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November 12, 2021



# Alaska Seafood Economic Value Update

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PREPARED FOR:

ASMI All Hands – BOD Meeting

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# McKinley Research Group

- Formerly McDowell Group
- Research and consulting since 1972
- McKinley Management family
  - McKinley Capital Management
  - McKinley Research Group
  - McKinley Alaska Private Investment



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## Presentation Outline

- Ongoing Work for ASMI
- Alaska Seafood Industry Impacts Overview
- COVID Impacts Update
- 2021 Season



# Ongoing and Upcoming

- COVID Impact Briefing Papers
  - 3 more in 2021 and 2022

## COVID Impact Briefing Papers & Additional Documents

<b>July 2021 Briefing Paper</b> <a href="#">Download</a>	<b>March 2021 Briefing Paper</b> <a href="#">Download</a>	<b>February 2021 Briefing Paper</b> <a href="#">Download</a>
<b>January 2021 Briefing Paper</b> <a href="#">Download</a>	<b>October 2020 Briefing Paper</b> <a href="#">Download</a>	<b>September 2020 Briefing Paper</b> <a href="#">Download</a>
<b>August 2020 Briefing Paper</b> <a href="#">Download</a>	<b>Alaska Seafood COVID-19 Impacts</b> Presented at the April 29, 2021 ASMI Board of Directors Meeting <a href="#">Download</a>	<b>Summary: COVID-19 Disruptions to Alaska's Seafood Industry and Communities, Feb 2021</b> <a href="#">Download</a>



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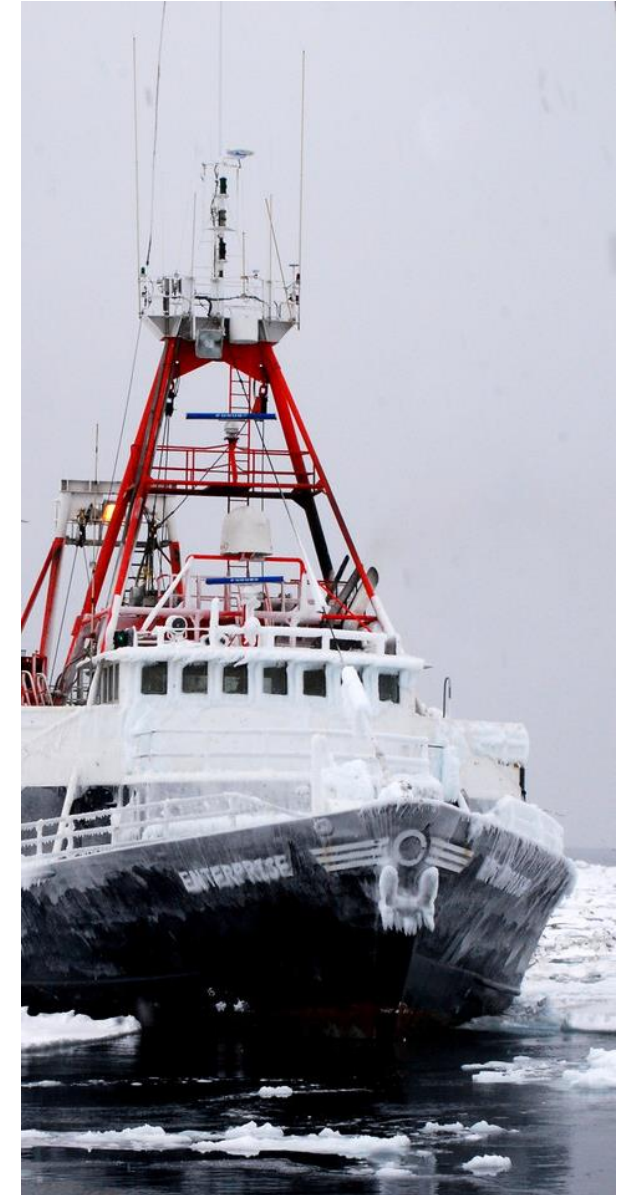
## Ongoing and Upcoming

- Salmon and Groundfish Harvest Updates, Market Bulletins, Ad Hoc Research Support, and more
- New Economic Impact Report
  - Will be finalized in Dec. 2021
- Supply Chain Overview Report
  - With SE Asia, UK, and US case studies

