

Alaska Seafood Market Summary & Outlook

— December 2016 —

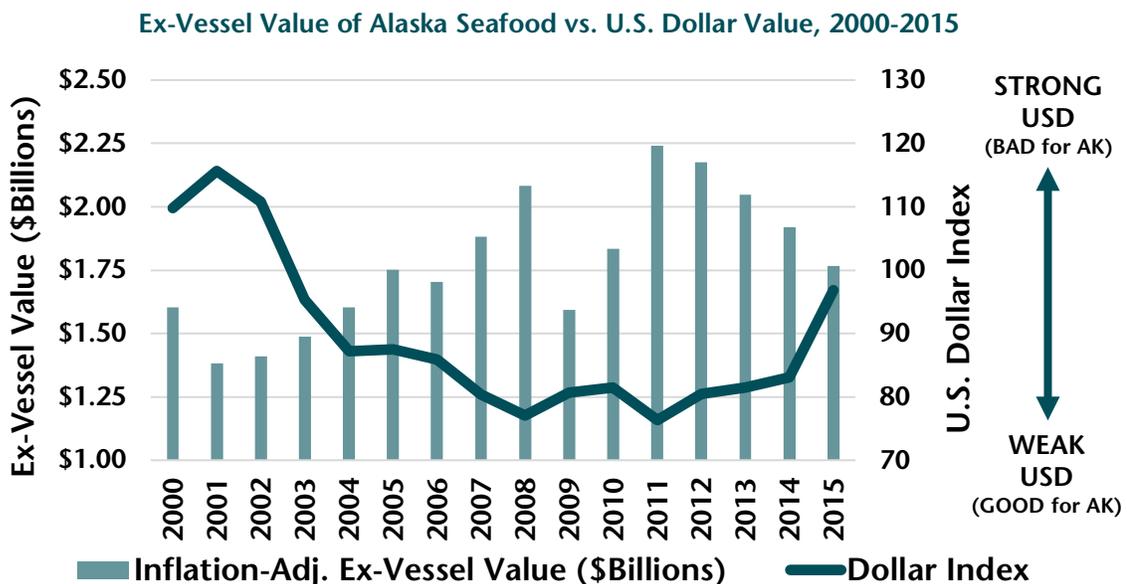
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This market bulletin summarizes market conditions for major Alaska seafood species as of early December 2016. The bulletin explores the impact of changing currency valuations on Alaska seafood resource value and provides market analyses for each major species. Information focuses on wholesale market conditions and production trends/outlook, as wholesale market trends and supply tend to dictate future ex-vessel pricing/value.

Currency Exchange Rates

The value of Alaska seafood products is heavily influenced by currency exchange rates, in addition to market supply, market access, and consumer demand. Exchange rates impact all Alaska species, as they alter the value of Alaska products in foreign markets and affect the value of imported competing products in domestic markets. Exchanges rates have generally moved against Alaska since 2011 and seafood harvest values have declined.



Source: McDowell Group estimates based on ADF&G and NMFS, and Investing.com DXY index data.

A strong dollar is generally bad for Alaska seafood producers. A currency is said to be “stronger” if it becomes more valuable relative to other currencies. This means it takes more of a weaker currency to buy products denominated in a stronger currency. Therefore, if the value of the dollar strengthens versus the euro, as it has done in recent years, Europeans must pay higher prices in euros to buy the same amount of Alaska seafood products (assuming prices remain stable). Typically, a stronger U.S. dollar results in decreased demand for American goods and lower prices denominated in dollars.

The U.S. dollar index increased (i.e. strengthened) 27 percent between 2011 and 2015 – a primary reason why the ex-vessel value of Alaska seafood fell 17 percent during that time. The U.S. dollar index is roughly unchanged in 2016 compared to last year’s average. However, there are some notable movements against specific currencies. Rate movements in Alaska’s largest foreign market, Japan, have been favorable this year. Unfortunately, currencies of Alaska’s largest competitors have continued to weaken. In summary, exchange rates remain extremely challenging for Alaska producers but outside of the British pound and Russian ruble, most rates have not slid as much in 2016 as they did in the previous 18 months.

