

# Pacific Seafood

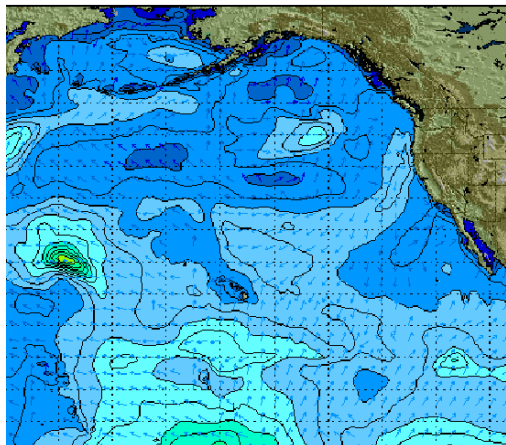
## MARKET REPORT

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### West Coast Weather



Monday wave model from

### Season Openers & Holidays

1<sup>st</sup> week of August – Copper River Coho  
Mid-August – Puget Sound Pinks  
August 4<sup>th</sup> – Columbia River Kings  
August 21<sup>st</sup> – Klamath River Kings

### West Coast Bottom Fish

There is lots of bottom fish available.  
Weather is strong and price is stable.  
Production is down 70% over last year.  
This is an exceptional year for Whiting.



### Wild Salmon

**Kings** – Alaska – S.E. Alaskan summer troll king season is now closed.  
Canada – The Canadians have a 3 day troll opener July 24<sup>th</sup> - should be good volumes of kings, but no prices have been established yet. After the catch has been calculated there is expected to be another 3 day opener.  
Columbia River – Catch has dropped drastically and the count over the Bonneville Dam has dropped below 1000 kings a day. The next volume opportunity will be a targeted lower river gill net opener for the non-native fishermen the first week of August. Expect high prices for these fish. The upper river will begin to build volumes in late August peaking around Sept. 6<sup>th</sup> – 10<sup>th</sup>. The king market will hit its low point of the season that week.

Washington / Oregon Trolls – quota fisheries continue north of Cape Falcon with Cohos now in the mix. South of Cape Falcon re-opened 7/17 and we expect good production through August. A few troll Pink salmon are showing in the catch, a good indicator that this will indeed be the year of the Pink salmon for Puget Sound and southern British Columbia.

Klamath River – Season is scheduled to open August 21<sup>st</sup>.

Sockeyes - Kodiak, Main Bay, Cook Inlet and SE are all producing decent volume of Sockeyes now with Cook Inlet production pushing processors to the limit, so much so that floating processors have been brought in to help with the large volume of Sockeyes. Bristol Bay is done and came in approx. 8 million fish short. Frozen offers remain firm and in fact H & G actually went up .30 lb this past week. Boat prices are up this year and that will be reflected in cost of goods. Coho - SE is beginning to see incidental net Cohos as the troll Coho fishery gets under way. In addition SSRAA (Southern Southeast Regional Aquaculture Association) has begun producing the highest quality Coho available, the infamous Snow Pass Cohos. Snow Pass production is expected to ramp up this week with as many as 3 full vans scheduled to come to Seattle.

Keta - Arctic Keta from the Kuskokwim and Kotzebue regions continue to fill the short fall out of PWS. SE Alaska is producing good numbers of chums as well but skin color and frozen markets keep most of that fish in the freezers. Pinks - PWS continues to produce around sporadic openers but Valdez is expected to begin production in a week or so. Expect large production for the month of August with Canada joining the Alaskan production at that time. Puget Sound is also expecting a record run to begin in mid-August. Now is the time to book fresh ads.



### Halibut

Last year this time (3A) 10M left to catch...this year 4.5M left...SE 2C even less comparatively...landings have fallen off, lots of processors freezing more aggressively this year and paying higher out west for the fish they are freezing. With cuts in quota and accelerated catch rate expect pricing to go higher for the rest of the season....frozen pricing to be close or higher than fresh pricing.



### Live Lobster

We are into the new-shell season. Currently there are a lot of soft-shell lobsters, which are sold cheaper because of the quality. Hard-shells are available but are priced higher. Prices should remain stable through August and we should see some relief as we head into September. Pacific Seafood sources all #1 hard-shell lobster so buyer beware as you are being quoted to verify what it is you are getting.



