

# Pacific Seafood

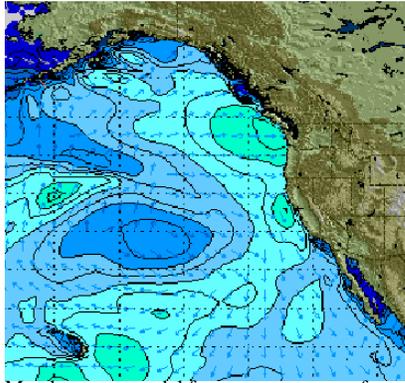
## MARKET REPORT

Volume 12, Issue 5

May 2012

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### West Coast Weather



Monday wave model from [www.stormsurf.com](http://www.stormsurf.com)

### Season Openers & Holidays

May 5<sup>th</sup> – Cinco de Mayo

May 13<sup>th</sup> – Mother's Day

Mid-May – Copper River Sockeye

Mid-May – Copper River Kings

Mid-May – Razor Clams

May 28<sup>th</sup> – Memorial Day

### Bottom Fish

Bottom fish is an excellent value with stable pricing currently. Traditionally, once the spring fishing season starts in March, Bottom fish prices start to come down as supply in Canada and WA/OR/CA start to fill the market along with all the other fresh options from across the coast. This year we are seeing much more stabilized catch patterns and increased demand from the international sector that the domestic markets are holding very stable. With the value of the dollar and demand of our beautiful west coast resources, expect prices to continue to be firm and allow for excellent opportunities to promote ad business with pricing and supply you can count on!

### Halibut

The North Pacific Halibut season has now been underway for approximately 45 days; roughly 19% of the season is now behind us. To date approximately 14% of the overall Alaska quota has been landed. While this is less than the % of season completed at 19%, it is important to note that the two primary areas where product is

harvested for the fresh market is around 23% of the quota caught. This means pressure will remain on fresh if these percentages continue at this pace. Despite this, the market has remained steady overall with no more than a .50-.75 lb fluctuation since the season opened. This stability is allowing our foodservice customers to promote fresh Alaska Halibut.



### Wild Salmon

California, Washington and Canada troll seasons open May 1<sup>st</sup>, but weather (wind) will make for a slow start. We expect good steady supply of troll kings throughout the summer. The majority of these early season kings will be 7/11's but as the season progresses we will see more 11/18 and 18/ups.

Alaska's winter troll king season is now closed with the spring season about to get underway. Typically the spring season does not produce as well due to the area closures. The summer troll season will open July 1<sup>st</sup> and we will see heavy production the first 2-3 weeks of July.

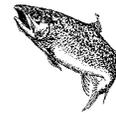


### Farmed Atlantic Salmon

The pricing on Atlantics has stabilized the last couple of weeks. Much of it has to do with the end of Lent and the hope of Mother's Day demand. Expect a downward pressure starting the second week of May. There will also be downward pressure due to influx of Chilean and an East Coast farm needing to harvest extra salmon due to potential ISA. Watch out for a big slide in June.

### Steelhead

Steelhead supply remains steady on both the supply and price side. Our USA Steelhead is a great alternative to kick off the BBQ season.



### Live Lobster

There has been a slow start due to weather and the fishermen's strike in Nova Scotia. Other seasons open May 1<sup>st</sup> and we should see good production by the weekend. Prices should soften a little after Mother's Day. Pacific Seafood sources all #1 hard-shell lobster, so buyer beware as you are being quoted; verify what you are getting.



### Bottom Fish- Frozen

#### COD

Pacific - A large portion of the harvest is in the H&G form and heading to China for further processing. Expect good values to come in the form of twice frozen fillets, loins and portions from China in mid-summer. Good demand has kept firm markets on shore based USA fillets with 4-8s being on the short side of supply, while the best supplies are coming from the 8-16 oz sizes, with good inventories of 16/32s, and 32 up fillets having the least supply available. Going forward there is a temporary drop in demand, but look for demand to begin to gear up near or soon after Memorial Day. Inventories are at levels where an increase could strengthen markets for the summer months of "Fish and Chip" for product of USA. Atlantic FAS with origin of Iceland has been going smoothly. However the size of fish being harvested has reversed and smaller fish which produce size fillets 5-16 oz are now the majority of the catch. For this year's harvest the best opportunity to



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purchase large fillet of 32 up is present. There is also a good amount of H&G fish that is directed to China for production of twice frozen fillets, loins and portions, which will enter the pipeline along with Pacific value added in mid-summer. Russian FAS product from the Barents Sea has been in good supply since the opening January 1<sup>st</sup>. Fish from this area is on the smaller side with about 75% being 8/16s and 20% 16/32. Markets remain a value and it looks to continue that way through the summer.

**Black Cod-** Season mirrors Halibut and is just beginning. Good inventories of frozen have softened markets some, and markets seemed to have leveled off. At this time no change is foreseen but if there is a market trend it will probably be on the down side.

