

ALASKA SEAFOOD INDUSTRY UPDATE



Alaska Seafood Marketing Institute

Prepared by:
McDowell Group, Inc.
Presenter: Andy Wink
All Hands Meeting
11.28.17



The Economic Value of Alaska's Seafood Industry



Prepared for:



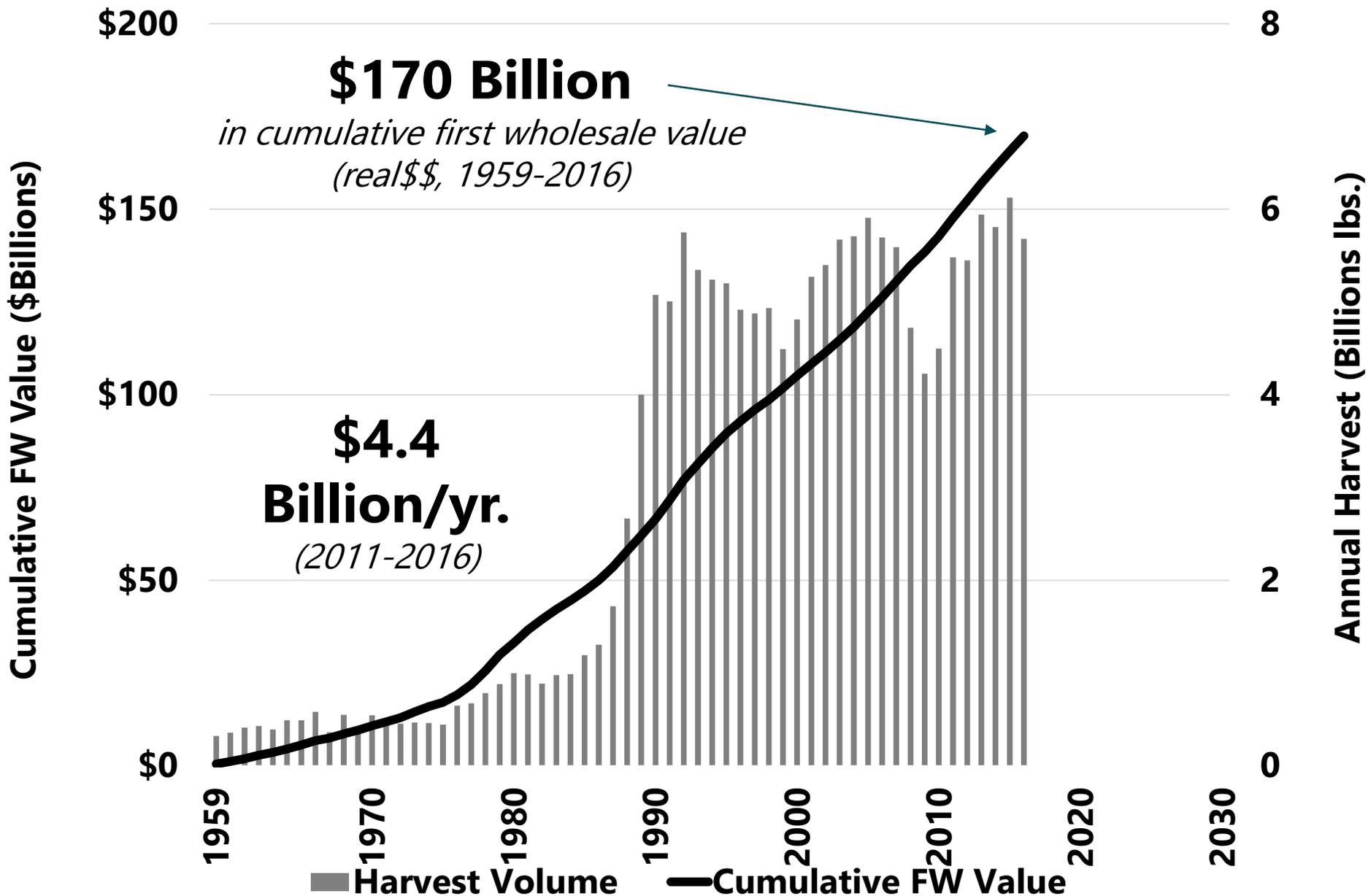
Alaska Seafood Marketing Institute

Prepared by:



September 2017

*Find report at www.alaskaseafood.org ... or google:
Economic Value of Alaska Seafood 2017*



Note: Dollar figures are adjusted for inflation (\$2016).

Source: McDowell Group estimates based on NMFS and ADF&G data.

