

# Bristol Bay Sockeye Market Report



Produced for:



Produced by:



# PROJECT BACKGROUND & GOALS

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- Bi-annual reports & presentations since 2013
- Change in contracting company this year
- Analyze sockeye market conditions
- Track ex-vessel & first wholesale value
- Help inform board strategy
- Help board and members react to emerging trends

# SPRING 2018 REPORT CONTENTS

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- Global Sockeye Supply Forecast & Analysis
- Sockeye Market Analysis
- Resource Value Analysis (EV vs FW value)
- Bristol Bay prices/value vs other sockeye areas
- Permit Value Analysis
- Ex-Vessel Pricing Scenarios

**Ex-vessel prices are expected to increase, at least somewhat, this year**

**Sockeye market conditions are favorable, primarily due to strong demand**

**NET PROCESSING  
REVENUE**

**UP**

**FARMED PRICES**

**UP**

**BAY FORECAST**

**BIG**

**U.S. DOLLAR**

**WEAKER**

**COMPETING  
SUPPLY FORECAST**

**UP**

**WHOLESALE  
PRICES**

**UP**

**BB INVENTORY**

**SMALL**

**RETAIL PRICES**

**UP**

**PCT. OF PACK  
CHILLED**

**UP**

# BRISTOL BAY SOCKEYE PRICES & VALUE

YEAR	BASE PRICE	SOCKEYE HARVEST M-LBS.	FINAL SOCKEYE EV VALUE (\$M)	AVG. DRIFTNET SALMON GROSS
2010	\$0.95	170	\$161	\$89,784
2011	\$1.00	135	\$157	\$86,325
2012	\$1.00	119	\$139	\$77,954
2013	\$1.50	92	\$148	\$85,687
2014	\$1.20	161	\$217	\$118,241
2015	\$0.50	185	\$123	\$67,885
2016	\$0.76	202	\$189	\$102,751
2017	\$1.02	208	\$243	\$133,050

*Note: 2017 final sockeye ex-vessel value and average driftnet gross is estimated.*

*Source: ADF&G (COAR) and CFEC.*

# HISTORICAL BASE PRICE VS. KEY FACTORS

YEAR	BASE PRICE	BBS FORECAST*	GLOBAL SOX HARVEST**	FARMED PRICE***	\$USD INDEX	BBS FRZ. H&G PRICE	PREV. YR NPR (\$M)
2010	\$0.95	30.5	384	\$6.11	101.5	\$2.99	\$196
2011	\$1.00	28.5	351	\$6.23	95.3	\$3.21	\$207
2012	\$1.00	21.8	335	\$4.72	99.0	\$2.83	\$208
2013	\$1.50	16.6	305	\$5.97	100.2	\$4.22	\$172
2014	\$1.20	16.9	411	\$5.60	102.4	\$3.10	\$140
2015	\$0.50	38.5	404	\$4.01	115.0	\$2.41	\$71
2016	\$0.76	29.5	402	\$5.95	119.2	\$2.96	\$230
2017	\$1.02	27.5	388 (P)	\$6.03	124.1	\$3.58	\$245
2018	???	37.6	413 (F)	\$6.59	117.9	???	(E) \$260-300

\* In millions of sockeye \*\* in millions of pounds \*\*\* Urner Barry Fresh Farmed Salmon Price Index

Source: ADF&G (COAR), ADOR (ASPR), Federal Reserve Bank of St. Louis, Urner Barry Comtell, & Wink Research.

# SUPPLY SUMMARY & FORECAST

*Figures in Millions of Pounds*

AREA/SPECIES	2014	2015	2016	2017P	2018F
BRISTOL BAY SOCKEYE	161	185	202	208	207
OTHER AK SOCKEYE	85	96	85	84	79
RUSSIAN SOCKEYE	104	113	110	93	91
CANADIAN SOCKEYE	52	5	3	3	36
<b>TOTAL SOCKEYE*</b>	<b>402</b>	<b>399</b>	<b>400</b>	<b>388</b>	<b>413</b>
FARMED ATLANTIC	5,176	5,251	4,956	5,276	5,498
FARMED COHO	379	311	273	317	N/A
JAPANESE CHUM	309	297	211	148	N/A

*\*Does not include relatively small harvest volumes from other areas (Pacific NW & Japan).*

