

Seafood: Shrimp market

Falling demand in 2023

Vietnam is top 3 global shrimp exporter

Vietnam is one of the top 3 largest shrimp exporting countries in the world, along with Ecuador and India. Vietnam's shrimp farming industry generates billions of export dollars, making up about 10.1% market share of the global shrimp exporting industry value. Shrimp exports are also undeniably the most vital part of Vietnam's seafood industry, contributing 39.1% of the seafood export value. US, Japan and EU are key markets of Vietnamese shrimp exporters.

Company	Rating	TP (VND)
Sao Ta Foods	BUY	49,100

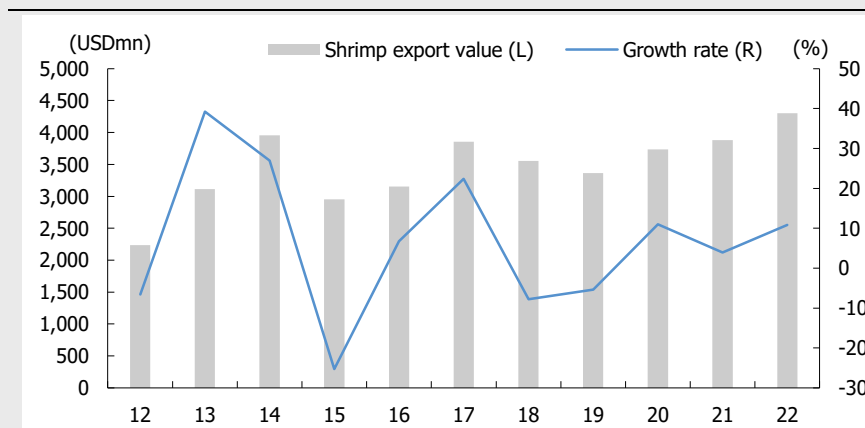
2023 outlook: Stormy season

In 2023, the Vietnam Association of Seafood Exporters and Producers (VASEP) predicts that 2023 shrimp exports will face many difficulties. We anticipate that the volume of exports and average selling price will slow down in 2023 due to (1) lower demand from large markets, (2) higher pressure from abundant supply sources from competitors, and (3) the lofty material price rally. Yet, we expect that the high shrimp demand of the Japanese and Chinese markets could partly offset the total shrimp export. The better-than-expected consumption on shrimp products in key markets would be an upside while the lower-than-expect average selling price would be the inherit risks for our outlook.

Stay firm with engines to get long-term boost till 2030

We believe that the Vietnamese shrimp industry's growth rate will increase due to (1) the global increase in seafood consumption from 2020-2030, (2) the government's vision to boost the shrimp industry as one of the key sectors, and (3) the competitive tariff preferences of FTAs compared to other suppliers.

Shrimp export value increased 4.9% CAGR from 2018-2022



Source: KIS

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What is the report about?

- The reason of slumped shrimp export in 2023
- The potential longevity growth of the Vietnamese shrimp industry
- The competitive position of Vietnamese shrimp exporters in global markets

I. Coverage projection and valuation

Table 1. Valuation of three telcos

Recommendation & TP			Earnings & Valuation										
Company			Sales (VND bn)	OP (VND bn)	NP (VND bn)	EPS (VND)	BPS (VND)	PE (x)	PB (x)	ROE (%)	EV/EBITDA (x)	DY (%)	
Sao Ta Foods (FMC)	Recommendation	BUY	2018A	3,807	217	180	4,133	15,622	5.0	1.3	29.0	6	6.6
	TP (VND)	47,700	2019A	3,710	238	230	4,854	18,078	4.6	1.2	26.9	4	14.6
	Price (17 Apr, VND)	42,000	2020A	4,415	225	226	4,333	20,820	7.2	1.5	22.4	6	3.0
	Mkt cap. (VND bn)	2,746	2021F	5,199	265	267	4,376	27,252	11.5	1.9	18.7	9	3.7
			2022F	5,702	307	309	4,807	29,423	6.7	1.1	16.7	8	6.2
Minh Phu (MPC)	Recommendation	Not rated	2018A	16,925	1,104	703	2,468	11,297	5.8	1.3	24.4	8	-
	TP (VND)	-	2019A	16,998	611	441	1,264	12,354	6.7	0.7	10.9	6	29.5
	Price (17 Apr, VND)	18,000	2020A	14,329	652	668	1,629	13,040	8.0	1.0	12.8	8	13.3
	Mkt cap. (VND bn)	7,198	2021F	13,578	715	642	1,529	13,394	13.0	1.5	11.6	12	5.0
			2022F	15,647	804	681	1,703	19,240	10.6	0.9	9.0	10	5.6
Camimex (CMX)	Recommendation	Not rated	2018A	1,062	123	81	3,636	6,140	2.5	1.5	82.4	4	-
	TP (VND)	-	2019A	951	110	41	1,853	7,441	4.5	1.1	27.3	7	-
	Price (17 Apr, VND)	9,000	2020A	1,425	112	47	1,309	9,384	10.9	1.5	17.9	9	-
	Mkt cap. (VND bn)	917	2021F	2,094	138	68	1,377	10,824	12.6	1.6	9.5	14	-
			2021F	2,094	138	68	1,377	10,824	12.6	1.6	9.5	14	-

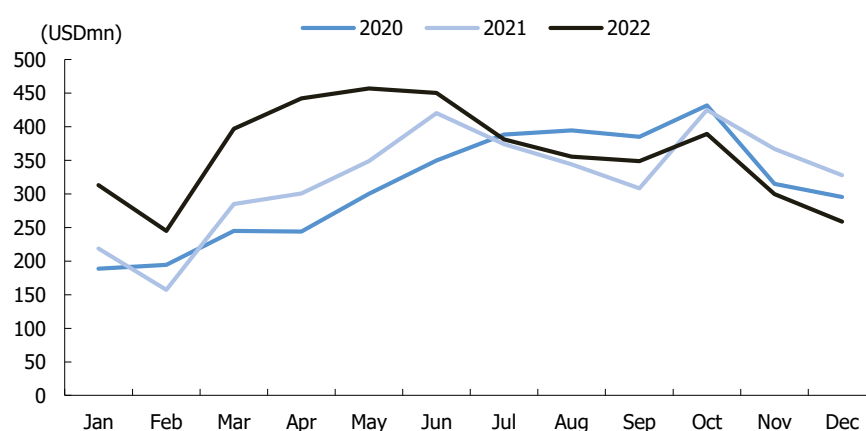
Source: Bloomberg, KIS

II. Stormy season in 2023F

1. Bountiful 2022 season for the shrimp industry

In 2022, shrimp exports surged strongly by 12% yoy to VND4.3 billion, reaching all-time high records. The increase in shrimp exports was driven by (1) recovered consumption post-COVID-19 in large markets such as the EU and Japan, which boosted export volume (+17% yoy and 3% yoy) and average selling price (+5% yoy to +10% yoy), and (2) preparation of Chinese importers for high demand after reopening in the Chinese market, which strongly perked +34% yoy volume export despite difficulties and challenges in importing with the tight COVID-19 test process.

