



## When will the pollock price bubble burst?

Sources expected the Alaska pollock price 'bubble' to burst during the Boston seafood show, but it didn't, as H&G prices rise and US fillet prices fall.

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Prices for headed-and-gutted (H&G) Alaska pollock from Russia are rising and are now over \$1,400 (€1,070) per metric ton, with Chinese plants still buying, despite higher labor costs and a weak European market.

At the same time, US pollock companies are offering lower prices for single frozen, Marine Stewardship Council (MSC)-certified, Alaska pollock blocks to European buyers, sources said.

Buyers, however, are still reticent to purchase, thinking prices will fall further.

"There is a bubble, a strange bubble," said a China plant manager, on his way back from the [Boston seafood show](#).

"I thought Boston would be the deal breaker for Alaska pollock block orders, but it seems that the bubble has not burst," said Dmitry Fedotov, founder of Hong Kong-based supplier Superocean. "Many expected it would solve the price situation with the Russian originated pollock and the American competition, but it didn't seem to."

**US companies are rumored to be offering prices** of around \$3,150 (€2,408), even as low as \$3,100 (€2,370) per metric ton in Europe, he told **IntraFish**.

Prices for H&G from Russia to China are at roughly \$1,400 (€1,070) cost and freight (CNF), which is driven by demand from Chinese processing plants, he said.

Chinese processors are forced to buy, or they will have to close plants, he said. "One Qingdao-based processor, who has been in the pollock business for 20 years, said he is having to look at doing something else, as it is just not a good business to be in now."

However, despite the talk of a "bubble," most Chinese plants keep buying because they fear two things: firstly, that the prices keep increasing and, secondly, that they won't have enough stock to support the whole year of production, said a trader from China.

"According to my conversation with several plants last week, I think currently most of the pollock buyers are plants in Dalian and Yantai, for processing and re-exporting to Brazil, the Middle East and United States, which tolerate sodium triphosphate (STPP) which increases the yield rate and lower production cost," he told **IntraFish**.

However, using STPP will only work for so long, said the source.

"Just like the stock market, despite a good catch, 'buying' itself makes a 'bubble,' and everyone is involved in it, until they

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can't afford the production cost even with use of STPP."

The first source from China agrees.

"Firstly, the single-frozen block price is going down. Secondly, sales of twice-frozen products are very slow," he told **IntraFish**.

"Not many Chinese plants are buying the new season's fish. Thirdly, catching is good in Russia," he said. "All of these factors do not support the fact that the pollock price goes up."

Lars Nielsen, production director with Royal Greenland, one of Europe's largest block buyers for its plants in Germany and Poland, also sees pricing picture he said "doesn't fit."

"I am confident that H&G prices are driven by Chinese to secure raw material for their workers, but also I believe they buy small batches, and prices in the market are based on very small 'real sale' and inventory is building up in China," Nielsen told **IntraFish**.

"We have to wait and see how things progress, but things don't fit, H&G are driven by empty factory demand, and MSC by marked demand, the Chinese are all over trying to sell double frozen blocks," he said.

The demand for double frozen blocks from China is weak and it is unlikely the Chinese plants will be able to get higher prices, said the source from China.

"I do not think twice frozen prices will go up, since demand is weak, and prices for single frozen product are low," he told **IntraFish**.

Sources speculated that big purchases from Pacific Andes International Holdings, the largest fillet producer in the world, are the reason for the rising H&G prices.

"Pacific Andes may have offered a high price to Russians, in the hope of pushing up the price. Otherwise there will be a big write off on their huge inventories. It seems to me this is a reasonable explanation," said the China processor.

Pacific Andes did not respond to **IntraFish** by the time of publication.

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