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# Alaska Seafood Industry Overview

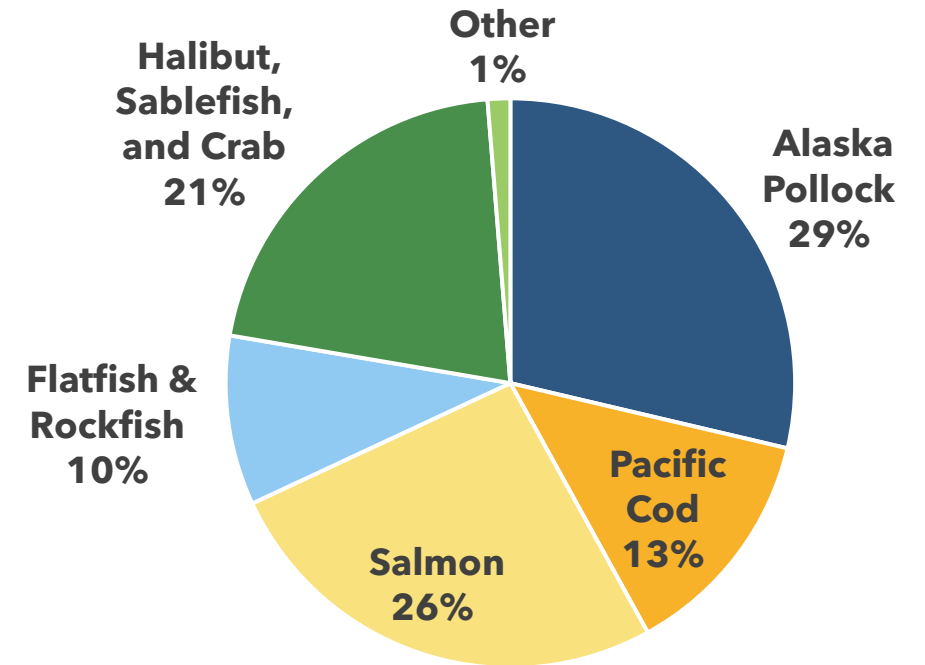
- 60,000 jobs with \$1.7 billion in earnings
- More than 9,000 vessels
- Over 200 small and large shoreside and at-sea processing plants
- \$2 billion ex-vessel, \$4.5 billion wholesale
- Provides economic activity and tax revenue in rural Alaska from Ketchikan to Kotzebue



# Alaska Seafood Industry Overview

- 2019
  - \$2 billion ex-vessel
  - \$4.7 billion wholesale
- 2020
  - \$1.5 billion ex-vessel
  - \$3.7 billion wholesale

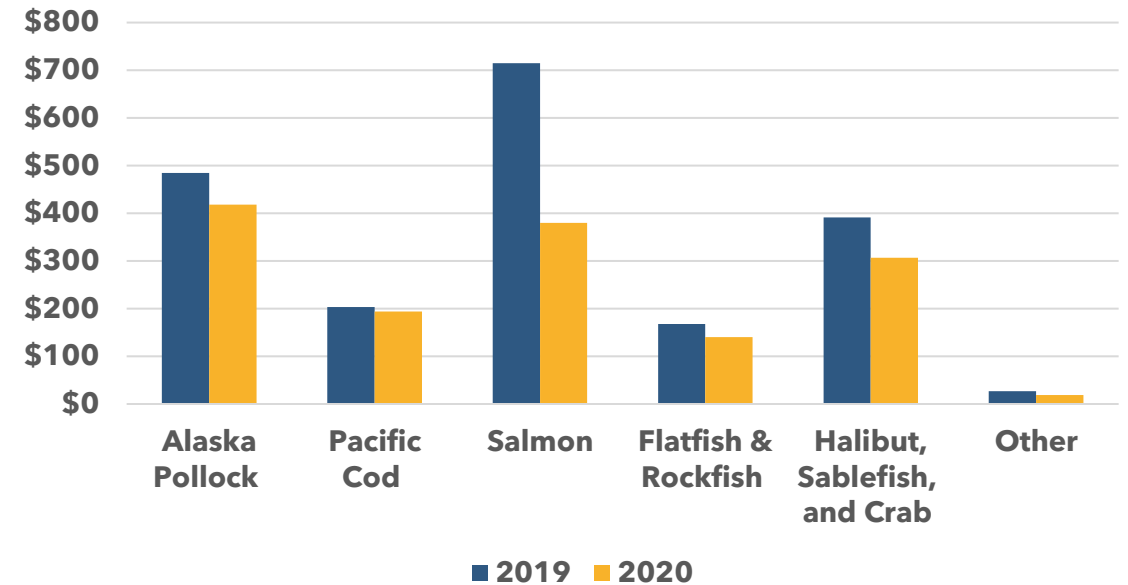
2020 Ex-Vessel Value, % By Species Group



