

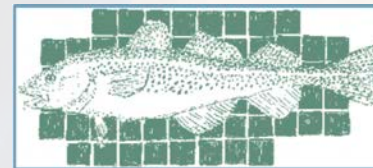
# Oyster Outlook 2023

John Sackton  
Seafood Datasearch  
Province of New Brunswick  
March 2023



# Background

- 40+ Years in Seafood Industry
- Crab, shrimp, lobster and cod market analyst since 1997
- Price and market outlooks for Atlantic Canada, Alaska, and US West Coast
- 2005-2018 Price arbitrator for Alaska crab
- Expert on Mussel and Oyster Markets
- Co-Founder of NFI's Global Seafood Market Conference
- Annual Market Review for Fisheries Council of Canada
- Founder of SeafoodNews and Seafood Datasearch



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Wed, Sep 20, 2019

**The Winding Glass: What does 40 years in the American Seafood Industry look like?**

The Winding Glass is the name and acronym I used at the Boston Harbor Institute. I am always drawn to the history of the industry and the people who have made it what it is today. After my retirement, I will continue to write the Winding Glass column for SeafoodNews.

I began the Winding Glass in 1979. I began it because I was a fisherman and I wanted to write about the industry from the inside. I wanted to write about the people who have made it what it is today. I wanted to write about the people who have made it what it is today.

To read the rest of The Winding Glass: What does 40 years in the American Seafood Industry look like? Please Login Here.

**FFAW Sounds Alarm Over Fish Deaths in Northern Harvest Science Park**

An aquaculture company opened itself up to speculation about the impact of a 20-year-old facility that will be used to produce salmon. The company's management is proactively taking the necessary steps to protect the environment.

The truth is the company, by not proactively taking the necessary steps to protect the environment, is putting the health of the industry at risk. The company's management is proactively taking the necessary steps to protect the environment.

**FFAW Letter to USFWS on Right Whales**

The Winding Glass: What does 40 years in the American Seafood Industry look like?

**FFAW Letter to USFWS on Right Whales**

Right Whale Deaths Prompt Call for Canadian Snow Crab Import Ban in U.S.

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**WEEKLY RECAP | September 20, 2019**



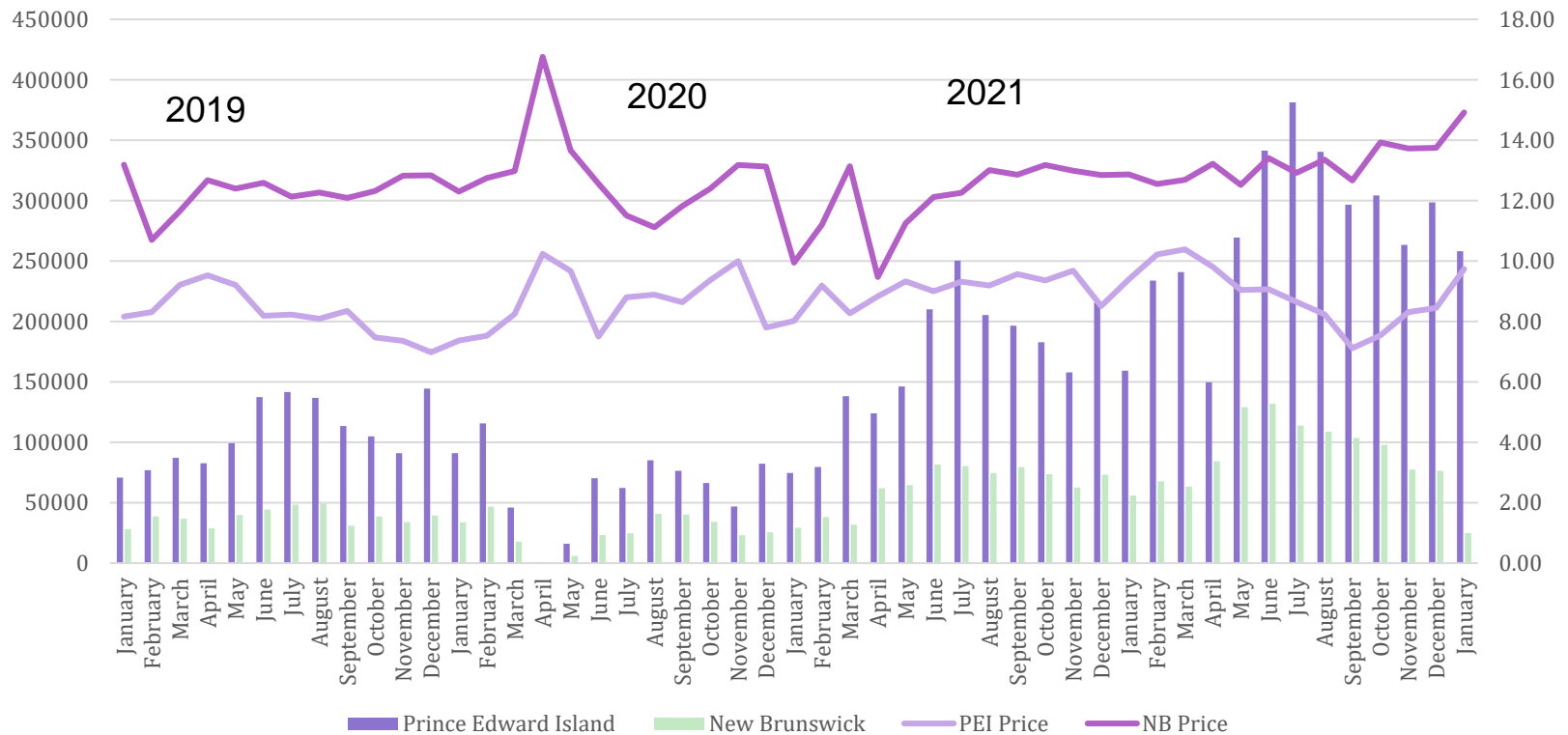
# After the Pandemic

- There has been a spectacular recovery and expansion of Canadian oyster production
- In 2022, exports were up 61%.
- US Aquaculture is increasing also around 5% per year.



