HAWAII AGRICULTURAL
STATISTICS SERVICE
NASS

HAWAII MONTHLY LIVESTOCK REVIEW

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OCTOBER EGG PRODUCTION 14 PERCENT BELOW A YEAR AGO

Egg production during October, totaled **9.7** million eggs (26,944 cases) 14 percent less than a year earlier, according to the *Hawaii Agricultural Statistics Service*, and the lowest monthly output since 1960. Fewer layers on hand accompanied by a decline in the average rate of lay accounted for the lower production. The average number of layers on hand during October 2001 was 560,000, compared with 612,000 a year ago and 561,000 during September 2001. The average rate of lay was 1,732 eggs per 100 layers (55.9 percent lay rate) compared with 1,846 (59.5 percent) a year ago. Cumulative production for the first ten-months of 2001 was 107.9 million eggs, 10 percent less than during the same period in 2000.

U.S. EGG PRODUCTION

U.S. egg production totaled 7.33 billion during October 2001, up 3 percent from last year. Production included 6.24 billion table eggs and 1.09 billion hatching eggs, of which 1.03 billion were broiler-type and 61.0 million were egg-type. The total number of layers during October 2001 averaged 336 million, up 2 percent from the total average number of layers during October 2000. October egg production per 100 layers was 2,179 eggs, slightly above the 2,173 eggs in October 2000.

October 2001 contained 23 weekdays, one holiday and four Saturdays, compared to 22 weekdays, one holiday and four Saturdays in October 2000.

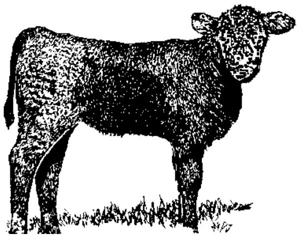
All layers in the U.S. on November 1, 2001 totaled 337 million, up 2 percent from a year ago. The 336 million layers consisted of 278 million layers producing table or commercial type eggs, 56.2 million layers producing broiler-type hatching eggs, and 2.68 million layers producing egg-type hatching eggs. Rate of lay per day on November 1, 2001, averaged 70.5 eggs per 100 layers, down slightly from the 70.6 eggs a year ago.

Laying flocks in the 30 major egg producing States produced 6.89 billion eggs during October 2001, up 3 percent from October 2000. The average number of layers during October, at 316 million, was up 3 percent from a year earlier.

Number of layers and egg production, State of Hawaii, October 2001 [1]

County	Number of layers on hand during month			Eggs per 100 layer		Total eggs produced			
	Oct. 2000	Sept. 2001	Oct. 2001	Oct. 2000	Oct. 2001	Oct. 2000	Oct. 2001	Year-to-date 2000	Year-to-date 2001
	- - - - - - Thousands - - - - - -			- - - Number - - -		- - - - - - - - - - - Millions - - - - - - - - - - -			
Hawaii/Kauai/Maui	148	144	143	1,872	1,724	2.8	2.5	30.1	27.6
Honolulu	464	417	417	1,841	1,736	8.5	7.2	89.9	80.3
State	612	561	560	1,846	1,732	11.3	9.7	120.0	107.9

[1] State totals June not add due to rounding.



OCTOBER MARKETINGS 21 PERCENT ABOVE YEAR AGO

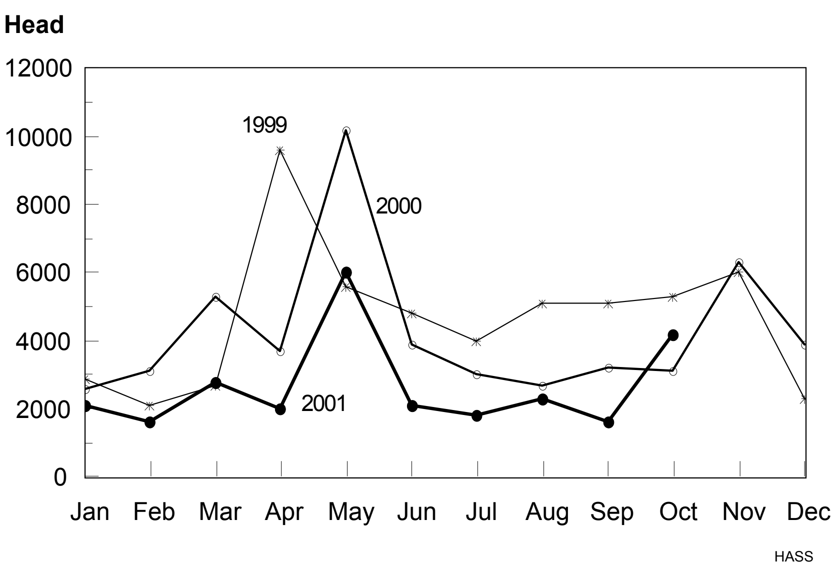
Cattle marketings during October 2001 totaled 5,300 head, compared with 4,400 a year ago and 2,400 during September 2001. An increase in out-shipments offset the decline in local slaughter to account for the 21 percent rise in marketings when compared with October 2000. Cattle and calves shipped out-of-State totaled 4,200 head compared with 3,100 a year earlier and 1,600 during September. Year-to-date marketings for the first ten-months of 2001 were 37,600 head, 32 percent less than a year earlier; while cumulative out-shipments for the same period were off 35 percent to 26,500 head.

