



# March Fresh Market Report



## ALASKAN HALIBUT

The 2011 halibut fishery is set to open on March 12, under a catch quota that is down 19% from last year's level. Major cuts have been put in place in Alaska areas 2C, 3A and 3B, while Canadian area 2B got a small bump up in quota.

The driving force in the 2011 quota cuts are the biologist's concerns over continued declining catch rates in most areas. For 2011, the Commission staff recommended a 21.5% harvest rate for use in Areas 2A through 3A and a 16.1% harvest rate for Areas 3B through 4. The Commission staff expressed concern over continued declining catch rates in most areas and recommended aggressive action to reduce harvests. In particular, staff recommended that the Commission shift its harvest control rule to implement the full reductions in catch limits identified by the stock assessment, rather than the partial (50%) reductions used in previous years. The decline of the stock due to both natural declines in recruitment, lower growth rates, and higher than target harvest rates in most areas has motivated this change in the harvest recommendations. Catch limits adopted for 2011 were lower in the central regions of the stock (Areas 2C and 3) but significant recent reductions in catch limits for Areas 2A and 2B appear to have resulted in improvements to stock condition in those areas.

News of a reduced quota next year has had no effect on the frozen market- for two reasons. First, there is virtually no fish available on the open market. Secondly, prices have gotten so high already, that many packers fear sales will slow if prices escalate another notch. So frozen markets will stay where they are for now, and offerings are limited largely to small pockets of 10/20, 60/80 and 100/+. Fletch inventories are whittled down to zero. Halibut sellers are now thinking of the upcoming season, and moving catch into the fresh market. While customers normally look forward to new-season fresh halibut with excitement and anticipation, this year the emotion is more akin to dread. Savvy halibut sellers know the first wave of fish will fetch a handsome price, but follow-up orders will be few and far between

until the market equilibrates and customers overcome sticker shock. This may not happen during the first week of the fishery, but will be more supply-related. Enough fish needs to be landed to saturate the market and find the tipping point of what price level is required to keep product from the freezer. Don't expect the landings from the first week of fishing to get us to that point. March fisheries are traditionally problematic due to weather concerns, and the fleet has learned that vessel prices tend to escalate during the season- so there isn't necessarily a premium to be had for "first fish".

The 2011 season will get going on March 12 and will end on November 18.

## FROZEN WILD SALMON

### Chum Salmon:

Final catch numbers for the 2010 Alaska chum fishery ended up at 18.164 million pounds. This is a few hundred thousand fish higher than the original forecast, and also higher than the previous year's catch. Despite Alaska's good season, however, there is a worldwide shortage of chum. Why? Fisheries in Russia, Japan, Canada and Puget Sound fisheries all came up short, leaving customers around the world short of filling their needs. This fact has kept chum markets strong and fish moving steadily. Like most major AK packers, Ocean Beauty is virtually sold out of frozen chum- a rare situation for this time of year. Other chum sellers have Alaska chum in small volumes only, and offerings are strong. Do not expect to find container quantities of any one size or grade at this point. Expect pricing to remain firm into new season, and until the pipeline fills with 2011 fish. The strength of the frozen chum market also should be a precursor to anyone wanting to move fresh chums domestically prior to the 4<sup>th</sup> of July. Like last year, a strong frozen market kept the fresh market under control. Expect it to do the same again this year. The 2011 forecast has not yet been published by the Alaska Department of Fish and Game, but the general feeling is that we'll see strong Alaska runs again this year. 2011 fisheries should get going in late May/early June in Prince William Sound.

## COHO SALMON

Final catch numbers for the 2010 Alaska Coho fishery ended up at 3.95 million fish, 400,000 fish less than forecast and 200,000 fish less than the previous year's catch. One might think a shortfall in wild Coho and wild chum would create market pricing scenarios for both species. This has not proven to be the case. While chum markets stayed strong, Coho markets have regressed since October. Why? There are two main reasons. For starters, Coho sellers went out of the gate with high pricing at the start, and caused many traditional customers to take pause in their Coho purchases. Secondly, an oversupply of sockeye (partly thanks to the unanticipated bounty from Canada's Fraser River) put a lid on pricing at the onset and later triggered a regression in market prices. When many users of "red-fleshed salmon" found they could purchase sockeye for the same economics as Coho, the rout was on. Coho markets had to adjust, and have been in retreat ever since. Net Cohos have sold reasonably well in a falling market, but troll Cohos have not fared so well. Many packers are now holding troll Coho at hoping to sell at "sockeye" prices. For now, it is a tough sell. Until new season rolls around, expect net Coho to be available in small parcels and troll Coho to be available in larger ones. Also new this year, inventories of Coho fillet (both net and troll) are available in the market. Sellers are trying to hold firm on pricing, but it will be a matter of time before the market crumbles. There are huge inventories of sockeye fillets looking for homes, and sellers will likely have to discount them to make it happen. When adjustments take place, they will pull the Coho market down with it. The 2011 forecast has not yet been published by the Alaska Department of Fish and Game, but the general feeling is that we'll see a run size similar to last year's. Coho fisheries typically get going in July.

