

# Price reporting methodology:

## US SALMON MARKET

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## Introduction

Expana's goal is to provide timely, accurate and unbiased price assessments and market information to clients which are reliable indicators of market values, free from distortion and representative of the market that they relate to. This is an explanation of methods used by Expana to gather, evaluate and report market activity. This explanation will include necessary background information to provide a clear understanding of how Expana market quotations are established.

## Timeframes of information collection

While trading information can be submitted to Expana reporting staff at any time, Expana's market reporting staff is actively soliciting information from approximately 8:45 a.m. to 5:00 p.m. E.S.T. or E.D.T., every business day.

## Publication dates

Expana publishes price quotations across a variety of commodities. Information on specific publication dates are included below in this document.

## Establishment of quotations

Reporters start gathering information for their next report immediately after filing the closing quotations for the reporting period.

Information is collected via numerous channels including phone interviews, face-to-face meetings, email, instant messaging platforms, fax, and online through Expana's website. Submitters of market data are encouraged to provide transactional data from back office functions and to provide all of their market data that falls within Expana's criteria for the markets covered. Reporters contact stakeholders throughout the value chain, including processors, retailers, wholesalers, distributors, exporters, importers, traders, and brokers to keep current on present price levels and market conditions.

Information collected includes when a transaction was initiated, what products have been traded, what levels are being bid on each product, who is bidding or offering at said level, when the product will ship, and how the product is packed. Expana's market sources and information submitted remains confidential.

Expana follows a hierarchy of priority when establishing quotes based on information gathered as follows:

- *bona fide* trades
- offers and bids
- additional market information, including trading relationships to related items
- market participant assessments and indications of prevailing values

If higher bids or lower offerings come into the market after the last recorded trades, the final price assessment may be adjusted accordingly if the reporter finds sufficient justification for such an action. Offering prices cannot be used to move prices upward, nor can bid prices be used to move prices downward.

Expana takes care to be sure transactional data is *bona fide*, which indicates the transaction be either completed or prepared to be completed between two parties not influenced by a conflict of interest. Expana's reporters make it their goal to clearly identify factors and circumstances surrounding reported trade and will use available information and methods in their price assessment. The forthrightness of reports can be tested using other participants as a check and balance system.

Some transactions may receive additional scrutiny from market reporters to ensure that their inclusion in the final price assessment results in a quote that is a reliable indicator of commodity market values. Such transactions that can receive additional scrutiny include packaged transactions where it appears the price of one item is affecting the price of other items in the transaction; trades that occur as a transfer within the same company; transactions comprised of multiple deliveries where the entire delivery period does not fall into the stated guidelines reflected in the market report; conflicting or inconsistent information by the counterparty; transactions where buyers and sellers fail to act in a logical manner; transactional data that is significantly different from other data collected during that time period.

## Market reporters

To ensure that a high quality is maintained in Expana's price assessments and market commentary, market reporters undergo rigorous training before they are eligible to engage with sources to collect information and develop Expana's proprietary price assessments. Rookie market reporters, called "market researchers" work closely under veteran market reporters and editors to become familiar with the methodologies listed here, supply and demand dynamics associated with the markets that they cover, and the parties submitting market information. For each market that Expana covers, there are multiple market reporters who are trained to conduct price assessments and commentary. Adherence to these reporting methodologies, oversight by senior reporters and editors and continued education across the market reporting staff results in consistency of price assessments across assessors reporting the same market.

Expana's reporters are trained to utilize judgment when gathering and reporting data. Judgment can be exercised during periods including but not limited to those where limited negotiations, low liquidity in the market, or anomalous transactions could otherwise lead to inaccurate or erroneous price reporting.

## Acceptable products and market conditions

For a transaction to be considered for assessment, certain criteria must be met. With exceptions noted in market-specific documentation, product must:

- meet standard specifications for the industry unless otherwise indicated
- be in acceptable condition
- not be distressed, or offered or bought under distressed conditions
- be delivered in a timeframe considered standard for the market

Only trades and trading information from participants who are free to conduct business with a variety of market participants are acceptable. When trade that is or could be construed as a transfer between an individual company's divisions or departments occurs, it falls to a reporter's judgment to determine if the transaction is repeatable on the open market. Based upon this judgment, such transactions may or may not be considered in the final determination of Expana's quotes.