Historical Exchange Rates of U.S. Dollar vs. Foreign Currencies

Market & Currency	2015	2016	USD Change	Species Affected
Euro (Europe)	0.901	0.899	-0.3%	Pollock, Cod, Sole, Salmon, Surimi
Japanese Yen	121.1	108.0	-10.8%	Salmon, Sablefish, Cod, Roes, Surimi, Crab, POP, Atka Mackerel, Dive Species
Canadian Dollar	1.278	1.324	+3.6%	Salmon
Russian Ruble*	61.2	67.5	+10.3%	Pollock, Salmon, Crab, Cod
Norwegian Kroner*	8.07	8.39	+4.0%	Salmon & Cod
Chilean Peso*	654	683	+4.4%	Salmon
U.S. Dollar Index	96.8	96.5	-0.3%	All Species

Note: All currencies are show in terms of how much foreign currency is required to purchase one U.S. dollar. Beneficial rate movements for Alaska seafood producers are negative, and shown in green. * indicates competing seafood producers. Source: OANDA.com.

Sockeye Salmon

Season Summary: Bristol Bay and the Alaska Peninsula saw larger than expected harvests in 2016, and the average sockeye in the Bay was slightly larger than in 2015. Base prices in Bristol Bay increased from \$0.50 to \$0.75; average final prices after accounting for bonus payments will likely be around \$0.90. The forecast called for a harvest of 14.6 million sockeye outside of Bristol Bay and the Alaska Peninsula, but only produced a harvest of 9.4 million fish – a similar theme for all salmon species in 2016.

Market Summary and Outlook: Wholesale prices for all major product forms increased this summer (May-August) after a couple years of steep declines. Based on strong demand for early 2016 sales and increasing farmed salmon prices, wholesale prices are expected to remain strong. Japan has re-emerged as an important buyer of smaller sized sockeye in recent years, due to lower sockeye prices and higher prices for farmed Chilean coho products. Larger sized sockeye are reportedly selling well in Europe’s smoked salmon market. Canned prices have fallen substantially and the “Brexit” vote has further lessened demand in the largest canned red market (the U.K.). However, despite larger harvests in Bristol Bay over the past two years, canned production has been relatively minimal, potentially providing a better balance between supply and demand going forward.



Farmed salmon production is expected to decline in 2016, which is notable considering farmed supply typically increases with every passing year. Farmed supply is expected to remain tight for several years. Investment banks are predicting farmed production will not exceed 2015 levels until 2019. Demand for fresh and frozen Alaska sockeye in U.S. retail markets is also expanding. Forecasts for 2017 sockeye fisheries in Bristol Bay and Upper Cook Inlet suggest smaller harvests in those regions (see www.adfg.alaska.gov for more information on forecasts). We expect higher sockeye prices next year, but total value could lag behind 2016 due to lower expected harvest volumes.

See the [Fall 2016 Sockeye Market Report](#) for more information on sockeye markets, produced by McDowell Group for the Bristol Bay Regional Seafood Development Association.

Alaska Sockeye Salmon Value and Market Factors, 2010-2016

Year	AK Harvest (Millions lbs.)	EV Value (\$Millions)	FW Value (\$Millions)	Avg. EV Price	FW Value per Round lb.	Global Supply	Dollar Index	Pct. Canned	Avg. AK Fish Weight
2010	238	\$286	\$594	\$1.20	\$3.68	384	81.5	19%	5.9
2011	239	312	675	1.31	4.11	351	76.3	18%	6.2
2012	212	274	625	1.30	4.20	335	80.4	28%	6.0
2013	178	312	576	1.75	5.41	305	81.5	23%	6.1
2014	242	369	565	1.53	4.40	411	83.1	27%	5.6
2015	288	234	644	0.81	3.21	402	96.8	17%	5.2
2016	286	280	N/A	0.98	N/A	N/A	96.5	N/A	5.4

Notes: 2016 figures are preliminary or estimated. First wholesale (FW) values based on sales made between May of the harvest year through April of the following year. Global supply shown in millions lbs., 2015 harvest is estimated. Refer to "Glossary/Abbreviations" section at end of the bulletin for questions about abbreviations or terms.

Source: ADF&G, FAO, NPAFC, ADOR, and Investing.com, compiled by McDowell Group.

