

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. 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. Currently Limson has plenty of supply in the 8/16 oz size.

Cod, Atlantic 1x:

The 1x frozen Atl.cod loins from Canada are now being offered from the new 2020 season. Costs have yet to be formally determined. For Russian and Norwegian Cod **Per Undercurrent News:** The International Council for exploration of the Sea (ICES) has recommended that the cod catches in the Berents Seas are set at 885,600 MT in 2021. ICES advised the cod quota in the Beren's Sea for 2021 be set at a level 28% higher than the level that was advised last June for 2020 of 689, 672, MT

Cod, Atlantic 2x:

Pricing has begun to soften as demand has dropped off on orders overseas. As orders begin to pick up you will see a rise in cost come fall. Inventory levels remain healthy.

Cod, Pacific 2x:

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Pollock, Atlantic 1x:

The overall Pollock supply for 2020 is expected to remain relatively stable. The forecast at the ground fishforum 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 are more limited. As the B season resumes at the end of June we do not expect any interruptions in supply as costs should level out and be more stable.

Pollock, Pacific 2x:

Inventory will remain strong through Summer and into fall. Will see pricing soften through the summer as orders overseas have dried up causing plants to slow and raw material prices to fall. 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:

Per Undercurrent News: For haddock ICES is advising the TAC be lifted 8% for 2121 to 232,537 MT relative to the advise of 215,000 MT for 2020. Norway and Russia followed Ices advise for it's 2020 quota setting it at 215,000MT.

Domestic Lake Fish:

As we progress in the summer season the landings of perch have been minimal at best. Originally there was concern that this market could crash with no demand but to date the fishing is so poor on this species they cannot catch enough to make a difference. Costs remain elevated and taking walleye with perch purchases is still an issue when they are available for sale. For now walleye is plentiful and costs are softening especially on the larger sizes. The availability of smelt is limited due to an overall shortage of the product. The season for smelt does not start until the end of June so that is when prime fishing will happen. We are hoping to be able to obtain more product during that time however have heard there is potential the product will continue to be short. Prime fishing was missed for white perch due to the virus causing there to be a shortage of the product. White perch is not expected to be available until the end of July or early August when fishing picks back up. New season whitefish is expected to be available shortly but costs have not been confirmed.

Euro Lake Fish & Zander:

The European supply on zander ,pike perch and euro perch has been more than adequate to date with no interruptions in supply . Limson is covered on all sizes at this time. Costs are expected to remain stable for now as demand has been adequate for reduced Food Service sales. For late summer, fall orders we did expect a softening on cost purely due to the current exchange but that was short lived as of late with the dollar adjusting recently and increasing cost of goods. Note 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 on all sizes. Costs remain stable for limited demand in Food Service. The S American season does not resume until October. To date there has been minimal supply out of Asia due to the virus. Note we have 4,6 and 8 oz portions that are vacuum packed and can be a great option for retail applications if sold as eaches. **We also have 1-4 oz pieces that are currently sold as a cheap option for taco applications and such and are currently at a reduced cost.**

Frozen Tuna, Swordfish :

As of late costs have remained stable with little demand. Limson has plenty of supply on all sizes and offerings from steak to saku to swordfish all in IVP packaging for retail sales as well. Vietnam 50/60% of the fleet has gone out to sea but the rest are staying in port because prices are low compared to last season. Indonesia - The country is still slow to recover because of COVID-19 which has negatively impacted in country transportation. They are getting more aggressive on their pricing to try and move product but the lack of demand has made this a difficult task. SWORDFISH Asia - Sword is a bycatch of Tuna. Since few boats are going out for Tuna, raw material for Sword is very tight so prices remain the same. Ecuador - COVID-19 is an issue here so catches are limited.

Swai:

In Vietnam the government has started to ease social distancing in a few cities. The suppliers team is back to work full time and has returned to offices but with caution. Small businesses are allowed to reopen and if the situation maintains as it is, Vietnam might get back to normal mid May. Raw material (RM) pricing is believed to be at the bottom in the past few weeks and farmers have been losing money at this

current price. Some reduced farming quantity or switch to farm a different species, which will lead to RM shortage later this year. On top of that, farmers were reluctant to start new crops due to high level of uncertainty in global demand since the beginning of the pandemic. Therefore, shortage will most likely occur in Q3 and Q4 this year and might even last until next year if farmers' mentality does not change. Right now, farmers refuse to drop RM pricing further as they are waiting for China's recovery from COVID-19. In fact, demand from China showed minor sign of recovery this month. We forecast its demand will be back to its normal level around June. Once it happens, RM price most likely will face upward pressure.

