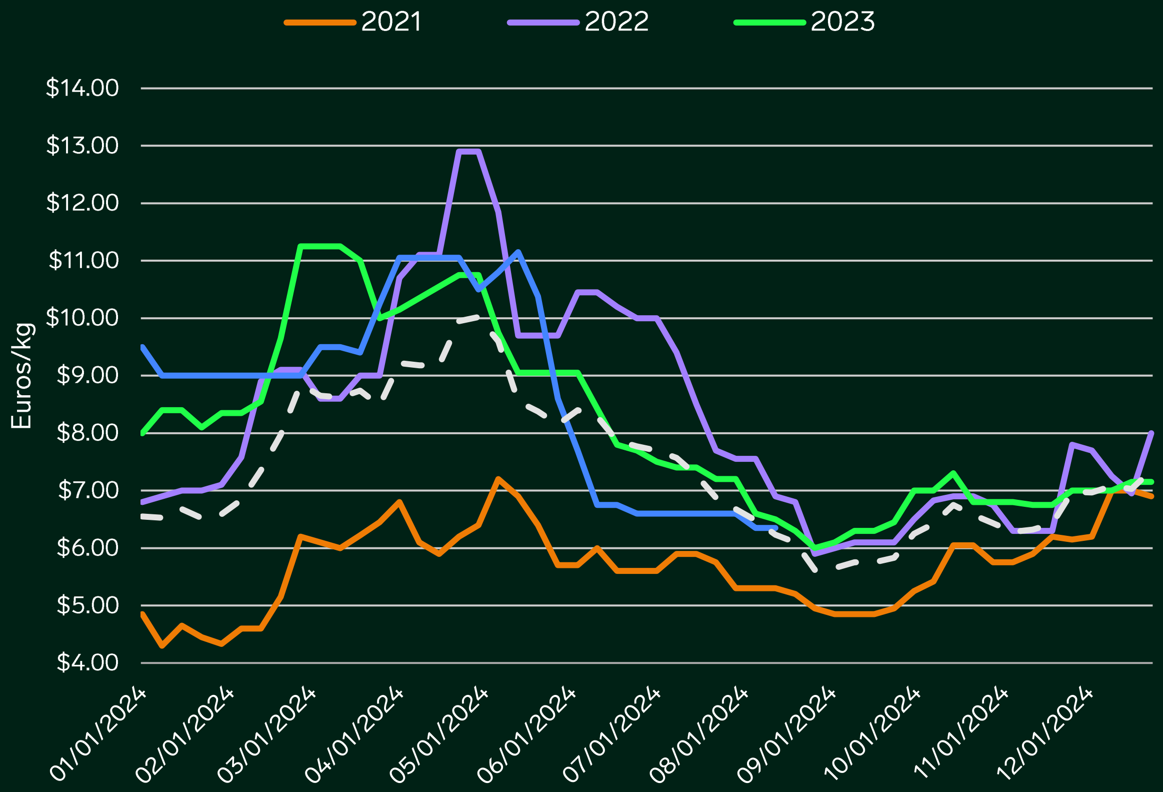




Source: Expana

European pricing and global demand

3-4 KG European Whole Salmon FOB Padborg



Source: Expana

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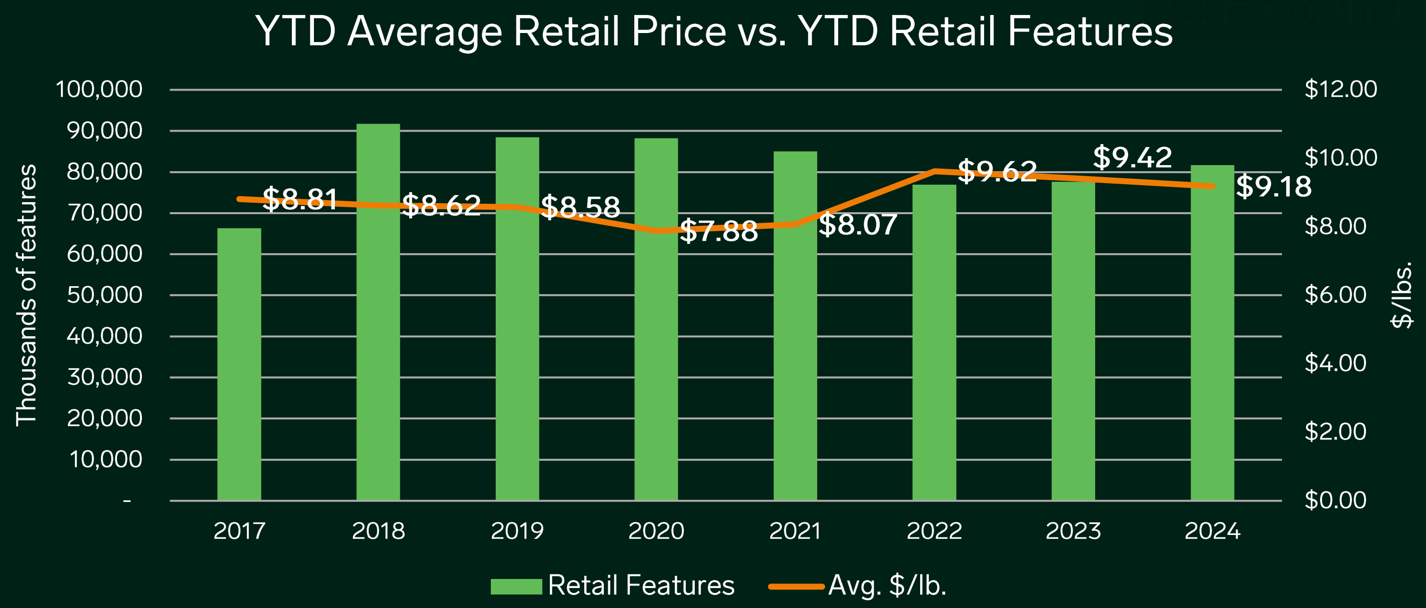
Europe looks seasonal