The volume basis for Expana's quotations varies and is generally the standard commercial quantity for a given item. These units are outlined in this document below.

Most of Expana's market quotations reflect spot negotiations and exceptions are indicated in market-specific methodology documents. Contractual or market-related transactions are not used in the final quote determination but rather as indicators of need and ability to sell at a predetermined level.

There is no minimum quota for the volume of transactional data needed to establish a market quotation, but rather a requirement for a preponderance of evidence that the bulk of trade is occurring at the new price. Where a small number of participants represent a significant percentage of the periods transactional data, market reporters will collaborate with senior reporting staff and/or editors to ensure the assessment for that period accurately reflects the market, otherwise the quotation can be paused or unquoted until transactional data from more participants becomes available.

## Unquoted market listings

In some markets where trading is in limited volume, stagnant, or infrequent, an item may become unquoted. Unquoted markets in no way reflect prices moving higher or lower, but merely indicate that a closing price could not be determined.

In other cases, such as those markets that are ordinarily active on a seasonal basis, the last recorded trading information will persist in publication until trade resumes and new information becomes available.

Detailed information on situations where markets may become unquoted are available in this document below.

## Changes to reporting methodology

Expana will provide advanced notice of potential changes in reporting methodologies and subscribers will be provided the opportunity to provide feedback during a comment period of at least 14 days. After reviewing client feedback Expana will enact the changes typically within no more than 30 days of the closing of the comment period or take a different action based on customer feedback. Subscribers comments and Expana's response to those comments will be published unless where the commenter has requested confidentiality.

## Review of methodologies

Expana's Management, in consultation with clients from affected areas of the value chain, will review and evaluate current and proposed market reporting procedures and methodologies with the purpose of making recommendations on the following:

- A) To assess effectiveness, integrity and independence of the Expana methodologies used to establish quotations so that they best communicate the commodity values they are designed to reflect.
- B) To guide quality improvement of Expana market information and give guidance in developing implementation tactics or strategy.
- C) To ensure reporting methodology remains compliant with existing laws.
- D) To assess the effectiveness of suggested changes to quotations and/or other Expana benchmarks.

## Market specific definitions, terms, and methodologies

Market coverage reflects wholesale negotiated trading activity on fresh and frozen salmon for the distribution through US domestic channels.

### Acceptable origins

Category	Points of Origin
Farm Raised salmon	Canada, Chile, Norway, United Kingdom, United States, Faroe Islands, Iceland
Wild salmon	Canada, United States
Artic Char	Iceland
Rainbow Trout	Canada, Colombia, Chile, United States

### Quotation period

Quotations are released Tuesday and Thursday after 5:00 PM Eastern Time. Information collected after the closing report is considered in the following market assessment.

## Quotation format

Unit(s) of Measure for Quotation: \$/lb.

The \$/lb. is the most commonly used unit for price negotiation in this market and is the unit of measurement reflected in the quote series for Salmon.

Expana's seafood quotation series reflects "less than truckload" LTL quantities of material which is defined as lots that represent a sale between 1,500 and 2,500 pounds or where industry norms dictate otherwise. In some instances, buyers and sellers will negotiate a transaction based on an LTL trade but the lot will be comprised of multiple items or multiple sizes of product. This transactional data can also be used in the price assessment for LTL pricing.

The range of values reflected in a market assessment depends on the variance of market data collected during the reporting period. Where the market trades at a level and is also offered lower or bid higher during the reporting period, Expana will exercise professional judgment to determine how bids and offers may be reflected in the final quotation.

The quotation can continue to be published unchanged while evidence supports a steady market trend. When information suggests that the market has moved from the last quote, but new and/or reliable market data has not surfaced to reflect a new market value, the quotation will be removed from the sheet until a new quote can be established.

## Terminology

A marketplace where the level of sale is a further step down the distribution chain from a first receiver level of sale. In these markets, product is sold to buyers where the product will be either directly consumed, such as in a restaurant or sold in smaller businesses directly to consumers. Example of this market is the Mid-Atlantic Wholefish Terminal Market.