Figure 1. Total 2022 shrimp export slowed down from July

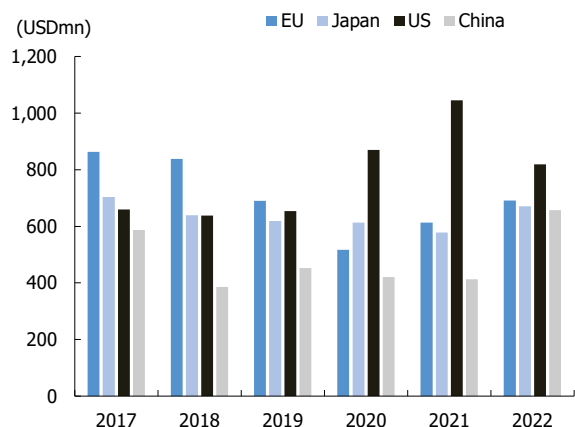


Source: VASEP, Korea Investment & Securities

Meanwhile, shrimp exports to the largest market, the US, slowed down by -22% yoy export value in 2022 after soaring imports from Vietnam's shrimp products in 2021. It was considered that shrimp imports outpaced consumption due to high inflation and high-interest rates, which lowered the purchasing power of seafood in the last 2H22. As a result, the volume of exports slumped by 24% yoy, offsetting average selling price uptrend (+5.1% yoy) to US market.

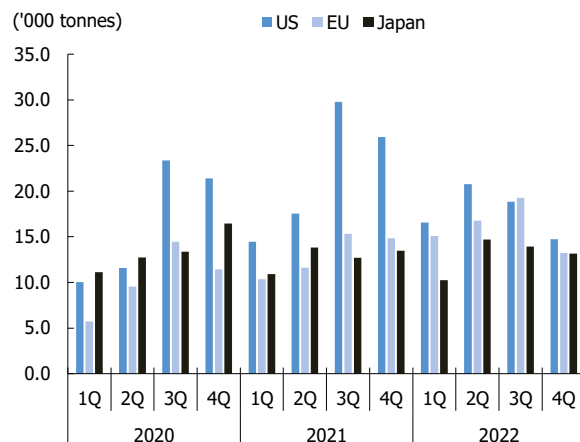
Although the export turnover of the shrimp industry had positive growth for FY2022, shrimp exports began to drop by -15% qoq and -13% yoy in 4Q22 as exports gradually decreased in most markets, such as Japan, the EU, and the US in 2H22. In particular, shrimp exports to the US, the largest market, significantly dropped by 35% qoq and 4% yoy. Due to high inflation, importers faced hefty costs of transportation and warehouses, while high stockpiles remained, leading to a gradual decrease in the purchasing power of shrimp products in the US market. Specifically, the volume of shrimp exports from Vietnam to the US market decreased by 22% qoq and 43% yoy in 4Q22.

Figure 2. Shrimp export to US markets dropped in 2022



Source: Company data, Korea Investment & Securities

Figure 3. Export volume in large markets decreased in 4Q22



Source: Company data, Korea Investment & Securities

2. 2023 outlook: stormy season

In 2023, the Vietnam Association of Seafood Exporters and Producers (VASEP) predicts that 2023 shrimp exports will face many difficulties. We anticipate that the volume of exports and average selling price will slow down in 2023 due to (1) lower demand from large markets, (2) higher pressure from abundant supply sources from competitors, and (3) the lofty material price rally. Yet, we expect that the high shrimp demand of the Japanese and Chinese markets could partly offset the total shrimp export.

Table 2. 2023 outlook on Vietnamese shrimp export

Market	Value shares (%)	Growth rate YoY in 2023			Note
		Volume	ASP	Value	
US	18.9	-	-	-	The abundant stockpile and weaker purchasing power may slow down shrimp exports until the end of 1H23. The demand for import shrimp products to slightly increase in the US market in 2H23 due to the lessening of shrimp product stockpiles in markets and easing inflation
Japan	15.5	+	-	=	The high demand would accelerate the export volume of shrimp products while selling price could fall down compared to the high base in 2022, making the shrimp export to Japan market remain stable in 2023.
EU	15.9	=	-	-	The volume export could be flatted yoy since the downturn outlook of EU economy could lessen spending of EU consumption on seafood, including shrimp products
China	15.1	+	-	+	The consumer pent-up after lifting pandemic restrictions and import clearance policies have been gradually eased would increase shrimp export to China
Other	34.6	-	-	-	
Total		-	-	-	The lower demand, high pressure from competitor supply, and high base would make the export price of shrimp product fall yoy

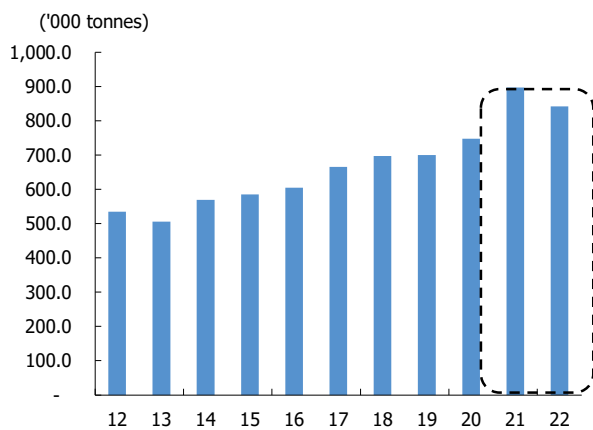
Source: Korea Investment & Securities

2.1 Weak demand in large markets might lower export volume

We believe that seafood supplies outpaced consumption in 2H22, leading to high inventory, including shrimp products, especially in US market, which was strongly imported from 2021 until 2022. According to IntraFish, US seafood importers could face the challenge of a 10% shortfall of cold storage at a time even more tightened before COVID-19. This means that seafood importers, including those of shrimp, would decrease seafood imports and consume those shrimp products for more storage. Meanwhile, high inflation occurred in main markets including US, making consumers reluctant to spend on high-priced food such as shrimp.

