

Halibut & Black Cod Market Summary & Outlook

— December 2016 —

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 |

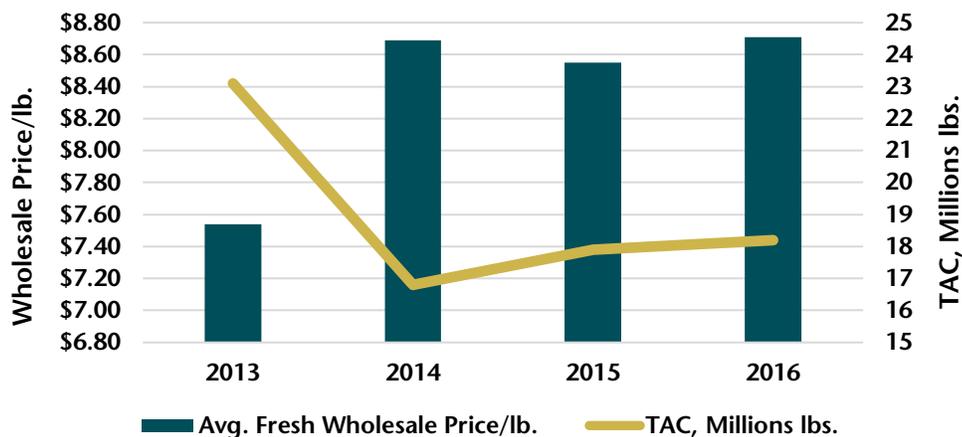
* Indicates recommended TACs by the IPHC.

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.*

Halibut Fresh Wholesale Prices



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.

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