*Source: FAO, ADF&G, Russia FFA, Canada DFO, NPAFC, and Wink Research estimates.*

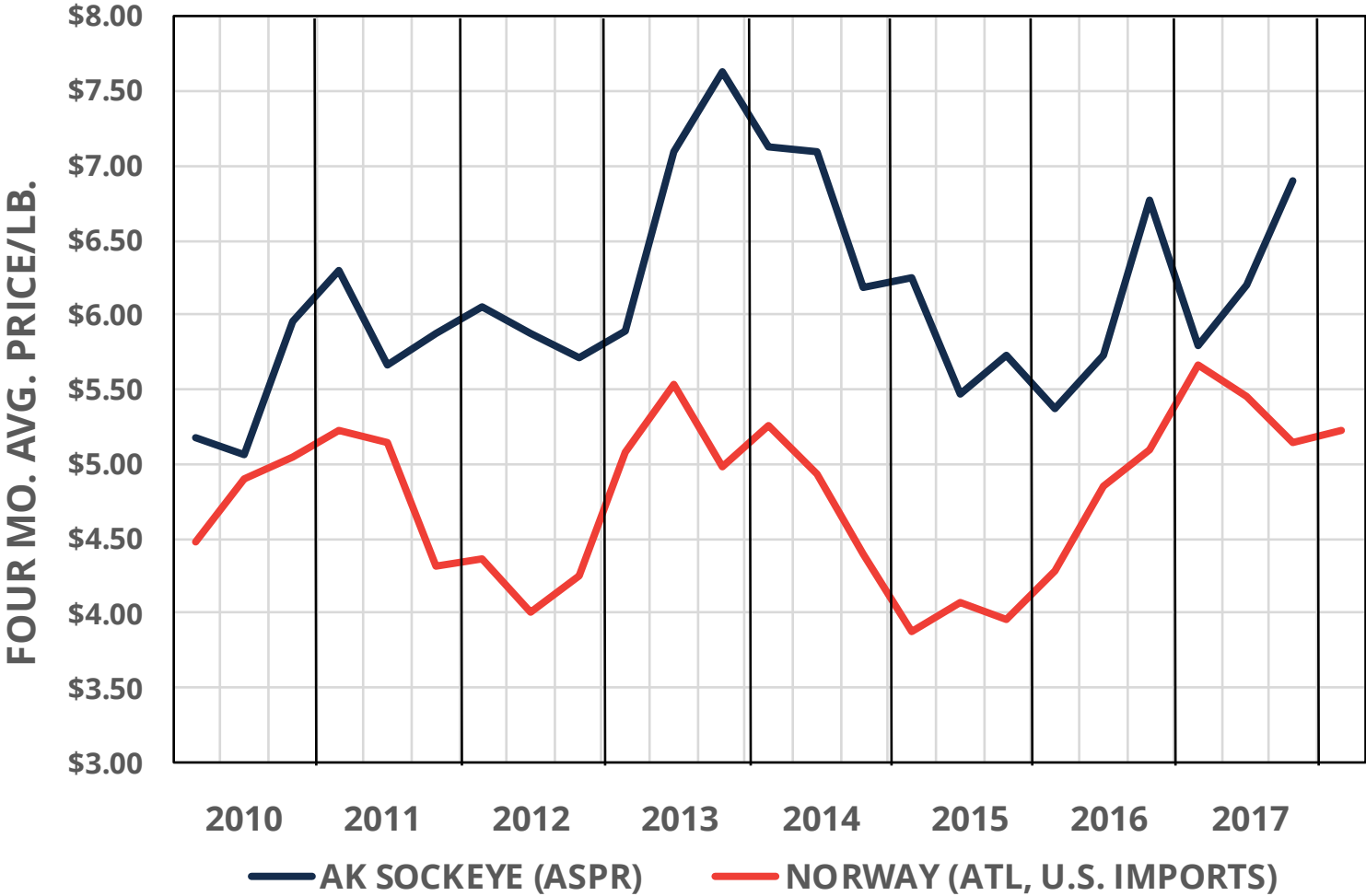


# SOCKEYE MARKET CONDITIONS

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- First wholesale prices for all major products up
- No major inventory concerns entering 2018 season
- Record FW sales revenue from frozen H&G BB sockeye
- Sales of fresh H&G out of Bay increased 38% in 2017
- Canned production fell to just 12% of total production
- Fillet production up 12% last year
- Retail sockeye promotions down 18%, retail price up

# Salmon Fillet Prices



Source: ADOR (ASPR) & NMFS Foreign Trade Data, compiled by Wink Research.

