

Salmon

MARKET BULLETIN

JUNE 2005



Canned Salmon Exports

U.S. canned salmon export volume was unusually large through the first quarter of 2005. From July 2004 through March 2005 (third and fourth quarter of 2004, first quarter 2005) U.S. canned salmon exports were slightly over 2.2 million 48-tall case equivalent, 21 percent higher than the five-year average of 1.8 million.

If canned salmon exports continue at the same above-average pace through second quarter 2005, total volume for July 2004 – June 2005 would be about 2.7 million 48-tall case equivalent, compared to the five-year average of 2.1 million.

SMIS makes canned salmon inventory estimates based on sales volume reported in the Alaska Salmon Price Report (ASPR). Sales volume is recorded at first wholesale, the point when product is sold outside the processor's affiliate network. Export volume of canned salmon is

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Questions or Comments?

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Copper River Update

The Copper River gillnet fishery opened May 16, and there have been five openings through May 31. Total harvest in May was 476,000 sockeye and 21,500 king salmon.

Compared to the same period in 2004, harvest of Copper River sockeye was more than double, resulting in rapid erosion of the strong early-season price. Seattle wholesale price for Copper River sockeye opened at \$9.50, believed to be the highest price to date. But a series of three openings between May 19 and May 27 yielded more

than 300,000 sockeye, and within the week Seattle wholesale price dropped sharply, by over \$4 per pound. As of

Seattle FOB Wholesale Price, Copper River Salmon Dollars per pound, FOB Seattle

| | 2003 | 2004 | 2005 |
|----------------|---------|---------|---------|
| Sockeye | | | |
| 17-May | \$6.40 | \$- | \$9.50 |
| 19-May | \$6.40 | \$8.95 | \$9.25 |
| 26-May | \$6.40 | \$8.95 | \$5.35 |
| 31-May | \$6.15 | \$6.95 | \$4.75 |
| 2-Jun | \$6.15 | \$6.95 | \$4.75 |
| King | | | |
| 17-May | \$9.65 | \$- | \$13.50 |
| 19-May | \$9.65 | \$13.00 | \$12.75 |
| 26-May | \$10.25 | \$13.00 | \$12.15 |
| 31-May | \$10.25 | \$8.75 | \$8.70 |
| 2-Jun | \$10.25 | \$8.75 | \$8.75 |

source: Urner-Barry Seafood Price-Current

Copper River Ex-Vessel Price Dollars per pound

| | king | sockeye |
|-------------|--------|---------|
| 2005 | | |
| 16-May | \$5.90 | \$3.90 |
| 19-May | \$6.10 | \$4.10 |
| 23-May | \$4.10 | \$2.25 |
| 26-May | \$4.00 | \$1.40 |
| 30-May | \$4.10 | \$1.50 |
| 2004 | | |
| 17-May | \$6.25 | \$4.25 |
| 20-May | \$5.25 | \$3.25 |
| 24-May | \$4.75 | \$2.90 |
| 27-May | \$4.80 | \$2.75 |
| 2003 | | |
| 14-May | \$5.00 | \$2.85 |
| 19-May | \$4.45 | \$2.95 |
| 22-May | \$3.50 | \$1.60 |
| 29-May | \$2.75 | \$1.40 |

source: Copper River Salmon Producers Association, Cordova Processors

June 2, Seattle wholesale price for Copper River sockeye was \$4.75 per pound.

Early-season price for Copper River king salmon did not appear to be affected by availability of other Alaska king salmon

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Salmon Market Bulletin

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Other Alaska Spring Fisheries

While the Copper River fishery gets a good deal of press coverage as Alaska's premier early-season salmon fishery, several other Alaska salmon fisheries were open in May and early June and produced a significant volume of fish.

Southeast gillnetters began fishing for Taku and Stikine River kings on May 2. Through June 2, total harvest was over 30,000 kings. Escapement is on track for both river systems and peak harvest is expected in early June. As of June 3, average ex-vessel price remained slightly above \$3 per pound.

The Southeast Alaska Spring king troll fishery began April 15, six days after the Winter season closed. Through June 2, trollers had landed over 18,000 kings in the Spring fishery, averaging slightly over \$3.30 per pound ex-vessel.

Seining in Resurrection Bay opened May 16. Through May 31, commercial harvest was about 6,500 sockeye.

