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JULY EGG PRODUCTION 3 PERCENT BELOW A YEAR AGO

Egg production during July, totaled **9.7** million eggs (26,944 cases), 3 percent less than a year earlier, according to the *Hawaii Agricultural Statistics Service*. A 4 percent increase in the average rate of lay was not enough to offset the 7 percent decline in the average number of layers on hand from a year ago. The average number of layers on hand during July 2003 was 504,000, compared with 540,000 a year ago, and 494,000 during June. The average rate of lay was 1,925 eggs per 100 layers (62.1 percent lay rate) compared with 1,852 (59.7 percent) a year ago. Cumulative egg production for the first seven months of 2003 was 1 percent below the same 7-month period in 2002.



U.S. EGG PRODUCTION

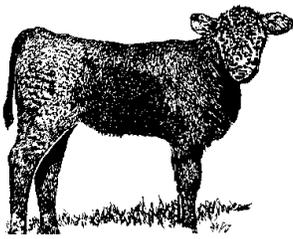
U.S. egg production totaled 7.34 billion during July 2003, down slightly from last year. Production included 6.26 billion table eggs and 1.09 billion hatching eggs, of which 1.02 billion were broiler-type and 61.0 million were egg-type. The total number of layers during July 2003 averaged 332 million, down 1 percent from a year earlier. July egg production per 100 layers was 2,214 eggs, up 1 percent from July 2002. July 2003 contained 23 weekdays, one holiday and four Saturdays, the same as July 2002. All layers in the U.S. on August,1, 2003, totaled 332 million, down 1 percent from a year ago. The 332

million layers consisted of 274 million layers producing table or commercial type eggs, 55.6 million layers producing broiler-type hatching eggs, and 2.59 million layers producing egg-type hatching eggs. Rate of lay per day on August 1, 2003, averaged 71.2 eggs per 100 layers, up 1 percent from a year ago. Laying flocks in the 30 major egg producing States produced 6.86 billion eggs during July 2003, down slightly from a year ago. The average number of layers during July, at 309 million, was down 1 percent from a year ago.

Number of layers and egg production, State of Hawaii, July 2003 ¹

County	Number of layers on hand during month			Eggs per 100 layer		Total eggs produced			
	July 2002	June 2003	July 2003	July 2002	July 2003	July 2002	July 2003	Year-to-date	
	----- Thousands -----			--- Number ---		----- Millions -----			
Hawaii/Kauai/Maui	128	117	123	2,018	2,176	2.5	2.6	16.8	16.6
Honolulu	412	377	381	1,810	1,866	7.5	7.1	52.2	51.3
State	540	494	504	1,852	1,925	10.0	9.7	68.9	68.0

¹ State totals may not add due to rounding.



JULY MARKETINGS UP 33 PERCENT FROM A YEAR AGO

Cattle marketings during July totaled 3,600 head, compared with 2,700 head a year ago and 3,000 head during June 2003. An increase in out-of-state shipments accounted for the 33 percent increase in marketings when compared with a year earlier. Year-to-date marketings of 29,100 head were slightly above the same 7-month period in 2002. The number of cattle and calves shipped out-of-State during July totaled 2,500 head compared with 1,600 a year earlier and 2,100 during June.

Cumulative out-of-state shipments during 2003 totaled 22,700 head, 2 percent above the same period in 2002.

Cattle Marketings, State of Hawaii, July 2003

Month	Total Marketings ¹		Exports ²							
	Number of Head ³		Number of Head						Average Live Weight	
			Steers		Heifers		Total ³			
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
July	2,700	3,600	900	1,400	700	1,100	1,600	2,500	473	438
Year-to-date ⁴	29,000	29,100	13,100	12,800	9,100	9,800	22,200	22,700	445	429