#### **Pollock**

Bering Sea quotas have seen increases and fishing has been good so far this year. However the fish size of the harvest has been on the smaller side with good quantities of 2/4 and 4/6 fillets being processed. 6/8 and larger fillets are very short. Markets are expected to remain stable in the short term as fish will resume in the Bering Sea in early June.

#### **Rock fish**

Most Rockfish is harvested in Canada, the target fisheries in Canada at this time are Arrowtooth and Skate. Fishing for Rockfish at this time is a lower priority as it is a by catch of Whiting, if quotas of Rockfish are filled then it will have an adverse effect on how much of the Whiting fishery quota will be attained. This factor will be the main drawback with building any type of frozen inventories of Rockfish before Whiting harvests reopen in the early summer. Frozen inventories are non-existent and unless there is more fresh supply than demand, look for the trend of short or out supplies for frozen to continue through the beginning of summer. The Alaska season as well will begin in early summer.

#### **Dover Sole**

The supply of Dover is mainly from the lower 48 states. Frozen Dover has experienced large gaps in supply as a

combination of weather and a strong demand for fresh has limited the opportunity for inventories of frozen to develop. At this time, small inventories are available and should improve as weather permits and summer comes closer, until then, continued frozen supply gaps will be the norm. Markets have moved up about 10% in the past six months with no downward trend foreseen. Even with market increases, Dover Sole continues to be a good value for both retail and foodservice.

#### **Petrале Sole**

This is a specie to watch this year, and for the next 2 or 3 years to come. Petrале is considered an increase in value over the Dover but in the next couple of years, a stronger representation of younger fish will have a great chance to affect and increase quotas. This may close the gap that is in place with markets increasing with Dover, and softening some with Petrале. Examples would be that the quota for last year was 970 metric tons, this year it is 1160 metric tons and for 2013 those amounts are recommended to be DOUBLED. This should soften Petrале markets and make it a more competitive alternative for Dover.

#### **Snow Crab**

The snow crab market remains unsettled. We still have not seen enough demand to get things moving through the system, despite the Japanese making some purchases at the \$4.75/lb level for bulk brine.

#### **Exotics**

There are good supplies of both Patagonian and Mawsoni, and there is a good mix of sizes as well. Markets on H&G fish are stable, but markets may experience some slight downward movement as demand slows. Demand is holding firm with precut fillets and portions, keeping markets even. No large upward or downward movements are foreseen in the near future.

#### **Domestic Catfish**

2011 saw domestic catfish at unprecedented high levels. Cost skyrocketed and

everybody was on supply allocation cutting orders etc. Since then, the market has begun to get its feet under itself. It has slowly been edging back down since last November and continues to slowly come down. Currently we are seeing frozen offers that are at 2010 levels. Fresh still remains high, however as noted, it's beginning to come down. The challenge for the catfish industry is finding that balance between what farmers need to make to stay in business, vs. what the market will pay. Domestic catfish has not found that number yet, but it is getting closer. The concern is that if prices fall below breakeven for farmers, more will get out of farming catfish, as was the precursor to the extreme shortages we faced in 2011. So that balance is key and hopefully is coming soon

#### **Swai**

Prices continue to be all over the board in the US as varying degrees of quality has to be sifted through by buyers to weed out inferior quality product. Raw material volume through factories in Vietnam is constricted due to tight lending by banks and very high interest rates for borrowing.

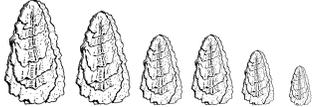
#### **Domestic Scallops**

As the season started, most boats started fishing the Hudson Canyon Area in the south. This area produced mostly 10/20s, and very few U/10s. At this time, they have pretty much completed this area and are now going to open areas. The past couple of week's production has been good and some U/10s are showing up, but not so much with regards to 20/30s. U/10 prices are coming off some, but the volume is not there yet for any big drop in price. We are still looking at the end of June to 1st of July for the U/10 production out of the Northern Lightship area trips to help supply and prices accordingly.

#### **In Shell Oysters**

- Shigoku – Willapa Bay, WA
- Fanny Bay Petite – Vancouver Is.
- Naked Roys X-Small-Samish Bay
- Samish Bay – Samish Bay, WA
- 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
- Virginica – Totten Inlet, WA
- Pressure Shucked-Willapa Bay, WA



### Mussels

Supplies and markets at this time look to be stable with no immediate changes foreseen. NZ Mussels spawn during August and September each year, supply falls off, and replacement usually does not arrive until sometime in October/November. Mediterranean Mussel supply is stable. Currently, the mussels are plump and perfect for the market.

**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.



### Clams

Most importers purchase clams twice a year, when the clams are in their fattest state. These times of year are early spring April/May, and middle to late fall, October/November. Markets reflect how much inventory is left to stretch out what is available. At this time no change is foreseen in the frozen clam markets.

Venus Clam supply is stable. We have ample production capacity with the ability to double our usage. Kumiai Oysters are

available each week, up to 750 dozen. This is an untapped resource for Pacific.