Pink Salmon

Season Summary: Even years tend to produce smaller pink harvests than odd years, but the decline in 2016 was extraordinary. The 2016 season produced a preliminary harvest of 39.4 million pinks, less than half of the 90.1 million fish forecast and the lowest harvest since the 1970s. Governor Walker has asked for federal disaster declarations in four pink salmon regions. Despite the poor harvest, prices remained low averaging \$0.24 per pound based on preliminary information.

Market Summary and Outlook: If there is any silver lining to the disastrous pink season, the poor 2016 harvest should take out a lot of remaining inventory for canned, frozen, and roe products. This has resulted in upward wholesale price pressure. However, Russia produced a large pink harvest this year. Russia posted a total salmon harvest of 420,000 metric tons, a 34 percent increase over 2014 (last even year). Pinks accounted for 61 percent of the harvest. Russian exports of pink and chum salmon to China have indeed spiked this year, from 7,200 MT last year to 41,000 MT this year (through September). Russian pinks will likely blunt upward price pressure in the short run, but may be a positive in the long run. Chinese processors, who buy most of Alaska's frozen pink production, will be in a better position to remain in business in coming years due to the increase in Russian supplies. Again, higher farmed salmon prices are beneficial for pink salmon. Roe prices and market access are key issues impacting pink salmon prices. Pink roe prices are up 93 percent since last summer, although they are still about half of peak prices seen in 2012. The election of Donald Trump provides some hope that the Russian



embargo may be lifted, which would re-open an important pink roe market. However, “trade wars” with China or other countries would likely hurt the value of Alaska pink salmon. Statewide Alaska pink forecasts for 2017 will not be available for several months, but the past two even years produced the largest pink harvests on record. We expect the value of Alaska pink salmon to rebound significantly next year, with higher prices and assuming a larger odd-year harvest.

Impact of Poor 2016 Season: Although the smaller harvest has pushed up wholesale prices, the lack of pinks is problematic for processors whose tender and labor costs were relatively high in relation to the small harvest. Similarly, fishermen were stung by lower harvests and low prices in 2016 – leaving less fishing revenue available to cover fixed vessel/permit costs. In the past, poor years for processors have generally resulted in less propensity to pay higher ex-vessel prices the following season. Lower profits or outright losses leave less capital available to operate the following year. In the past four even years, processors averaged “net” pink sales of \$263 million after subtracting ex-vessel payments to fishermen. The 2016 figure will not be known until mid-2017; however, a preliminary estimate suggests the 2016 “net” figure will be less than \$150 million. This shortfall could affect ex-vessel pricing/value for pink salmon and other salmon species in 2017.

Alaska Pink Salmon Value and Market Factors, 2010-2016

Year	AK Harvest (Millions lbs.)	EV Value (\$Millions)	FW Value (\$Millions)	Avg. EV Price	FW Value per Round lb.	Global Supply	Dollar Index	Pct. Canned	Roe Value%
2010	398	\$161	\$417	\$0.40	\$1.94	848	81.5	47%	23%
2011	390	182	441	0.47	1.99	1,290	76.3	34%	18%
2012	246	123	346	0.50	2.41	895	80.4	52%	27%
2013	679	285	552	0.42	2.03	1,258	81.5	44%	38%
2014	324	101	483	0.31	1.82	657	83.1	21%	17%
2015	632	140	467	0.22	1.53	990	96.8	37%	18%
2016	160	38	N/A	0.24	N/A	N/A	96.5	N/A	N/A

Notes: 2016 figures are preliminary or estimated. First wholesale values based on sales made between May of the harvest year through April of the following year. Global supply shown in millions lbs., 2015 harvest is estimated. Refer to “Glossary/Abbreviations” section at end of the bulletin for questions about abbreviations or terms.

Source: ADF&G, FAO, NPAFC, ADOR, and Investing.com, compiled by McDowell Group.

Keta Salmon

Season Summary: Keta (i.e. chum) harvests came in at 16.2 million fish in 2016. The harvest fell 11 percent short of the 18.3 million fish forecast. The harvest is below the 10-year moving average, but exceeded 2014 and 2015. Much of the 2016 shortfall came out of Southeast Alaska, the state’s largest keta producing region. Average ex-vessel prices increased from \$0.48 in 2015 to \$0.55 in 2016, based on preliminary fish ticket information.