Seattle FOB Wholesale Price, Gillnet & Troll Chinook Dollars per pound, FOB Seattle

| week of | 2003 | 2004 | 2005 |
|---------|--------|--------|--------|
| 6-May | \$2.50 | \$4.50 | \$5.30 |
| 13-May | \$2.50 | \$4.60 | \$4.40 |
| 20-May | \$2.50 | \$4.90 | \$4.40 |
| 27-May | \$2.50 | \$4.90 | \$5.65 |
| 2-Jun | \$3.55 | \$4.70 | \$5.65 |

source: Urner-Barry Seafood Price-Current price is mid-point of quoted prices, rounded to nearest 5 cents

Directed king salmon fishing in Bristol Bay opened June 1, though harvest from the first 8-hour opening was only 800 fish. Lower Cook Inlet setnet fisheries for king and sockeye opened June 2.

Domestic Market: Chum Salmon

Many seafood analysts separate Alaska salmon between the traditional high-value species (king, coho, sockeye) and the high-volume species (pink and chum). During the last five years, the high-value species averaged only 32 percent of harvest tonnage but generated 68 percent of ex-vessel value.

In 2004, improved market conditions translated to higher first wholesale prices for all species of Alaska salmon, including pink and chum. Between 2003 and 2004, first wholesale price of fresh and frozen pink salmon increased 27 percent and chum increased 23 percent.

Since pink and chum account for over two-thirds of Alaska salmon harvest tonnage, ex-vessel value increases for those species will have a greater effect on total Alaska salmon value. At projected 2005 harvest levels, a five-cent-per-pound increase in pink and chum prices would translate to an additional \$27 million in ex-vessel value.

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quote of \$2.37 per pound for Chilean coho is a five-year high. With the exception of one month (November 2002) Tsukiji market quotes for Chilean coho have been below \$2.30 per pound since June 2000.

Japan Market Update

Key indicators for the Japanese market confirm the downward trend for frozen salmon imports to Japan and for frozen salmon inventories in Japan.

- Japan frozen salmon inventories for March 2005 were 87,633 mt, representing a five-year low point and a decline of 9 percent from the 2001-2004 March average of 96,359 mt.
- Japan salmon imports through first quarter (January – March) total 45,773 mt, down 14 percent from the 2001 – 2004 first-quarter average of 53,521 mt.
- First-quarter frozen salmon movement out of Japan cold storage was 90,867 mt, 9 percent higher than the 2001 – 2004 first-quarter average of 83,671 mt.

All three of these volume indicators point to a continuing decrease in the Japanese supply of frozen red-fleshed salmon. Of particular interest is above-average movement out of cold storage and below-

average frozen salmon imports.

The diminished supply is reflected in recent price increases for Chilean coho in Japan. Tsukiji market price quotes for Chilean coho have increased from \$1.94 per pound in January 2005 to \$2.37 per pound in May. Chilean coho supplies over half of Japan's frozen salmon imports, so the prevailing price of that product is a reliable indicator of changes in salmon commodity value.

The May 2005 Tsukiji market price

Key Indicators, Japan Salmon Market

| | 2001 - 2004 avg | 2005 | % difference |
|---|-----------------|--------|--------------|
| March Frozen Salmon Inventory | 96,359 | 87,633 | -9% |
| First quarter Salmon Imports | 53,521 | 45,773 | -14% |
| First quarter Salmon Movement out of Cold Storage | 83,671 | 90,867 | 9% |
| May Tsukiji Market Price, H&G Frozen Chilean coho | \$1.68 | \$2.37 | 41% |

source: Bill Atkinson's News Report

Canned Salmon continued

recorded by NMFS when product leaves the country, regardless of ownership or contract status.

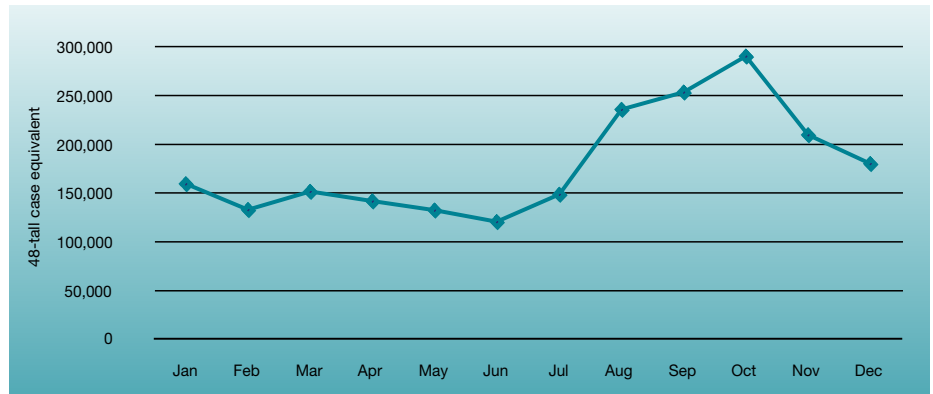
Typically, about 30 percent of Alaska canned pink salmon is exported and 85-90 percent of canned sockeye is exported. During July 2004 – March 2005, U.S. exports of canned pink totaled 965,000 48-tall case equivalent and canned sockeye exports totaled 1,152,000 48-tall case equivalent.

