

Gordon Food Service Market Updates

Seafood | Finfish

Cod, Alaskan 1x:

The supply of the big stocks of wild whitefish are set to remain stable for 2020, lifting by less than 1% according to the forecast from the Ground fish Forum in October 2019. For Pacific cod the forum forecast has the total supply at 365,000 t in 2020 down from 387,000t. For now costs are stable with good supply for the 2020 Lenten season. Note the Gulf of Alaska is completely closed in Federal waters for this season but the Bering Sea and the Aleutian Islands are still active fisheries . Overall this has driven a decline in Canadian and US landings from 185,000t to 158,000t as well

Cod, Atlantic 1x:

The 1x frozen Atl.cod loins from Canada are now available with plenty of supply. Costs remain elevated over last year but are still a good value compared to other Countries of Origin for both quality and cost This could change come spring 2020 if new science indicates a change in the stock assessment as the formal quota announcement will be end of March 2020. In June ICES (Exploration of the Sea) advised the cod quota in the Barents Sea for 2020 to be set at a level 2% higher than it's advised level for 2019 of 674,678 t. At 689,672 t, in 2020 advise comes in at 5% lower than the total allowable catch for 2019 set by the Norwegians and Russians of 725,000 t. In general the total supply of A cod is forecast to rise slightly from 1.131 m tons in 2019 to 1.132 m t . For Now Limson has supply on all sizes of Russian fillets for Lent .

Cod, Atlantic 2x:

Pricing will remain firm into the Spring and could soften as we head into late Spring / Summer depending on how productions goes after Chinese New Year and Lent . We have seen an increase in Cod sales but Inventory levels remain healthy.

Cod, Pacific 2x:

2X Frozen Cod remains firm cost with adequate supply.

Pollock, Atlantic 1x:

The overall Pollock supply for 2020 is expected to remain relatively stable. Note Lenten needs have already been secured for 2020 out of Alaska. The forecast at the ground fish forum for the US supply of Alaskan pollock for 2020 is 1.528 million metric tons, down from 1.552 m t in 2019. Note fillet prices for larger sizes are expected to increase as supply on these sizes is more limited.

Pollock, Pacific 2x:

All of the Lenten needs have been secured and will remain strong through the holiday into early Summer. Pricing is expected to be steady through Spring. Wild Pollock will increase in demand as a high-protein variant. The anticipated increase in demand has many suppliers looking to become vertically integrated to reduce costs, and gain more control over the supply chain.

Haddock:

The tariff for haddock was rescinded in Dec as petitioned by several members of the National Fisheries Institute. In the fall there was a lack of product being imported in case the tariff was to be increased resulting in a shortage now on raw material in Asia, as we progress through Chinese New Year. As a result there is a severe lack of supply for processing once production resumes in China. Supply will not increase more for Lent and this lack of inventory is expected at least through April / May until raw material can be exported to China, processed and returned to the states. For now expect prices to be firm. For haddock out of Norway and Russia the TAC (Total Allowable Catch) for 2020 is up 25% from 2019.

Domestic Lake Fish:

Yellow Lake perch on all sizes remains under pressure at this time with limited to no supply. Most sizes are hand to mouth and will be allocated out based on inventory. The fall fishery did not produce the fish as was hoped for, so to date we are struggling to get small amounts of fish for sale. This will continue through the spring and possibly into next year's season as well. Walleye costs saw some softening at the end of 2019 but a few items have started to increase on cost as of late. Supply is

plentiful at this time on the prime sizes while the 2/4 and 14 ups (outliers) have been harder to come buy with firming costs. The fall Whitefish season did not materialize as expected either. High winds and poor weather overall hampered fishermen's efforts and supply came up short. Even with these stressors Limson has supply until new season in June. Dressed smelt is short as the domestic raw material product was extremely limited on supply, so much so there is a shortage of the battered as well. Limson is working on securing more product but the resource is limited and costs are firm. This fish in general is under stress and some are not sure if this will be a viable offering in the future. The Canadian blue gill continues to be a struggle as catches and supply have come up short. What is being offered is minimal but firm on cost. The next best option is the same species but produced out of China.