# Live CA exports increased 61% in 2022

Live oyster Export Volume and price

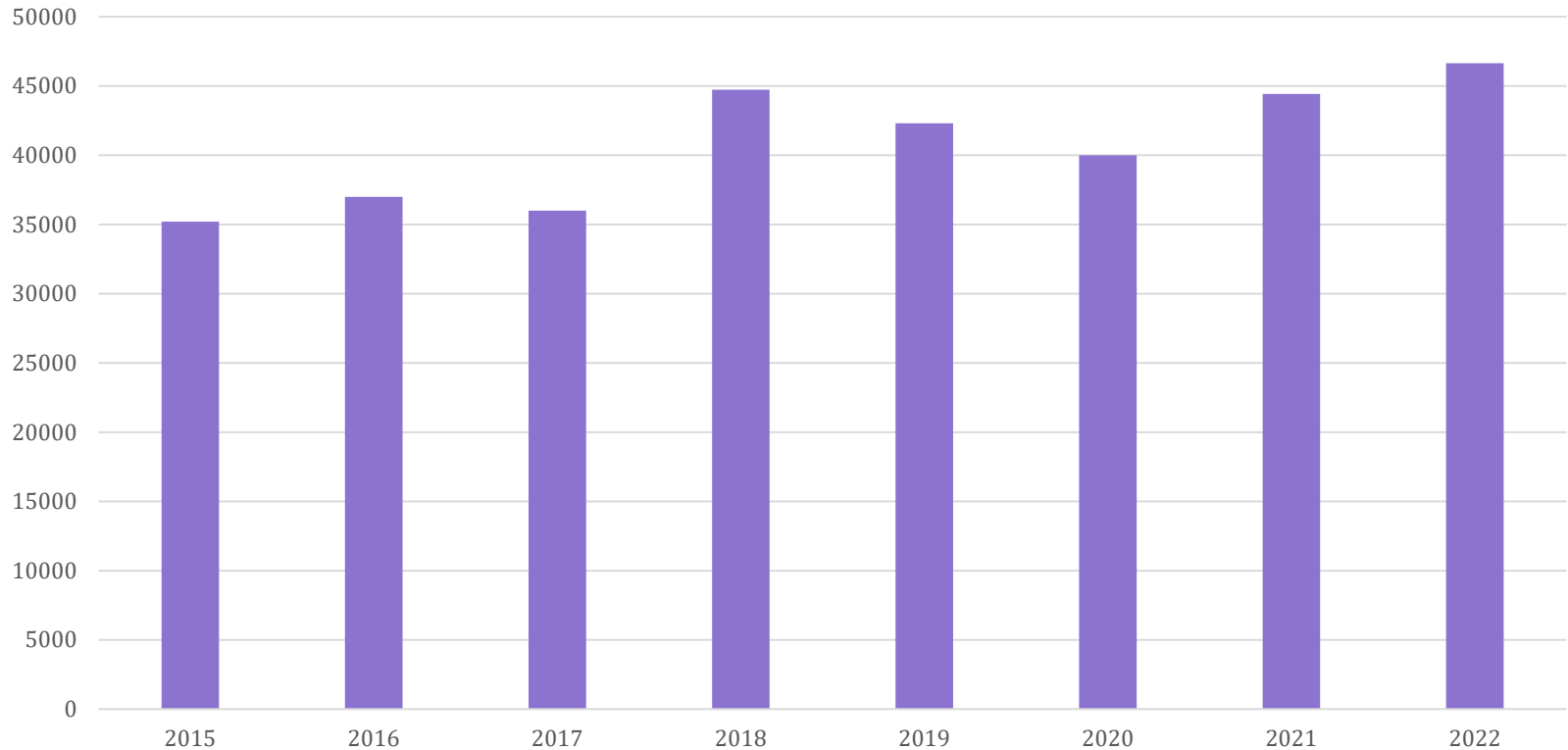


Seafood Datasearch, Canadian Customs Data

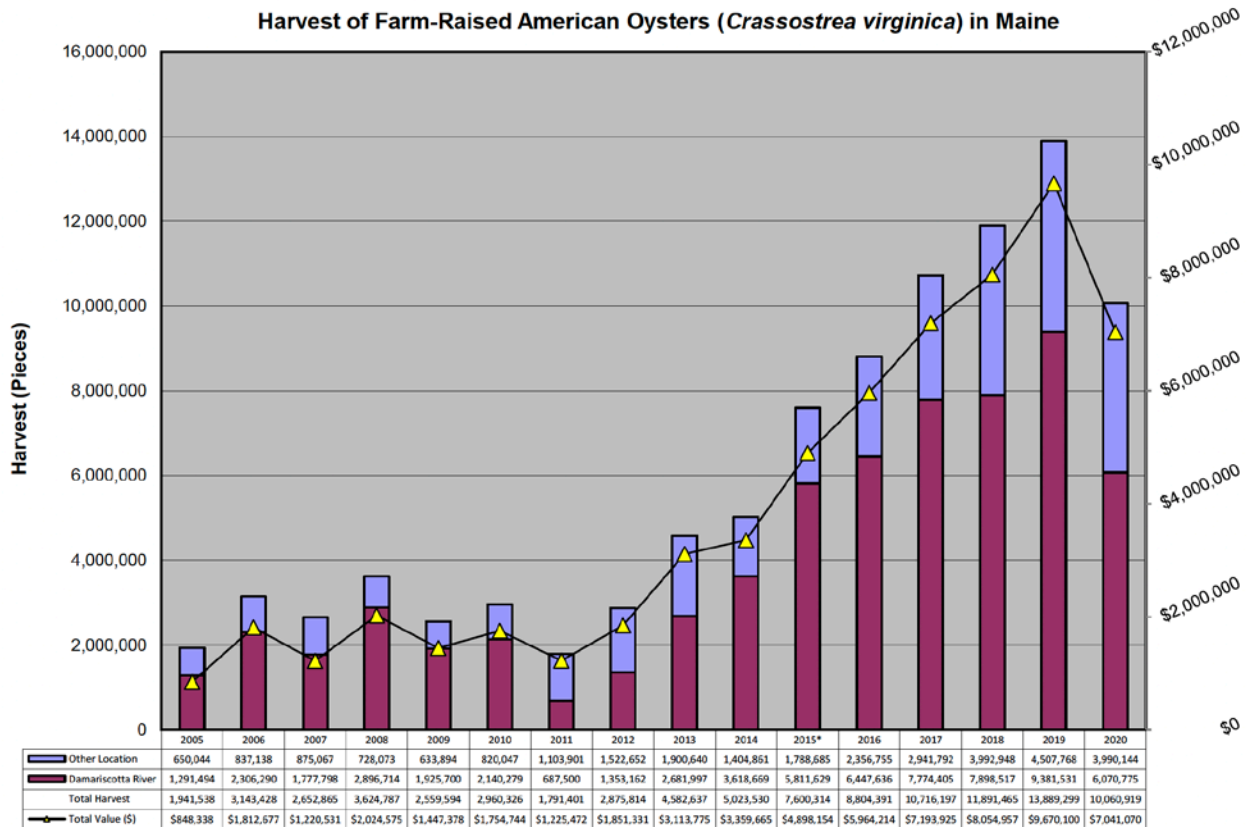


# Estimated US Eastern Oyster Aquaculture

us oyster aquaculture growing around 5% per year