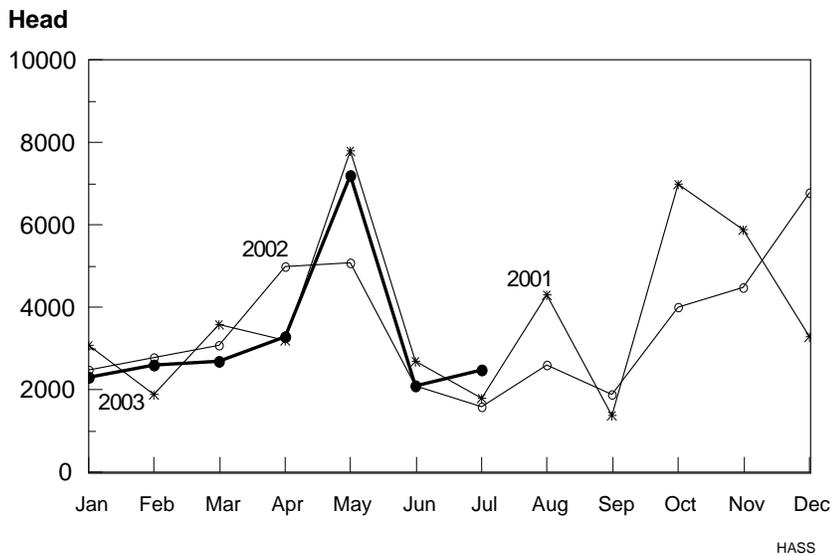
¹ Sum of Commercial Slaughter and Exports.

² Cattle and calves shipped out-of-State.

³ Total may not add to sum due to rounding.

⁴ Includes any revisions made to previous month figures.

CATTLE & CALF OUTSHIPMENTS STATE OF HAWAII, 2001-2003



SLAUGHTER CATTLE (U.S.)

Weekly Simple Average of Daily Quotations, Choice 2-4

Dollars per 100 pounds

Week ending	Steers	Heifers
	(1,100 - 1,300 pounds)	(1,000 - 1,200 pounds)
	from California	
6-14-03	—	—
6-28-03	—	—
	from Sioux Falls	
6-14-03	77.50	76.50
6-28-03	74.00	74.00

Source: Livestock, Meat and Wool Weekly Summary and Statistics; **Agricultural Marketing Service, Livestock and Seed Division**

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PASTURE AND LIVESTOCK CONDITION, AUGUST 1, 2003



Hawaii County

Hilo and Puna:

Rainfall totals, during July, were above normal for most areas. Daily trade wind showers combined with partly sunny skies to

stimulate good new grass growth. Most pastures had ample feed available and were in good to very good condition. Upper elevation pastures along the slopes of Mauna Kea were progressing slowly as they received only some light showers. Stock water supplies were adequate. Cattle and calves were in good condition.

Ka'u: Pasture conditions in the county were generally dry, as rainfall totals for the month of July were below normal. Coastal pastures were very dry with very little new grass growth prospect. Upper elevation pastures in Kahuku and Nullah were in better, but only fair condition due to receiving some, more frequent showers. Elsewhere, dry conditions kept pastures in fair to poor condition. More than 10,000 acres of dry brush land and rangeland burned in the South Point area between July 18 and July 21. Stock water supplies were low, necessitating some ranchers to haul water. Most of the cattle and calves were in fair condition, with supplements being fed in the drier areas.

Kona: All areas of Kona recorded below 25 percent of normal rainfall totals. Light evening showers helped to maintain some upper elevation South and Central Kona pastures in fair condition. Elsewhere, pastures were dry and continued to deteriorate due to the lack of rainfall, with the worse conditions existing along the coastal sectors of North Kona. Stock water levels were below normal. Cattle and calves were in fair condition with supplemental feeding occurring in the drier sectors.

Kohala: In general, the eastern half of the district received beneficial, above normal rainfall amounts to keep pastures in good condition. Most of these areas had adequate forage supplies with good new grass growth. On the other hand, shower activities were lighter or non-existent over the western half of the district, leaving most of those pastures dry to very dry. Pasture conditions ranged from poor to fair with little old feed available. Stock water supplies were adequate.

Cattle and calves were in good condition, with minimal

supplement being fed.

Hamakua: Continuing the benefits, pastures received from the previous month's precipitation, the ample rains received in July further enhanced good grass growth at the lower elevations keeping most pastures in good condition. Except for one day of heavy rainfall, higher elevation pastures received only isolated scattered precipitation. This left most upper elevation pastures somewhat dry and in fair to poor condition. Stock water supplies were adequate. Cattle and calves were in fair to good condition.

