State of Alaska Seafood Markets 2023
McKinley Research Group

• Research and consulting since 1972
• Economic Analysis, Feasibility Studies, Community Economic Planning, Business Development, Survey Research and more
  • 20+ years of support for ASMI
• Conducted 100+ economic impact studies including Alaska’s:
  • Seafood Industry (ASMI)
  • Construction (AGC)
  • Oil and Gas Industry (AOGA)
  • Mining Industry (AMA/CAP)
  • And many more
• McKinley Management family
What you will hear this morning...

- Value and economic impacts of the Alaska seafood industry
- Market factors driving 2023 prices
- 2024 season preview
Seafood Economic Impact Key Findings 2021/2022

• 46,000 workers, $1.6 billion earnings
• More than $161 million paid in taxes/fees
• Trend of lower employment
• Many 2022 prices highest on record
Seafood Industry Workers

Number of Alaska Seafood Harvesting and Processing Workers, 2017-2022

- 2017: 53,856
- 2018: 52,353
- 2019: 52,941
- 2020: 46,462
- 2021: 45,990
- 2022: 45,999
Annual Percentage Change in Employment, 2019-2022

- **Total Wage & Salary Employment**: 1% in 2019, 2% in 2020, 3% in 2021, 0% in 2022.
- **Seafood Processing & Harvest Workers**: -12% in 2019, -8% in 2020, -1% in 2021, 0% in 2022.
2022 Prices

- Lowest harvest volume in a decade
- Record high ex-vessel and first-wholesale prices (on average across all products)
- Highest harvest value in a decade
Alaska’s Fisheries Ex-Vessel Volume and Value

2021/2022 Average Harvest Volume

- **Alaska Pollock** 59%
- **Salmon** 16%
- **Pacific Cod** 7%
- **Flatfish** 8%
- **Rockfish** 3%
- **Other** 5%
- **Crab** 1%
- **Halibut and Sablefish** 1%

5.1 billion pounds

2021/2022 Average Ex-Vessel Value

- **Salmon** 40%
- **Alaska Pollock** 23%
- **Halibut and Sablefish** 11%
- **Crab** 11%
- **Flatfish** 4%
- **Rockfish** 1%
- **Other** 3%

$2.0 billion
Alaska’s Fisheries First Wholesale Volume and Value

2021/2022 Average First Wholesale Volume

- Salmon: 25%
- Alaska Pollock: 44%
- Halibut and Sablefish: 2%
- Crab: 1%
- Flatfish: 10%
- Pacific Cod: 7%
- Rockfish: 4%
- Other: 7%

2.3 billion pounds

2021/2022 Average First Wholesale Value

- Salmon: 42%
- Alaska Pollock: 30%
- Halibut and Sablefish: 6%
- Crab: 7%
- Flatfish: 3%
- Pacific Cod: 7%
- Rockfish: 2%
- Other: 3%

$4.9 billion
2023 Market Conditions
High Harvest/Production Costs

Alaska #2 Marine Fuel $/Gallon

- 2012: $3.25
- 2023: $4.40

H-2B Prevailing Wages

- 2013: $9.75
- 2024: $17.15
2023 Prices

Alaska’s big commercial salmon harvest comes with steep overall price drop
This year’s ex-vessel value for the US state of Alaska’s commercial salmon fishery is one of the lowest since 1975
By Kristen Dobdrug | Nov. 1, 2023 15:23 GMT

The Winding Glass: Seafood Industry Not Alone as Consumers Rotate Away From Expensive Products
By John Sackton
Founder, SeafoodNews
October 24, 2023
Factors Contributing to Lower Prices in 2023

- Falling Consumption/Price Sensitivity
- Exchange Rates
- Inventory
- 2023 Supply
# U.S. Retail Demand

## Retail Sales Volumes (unit sales volume), 2019-2022

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frozen</td>
<td>612M</td>
<td>797M</td>
<td>779M</td>
<td>686M</td>
</tr>
<tr>
<td>Fresh</td>
<td>731M</td>
<td>892M</td>
<td>860M</td>
<td>726M</td>
</tr>
<tr>
<td>Shelf Stable</td>
<td>1.3B</td>
<td>1.5B</td>
<td>1.3B</td>
<td>1.3B</td>
</tr>
<tr>
<td><strong>Total Seafood</strong></td>
<td><strong>2.6B</strong></td>
<td><strong>3.2B</strong></td>
<td><strong>2.9B</strong></td>
<td><strong>2.7B</strong></td>
</tr>
</tbody>
</table>

Source: FMI Power of Seafood 2023 and 210 Analytics
U.S. consumers by frequency of seafood consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Less than once a month</th>
<th>Once a week or less</th>
<th>Two or more times per week</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>43%</td>
<td>32%</td>
<td>25%</td>
</tr>
<tr>
<td>2022</td>
<td>47%</td>
<td>29%</td>
<td>24%</td>
</tr>
</tbody>
</table>

“For most ... Americans who are reducing their seafood consumption frequency, the reasons for including less seafood in their diets is either inflation or prices overall (47%) or the price of seafood compared to other proteins (38%).”

Source: FMI Power of Seafood 2023 and 210 Analytics
A strong dollar makes Alaska seafood less competitive in foreign markets.

**EXCHANGE RATES**

**Strong Dollar / Weak Yen**

Japanese Yen to U.S. Dollar Spot Exchange Rate

Source: FRED, Federal Reserve Bank of St. Louis
Inventory

• High inventory from 2022 can still impact price in 2023

• Record size of 2022 Bristol Bay sockeye harvest

• Whitefish inventories high in Europe

• Longevity of 2022 Russian king crab in U.S. inventory
Russian Harvest and Exports
Alaska and Russia Harvest of Pollock (mt), 2013-2023 estimated
Alaska and Russia Harvest of Salmon (all species, metric tons), 2013-2023 estimated
2024 Season Preview

- 2023/2024 is first Bristol Bay red king crab harvest since 2020/2021 season
- 2024 preliminary Bristol Bay forecast: one third smaller than 2023
- Potential for high pollock harvest
- Opportunities from recent decreases to retail seafood prices
Thank you

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