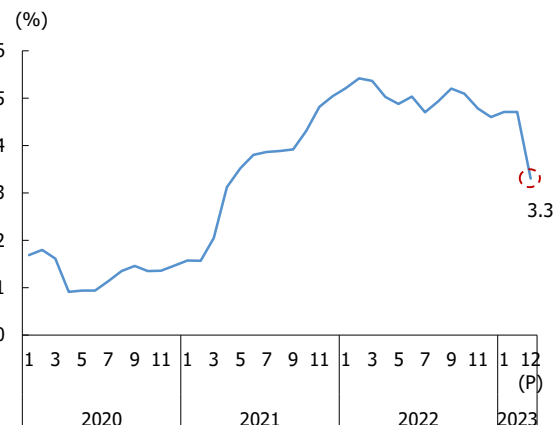
As such, the abundant stockpile and weaker purchasing power may slow down shrimp exports until the end of 1H23. We expect the demand for import shrimp products in the US market slightly increase in 2H23 due to the lessening of shrimp product stockpiles in markets and easing inflation following FOMC projections until the end of 2023, which could help recover the purchasing power of seafood. Thus, we estimate that shrimp exports to the US will decrease by 12.9% yoy in 2023.

Figure 4. US market increased total imports of average shrimp volume in 2021 - 2022



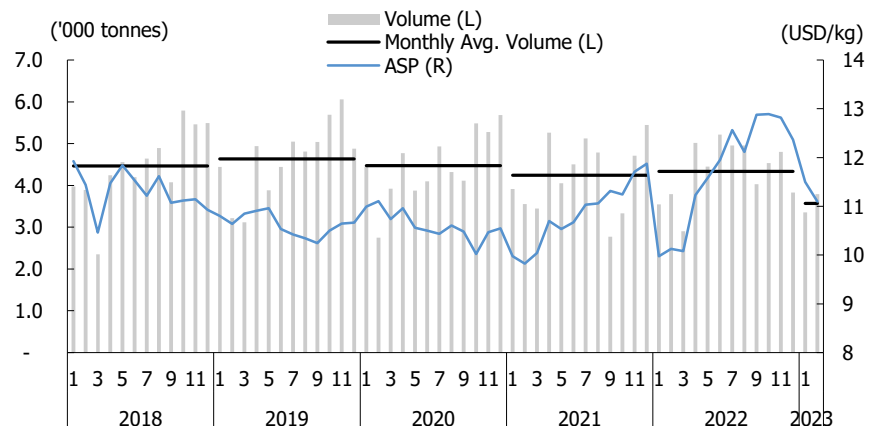
Source: Company data, Korea Investment & Securities

Figure 5. Personal consumption expenditures YoY in US was projected to be cool down by the market in the end 2023



Source: Company data, Korea Investment & Securities

Figure 6. Vietnamese shrimp export to US declined in term of volume and ASP in 2H22

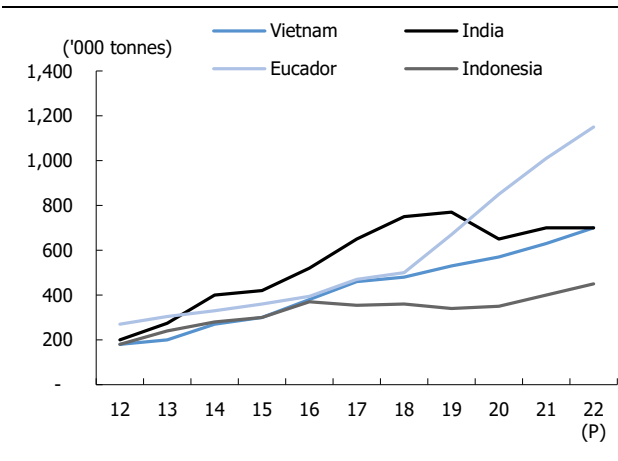


Source: NOAA, Korea Investment & Securities

2.2 Higher pressure from competitors to supply

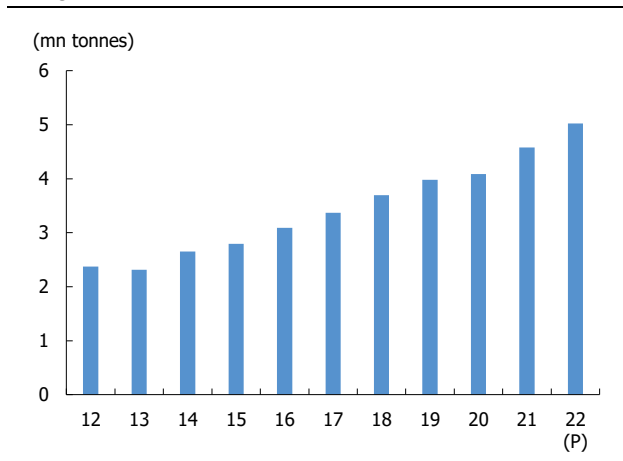
In 2023, Ecuador expects large shrimp production - more than 1.5 million tonnes, twice as much as Vietnam's white shrimp production (700,000 tons). Countries with shrimp farming development strengths such as Indonesia, Ecuador, and China aim to increase farming output. The abundant supply sources from suppliers but weaker demand will decelerate the average selling price exporting to markets, especially the US and EU. From 2H22, global shrimp selling prices decreased gradually and are expected to continue to decline as global supply increases to about 6 million tonnes. Thus, Vietnamese shrimp, which has a higher average selling price of shrimp compared to peer exporters, is fiercely competed by cheap shrimp from Ecuador and India. We project that the average selling price of shrimp exports will fall by 3% yoy to 4.5% yoy in 2023.

Figure 7. Competitive farmed shrimp production



Source: Robins McIntosh/industry executives, Korea Investment & Securities

Figure 8. Global farmed shrimp production increased in 2022



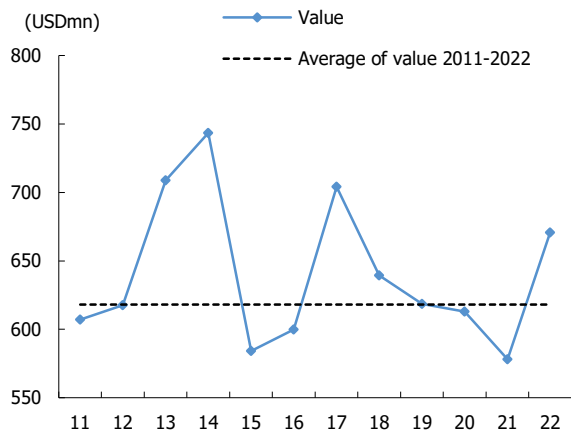
Source: Robins McIntosh/industry executives, Korea Investment & Securities

2.3 Japanese consumption could maintain stability.

The Daiwa Institute of Research and International Monetary Fund (IMF) projected that Japan's economy to continue to recover in 2023. Accordingly, Japan is navigating the recovery from the pandemic and the implications of Russia's war on Ukraine. The less spending and savings accumulated during the pandemic amid the recovery of the economic post-pandemic will support the consumption pent-up. Meanwhile, China's reopening and given the strong relations between China and Japan could boost the trade and tourism growth in 2023. We estimate the demand from the HORECA channel (hotel/restaurant /catering and encompasses) could benefit from the tourism growth.

