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To: Lilani Dunn, Bristol Bay Regional Seafood Development Association

From: Sam Friedman, McKinley Research Group

Date: May 21, 2024

Re: Spring 2024 Economic Data Update

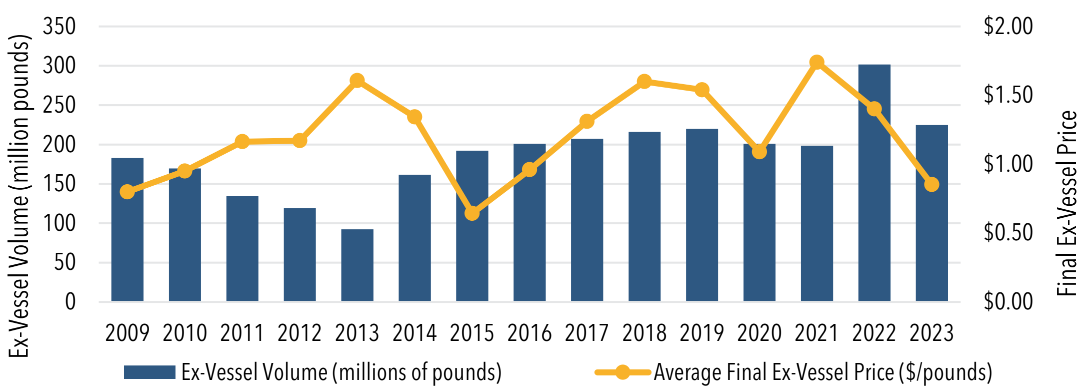
Below is a summary of our analysis of Bristol Bay sockeye salmon economic data available through May 2024. We look forward to your review.

Ex-Vessel Volume and Value

Bristol Bay is the world's largest source of sockeye salmon. Some years the size of the Bristol Bay harvest plays a dominant role in determining the market price (with lower supply resulting in higher prices and vice versa based on the laws of supply and demand). In other years the relationship is not as clear, with the price driven predominantly by larger forces outside the Bay including global supply of other wild and farmed salmon, consumer trends, and world events.

The 2023 sockeye salmon harvest of 225 million pounds was the fourth largest on record. The estimated final ex-vessel price of $0.85 per pound (base price plus estimated bonuses and adjustments) is the lowest since 2009 in nominal dollars and among the lowest on record in real dollars (adjusted for inflation).

Bristol Bay Sockeye: Ex-Vessel Volume & Price, 2009-2023*



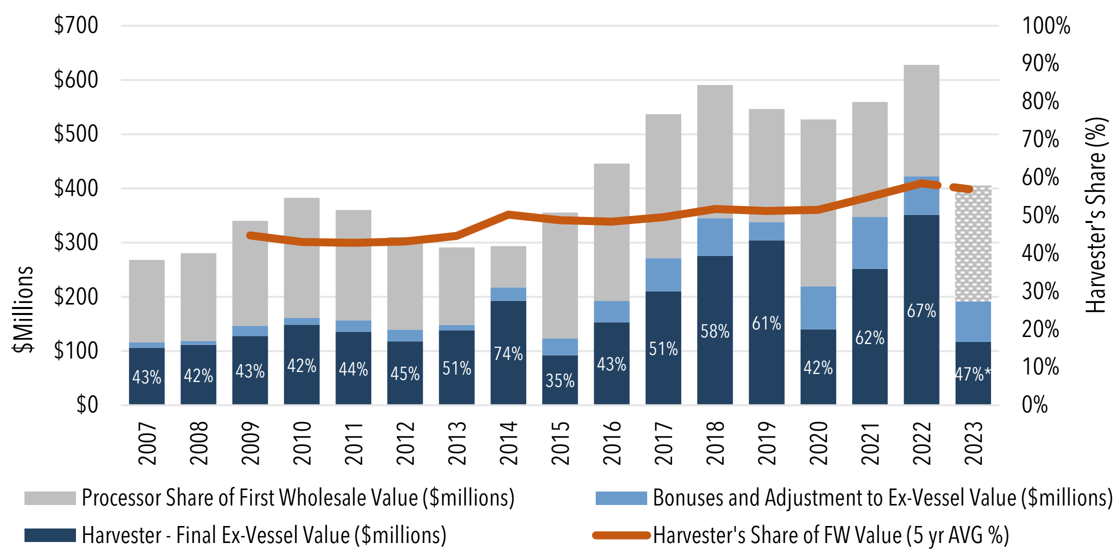
*Note: 2023 final ex-vessel price is a preliminary estimate.
Sources: ADF&G, compiled by Bristol Bay Regional Seafood Development Association and McKinley Research Group

Harvest Share

The harvester share (ex-vessel value as a percentage of first wholesale value) of Bristol Bay sockeye salmon trended up between 2009 and 2022 but is expected to drop to less than 47% in 2023, based on sales data through the first half of harvest year 2023 (June -December 2023). The processor share of the 2023 harvest is expected to increase when complete 2023 data are available as additional sales from January-May 2024 are added to gray 2023 processor share bar in the figure below.