### Dungeness Crab

Market prices are firm with decent demand. Supplies are dwindling on whole cooks and sections. Now would be a good time to take a position on some inventory as there is no relief in the immediate future.

Alaska – Catch has been minimal, and most areas are experiencing PSP issues (Red Tide), so no crab from those areas can go fresh or live. Season ends on the 15<sup>th</sup>.

British Columbia – Catch has been slow, less than 5 crab per pot on a couple days soak. Live market is getting all the crab. Majority of live crab is being exported to China. With the weakness of the US dollar and the strength of the export market, we don't expect to see any crab being processed for the cooked market. Puget Sound – Most of the tribes are fishing for Salmon and not expecting any large crab openers until mid-to late



August. Don't plan on seeing any amount of fresh crab to come out of this region until the fall season in Blaine.



### Blue Crab

**Thailand:** Floods in the South and salinity of sea water delayed crab season for 3-4 months. The meat quality got less breakdown of Jumbo and a lot of broken Jumbo to Super Lump and less recovery which came from early season of crab and loose meat. It should take about 4-6 weeks to firm crab and better size. In the meantime, crabmeat raw material increased over 20% from all suppliers which needed more prices to compensate their high costs.

**Indonesia:** The crab landing improved in main landing areas. The majority of crab were small in size. It directly affected meat recovery which got less than 20% and Jumbo breakdown at 15-16%, a lot of broken Jumbo, small flakes of Special and Claw.

**Philippines:** The majority of crabs landed were small sizes and less medium and big size. The recovery of crabmeat got only 20-22% (normal at 25% and more) and impacted directly to Jumbo breakdown got to 18-20% (normal at 23-24%).

**Market Trend:** A lot fresh meat from Venezuela and domestic crabmeat reduced the crabmeat shortage some but not all. The imported pasteurized crabmeat still has lower volume than demand.

### Farmed Atlantic Salmon

Prices have come down significantly over the last month due to increased harvests in all areas and good wild salmon availability; however, prices have remained steady over the last two weeks. European Atlantics market is softening as production picks back up this month. Market on Atlantics should remain soft with supply out of Europe and Chile expected to increase. Demand should increase slightly over Labor Day weekend but ample supply is expected to keep prices stable. Wild salmon will continue

to be a factor through August and into September.

### Chilean Sea Bass

Asia is still paying top dollar for the Fish at Origin, which means that their demand is still strong. This makes it hard for the producers to deviate or lower prices for the fish going to the USA. In the US we have seen a slowdown in demand in the past few weeks and the price of the fish has trended downward. In the past years we have seen a slowdown in demand during the summer months thus picking up again in October-November.

### Farmed Steelhead

Prices out of Chile remain steady. Harvest has halted on our farm on the Columbia River to allow fish to recuperate from the high nitrogen levels we saw in the spring and early summer from excess water released from the Grand Coulee Dam. Harvest should resume in August out of the Columbia River and increase in September. Market will remain soft due to increased production on Atlantics in all areas.

### Tilapia

Among all the farmed seafood species, Tilapia has a big impact on demand during Lent. The growers plan their entire operation around this annual event. As a result many of the growers are reducing their harvest right now in preparation for Lent 2012. Volumes are being reduced but to date has not impacted the market

### Domestic Catfish

Supply is beginning to improve on fresh domestic Catfish just as the processors have been predicting. However this increased supply has offered no relief to the market pricing. Domestic catfish remains at record levels and based on our research there is nothing that is expected to change the current condition. The domestic catfish industry measures the amount of feed being sold to the growers; feed consumption is down 10% which means less fish are being fed which will continue to pressurize the market. Frozen supplies in particular remain virtually nonexistent in regards to any volume. Our recommendation on domestic catfish is to begin to consider some alternative items

such as fresh Tilapia or frozen Swai as Catfish is expected to stay high for the foreseeable future.

### In Shell Oysters

- Kumiai Oyster
- Fanny Bay Petite – Vancouver Is.
- Fanny Bay X-Small-Van. Island
- Naked Roys X-Small-Samish Bay
- Pacific Oyster 3-4" Hood Canal, WA
- Maple Point – Hood Canal, WA
- Kumamoto-Humbolt Bay, CA
- Penn Cove Select-Samish Bay, WA
- Kusshi-Stellar Bay- B.C. Canada
- BBQ's – 4-8" – Hood Canal, WA
- Baynes Sound 2-3" – BC Canada
- Dabob Bay – Hood Canal, WA
- Pacific 2-3" Clean- HC, WA
- Steamboats X-Small
- Shigoku Petite –Willapa Bay
- Pressure Shucked-Willapa Bay, WA



### Mussels

We currently have 3 varieties of mussels: **Penn Cove Mussels** - Plenty of product, readily available, these have the majority of the beard removed.