# Maine Oyster Production grew until 2020, expected to snap back

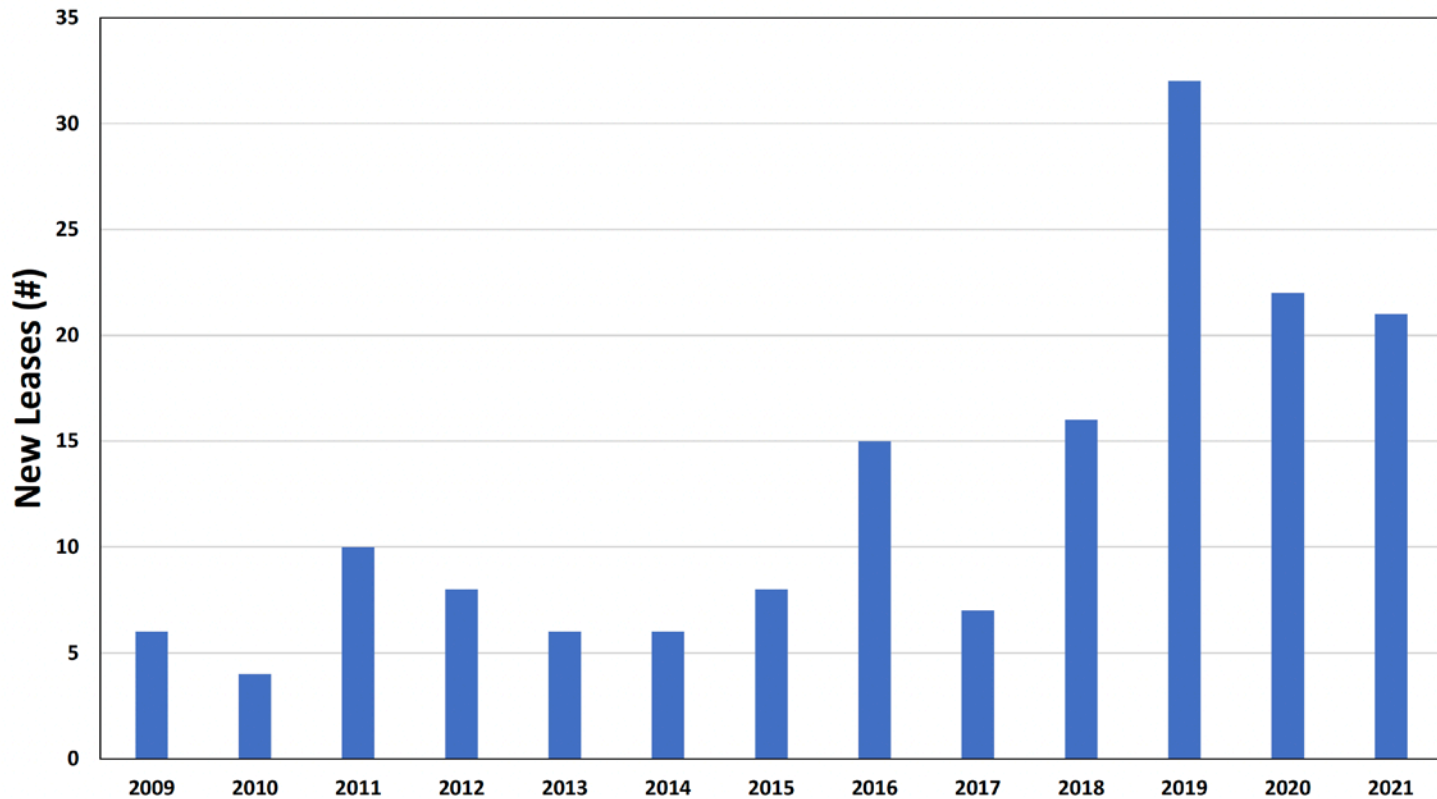


\* DMR began collecting LPA harvest data in 2015.



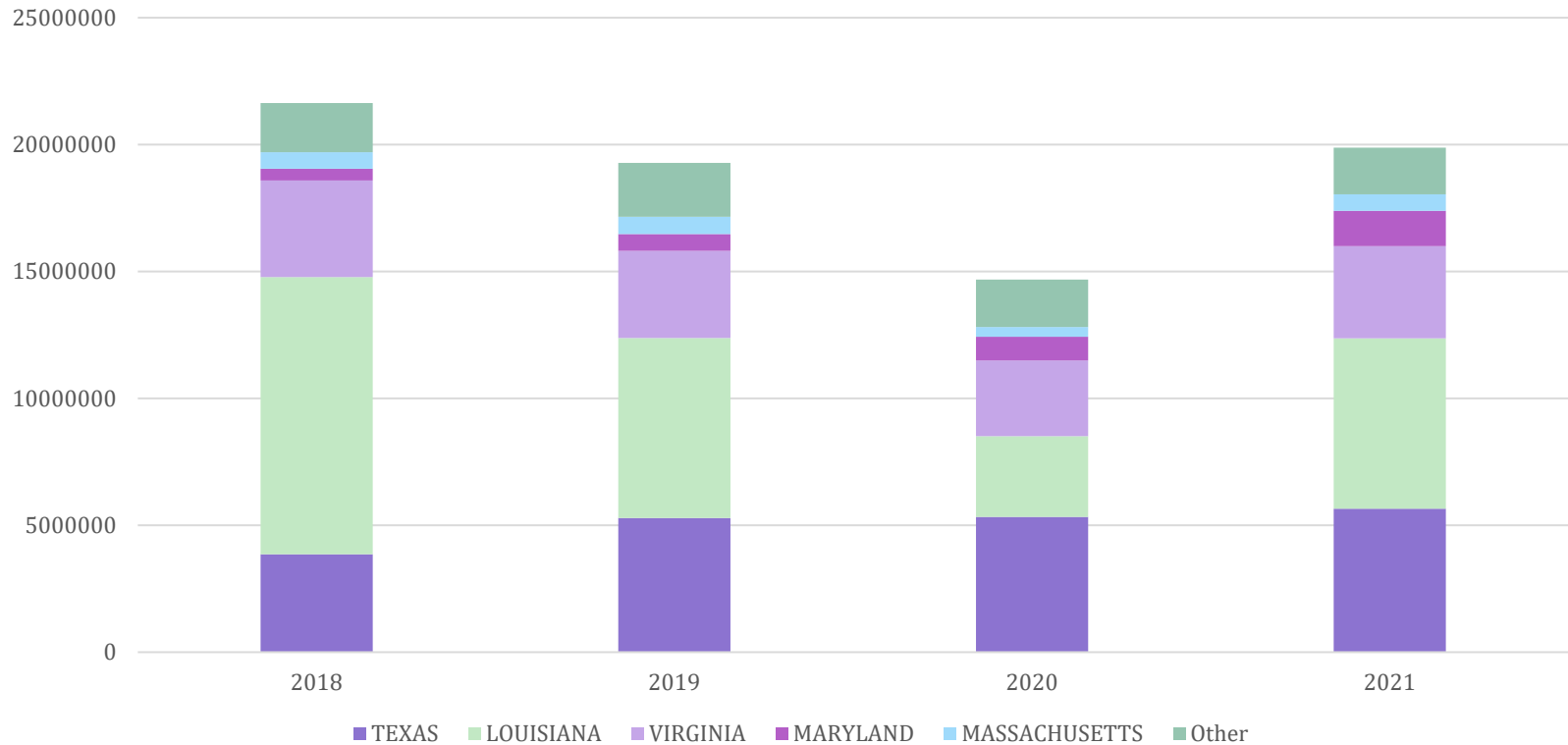
# New Leases in Maine continue to be issued at a high level

