



Holding squid to a higher standard®



Market Report: November/December 2018

Summary

The major development for November and December has been the postponement of second-round tariffs on Chinese products. Although there has been widespread relief throughout the industry, lack of clarity by the Chinese government about its exact commitments coming out of the G20 meeting in Argentina has roiled markets. The industry will continue to wait with anticipation for more concrete signs of trade war relief.

Regions

China

Fully Cleaned / Traditionally Cleaned

Although the catch of Chinese loligo continues to diminish, the majority of suppliers have been able to fulfill orders and continue to accept new ones. Inventory levels remain strong, although some sizing issues are present. Pricing continues to remain stable.

Classic

Todarodes pricing remains stable from our last report. Similar to the Chinese loligo catch, it has diminished year on year for the past few years; however, suppliers are still able to offer finished goods to the US market. Inventories remain strong.

India

The overall squid catch in India has been low with vessels bringing in lower than expected quantities. This is expected to improve in the coming month.

Peru

Giant Squid Steaks & Strips

We continue to see high raw material pricing for giant squid products due to an ongoing raw material shortage. Although some suppliers have been able to acquire raw material, the overall catch has been inconsistent throughout Peru.

Chinese vessels illegally fishing in Peruvian, Chilean, and Ecuadorean waters continue to be a source of tension for local suppliers.

Analysis

The postponement of tariffs was widely perceived as a boon to the industry and markets reacted accordingly. However, lack of clarity since the G20 summit in Argentina has reversed those gains.

While the industry awaits further clarity within the next 90 days, expect the following trends to continue:

- 1. Global manufacturing shifts.** While domestic companies seek to avoid incurring additional tariffs, they will continue to find alternatives countries of production. If these tariffs go into effect, this potential shift in production will eventually result in lower production costs in formerly high cost areas of production.
- 2. High volume of containers.** With continued uncertainty of tariff implementation date, domestic companies will continue to ship as many containers as they can prior to the end of the 90 day period unless both governments arrive at a long term solution. Expect inventory levels to be affected accordingly.