**Taylor Mediterranean Mussels** - Meat fill has been excellent. Both medium and large sizes available.

**Whales Cove Mediterranean** - Our favorite mussels from Mexico. A little larger than local mussels but they are an excellent morsel of meat.

### Salt Spring Island is in B.C.

Salt Spring Island is in B.C. Strait of Georgia. These mussels are very large- 2.5 inch and larger with more meat than most mussels or even clams. Very smooth salt flavor with sweet after taste. (Available in our Mukilteo, WA branch)







## Clams

**Manila Clams** – Summer is here and with summer comes the annual summer spawn for the west coast manila clam. Pacific Seafood Group's partner supplier is Limberis Seafood on Vancouver Island BC. Limberis' facility is truly state of art and they have systems and procedures in place to control spawning. Even with these controls, under the best of circumstances the clams are still weak. Weak meaning the typical 10 day shelf life is diminished significantly. We are recommending to all our manila clam customers to consider alternatives. We offer live Venus steamer clams which do not have the same spawning issue. They are different than manilas with a thicker shell and saltier flavor. However you can buy and offer to your guests with confidence during the next couple months spawn issue on manila clams.

**Venus Clams** – Venus continues to be both excellent quality and value.

**Savory Clams** – Availability is consistent and will continue to be a great choice.



## Scallops

It is our opinion that domestic scallops have reached their value point with no more room to continue to go up. They are currently at unprecedented levels and as noted we believe they will not continue to climb. We also do not believe you will see any measureable market reduction's on the horizon either. The primary fishing seasons that bring the greatest production is late spring which is now behind us. Even at these high levels when you break down the portion cost on scallops they are still a value due to the count per pound. Example a 10/20 dry scallop selling for \$12.99 is .87 a scallop 6 on a plate is a nice portion with a total cost of approximately \$5.22.



## Prawns

### Thailand

In October of 2010 poor raw material supplies was due to flood, diseases, climate, fuel prices and the exchange rate.

Thailand had overcome this bad situation in March/April 2011 and packers feel the shrimp output will increase dramatically by the end of July/August onwards. Prices have been generally steady. All packers receive many requests from North America, however, hardly turn out to be actual order. Understand that the market is holding up demands and wait to see if price drop will occur.

### Indonesia Blocks

**BLACK TIGER**- US importers keep increasing their buying price and have started to follow the buying price of the Japanese importers. More US importers are looking for size 8/12 PDTO but unfortunately the packers are unable to offer in big quantity due to the decreasing of raw material supply. The supply in Indonesia is currently relying on the supply from the Kalimantan area as they are harvesting based on the lunar period. For the other areas, they will need to wait until early next year for the improvement.

**VANNAMEI** - The packers are getting various offers from their customers, not only for the small sizes but also for the big sizes. They are also getting more inquiries for the bidding, especially for the bigger quantity. Unfortunately, with this current raw material situation which is still uncertain, only selected packers can participate for the bidding. Most of them prefer to sell based on their current stock and position. The packers are no longer in position to offer size 16/20 and it will only be a certain packer who can offer as they have been keeping some stocks. Most of them are available to do size 21/25 and 26/30 but a lot of the packers are fully booked for size 31/40 and smaller. Offering 26/30 and below sizes either as HLSO or raw tail on, tail off will be very much restricted. Farmers have planned to reseed their ponds in September/October and thus they are expecting for improvement on the supply around January/February next year. They also mentioned that the supply in September will be pretty much the same as last April when the supply was difficult and the price was sky high.



## Swai

The new whitefish, Swai, is coming on big time. More and more retailers are promoting it and it is finding its way onto more and more foodservice menus nationwide. This is putting some pressure on the pricing, however it is fairly minimal and due to its already great price point, it has the ability to absorb a small increase. Versatile and excellent flavor, our QVD brand Vietnamese Swai is produced in the only BRC, (British Retail Consortium) certified Swai facility in the entire country of Vietnam. Additional QVD is also BAP (Best Aquaculture Practices) You can buy and promote and sell with the confidence and security that comes from the certification process.