Market Summary and Outlook: Average wholesale prices of frozen H&G keta are up 4.0 percent and roe products are up 20.5 percent since last summer. The spike in roe prices is intriguing, but actual prices for individual products likely did not increase by as much as the average suggests. The Department of Revenue does not publish wholesale sales data on specific roe products, but rather presents an average for all roe products – principally green roe (i.e. frozen, unsalted roe sacks) and ikura (separated, salted roe). Ikura is a higher value product but requires more processing time. Processors had more time to produce ikura in 2016 compared to 2015 with its large pink salmon harvest. As a result, processors likely increased ikura production



in 2016, which would lead to a higher average price for all chum roe products. Despite the ambiguity of Alaska chum roe production, wholesale prices are trending up. This is due to a stronger yen and a 30 percent decline in Japanese chum harvests. Lower Japanese chum harvests should keep roe supplies tight heading into next year. Higher farmed prices and a poor Alaska pink harvest could improve demand for frozen products as well. With an average harvest next year, we expect a higher total value for keta.

Coho & Chinook Salmon

Season Summary: Coho harvests nearly met the forecast of 3.86 million fish, with a preliminary harvest estimate of 3.80 million fish. The coho harvest is slightly higher than last year, but lower than the two previous years. Chinook harvests fell 23 percent short of the forecast, with a preliminary harvest estimate of 401,000 fish. Chinook harvests declined 15 percent in 2016, but were in line with the five-year average. The combined ex-vessel value of coho and Chinook harvests increased 74 percent in 2016, based on preliminary information. Ex-vessel prices for coho nearly doubled after dipping to \$0.65 per pound last year. Higher ex-vessel values are welcome news for fishermen, but the 2016 value was 29 percent below 2014 and roughly equal to the previous five-year average.

Market Summary and Outlook: Prices are trending up for both species, based on first wholesale sales made between May through August compared to the prior year. Fresh H&G Chinook prices increased 23 percent. Frozen H&G coho prices are up 45 percent; however, some of these sales came from fish caught in 2015. Ex-vessel prices for both species were also higher in 2016. Higher farmed salmon prices and increasing sockeye prices are lifting coho prices. Chinook is a premium species and prices tend to be impacted by Chinook harvest volumes more so than farmed salmon prices. Lower harvest volumes in 2016, particularly in Southeast Alaska and the Pacific Northwest, are putting upward pressure on Chinook prices.

Halibut

Season Summary: Halibut TACs increased 2.4 percent but total harvests increased only 1.0 percent in 2016. TACs increased in all areas, except the largest harvest area (3A, Central Gulf). Fishermen are reporting good fishing, better prices, and bigger fish, according to Doug Bowen of Alaska Boats and Permits in Homer.

Alaska Halibut TACs and Harvest, in Millions lbs., 2010-2016

Region	2010	2011	2012	2013	2014	2015	2016
2C - SE	4.40	2.33	2.62	2.97	3.32	3.80	4.04
3A - CGOA	19.99	14.36	11.92	11.03	7.32	8.21	7.79
3B - WCGOA	9.90	7.51	5.07	4.29	2.84	2.65	2.71
4 ABCDE	6.01	6.18	4.39	3.52	3.28	3.82	4.19
CDQ	2.06	2.13	1.10	1.24	0.80	0.80	1.01
Total TAC	42.36	32.51	25.10	23.05	17.55	19.27	19.74
Total Harvest	41.85	31.65	24.77	21.90	16.56	17.42	17.60