New Leases Per Year



# US general commercial oyster Harvest rebounded also

US commercial oyster production

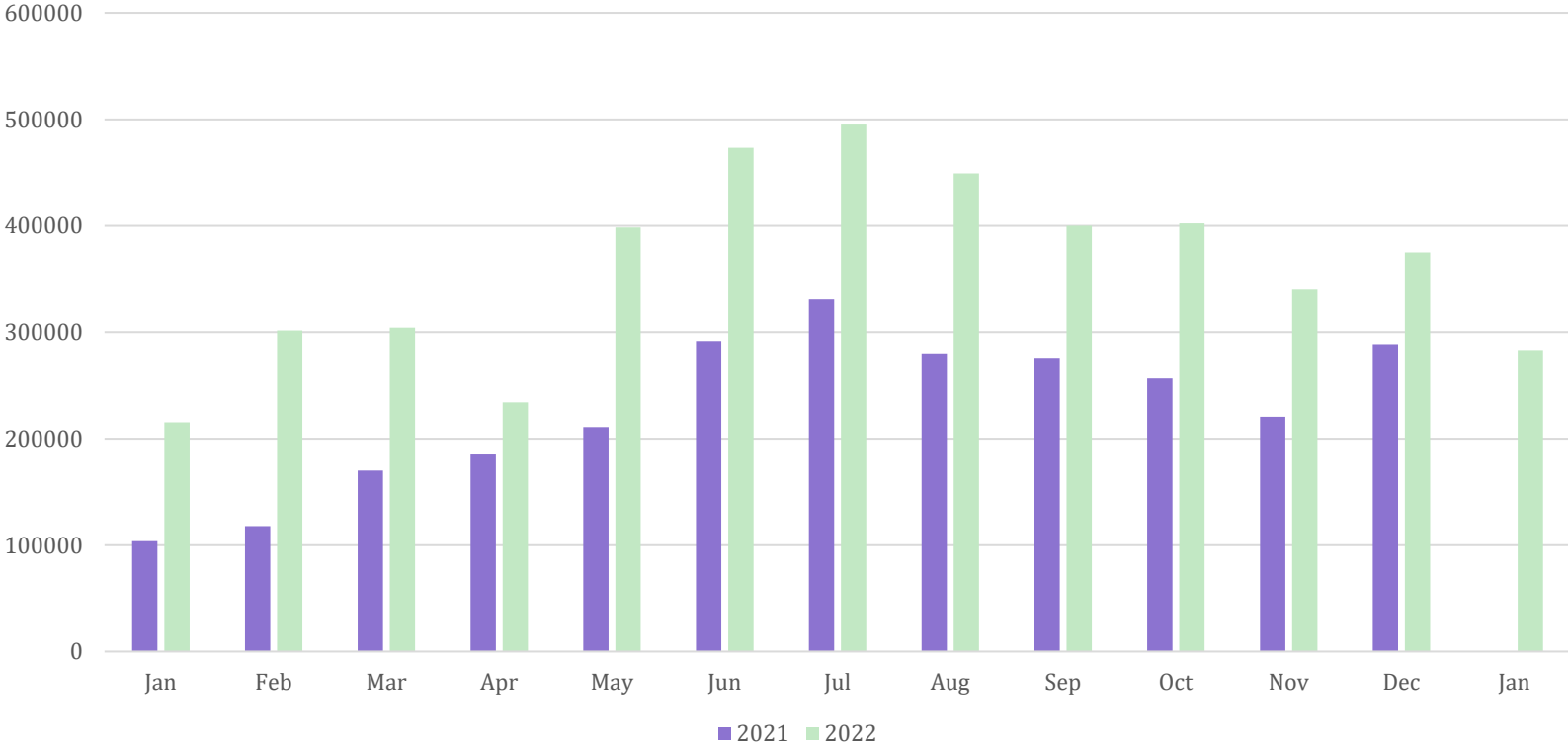




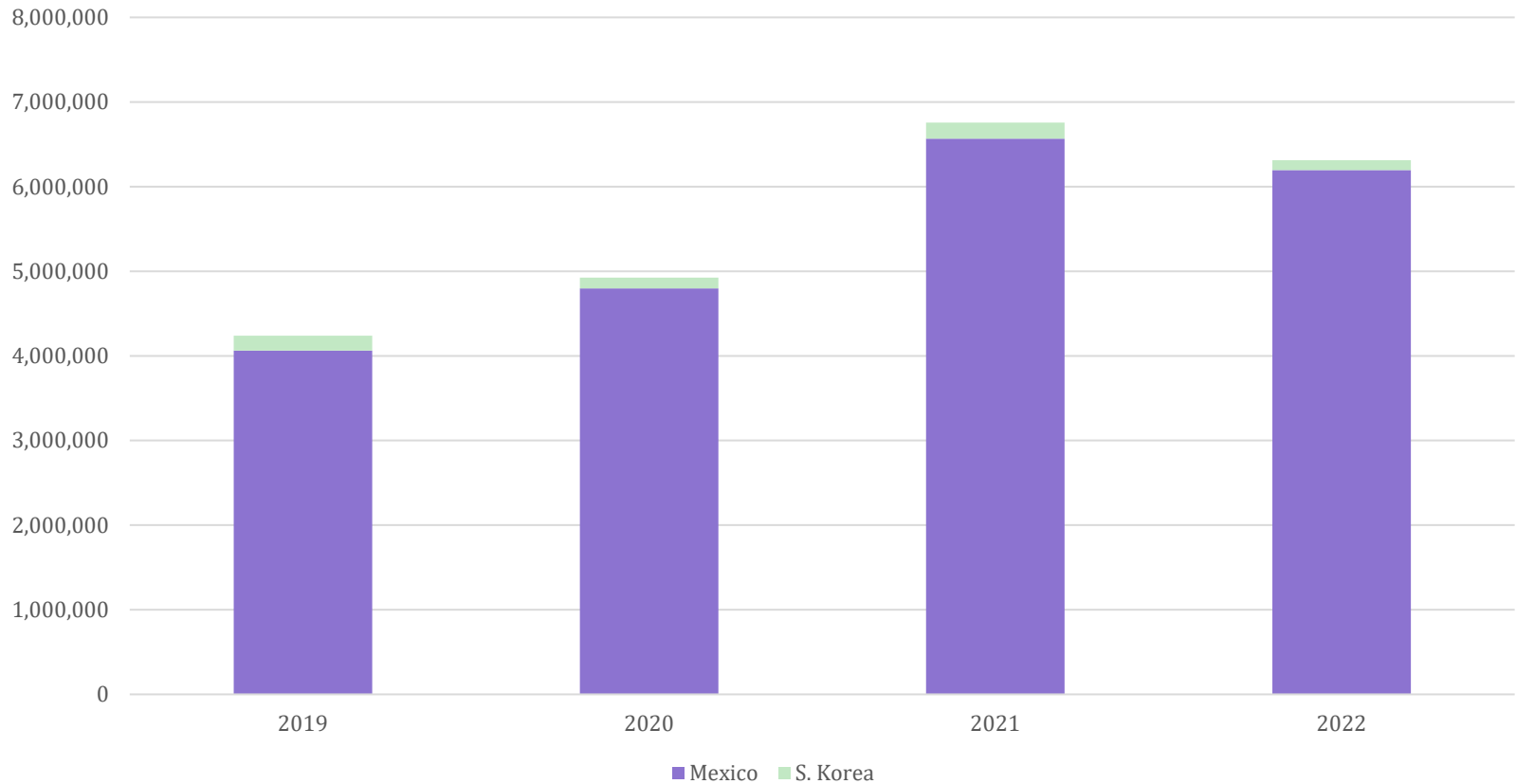
# NB and PEI 2022 export volume vs 2021

Jan 2023 is 31% over 2022

2022 volume vs 2021 volume



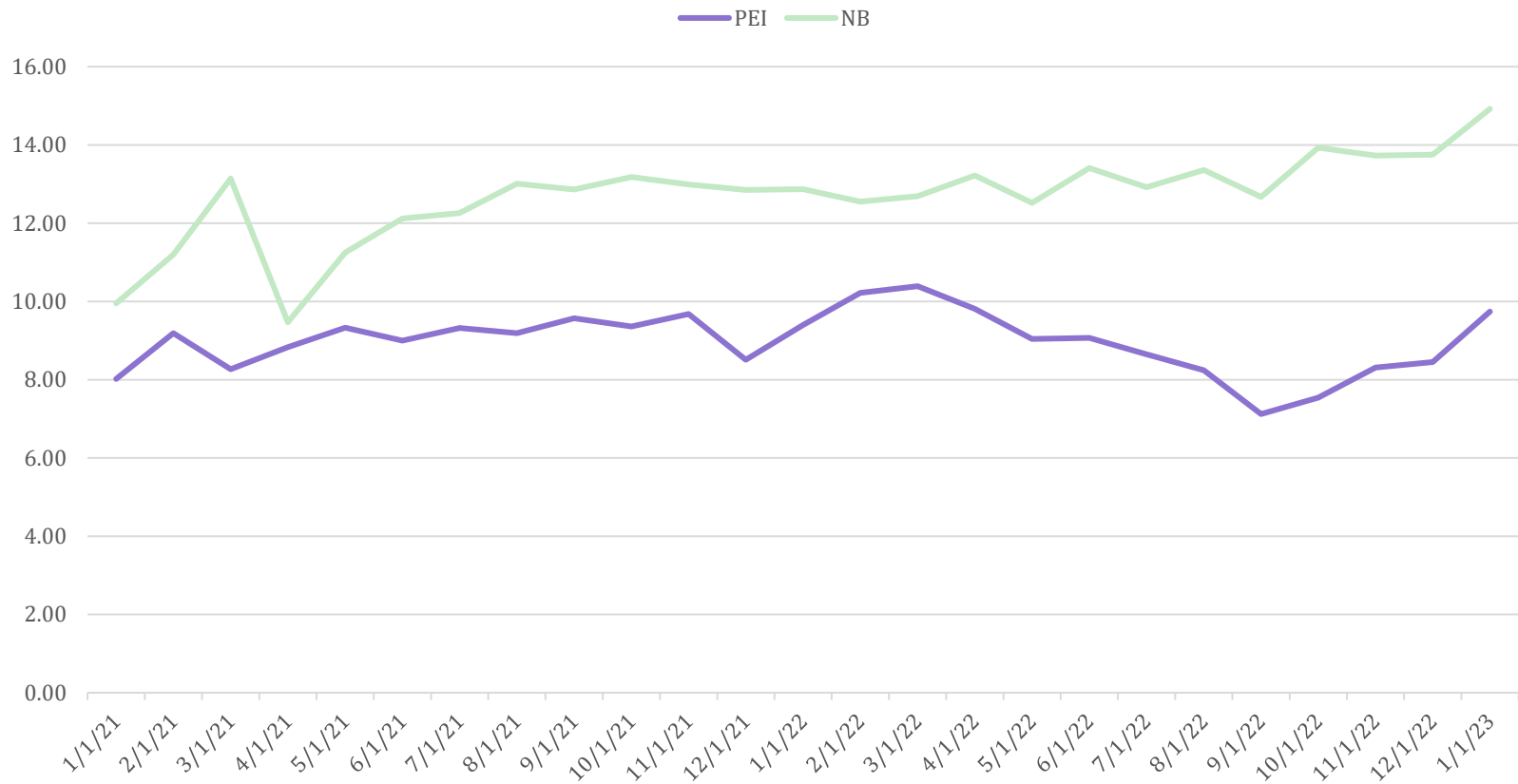
# US Imports from Mexico and S. Korea did not increase



US Customs Data