## FRESH WILD SALMON

Wild salmon catches continue to be very minimal as we grind through the winter. Some troll kings are being landed in SE Alaska, but catches have been limited due to weather and lack of effort. Likewise



# March Fresh Market Report



only a handful of "Springers" (spring Chinook) are coming from terminal areas of the Columbia. The quality has been excellent, but prices are extremely high. Look for continued poor availability and high prices until more seasons open in the spring.

## FRESH FARMED SALMON

**ATLANTICS:** Lent demand will continue to keep all NW farms operating at full capacity over next 6 weeks. Prices have been firm to rising, and are expected to stay in that mode thru middle of April. Chile continues to slowly increase volume and availability at attractive prices. Due to demand being strong, supply also continues from Scotland and Norway.

**STEELHEAD:** Chilean season has just begun with fillets coming in to Miami at slightly less per pound than Atlantic imported fillets. NW farms have experience some setbacks on volumes due to cold summer waters affecting growth cycles from 6-8 months ago.

**KINGS:** Steady volume and stable pricing is the tone for imported farmed kings out of New Zealand for the next 3-5 weeks.

## FROZEN FARMED SALMON

### ATLANTIC

Currently there are very low volumes of Chilean Atlantics, and it will remain that way for the next 4-5 months. Very tight supply and mainly everything will be going to the fresh market. This year is considered the beginning of a recovery process in Chile that will take years.

Expect consistent growth out of Chile beginning in June/July of this year but initial forecasts show recovery sometime between 2013-2014 reaching the levels of a few years ago of which Chile had about 400,000 tons annual export. Today that number is between 100-150,000 tons for 2011. In the meantime harvesting periods will be sporadic but initial signs show extreme efficiencies and improved mortality rates providing exceptional quality and size on Atlantic salmon. Prices remain high.

## GROUNDFISH

### ALASKAN POLLOCK

The A season Pollock fishery in area 620 was fast and furious with most of the product being put up H&G for export customers. The fillet market has been slowly declining due to large volumes of Bering Sea fillets flooding the market. Marketers are holding back on any volume buys as they see the market sliding on a weekly basis. The Russian H&G non-MSC Pollock continues to decline as they need cash. MSC Alaskan Pollock is selling at almost \$.30 more per pound compared to Russian. But beware, Russia is close to becoming MSC certified and the Alaska glory days may be over when this happens. Time will tell.

### ALASKAN COD

Both Federal and State-water "A" Seasons have closed. The closure effects both pot and trawl catch methods. There remains open a local "jig" fishery in the Gulf of Alaska which brings us intermittent deliveries to our Kodiak dock. This should be a good fresh market fish for both H&G and fillet markets. This spring and summer at our Alitak location we also receive deliveries of "Jig" caught cod to our dock. Due to the remoteness of the Alitak location, all products are frozen in an H&G form. The frozen shatter pack market has been active for Lenten specials as inventories are briskly moving out. The market is firm, especially on the larger 16/32 and 32/up sizes.

### WASHINGTON/OREGON/CANADA

Winter weather continues to plague BC groundfish landings. Rockfish supplies have been fairly consistent, but other species have not. Some Petrale and other flats have been mixed in, but not with any consistency as fishermen battle rough seas. The good news is some ling cod has been starting to appear lately. Look for cod catches to increase as we move out of winter and into spring. Dover landings have been heavy in Oregon ports when weather allows. Petrale, Arrowtooth and black cod have also been mixed in. Fishermen and processors are still adjusting to the new IFQ rationing plan.

It will take time for everyone to sort out all the new regulations and to adjust to them accordingly.

## IMPORTS

### YELLOWFIN TUNA

Demand for raw material and finished goods remain very strong for natural and CO treated tuna steaks and loins. Prices for natural loins spiked last fall but are now coming down due to more fish being available. Japan has changed their buying pattern and for quality reasons reduced tuna imports. This means that many loins that used to be acceptable for the Japanese market no longer are. This is good news for other markets, as they will be frozen and further processed into natural steaks.

### ALBACORE TUNA

Albacore is mainly known as a summer item, yet packers have already started producing orders of both loins and steaks. This is because supplies are steady and the canners have yet to step in with their orders. Once canners start buying loins next month, price is expected to jump up and supplies to tighten.