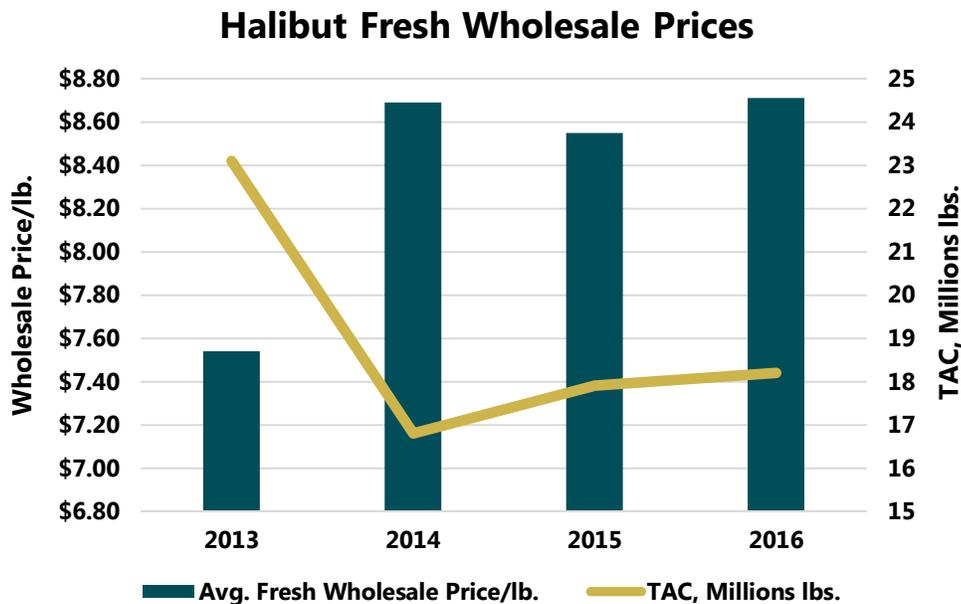
* Indicates recommended TACs by the IPHC.

Note: Pounds are shown in net weight terms (headed/gutted).

Source: NMFS (2010-2016) and IPHC, compiled by McDowell Group.



Market Summary and Outlook: Fresh wholesale prices increased slightly in 2016, despite an increase in harvest volume. This indicates steady demand for Alaska halibut. 2017 TACs will not be known until January, when the International Pacific Halibut Commission has its annual meeting. The halibut biomass is stable based on survey results but 2017 TACs could decline slightly from 2016 as “blue line” levels declined in Southeast and the Central Gulf (areas with the largest TACs). Blue line levels increased for the Western Gulf. *Note: “Blue line” provides the amount of overall halibut removals consistent with the IPHC’s current harvest policy. It is generally equal to the Annual Catch Target, but actual TACs can differ.*



Note: Wholesale prices reflect average monthly wholesale prices for fresh H&G 20-40 lb. halibut, FOB Seattle.
 Source: UB Comtell and NMFS.

Black Cod

Season Summary: Black cod (also known as Sablefish) TACs declined 13.6 percent in 2016, continuing the species’ downward trend. Fishermen caught a larger share of the TAC, so harvests were only down by 11.7 percent in 2016. This year marks the lowest Alaska black cod harvest since the early 1980s.

Alaska IFQ Black Cod TACs and Harvest, in Millions lbs., 2010-2016

Region	2010	2011	2012	2013	2014	2015	2016
Southeast	5.69	6.48	7.00	7.03	5.94	5.91	5.11
West Yakutat	3.11	3.84	4.36	3.90	3.30	3.28	2.83
Central Gulf	7.95	8.36	10.16	9.77	8.26	8.21	7.09
Western Gulf	2.93	2.86	3.14	3.09	2.61	2.60	2.24
Aleutian Is.	2.74	2.74	2.71	2.83	2.39	2.38	2.06
Bering Sea	2.46	2.51	1.97	1.39	1.18	1.18	1.01
Total TAC	24.88	26.79	29.33	28.01	23.68	23.57	20.35
Total Harvest	21.95	24.04	26.55	25.48	21.41	20.25	17.88

Note: Pounds are shown in round weight terms. 2016 harvest figures are preliminary.
 Source: NMFS, compiled by McDowell Group.



Market Summary and Outlook: Black cod export prices reached record levels in 2016 (in nominal terms). This is not surprising given declining TACs and a strengthening yen. Japanese wholesale prices are up 10 to 15 percent, in yen terms. Record high black cod prices in Japan are due to declining catches, more buying competition from other markets, and strong year-end demand in Japan. Despite higher prices, total black cod export value through September is still down 6.3 percent versus the previous year. Although Japan still buys over two-thirds of Alaska's black cod, other markets are emerging. Japan's market share of U.S. black cod exports, in terms of volume purchased, was the lowest on record through September 2016, at 68 percent. Black cod TACs in federal fisheries (including IFQ fisheries) are up 9.1 percent (1,094 MT) in 2017.