Honolulu County

Rainfall, during July, was generally below normal. However, the tropical disturbances, during the last week of the July combined to produce some much needed rainfall and as a result, several windward and leeward areas received near normal to above normal rainfall totals for the month. Nonetheless most pastures continued dry and in need of more precipitation. Cattle and calves continued in fair condition.

Kauai County

Although the low pressure systems, during the last week of July, produced some much needed rainfall. Rainfall amounts throughout the county remained at below normal levels. In fact much of the precipitation recorded during the month fell during that last week of the month. As a result, pasture conditions were dry and in poor to fair condition. Forage supplies in many areas were depleted or very light. Stock water supplies were low. Cattle and calves were in fair condition.

Maui County

July rainfall amounts varied widely, from 0 inches at Kihei to about 19 inches at the West Wailuaiki rain gage. Many trade wind exposed areas of the county received near normal to above normal rainfall amounts, while the remainder of the county received below normal totals. Because of the relatively dry conditions which existed prior to July, most of the pastures which did receive about normal rainfall still struggled to sustain new grass growth. Other pastures in the county were dry and at best in fair to poor condition. Cattle and calves were in fair to 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

New Measures Announced for Importing Canadian Ruminant Products

The new measures announced by the U.S. Department of Agriculture (USDA) that include: the acceptance of import permits for certain products from Canada for

boneless sheep or goat meat from animals under 12 months of age; boneless bovine meat from cattle under 30 months of age; and boneless veal from calves that were 36 weeks of age or younger at slaughter. The import ban remains in place for live ruminants for immediate slaughter, and stock/feeder animals.

Supply Uncertainties Drive Cattle Markets

On August 8, USDA announced conditions for resuming beef imports from Canada. Imports of ruminant meat products and livestock had been banned since May 20 when post-mortem lab reports identified a mature cow in Canada had Bovine Spongiform Encephalopathy (BSE). Consequently, domestic beef production forecasts have been adjusted as live cattle shipments from Canada for both immediate slaughter and for placement in U.S. feedlots remain restricted. Prior forecasts have included adjustments for the ban up to the publication date for the *World Agricultural and Supply and Demand Estimates*, but assumed normal beef and cattle trade with Canada into the forecast period after the publication date. Adjustments have been made in the current forecasts to recognize these regulations recently announced. Consequently, imports of boneless beef under 30 months of age are included in the trade estimates, but live cattle for immediate slaughter or stocker/feeder cattle imports for eventual feedlot placement have been removed from the forecasts, and domestic beef production forecasts have been adjusted accordingly. In addition, most cow beef will not be eligible for export due to the 30-month age restriction.

On August 1 feedlots in Alberta and Saskatchewan, Canada were operating at about 66 percent of capacity. Most cattle in Canada, as well as the U.S. are on feed about 150 days. Consequently, although cattle presently on feed will be slaughtered with some of the meat exported to the U.S. under the new permits, it will be 4 to 5 months, typical days on feed, before the Canadian industry can shift toward fed cattle marketings nearer capacity. Cattle on feed on August 1 in U.S. feedlots with over 1,000 head of capacity were down 5 percent from a year earlier and slaughter weights remain sharply lower than a year earlier. Although both markets are starting from a supply situation that is tighter than normal, they will be faced with different adjustment paths. Canada will have to adjust to a much larger slaughter schedule as cattle, which were normally exported to the U.S., are slaughtered domestically. On the other hand, U.S. packers will have to compete for a tight supply of fed cattle that could remain on feed for additional feeding time to improve quality.

Grain/Forage Supplies Tighten

Although corn production is forecast at record levels, the crop was reduced from the July estimate as conditions deteriorated west of the Mississippi River. Similarly, total feed grain production was reduced 3 percent from the July forecast, but remains a large crop. The projected price range for corn was increased 10 cents from last month to \$2.00 to \$2.40 a bushel,

down from \$2.30 in 2002/03, but well above 2001's \$1.97 average.

Grazing conditions deteriorated rapidly during July and early August with the drought spreading from the West into most of the Great Plains. Rebuilding hay stocks will again be important to maintaining even the reduced cattle inventory. Autumn rains and establishing small grain pastures and accumulating grass for fall and winter grazing will be paramount as the industry moves into calf weaning and cow culling season. Beef and particularly dairy cow slaughter has remained large this year, and beef cow slaughter has increased with the worsening drought situation.

