




McDowell
GROUP

Alaska Fisheries Market Update

Alaska Seafood Marketing Institute

All Hands on Deck Meeting

October 29, 2018

- Market trends
 - Key markets
 - Tariffs and currency rates
- Volume and value of Alaska seafood
 - Average 2013-2016
- Species overview



A photograph taken from the deck of a boat, looking out over the ocean. The view is framed by white vertical posts on either side. In the foreground, there is a wooden railing with green fishing nets draped over it. The ocean is a deep blue-green, and a white wake from the boat stretches towards the horizon. In the distance, another vessel is visible on the water. The sky is clear and blue.

Market Trends

Markets for Alaska Seafood

- U.S. usually largest market, followed by China, Japan, and South Korea
- Export volume and (nominal) value in 2017 the highest recorded
- More than one billion pounds of seafood exported annually since 2013

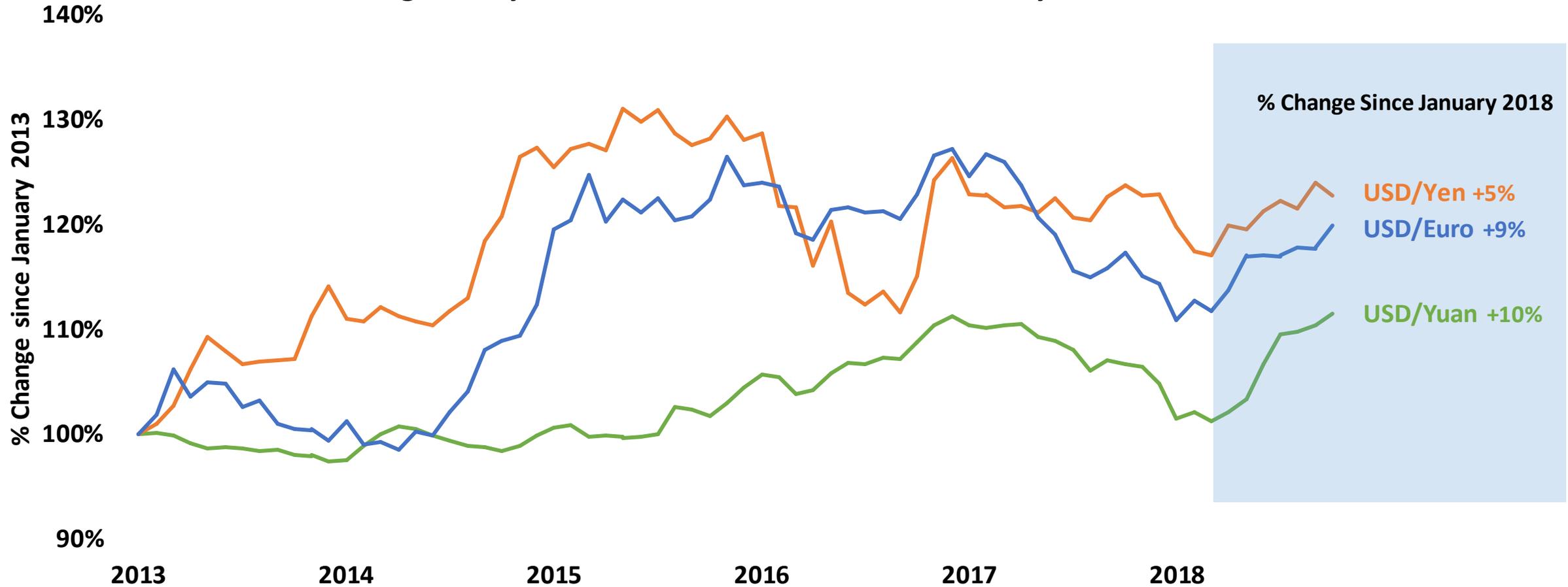




- Chinese import tariffs (10%-25%)
 - Main Alaska exports excluded
 - Fish meal, live, and fresh products included
- U.S. import tariffs (10%-25%)
 - Most salmon, pollock, P. cod products excluded; sole included
 - Planned increase to 25% on Jan. 1st

