

June 2023

Tuna

Quarterly Market Insight



MONTHLY
PRICE MOVEMENTS

2



MARKET SENTIMENT
FOR THE MONTH AHEAD

4



SUPPLY
AND DEMAND

6



OTHER
PRICE DRIVERS

7



Key Takeaways

Tuna prices have been underpinned by bullish sentiment during May 2023.

Tight inventories amid firm demand and upcoming fishing bans support market expectations of further price acceleration.

The Mediterranean region will be a key yellowfin consumer over the next six months, while the US and Asia will lead skipjack consumption.

Sustainability concerns remain a pertinent upside price risk.

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Price Movements – Thai Skipjack



— 8W01 - Tuna skpj fzn wh >4lb (WCPO) cif TH (MBP)

Thai Skipjack

May 2023 average price
\$2,050/MT

6-MONTH PRICE CHANGE (DEC '22-MAY '23)
↑ 28%

YEAR ON YEAR CHANGE (MAY '22 VS MAY '23)
↑ 12%

- The Mintec Benchmark Prices (MBP) for Thai skipjack increased by \$450/MT (+28.1%) between Dec '22-May '23, gaining support from strengthening demand for tuna raw materials from canneries in the Western Central Pacific Ocean (WCPO) region and Europe. It also reflected a tighter supply of tuna raw materials from canneries in the WCPO region and the Indian Ocean
- The Thai skipjack price rose by \$220/MT (+12.0%) y-o-y in May 2023, which is mainly attributed to tighter inventory pressures in the WCPO amid a reported slowdown in fleet activities

Price Movements – Seychelles Yellowfin



Seychelles Yellowfin

May 2023 average price

\$2.80/kg

6-MONTH PRICE CHANGE (DEC '23-MAY '23)

↑ 3%

YEAR ON YEAR CHANGE (MAY '22 VS MAY '23)

↑ 9%

- The price of Seychelles yellowfin tuna exhibited consistent upward momentum from Dec '22-May '23, increasing by \$0.09/kg (+3.3%) through this period. At \$2.80/kg, the May 2023 price rose by \$0.22/kg (+8.5%) y-o-y
- Yellowfin tuna prices are being supported by slower catch activities in the Indian Ocean, in conjunction with growing demand, with wholesalers looking to stock up ahead of the peak seasons in Mediterranean Europe and East Asia

Thailand - Market Sentiment for the Quarter Ahead

Demand bounce



- There is high processing demand for tuna raw material, according to various market sources, which they expect to provide bullish momentum over the next six months

Supply tightness



- Fishing bans in the WCPO and EPO from July 2023 will lead to tightness in the skipjack market, as is seasonally the case. Inventory pressures are also noted

Falling fuel and freight costs



- Falling costs of Brent crude, will be crucial in lowering fuel costs of tuna vessels and trucks to and from processing plants. Average costs of seaborne cargo along many key routes have now converged to pre-pandemic levels

“ We see very strong demand coming out of the Western Hemisphere during the summer and autumn, which is a very traditional and consistent pattern. Many buyers will be stocking up ahead of further anticipated supply cuts, particularly with environmental lobbying putting significant pressure on commercial fishing.”-
Trader

MARKET SENTIMENT



Neutral

A tightening supply balance will limit large downside moves due to a combination of firm demand expectations and depleting inventories. This is caveated with falling cost inflation, due to weaker prices of fuel and freight.

Seychelles - Market Sentiment for the Quarter Ahead

Firm Demand



- Yellowfin tuna demand is typically firm during the summer months in western Europe. This is most pronounced in the Mediterranean region, which is the world's top yellowfin consumer

Tight supply



- Tight supply, driven by fishing restrictions and squeezed inventories present an upside price risk

Substitution



- High and rising prices of yellowfin tuna may prompt consumers in Spain and Italy to substitute yellowfin for albacore, a more abundant and typically more affordable species

Falling freight costs



- Containerised freight costs have declined steadily through the 2023 year-to-date, which should be positive for seaborne fishing vessels.

“ I only envisage things getting tighter and more bullish as the months progress. There is a growing gap between what producers can supply and how quickly the market wants to consume it. There will always be buyers because the volumes of yellowfin being caught are going down each year.” - *Producer*

MARKET SENTIMENT



Demand driven

Expectations of firm demand, alongside tight supply, underpin a bullish sentiment for the next six months.