## Lobster Frozen

**North Atlantic Lobster** - Last month we reported the 40% reduction in landings in NE Canada on lobster. Canada is by far the leading producer of N Atlantic lobster. The 40% reduction you would logically think would have a huge impact on the market and pricing. While it has caused it to jump, to date it has only jumped about 6%. This is indicative of the poor demand on these high end items. Even significantly reduced supply demand has not created the type of increase you may expect.

**Warm Water Lobster** - Warm water lobster, also known as "rock" lobster is harvested through the South American countries. Thus there are tremendous variations in the end product based on where they were harvested. Pacific Seafood is partnered with one primary supplier out of South America that understands our customers' needs, thus we have a very consistent product. One thing to note on warm water tails is you only want to thaw out just what you need and do not thaw in bulk too far in advance. There are enzymes in the tails that cause them to get soft when cooked if they have been thawed for too long. With a thinner shell than N Atlantic and other origin lobster, you get a better yield on the actual meat making them a great value. Market is steady with no major adjustments forecast.



### Import/Domestic Squid

Recent increases have stabilized and the market is once again following its typically steady levels. The imported squid we offer is the preferred loligo species. Squid, also called Calamari, is the #1 appetizer item on most all restaurants menus.

We have reported that the imported squid market took a jump up, while domestic squid had not. It has been felt there was an increase coming and it is indeed coming in August. Modest at under 10% increase as noted it was expected. Domestic squid is the same loligo squid as is offered from our import program. The difference it is harvested in the Monterey California area.

### Octopus

As reported last month the octopus market has been extremely short supply the past few months. This has caused prices to take a serious increase of almost double. The market appears to have found its ceiling and is not expected to continue to rise further.

### Canned Clams & Breaded Strips

This market is very stable. One of the biggest areas that can affect domestic clams is fuel prices. The #1 expense to process this product is the fuel for the boats to go get them. The current softening of fuel prices has brought some stability to forecasted market on domestic clams

### Beef

Boxed beef cutout values were firm on moderate demand and light to moderate offerings. Limited seasonal trading resumed following the holiday weekend. Select and Choice rib and loin primals was the primary contributing factor to the rising cutout this session, while end meats were mostly steady. Fed cattle grinds saw some weakness, while blended grinds were generally steady. Beef trimmings trended generally steady on moderate demand and offerings. Out front business saw fairly slow activity levels again this week.

### Pork

Retail pork prices began to level out this week after a steep fall in prices last week. Retail demand was extremely good for Boston butts as many retailers were running specials on pork steaks and country style ribs this week, this coupled with short packer supply drove the prices higher. Bone-in loins bounced back after mid-week softness to help support the boneless loin market. Spareribs continued to fall as retail demand decreased. Bone-in ham price levels were steady for the lighter weights while heavy hams experienced a slight uptick. Ham buyers remain reluctant to procure raw product as business is slow. At the same time, sluggish movement for boneless ham has created a backlog as packers struggle to move it through an already full pipeline with no real demand. Seedless belly prices were steady throughout the session while heavier bellies were more abundant than their lighter counterparts. Slicers have supplemented frozen to offset the higher priced fresh in an effort to keep production lines running at normal levels. Lean trimmings experienced mostly light demand and offerings, this caused price levels to firm late week. Sausage manufacturers begin to focus on dry sausage items while demand for grilling items has slowed.

### Poultry

The poultry complex struggled in July to find a balance between decreased demand and increased production costs but renewed retail interest is likely to help bridge that gap. The extreme heat across the a nation, lighter bird weights and reduced egg sets will be key drivers in solidifying pricing as we move through the next month and into September. Thigh meat will also gain some footing with exports expected to increase in the coming months.

Check out:

[www.pacseafood.com](http://www.pacseafood.com)

### Pacific Seafood Company

Mukilteo	425-347-7994
Tacoma	253-627-2158
Spokane	509-928-9076
Clackamas	503-905-4500
Sacramento	916-419-5500
Fresno	559-264-3474
Las Vegas	702-566-8670
Salt Lake	801-908-8292
Phoenix	602-268-3313
San Antonio	210-226-4343
Houston	713-694-4242
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