\$170 Billion

is equal to the

Value of All Major Professional North American Sports Teams*

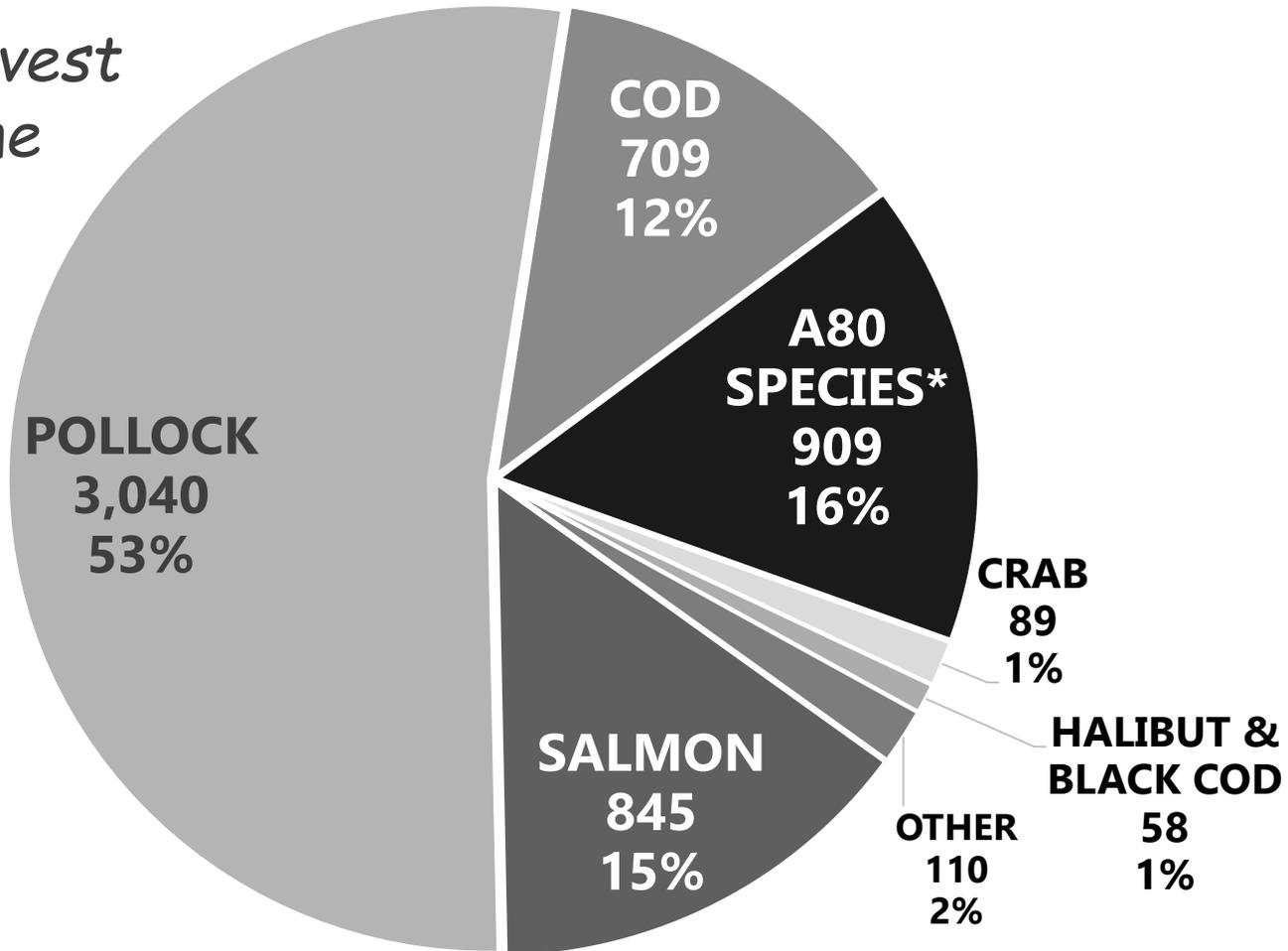


**Based on Forbes magazine 2016 franchise valuations.*

HARVEST VOLUME

2011-2015 AVERAGE, in MILLIONS LBS.