# Alaska Seafood Industry Overview

- 2019
  - \$2 billion ex-vessel
  - \$4.7 billion wholesale
- 2020
  - \$1.5 billion ex-vessel (-27%)
  - \$3.7 billion wholesale (-21%)
  - Felt across most fisheries

Ex-Vessel Value, by Species Group, 2019 and 2020





# Alaska Seafood – 2020 COVID Impacts

- Increased operating costs
  - ~\$70 million for seafood processors
- Dramatic, rapid demand shifts, esp. for food
- Transportation/logistics challenges
  - Reduced air travel
  - Delays into China, demurrage fees
- 20-25% lower ex-vessel values in 2020
  - biological issues in key fisheries
- Fisheries still operated



# Alaska Seafood – 2021 COVID Impacts

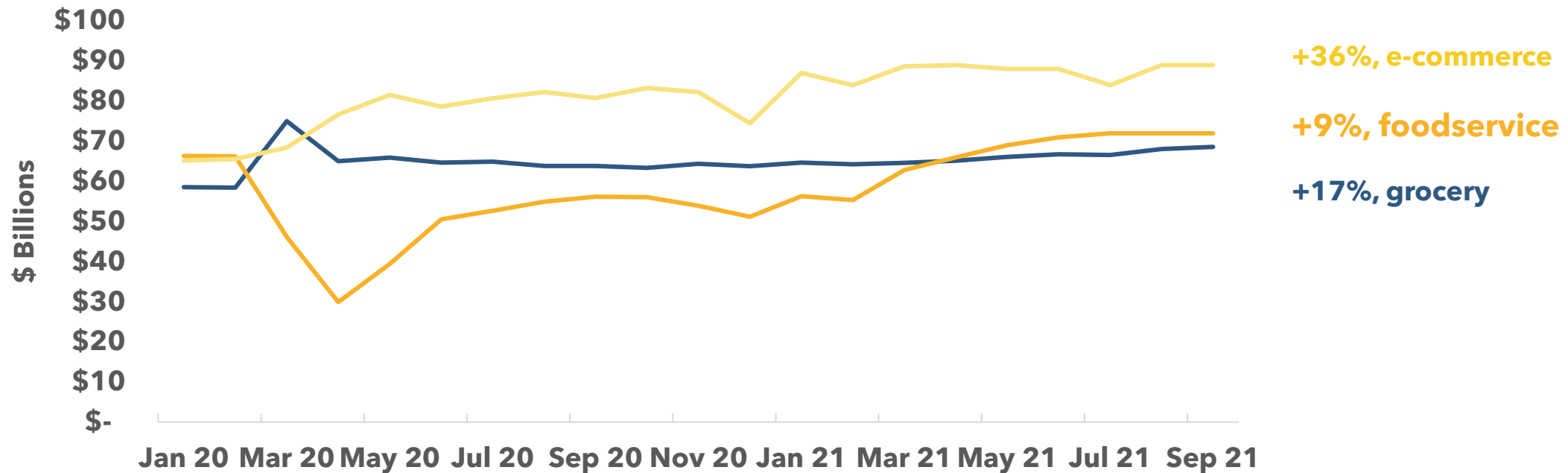
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- Fisheries still operated
- 2021 mitigation costs unknown
- Worst outbreaks in Jan. 2021
- Most mitigation maintained
- Increased costs throughout supply chain
- Hiring still challenging
  - 28% rise in processing labor costs
  - Recovered about half the drop in peak employment seen in 2020
  - 20,250 -> 15,950 -> 17,900