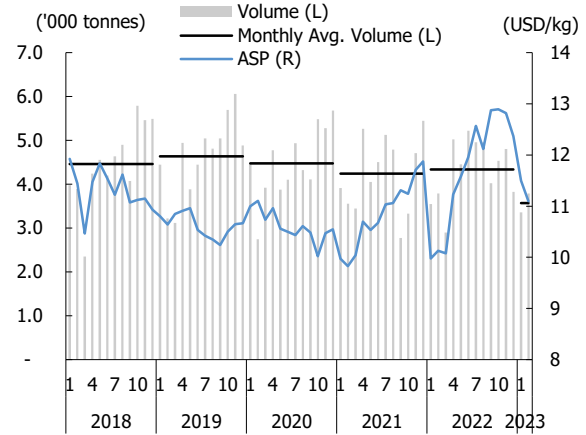
In short, Vietnamese shrimp exports to Japan are expected to remain stable in 2023 due to the high demand for processed shrimp products. We believe that (1) the economic recovery posted COVID-19 (2) the consumed compression and accumulate saving in pandemic, and (3) the tourism growth would support seafood and shrimp consumption in 2023. Additionally, Vietnamese shrimp exporters are also advantaged by favorable geographic location and zero import duty supported by FTAs. Even though we expect that the high demand would accelerate the export volume of shrimp products, we estimate that the selling price could fall down compared to the high base in 2022. Therefore, Vietnamese shrimp exports value to Japan would remain stable in 2023.

Figure 9. Vietnam shrimp export value to Japanese market in 2012-2022



Source: VASEP, Korea Investment & Securities

Figure 10. Shrimp export to Japan increased ASP in 2022 while the volume maintain stable

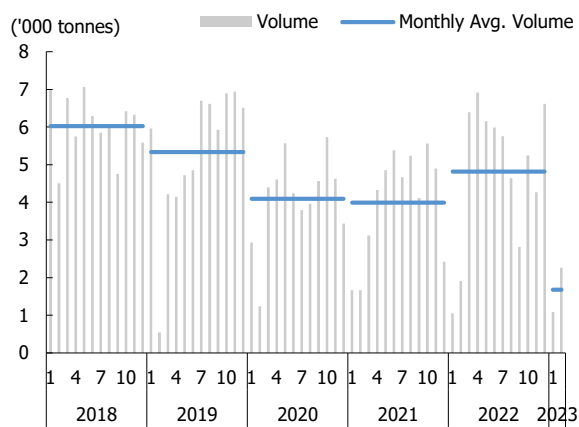


Source: Japan Custom, Korea Investment & Securities

2.4 China might be a key market for the 2023 shrimp industry

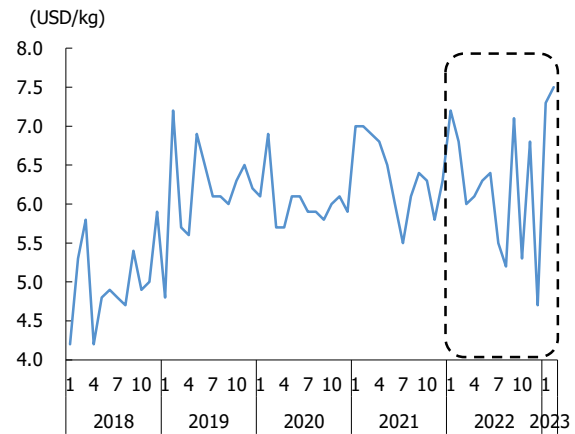
In 2023, China is considered as a key driver for the shrimp industry since the strong consumed shrimp products. From 2020 – 2022, the pandemic restrictions of the Chinese government and tight import clearance reduced the shrimp supply sources and consumed demand for products. As such, we expect that lifting pandemic restrictions could increase the demand since less spending and savings accumulated during the pandemic would pent-up the consumption in 2023. Also, the Chinese import clearance policies have been gradually eased, supporting the increase in Vietnam shrimp export volume to China.

Figure 11. Vietnamese shrimp volume* exporting to China slumped in 2020-2021



Source: Undercurrent Data, Korea Investment & Securities
 Note: *Shrimp volume including all species of vannamei and black tiger shrimp

Figure 12. The ASP of vannamei shrimp export to China



Source: Undercurrent Data, Korea Investment & Securities

II. Stay firm with engines to get long-term boost till 2030F

We believe that the Vietnamese shrimp industry's growth rate will increase due to (1) the global increase in seafood consumption from 2020-2030, (2) the government's vision to boost the shrimp industry as one of the key sectors, and (3) the competitive tariff preferences of FTAs compared to other suppliers.

1. Sustained global demand for seafood consumption

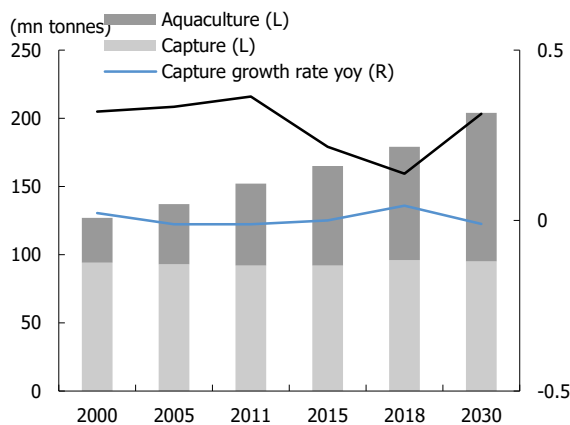
According to the Food and Agriculture Organization (FAO) of the United Nations, the global fish supply will increase by 32% from 2011 to 2030, reaching 204 million tonnes, equivalent to a +2.3% CAGR. However, the captured fish is limited and is expected to decrease by 10% by 2030, to be replaced by aquaculture fish. Aquaculture is forecasted to reach 109 million tonnes, increasing by 32% compared to 2018, while capture will reach 95 million tonnes, the same compared to 2018. The main drivers of this growth are tilapia, carp, pangasius, and shrimp.

