

## MARKET SNAPSHOT FISHERIES

Dec. 31, 2018



### Executive summary

**Drivers** for the fisheries industry include smaller-sized sablefish, good pollock fishing and lower projections for the 2019 salmon runs.

- Sablefish fishermen caught an abundance of small fish, which will capture low prices and subdue profitability.
- Pollock fishing was favorable in 'B' season and prices are strong, which has bolstered fishermen's bottom lines.
- A lower sockeye salmon run is expected in Bristol Bay and a very low pink salmon run is forecast for Southeast Alaska.

### 12-Month Profitability Outlook



Northwest FCS' 12-month profitability outlook expects slightly profitable margins for fisheries. Pollock and cod fishermen will benefit from higher prices. However, participants' profitability will be challenged in the sablefish and halibut fishery due to small fish size and tough fishing conditions. The salmon run estimates are low, particularly for pinks in Southeast Alaska, posing uncertainty for returns.

### Alaskan pollock

The National Marine Fisheries Services and the National Oceanic and Atmospheric Administration (NOAA) show 2018 'B' season fishing occurred farther north and west than in previous years. However, fishing was efficient and 2018 'B' season finished a week earlier than last year with a fully caught total allowable catch (TAC).

Prices remain high, reported at \$3,500 per ton for PBO<sup>1</sup> blocks. Expectations are for stable or increasing prices through 2019.

The 2019 Allowable Biological Catch (ABC) for the Bering Sea/Aleutian Island (BSAI) was cut 17 percent. Regardless, the North Pacific Management Council (NPMC) increased TAC by 2.4 percent. The pollock fishery is able to increase TAC despite a reduced ABC because the fishery is conservatively

<sup>1</sup> Pin bone out

Disclaimer: This material is for informational purposes only and cannot be relied on to replace your own judgment or that of the professionals you work with in assessing the accuracy or relevance of the information to your own operations. Nothing in this material shall constitute a commitment by Northwest FCS to lend money or extend credit. This information is provided independent of any lending, other financing or insurance transaction. This material is a compilation of outside sources and the various authors' opinions. Assumptions have been made for modeling purposes. Northwest FCS does not represent that any such assumptions will reflect future events.

managed, typically setting TAC at 65 percent of ABC.

### **Pacific cod**

The 2019 BSAI TAC is reduced 11.4 percent from last year's TAC to 180,689 metric tons. Adding pressure to the reduced TAC is an increased allocation to the state fishery.

The Alaskan state cod fishery is allocated 6.5 percent. However, in 2019 the allocation will increase to 8 percent. If all the allocation is caught in the state fishery, the allocation will increase to 9 percent in 2020.

### **Halibut and sablefish**

#### **Halibut**

Survey and stock assessments indicate a decrease in spawning biomass. Scientists are unsure of the reason but expect reduced spawning for the next few years, which will likely impact TAC. The official TAC will be set at the International Pacific Halibut Commission meeting Jan. 25 to Feb. 1.

Fishing was weak, especially for southeast Alaska, western Gulf of Alaska and the Bering Sea, where catch per unit of effort (CPUE) was down 19 percent, 13 percent and 10 percent respectively. CPUE affects fishermen's profitability as costs go up for the same amount of product.

#### **Sablefish (black cod)**

2018 TAC was set 14 percent higher than 2017, which led to a lower percentage of harvested TAC. In 2017, 88 percent of the TAC was harvested compared to only 81 percent in 2018. Other reasons for reduced TAC caught include tough fishing and smaller fish.

Sablefish pricing varied depending on size and quality, but pricing was lower across the board compared to high 2017 pricing.

Abundance of small fish will negatively impact fishermen returns.

The current biomass is strong and 2019 TAC could increase. However, holding the TAC steady might be positive given that nearly 20 percent of the 2018 TAC was uncaught and future spawning looks weak.

### **West Coast fisheries**

#### **Dungeness crab**

The California Dungeness crab season opened on time, unlike the last few years. Ex-vessel prices were up to \$3.38 per pound compared to \$3 last year, likely due to domoic acid reducing landings by 30 percent.

The Oregon and Washington season is delayed from the Dec. 1 opening, due once again to domoic acid levels and low meat recovery rates.<sup>2</sup> The season will not open until at least Dec. 31, missing important Christmas sales.

#### **Grown fish recovery**

In the early 2000s, severe fishing restrictions were placed on groundfish off the coast of California. The fisheries were not expected to recover for nearly a century. However, several years of exceptional recruitment<sup>3</sup> and strict fishing restrictions have led to dramatic recoveries.

Quotas for 2019 are set significantly higher for several groundfish including yelloweye rockfish, Pacific Ocean perch and bocaccio. The increased fishing access is expected to bring nearly \$60 million to coastal

---

<sup>2</sup> The rate at which meat is grown

<sup>3</sup> Entry into a particular population, life stage, age or size category

communities in California, Oregon and Washington next year alone.

### **Ocean temperatures**

NOAA and the National Weather Service predict an 80 percent chance of an El Niño this winter. The last significant El Niño algal bloom was the winter of 2015-16 when water temperatures increased 2.5 degrees. Elevated water temperatures cause algal blooms that harm the crab, pink shrimp and salmon environments. These fisheries are still recovering from the 2015-16 event. Although the likelihood of an El Niño this winter is strong, the magnitude is not currently expected to reach 2015-16 levels.

### **Salmon**

#### **Bristol Bay**

After a great 2018 season, confidence in the fishery is reflected in increased permit prices. Permits are listed around \$164,000 to \$170,000; permits in 2015 sold for \$95,000 after low salmon prices affected the permit price.

An estimated 40.18 million sockeye salmon are expected to return to Bristol Bay in 2019. Although this is 10 percent smaller than the 10-year average, strong demand should push prices even higher.

#### **Southeast Alaska**

The 2019 Southeast Alaska pink salmon harvest is predicted to be 18 million fish, down 50 percent from the 10-year average and the lowest odd year<sup>4</sup> harvest since 1987. Warmer temperatures in the Gulf of Alaska may have a negative impact on survival of pink salmon. Although the weak harvest forecast is consistent with poor survival, the impact of warmer temperatures in the gulf is unknown and adds uncertainty to the forecast.

### **Alaskan crab**

The Bristol Bay red king crab harvest is complete. Ex-vessel price is anticipated to be around \$10 per pound. However, prices are not high enough to offset the dramatic reductions in TAC. Surveys don't show considerable recruitment in the biomass and a future closure is possible.

Bering Sea snow crab harvest will take place around New Year's, however prices are unknown at this time. The biomass looks strong and there is optimism for a larger TAC in the future.

### **Additional information**

Northwest FCS Business Management Center  
[www.northwestfcs.com/Resources/Industry-Insights](http://www.northwestfcs.com/Resources/Industry-Insights)

NOAA Fisheries, Alaska Regional Office  
[www.alaskafisheries.noaa.gov](http://www.alaskafisheries.noaa.gov)

Seafood News  
[www.seafoodnews.com](http://www.seafoodnews.com)

Undercurrent News  
[www.undercurrentnews.com](http://www.undercurrentnews.com)

### **Learn More**

For more information or to share your thoughts and opinions, contact the Business Management Center at 866.552.9193 or [bmc@northwestfcs.com](mailto:bmc@northwestfcs.com).

To receive email notifications about Northwest and global agricultural and economic perspectives, trends, programs, events, webinars and articles, visit [www.northwestfcs.com/subscribe](http://www.northwestfcs.com/subscribe) or contact the Business Management Center.

---

<sup>4</sup> Odd year harvests are typically larger than even years.