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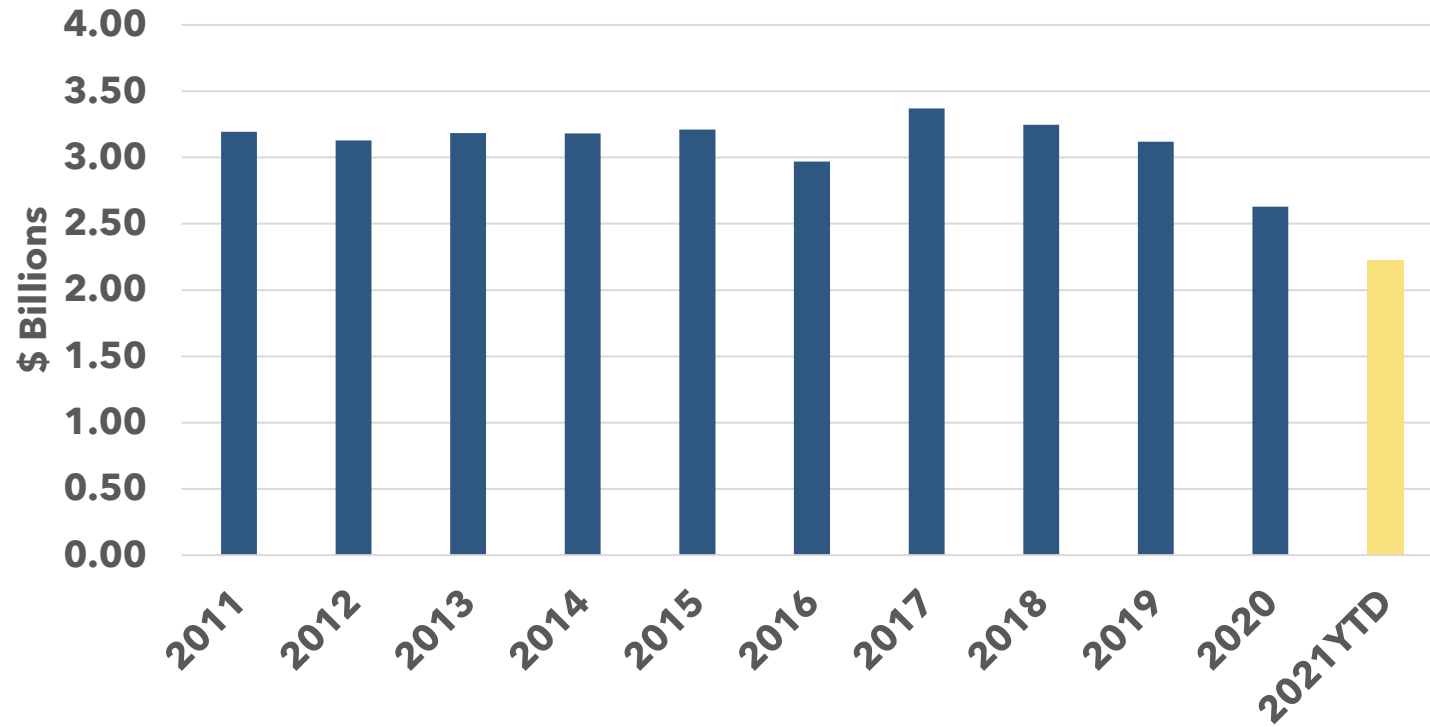
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- Retail sales increases largely sustained
- Foodservice recovery
- Prices climbed to new heights