Cattle Marketings, State of Hawaii, October 2001

Month	Total Marketings [1]		Exports [2]							
	Number of Head [3]		Number of Head						Average Live Weight	
			Steers		Heifers		Total [3]			
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
	head								pounds	
October	4,400	5,300	1,800	2,500	1,300	1,700	3,100	4,200	420	400
Year-to-date [4]	55,400	37,600	23,400	15,300	17,400	11,200	40,800	26,500	400	410

[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, 1999-2001



SLAUGHTER CATTLE (U.S.)

Weekly Simple Average of Daily Quotations, Choice 2-4

Dollars per 100 pounds

Week ending	Steers (1,100 - 1,300 pounds)	Heifers (1,000 - 1,200 pounds)
	from California	
11-03-01	—	—
11-17-01	—	—
	from Sioux Falls	
11-03-01	66.00	66.00
11-17-01	61.75	61.50

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

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PASTURE AND LIVESTOCK CONDITION, NOVEMBER 1, 2001

Hawaii County

An increase in trade wind showers, passing cold fronts, and upper level troughs promoted heavy showers and thunderstorm activities throughout much of the month.

Hilo and Puna: Heavy rains, combined with cooler temperatures and overcast skies, hampered pasture development in most areas during October. A thunderstorm on October 24 caused some minor flood damage but nothing major. Most pastures were in good condition with adequate supply of forage. Forage growth along some lower coastal pastures was good. Stock water supplies were adequate. Cattle and calves were in fair to good condition.

Ka'u: This was the only district which was not inundated by the heavy rains. Rainfall totals were near normal in many areas, however, many pastures were still dry and in poor condition. The rains did improve some pastures to fair condition and provided these pastures with some new grass growth, but more precipitation was needed. Stock water supplies were low, requiring ranchers to haul water. Cattle and calves were in fair to good condition. Supplements were fed to cattle in the drier areas.

Kona: Rainfall in Central and South Kona were beneficial to pasture development as rainfall totals were above normal. Forage supplies were generally good with new grass growth making fair to good progress. North Kona pastures received very little rainfall and continued in poor to fair condition. Cattle and calves were in fair to good condition. Supplemental feeding occurred in the drier areas of North Kona.

Kohala: Most windward pastures received above normal rainfall, keeping pastures in fair to good condition. Cooler temperatures, however, were expected to slow the prospects for new grass growth. Lower elevation leeward pastures continued dry, and were either barren or short of feed. Rainfall at Waikii was only 18 percent of normal. Stock water supplies were adequate. Cattle and calves were in poor to good condition. Some ranchers were continuing to destock the herd in these dry leeward areas. Supplemental feeding continued in the drier areas.

Hamakua: Good rains restored soil moisture and kept pastures green and in fair to good condition in most sectors. Partly sunny conditions along coastal areas encouraged good new grass growth. The higher elevation pastures of Mauna Kea received some beneficial rainfall, but shorter days and cooler temperatures were expected to slow any new grass growth. The condition of cattle and calves was fair to good.

Honolulu County

Increased rainfall during the second half of October helped to restore some soil moisture, but it was not enough to benefit pasture growth. Much of the rainfall occurred over the interior sectors of the island off of the Koolau mountains. Below normal rainfall totals were recorded everywhere else, with less than 50 percent of normal rainfall occurring over the fringes, such as Waianae, Waialua, and Waimanalo. Most pastures continued in poor to fair condition. Cattle and calves were also in poor to fair condition. Supplements were being fed to maintain livestock.