The difference in the two measures of volume creates a “lag time” with respect to canned salmon inventory estimates. SMIS’ January estimates (see March 2005 bulletin) show fairly normal inventory levels, since most of the strong canned salmon export volume in fourth quarter 2004 and first quarter 2005 was not yet reflected in ASPR sales volume data used by SMIS to make the estimates.

This provides some explanation for the gap between inventory estimates published in the bulletin and industry anecdotal reports that there is little or no “uncommitted” inventory available in the marketplace. Most of the product may be committed (and strong export volume supports that), but those commitments are not yet reflected in actual sales outside of processors’ affiliate networks that are captured in the ASPR data.

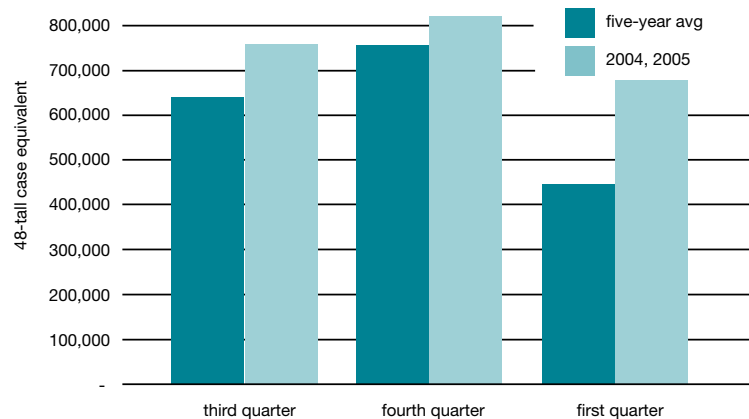
The ASPR for January – April 2005 salmon, and inventories will be updated in a later bulletin. It will contain first wholesale volume for canned

U.S. Canned Salmon Export Timing



source: NMFS

Quarterly U.S. Canned Salmon Exports



source: NMFS

Chum Salmon continued

FOB Seattle price quotes for semi-bright H&G frozen chum have remained in the \$1.00 - \$1.10 per-pound range since September 2004. Price quotes for large-size chum have been as high as \$1.20 per pound. Of course, FOB wholesale price does not translate directly to ex-vessel price, but it is worth noting that this is the highest domestic-market chum quote since 1997.

**Seattle FOB Wholesale Price, Alaska Semi-bright Chum
6-9 lb H&G, Dollars per pound, FOB Seattle**

| | 2002 | 2003 | 2004 | 2005 |
|-----|--------|--------|--------|--------|
| Mar | \$0.75 | \$0.60 | \$0.85 | \$1.10 |
| Jun | \$0.55 | \$0.60 | \$0.85 | \$1.10 |
| Sep | \$- | \$0.70 | \$1.10 | \$- |
| Dec | \$0.65 | \$0.85 | \$1.10 | \$- |

source: Urner-Barry Seafood Price-Current price is mid-point of quoted prices, rounded to nearest 5 cents



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Copper River continued

in May. Seattle wholesale price opened at \$13.50 (believed to be a new record) and remained above \$12 per pound through the fourth opening May 26. As of June 2, Seattle wholesale price was \$8.75 per pound, consistent with the same period in 2004.

- A total of 7,125 Alaska salmon permits were fished in 2004, up from the low point of 6,641 permits fished in 2002. Average gross earnings per permit increased to \$33,100, compared to \$24,400 per permit in 2002.
- Alaska Peninsula Seine was the top-earning salmon permit in 2004, with average earnings of \$115,200 per permit.
- In 2004, first-quartile permit holders in the Southeast power troll fishery (top 25 percent of the fleet) earned an average \$87,000 per permit. First-quartile permit holders in the Bristol Bay driftnet fishery averaged \$91,600 per permit.
- Seining in Resurrection Bay opened May 16, and as of May 31 commercial harvest was about 6,500 sockeye.
- Directed king salmon fishing in Bristol Bay opened June 1. Lower Cook Inlet setnet fisheries for king and sockeye opened June 2.
- The Alaska Salmon Price Report for January – April 2005 will be released by Alaska Department of Revenue in mid-June.

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