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 has and is happening but at a reduction (40-50%) due to the COVID-19 pandemic and recent storms in parts of India. They are having hard time getting Brood Stock as international flights are very limited right now. In the short term you may see some good pricing in the market as people are trying to move off old or excess inventory. This will have a larger impact come late summer into fall as this will limit the inventory availability which would cause increased pricing. Current shortages in the market are easy peel, cooked shrimp and smaller sizes on raw PD and PD tail-on as we have seen an uptick in retail and delayed shipments from overseas.

Imported Black Tiger:

Production out of Indonesia has been slow and steady without any shut downs. The packers are backed up with excessive orders (for over 6 months in most cases) and most buyers have experienced extensive shipment delays causing current shrimp shortages in the US. Raw material prices there are escalating even at much higher pace than in India and packers are taking major losses as order dates are back from January and February 2020. Packers are also handicapped and are not in position to take any new orders until they put some dent in their existing order book. Indonesia will continue to struggle through late 2020 when their season starts in Dec. However, they are expected to continue shipping at a steady pace, but at lower volume levels than normal.

Imported White:

We will see a rising market through summer and into fall as shortages continue to develop with the uptick in demand for both retail and food service. Normal harvesting has been disrupted as farmers panic harvested in March and April. Many farmers have reseeded but at 40-50% due to limited raw material. The next harvest is expected in September with a limited crop availability. Presently there is raw material available, but the cost is escalating as packers are bidding out on each other in a race to fill their existing orders as their margin are shrinking day by day.

Latin White:

Prices have firmed due to limited supply,

Domestic White & Brown:

The spring season starts mid April to early May but has been delayed due to the COVID-19 impact. Boats are being delayed as overall demand is down and cold storage is filling up. You may see some good deals on pricing prior to the market opening up as people will be looking to move inventory out of cold storage. Retail continues to spike on 16/20 and 21/25 which has driven up pricing on those sizes across the market.

Domestic PUD:

Smaller PUDs are now very tight in the market and driving up prices until the current season brings in new landings. We have seen a delay on production as only 25-30% of boats have gone out in recent weeks.

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.

Seafood | Lobster

North Atlantic:

The lobster market has been heavily impacted by COVID-19. Most items (tails and meat) in the past were heavy in Food Service so demand has dropped off significantly in this sector. As a result, prices have been reduced over the last few weeks but with minimal demand it has had limited effect. The spring lobster fishery is soon coming to a close out of Canada. It also has been reported that landings have dropped off recently. The fishermen were also noted to limit the catch being brought to the wharf due to the lower production capacity in the plants this year due to Covid-19 restrictions. With very active demand from retail since the start of the season, prices have started to strengthen just recently as we now await the start of the Maine season. Per UB The market finds itself in a curious spot; demand for tails is robust and processors are unable to meet full needs, but the market remains weak. The limit on labor is hampering the ability to process, thereby pushing the cost of raw material lower. Meanwhile, meat demand is still limited, and that market continues to erode, but the lack of leg production is narrowing the spread between CK and CKL products.

Warm Water:

The WW tail market as for the N Atl market has decreased in demand for the Food Service sector. To date we have supply on all sizes as the new season arrivals are due in July but the price offering has not been settled upon. Reports indicate the plants are social distancing to maintain production and that Brazil and Belize are not having any issues getting product processed. This year they seem to be mirroring the N Atl Market to capture their share of the market based on cost. However...

there has been increased demand in the retail sector that has driven movement. As travel, cruises etc have been limited and the big parks remain closed or limited, many have chosen to use their disposable income on what in other years has been a pricy product. Enhanced unemployment, PPP dollars etc has made this market extremely active and is making up for losses in Food Service sales.

Seafood | Crab

Snow Crab:

The news regarding Canadian snow crab has not gotten any better; in fact it got worse. The snow crab fishery is over 85% caught in the Gulf as the season starts to draw to a close with prices increasing almost daily. The DFO continues to monitor right whale sightings in the Gulf and as soon as one is seen, the grid is temporarily closed. However, if there are continuous sightings in the same area, the grid is closed for the entire season or until November 20. What makes this situation so volatile? For one, the TAC for the Gulf was down this year from last. Second, as of June 1, the DFO has already closed nearly 3,000 square kilometers for fishing for the remainder of the season. Continued grid closures have had immediate impacts on pricing with more closures this week. Significantly, more in comparison to last year. More importantly, a significant portion of the large sized crabs come from this region, reducing the amount of 8/+ 's and larger that are available. This has placed the burden of catching large crabs squarely on the backs of Newfoundland/Labrador, which has its own set of problems. However, word out of this area indicates that the predominant size is 5/8's, with fewer of the large crab being caught. Currently, we are facing a shortage of product, regardless of the fishery, putting upward pressure on prices. Should we continue to see more grids closed in the Gulf or crab out of Newfoundland/Labrador remaining tight due to processing and transportation issues, we can expect a surge in pricing and possibly another shortage as we experienced last season. Combined with transportation issues due to Covid-19, slower production capacity at the plants and shortages of larger sizes, have continued to put pressure on pricing northward as active demand has outpaced arrivals.