### MAHI MAHI

#### South America

The Mahi Mahi season has all but shut down in Peru and Ecuador, with no landings seen during the last two weeks. Most packers are struggling to cover current commitments, and won't consider additional orders. Volume has been on the decline for several weeks and this is affecting fisherman and market prices. Prices being paid to the fishermen have advanced 45% in mid-February. The price for fresh Mahi has increased dramatically, making it difficult to buy and freeze loins and steaks. Any new landings are going straight to the fresh market. Prices are a significantly higher in this year due to lack of product and a dismal season. No relief in the near future; Mahi Mahi in Taiwan won't start until summer.

#### Asia

No current landings in Taiwan or SE Asia.

### SWORDFISH



# March Fresh Market Report



Swordfish is in high demand now, and landings are very low- unexpectedly low for February and March. Prices are very firm and are expected to rise as summer demand is expected to fuel a renewed struggle between the packers for raw material. A substantial increase is expected for sashimi grade by May – maybe earlier. Sashimi grade swordfish is especially short, while “A” grade seems to be keeping pace with demand. The strong demand for product by American buyers remained in effect through the last week in February.

## ORANGE ROUGHY

Orange Roughy inventories are adequate and prices have leveled off. Production overseas remains limited and will not improve. Greenpeace has won another round with a large US retailer who will be taking the product off their shelves. Costco has also agreed to stop selling Orange Roughy once its current contracts and inventories expire.

## TILAPIA

All plants in China have been on a long Chinese New Year Holiday during the last 2 weeks of February. Most factories are just getting caught up and back to full operation during the first part of March. There is still a strong demand for tilapia. Most plants have full processing schedules and are able fill orders, but there is a shortage of raw material due to cold weather that has adversely affected the growth rates of fish. Pricing remains stable, but is expected to move down slightly in April as the weather turns warmer and more raw materials become available.

## SHELLFISH

### DUNGENESS CRAB

The west coast Dungeness season continues in CA, OR and WA, but poor landings have turned what little is caught into a bidding war between the live buyers for export markets and meat pickers who lack any inventory for meat sales.

### KING CRAB

With the major seasonal holidays that typically demand higher-priced shellfish behind us, sales demand should back off

on king crab. But do not expect to see lower offers. Only a little fishing remains active in the Barents Sea which historically catches larger red king crab sizes where there is a big void. Next replacement of AK red king crab isn't until November but there remains a small effort on Alaska gold king crab.

### SNOW CRAB

The Alaska Opilio is in full operation since opening Jan 15<sup>th</sup> with nearly 82% of the quota been reported caught. Based on preseason strong market demand boats have been advanced 100% more than last season's opening price. There is very little carryover from last year and the strong pricing is fueled in part by another weak year expected out of the Canadian fishery which follows Alaska in April plus the combination of expensive alternatives (see King crab) or lack of substitute (see Dungeness).

### SOFT SHELL CRAB (BLUE CRAB)

Domestic soft shell crab inventories are good, and prices are unchanged. Do to the continued downturn in the economy, demand for this product remains low. Packers need to move product before the new season starts and if you need quantity you will be offered some good discounts. You will still have to order this product off the East Coast and just a reminder that this is all wild-caught products.

Asian soft shell crab inventories are good and prices are staying steady. Production overseas has been strong, but with all the extreme weather conditions production could slow. The weather could easily slow up the catch of the baby swimmer crabs that are caught and then taken to the aqua farms to be raised and processed. Shipping costs will be taking a large increase due to the increased cost of fuel and this cost will have to be passed on to the customer- so prices will start to rise.

### CRAB MEAT

Canadian snow crab meat prices are soft. Demand for this product continues to be down in all market areas around the world. With the economy still being down in the United Kingdom, orders are still very slow in coming. The United

Kingdom is Canada's biggest customer of this product and packers need to move a lot of inventory before the new season starts in May. So if you need any large quantity of this Canadian snow crab meat, you will find so pretty good discounts.

Korean snow crab meat inventories are good and prices have leveled off. Production overseas has been good, but processing and shipping costs are up. It may not be until May, but prices will start to rise as each new container of new season production arrives in the United States. Inventories will remain readily available unless the FDA puts incoming product on hold for a physical inspection. The FDA inspection program now can put all seafood products on hold for weeks, and no processor or importer is exempt.

Rock crab meat inventories are short and prices are rising slowly. Processors are in between seasons and demand for this product remains strong. There are better inventories of salad meat, but prices are rising slowly and will continue to rise. Rock crab combo meat is very short and prices are firm. If you need any king of quantity of combo meat you need to buy now before this entire product is gone.