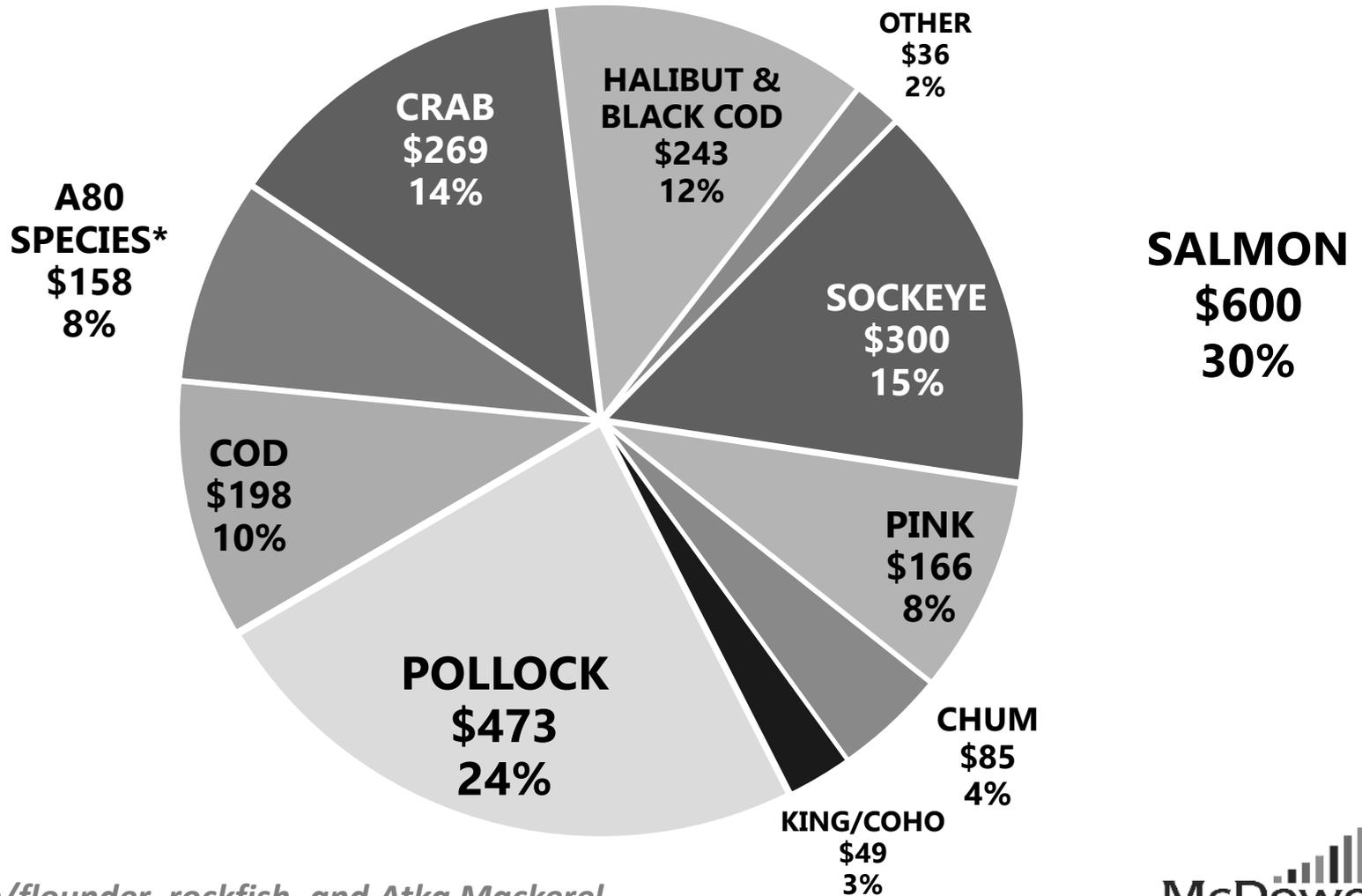
*~80% of harvest
is high-volume
groundfish*