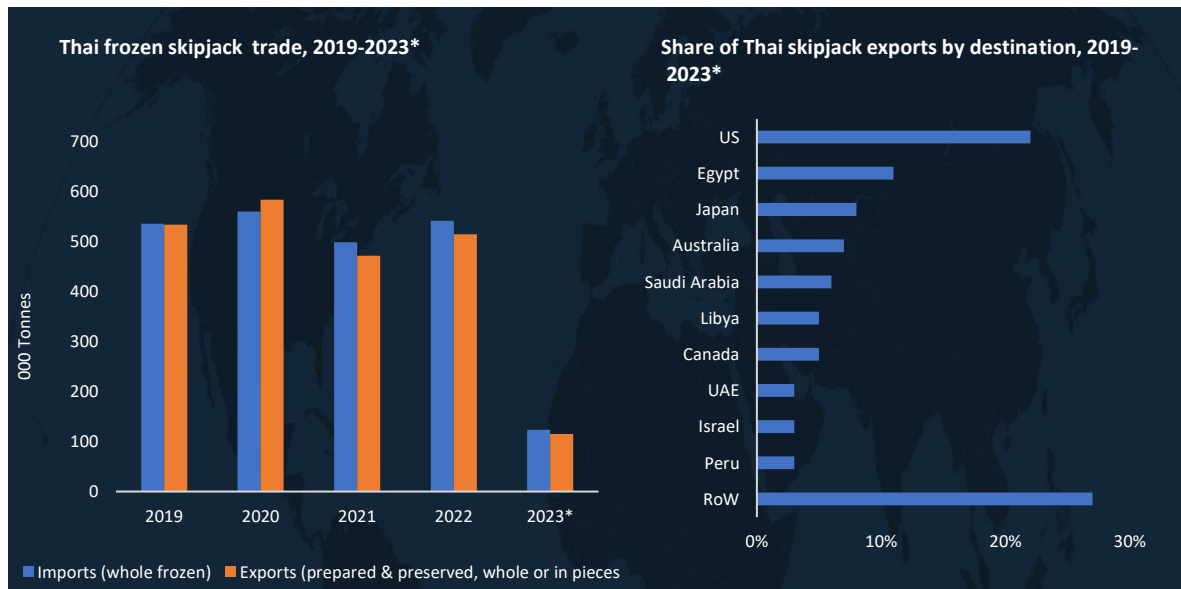
Supply and Trade – Thailand and Seychelles

Thailand

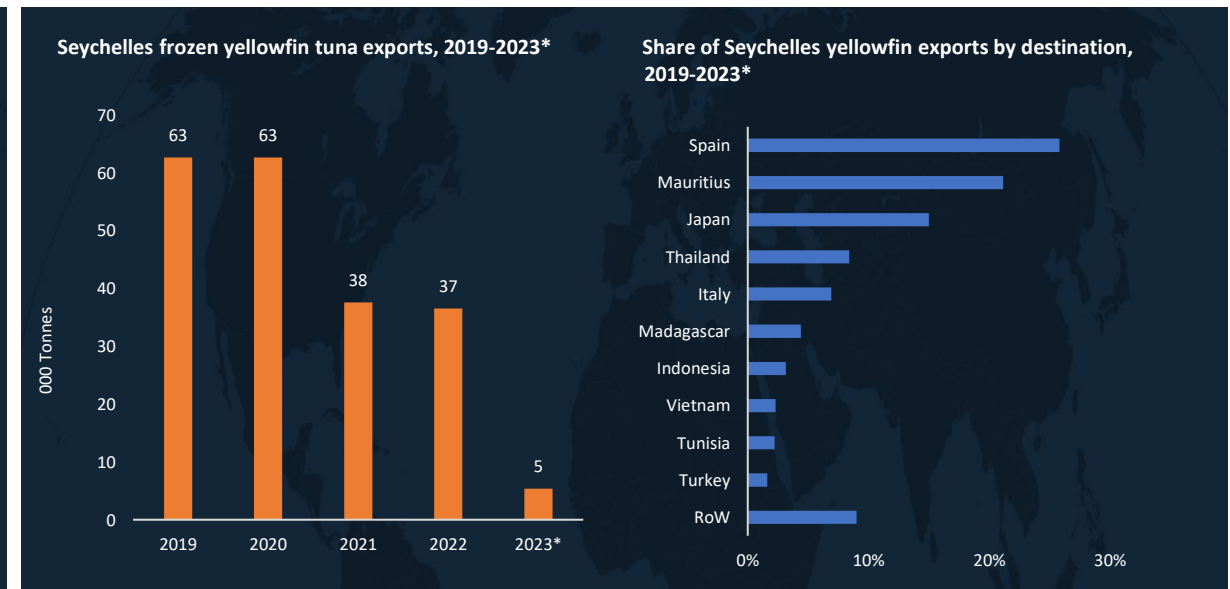
At 114,678 tonnes, Thai exports of processed skipjack contracted by 12,849 tonnes (-10.1%) y-o-y in Q1 2023. According to the Global Trade Tracker (GTT), this was the lowest volume of first-quarter exports since at least 2007, caused by various factors. April and May are historically poor months for tuna catches in the Indian Ocean, which increases the pressure on the WCPO supply. This trend has been maintained in 2023 and boat owners in the Indian Ocean have sold more skipjack to Bangkok, as processors in the Indian Ocean have been more reluctant to pay higher prices for the raw materials. Traders noted poor US demand for Thai skipjack in Q1 2023, compared with previous years, while shipments to North Africa and the Middle East are anticipated to boost sentiment among Thai exporters through July 2023.