According to the World Bank (2021), the global population and GDP increased by 20.2% and 17.4%, respectively, from 2010-2030, which is likely to spike the fish consumption level on average. Accordingly, the annual per capita fish consumption is projected to increase from 17.2kg to 18.2kg in 2010-2030.

The global demand for seafood consumption is expected to remain high

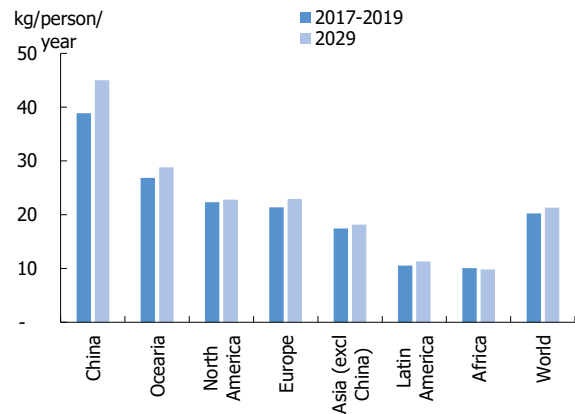
The high consumption is promoted by the surges in income and population growth in markets

Figure 13. Global aquaculture is expected to grow 2.3% CAGR by 2030



Source: FAO, Korea Investment & Securities

Figure 14. The world forecasted consumption growth of capture and aquaculture in 2017-2029



Source: FAO, Korea Investment & Securities

2. Government's vision to boost the shrimp industry as one of the key sector

Recognizing the promising potential growth of fishery consumption, the Vietnamese government aims to maintain its leadership position in the development plan strategy until 2030F. The government issued Resolution 50/2018/QĐ-TTg to stipulate the main aquaculture species, including black tiger shrimp and white leg shrimp, since 2019. Resolution 79/QĐ-Tg was also issued to exploit development action plans in the shrimp industry until 2025. Accordingly, the government set the following targets for 2021-2025F: (1) a total export turnover of vannamei shrimp and black tiger shrimp reaching USD8.4bn (+12.7% average growth between 2021-2025), (2) a (blackish water) shrimp

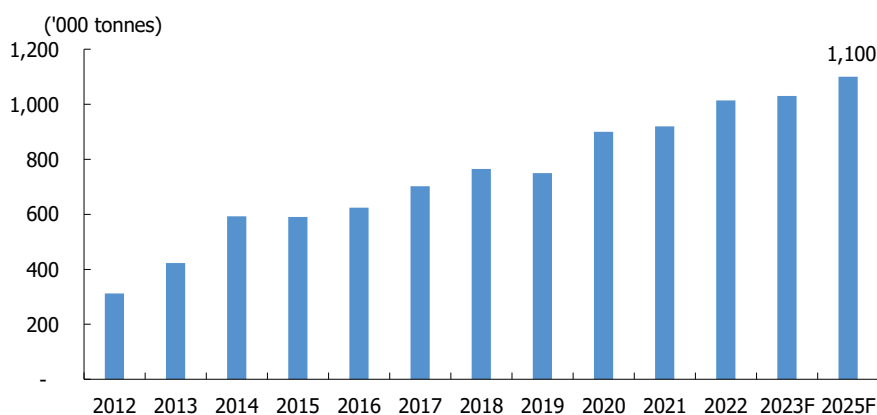
Vietnam's government eyes to maintain the leadership position in the strategy development plan missioned till 2030

Focus on raising the value per product to exploit development action plans in the shrimp industry until 2025.

farming area reaching 750,000 ha, and (3) farmed shrimp production reaching 1.1 million tonnes (+6.73% average growth between 2021-2025).

Since 2021, the Prime Minister has issued Decision 1408/QĐ-TTg approving the development of the seafood processing industry over the next ten years. In particular, a number of modern seafood processing corporations and enterprises, with deep integration into the global value chain and management at a world-class standard, will emerge. By then, farming facilities and competitive shrimp aquaculture techniques will increase the sustainable supply source.

Figure 15. The government projected to increase farmed shrimp harvest to 1.1 million tonnes



Source: VASEP, Korea Investment & Securities

Export activities are Strongly Bolstered by FTAs

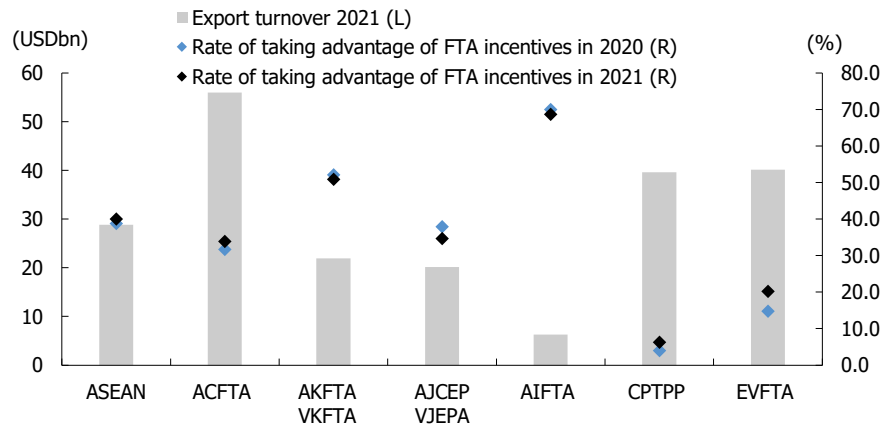
3. Export activities are strongly bolstered by FTAs

Vietnam has 14 effective Free Trading Agreements (FTAs) with major partners, including ASEAN (AFTA), China (by ACFTA), Korea (AKFTA and VKFTA), Australia and New Zealand (AANZFTA and CPTPP), Japan (VJEPA), Canada (CPTPP), EU (EVFTA), and UK (UKVFTA), etc. These FTAs bring huge opportunities to speed up more export turnover and more competitive products. In 2021 (latest data), the seafood export turnover to countries having FTAs with Vietnam accounted up to 55% of shares. Of which, the total seafood exporters take advantage of tariff preferences under FTAs in 2021 accounting for 66.3%. We believe that the good advantage taken from the tariff reductions helps sharpen the Vietnam seafood's competitive edge in the foreign consumers' taste.