Kauai County

Near normal rainfall occurred throughout much of the island, however, portions of the southeast to west sides of the island still received below normal amounts. As a result of the increased rainfall, pastures were showing signs of improvement and were in fair to good condition. New grass growth was taking place, but slowing in some areas due to the cooler temperatures that occurred during the later part of the month. Most cattle and calves were in fair to good condition. Supplements were still being fed.

Maui County

An increase in trade wind showers and storm-like weather helped bring near normal to above normal rainfall to many areas of the county. However, generally dry conditions still prevailed throughout the leeward sectors of Maui and Molokai. Areas from Ulupalakua to Kihei and out to Lahaina continued dry with little or no forage. The situation was similar with grazing areas located on the west side of Molokai. Ample precipitation along windward sectors was beneficial to pasture development, however, cooler temperatures were slowing any new grass growth. Windward pastures were in fair to good condition, while leeward pastures were in fair to poor condition. Cattle and calves were in fair to good condition, with supplemental feeding.

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.***

Beef Situation Unsettled

Dry weather reduced forage supplies, and uncertain domestic and international demand for beef have plagued the industry this fall. Another year of drought throughout much of the traditional grazing areas has forced adjustments in the beef sector. Poor overwintering forage prospects have resulted in large beef cow slaughter as producers in many areas are faced with inadequate grazing conditions and heavier demands on hay stocks. The December ***Crop Production*** report will provide information on hay stocks as of December 1 and a better idea as to how tight supplies will be this winter. Producers in many of the drier areas have already fed large quantities of hay from this year's crop.

Weaker beef demand from slowing domestic and international economies continues to result in reduced cattle slaughter levels even as slaughter weights break last year's record by sizeable margins. The latest *Cattle on Feed* report indicated reduced feedlot placements, but also a much slower marketing pattern. Although slaughter weights are setting records, the industry continues to have problems getting cattle into the Choice grade. Consequently, overfinished cattle are not likely to become a major problem. However, although steer and heifers slaughter numbers are below expectations, larger marketings would likely force market prices even lower. Although boxed beef prices have been erratic since early September, varying from $120 a cwt to a recent low near $107, prices in late November had strengthened to near $115 a cwt.

Retail prices for Choice beef were 26 cents above a year earlier, and down only 10 cents from the June record of $3.48 a pound. While retail demand for beef seems to be holding up well, reduced travel and hotel-restaurant trade as well as weaker export demand are forcing more beef into the retail market at lower wholesale prices, which should support increased movement. Large supplies of market ready cattle at record weights are likely to burden the industry well into the winter quarter. Winter weather conditions again likely will play a major role in determining feedlot performance and marketings over the next six months. Stocker-feeder cattle supplies continue to be buffeted as much by uncertain forage-overwintering prospects as fed cattle prices or the cost of gain.

BSE in Japan Further Dampens Beef Export Prospects

A softening of U.S. beef exports beginning in the spring of 2001 as a result of tight beef supplies and thus higher prices, an appreciating dollar, and a worldwide weakening in demand has been further destabilized by the discovery of a BSE-infected heifer in Japan on September 11. Consumption of beef from all sources has dropped dramatically in Japan since that time, and in response public and private organizations have undertaken major advertising campaigns to educate consumers about BSE. These campaigns could represent the beginning of a recovery in consumer demand for beef. It is yet too early to gauge the response of Japanese consumers to these efforts on the export of the U.S. beef, especially after the discovery of a second case. However, meat and bone meal (MBM), the presumed source of the BSE, has never been a feed ingredient in nearly all cattle rations in both Australia and the United States — the two major suppliers to the Japanese market. Furthermore, the United States officially banned the use of all mammalian-based MBM in cattle feeds in 1997 to avoid any chance of contamination.

