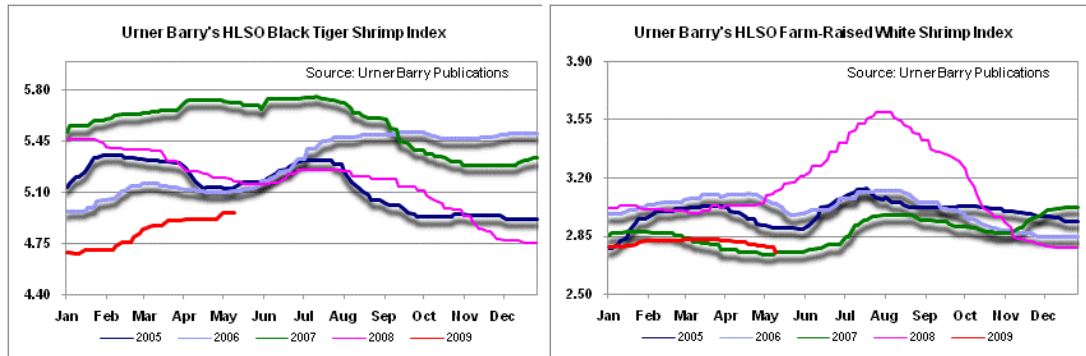


Shrimp Market Update

May 20, 2009

Overview: US shrimp imports increased by 8.7% last month but YTD imports remain down 7.2% as compared to last year. Last month's raw shell-on shrimp imports were +11% for black tigers and +8% for white shrimp. Imports of raw peeled shrimp were +28% for black tigers and +8% for white shrimp, cooked shrimp was +9% and breaded shrimp was -9%. The strongest YTD imports have come from Thailand (+1.5%), Indonesia (-.5%) and Ecuador (+2.1%). Mexico (+22.7%), China (-43.2%) and Vietnam (-26.1%) round out the top six. Last month, imports from Thailand, Indonesia, Ecuador, Mexico and Vietnam were up over last year while China remained down.

The struggling world economy, reduced production in certain regions, tariffs and deteriorating consumer confidence all continue to impact the global shrimp industry.



Black Tiger: The bulk of the U.S. black tiger supply originates from Vietnam, Indonesia, India and Bangladesh and YTD imports are down from all except India. In Vietnam, **tightening black tiger supplies are starting to drive prices up.** After bottoming out in December and January, prices began to inch up in February and continue to climb. According to the Vietnamese Association of Seafood Exporters (VASEP), 35 to 40% of the shrimp processing plants in the Mekong Delta have cut back on production because of the raw material shortage. More than half have had to lay off workers. Many farmers stopped breeding shrimp last year after incurring massive financial losses. According to the agricultural ministry, despite the high prices now, many farmers remain reluctant to start farming shrimp again because of a cash crunch. As a result, the shortage could persist for the next several months. **Currently, supplies are tight, especially on 16/20 and 21/25 count, and prices will continue to increase until the main harvest season in July. Since raw materials are not abundant, price relief is not expected at that time like in past years.**

Through the first four months of 2009, Vietnamese shrimp exports are down 3.9% in volume and down 6.6% in export value due to the falling demand in key export markets, including the U.S., Europe and Japan. Due to the global economic slowdown, VASEP reports the number of countries that Vietnam exports shrimp to dropped from 90 in 2008 to just 29 this year!

In Indonesia, shrimp production and exports will likely fall this year with a virus attacking the country's largest shrimp production centers. The virus has attacked shrimp farms in Lampung, which contribute 40% of the country's shrimp production.

White Shrimp: In Thailand, the weather has been colder than normal, creating a less than fruitful first harvest. The smallest size shrimp remain very scarce with **high prices** while medium and larger sizes remain steady. Farmers are continuing to stock ponds but have cut production drastically this year to protect profits, so it is anticipated that volumes for the main season (late-May through November) will also be lower than in years past and prices are expected to remain firm. The peak season is expected to be from late-May through June. After that, holiday orders will begin and increased demand will deplete supplies and drive prices up.