Seychelles

Most market sources say that demand for yellowfin tuna is currently in the acceleration phase, which is typically the case from late-April, as the summer approaches in Mediterranean Europe, which is the main consumer of the species. Indeed, exports to Spain and Italy increased by 5.6% and 6.3% respectively during Jan-Apr '23. Sources say that European processors want to secure as much volume as possible, as there is a strong possibility of scarcity from late-June onwards, due to raw material shortages in the Indian Ocean. There is also strong lobbying from the World Wildlife Fund (WWF) for the Indian Ocean Tuna Commission (IOTC) to reduce its annual Indian Ocean yellowfin tuna catch by 30%, further supporting bullish market expectations.



Source: Global Trade Tracker
*Jan-Mar 2023

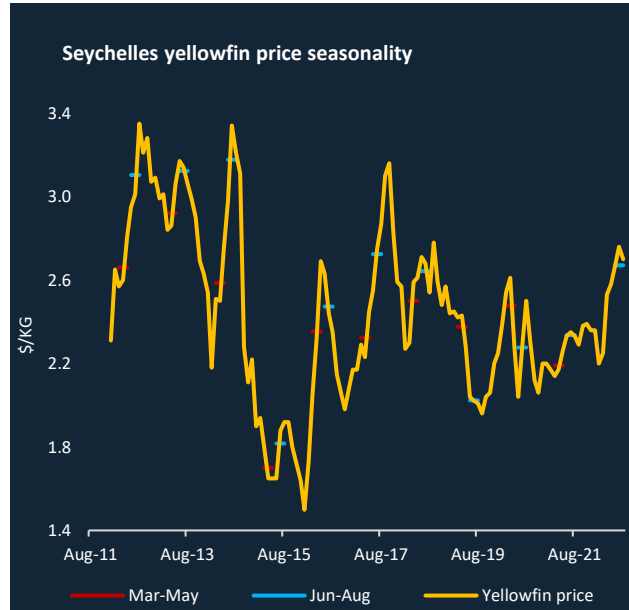


Source: Global Trade Tracker
*Jan-Apr 2023

Other Price Drivers

Seasonality

- There is a historical seasonality pattern, whereby the average price of Indian Ocean tuna tends to accelerate during Jun-Aug, in line with the peak consumption season in Europe, and tighter supply from the WCPO
- The same trend is also seen within Thai skipjack prices, due to slower catches caused by annual commercial fishing restrictions in the WCPO and EPO from Jul-Sep each year

