

Market Update

TILAPIA

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Supply

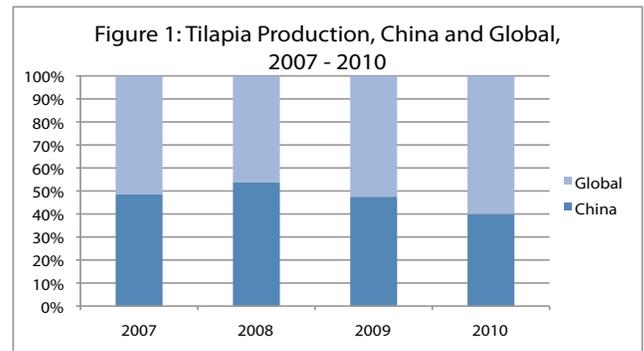
- Global Tilapia production is estimated to reach 3.7 million tons by the end of 2011. Almost 50% is farmed in China (Globefish, 2011) - Figure 1.
- In 2011, streptococcal infections in Guangdong and Maoming and severe weather conditions in Hainan resulted in raw material shortages out of China.
- Looking forward, most production growth is expected to come from other countries - including Brazil, Indonesia, the Philippines, Malaysia, Taiwan, the UK and Bangladesh.

Demand

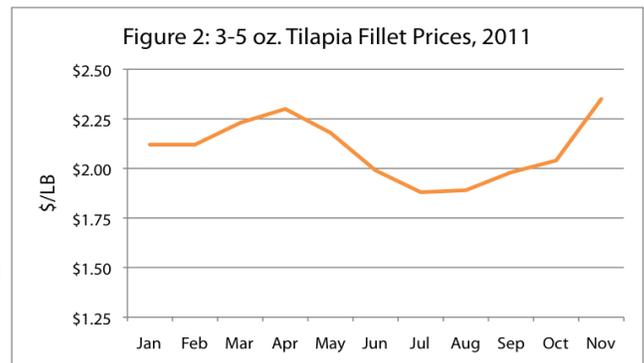
- Declining Atlantic Cod and Haddock stocks created opportunity for Tilapia in the US market - it is now the 5th most consumed seafood item. The US is also China's top market - taking almost 50% of exports.
- Typically, prices rise through the Spring, fall in the Summer and increase again in the Fall when storms arrive (Figure 2).
- This year was no exception. However, in the Fall - raw material shortages pushed prices higher than expected (Figure 2).
- Demand is growing in Brazil - increased production in Brazil will satisfy this demand and will also be targeted at the US market.
- Tilapia is just taking off in the EU - it currently occupies a niche market for fresh fillets in white tablecloth restaurants in France and the UK. However, freshwater tropical fish are becoming more accepted by consumers and retailers and wholesalers are showing more interest in Tilapia.

Projections

- As per historical seasonal trends - prices will level off before increasing in Spring 2012.
- Aside from seasonality - prices may rise overall. The disappointing 2011 season led many Chinese farmers to consider switching species. This will reduce supply and drive prices higher.
- Globally, demand for value-added Tilapia products is expected to grow. US buyers will have to compete with other markets - as well as deal with currency fluctuations - for the increasingly popular fish.
- Increased quotas for wild Atlantic Cod and Haddock may offset demand in some countries - but with seafood consumption on the rise worldwide - especially in China, Russia, Brazil - it is unlikely that prices will drop significantly.



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



Note: Prices are monthly averages, C&F Los Angeles