Total hay production is expected to rise sharply this year. Alfalfa production is forecast to rise 6 percent as yields are expected to reach record levels, although excess moisture conditions in many areas may have resulted in poor harvesting conditions and hay quality. In July the farm price of alfalfa averaged \$92.70 a ton, down seasonally from \$98.90 in June, well below last year's \$102 average. Conversely, the farm price of other hay averaged \$77.80 in July, down only marginally from June, but up \$5.60 a ton from a year earlier. While producers are likely building stocks, poorer feeding quality of this large harvest likely increased demand for the better hay, resulting in a portion of the price increase.

Cattle Cycle Continues To Lengthen

Cattle inventories continue to decline in 2003 as drought and increasing market uncertainties make producers reluctant to begin expansion. The rate of decline has moderated with most inventory categories unchanged to down less than 1 percent. The total cow inventory was reduced only marginally with beef cows down only 150,000 head, but was the 8th year of decline. The number of beef replacement heifers is unchanged from the low levels of the past 2 years, and down over a million head from the mid-1990s. The number of replacement heifers calving and entering the herd during the first half of the year rose but not enough to offset the continued large cow slaughter. This year's calf crop is expected to be 38 million head, down less than 1 percent from last year and the smallest calf crop since 1951. Continued large cow slaughter and low heifer retention insure declining beginning cattle inventories in 2004 and 2005. The ban on imports from Canada will also hold down feeder cattle numbers.

Feeder Cattle Supplies Continue Decline

Supplies of stocker/feeder cattle outside of feedlots and available for eventual feedlot placement continue to slow modest decline along with the cattle inventory. Very modest heifer retention continues to support larger numbers of heifers being placed on feed, although the number of heifers on feed is down. A continued ban on

imports of feeder cattle from Canada will also hold down feeder cattle supplies. However, in the fall and winter larger numbers of U.S. feeder cattle are usually exported to Canada. With large numbers of Canadian cattle on feed, until the ban is lifted fewer U.S. feeder cattle are likely to be exported to Canada. Demand for feeder cattle in the United States is expected to be strong. This will add to fall and winter supplies of feeder cattle.

Fed Cattle Supplies Remain Tight

Canadian cattle slaughtered in the United States have been removed from the second-half 2003 and 2004 forecasts of domestic slaughter and production. Both industries will be undergoing adjustments at least through mid-winter, which is about the earliest the Canadian industry can adjust to feeding and slaughtering the cattle, which up until May 20 entered the United States as feeder cattle eventually to be slaughtered in U.S. plants. Cattle on feed inventories on August 1 were down 5 percent from a year earlier as July placements remained large, but marketings rose even more. Fed cattle continue to be marketed ahead of schedule and at lighter weights to fill the beef void due to the ban on Canadian beef and cattle imports.

The ban on live cattle imports from Canada also will result in changes in feedlot/slaughter relationships. Over the past 3 years marketings from feedlots with over 1,000 head of capacity represented 80.2 to 80.8 percent of commercial steer and heifer slaughter. Typically the first quarter represented the largest proportion and the fourth quarter the lowest proportion of steer and heifer slaughter. The remaining cattle were from smaller feedlots and Canadian slaughter cattle for immediate slaughter. The Canadian cattle comprised a little more than 1 percent of the slaughter mix. Consequently, marketings from the 1,000 plus head feedlots are expected to represent about 81.5 to 82 percent of steer and heifer slaughter.

Fed cattle marketings and slaughter rates are expected to remain strong through September, but the rate will slow as Canadian beef comes into the market again and U.S. cattle pick up more days on feed to compete in the higher quality domestic and export beef market. A return toward the longer term record weight trend is unlikely until next winter when the U.S./Canada beef production systems come more into alignment with changed domestic and trade alignments. U.S. slaughter weights will rise, but it will likely be winter before the industries come into balance and more normal feeding periods. Even then, cattle inventories in both countries are lower than a year earlier and are likely to continue declining until at least January 2006.

