

PASTURE AND LIVESTOCK CONDITION, SEPTEMBER 1, 2004

Hawaii County



Hilo and Puna: Rainfall totals were well below normal levels during August. The mostly sunny skies afforded many of the pastures in

the Hilo and Puna areas to dry out. Grazing areas were in fair to good condition, with some areas having only old feed available. However, dry conditions in some areas of Mt View have prompted the unchecked growth and spread of weeds. Stock water supplies were adequate, except for some upper elevation pastures where supplies were decreasing. Cattle and calves were in good condition.

Ka'u: Except for one day of good rains earlier in the month, hot and dry conditions prevailed throughout the Ka'u district. Pastures were in fair to good condition. Although some pastures were still green, most pastures were drying out and turning brown. Stock water supplies were adequate, but starting to dwindle. Cattle and calves were in fair to good condition.

Kona: For the second month in a row Kona received significant rainfall. Rainfall totals were near to above normal, with some areas receiving rainfall amounts well above levels, which the normally wet Hilo and Puna district had received. For the most part, pastures were in good to excellent conditions, with even the dry coastal areas of North Kona showing signs of some grass regrowth. Stock water supplies were ample. Cattle and calves were in good condition.

Kohala: Rainfall totals were generally about 50 percent of normal for Kohala. Pastures around Kohala Mountain were generally dry, with only old feed available. Pastures around Waimea received sufficient moisture to maintain pastures in fair condition. Stock water supplies were getting low. Cattle and calve condition were good.

Hamakua: Pastures in the Hamakua district were in fair condition. Grass growth was slow, but ample old dry feed was on hand. Mid- to higher elevation pastures were in better condition than lower elevation pastures. Stock water supplies were low, with some water hauling taking place. Cattle and calves were in good condition.

Honolulu County

Heavy rainfall from the passing of the remnant of Hurricane Darby, during early August, and to a lesser extent, rains received around mid-month had nearly all rain gages on the island of Oahu recording above normal rain totals. All areas of the island received heavy rainfall, especially those along the central and leeward areas. Most pastures were in good to very good condition. Year-to-date rainfall totals for rain gages around agricultural sectors of the island were at or above normal levels. Cattle and calves were also in good to very good condition.

Kauai County

Rainfall totals along the northern sectors of the island were near normal to below normal, while the remainder of the island received above normal rainfall amounts. Combined with sufficient sunny and warm periods, pasture conditions were good to very good. New grass growth was good with an abundance of old feed on hand. Cattle and calves were in good to very good condition.

Maui County

Rainfall totals ranged from zero at the Kihei 2 rain gage to areas which received rainfall amounts well above normal. As a result, pasture conditions ranged from dry with old dry feed to locations with ample luscious new growth. In general, higher elevation pastures faired better than lower elevation pastures, and windward pastures provided better feed than leeward pastures. Molokai pastures received ample rainfall and were in fair to good condition. Cattle and calves were in good condition.

Rainfall Data Source: National Weather Service Forecast Office.
NWS-NOAA.

Disclaimer: Data from Hydronet state-wide network of automated rain gages. Gages are not certified and rainfall information is provided for informational purposes only.

U.S. AGRICULTURAL OUTLOOK

Cattle/Beef

NOTE: Due to uncertainties as to the length of the bans regarding the imports of ruminant products due to the discovery of BSE in Canada and the United States in 2003, forecasts for 2004 and 2005 assume a continuation of policies currently in place. Subsequent forecasts will reflect any announced changes.

Slaughter Weights, Competing Meats Pressure Beef Prices

Year-to-year comparisons on the current beef market are skewed due to the very tight beef supply situation in 2003. The tight situation was due to poor feeding conditions with low weight gains in the winter and early spring 2003 and then the discovery of a Canadian dairy cow with (BSE) Bovine Spongiform Encephalopathy in May, resulting in an import ban on Canadian beef and cattle. This resulted in marketing cattle out of the U.S. feedlots ahead of schedule to meet the strong demand for beef. As marketings were moved forward, slaughter weights were held well below seasonal averages. To meet the strong beef demand, cattle prices moved on a record-setting pace into the fall in an effort to get producers to market more cattle ahead of schedule.

Beef Exports for the First 6 Months of 2004 Only 12 Percent of Last Year's Level

U.S. beef exports totaled only 204 million pounds in the first 7 months of 2004 — 86 percent below the 1.5 billion pounds exported during the first 7 months of 2003. While many small markets have reopened conditionally to exports of U.S. beef, the only major markets to allow U.S. beef have been Canada and Mexico. Canada began allowing imports of U.S. boneless beef from animals less than 30 months of age in January 2004, with Mexico following suit in early March. By June, however, U.S. beef exports to Canada had increased to only 5 million pounds, compared with 29 million pounds in June 2003. June 2004 beef exports to Mexico reached only 36 million pounds, compared with 68 million pounds in June 2003. Nevertheless, weekly export data (<http://www.fas.usda.gov/export-sales/esrd1.html>) do show significant increases above the low June level for both July and August. Forecast total exports to all countries for 2004 and 2005 are 446 and 600 million pounds, respectively.

Excess Cattle Supplies and Low Prices

in Canada Have Restrained Imports of U.S. Beef

Restrictions placed on the export of Canadian beef and cattle immediately following the discovery of a cow in Canada with BSE in May 2003 created a huge surplus of cattle and beef in that country, which continues to pressure Canadian prices. Normally, annual exports of Canadian feeder cattle and slaughter-ready steers, heifers, and culled cows and bulls amount to about 1.3 million animals (2000-2003 average). With those animals kept in Canada, cattle numbers increased by 6.5 percent between July 1, 2003, and July 1, 2004, according to Statistics Canada (<http://www.statcan.ca>). That increase in total animals includes an 8.6-percent increase in beef cows and a 9.6-percent increase in steers and heifers for slaughter.

