

# Slade Gorton Monthly Market Report

## December 2017



*The Feast of the Seven Fishes is a Christmas Eve tradition among Italian-American families. The occasion has roots in Southern Italy where it was known as La Vigilia. The meal features all seafood dishes since Christian tradition requires fasting from red meat on Christmas Eve.*



# SLADE GORTON

*America's Original Seafood Family™*



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## Dreaming of a “Whitefish” Christmas

December is an odd month for us in the seafood business.

While many of our friends and family are burning up unused vacation days and strategizing holiday plans, we must look beyond the tinsel, holiday ham, Ball Drop and midnight champagne toast and set our sights on Lent.

Outside of shrimp and salmon, US consumers eat a lot of whitefish. Americans devour it at weekly Lenten fish fries in the heart of our country. Foodservice operators roll out Lenten season specials usually involving breaded fish strip baskets or sandwiches. Retailers, meanwhile, step up their game in the fresh case and fill frozen bunkers with a variety of options.

With this increase in demand there are many concerns circulating among the various whitefish markets as we look toward 2018:

USDA Catfish Inspection Program is wreaking havoc on pangasius and now Chinese catfish supplies. Expect supplies of these items to remain thin and prices high in 2018;

The US Customs Department is rolling out more stringent import guidelines for Atlantic and Pacific cod, catfish, grouper and various other species

Pacific cod supplies are also under fire from an expected cut to the Alaskan quota.

These shifts in availability are forcing whitefish users to seek alternatives. We’ve already seen this in the haddock market. Tilapia, especially at its current price point, is likely the next item to gain attention.

What’s not talked about is Icelandic cod and haddock. Slade Gorton is the premiere source of these MSC certified, 100% all natural, fresh and frozen items. There are no availability issues and we can custom harvest and process our Icelandic range for you during Lent through 2018. Our direct access to the resource means you can count on competitive steady prices year-round.

Don’t be left out in the cold! Make a New Year’s resolution to diversify your Lenten season fish offerings in 2018. Call Slade Gorton’s expert sales team at 1-800-255-1573 or at [sales@sladegorton.com](mailto:sales@sladegorton.com) to learn about our Icelandic seafood solutions.

In the meantime we wish you and your loved ones a Happy Holiday Season and a Happy and Healthy New Year! We appreciate all of your business in 2017. Here’s to a prosperous 2018.



## Catfish

**Chinese Catfish** – Implementation of the USDA’s Catfish Inspection program is delaying catfish shipments out of China, limiting inventories here in the US. Supplies of 5-7 oz fish are non-existent. We have product due into the country before the New Year but it is anyone’s guess when the USDA will clear newly received imports. Prices remain stable for the time being so it is wise to book product now to make Lenten inventories before the Chinese New Year.

**Domestic Catfish** – New fish is growing bigger than anticipated and supplies are tight on 3-5 oz and 5-7 oz fillets. However, Slade Gorton has inventory in these sizes at competitive prices and we don’t expect any supply disruptions.



## Chilean Sea Bass

The H & G market has finally stabilized and prices have actually been going up. We are seeing some shortages of prime sized, 8-15 kg Eleginoides in the market. Typically supplies are at their lightest levels during November and December and with limited prime sizes, prices could actually rise. Most sellers are still motivated to move large sized inventory 20+ kg. The Ross Sea Fishery will begin in December and we’ll see what prices are quoted in January and February. Fillets and portions have come down a bit but are also steady.





## Clams

“Super surfer” sized breaded clam strips are not available as poor weather continues to hamper production from the market’s major Atlantic clam suppliers. Inventories of non-breaded strip inventories are also closely held. Producers have had no opportunity to rebuild inventories from supply disruptions that started over the summer months. We expect to have inventory sometime after the New Year.



## Cobia

Wild Indonesian ICYBAY branded cobia portions are available in 6 ounce and 8 ounce sizes. Pricing and availability are stable. This is a good alternative to mahi and other whitefish.