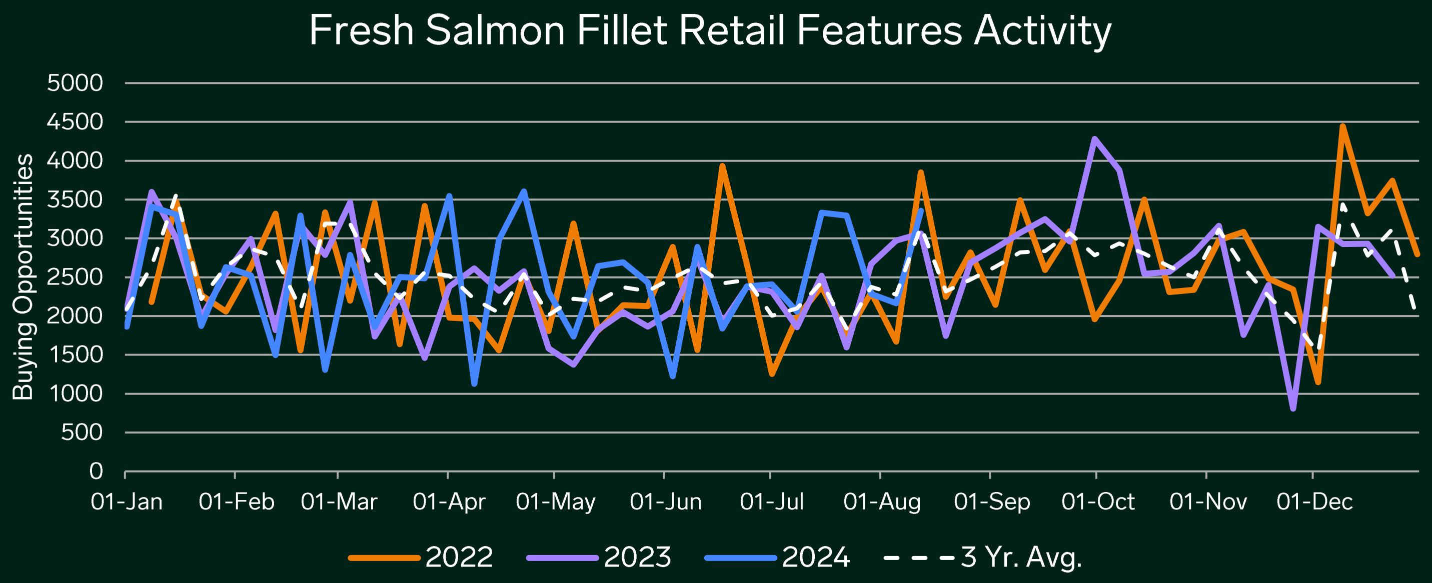
- Pricing in Europe is similar to the U.S., seasonal slowdown into June
- Volumes in August and September out of Norway can start to grow as biomass must be regulated; can cause downward pricing pressure
- Demand in Europe for salmon is present 52 weeks out of the year, but does have similar peaks to U.S. around Easter and Christmas.
- Brazil continue to be reported to be seeing good demand, reported to be active participants in the whole fish markets, especially Chilean whole fish

U.S. retail

Chilean fillets dominate at retail

- Salmon has a dominant presence at retail.
- U.S. retail demand for salmon is closely correlated to the Chilean fillet market.
- When retail does not feature salmon, the spot market is affected.
- Current pricing in 2024 for the YTD average is lower than in 2023 by 2.6 percent.
- Buying opportunities or retail features are higher YTD by 5.2 percent.





Source: Expana

Watch out factors – U.S. shrimp

- Logistical challenges
- Potential of east coast port strikes
- Higher costs for longer
- Deterioration of economy
- Continued demand destruction or sudden increase in demand

Watch out factors – European shrimp

- Consumer buying interest at year end – purchase power, perception
- Shrimp and salmon promotions – for the retail sector
- Uncertainty of Chinese demand
- Global production surplus / quotas (for cold-water shrimp)
- Ecuadorian export strategy / cooking quality
- Level of inventory / cold-storage cost

Watch out factors – whitefish

- **Quota cuts:** Potential reduction on the Norwegian cod (-31%) and haddock (16%) quota for 2025.
- **Further EU and US sanctions against Russia:** The EU does not have a full ban on Russian seafood. However, trade is allowed under a duty of 13.7%.
- **Section 301 Tariffs (U.S.):** Frequent tariff changes created instability and unpredictability in the market.
- **Rising costs:** Increased cost of freight and cold storage as well as higher replacement costs
- **U.S. wholesale prices:** Sluggish demand within the U.S. has helped to offset rising costs being passed along to consumer

Watch out factors – salmon

- Consumer buying interest waning at retail, lack of promotional activity
- Global supply of salmon down for the first half of the year out of for some major producing countries, we'll see what second half brings
- Continued volatility in the U.S. for fresh whole fish and its effect on the rest of the marketplace

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Thank you