Euro Lake Fish & Zander:

The European supply on zander, pike perch and euro perch is primed for Lent. Limson is covered on all sizes for this time frame. Costs are expected to remain stable as well. This is a lower cost option to the domestic product and eats comparatively

Mahi Mahi:

Mahi Mahi has been secured from the 2019 fall season and Limson has supply for Lent on all sizes. South America yielded mostly smaller fish initially in the 4 oz range at a value in comparison to the larger 6 and 8 oz portions. Prices overall have moderated closer to 2013 levels and are now a better value option for Lenten menus. Larger fish were harder to secure and 8 oz are starting to demand a premium compared to other sizes.

Frozen Tuna, Swordfish :

Vietnam - Peak season is going on in Vietnam now. Most boats set out after the Tet Holiday/ Chinese New Year, we expect prices to remain stable but we will not have any indication until they come back and the landings are in. There is a current shortage in the market of loins and by-products but Limson has supply on all sizes. Indonesia - There are regular Tuna landings now throughout all of Indonesia. There is still a glut in the market on Saku Tuna Blocks which affects production on other product forms overseas. We are not sourcing Tuna outside of Indonesia and Vietnam as we find they have the best quality with the highest food safety

standards. Swordfish is a bycatch of Tuna in Asia, peak season is in Vietnam now and there should be more availability soon. To date there are no offers on Swordfish from Ecuador yet due to Mahi season being in full effect.

Swai:

By the end of 2018, inventory levels were high and costs were as well with the impending USDA catfish program. This change was handled well by the USDA overall and the big producers in Asia were deemed equivalent with few setbacks and no stoppages of supply. As a result the market went into a tail spin with excess inventory and falling prices. For the bulk of 2019 costs have been soft as many are still working to clear up older inventory. There will need to be a price correction soon as the farmers also need mins. to operate and at current market levels that is an issue. For the US, demand has fallen off but has picked up significantly from Vietnam into China. Note; The US is expected to see 40% less imports of swai YOY.

Tilapia:

Tilapia, once a big mover for the foodservice sector has seen diminished sales over the last year where imports have decreased. This commodity was included in the tariff war but many think Tilapia in general has gotten some bad press over the last few years based on the public perception. Some experts at the Global Seafood Conference cite a potential turnaround not only how the fish is perceived but due to the recent signing of "Phase One" of the treaty to resolve the trade war, we may see demand for tilapia turnaround. As such, global production of tilapia is estimated to increase from 6.5 million MT in 2019 to 6.8 million MT this year. The increase in supply should continue to keep prices flat and put this item back on the menu of many foodservice establishments.

Seafood | Shrimp

Pond stocking in India / Indonesia are currently happening with an expected harvest season from April through July. Pricing will remain firm until we can identify the outcome of the upcoming harvest season.

Imported Black Tiger:

The seafood industry reports stable pricing on Tigers, however demand has been

moving over to White shrimp, Winter harvest for Tigers out of Indonesia is finishing up and seeing good supply on larger shrimp while the smaller sizes are tighter causing delayed shipments and an increase in pricing.

Imported White:

We are coming coming up to the main harvesting season (April-July) out of India and Indonesia. Inventory levels overall remain strong while pricing has firmed some as the Winter harvest did not produce to expectations on all sizes.

Latin White:

Prices have firmed due to limited supply.

Domestic White & Brown:

The current catch is coming up short on the large-size shrimp which is putting a lot of pressure on availability and price.

Domestic PUD:

Smaller PUDs are becoming tight and driving up prices, as they have been pushed into the Gulf of Mexico with the influx of water coming out of the Mississippi River.

Domestic Rock & Pink:

Rock shrimp production in both the US and Mexico was a bust this past year. Virtually no inventory and very high prices. Domestic rock season starts again July/Aug while Mexico is in Nov/Dec.

Seafood | Lobster

North Atlantic:

To date poor weather and a late summer with cooler temperatures have resulted in very poor landings out of Maine and this issue persists where tails are reported to be down as much as 16.5 % at best but are waiting on final figures. Nova Scotia offered minimal relief as well and due to lack of supply on tails costs rose sharply in a short period of time. Meat is also very short with limited offerings overall for CK, CK broken, CKL and leg body meat. Since the bulk of meat products are produced in

the spring Canadian season, inventory is expected to be tight through that time frame. The market for all sizes of North American lobster tails has traded into record high territory on price since last fall. Note: Over the last two weeks it appears most small to medium sized tails have taken a price adjustment downward. Per UB: Market values continue to ease; today a discount was reflected in the market for 4 through 7-8 oz. tails. Reports continue to suggest that there still isn't much of an inventory of larger tails, but processors gained access to raw material and the impact of the Coronavirus has turned this once frenzied market cautious.

