

## MARKET SNAPSHOT

# Fisheries

Dec. 31, 2022

### Executive summary

**AgWest Farm Credit's 12-month outlook sees fisheries as profitable.** Drivers include strong supplies, favorable markets, federal assistance, mixed international conditions and falling steel prices.

### Industry drivers

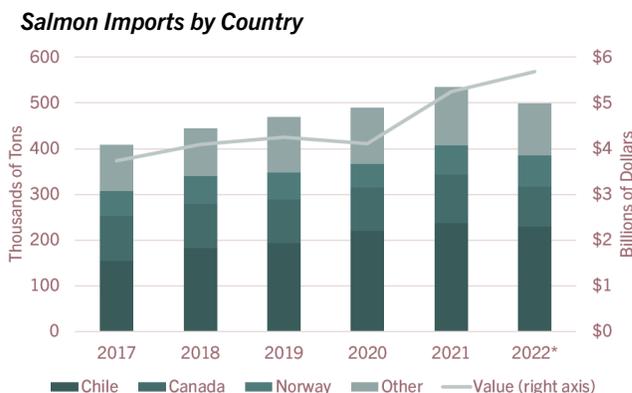
#### Pollock market strong

The North Pacific Fishery Management Council increased Bering Sea pollock's expected 2023 Total Allowable Catch (TAC) 17% from the previous year to 1.3 million metric tons. With Russia also increasing its TAC by 6.7%, global supplies are set to increase. Fortunately, the North American market remains strong as consumer acceptance increases and the U.S. Department of Agriculture becomes an increasingly large customer.

#### Salmon market strong

Despite 2022's exceptionally large catch, salmon demand continues to exceed supply as evidenced by both strong prices and import levels (on track to meet or exceed 2021 levels). The Alaska Department of Fish and Game forecasts the 2023 Bristol Bay Sockeye Salmon run at 38 million harvestable fish, down in comparison to 2022, but still considered strong. Inventory levels are high but should deplete throughout 2023 due to a smaller domestic supply.

### 12-Month Profitability Outlook



*Salmon import values ranged from \$4.19 to \$4.90/lb over the last five years. In 2022, they were \$5.70/lb as of November.*

*Chilean salmon is making up an increasingly large percentage of imports.*

Source: Census Bureau, \*January-November.

### King and snow crab fisheries to receive federal assistance

Disaster relief for the Bristol Bay king crab and Bering Sea snow crab fisheries was approved and funded in the recent federal spending bill. Next steps include the state of Alaska drafting a spending plan for how the funds will be shared. Once approved by National Oceanic and Atmospheric Administration (NOAA), fishermen will be able to submit applications to the Pacific States Marine Fisheries Commission to receive funds.

### Other fisheries generally strong

Pacific cod, Amendment 80 groundfish, halibut and sablefish fisheries all benefited from favorable supply conditions and strong markets in 2022 and expectations are for this to continue in 2023. Dungeness crab fisheries between Cape Arago

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 AgWest FC 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. AgWest FC does not represent that any such assumptions will reflect future events.

to Cape Falcon, OR will open Jan. 15, followed by those between Cape Falcon and Klipsan Beach, WA on Feb. 1. Openings were delayed due to low meat recovery rates (harvest yields) and high levels of domoic acid (a naturally occurring toxin produced by algae).

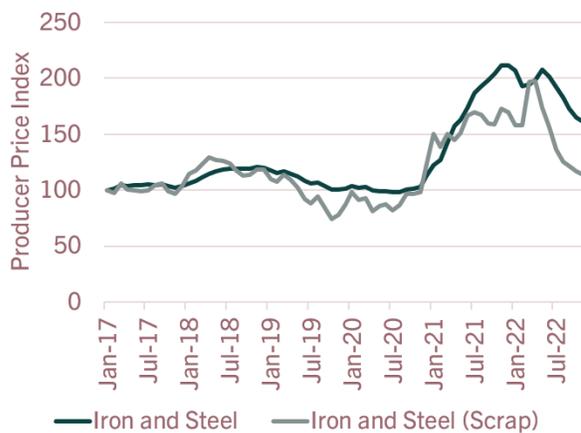
### International conditions mixed

There are a number of international developments that may impact fisheries. The U.S. dollar has weakened approximately 9% since mid-October, as measured by the DXY Index, and this should improve exporters' access to foreign markets. China, the second largest export market for U.S. fishermen and a key global fish processing hub, is facing a fresh wave of COVID-19 infections and political instability. While still early, this may eventually reduce demand and interrupt supply chains. Europe's seafood industry may seek to export more in 2023 as consumers struggle with high inflation and the Euro remains weak by historical standards. This would increase global seafood supplies.

### Steel prices fall

Steel prices (a primary input for ship building) surged in 2020 during the pandemic. While much of this was due to disrupted supply chains, large-scale purchases in 2021 were made in anticipation of long-term supply constraints and this led to excess inventories. In 2022, large inventories and lower demand caused prices to fall significantly. Falling steel prices should reduce the cost to repair and build fishing vessels.

**Iron and Steel Producer Price Indices, Finished Product and Scrap**



*Scrap and finished iron/steel product prices historically move in tandem.*

*Moves in scrap prices generally lead finished product prices.*

*Falling scrap prices suggest finished product prices will also move down.*

Source: Bureau of Labor Statistics.

### Profitability

Fisheries should be profitable in 2023. Pollock, salmon, Pacific cod, halibut, sablefish and Amendment 80 are all benefiting from healthy fish stocks and strong domestic demand. NOAA's financial assistance to king and snow crab fishermen should help them navigate some of the challenges with closures; however, it will not make up for vessels and crew not fishing and may have long term implications for labor retention. International trends may present headwinds (including lower global demand and higher global supplies) but are not expected to greatly impact profitability.

Share your feedback! [Click here](#) to complete a two-minute survey about this Snapshot.

### Additional information

**AgWest Business Management Center**  
[www.AgWestFC.com/Industry-Insights](http://www.AgWestFC.com/Industry-Insights)

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

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

## **Intrafish**

[www.intrafish.com](http://www.intrafish.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@AgWestFC.com](mailto:bmc@AgWestFC.com).

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