Currency Rates

Percent Change in Key Currencies Versus U.S. Dollar, January 2013- October 2018



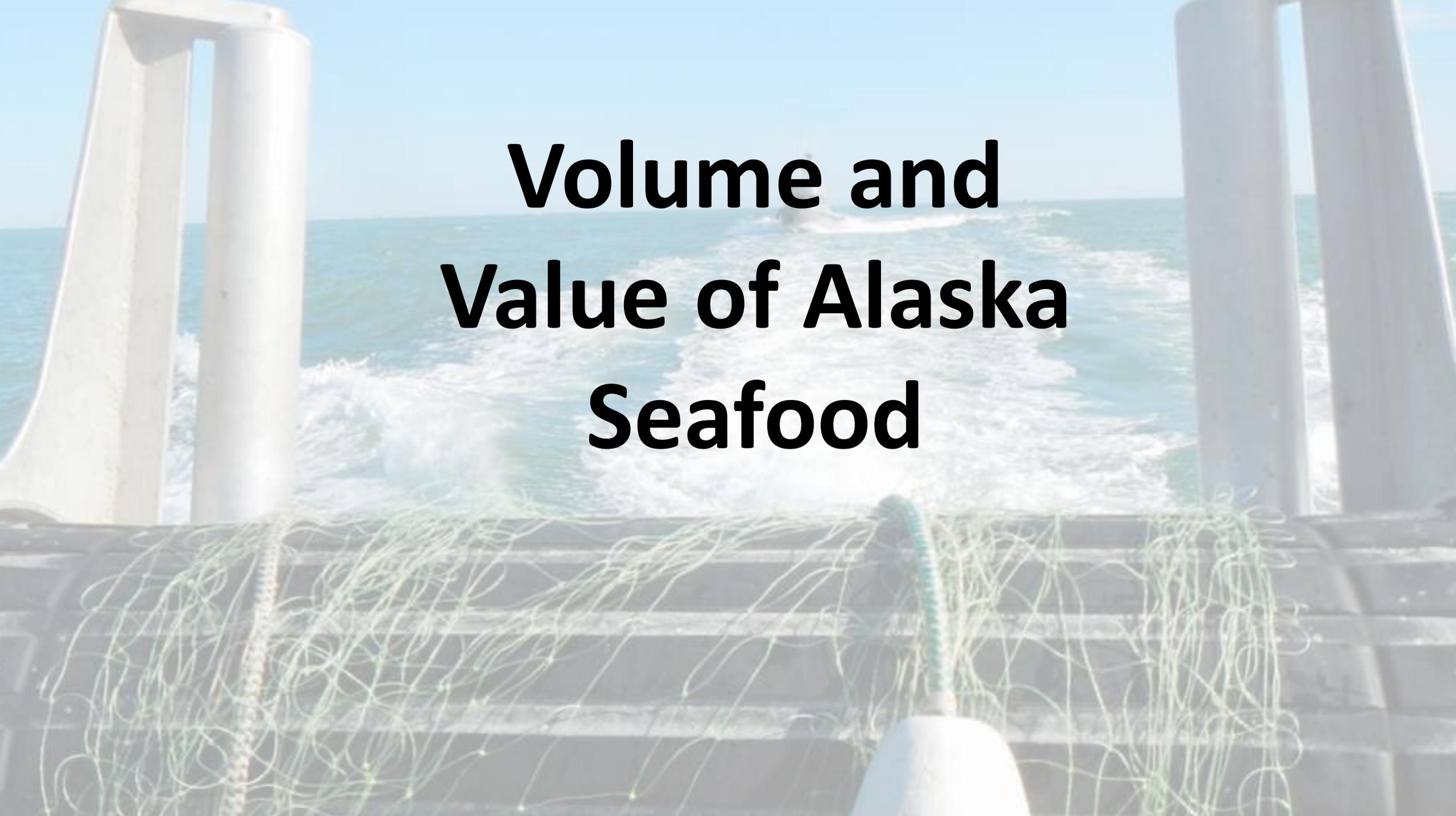
Global Production of Key Species, 2016

Alaska production competes with other seafood and protein from around the globe

Pork: 110 million MT
 Chicken: 90 million MT
 Beef: 60 million MT

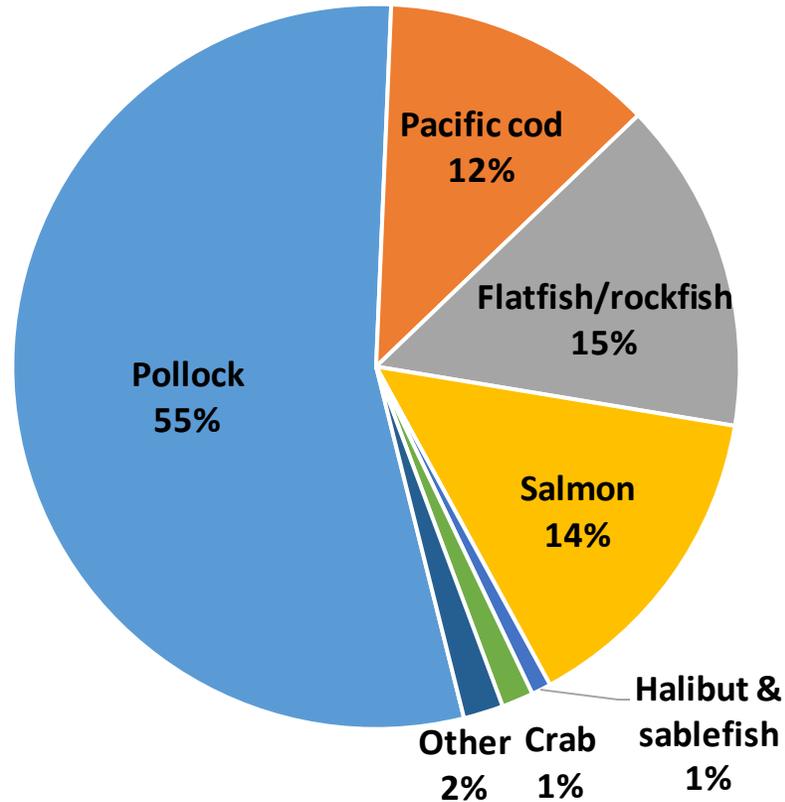
Species	Global Supply (MT)	Alaska Supply (MT)	Alaska %
Sablefish	17,200	10,900	63%
Halibut	19,400	11,100	57%
Pollock	3,476,100	1,526,800	44%
Flatfish	966,500	253,200	26%
Cod (Pacific and Atlantic)	1,791,700	324,900	18%
King & Snow Crab	268,900	24,700	9%
Farmed and Wild Salmon	3,222,600	266,600	8%
Farmed Tilapia	5,898,500	0	0%

Source: NMFS, ADF&G, FAO, USDA; compiled by McDowell Group.