# Import price for live oysters (NB and PEI) in \$ per Kg



Seafood Datasearch US Customs Data



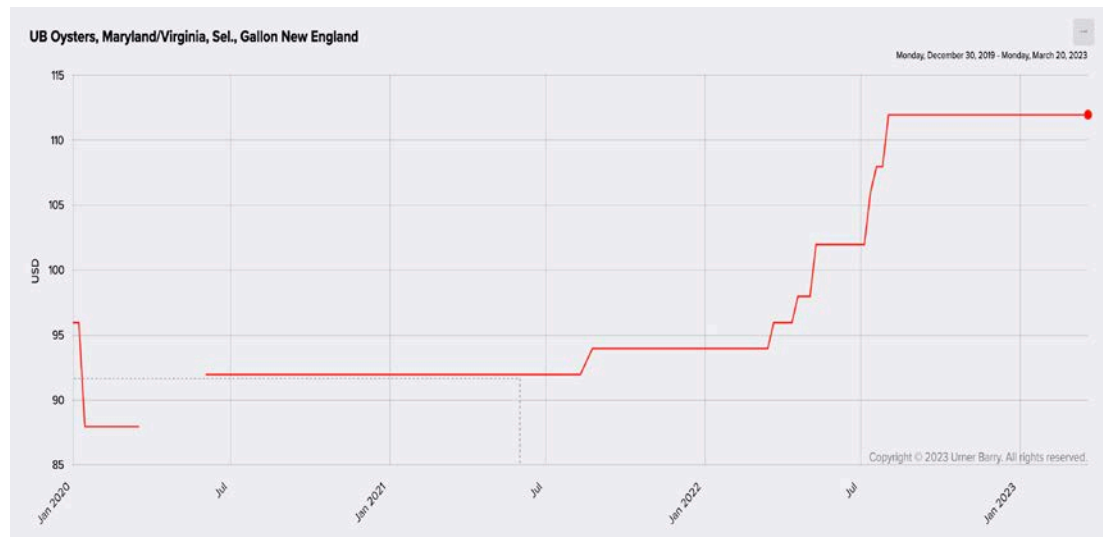
# Shucked oysters have come up about 10% in price

## Urner Barry Pricing

Although these products are not directly comparable to farmed oysters, they show the same increase in demand.

Shucked oysters rebounded in price in 2021, and that continued in 2022 but at a slower rate, with a 10% price increase in the fall.