Cow slaughter remains strong with the extension of the drought area into the heart of the beef cow population

in the Great Plains since early summer is not likely to slow until grazing conditions improve seasonally this fall. Cow slaughter has remained large even with the ban on imports of Canadian cows for slaughter. Consequently, domestic cow slaughter has been even larger than comparisons with previous data which included Canadian cow imports for slaughter would suggest.

BSE in Canada and Japanese Safeguard Tariffs Distort U.S. Beef and Cattle Trade

The most important influence on U.S. beef and cattle markets this year is likely to be the May 20th report of an 8-year-old beef cow in Alberta, Canada that tested positive for bovine spongiform encephalopathy (BSE). Imports of cattle and beef were promptly banned by all of Canada's major markets, including the United States. On August 8, Agriculture Secretary Veneman announced the procedures for resuming shipment from Canada of deboned beef from cattle certified to be less than 30 months old, and the initiation of a protocol toward resuming shipments of live animals. Permitted beef should begin moving shortly, but live animal movement is expected to take longer because of the rule-making process through the International Office of Epizootics. Mexico followed suit with a similar announcement.

U.S. and Canadian Industries Seriously Impacted

The ban seriously affected Canada's cattle industry, which normally exports a number of animals roughly equivalent to about 25 percent of its calf crop and more than 50 percent of its beef production. Of these cattle exported, in a normal year, nearly all are exported to the United States, with about 80-85 percent destined for immediate slaughter and most of the rest being feeder calves and dairy animals. The United States is also Canada's major market for both processed and fed beef, accounting for 75-80 percent of Canada's beef exports in a normal year. Mexico has been a growing market for Canadian beef in recent years, accounting for 10-15 percent of Canada's beef exports, with the remainder going to Asia. Canada normally exports about 90 million pounds of beef per month to the United States and about 30 million pounds to other countries.

Beef and cattle prices in the United States increased dramatically upon announcement of the ban because Canadian beef imports normally account for nearly 4 percent of U.S. beef consumption and Canadian cattle account for 3-5 percent of all cattle slaughtered in the United States.

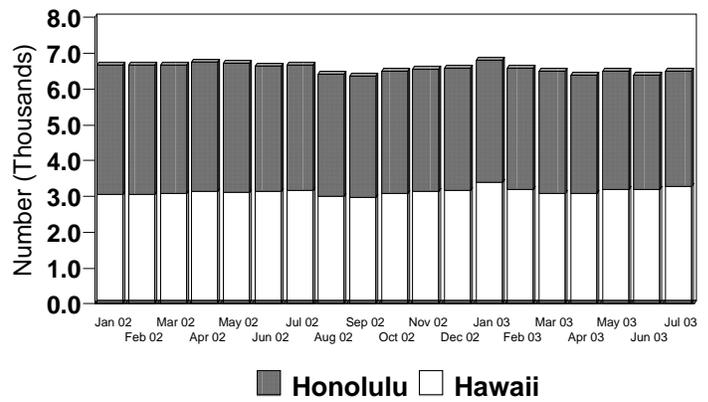
Source: Livestock, Dairy, and Poultry Outlook, August 26, 2003, Economic Research Service, United States Department of Agriculture.

JULY MILK OUTPUT LOWER



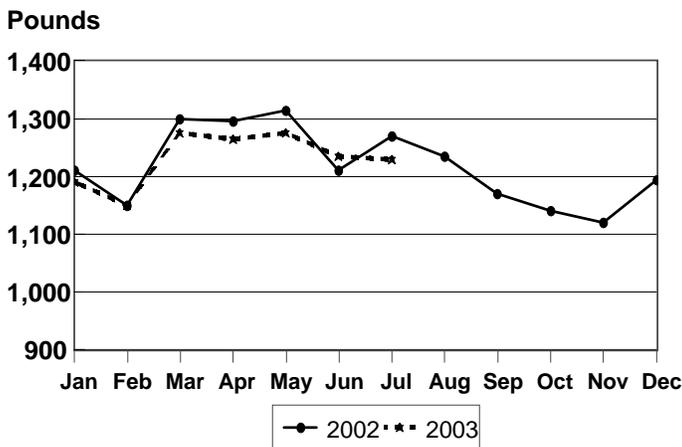
Hawaii's dairy cows produced 8.0 million pounds of milk in July, compared to 8.5 million pounds in July 2002 and 7.9 million in June 2003. The cow inventory, both dry and in milk, numbered 6,500 head, 200 below July last year but 100 head above June this year. In July, output per cow averaged 1,230 pounds, 40 pounds less than July last year and 5 pounds lower than June this year. Milk production for the first seven months of 2003 totaled 56.3 million pounds, a 4 percent decline from the comparable period in 2002.