The ban on U.S. beef exports after the December 24, 2003, discovery of a Canadian-born dairy cow with BSE in Washington State provided additional opportunities for Canadian beef cuts to displace U.S. beef in Canada. However, U.S. beef exports to Canada have remained low, even since Canada allowed U.S. boneless beef imports from animals less than 30 months of age to resume in January of this year. The United States exported less than 2 million pounds per month through April and only 5 million pounds per month in May, June, and July.

Explanations for low U.S. beef exports to Canada early in 2004 have focused on reports that U.S. slaughter plants were unable to provide assurances that beef was from facilities dedicated exclusively to the processing of beef from animals under 30 months of age. However, the weak U.S. exports during the last quarter of 2003 suggest that a fundamental reason for continued weak U.S. exports to Canada is simply that boxed beef prices in Canada have generally been well below U.S. prices in 2004. After being competitive with U.S. prices for a few weeks in January 2004, when Canadian beef was exported to Mexico as a replacement for banned U.S. beef, Canadian box prices declined to 90 percent of U.S. prices as Canadian slaughter increased. By mid-April, Canadian prices had dropped to 75 percent of U.S. prices, as increased U.S. beef exports to Mexico began displacing Canadian product there and forcing it onto the Canadian market. The price difference then began to narrow as Canadian exports improved. By June, total Canadian exports had rebounded back to the March 2004 level.

Dairy

More Milk Eases Dairy Markets

Dairy market fundamentals changed in early summer as milk production began to expand. Additional milk in the months to come should ease dairy markets during the remainder of 2004. Even so, some tightness likely will continue. Demand is expected to stay fairly good, and the growth in supplies probably will be gradual.

Dairy product prices remain unsettled and probably will remain so until yearend. The aftermath of the surge and subsequent collapse of prices continues to confuse the underlying supply-demand balance. However, most adjustments probably have been made, and prices may steady a bit if no new surprises emerge.

Milk production rose above a year earlier in July for the first time since last autumn. The recovery was the result of quite favorable summer weather and expedient adjustments to record milk prices. Milk production is expected to expand during the second half of 2004, but large increases are not projected until next year.

Milk cow numbers in the 20 major States were a little higher in June and July after holding fairly steady since last November. Compared with a year earlier, milk cow numbers have gone from a decrease of more than 1 percent early in 2004 to barely lower in July. Even though changes in cow numbers have been weaker in the other 30 States, July U.S. numbers probably were down only fractionally.

The recent increase in cow numbers probably was not due to more heifers entering the herd. The dairy replacement herd was unchanged on July 1, and July replacement prices indicated that the market has been tight. Unusual retention of last lactation cows is much more likely. Between high milk prices and the lack of any summer heat stress, cows probably stayed profitable longer — enough so that any producer capable of stretching capacity probably was tempted.

High milk prices probably have had relatively small effect on addition of new capacity because many of the causes of the price jumps were obviously temporary. However, prices have stayed relatively high for long enough that they may be lessening the exit of dairy farmers. The low prices of 2002 and most of 2003 probably had eaten away the effects of earlier high returns. The cash infusion in 2004 may have restored the staying power of the weaker producers.

Milk cow numbers are projected to resume declines

by this autumn. Much of the temporary capacity stretching will have run its course or become infeasible as the weather turns colder. Although only moderate erosion in milk prices is expected by late 2004, farmers probably will see clear signs of lower prices ahead. For the year, milk cow numbers are projected to average about 1 percent below a year earlier.

In 2005, expected much lower milk prices will work to weaken milk cow numbers. However, average declines are projected to be relatively modest, only slightly larger than this year's. Returns are projected to be relatively modest, only slightly larger than this year's. Returns are projected to stay significantly above those of 2002 and 2003, and dairy farmers can prepay 2005 expenses out of this year's returns.

Poultry

Broiler Production Estimate Increased

The U.S. broiler production estimate for third-quarter 2004 has been increased to 8.8 billion pounds, up 25 million pounds from the previous estimate. This is a 4.1 percent increase compared with a year earlier and reflects an expected upward turn in the number of birds slaughtered and continued growth in their average weight. The broiler meat production estimate for the fourth quarter has also been increased and is now 8.6 billion pounds. This is a seasonal decline from the third quarter, but it is 4.1 percent higher than the same period in 2003. Throughout July and August, the number of chicks being placed for growout ranged between 2.5 and 5.6 percent higher than the previous year. This pattern is expected to change slightly going into the fourth quarter, with the growth in chick placements averaging slightly lower due to the recent decline in prices for most broiler products.

Over the last 2 months, prices for almost all broiler products have fallen strongly. While average prices for most broiler parts were considerably higher than a year earlier during the first and second quarters of 2004, prices for many parts are now only slightly higher or below their year earlier levels. Prices for whole birds are still higher than the previous year, but prices for boneless/skinless breasts dropped over 70 cents a pound between June and August and in August averaged slightly less than the previous year.

Full text of stories covered above can be found at:

Source: Livestock, Dairy, and Poultry Outlook, September 16, 2004, Economic Research Service, United States Department of Agriculture.

Internet web site: <http://www.ers.usda.gov/publications/ldp>