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Asian shrimp industry anticipates most challenging period till end of 2024

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The second half of 2023 could be â??the most challenging period for the global aquaculture industry since the peak of the Covid-19 pandemic in 2020â?•, while for the shrimp industry, this could be the most difficult period. worst since the EMS outbreak in 2011.

In its latest outlook for the second half of 2023, Rabobank forecasts a continued low shrimp price, combined with a reduction in fishmeal supplies, due to a decline in forage fishery production related to El Nino, will make profit margins extremely tight in the aquaculture value chain, with shrimp farmers likely to be hardest hit.

The report notes, shrimp demand in the US and Europe has dropped sharply in the past 6 months due to inflation and economic recession. Meanwhile, in China - which was expected to soar following the recent lifting of lockdown restrictions - has not recovered as much as anticipated, leaving suppliers stuck with stockpiled inventories. .

Rabobank predicts that prices are likely to fall further, as demand from China continues to decline, combined with continued growth in Ecuadorian production, and the report suggests that the Asian shrimp industry could face with the toughest period since an outbreak of early mortality syndrome (EMS) began to hit the region in 2011.

In Asia, according to the report, â??virtually the entire industry is operating at a loss per kilogram sold". This is the worst year since 2020 due to falling demand. China prop up the world in late 2022 and Q1 2023, but it turns out the Chinese spent less than anticipated. The economy is not opening up as fast as we thought and they are experiencing deflation. What is really worrying is that retail items are flat, which is hindering the recovery in demand in Europe and North Americaâ? the report's lead author, Gorjan Nikolik, explained. As a result, producers â?? especially in Asia â?? are drastically reducing their investment in broodstock and postlarvae.

â??Indonesia, targeting the US market, cut production by 20% in the first half of 2023; Vietnam â?? selling to Europe and the US â?? cuts production by 20-30%; India has not reduced production â?? it seems they did not receive timely notice, but now imports of broodstock have decreased by 40% â?? this could mean a drop in Indian shrimp production. in the second half of the year,â?• noted Nikolik.

The continued growth of production in Ecuador is up by 19% year-on-year in the first half of the year is driving down farm shrimp prices worldwide.

â??Ecuador created most of the oversupply: because they didn't experience a drop in the first half of the year, because 70% of their supply went to China, they are still growing. Finally, they are reducing the growth rate, from 25% to 12%, but it is still growing and Ecuador will probably record 12-15% growth this year compared to last year. The nightmare scenario [for Asian producers is that Ecuador will start targeting the European and US markets, rather than relying on China," explains Nikolik.

Ecuadorian producers are seeing prices drop and realize they can't pump more into the market.Â If retailers reduce the price of Ecuadorian and Indian produce, that could improve things, but it will be very difficult and most of the sector will lose money. However, according to Nikolik, it is likely that things will improve - but not until 2024.