**Includes sole/flounder, rockfish, and Atka Mackerel.
Source: NMFS, ADF&G, compiled by McDowell Group.*

EX-VESSEL VALUE

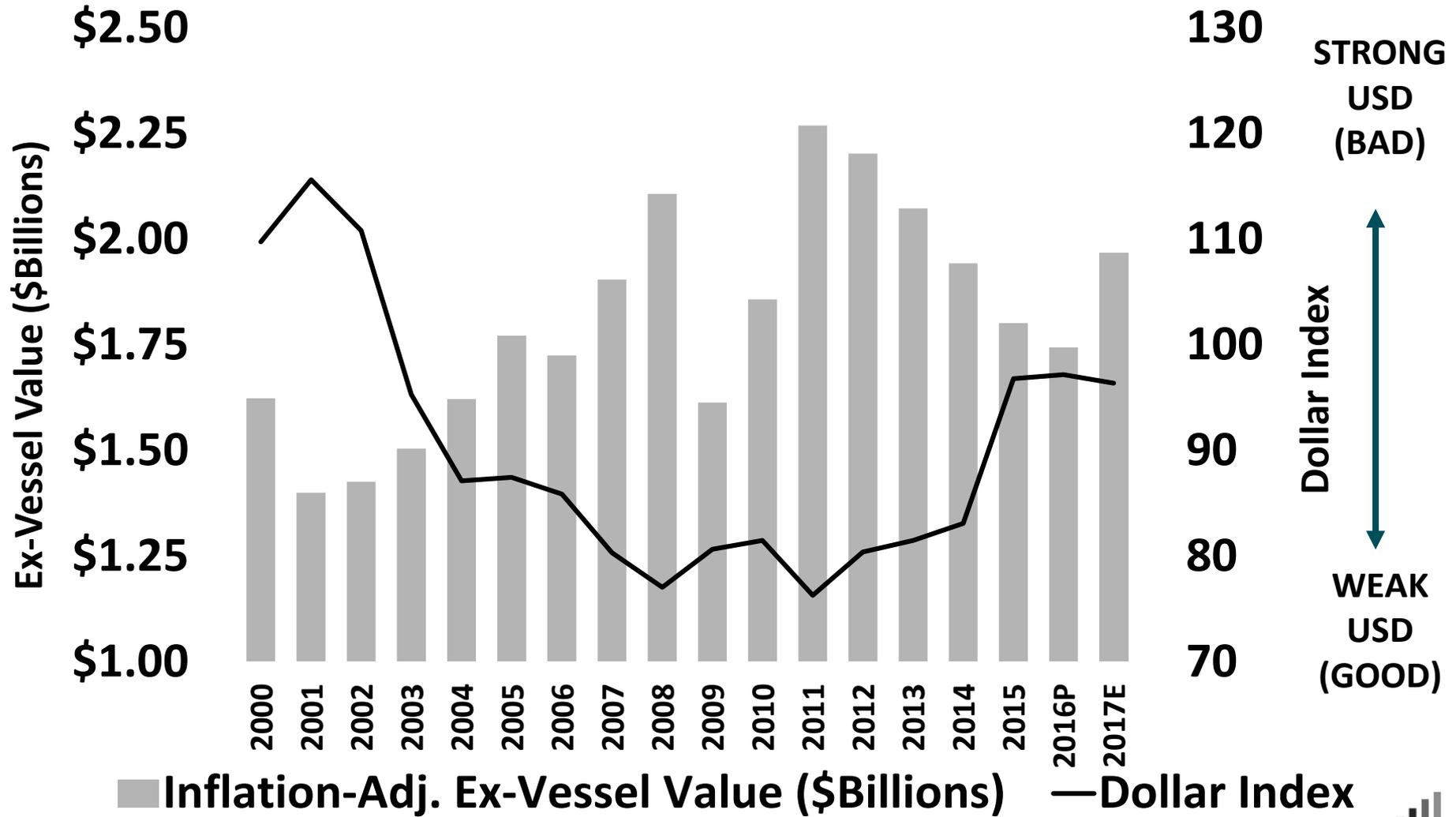
2011-2015 AVERAGE, in \$MILLIONS



**Includes sole/flounder, rockfish, and Atka Mackerel.
Source: NMFS, ADF&G, compiled by McDowell Group.*

Historical Ex-Vessel Value & Dollar Index

2000 - 2017



Note: 2016 is preliminary and 2017 is an estimate. Dollar values are adjusted to a 2016 basis using U.S. CPI.
 Source: Investing.com, NMFS, ADF&G, and McDowell Group estimates.



Global Context - 2015

<u>Species/Product</u>	<u>AK (MT)</u>	<u>Global (MT)</u>	<u>AK Pct.</u>
Black Cod	10,900	18,700	58%
Pacific Halibut	11,000	19,000	58%
Pollock	1,486,300	3,372,500	44%
Flatfish	245,800	951,300	26%
Surimi	202,400	820,000	25%
Cod	289,200	1,763,700	16%
Salmon	488,400	3,542,000	14%
King & Snow Crab	40,300	300,900	13%
Farmed Pangasius	-	2,042,300	-
Farmed Tilapia	-	5,670,600	-

Alaska Salmon

30%
of value

Ex-Vessel Value (\$Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Sockeye	\$315	\$278	\$317	\$378	\$237	\$300
Pinks	\$182	\$124	\$287	\$101	\$146	\$54
Keta	\$94	\$117	\$81	\$63	\$71	\$67
Coho/King	\$43	\$39	\$60	\$70	\$37	\$51
Total	\$635	\$557	\$746	\$612	\$491	\$472

- Preliminary 2017 Value: \$679M (+64% since 2015)
- One of most valuable harvests on record in 2017
- Record keta 2017 harvest, lots of sockeye, no kings

Note: Includes hatchery cost recovery harvest value.