Warm Water:

The WW tail market continues to be firm. Costs have been increasing since the hurricane in the Bahamas but have now leveled off. With elevated costs on N Atlantic's the WW tails although high on cost, are still a better value in comparison. We expect to be able to meet all of the WW tails needs from other countries but the unknown is at what price level this might be. Per Urner Barry: Fourth quarter imports of warm water lobster tails totaled 4.184 million pounds, a 5.6 percent decline from Q4 2018. Individually, shipments from the Bahamas (-25.5%) and Honduras (-7.4%) were lower, while Brazil (+9.8%) and Nicaragua (10.7%) shipped more. The 2019 annual total, at 11.529 million pounds, is 7.4 percent fewer than the prior year. The import flow was disrupted by the Bahamas and Honduras, who shipped 17.3 and 20 percent less.

Seafood | Crab

Snow Crab:

The market out of Canada for snow crab has been firm since the end of August on all sizes. For most of the season, larger snow crab, in particular, was seeing thinning supplies, but market participants report that all sizes are moving quickly and supplies are growing tighter with limited offerings. On 8 ups year over year sales are up by 20% but since November sales are up 112% and cannot continue to be sustained. Current product is of Russian origin and is limited in supply. **At current usage there will be a gap in supply until Alaska has options and/or Quebec start early.** Alaska announced a 24 percent quota increase last fall for snow crab, however, minimal product has reached the lower 48 to date but is due in the next few weeks, where the 5/8 size is expected to be the prominent offering. If Quebec is

allowed to start fishing in March there is a possibility we could have dual fishing at that time out of Canada and Alaska and there was some hope that this might drive the cost of product down. This remains to be seen. A bigger issue that could present itself this season is the presence of right whales in the gulf. Quebec is hoping they can get a jump on their region and catch a good portion of their quota prior to any right whales being sighted. Overall, supply is very tight and supplies on all sizes are limited with firm costs.

King Crab:

Both Russian red and golden king crab is seeing upward pricing pressure on all sizes, in particular on reds on the larger count sizes. This pricing pressure is coming about even with imports out of Russia, specifically on red and blue king crab, which are higher year-to-date (YTD). Red king crab out of Russia is up 13.5 percent through August and Blue king crab (which is typically sold in the U.S. as a red king crab equivalent) is up 144.6 percent out of Russia. Imports of golden king crab out of Russia are actually down 12.5 percent. However, Alaska's Western Aleutian Islands Golden king crab fishery has a quota of almost 2.6 million pounds, with roughly 1.6 million pounds harvested so far, the need and demand for king crab in the U.S. had some assistance. In general costs are firm and supply has been guarded.

Red Swimming Crab:

Blue Swimming Crab:

Seafood | Scallops

Scallop costs started to uptick at the end of the year. Costs typically increase month over month until the season resumes come spring. Preliminary review of the 2020/2021 scallop biomass shows good juvenile population with total quota amounts expected to be similar to this year's expected 60m pound range. Note that larger sizes this season are expected to be shorter compared to the more prominent 20-30 ct sizes

Chinese Flounder and Ocean Perch:

Ocean Perch raw material was coming up short delaying shipments and firming up costs.

Seafood | Salmon

Norwegian Salmon:

Demand is outpacing supply on the global market for Salmon but we are covered through Lent on both Chilean and Norwegian. Salmon has seen growth of 5% every year for the last three years. This increasing demand might start to hit a ceiling in 2025 where there could be a gap in overall production leading to increased costs of goods ultimately resulting in a volume drop. The hopes for land based aquaculture to aid in supply are expected to be limited at best until 2030 so to date the US is import dependent where the bulk of salmon sold in retail and FS is the farmed Atlantic variety. The holiday season and adverse weather out of Norway have impacted current supply but costs are expected to level out as harvest begins to pick up the next few weeks. Note cost is also dependent on the current exchange. For Chile the political unrest has diminished some but Chile needs to continue to support the social changes coming their way. What we need to focus on is the health benefits of eating all kinds of salmon that is high in Omega 3s and B vitamins.

Chilean Salmon:

There will be good volume this year on Chilean salmon, however, there is concern due to sea lice which was already at record levels when heading into the summer season. Stronger government regulations are being implemented and will lead to higher production cost. Also, with the focus on new farming areas there are higher logistical costs.