King Crab:

Currently the seafood sector reports that king crab is selling well in retail with very minimal sales in Food Service as expected. Right now the market is starting to tighten

some on the larger size king crab as these sizes are limited as of late and increasing in cost. Some processors indicate costs will be firmer still through the summer.

Red Swimming Crab:

Blue Swimming Crab:

Seafood | Scallops

Due to COVID 19 and the fact that the Food Service sector has been greatly challenged many expect there could be a significant downturn on cost as the boats get fully underway but as of late this train of thought is uncertain for the dry products. The quota has changed drastically with reduction of closed areas and the reduction of NEast closed area fishing as well. In general: 17-20% reduction in total catch = forecast is about 10 million # less than 2019. Nantucket deep south = forecast is 6.2 million lbs which is currently shucking meat counts of 40/50s and smaller so this may see a full effort from the boats depending on price or many may decide not to fish due to the increased work, days at sea as this takes a lot more effort for 1lb of scallops, puts added pressure on the guys on the boats, and takes double the time. Boats will fish but its another 6 million lbs that WILL NOT BE 10/20s and bigger reducing total availability of these larger sizes. Less trips, less money for 40/50s, more southern/mid-Atlantic scallops (that have reduced quality in summer, and possible parasites in south areas) will potentially see many boats spread their fishing out and lower the landings in summer that can drive the auction lower. In general movement has been minimal. Quality scallops from northern mid, open areas and the Northeast limited fishing areas have been in high demand and have higher boat price average than the southern areas due to quality and size mix. All larger scallops are short and will stay firm for year and more than likely thru 2021 due to fishing area rotation and stock size. Retail / Club demand is up 30-40% which is putting pressure on buyers to take positions now as there will not be enough to fill demand later in year and prices will more than likely firm. Quota is cut 20% on paper but, fishing is spreading out, small 20-30=40/50s will also be another 15-20% of catch further reducing the prime demand sizes

Chinese Flounder and Ocean Perch:

With China getting back up and running we are now seeing production plants arerunning at around 60%. The problem that China is now facing is the lack of Demand due to the COVID-19 impact around the world. We were able to pull our

orders ahead for Lent which provided a healthy inventory to get us into the Spring / Early Summer. Pricing could soften as we see the markets begin to open and new product arrives in the market.

Seafood | Salmon

Norwegian Salmon:

The Norwegian Salmon industry has been operating during the pandemic, and although volume is down the pricing affected the large fish (6+ Kg) the most as this was for Asian markets. This has just reversed again and large fish are now more expensive than smaller sizes (3-6 Kg). The food service industry has been heavily impacted as we know, but retail business picked up a lot of this volume and as such kept harvesting and production moving. We are not sure how all the producers will be handling the summer, but plan on them shutting down plants for maintenance and limit harvesting as usual during vacation (July-August) period. This will of course push up prices a bit during this time, although prices have increased over the last few weeks and are at very higher levels all ready. May is also the month with 1,000 holidays in Norway. With a mild winter, less harvesting this later winter and early spring we would think that we will see more volume pushed towards late summer and/or fall which normally will lead to pressure on prices, and more than the usual fall pressure. The big farmers might try to pace the volume as they usually do not want to release everything in a short timespan as that will lead to total market crash. But the biggest question is exchange rate, and we think we will see a strengthening of the NOK versus the USD. The Norwegian Bank has been buying up the NOK and larger investment companies have noticed as well and think the NOK is undervalued. For now costs remain stable with adequate supply

Chilean Salmon:

As supply has become more available a massive drop in foodservice demand as the COVID-19 pandemic widens, has prompted mass closings of bars and restaurants and caused US salmon prices to fall, not rise. While US foodservice demand for salmon has dropped, the picture is not all gloomy, as the retail sector has been booming and has taken up some of the slack. Note for fresh however with Latam airlines declaring bankruptcy there is limited cargo space capacity for export shipments.