## Cod

**Atlantic Cod** – The market for single and double frozen Atlantic cod is strong as we head into Christmas. Demand for Atlantic cod is higher and expected to increase since Alaska's Pacific cod supply is forecast to decline in 2018. Implementation of IUU enforcement rules starting January 1 is expected to delay availability. Fresh and frozen Icelandic cod, meanwhile, is readily available at competitive prices from the Slade Gorton team.

**Pacific Cod** – Prices for Pacific cod are on the rise for several reasons. Buyers are taking positions before the Chinese New Year to meet Lenten demand. At the same time, inventories expected to tighten because of a cut to Alaska’s Pacific cod quota for the 2018 fishing. Additionally, the January 1 implementation of IUU fishing documentation by the US Customs Dept.



## Cod (cont.)

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## Crab

**King Crab** –Weakness persists for Alaskan and Russian red king crab supplies. The Alaskan season wrapped up its fishing season on December. The fishery produced 6.6 million pounds, a 22% decline compared to last season. Demand for crab remains lackluster given its high price point.

**Dungeness Crab** – The 2017 start to the domestic West Coast Dungeness crab fishery was delayed to mid-December to allow the crabs to fill out with more meat. Slade Gorton has frozen clusters available at competitive prices. This is a great holiday item and represents the best value among the major crab items on the market in 2017.

**Opilio (Snow) Crab** – Snow crab prices are holding at record levels. Availability is limited in the US market.



## Crawfish

Chinese, Egyptian and Spanish harvesting is done for 2017. Exports to the US from China are down this year especially on meat because of an increase among large Asian retailers and restaurants to feature the product. Egyptian production this year was completely opposite of last year. This year Egyptian production consisted mostly of 10-15 count crawfish and very few 16-22s, which will produce a shortage on 16-22 Egyptian product. Keep in mind most importers have to place an entire year's worth of purchase orders in a 3-4 month window. Chinese meat exports are down a reported 70% and prices have already risen \$1.00 + per lb in the last 8 weeks. Expect supplies to be tight and prices to go higher as we head into the early part of next year.



## Frog Legs

The major supplier of frog legs to the US market received clearance from Chinese health authorities to resume exports to the US. Expectations are now for new product to make our inventory sometime after the New Year. The US market has been starved of frog legs for 6 months and prices are high as a result and there is room in this market to increase even further. We are competitively priced given these conditions.





## Grouper

**Chinese Grouper** – The market is strong and supplies are limited from the combination of Lent demand, pre-bookings before the Chinese New Year and the implementation of IUU enforcement rules on imported seafood by the US Customs Department. Order product now before inventories tighten after the New Year.

**Mexican Grouper** – The octopus fishing season concluded in December so producers are now focusing on grouper. Supplies are currently short but we expect to see fresh product available sometime after the New Year and before the fishing closes in February.



## Haddock

Decrease in haddock quotas and an increase in demand for alternative whitefish to fill Lenten season orders is putting pressure on haddock availability and prices. We suggest booking haddock prior to the New year to avoid supply disruptions as we head into 2018.



## Lobster

**Coldwater Tails:** Nova Scotia season has started up. Early indications are that catches are not what they expected but we should start to see supply of 5-20 oz. coming back into a dry market. Still, no one is offering 5-20 oz. tails without forcing meat. It is unlikely the fishery will produce enough large tails to carry inventories through next summer. There are plenty of good values to be had on meat products today but buyer beware as the mix and spec of the product dictates cheaper prices. Ask your Slade Gorton sales rep for a copy of our Lobster 101 training guide to understand the differences in specs.

**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.

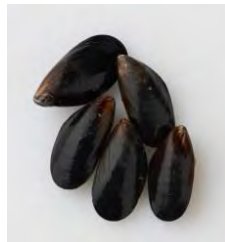
**Meat:** Prices are weak and have dropped from historically high levels. While we feel prices on meat won't drop down to where they were 4 years ago, replacement prices could continue to decline through December and January. It's best to buy week to week for now. Keep in mind that on lobster meat, there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





## Mahi

Fishing is underway in Central & South America. The Peruvian season hasn't started yet. Early indications are the harvest is up this season compared to last year. New season product hasn't reached the US market yet. We have product from 2017 readily available in stock at competitive prices. Call your Slade Gorton sales representative for more details about our mahi offerings.