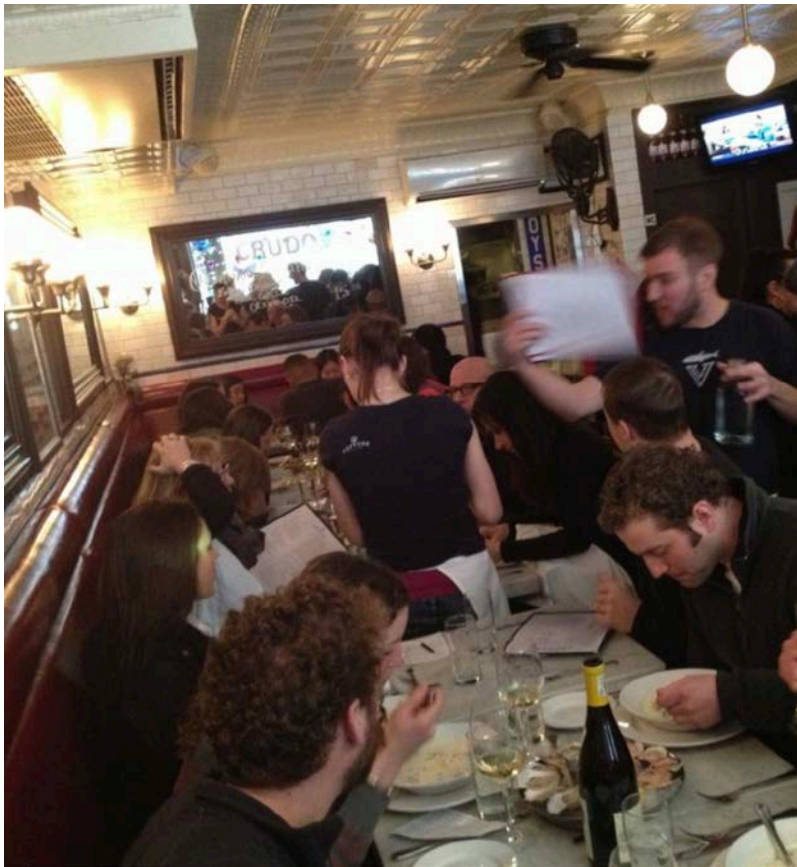
Fresh water releases are hurting gulf oyster production in Louisiana, and the 2021 hurricanes damaged infrastructure and reefs.



Urner Barry Comtell



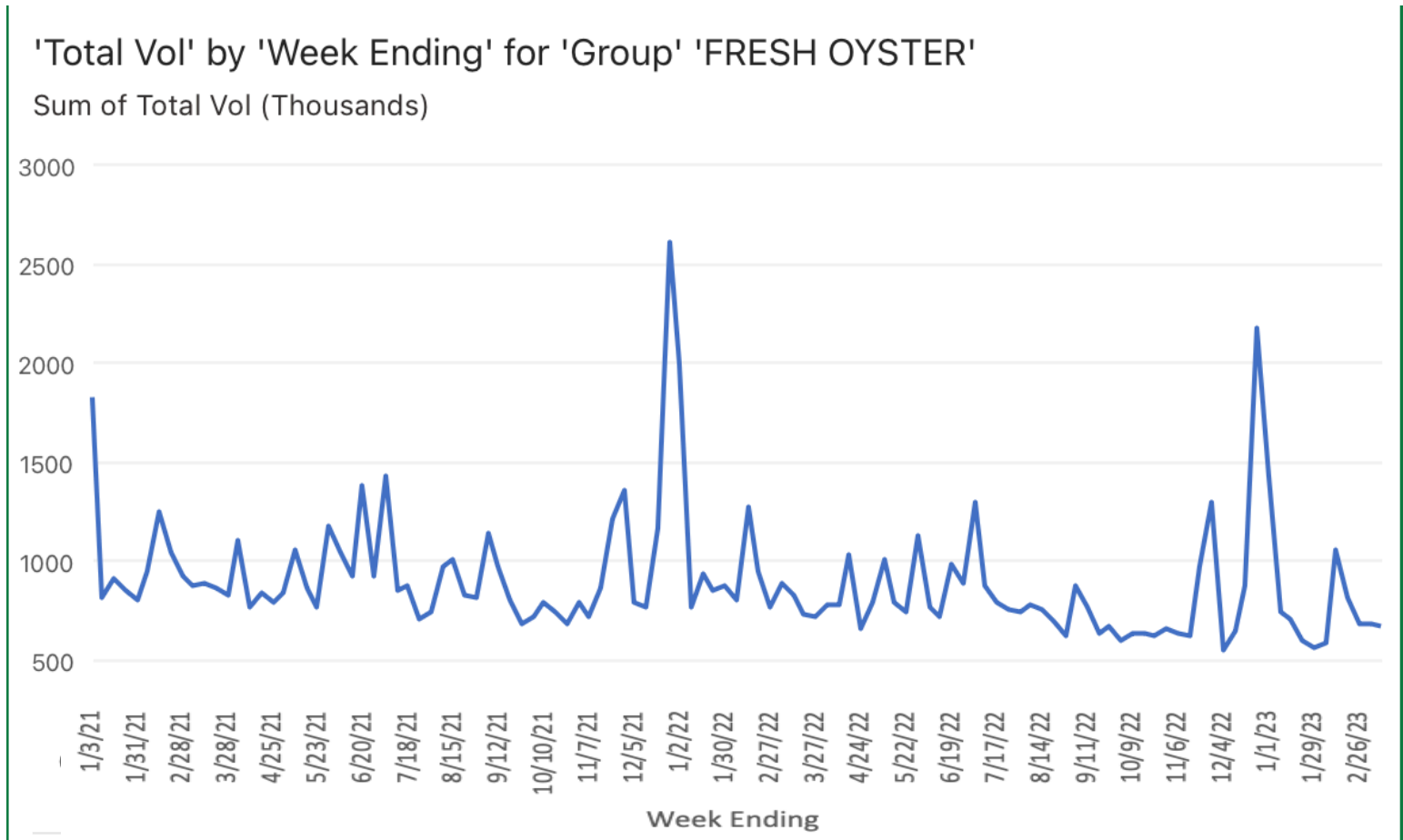
# Oyster demand appears to steadily increase



- Farmed oyster volume is up substantially, and prices are up slightly.
- Retail sales of fresh oysters are steady
- This implies the increase is coming from foodservice and restaurants.

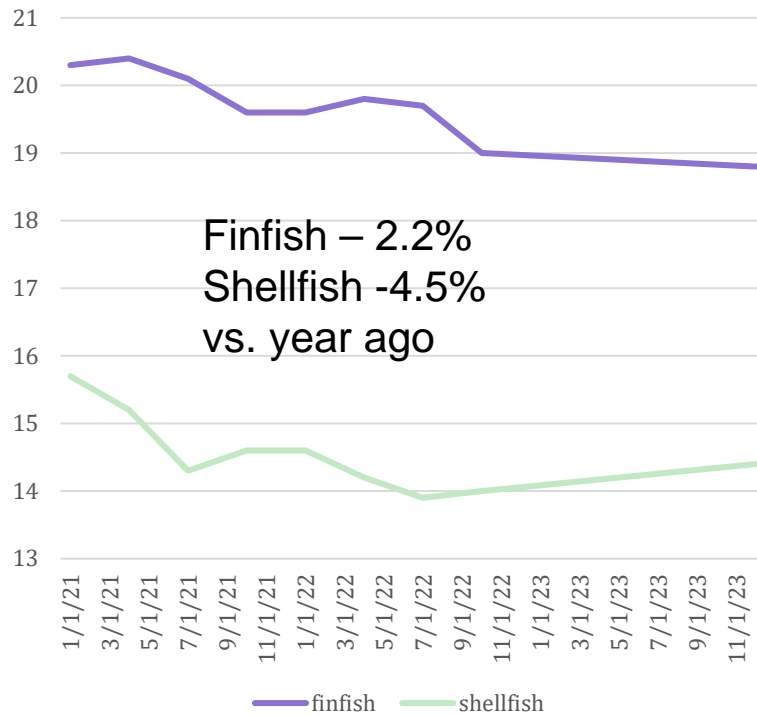


# US Retail volume is slightly down with Xmas 2022 lower than 2021



# Consumer behavior is changing

Number of Seafood Items per store is declining



Consumers switching away from some seafood items

Low-income shoppers are disproportionately trading out more in indulgence and splurge categories