### SCALLOPS

Domestic scallops will start the month with tight inventories and firm prices. The 2011 season opens in March, but it is too soon to know how well the catch will be. The new season opens with extreme weather conditions and this will limit how many fishing boats will be out to really get the new season started. The bulk of the new season catch will be going to the fresh scallop market and it will take at least three weeks of production before frozen inventories get a chance to build. It will probably be the first part of April before prices start to drop, but with the cost of fuel increasing so fast, prices may not drop at all. Even with the start of the new season, U/10 scallops will continue to be in short supply and prices will remain firm.

Japanese scallop inventories are good and prices are up slightly. Production overseas remains good. Weather conditions in Japan have had little effect on the scallop production. Demand for



# March Fresh Market Report



this product has fallen compared to previous years, keeping product readily available and prices staying pretty stable. Starting with the arrival of new product coming to the United States in April prices will start to rise to cover the rapid increase in shipping costs because the high increases in the cost of fuel.

Bay scallop inventories are slowly improving and prices are slowly coming down. Production of Chinese product still remains down and new season production from Peru has been limited. Inventories are slowly building for all sizes, but it could easily be the mid of April before inventories are back to normal if it happens. Increased production cost and the rapid increase in fuel charges will cause prices to start rising in April on all overseas origins.

## SHRIMP MEAT

### Eastern Canada

Coldwater shrimp inventories are slowing shrinking as we head down final stretch prior to new season (mid May is when they will start again). Last year's catch was short to start, and then boat/processor disputes delayed effort even more. For available inventory, prices have remained firm due to limited availability.

### West Coast-CA/OR

Despite a record 25 million lb harvest last year, most inventories are running lean or are exhausted. A combination of aggressive trip demands by processors and slow but strong domestic demand for product remained steady throughout the winter months, keeping inventory moving. Prices have even crept up to levels not seen since 2 years ago to stem demand but with the limited availability caught on the East Coast the effect was minimal. New season scheduled to open April 1.

## LOBSTER TAILS

Australian lobster tail inventories are limited and prices are only down slightly. Arrival of the new-season containers into the United States has been limited. Do to the continuing slow economic recovery; demand for this product is still down. Now that the Chinese New Year is over, more products should now be available for the United States. Prices could start dropping by mid-month if inventories

improve. Currently only B tails (6-8oz) have a stronger demand and are selling out quickly as small amounts of these tails arrive.

Warm water tails inventories are adequate for all sizes except 10/12 ounce and prices have leveled off. The current season is wrapping up and the catch remains down. Current demand for this product has slowed and processors and packers want to continue moving what product they have so prices should stay pretty stable. If the start of the new seasons opens on time, new-season Brazil tails will be available by mid-May.

Canadian tail inventories are getting tight and prices are rising slowly. These cold water tails have been a good substitute for the short Australian tails. Tails larger than 8/10oz are getting very short and will be gone before the new season opens in May.

## PRAWNS

Overseas packers are pushing prices up because of higher fuel costs and the weakening US dollar. In Thailand, raw material is light, and prices are firm and high. Packers are still buying whatever raw material they can find in order to fill existing orders. In Indonesia, heavy rains and flooding have caused many farmers to flush out their ponds. There are reports of continuing problems with white spot disease. The raw material situation is very unstable, mostly due to the crop failures resulting from the recent flooding. In India, Vannamei production this year is projected at around 40,000 Mt. Vannamei is new to India and some growth problems are to be expected, but the future looks very bright for Vannamei production in India. It will be 3-4 more months before we see a substantial increase in production from Asia, and prices will remain high or higher until that happens.

Domestic shrimp inventories remain tight on all sizes and prices are firming on what little product is being caught. The current catch remains low at all fishing locations. Now with the sudden large increases in fuel costs, boats are making fewer trips to the fishing grounds. This will keep inventories short and prices high. This is the same situation for both white and brown shrimp.

Mexican shrimp inventories of both wild and farmed products remain short, and prices continue to rise on what product is available. There will be no improvements. If you need to position on any Mexican product, you need to do it now. Wild product will be gone long before the next season starts in September. There will be new aqua farmed product in July but only for 31/35's and smaller. Prices will continue to rise throughout the month.

Rock shrimp inventories continue to be tight with very little product currently being caught. Prices are firming on what product is available.

## WEST COAST LOLIGO SQUID

Loligo squid inventories continue to be strong and prices have leveled off on whole squid. Value-added product inventories are improving slowly. Now that the Chinese New Year is over, the seafood production plants in China will be back in full operation in March. Production costs will be up, as will transportation costs due to rising costs of fuel. Expect price increases to kick in by later this month.