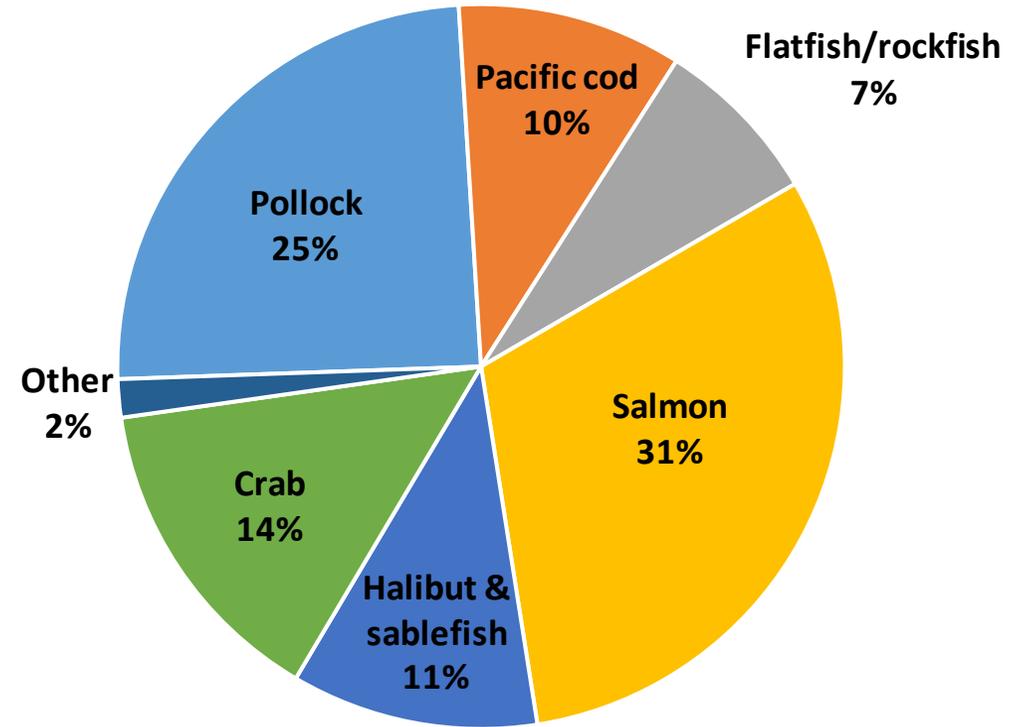


Volume and Value of Alaska Seafood

Ex-vessel Volume and Value by Species (2013-2016 Annual Average)



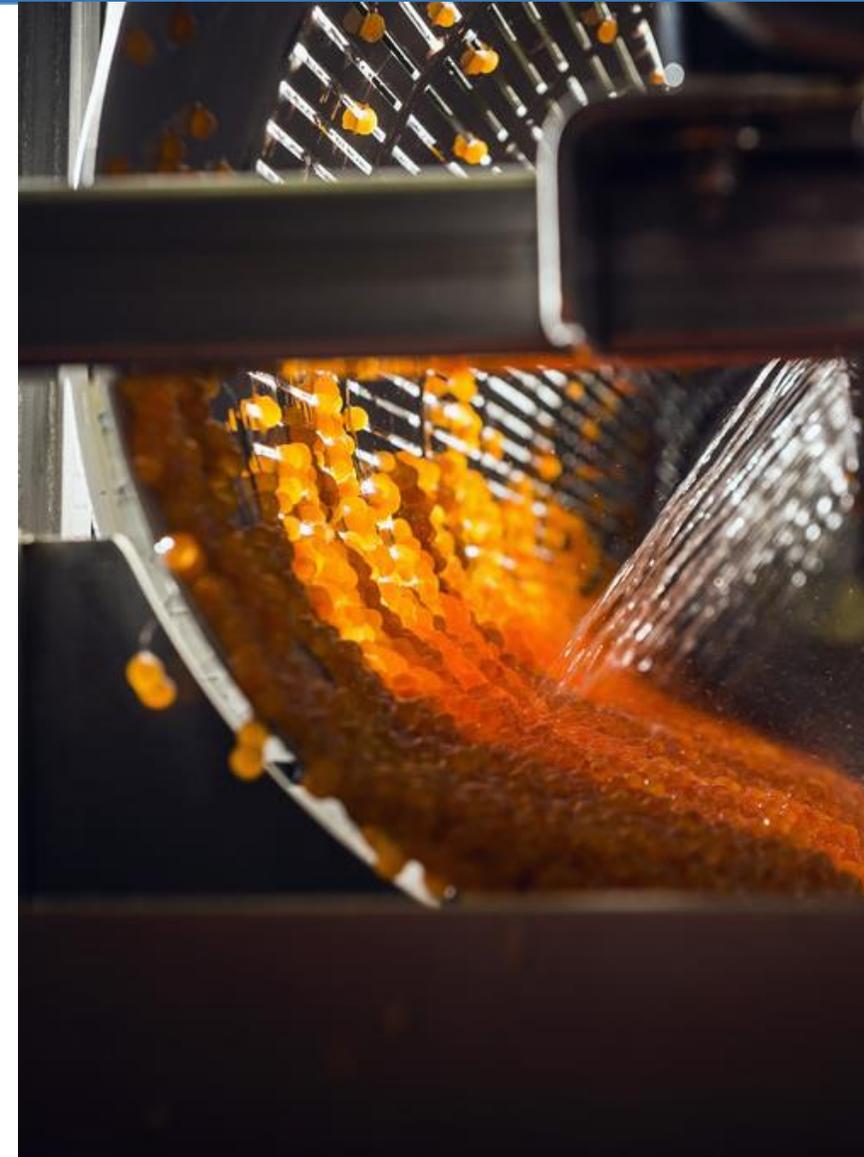
Ex-vessel Volume
5.9 Billion Pounds



Ex-vessel Value
\$1.9 Billion

2017 Volume and Value

- Third largest salmon harvest ever; 1.03 billion pounds worth \$680 million
- Started to see halibut price decline; total harvest worth \$115 million
- Sablefish price at record levels; harvest worth \$101 million
- 38 million pound crab harvest smallest in 40+ years; highest prices ever seen