EVFTA and UKFTA are expected to be strong engines for shrimp products

Making the most of the tax advantages of FTAs, the Vietnamese government is ramping up to expand the new generation FTAs such as the Regional Comprehensive Economic Partnership (RCEP), the EVFTA Agreement, and the most recently signed UKVFTA between Vietnam and the United Kingdom. These FTAs will undoubtedly generate a new but huge consumption market for Vietnam's seafood export, contributing to enhancing its competitiveness of Vietnam.

Figure 16. Rate of taking advantage of FTA incentives tin 2021



Source: VASEP, Korea Investment & Securities

IV. Shrimp industry: lucrative but competitive

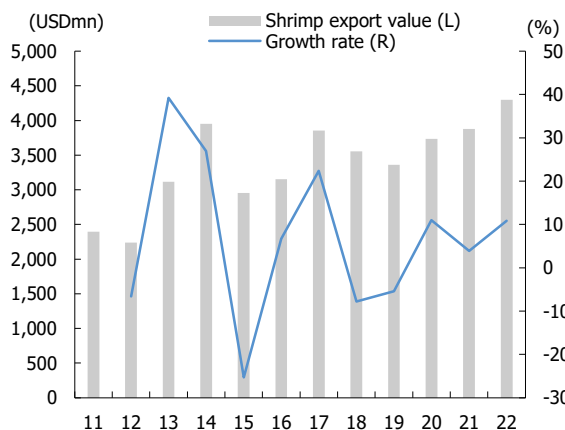
Vietnam remains a top global shrimp exporter.

Vietnam is one of the top 3 largest shrimp exporting countries in the world, along with Ecuador and India. Vietnam's shrimp farming industry generates billions of export dollars, making up about 10.1% market share (2021 data, UN Comtrade Database) of the global shrimp exporting industry value. Shrimp exports are also undeniably the most vital part of Vietnam's seafood industry, contributing 39.1% of the seafood export value.

3 largest market contribut 50% of total shrimp export value

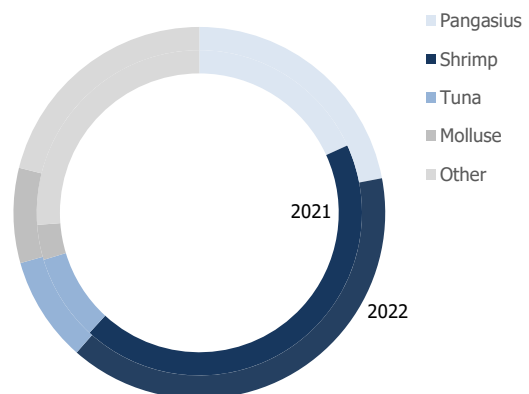
The US is the largest export market of Vietnamese shrimp products, contributing 18.9% of the shrimp export value. Japan and the EU are other major exporters, contributing 15.5% and 15.9% of the value, respectively. These three largest markets were key drivers of the shrimp industry's growth rate, accounting for 50.3% of the shrimp export value with 6.4%, 1.2%, and -4.7% CAGR, respectively. Meanwhile, China is one of the fastest-growing importers of Vietnamese shrimp, increasing its contribution from 10.9% to 15.1%, with a 14.2% CAGR in the past 5 years.

Figure 17. Shrimp export value increased 4.9% CAGR from 2018-2022



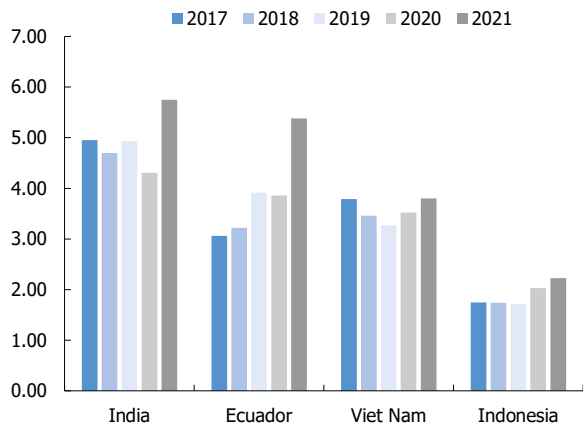
Source: VASEP, Korea Investment & Securities

Figure 18. Shrimp is largest export products by value



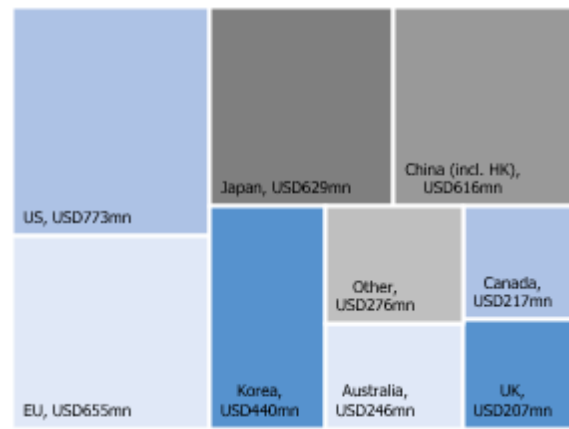
Source: VASEP, Korea Investment & Securities

Figure 19. Vietnamese shrimp exporters maintained top 3 for years with stable export value



Source: UN Comtrade, Korea Investment & Securities

Figure 20. Export value by markets in 11M22



Source: VASEP, Korea Investment & Securities

1. US market: the most lucrative market but hardest to survive

Vietnam ranked top 4 of with 18.9% CAGR in last 5 years

Vietnamese shrimp exporters implied zero anti-dumping tax.

Vietnam currently ranks 4th in shrimp imports to the US market since Vietnam diversified its species and supply chain in aquaculture and countries' exports. Despite the fact that Vietnamese exporters have less competitive prices, the reputation for high-quality products boosted Vietnam's shrimp exports, securing a top 4 position with an 18.9% CAGR in the past 5 years.

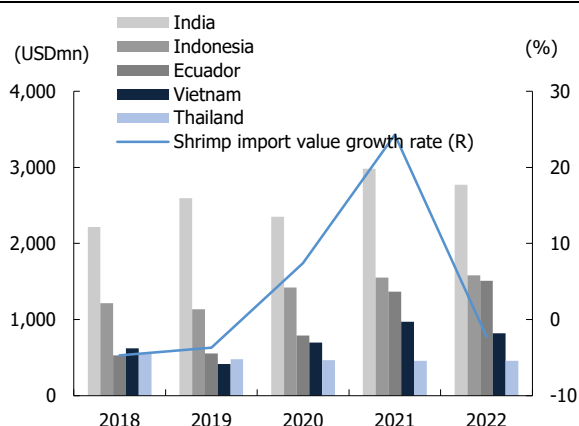
India is the top shrimp exporter to the US market for a long time, exporting 95% of shrimp species out of the total India to the US, and also impressively surged with a CAGR of shrimp value by 13% in 5 years. However, the strong expansion of Indian shrimp in the US market led to anti-dumping tax increases reviewed by the US Department of Commerce. Even though Indian shrimp products have competitive price strategies, Ecuador, which has a geographic, abundant material sources and free anti-dumping tax advantages (a concentration of 70% of Ecuadorian import products in the US is shrimp species and +30% CAGR of shrimp export value to US), competed strongly with Indian exporters to replace shares in this market. Thus, Vietnamese exporters seem cautious with market expansion strategies in US, referred to Indian case. In the latest period of review, all Vietnamese shrimp exporters implied zero anti-dumping tax.