Milk Cows State of Hawaii, 2002-2003



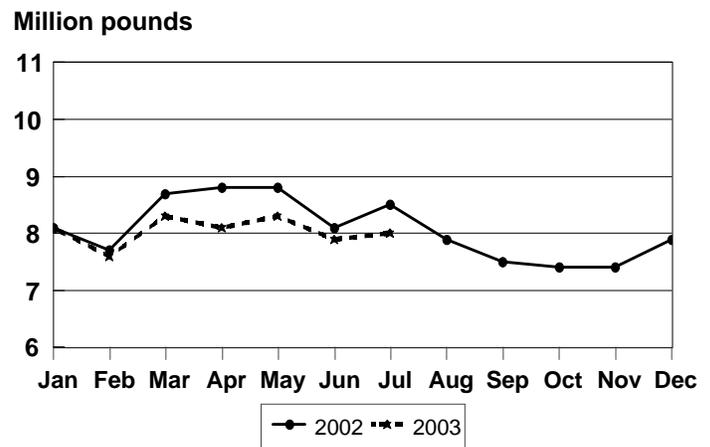
HASS

Milk Production Per Cow, State of Hawaii, 2002-2003



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Total Milk Production, State of Hawaii, 2002-2003



HASS

Milk cows and milk production, State of Hawaii, July 2003

County	All milk cows ¹²³			Milk per cow ³		Milk production ¹³			
	July 2002	June 2003	July 2003	July 2002	July 2003	July 2002	July 2003	Year-to-date	
	----- Number -----			--- Pounds ---		----- 1,000 pounds -----			
Hawaii	3,170	3,200	3,300	950	905	3,015	2,990	20,760	21,325
Honolulu	3,500	3,200	3,200	1,580	1,570	5,530	5,020	37,940	34,955
State	6,700	6,400	6,500	1,270	1,230	8,500	8,000	58,700	56,300

¹ State totals may not add due to rounding.

² Includes dry cows and cows on non-commercial dairy farms.

³ Figures for 2003 are preliminary.

U.S. PRODUCTION UP 0.6 PERCENT

Milk production in the 20 major States during July totaled 12.4 billion pounds, up 0.6 percent from July 2002. June revised production, at 12.4 billion pounds, was up 0.1 percent from June 2002. The June revision represented an increase of 0.3 percent or 33 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,590 pounds for July, 12 pounds above July 2002. The number of milk cows on farms in the 20 major States was 7.77 million head, 15,000 head less than July 2002, and 9,000 head less than June 2003.

Average farm prices, State of Hawaii, July 2003

Commodity	July 2002	June 2003	July 2003
	----- cents per pound -----		
Range steers and heifers ¹			
- <i>dressed weight</i>	79.0	75.0	76.0
- <i>(live weight equivalent)</i>	(43.4)	(41.2)	(41.7)
Cows ¹			
- <i>dressed weight</i>	52.0	56.0	57.0
- <i>(live weight equivalent)</i>	(28.5)	(30.7)	(31.3)
Market hogs ^{1 2}			
- <i>dressed weight</i>	115.5	114.0	115.0
- <i>(live weight equivalent)</i>	(86.6)	(85.5)	(86.3)
	----- dollars per 100 pounds -----		
Milk ³	23.30	22.70	22.90
	----- cents per dozen -----		
Eggs ⁴	83.0	84.0	85.0

¹Equivalent delivered slaughterhouse for sales on island of production and delivered shippers dock for off-island sales. Factors of 0.549 and 0.75 used to convert dressed weight prices to live weight equivalent for cattle and hogs, respectively.

²Includes roasters.

³Beginning 1999, monthly average price rounded to the nearest dime.

⁴Prices are for all eggs, equivalent delivered processing plant. Preliminary prices are based on processor reports from Hawaii, Kauai, Maui and adjusted Market Analysis & News Branch wholesale prices for Oahu. Final prices are based on processor reports from all islands.