Large Retail F&B Categories Where Low-Income Shoppers Are Trading Out More than All Shoppers, 12 Weeks Ending 8/7/22

Category	L 12 wks Volume Sales Change vs YA	
	Low-Income Stores	Differential vs All Stores (ppts)
Total Edible	-3.4%	-0.7
Non-Chocolate Candy	-8.2%	-3.4
Energy Drinks	5.4%	-2.3
Chocolate Candy	8.2%	-2.2
Salty Snacks	-4.3%	-1.8
Seafood - Frozen	-14.7%	-1.8
Sports Drinks	0.7%	-1.5
Carbonated Beverages	-3.7%	-1.2
Novelties - Frozen	-2.0%	-1.2
Snack Bars/Granola Bars/Clusters	-6.4%	-1.2
Bottled Juices - shelf stable	-5.6%	-1.2

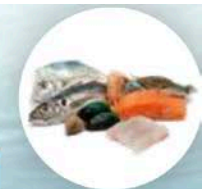


Note: Low income defined using stores in areas where income is less than \$40K. Source: IRI POS store level data ending 8/7/22



# Oysters did see decline in retail sales and volume in line with other seafood but volume is still up over 2021

Refrigerated Shellfish Top Sales (\$) Leaders in 2022  
For Species With Sales >\$45M



Dollar Sales % Change

Volume / Unit Sales % Change



2021





# Fresh shellfish overall saw fewer buyers and fewer dollars

Refrigerated Shellfish is Seeing Similar % Declines From All Buyer Groups, But the Greatest Dollar Impact is From Heavy Buyers



Percentage of Buyers	Number of Buyers	Dollars per Buyer	Dollars per Trip	Product Trips
20%	6M (-6.9%)	\$281 (-16.3%)	\$20 (+3.1%)	90M (-24.4%)
30%	10M (-7.1%)	\$74 (-15.1%)	\$12 (+2.2%)	61M (-22.8%)
50%	17M (-6.6%)	\$21 (-14.1%)	\$7 (+1.5%)	55M (-21.0%)



# Oyster growers maintained multiple sales channels developed during pandemic

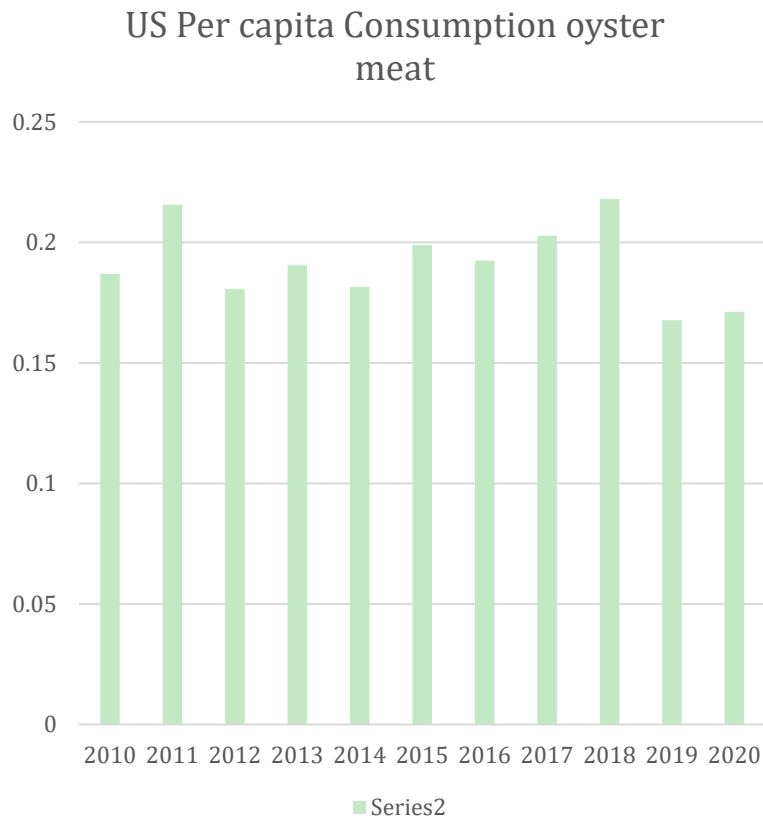
- US oyster growers adapted multiple sales channels during pandemic
- Massachusetts changed laws in 2020 to allow for direct sales to consumers from farms

	Costs	Volumes	ROI	Risk
Distributor/Wholesaler	Low	High	Moderate	Moderate
Direct to Restaurant	Moderate	Moderate	Moderate	High
Pop-up/Catering	High	Moderate	Moderate	High
Co-op	Low	Moderate	Moderate	Low/Moderate
Home Delivery/Online sales	High	Moderate	Moderate	High
Direct to Retail	Low	Low/Moderate	Moderate	Low
Farmers' Market	Moderate	Low	Low	Low
Tours	Low	Low	Low	Low

Source: Maine Aquaculture Assoc



# Is the Current Strong demand for Oysters Sustainable



- US per capita consumption of oysters has remained flat, and was down past two years.
- But farmed oysters are a small part of this total consumption



# The case of strong growth for farmed oysters remains the same

- Oysters are not seen to have the baggage of other farmed seafood
- Oysters are one of the few seafoods very popular with young people (like sushi)
- The success of oyster bar restaurants continues
- Oysters have always been a culturally important food in America.



# For 2023 the success of oysters will depend on the health of restaurants

- Restaurant sales will be more important than retail sales for oyster farmers.
- Although the restaurant outlook is improving, there are many uncertainties.
- Economic headwinds could hurt travel and tourism, which could impact oyster sales.



# Foodservice sales of seafood were flat in 2022

- Seafood up 0.25% while Crab declined - 1.4%
- All other items (meat, poultry, dairy) were up 3% to 6%

## Sales increased for lodging, casino and non-commercial venues

Growth is coming from Lodging/Casino and Bar and Grill

▼ DOWN -3.6%  
**Street Customers**  
(1-19 units)

▲ UP 24.7%  
**Lodging and Casino**

▼ DOWN -4.5%  
**Regional Customers**  
(20-250 units)

▲ UP 8.6%  
**Non-Commercial**

▲ UP .41%  
**National Customers**  
(250 units +)



Photo by Sarah Chappell (Snapchat)



Photo by Sarah Chappell (Snapchat)



# Inflation hit restaurant sales; decline in inflation is positive

## Inflation changing restaurant behavior

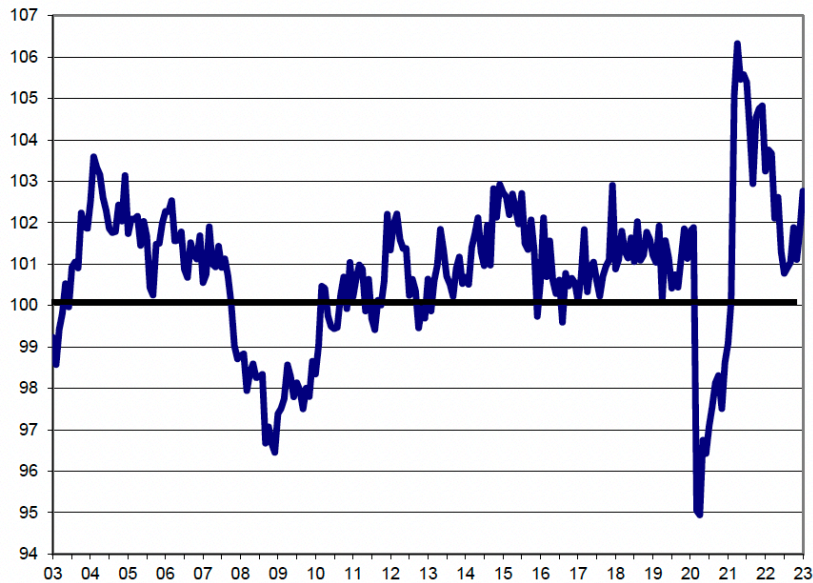
Majority of U.S. adults have adjusted eating and drinking behaviors as a result of inflation