Table 3. Positive anti-dumping decision for shrimp exporters in US markets

Period of review	Reviewed year	Anti-dumping tax for shrimp exporters (%)		
		Vietnam	India	Ecuador
POR 13	2017-2018	0.0	2.3	0.0
POR 14	2018-2019	0.0	3.1	0.0
POR 15	2019-2020	0.0	4.73-11.73	0.0
POR 16	2020-2021	0.0	3.0	0.0
POR 17	2021-2022		3.76*	0*

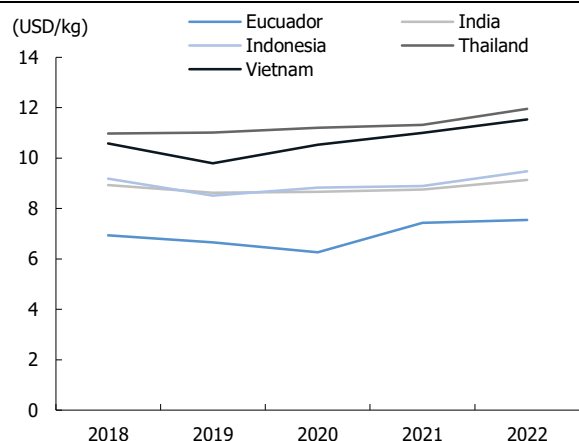
Source: Source:US DOC, VASEP, Korea Investment & Securities
Note: * Prelim anti-dumping tax decision

Figure 21. The shrimp industry is aggressively competitive for suppliers in US market



Source: NOAA, Korea Investment & Securities

Figure 22. Vietnam has higher ASP to the US compared to top 3 suppliers



Source: NOAA, Korea Investment & Securities

Table 4. Top 5 shrimp exporters to US

Exporters	2022 Shares (%)
1 Stapimex	30.5
2 Minh Phu Seafood (HOSE: MPC)	12.6
3 Vina Cleanfood	8.1
4 Sao Ta Food (HOSE: FMC)	7.5
5 Ut Xi	6.5

Sources: Tendata, Korea Investment & Securities

2. EU and UK markets: expecting FTAs to get more shares in the markets.

Vietnam maintained its position as the top extra-EU country shrimp exporter, lagging only behind Ecuador. Shrimp products account for 53% of the total Vietnam seafood export value to the EU. Yet, the shrimp export value to the EU has slowed down in recent years due to lower demand and unfavorable transferred activities reducing export volume. The recovered demand post-COVID-19 surged export volume and selling prices.

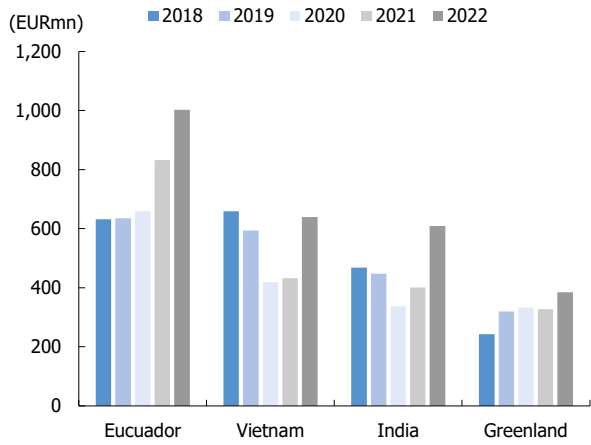
Meanwhile, Ecuador and Greenland shrimp export expanded the EU market in recent years. Especially, Ecuador actively joined this market by expanding 2.7% to 3.7% shares since 2017 and increasing 12.2% CAGR value in the last 5 years. The volume export was boosted by 11.3% from 2018 to 2022 assisted by the competitive price, abundant sources, and mainly by the free trade agreement between Ecuador and the EU. As a partner of the EU-Vietnam free trade agreement (EVFTA) and UK free trade agreement (UKVFTA) since 2020 and 2021, respectively, the scheduled path for the tariff of shrimp imports as decreased to 0% will be an engine for stronger expansion in this market.

Table 5. Tariffs of suppliers in EU and UK markets

	2022	Frozen Shrimp	Processed Shrimp	Tax implied
Vietnam		0.0	15.0	EVFTA, UKFTA
Indian		4.2	7.0	Applied GSP
Ecuador		0.0	0.0	EU-Ecuador FTA, UK-Andean FTA

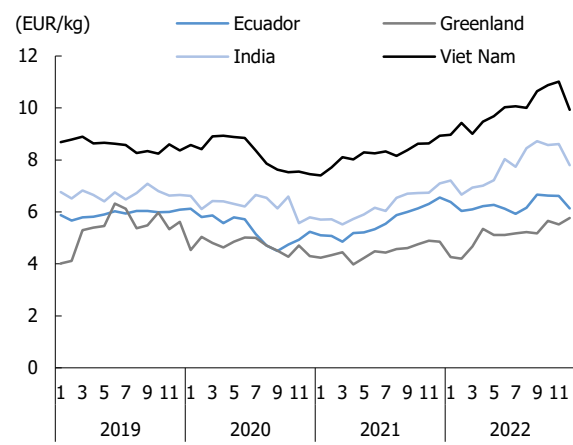
Notes: Frozen shrimp includes HS 030617
Processed shrimp includes HS 160521
Sources: VASEP, Korea Investment & Securities

Figure 23. Vietnam is the top 2 shrimp supplier but Ecuador as the leader is expanding strongly