Herring

Season Summary: Most of Alaska's herring are caught in the Sitka Sound and Togiak sac roe fisheries. These fisheries produced 24,929 short tons of herring in 2016 (in round weight terms), down from 30,350 tons in 2015 and 42,517 tons in 2014. Both fisheries failed to reach their guideline harvest levels in 2016. Ex-vessel value of Alaska's key sac roe fisheries increased 14 percent to \$3.7 million in 2016 and the average value per ton was up 38 percent, from \$108/ton in 2015 to \$149/ton in 2016 – driven by a 100 percent increase in prices for Togiak herring. While increasing values and higher average prices are encouraging, the value of sac roe fisheries has declined substantially from the 2008-2013 period when total values for the Sitka and Togiak fisheries averaged \$11.7 million per year.

Market Summary and Outlook: Harvests of sac roe herring in the U.S. and Canada were down 6 percent in 2016; however, inventory data from September shows an increase in cold storage holdings versus last year, and some traders note a feeling of over-supply in the marketplace. Demand for herring roe, called kazunoko in Japan, has been trending downward for years. Kazunoko is sold in larger quantities during the year-end holiday season and will have a significant impact on inventories heading into next year. Kazunoko pricing trends in Japan have been flat for Alaskan roe. Supply from the Togiak fishery will likely decline next year, as the 2017 quota is 20 percent less than 2016. Budget cuts are impacting Alaska's ability to manage herring fisheries, as the 2017 Togiak quota had to be estimated based on historical data rather than a more costly stock assessment approach. A stronger yen and decreased supply could support prices, but given the downward trend in demand, the ability to increase retail/wholesale prices in Japan appears limited. These factors suggest the total value of Alaska's herring will likely remain low in 2017.

Pacific Cod

Season Summary: Alaska cod TACs for federally managed fisheries were generally flat in 2016, declining 0.4 percent to 323,445 metric tons. Federal TACs in the BSAI region, by far the largest production region, increased 0.8 percent to 251,520 metric tons. Gulf of Alaska federal fishery TACs fell 4.4 percent to 71,925 metric tons. Cod harvests from state managed fisheries declined 10 percent to 18,802 metric tons. Cod fishing is still underway in some areas, but it appears Alaska cod harvests will likely end up declining slightly in 2016 from last year's harvest of 310,000 metric tons. Through late November, harvests stood at 290,000 metric tons. Last year fishermen caught approximately 13,000 metric tons in December.



Market Summary and Outlook: Wholesale fillet prices are trending up this year, and raw material costs of Russian Pacific cod are up. However, the average price of U.S. Pacific cod exports are flat to down slightly, and overall export value is down year to date. Globefish reports ample demand in the U.S. market with consumers asking for domestically-sourced products. There have been reports of fewer larger fish caught this year. Smaller fish fetch lower prices in the frozen H&G market, which could partly explain the differences in pricing/value trends. Lower supplies of haddock are also supportive for cod prices. Atlantic cod prices have also trended up and were lifted somewhat by an expectation of lower supply next year. However, it now appears as though Atlantic cod supply will be stable in 2017 after TACs in the Barents Sea fishery were only marginally reduced. Alaska cod TACs are down 6 percent overall in 2017, due to a 5 percent decline in BSAI TACs and a 10 percent decline in GOA TACs.

Pollock

Season Summary: Harvests of Alaska Bering Sea and Aleutian Islands (BSAI) pollock are up 29,453 metric tons in 2016 (+2.3 percent), on a year-to-date basis through December 2. After reallocations, the 2016 BSAI pollock TAC is 1,354,900 metric tons. BSAI fishermen have harvested 1,305,238 MT of Alaska pollock in 2016 through December 2. Directed fishing for pollock in the Gulf of Alaska (GOA) is closed. The 2016 Gulf of Alaska harvest is up 10,256 metric tons (+6.3 percent). Anecdotal reports suggest fish sizes are down.

Market Summary and Outlook: Wholesale prices for Alaska pollock products have generally trended down in recent years due to a stronger U.S. dollar and increasing harvest volumes in both Alaska and Russia. Fillet blocks, surimi, and roe account for most of the fishery's value. The average export price of frozen pollock fillets is down 5.1 percent through October 2016, versus the same period in 2015, and total export value of the product is down 4.7 percent. The export value of surimi is up 4.1 percent on increased volume, but average prices are down 0.5 percent. The value of pollock roe exports is down 28.7 percent on lower volumes, but the average price is up 5.3 percent. The wholesale value of Alaska pollock is expected to decline in 2016, due to lower prices for fillet blocks and lower roe values.