## Mussels

**New Zealand:** Production out of New Zealand is steady and our prices are in line with the market.

**Chilean:** Overall production is forecast to rise 20% in with volumes exported to the US market expected to rise 10% this year.



## Octopus

Imports to the US market topped 39 million pounds through September, a record volume through nine months. Spain remains far and away the top supplier to the market followed by the Philippines. Octopus production out of the Philippines has slowed in recent weeks so we expect inventories of that product to remain thin until after the New Year.



## Oysters

**Gulf Oysters** –Supplies for fresh and frozen oysters are adequate and prices are steady. We are well supplied on half shells at competitive prices.



## Pollock

Similar to the other whitefish markets, pollock availability is tightening with the advent of the Chinese New Year and Lent pre-bookings. Additionally, a decline in Russian production and efforts to sell more pollock to Russia's domestic market is further limiting supplies.



## Salmon

**Fresh Atlantic Salmon** – The fresh salmon market is poised for a seasonal increase as we head towards Christmas. First, holiday demand is strong and the market is lacking prime sized 2-3 lb and 3-4 lb sized fillets. This is mostly because the size of farmed salmon out of Chile is running large and these bigger fish are getting diverted to alternative markets like Asia and the EU. Secondly, Chile had a robust fruit season and airborne shipments of Chilean fruit have limited freight capacity for salmon producers to export fish out of the country.

**Frozen Atlantic Salmon** – There are little changes to report in the frozen salmon market. Most orders for 2018 programs are booked. There is not a lot of frozen inventory on hand in the US market. It does appear frozen production is in line with demand. Prices are steady.





## Scallops

**Domestic** – Atlantic scallop production is in seasonal decline. Boats have already used over half of their days at sea allocations. Harvest volumes have reached their annual projections. Prices are rising given the downturn to domestic production but the market is still trending near historical lows since prices at auction bottomed out from production gluts over the summer.

**Japanese** – The Hokkaido scallop season in the Sea of Okhotsk concluded with production up 16% from 2016 levels. The Japanese market is expected to consume a majority of the harvest. Production is forecast to rebound again in 2018

**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 21-25s, 26-30s and 31-40s. We also have inventories for 71-90s. The market is steady as we approach the busy Christmas season. It appears record levels of shrimp reaching the US market in 2017 is in balance with market needs.

**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.



## Shrimp (cont)

**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.



## Snapper

**Snapper** – Sustainability initiatives in Indonesia continue to make natural cut snapper fillets difficult to obtain, which is causing prices to increase. Our Gold Band snapper is a great market alternative, ask your Slade Gorton sales representative for options.

**Hog Snapper** – Natural fillets and butterfly cuts now in stock. Season will run until February. We are noting a limitation on fresh 1-2 sized fish from the implementation of a new state law in Florida.



## 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. We are well supplied on 5-8's at competitive prices.

**Totarodes** – 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. Imports are down 44 million pounds through October 2017 compared to last year. Imports in September and October combined for 18 million pounds, which was down 165% from October 2016 figures. The market is up sharply to historical highs in December. We have product inbound that should be available in the market sometime after the New Year. However, it appears issues with the USDA will continue into 2018.



## Swordfish

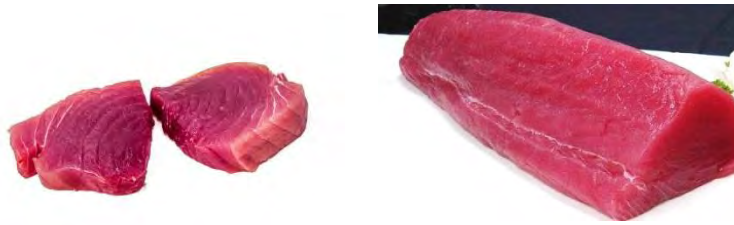
The Costa Rican fishing season is officially over. We have good inventories on frozen steaks and loins with competitive pricing.



## Tilapia

We are well supplied on frozen tilapia and the market is favorably priced in a very competitive whitefish market. This is the best pangasius alternative on price point. We suggest booking orders now for Lent and ahead of the Chinese New Year.





## 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. We are competitively priced for the market.