# Monthly Retail Sales, by Category



# Alaska Seafood Export Value, 2011-2020 and 2021YTD



**May still  
break \$3B in  
2021**

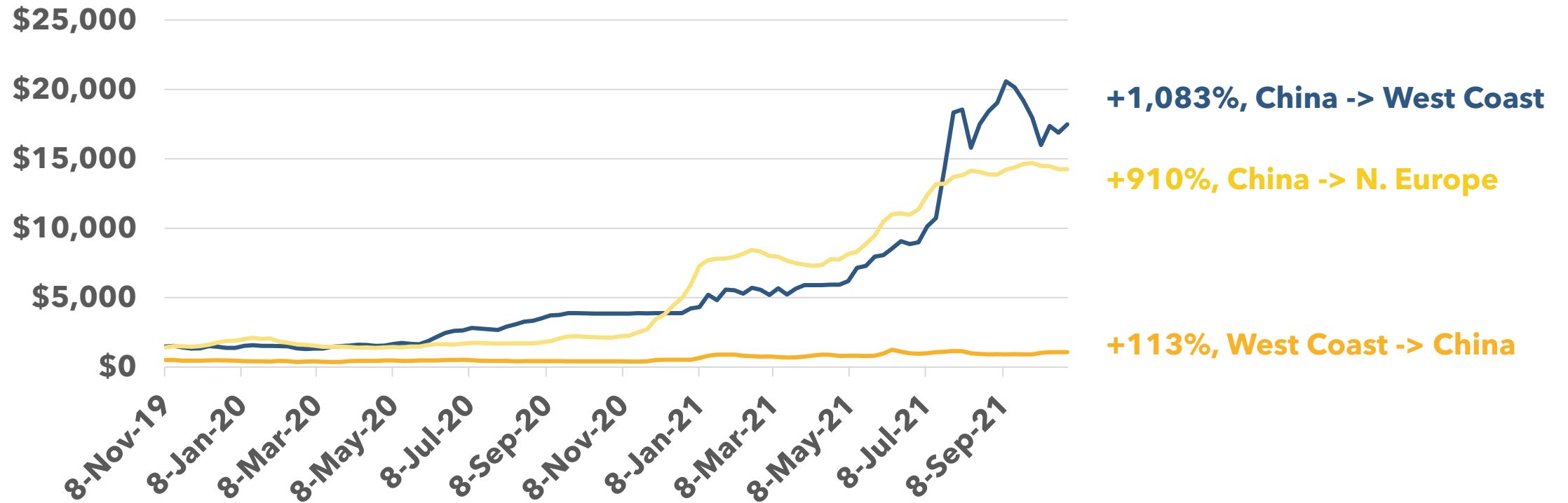


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# Spot Prices per Container on Key Shipping Routes



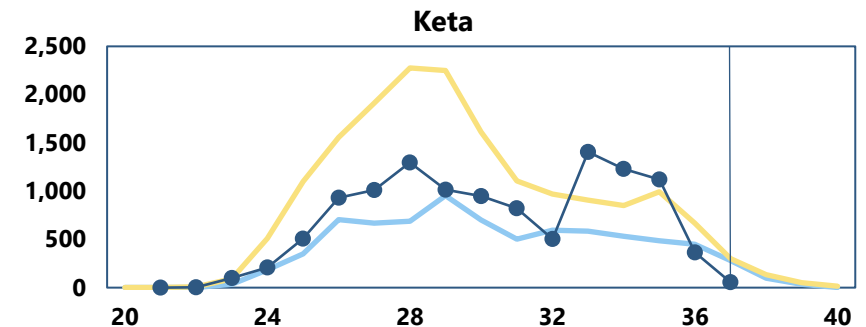
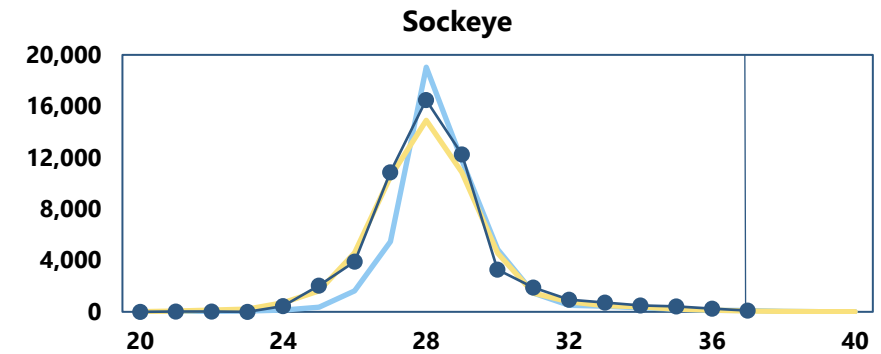
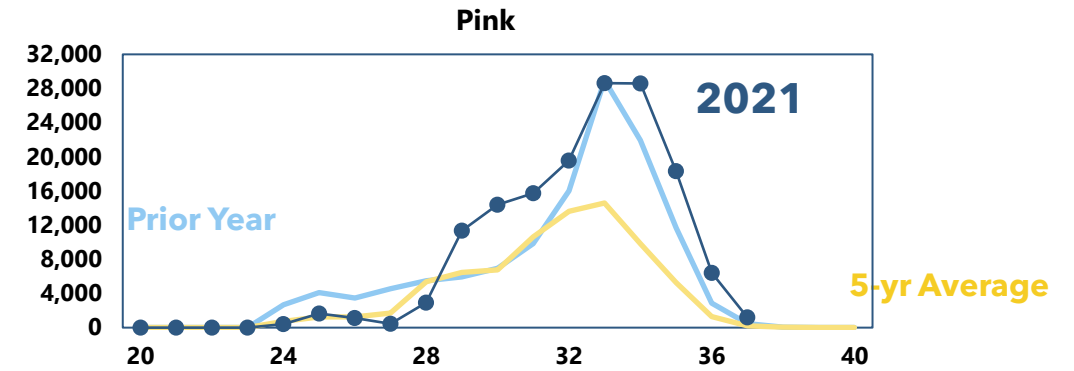
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  - biological issues in key fisheries
- Fisheries still operated
- Expect a return to normal range of Ex-Vessel and Wholesale Values in 2021
- Separating COVID from other impacts still challenging