Table Source: ADF&G (COAR).

Salmon Market Notes

- Farmed prices down, but remain high
- Limited potential to increase farmed supply
- Roe prices trending up
- Japanese chum harvests in decline
- Good demand for frozen pinks
- Strong fresh sockeye demand but slower frozen sales early on
- Salmon marketing 2.0 – sustaining demand above \$10/lb. retail for sockeye/coho

Alaska Pollock

24%
of value

Ex-Vessel Value

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total (\$M)	\$459	\$497	\$456	\$474	\$480	\$434
\$EV/MT*	\$360	\$381	\$335	\$332	\$324	\$286

- 2017 YTD Exports: +1% value, +4% volume
- 2017 YTD AK harvest +1.2% thru October
- 2018 Outlook: BSAI up, GOA down, maybe flat
- Competing Supply: Russia down 6% in 2018
- Forms: Fillet blocks, surimi, roe, frozen mince
- Markets: Europe, Asia, North America, & others

**Per retained round MT. Note: 2016 data is preliminary.*

Table Source: NMFS Economic SAFE data sets.

Alaska Crab

14%
of value

Ex-Vessel Value (\$Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Snow/Bairdi	\$146	\$193	\$162	\$150	\$161	\$133
King	\$122	\$92	\$88	\$99	\$108	\$126
Dungeness	\$7.6	\$6.3	\$6.3	\$15.7	\$10.5	\$8.2
Total	\$275	\$292	\$256	\$265	\$280	\$267

- 2017 YTD Exports(\$\$): -42% snow/tanner, TAC -47%
- King crab prices down, red TAC -22%, lowest since '96
- Very poor Dungeness harvest in 2017
- Expecting very large reduction in 2017 crab value
- U.S. Imports(\$): king +21%, snow +13% (+\$120M comb.)

Halibut & Black Cod

12%
of value

Ex-Vessel Value (\$Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Halibut	\$199	\$135	\$111	\$97	\$100	\$110
Black Cod	\$139	\$113	\$82	\$86	\$85	\$86
Total	\$338	\$248	\$193	\$183	\$185	\$195

- Value down \$143M since 2011
- 2017: Halibut harvest up 5%, wholesale pricing down
- 2017: Black cod YTD harvest +14%, prices up
- Black cod biomass increasing in GOA... story of Miso BC
- Halibut price fatigue? Less cod may help demand?

Alaska Cod

10%
of value

Ex-Vessel Value

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total (\$M)	\$199	\$236	\$167	\$204	\$186	\$197
Per MT*	\$661	\$725	\$540	\$627	\$588	\$615

- 2017 YTD Frozen Exports: -6% value, -12% volume
- 2017 YTD AK harvest -7.4% thru October
- 2018 Supply Outlook: down significantly in GOA & BSAI
- Competing Supply: Barents Sea down 13% in 2018
- Forms: H&G, frozen fillets, roe/milt
- Markets: Europe, Asia, North America, Brazil

**Per retained round MT. Note: 2016 data is preliminary.*

Table Source: NMFS Economic SAFE data sets.

Other Species

12%
of value

Ex-Vessel Value (\$Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Flatfish	\$113.1	\$127.2	\$103.1	\$94.5	\$71.1	\$82.0
Rockfish	\$29.3	\$33.5	\$27.7	\$30.2	\$28.9	\$27.4
Atka Mackerel	\$30.4	\$30.6	\$16.9	\$24.6	\$30.3	\$33.5
Herring	\$10.7	\$21.8	\$16.6	\$10.6	\$6.4	\$6.6

- Many other species too: geoducks, cukes, scallops, etc.
- Frozen flatfish 2017 YTD exports (\$): -9% vol., -6% value
- Less BSAI cod = more room for flatfish
- Rockfish exports/harvest down, Atka mackerel up
- Herring harvests down 36%, value down 60% since 2013

Alaska Seafood Market Summary

- Strong salmon market, maintain momentum?
- Big need for species with lower harvests
- Pollock retains substantial marketing needs
- Specialty product development & marketing
- Budget pressures increase difficulty for ASMI
- Climate change got real, really fast
- Critical mission, challenges, but bright future

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