

Market Update

TILAPIA

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Supply Trends

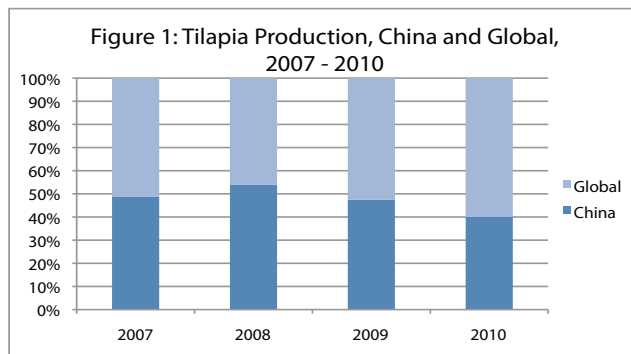
- Over 2 million metric tons of Tilapia are produced each year - 73% of this is from aquaculture (WWF, 2009) and approximately 50% is farmed in China (Figure 1). Other major producing nations include Indonesia, Thailand and the Philippines.
- A severe winter in 2008 resulted in reduced Chinese production (Figure 2). Supply recovered in 2009 and the 2010 forecast was initially strong.
- However, low prices in 2009 caused some farmers to reduce stockings by 20% in 2010 and others quit altogether. In addition, cold weather earlier in the year and a flood in the Hainan Province created uncertainty in 2010 forecasts - supply is now predicted to drop by as much as 20% (Figure 2).

Demand Trends

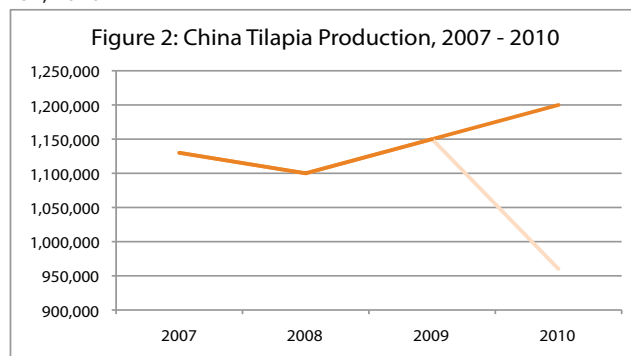
- China has the highest annual consumption of Tilapia - much of their fish is sold domestically.
- Tilapia is the 5th most consumed seafood item in the US and the US is China's top export market. The fish is forecasted to become even more popular due to increased purchasing by restaurant chains.
- Demand for value-added Tilapia products, such as frozen fillets, is on the rise, while demand for whole fish is decreasing (Table 1).
- Reduced supply created price hikes in 2008 (\$1.36/lb), followed by lower prices in 2009 (\$1.25/lb). This year, wholesale prices have hovered around \$2.00/lb.

Projections

- In the short-term, the Tilapia market is tight - there is not enough supply to meet demand and prices are expected to increase by as much as 20% over the last few months of 2010.
- In the medium to long-term, demand for value-added Tilapia products is expected to grow - especially in Europe. US buyers will have to compete with other markets for the increasingly popular fish.
- Increased production in South America and in other Asian countries is expected, but the increased demand will offset additional supply and prices are not expected to decrease.



Note: 2009 global data is an estimate extrapolated from the 4-year average proportion of Tilapia supplied by China; 2010 data are estimates; Source: SeafoodSource.com, 2010 & Globefish, 2010



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Table 1: US Tilapia Imports by Product Form, 2007 - 2010

	Jan-March 2008	Jan-March 2009	Jan-March 2010
Whole frozen	12.7	9.9	9.0
Frozen Fillets	26.5	27.9	32.9
Fresh Fillets	7.6	6.4	6.7
Total	46.8	44.2	48.6

Note: data is in 1,000 tonnes; Source: Globefish, 2010