Thailand is projecting a relatively good year since the United States represents over half of its shrimp exports and anti-dumping duties have been cut for most companies and eliminated altogether for two companies. In 2008, Thailand's shrimp export value was \$1.2 billion, up 1.5% from 2007 levels. Thailand is projecting 2009 exports to increase by at least 10%, driven

by recession-battling diners opting to eat at home. With greater availability of Thai shrimp at retail outlets, production is expected to be up in 2009, as most farmers did not cut back by the 20% they had been asked. However, many exporters are afraid Thailand's political turmoil and on-going protests may cause foreign buyers to delay or scrap purchase orders. Also, analysts think the turmoil may significantly damage the economy by scaring off tourists, which account for about a third of the country's economy. Financial liquidity is another concern, as most commercial banks have tightened their credit lines to local exporters.

Food Safety Update: President Obama's pick to oversee food and drug safety, Dr. Margaret Hamburg, says she will revamp the FDA to better protect the nation's food supply, help prevent outbreaks of illness and restore public confidence in the FDA. Additionally, President Obama wants Congress to give the FDA an Additional \$300 million in its budget, which would be the largest funding boost in history and bring staffing back up to 1994 levels.

Gulf / Wild Mexican Shrimp: The National Marine Fisheries Service reported that US Gulf landings are off to a brisk start. March headless weight was 3.0 million pounds, well above the 1.0 million pounds from March 2008. This brings the 2009 cumulative totals to 10.96 million pounds, 52% above the same period last year. In Texas, the Gulf of Mexico commercial shrimp season will close May 15th until an unspecified time in July. The decision is based on trawl samples and the closure is designed to let small

shrimp grow to a larger more valuable size before they are harvested. In Louisiana, zones 1, 2 and 3 will all open during various dates in May.

Louisiana leads the U.S. in domestic shrimp production, with 57.8 million pounds hauled in 2008. Currently, there are about 5,000 active Louisiana shrimpers, a 75% decline since they fishery's heyday in the mid-1980's. In Texas, government led programs have reduced the number of shrimp boats by purchasing the licenses of more than half the fleet and reducing the number to 1,800 in-shore shrimpers. Fishermen are facing rising operating costs and stagnant prices, which together are contributing to a 40% drop in revenue for domestic shrimpers.

Northern Shrimp – This year's Maine shrimp season began December 1st and market prospects remain weak. Several factors relating to the global economic situation will seriously limit the volume of shrimp that processors can successfully market through existing channels of distribution—the strong US dollar in Europe, a strong Japanese Yen, and reduced domestic consumption of high-end food products. The EU remains the strongest market for Maine shrimp but this year's market has declined due to the increased strength of the US dollar in Europe. With worldwide demand down, Maine fishermen are turning to alternate methods of selling their catch—some are peddling shrimp roadside while others are setting up Community Supported Fisheries where consumers can purchase a share of participating fishermen's harvests at a set price.

Oregon pink shrimp are harvested off the Pacific Northwest coast by trawl boats. The season officially opened April 1st and will run through October 31st. This year's harvest is expected to be a productive one, as last year's landings reached 25.5 million pounds, a 6-year high. Experts predict the hold-over of shrimp from 2008 will be fairly good, especially in the southern areas.

Consumer Insights: Results from Technomic's latest consumer sentiment survey reveal consumers are still highly concerned about the economy, their personal finances and job security. Researchers note a jump in the recognition to save more and spend less with 87% saying that is their intention vs. 74% in December, 2008. As a result, Technomic predicts the food industry will continue to feel the results of the prevailing pessimism. This is apparent with the large number of people who plan to scale back visits to high-priced restaurants, reduce spending at restaurants, make more meals at home, increase purchases of store-brand groceries and take greater advantage of coupons and discounts. Technomic's research showed 51% of consumers believe the economy will worsen this year while only 26% think it will improve. Given all these facts, Technomic notes that a near-term rebound in consumer food spending is highly unlikely.

Sources: National Marine Fisheries Service
Seafood.com
NFI
National Oceanic and Atmospheric Association

Urner Barry
Shrimpnews.com
Intrafish
Contessa Procurement Team

Globefish