Species Overview

- 2018 season was challenging
- Forecast was 149 million fish; actual was 114 million
- Russia had record harvest; Fraser River weak
- Salmon demand very strong; ex-vessel prices up
- H&G \$1.00 higher than last year; roe topping \$30 pound
- Farmed supply trending higher; strong prices



- Export values are rebounding off 16/17 lows
 - Surimi up 11%; roe up 10%
- Russia supply is the primary competition; quality improving
- Uncertainty about 2019 global supply; no large shifts expected
- Russian export volume could be at a high



Pacific Cod



- Supply in a multi-year decline; additional decline expected in 2019
- Export prices are high; H&G up 12%
- Roe production up 21%
- Russia harvest trending higher
- Atlantic cod supply expected to decline 6% in 2019; is 5 times larger than AK production

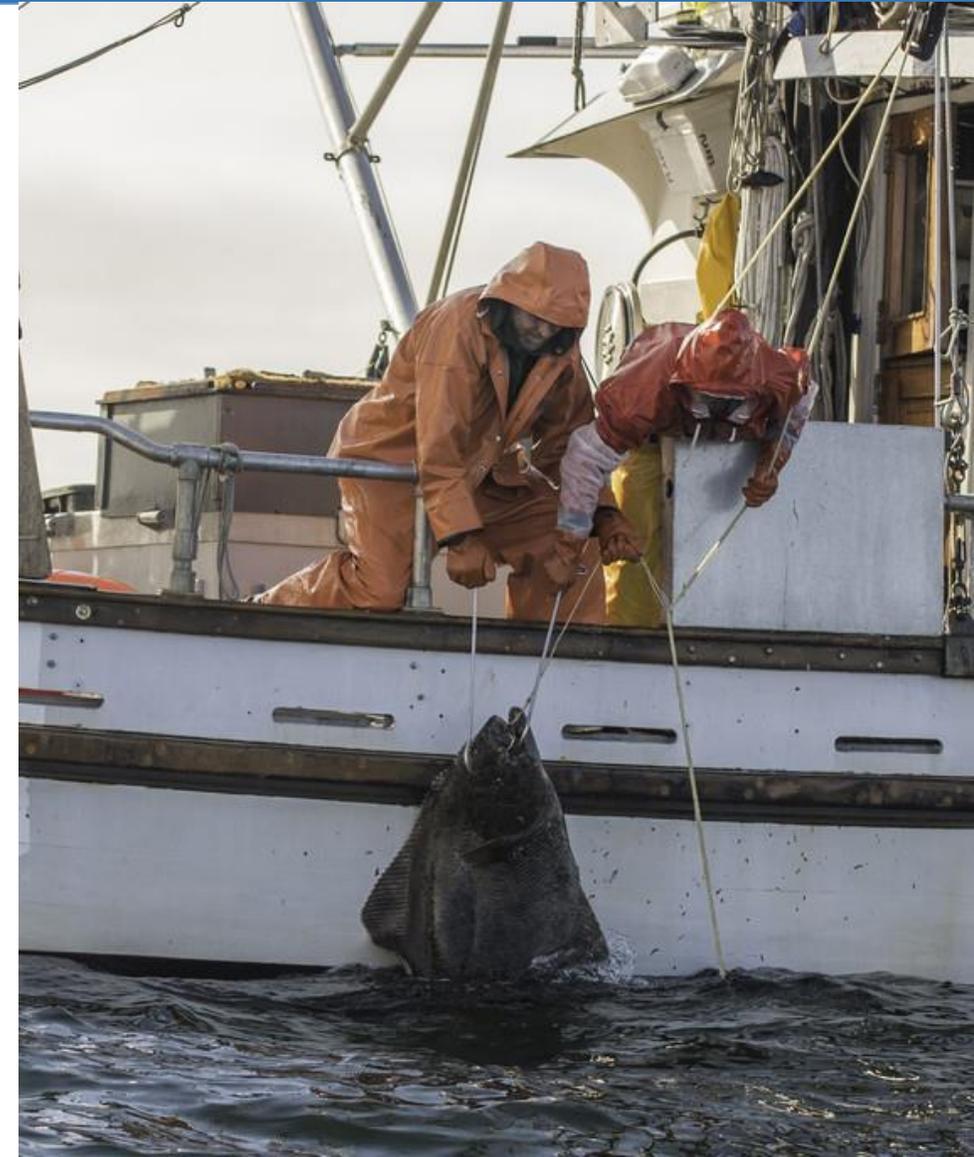
Sablefish

- Supply is trending higher; with weaker prices
- Export value down 10 percent; ex-vessel prices down from 2017
- Fish less than 3 pounds typically account for 6% of harvest; this year it's 14%