- 82% eating out less often
- 86% Baby boomers eat out less often
- 73% buying less meat



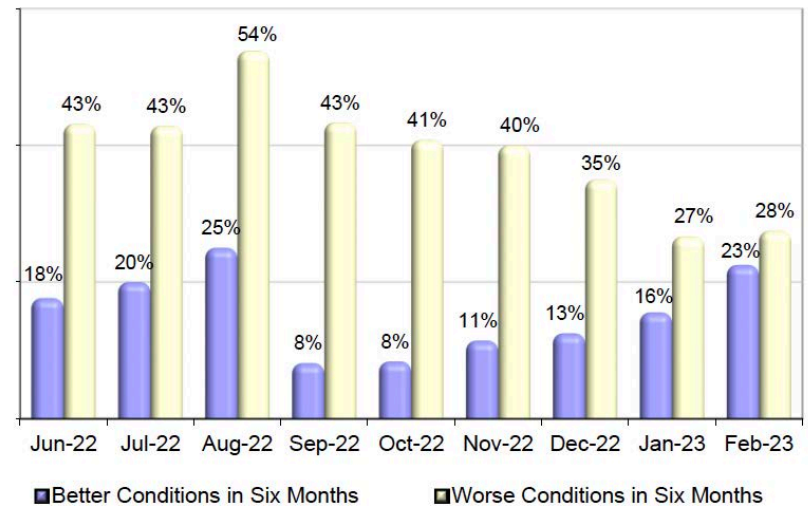
# Restaurant operator outlook is improving

**Restaurant Performance Index**



Source: NRA; Values Greater than 100 = Expansion; Values Less than 100 = Contraction

**Restaurant Operators' Outlook for General Economic Conditions in Six Months**



Source: National Restaurant Association, Restaurant Industry Tracking Survey





# Restaurants labor issues improving

## Leisure and hospitality job openings are near record highs

The service sector, which has yet to make up for pandemic losses, is struggling to find enough workers.

— Number of unfilled job openings



Source: U.S. Bureau of Labor Statistics via FRED

ABHA BHATTARAI / THE WASHINGTON POST

- Even though job openings remain high, number of employed has come back to pre-pandemic levels
- Restaurants have raised wages, offered flexibility, and have focused on retaining employees.



# Logistics remains a big issue

- Trucking costs have gone up
- Warehouse space remains tight
- In general, all storage and transportation costs are significantly higher than last year.
- This is a difficult cost to pass on to customers, as they are facing similar increases in their own business costs.



# US economic forecasts show no consensus: but timing of recession is receding

“Estimates of inflation-adjusted gross domestic product or real GDP, inflation, labor market indicators, and interest rates are all widely diffused, likely reflecting a variety of opinions on the fate of the economy—ranging from recession to soft landing to robust growth.”

National Assoc. of Business Economists Monthly Survey

## 1c. What is the probability of a recession occurring over the next 12 months?

Response	Percent of Responses (43)
0-10%	7%
11-25%	5
26-50%	30
51-75%	49
76-100%	9
Don't know / not sure	0

## 1d. If so, when will the recession start?

Response	Percent of Responses (43)
Q1 2023	28%
Q2 2023	33
Q3 2023	21
Q4 2023	9
After Q4 2023	9
Don't know / not sure	0



# Key US Uncertainties

- Will bank crisis intensify?
- Will tighter credit cause a deeper recession?
- Will interest rates rise or fall more than expected?

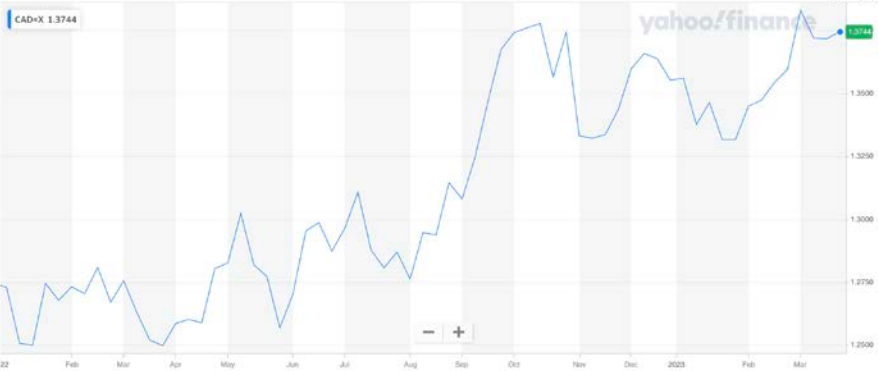
In this environment, impossible to see what risks lie ahead for producers.



# Currency is expected to be stable:

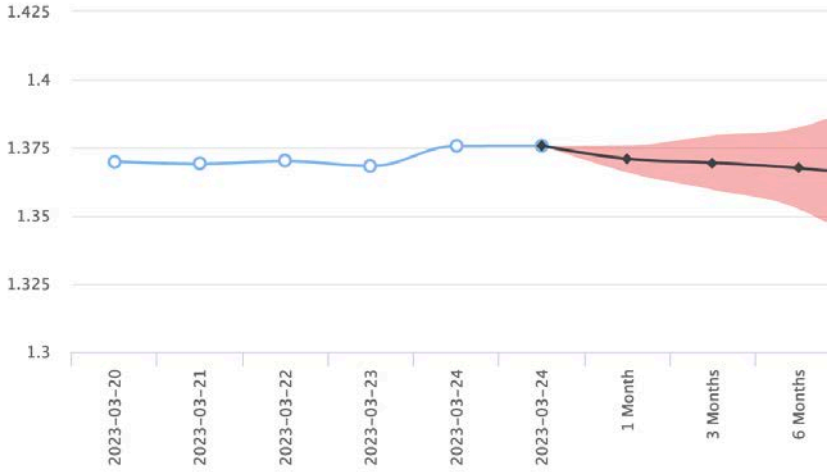
\$CA has weakened 8% since last spring

## Currency history



## Currency forecast

Market Implied Expectations:



# Outlook for 2023

## Positive factors

- Oyster market is absorbing increased volume of farmed oysters without much change in price.
- Expansion of restaurant visits and travel will help maintain sales.
- Quality and reputation of New Brunswick oysters is very high.

## Negative factors

- Economic uncertainty could cause a pullback among restaurants..
- Oysters are labor intensive at a time when restaurants are still struggling for staff.
- Some falloff of retail sales has occurred among all fresh shellfish



# Time for Questions

- Please put questions in chat and they will be presented.