**Manila Clams** – Great time of year to feature these northwest morsels.

**Venus Clams** – Venus Clams continue to be both excellent quality and value. Due to our partners seeding efforts, future supply of Venus Clams are very good.

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



### Prawns

The current shrimp market in the States is quiet but steady. Inventories are being worked down in anticipation of the new season production beginning in May. Overseas prices still remain high but are expected to drop as new production becomes more abundant. The reports of increased white shrimp production out of Asia this year is continuing. There are three main reasons for this: 1) some black tiger farmers are indicating a switch to white shrimp this year 2) the weather conditions that caused flooding last year are not expected to repeat this year, and 3) Thailand is expected to recover from its crop losses this year.



### Lobster Frozen

**North Atlantic Lobster** - The lobster market remains tight on most sizes of tails and especially meat. Production will likely start this week, however shore prices remain high and there are rumblings of the fisherman striking if they do not get even higher prices. Lobster prices will likely remain at high levels for at least the next few weeks until more supply can bring down prices.

### Beef

Boxed beef cutout values were higher on light to moderate demand and offerings. Most of the cutout gains came early in the week and primarily from ground beef and

trimmings price appreciation, as these items continued to rebound from the LFTB disruption. While Tuesday's announcement of a BSE positive dairy cow at a rendering plant caused live cattle futures to plummet, in contrast Tuesday's close was the biggest gain of the week in boxed beef since the trade deadline of 1:30 CST was before USDA's 2:00 announcement. By Wednesday most of the apprehension in the market surrounding BSE appeared to have settled, but that uncertainty did combine with typical late month reduced demand to lower the overall trade volume booked for the week. For the session both end cuts and middle meats trended firm. Beef trimmings were sharply higher, particularly for mid-May delivery. Fed cattle and blended grinds were mostly firm on lower lean percentages to higher on the relatively leaner items.

### Pork

With the calendar approaching May and charts telling sellers that higher prices loom ahead, many thought that trading levels for retail cuts might start creeping higher this week. An increase in harvest rates and additional tonnage from record hog weights for this time of the year squelched the upward trend, and prices held on by a thread. Prices held steady with weakness noted as buyer interest continued to be limited. Also, many retailers have not lowered their feature prices as they try and make up for lost revenue from beef cuts with pork. Bone-in ham price levels firmed slightly on light trading with just a few token trades sparking the advance. At the same time, sellers had better sold position while buyer interest was light. Seedless belly inventories remain burdensome for sellers as price levels continue their downward trend, although fresh belly prices haven't been this low since January of 2010. Bacon prices at the retail counter remain high in relation to the raw product as consumers keep their distance from the meat case. Trimmings experienced lighter offerings while demand was light to moderate. This caused price levels to firm as sausage manufacturer's ramp up production for summer grilling items.



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### Poultry

Whole bird prices are steady to firm in the Midwest, steady to weak in the East, and steady in the West. Preliminary majority prices are in a slightly wider range in the Midwest, down 1 cent in the East, and unchanged in the West when compared to early week prices. Offerings cover the full range, moderate for current trade needs. Retail and food service demand is light to moderate for late week business. Floor stocks are mixed. Market activity is slow to moderate. In the parts structure, movement is mostly moderate. Prices are trending firm to higher for drums, thighs, tenders, thigh meat and bone-in breasts. Prices are weak to lower for wings and mostly steady for all other parts. Offerings are light for drums and bone-in breast and tenders are light to moderate. Wings and boneless skinless breast are moderate to heavy and slow to clear. Market activity for parts is slow to moderate. In production areas, live supplies are moderate. Weights are mixed, but noted as desirable

### Import Food Safety and Quality Assurance Program:

Pacific Seafood Group is committed to providing safe, wholesome, nutritious, and high quality seafood products to our customers. More than 80% of seafood consumed by Americans is from import. To meet the increasing demand from consumers for food safety and quality, Pacific Seafood's Quality Assurance team has implemented an Import Food Safety and Quality Assurance Program to provide further protection and values to our customers. Pacific Seafood will only source products from pre-approved vendors and co-packers that meet the highest food safety and quality standards in the industry.

### Vendors and Co-Packer Screening and Pre-Approval

- Pre-screening with FDA, CFIA, EU violation records
- HACCP Program
- HACCP Certificate
- Food Safety Specifications
- Recall information

- Traceability and Date Coding. Plant code to be assigned by Pacific
- Farmed: ACC/BAP, Species (catfish) Certification
- Packaging: Label review and approval
- Product Specifications
- Third Party Audits (GFSI and BRC) and Corrective Actions
- USDC QMP for private label program

### Ongoing Verifications

- Daily QA Report from Co-Packers
- Farmed Species: Antibiotic Testing Report per Shipment
- Ready-to-Eat Products: Microbial Testing Report per Shipment
- Portside QC Inspections
- Yearly On-Site Audit

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

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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
Los Angeles	310-835-4343

**Pacific Seafood**  
**The Pacific Advantage™**

For more information regarding the Pacific Advantage Commitment go to:

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