Halibut

- Market is challenged; prices and supply lower
 - Existing inventory
 - Chalk
 - Competing supply
- YTD imports of Canadian Atlantic halibut total 7 million pounds, a 23% increase from 2017; 90% of product is fresh





- BSAI TAC up 20% to 40.4 million pounds
 - Red king crab down 35%; golden up 10%
 - Snow crab up 45%; Tanner down 2%
- Russia and Canada primary competition; increasing live volume
- Kodiak, Chignik, South Peninsula Tanner surveys improving

Other Species

- Flatfish
 - Record values for sole;
Arrowtooth down 50+%
- Pacific Ocean Perch
 - Harvest volume is up;
export prices down
- Rockfish/Atka mackerel
 - Large TAC increase; product
is moving well

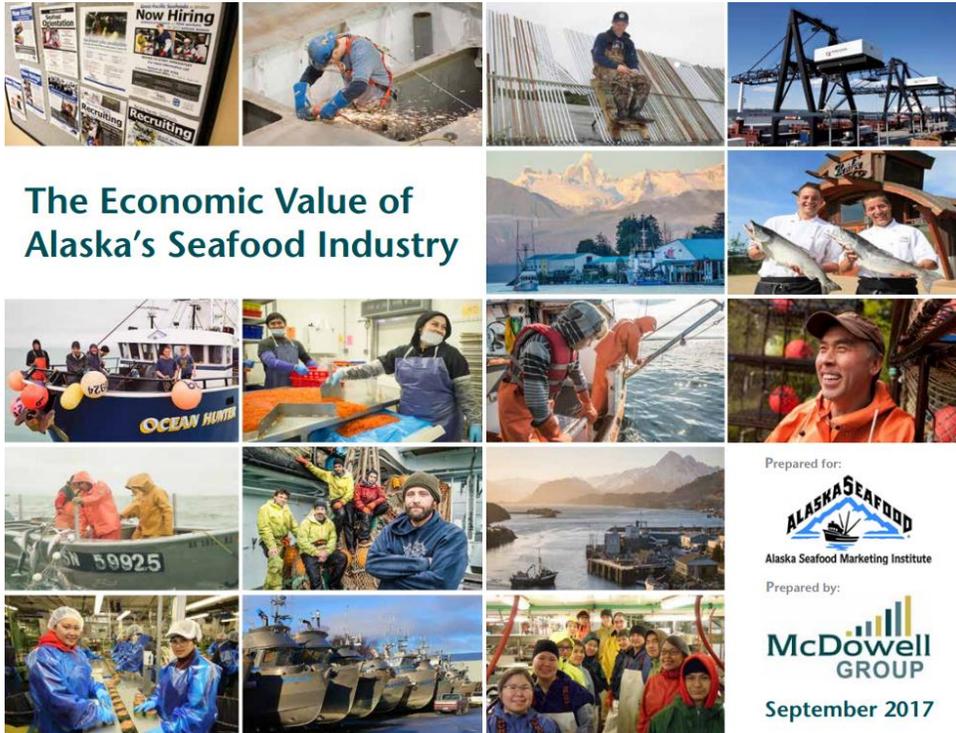


Key Market Trends



- Global whitefish supply outlook lower; prices up
- Farmed salmon prices high; supply expected to expand
- U.S. dollar strengthening against Yuan, Yen, and Euro
- Trade disputes a threat
- Key Alaska species are at record prices—could undercut demand