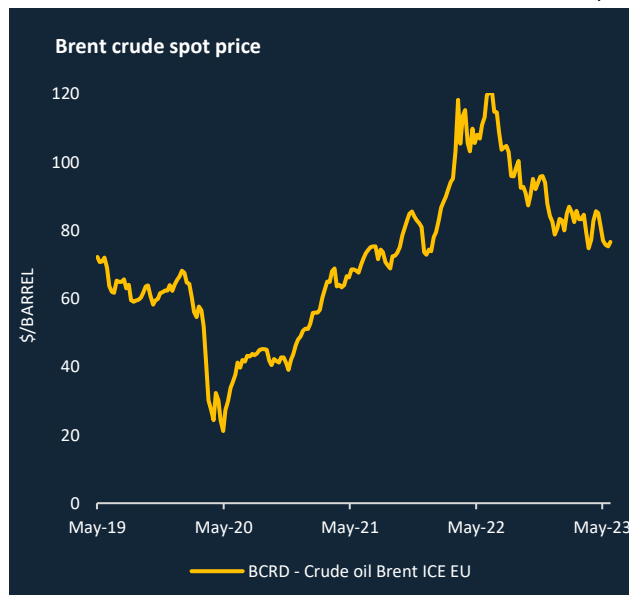


Fishing restrictions

- The restriction on fish aggregating devices (FADs) in the WCPO region runs from 1st July-31st October each year. There is a complete ban on using FADs for purse seines and other commercial vessels during this period
- The Inter-American Tropical Tuna Commission (IATTC) EPO fishing closure, or 'veda', typically runs for six-weeks from late-July. During the veda, commercial tuna vessels with capacity of 182 MT or above are restricted from all fishing activities

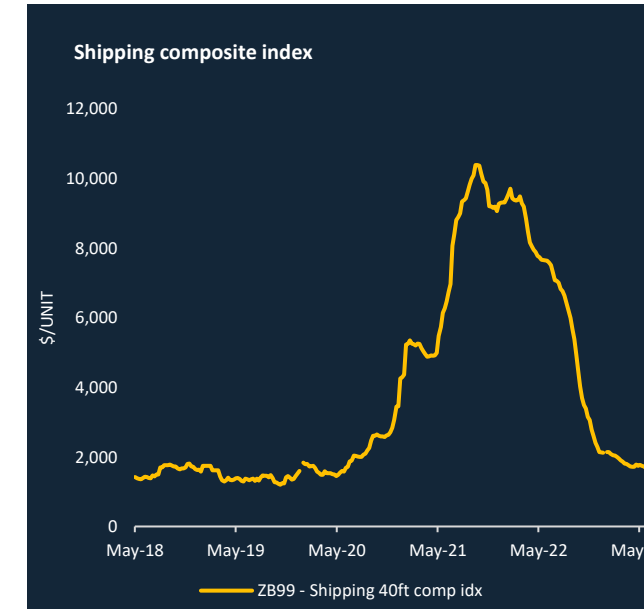
Brent crude cost

- The Brent crude oil price sits at \$75.25/barrel, as of the close on 17th May, down 11.5%. The surprise voluntary output cut by the Organization of Petroleum Exporting Countries (OPEC) on 2nd April added significant upward pressure to the oil price, sparking supply concerns. However, stronger US economic data has bolstered the dollar, thereby weighing on the oil price, as a stronger dollar makes oil more expensive for buyers holding other currencies
- Falling crude prices have important ramifications for the cost of transporting and processing tuna



Freight costs

- The shipping 40ft composite index declined to \$1,685/unit for the four weeks to 25th May 2023, falling by just over 3% m-o-m, representing a 77.5% y-o-y decrease, and the lowest level since December 2019
- Overcapacity and low new freight orders continue to drive the downtrend. Lower freight rates are typically associated with lower costs of delivering tuna raw material from catch vessels to processing plants



Abbreviations and Acronyms

/Tuna Market Outlook

EPO	Eastern Pacific Ocean
FAD	Fish aggregating device(s)
IATTC	Inter-American Tropical Tuna Commission
IO	Indian Ocean
IOTC	Indian Ocean Tuna Commission
KG	Kilogrammes
MT	Metric tonnes
USD	US dollar
WCPO	Western and Central Pacific Ocean

/Calculation methodology

/Recent price movements

Y-O-Y : The average price of the current period (quarter, six months, or year) compared to the average price of the same period in the previous year

Q-O-Q : The average price of the current quarter compared to the average price of the previous quarter

M-O-M : The average price in a month compared to the average price of the previous month

/Outlook

3 Months : Outlook for the average price of the next quarter compared to the average price of the current quarter

6 Months : Outlook for the average price of the next six-month period compared to the average price of the current six months

12 Months : Outlook for the average price of the next twelve-month period compared to the average price of the current twelve months

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Meat & Poultry

Tuesday, 28th March, 10am ET:

[US Pork Price Forecasts](#)

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