After years of steady harvest growth, the supply of Alaska-origin pollock is expected to decline next year due to the BSAI cap and lower stocks in the Gulf of Alaska. Overall, TACs in federal fisheries are down 2.4 percent (39,200 MT). Pollock stocks in the eastern Bering Sea are growing, but groundfish harvests in Alaska's BSAI region are capped at two million metric tons. BSAI groundfish fisheries are already at the harvest cap. Any increase in TACs must be offset by subtracting the TAC from other species. The TAC allocation process resulted in a minimal increase in BSAI pollock TACs in 2017 of 5,000 MT. BSAI groundfish resources appear to be robust overall, as the acceptable biological catch of BSAI groundfish is estimated to be nearly four million metric tons in 2017. Meanwhile, pollock stocks in the Gulf of Alaska are trending the opposite direction. GOA pollock TACs are down 17.8 percent (44,200 MT, not including Southeast and Eastern Yakutat TACs which see minimal harvest). GOA pollock TACs are less than a fifth of the larger BSAI pollock fishery, but the BSAI cap structure, low pollock prices, and the decline in GOA pollock biomass are expected to result in lower statewide pollock harvests in 2017.



Amendment 80 Species (Flatfish, POP, and Atka Mackerel)

Season Summary: Atka mackerel, Pacific Ocean perch (POP), rockfish, soles, flounders, and other flatfish (aside from halibut) are targeted by Alaska's "Amendment 80" fleet. In 2015, these species accounted for 15 percent of Alaska's total harvest volume and 8 percent of total ex-vessel value. These species are primarily harvested in the BSAI region, although the Gulf of Alaska also produces significant quantities of Arrowtooth flounder, POP, and other rockfish species. BSAI flatfish TACs were down in 2016, but fishermen have harvested a higher percentage of the TAC resulting in an increase in harvest volume versus last year. Through December 2, BSAI flatfish harvests are up 2.6 percent (5,753 MT). The increase is being driven by larger yellowfin sole harvests but catches of other flatfish species are down. BSAI POP harvests are down slightly while Atka mackerel catches are essentially flat. Harvests of flatfish and POP from fisheries in the Gulf of Alaska have also increased in 2017. Alaska fisheries produced approximately 542,000 metric tons of flatfish species (not including halibut) in 2015. Despite better retention by the fleet and a slight increase in 2016 harvest volume, flatfish production is still down over 150,000 metric tons from the 2011-2013 period when harvests exceeded 700,000 metric tons.

YTD BSAI Harvest of Amendment 80 Species, in Metric Tons, 2015-2016

Species	2015	2016	Pct. Change	MT Change
Alaska Plaice	14,538	13,216	-9.1%	-1,322
Arrowtooth Flounder	11,142	10,934	-1.9%	-208
Flathead Sole	11,142	10,088	-9.5%	-1,054
Greenland Turbot	2,203	2,229	1.2%	26
Kamchatka Flounder	4,988	4,827	-3.2%	-161
Rock Sole	45,443	45,059	-0.8%	-384
Yellowfin Sole	126,120	134,570	6.7%	8,450
Other Flatfish	2,415	2,821	16.8%	406
Total BSAI Flatfish	217,991	223,744	2.6%	5,753
Pacific Ocean Perch (POP)	53,268	54,320	2.0%	1,052
Atka Mackerel	31,424	31,360	-0.2%	-64

Note: Harvest figures are shown on a year-to-date basis through December 2.
Source: NMFS.

Market Summary and Outlook: After several years of declining prices and lower harvests, the wholesale market for flatfish appears to be rebounding. The average export price of yellowfin sole was up 6.7 percent through October, versus the prior year. The average rock sole price was up 3.1 percent. The average price of POP was down 3.5 percent and Atka mackerel was up 2.6 percent. Frozen sole/flounder markets are driven by exchange rates and global flatfish supply, but are also influenced by supply and prices of other whitefish species such as pollock and hake. Industry reports growing demand for whole/round sole in China and flounder frills for sushi restaurants/bars in Japan. BSAI Flatfish TACs are down slightly in 2017.