Additional Information



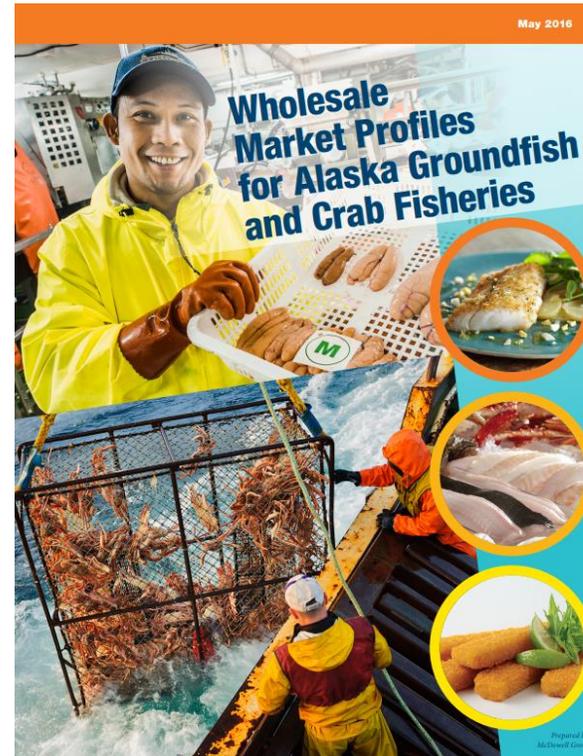
The Economic Value of Alaska's Seafood Industry

Prepared for:

 Alaska Seafood Marketing Institute

Prepared by:

 September 2017



Wholesale Market Profiles for Alaska Groundfish and Crab Fisheries

May 2016

Prepared by:


Alaska Salmon Forecast & In-Season Harvest Update - 2018

(Figures Shown in Thousands of Fish)

Fishing Region	Sockeye		Chinook		Coho		Pink		Keta	
	2017 Harvest	2018 Forecast	2017 Harvest	2018 Forecast	2017 Harvest	2018 Forecast	2016 Harvest	2018 Forecast	2017 Harvest	2018 Forecast
Arctic Yukon Kuskokwim	3	4	0	4	310	320	316	50	1,572	3,475
Kodiak	2,477	2,611	7	13	366	400	3,200	8,700	1,891	1,017
YTD Catch	1,752		3		426		6,039		460	
Chignik	895	834	4	9	227	114	141	702	609	208
YTD Catch	0		0		0		0		0	
Alaska Peninsula & Aleutian Is.	7,078	5,069	14	20	355	333	2,883	1,505	2,030	1,023
YTD Catch	3,659		20		360		795		1,099	
Bristol Bay	38,790	37,588	41	32	241	158	752	917	1,495	993
YTD Catch	41,853		41		139		219		1,370	
Cook Inlet	2,143	2,354	9	8	319	207	482	2,057	442	278
YTD Catch	1,093		3		234		969		183	
Prince William Sound	1,437	1,825	15	14	559	408	13,051	32,752	5,391	4,001
YTD Catch	1,301		7		508		23,856		3,457	
Southeast Alaska	801	1,296	174	118	2,854	3,010	18,400	23,000	11,428	9,984
YTD Catch	468		165		1,460		69,682		24,958	
Statewide	\$3,624	\$1,589	262	218	5,251	4,949	39,246	69,682	24,958	20,977
YTD Catch (thru 10/2/18)	50,129		240		3,494		39,960		19,628	
Harvest Pace vs. Last Year (thru Stat Week #33)	-6%		0%		-33%		6%	(vs. 2016)	-19%	

Sources: Alaska Department of Fish and Game and McDowell Group estimates, compiled by ASME Seafood Market Information Service.

Total YTD Harvest: 113,451

SUMMARY

In the final week of September, Alaska salmon production included about 70,000 keta, 20,000 coho, and 5,000 pink salmon. Minimal Chinook and sockeye were harvested. In a typical year, a small volume of additional coho and keta are harvested in October. A few notable points about the 2018 season:

- Largest ever Bristol Bay sockeye harvest in terms of return and value
- Pink harvest more than 40% below pre-season forecast and 6% above 2016
- Keta harvest close to pre-season forecast but 19% below 2017
- Coho harvest 33% below 2017 and 8% below 2016

This is the final weekly harvest update for the 2018 Alaska salmon season. A preliminary summary of the 2018 salmon harvest will be circulated in the coming weeks.

Where to buy Alaska seafood (click for link): [ASMI Suppliers Directory](#)




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