



Holding squid to a higher standard®



Market Report: January 2019

Summary

The 25% tariffs on \$200B worth of trade from China to the U.S. has been postponed until March 2, 2019. The industry waits to see if these tariffs will be implemented. The hope is that both governments will be able to negotiate a compromise to prevent further disruption to the U.S. economy, which has also been affected by the longest government shutdown in American history.

China

Fully Cleaned / Traditionally Cleaned

In line with the trend that we have seen recently, the loligo catch continues to be poor. Landings are commanding increasingly higher prices and a significant portion go to the fresh market. Frozen inventories from earlier landings are still available and there have been minimal price fluctuations.

Classic

Due to last year's poor todarodes season, suppliers have resorted to sourcing raw material from Russia. Since 2015, the broader concern with this fishery has been overfishing, in particular, vessels starting too early. It is unlikely that this will change in 2019, so expect sourcing costs to be slightly higher unless sufficient volumes from Russia are able to keep prices stable.

Bartramii Steaks

Recent reports indicate that bartramii squid is becoming increasingly scarce; it is estimated that within a year or two commercial quantities will be difficult to source. As a point of reference: 270 vessels from China were allocated to catch this species in 2017, and only 50 vessels in 2018. The depleted catch did not allow for these vessels to fully recuperate all their costs, so sourcing costs will be rising. Some customers have started to substitute this product with Gigas Calamari Steaks.

South Asia

India

The first part of the loligo season (August to November) was poor. As of the last quarter of 2018, the catch was minimal with multiple suppliers in the Cochin area bidding aggressively for any squid landings. The second part of the season is set to begin in February. Sizes during this season are typically smaller.

The needle squid season finished in November and the catch was better than expected. At the moment, there are no needle squid being caught.

There have been some cuttlefish landings; however, they have been minimal. Overall, though, the catch has been more consistent.

The Indian squid market was adversely affected by last year's better than expected Patagonian squid catch. If the Patagonian squid catch this year matches last year's, expect the Indian market to be affected.

Pakistan

The second part of the Pakistani loligo season is getting ready to start next month.

South America

Peru - Giant Squid Steaks & Strips

Although 2018 proved to be a better year than 2017, many suppliers in Peru were still unable to supply at previous levels. Like 2017, fishing and landings in the northern region of Peru (Piura) were close to nil for the second part of the year. Although Peruvian vessels had no luck, Chinese vessels in the same region caught significant volumes and sent most, if not all of, this catch to China. In recent weeks, fishing has resumed and some quantities have appeared in Peru; however, they have been not big enough to produce value added products like steaks, rings, etc. We anticipate that sizes will improve in March so plants in Peru can start to produce products.

Argentina - Illex

It is predicted that 2019 will be a better season for Argentinean illex than 2018, which represented a low point over the past decade (108k metric tonnes vs. a high of 850k metric tonnes in 2014). Pricing is expected to remain stable. A majority of this squid has been appearing inside the 200 mile aquatic zone considered Argentinean ocean, to the benefit of local trawlers, which have been catching 25-30 metric tonnes per day. By contrast, Chinese vessels have been catching 1-2 metric tonnes per day. The next few months will determine whether this year's catch will be better than previous years.