Snow and Tanner Crab

Season Summary: The Bering Sea snow crab TAC declined 47 percent for the 2016/2017 season to 21.57 million pounds. Snow crab fishing typically begins after the new year so fishing has not yet started. The Bering Sea tanner (i.e. Bairdi) crab fishery is expected to be closed this year; however, the Alaska Board of Fish will consider



opening the fishery at its meeting in early January. The tanner fishery had a TAC of 19.67 million pounds last season. Crabbers have reported catching significant quantities of tanner crab during king crab fishing.

Market Summary and Outlook: The crab market is hot. Wholesale prices for competing Canadian snow crab are at record levels, currently trading for nearly \$8.00/lb – far above the typical \$4.00-\$6.00 range. Supplies are tight as Canada posted the lowest snow crab harvest since 1996 last year, and Alaska snow crab TACs are down 68 percent since the 2013/2014 season. Wholesale prices for new season product are not yet known, but should be well above previous years. Although ex-vessel prices are expected to spike this year, it is unlikely that they will rise far enough to offset the large decline in harvest volume. Also, while the tanner crab fishery may open and produce a smaller volume of crab than last year it could very well remain closed this season. Therefore, we expect total ex-vessel value of Alaska snow/tanner crab to decline significantly for the 2016/2017 season.

King Crab

Season Summary: The vast majority of Alaska's king crab is harvested during the fall in the Bering Sea; however, smaller king crab fisheries do exist in Southeast Alaska. In 2015, Bering Sea king crab TACs totaled 16.3 million pounds. That figure declined to 14.0 million pounds in 2016, as TACs decreased for the Bristol Bay red king crab and the Aleutian Islands golden king crab fisheries. The Saint Matthews blue king crab fishery was also closed this year. Fishermen tend to harvest virtually all of the available TAC, so the figures can be readily used to estimate trends in actual harvest volumes. Despite lower TACs fishing was better this year, as boats averaged 37.4 red king crab per pot compared to 32 crabs last year according to the Inter-Cooperative Exchange, an industry group that tracks the fishery and negotiates dock prices. Fishermen reported good fishing even late in the fishery, which suggest the biomass may be more abundant than expected heading into the season.

Market Summary and Outlook: Wholesale prices for red king crab are up 20 to 35 percent this year. Seeing prices go this high, despite a strong U.S. dollar, is an indication of strong demand. Most of Alaska's king crab goes to U.S. and Japanese markets. The last time prices reached these levels was 2011, but the Japanese yen was much stronger back then – meaning crab was less expensive for Japanese consumers than it is now given high wholesale prices and a weaker yen. Final ex-vessel prices are not yet available, but are expected to be above \$10.00/lb. Last year fishermen were paid \$8.00 for red king crab. Significantly higher prices should translate to an increase in king crab fishery value on the order of 10 to 15 percent (about \$10 to \$15 million). With the king crab season just wrapping up there is a lot of time to speculate about 2017 TACs. The outlook for next year is uncertain at this time, but better fishing suggests the red king crab biomass maybe larger than suggested by the 2016 summer trawl survey.

Geoduck Clams & Sea Cucumbers

Season Summary: Alaska's dive fisheries opened in early October. Each fall and winter, divers don dry suits and brave Alaska's icy waters to pick geoduck clams, sea cucumbers, sea urchins, and abalone. Geoduck clams and sea cucumbers comprise the vast majority of the sector's harvest. The guideline harvest level (GHL) for Southeast Alaska sea cucumbers declined 14 percent to 1.24 million pounds in 2016, while the Kodiak sea cucumber GHL held steady at 140,000 pounds. The GHL for geoduck clams in Southeast Alaska increased 11 percent to 603,500 pounds. Harvest of these species is underway and the fisheries generally harvest most of the volume provided



under the guideline harvest levels. Participation in Southeast dive fisheries has declined slightly in recent years. The fishery features approximately 200 divers between Southeast Alaska and Kodiak.

Market Summary and Outlook: China is the primary market for geoduck clams and sea cucumbers, where they fetch premium prices. Pound for pound, sea cucumbers and geoduck clams are among Alaska's most valuable species. The preliminary average Southeast sea cucumber price for 2016 is up 50 cents to \$4.00/lb. Export prices of geoduck clams have increased slightly this year as well. Alaska dive fisheries produced \$9.2 million in ex-vessel value in 2015. Ex-vessel value is expected to be relatively flat in 2016.