Harvester share is difficult to calculate because salmon caught in one year may be sold in another, especially on years with a large harvest. For example, the 2022 harvest was record breaking. Processors likely earned first wholesale revenue from these 2022 fish into harvest year 2023 (starting in June 2023). For this reason, the 2022 harvester share of 67%, which is calculated using only ex-vessel and first wholesale values from 2022, likely overestimates this metric. Similarly, the 2023 column, when final data are available, will likely undercount harvester share because 2023 wholesale sales include some 2022 fish.

Bristol Bay Sockeye: Resource Value & Share by Sector, 2007-2023*



Sources: ADF&G, AK-DOR, and BBRSDA/McKinley Research Group calculations/estimates
Notes: Data shown above follow a harvest year basis (June-May).
*Ex-vessel value for 2023 is a preliminary estimate from McKinley Research Group. 2023 first wholesale value and harvester share % is based on partial 2023 harvest year (June-December) data. The processor share is expected to increase based on additional sales between January and May 2024.

Bristol Bay Sockeye Scorecard

The Bristol Bay Sockeye scorecard displays the harvest's volume and value. The 92.1 million pounds of sockeye sold by December 2023 surpasses the 80.4 million pounds sold in the same 2022 period. Despite a 25% smaller harvest, the increased sales volume suggests less excess inventory in 2024. However, the 2023 sales rate may seem faster than it actually was due to two factors from the 2022 harvest. First, the 2022 wholesale volume of 80.4 million pounds doesn't fully account for all Bristol Bay salmon sold, as some were processed outside the Bay that year. Second, the 2023 volume of 92.1 million pounds likely includes leftover 2022 inventory.

Scorecard: Comparison of Ex-Vessel and First Wholesale Data Across Harvest Years, 2017-Preliminary 2023

	2017	2018	2019	2020	2021	2022	2023
Ex-Vessel: Calendar Year = Harvest Year							
Final Ex-Vessel Value* ($millions)	$272	$345	$338	$219	$347	$423	$191
Harvest Volume (Million lbs.)	207	216	220	201	198	302	225
Final Avg. Ex-Vessel Price/lb.*	$1.31	$1.60	$1.54	$1.09	$1.75	$1.40	$0.85
Harvester Share of FW Value*	51%	58%	61%	42%	62%	67%	<47%
First Wholesale: Complete June-May Harvest Year							
FW Sales Value ($millions)	$538	$591	$552	$526	$563	$628	-
FW Sales Volume (Net Million lbs.)	115.4	112.1	111.9	106.9	99.5	116.7	-
FW Avg. Sales Value/lb.	$4.66	$5.27	$4.93	$4.92	$5.65	$5.38	-
First Wholesale: Partial Harvest Year, June- December							
FW Sales Value ($millions)	$425	$502	$479	$455	$484	$449	$405
FW Sales Volume (Net Million lbs.)	99.7	96.8	96.6	93.7	89.0	80.4	92.1
FW Avg. Sales Value/lb.	$4.26	$5.19	$4.96	$4.85	$5.43	$5.58	$4.40

Sources: Alaska Department of Fish & Game and Alaska Department of Revenue. *2023 values are preliminary or estimates.

Sockeye Salmon Exports

U.S. frozen sockeye salmon export data provide one of the timeliest windows into current wholesale prices for sockeye salmon, with data now available through March 2024. These data reflect prices for frozen sockeye salmon excluding fillets and roe, in practice mostly H&G. They are not specific to Bristol Bay sockeye, although Bristol Bay sockeye makes up a large percentage of total U.S. harvest and exports.

Export prices in February and March 2024 indicate sockeye salmon prices are starting to increase. Average prices were up year-over-year for both February and March 2024, ending a 15-month streak of YOY declines.

The average harvest year price of $2.96 in calendar year 2023 is among the lowest average frozen sockeye salmon prices on record.

U.S. Exports of Frozen Sockeye Salmon (Mostly H&G) – Average Price Per Pound by Month and Year

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	CY	HY*	JUL-DEC
2018	$3.50	$3.24	$3.20	$3.30	$3.23	$3.59	$3.92	$3.83	$3.75	$3.29	$3.98	$3.61	$3.79	$3.80	$3.83
2019	$3.41	$3.30	$3.48	$3.67	$4.10	$3.77	$3.87	$3.20	$3.38	$3.38	$3.31	$3.62	$3.47	$3.40	$3.45
2020	$3.58	$2.77	$3.17	$3.05	$2.97	$3.49	$3.46	$3.31	$3.17	$3.34	$3.37	$3.22	$3.28	$3.39	$3.33
2021	$3.69	$3.76	$3.66	$3.66	$3.97	$3.75	$3.83	$4.02	$4.20	$3.96	$4.23	$4.57	$4.00	$4.13	$4.03
2022	$4.72	$4.82	$4.84	$4.86	$5.18	$4.60	$4.35	$3.71	$3.67	$4.00	$3.96	$3.94	$4.05	$3.84	$3.96
2023	$3.27	$3.11	$3.12	$3.64	$3.03	$2.75	$3.05	$2.75	$2.64	$3.04	$2.82	$3.25	$2.96	$2.95	$2.90
2024	$3.16	$3.38	$3.44										$3.35		

* Represents product exported during the harvest year (HY), which extends from June of the listed year through the following May.
Notes: Exported product does not necessarily mean sold, some product is exported to foreign cold storage facilities and valued at market price at the time of export.
Source: National Marine Fisheries Service