

Peru unlikely to catch full anchovy quota; supply down 50% this year

Peruvian harvesters are not expected to fully land the country's first season anchovy quota. Supply this year is down 50% compared with the same point last year, industry observers told Undercurrent News, though prices are currently stable.

As of June 17, 1.27 million metric tons, or 52.6%, of the first anchovy quota of 2020 has been landed, according to figures from the government's marine research institute, Imarpe, with 260,000t of anchovy landed in the fourth week of fishing (see chart).

Some 1.14m metric tons of the 2.41m metric ton quota remains to be fished.



"Given the late start of the season combined with the impact of COVID-19 sanitary protocols on both fishing and processing, I don't expect Peru will catch the full quota. Maybe they can catch as much as 2.0-2.1m metric tons," JeanFrancois Mittaine, an industry expert, told Undercurrent on Wednesday, June 17.



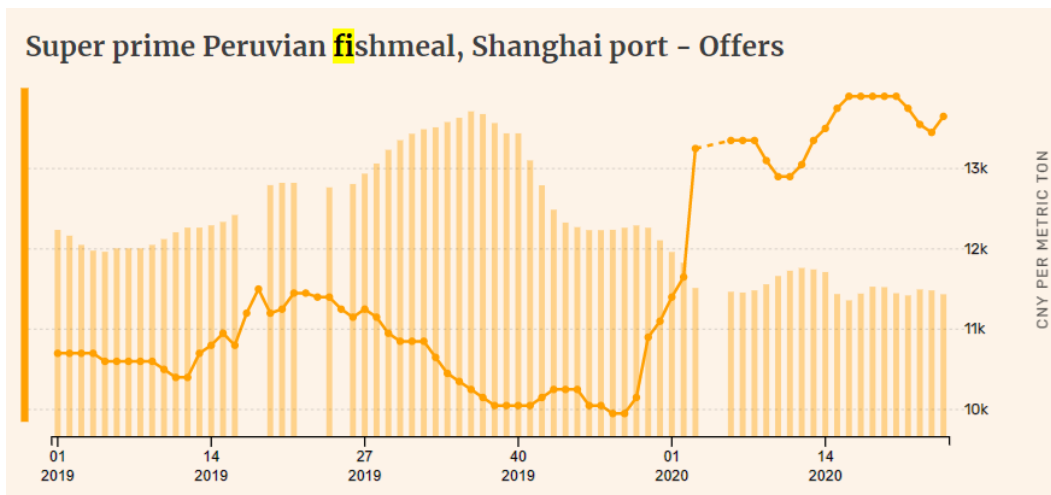
James Frank, managing director of MSICeres, a Peruvian fishmeal trading firm, concurred.

"It's better than expected given the difficult circumstances in Peru right now. But we don't think we will fish the whole quota, though we will be very happy if we reach a minimum of 2.0m," he said.

Frank told Undercurrent that fishmeal producers were net long over 60,000t of fishmeal as of Wednesday, from an estimated 300,000t of production. He reckons China will start to push down prices next week, when 100,000t of product is positioned net long.

However, landings in 2020 of 1.23m metric tons compare against 2.37m metric tons the same point in 2019, Mittaine pointed out, thanks to the poor tail end of last year's second fishing season, which carried over into early 2020. "On the supply side, there are no reasons to expect sharp price correction" from their current high levels, said Mittaine.

Last week, offer prices for Peruvian superprime fishmeal in the port of Shanghai increased CNY 200 per metric ton (\$28/t), to CNY 13,600-13,700/t, duties and storage paid, according to Undercurrent's price dashboard (see chart two).



In the first four months of 2020, China imported 165,000t of fishmeal from Peru, down 40% y-o-y, reflecting tighter supply in Peru. Overall, China imported 378,000t of fishmeal, down 22% y-o-y, according to Chinese customs (see chart three).



Meanwhile, some 130,000t of fishmeal was recorded in Chinese port inventories, as of week 24, down 42% compared with the same week in 2019 (see above).



Mittaine reckons Chinese demand in 2020 looks at. "On the demand side, the situation is about the same: there are no reasons for the price to rise. Fishmeal usage in China should decline in 2020 on account of many problems in the aquaculture industry, the impact of COVID-19 on seafood consumption, and the very large shrimp imports competing with the local production," he said.

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