# RESOURCE VALUE ANALYSIS

*Figures in \$Millions*

HARVEST YEAR	FW SALES VALUE	EX-VESSEL VALUE	NET PROCESSING REVENUE	EV AS PCT. OF FW SALES REVENUE
2010	\$384	\$177	\$207	46.0%
2011	363	155	208	42.6%
2012	311	140	172	44.9%
2013	289	149	140	51.5%
2014	289	217	71	75.3%
2015	353	123	230	34.8%
2016	438	193	245	44.1%
2016 – 8 MO.	\$353	\$193	\$160	54.7%
2017 – 8 MO.	\$448	\$243	\$204	54.4%

*Note: Figures pertain to Bristol Bay sockeye and do not include EV or FW sales of other salmon species.  
Source: ADOR (ASPR), ADF&G (COAR), and Wink Research estimates.*

# POTENTIAL PRICES & AVERAGE EARNINGS

**NOTE: ESTIMATED AVERAGE DRIFTNET EARNINGS PER ACTIVE PERMIT WERE \$133,050 LAST YEAR**

POTENTIAL AVERAGE DRIFTNET EARNINGS LEVELS PER ACTIVE PERMIT*	NECESSARY BASE SOCKEYE PRICE/LB.	NECESSARY FINAL AVERAGE SOCKEYE PRICE/LB.
\$100,000	\$0.75	\$0.90
\$110,000	\$0.84	\$0.99
\$120,000	\$0.93	\$1.08
\$130,000	\$1.02	\$1.17
\$140,000	\$1.11	\$1.26
\$150,000	\$1.20	\$1.35
\$160,000	\$1.29	\$1.44
\$170,000	\$1.38	\$1.53

\*Assuming 1,532 active driftnet permits and a driftnet sockeye harvest of **166.6** million lbs.

Note: Assumes a difference of \$0.15/lb. between base price and final average price.

Final price calculation example: Final price at \$130,000 avg. =  $(\$130,000 * 1,532 * .98) / 166.6$  million lbs.

# EV PRICE VS. FROZEN H&G PRICE

HARVEST YEAR (HY)	BASE EX-VESSEL PRICE/LB.	FROZEN H&G PRICE/LB.*	BASE PRICE PCT.	HARVEST VOLUME (M-LBS.)	NET PROCESSING REVENUE
2010	\$0.95	\$2.99	32%	170	\$207
2011	\$1.00	\$3.21	31%	135	\$208
2012	\$1.00	\$2.83	35%	119	\$172
2013	\$1.50	\$4.22	36%	92	\$140
2014	\$1.20	\$3.10	39%	161	\$71
2015	\$0.50	\$2.41	21%	192	\$230
2016	\$0.76	\$2.87	26%	201	\$245
2017	\$1.02	\$3.58	28%	208	N/A
<b>2010-17 AVG.</b>	<b>\$0.99</b>	<b>\$3.15</b>	<b>31%</b>	<b>160</b>	<b>\$182</b>

\*Average sales price for frozen Bristol Bay sockeye.

Note: 2017 net processing revenue not included in 2010-2017 average figure.

Source: ADOR (ASPR) and ADF&G, compiled by Wink Research.

# EXPECTED EV PRICES VS. FROZEN PRICE

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FROZEN H&G PRICE/LB.	EXPECTED BASE PRICE AT VARIOUS PERCENTAGES OF FROZEN H&G PRICE OF BRISTOL BAY SOCKEYE		
	29 PCT.	31 PCT.	33 PCT.
\$3.40	\$0.99	\$1.05	\$1.12
\$3.50	\$1.02	\$1.09	\$1.16
\$3.60	\$1.04	\$1.12	\$1.19
\$3.70	\$1.07	\$1.15	\$1.22
\$3.80	\$1.10	\$1.18	\$1.25
\$3.90	\$1.13	\$1.21	\$1.29
\$4.00	\$1.16	\$1.24	\$1.32

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**Thank you!**

**Questions  
or  
Comments?**



**Full Report: <https://bit.ly/2xR30hm>**