Source: EUFOMA, Korea Investment & Securities

Figure 24. The competitive selling price of imported shrimp in EU market

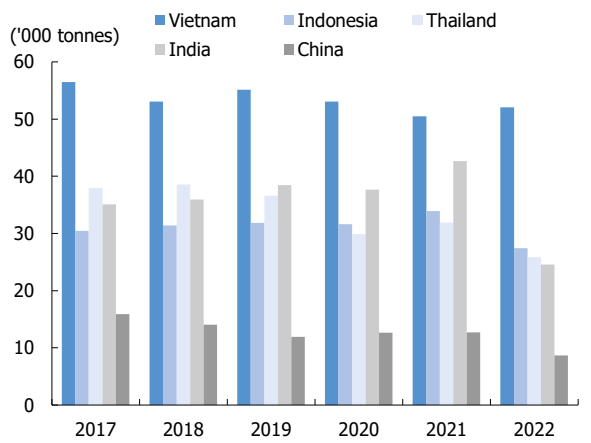


Source: Undercurrent Data, Korea Investment & Securities

3. Japanese market: The key to success is high-quality products

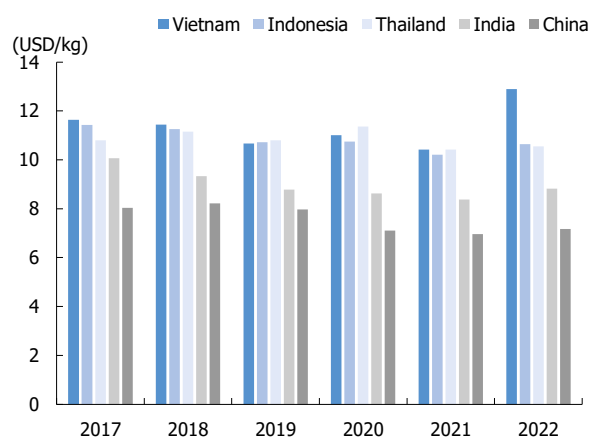
For years, Vietnam shrimp exporters have led the Japanese market, followed by Thailand, Indian, and Indonesian exporters. Asian countries have an advantage in terms of geography, as they benefit from lower logistics costs and free-trade agreements with Japan, which provide preferential tariff rates. In addition, Japanese consumers favor Vietnam shrimp products due to their particular processing techniques on a large scale. As a result, the export volume of both vannamei shrimp and black tiger shrimp to this market has surpassed other top exporting countries, with competitive prices.

Figure 25. Vietnam lead shrimp export volume to Japanese market



Source: Japan custom, Korea Investment & Securities

Figure 26. The average selling price is high since they consume value-add processed products



Source: Japan Custom, Korea Investment & Securities

Table 6. Top 5 shrimp exporters in Japan

Exporters	2022 Shares (%)
1 Minh Phu Seafood (HOSE: MPC)	22.2
2 Sao Ta Food (HOSE: FMC)	10.8
3 Hai Viet	4.4
4 Vina Cleanfood	1.6
5 Vietnam Livestock –Thua Thien Hue Branch	1.5

Sources: Tendata, Korea Investment & Securities

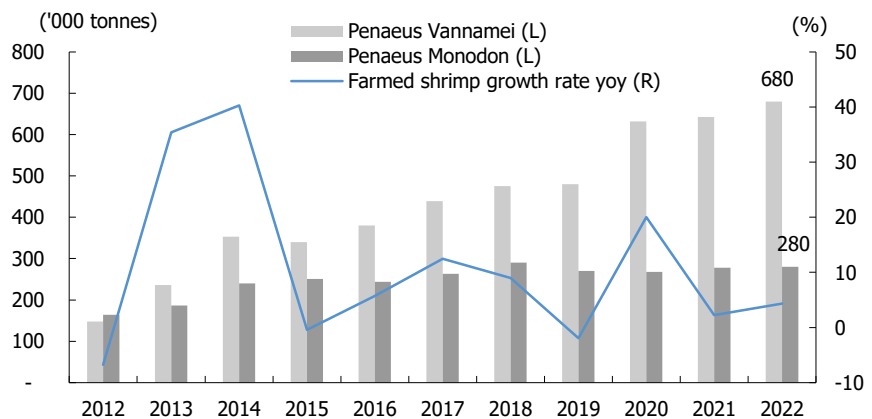
Vietnam Vietnam's shrimp production has been growing at a steady pace of 8% CAGR.

4. Competitive from the bottom of the value chain

The Mekong Delta River region is popular for farming brackish water shrimp, with a farm area of 600,000 ha for black tiger shrimp and 80,000 ha for vannamei shrimp, mainly located in Ca Mau, Kien Giang, and Soc Trang provinces. Most farms use intensive or super-intensive culture systems, which are relatively large-scale and well-equipped. As a result, shrimp farming growth in Vietnam (+8% CAGR) is expected to be more sustainable compared to global shrimp production (+5% CAGR).

The farmed whiteleg shrimp (*Penaeus Vannamei*) area has been increasing rapidly since its introduction in 2004. On average, vannamei shrimp has a yield productivity of 11.7 tonnes/ha/cycle, while black tiger shrimp (*Penaeus Monodon*) has much lower productivity of 0.06 tonnes/ha/cycle (for intensive system), 0.8-1 tonnes/ha/cycle (for semi-intensive), and 2.4-6.5 tonnes/ha/cycle (for the intensive system). As a result, the popularity of whiteleg shrimp has surged among both suppliers and consumers due to their high productivity and cheaper price, leading to a higher volume and value of exports compared to black shrimp exports.

Figure 27. Vietnam increased vannamei shrimp farming strongly in last 10 years



Source: VASEP, Korea Investment & Securities

However, Vietnamese farmed shrimp efficiency seems to be vulnerable as harvest activities depend heavily on the weather, quality of seed, and farming environment. According to seafood professionals, the survival rate of farmed shrimp in Vietnam is under 40%. Meanwhile, India, Thailand, and Ecuador benefit from favorable environments and high-quality seeds, boosting higher survival rates of about 48%, 55%, and 73%, respectively. As a result, the input price for Vietnamese farmed shrimp is expected to be more volatile and higher compared to other competitors.

III. Conclusion

In short, we considered that the growth rate of shrimp market would slow down to reflect the headwinds causing vulnerable shrimp consumption in 2023. We expect that the lower demand on many markets, especially in the US and EU would reduce the export volume of shrimp products. At the same time, the average selling price would fall gradually yoy, leading to the deceleration of total shrimp export in 2023F. The better-than-expected consumption of shrimp products in key markets would be an upside element while the lower-than-expect average selling price would be the biggest risk for our outlook.

Due to the conservative outlook on the shrimp industry, we expect only qualified players that actively pivot top gain share in key markets including US, EU and Japan. As such, our favorite company is Sao Ta Foods (FMC) since we expect that FMC gain more shares in Japan and EU markets while maintaining position in US market.

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