Certain quotations may be appended by suffixes or other marks. These are as follows:

<i>Term</i>	<i>Significance</i>
1-2 lbs. ... 4-5 lbs.	1 to 2 pounds ... 4 to 5 pounds is the weight of the individual salmon fillets in the box
2-4 lbs. ... 16-18 lbs.	2 to 4 pounds ... 16 to 18 pounds is the weight of the individual salmon whole fish in the box
5-6 kg. ... 8-9 kg.	5 to 6 kilograms ... 8 to 9 kilograms is the weight of the individual salmon whole fish in the box
4, 6, 8 ounce	4, 6, or 8 ounce is the weight of the frozen portion of salmon
Farm raised	Aquaculture raised salmon
Wild	Caught in the ocean, (not farm raised)
Whole fish	The whole fish is a dressed whole fish which has its entrails removed and the gills may or may not be present
Fillet	A cut of fish that is the side flesh of the fish
Portion	From a fillet, an individual cut that is sized in ounces
D-trim	Salmon fillet that has the backbone off, bellybones off, back fins off, collarbone off, belly fat partly off, pinbones out, tail trimmed, peritoneum removed
3,500 lbs. minimum	Generally a 100 case lot, that is the minimum transaction accepted for inclusion in the fresh salmon fillets price assessment
Container	Container of either frozen fillets or portions, weighing around 37,000 and 41,000 pounds
IPW	Individually polywrapped
PBO	Pin-bone out
Vac Pac	Vacuum packed
Sknls	Skinless
Natural Mix	A natural mix of both center and tail portions in a box in reference to salmon
Truckload	Truckload of fresh whole fish weighing 44,000 to 46,000 pounds
Container Load	Air cargo LD7 container of European whole fish which generally contains 161 cases of fish
1,000 lbs. average	Refers to 1,000 pound average sale for H & G wild salmon or fillets of wild salmon
C-trim	Salmon fillet that has the backbone off, bellybones off, back fins off, collarbone off, belly fat partly off, pinbones out
H & G	Headed and gutted salmon
Gillnet	Wild salmon caught individually by gear that holds the fish just beyond the gillplate until they are removed. Seine net, wild salmon caught in schools using a vessel and skiff to purse a large circular net around the fish. Both methods of catching these salmon will be sold as head-off.
Troll	Wild salmon that is caught by trolling with natural or artificial hooks, salmon are sold with their head-on
Copper River	Refers to the Copper River system in Alaska, both king and sockeye wild salmon are caught here and typically demand a premium in the market
F.O.B.	Specifies at what point respective obligations, costs, and risk involved in the delivery of good shift from seller to buyer
NE	Northeast
L.A.	Los Angeles
Butterfly	The butterfly fillet is an eviscerated fish with the rib, backbone and head removed. All fins are removed including the tail and all support bones. The pin bones located above the parallel to the lateral line is removed. The belly flaps on the fish are also removed.

## Delivery basis

The fresh and frozen salmon market is quoted regionally on an FOB Seller's dock in Northeast, Seattle, Los Angeles or Miami. Exported product is considered outside of the reporting process.

## Delivery period

In order to be considered for inclusion in the market assessment process, fresh and frozen products should be delivered within U.S. borders within 10 days from date of sale, or within a reasonable period to be evaluated as a spot transaction.

## Product specifications

<i>Product Name</i>	<i>Specifications</i>
Atlantic Salmon	<i>Salmo salar</i>
Steelhead salmon, Rainbow trout	<i>Oncorhynchus mykiss</i>
Chum salmon	<i>Oncorhynchus keta</i>
Coho salmon	<i>Oncorhynchus kisutch</i>
Sockeye salmon	<i>Oncorhynchus nerka</i>
Pink salmon	<i>Oncorhynchus gorbuscha</i>
King salmon	<i>Oncorhynchus tshawytscha</i>
Arctic Char	<i>Salvelinus alpinus</i>



## Contact us

For more information on Expana's market quotations,  
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