# 2021 – Salmon

- Big improvement over 2020
- Complicated Story
  - Since 1975:
    - 3<sup>rd</sup> best by # of fish
    - 11<sup>th</sup> highest volume
    - 7<sup>th</sup> strongest value - \$644 million



## 2021 – Salmon



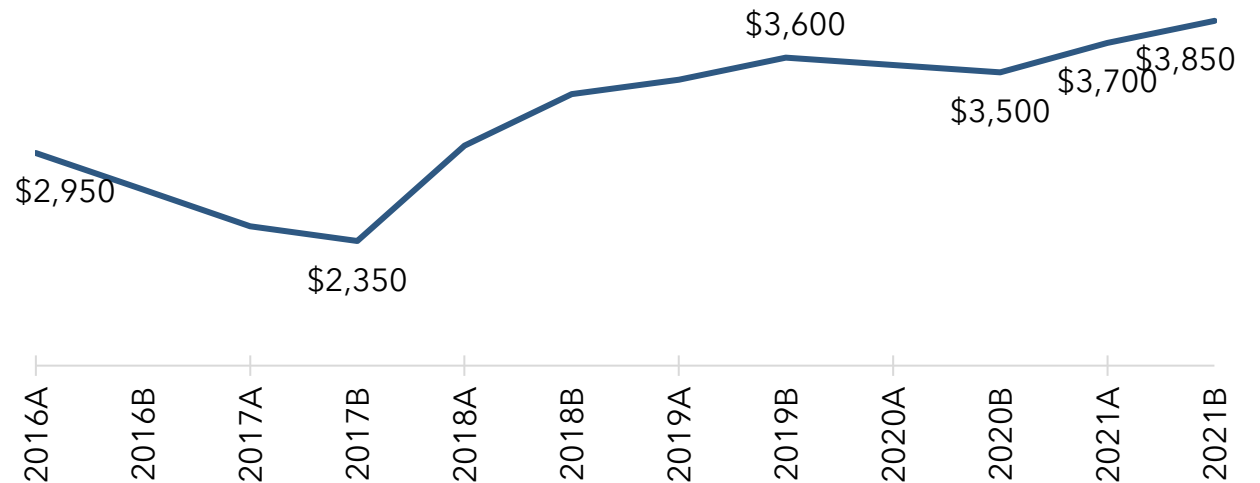
- Smallest average size on record for 4 out of 5 species
- Strong prices, frozen H&G export prices up 15-17%, roe up 60%
- Alaska 80% of global sockeye and 1/3 of global pink supply
- Alaska salmon 9% of global supply in 2020; most is farmed
  - More coho farmed in Chile than sockeye in AK



## 2021 – Groundfish

- Pollock TAC fully harvested
  - strong prices on fillets
  - Increased surimi production mix
  - Smaller fish still an issue
  - Prime roe season interruptions
- BSAI crab reductions
- Flatfish – only half of TAC harvested right now
- Strong halibut prices

**Alaska Pollock PBO Fillet Blocks Prices, 2008-2021**



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**New Office in  
Alaska Permanent  
Fund Corp. Building**