One might expect that both U.S. and Australian beef exports to Japan would eventually settle back to recent growth levels, as both countries are unlikely to have BSE-infected cattle. It is also possible that exports from both countries could eventually benefit at the expense of domestic Japanese beef, which consumers may view as a more risky product. More immediately, however, fourth quarter U.S. beef exports are now expected to be 560 million pounds, down nearly 7 percent from a year earlier, partly as a result of BSE-concerns in Japan and partly and a result of an overall slowing in exports. This would reduce exports for 2001 to 2.2 billion pounds, nearly 13 percent below the level in 2000. Exports in 2002 are now expected to be only 2.24 billion pounds — nearly 2 percent above this year's level — but 11 percent below 2000 export levels.

The small pickup in exports next year is predicated on several conditions. First, U.S. beef prices are expected to temporarily soften due to large fed cattle marketings through early spring and softening U.S. demand. Second, the U.S. dollar appears to have stopped its rapid appreciation against Asian currencies, which should allow declining U.S. prices to translate into lower prices in Asian currencies.

BSE concerns in Asia will play a prominent role in determining if next year's exports meet current expectations. Consumer attitudes on this issue are subjective and difficult to predict. If the behavior of Japanese consumers is similar to that of Europeans, some rebound in beef consumption can be expected to help boost exports next year. However, Japan has always been less of a beef-eating country than Europe, and consumer attitudes in Japan could evolve in a different way. Attitudes may also hinge on further discoveries of the disease.

Growth in exports next year is also predicated on the beginning of a turnaround in the weak Japanese economy late in 2002. Continued economic weakness in Japan could further pull down the growth rates of other Asian economies, and further reduce demand in the region. Such possibilities are becoming increasingly likely as projected economic growth rates continue to be pulled down for many major countries around the world as well as the United States.

Hog Prices Decline

Larger than previously expected pork production and the weakening economy have pressured hog prices into the mid-$30's in November after averaging in the low-$40's in October. The away-from-home food market has been hit the hardest by the weakening economy and air travel safety concerns. prices of pork loins and bellies have dropped sharply. Pork loin prices are down about 17 percent from August and bellies are down about 37 percent. However, the sharp drop in bellies may also reflect the end of the family vacation season due to the recent popularity of bacon in fast food sandwiches. In 2000, bellies dropped 32 percent during the same time period. Pork loins are often entrees in tablecloth restaurants, whose volume has been reduced by the slowdown in travel.

BSE Crisis May Benefit U.S. Pork Exports

Trade publications and other sources suggest that Japanese consumers may be purchasing more pork products as they reduce beef consumption. This consumer reaction is in response to the identification of an BSE-infected heifer in the Japanese cattle herd. Since the September 21 confirmation of the BSE diagnosis, reports indicate that retail sales in Japan have plummeted. Sources estimate the drop at anywhere from 40 to 70 percent.

Japanese consumers appear to be consuming more pork despite higher prices. Prices of imported pork in Japan – imported pork constitutes about 50 percent of Japan's total pork supply – are higher than they might otherwise be due to the recent imposition of the Safeguard. On August 1, 2001, minimum import prices of chilled and frozen pork cuts were increased 25 percent, from $1.94 per pound to $2.42 per pound. The higher price will stay in place until the end of the current Japanese fiscal year – March 31, 2002. Despite higher pork prices, retail sales of pork products in Japan have reportedly increased 10 to 30 percent since the discovery of BSE.

Any BSE-induced demand for pork should be reflected in the October U.S. trade data, which becomes available December 19, 2001. The BSE crisis in Japan creates a situation where, all else equal, U.S. pork exports are more likely to increase than to decrease.

Wholesale Dairy Prices Recover a Bit

Wholesale butter and cheese prices have regained a portion of their earlier plunges. Exchange prices for Cheddar cheese rose 16 to 19 cents per pound between late October and late November, about one-third of the drop from the late September peak. Similarly, butter prices have risen about 13 cents per pound following a drop of almost $1 from the early September peak.

In early September, wholesale prices probably were headed for a downward adjustment in any case. The effects of economic weakness were starting to be felt, and milk production was slowly returning to year-earlier levels. In addition, pipeline stocks probably were unusually large because buyers reportedly started acquiring product for holiday use particularly early. The abrupt drop in buying for restaurant and travel-related use in mid-September precipitated the price declines. With ample pipeline stocks, buyers could minimize purchases on a falling market. Slow movement caused product to back up in warehouse stocks. Warehouse stocks of both butter and cheese declined very little in September, a month that normally sees a large seasonal decline.

Buyers have returned to the maket as both retail sales and restaurant use apparently have been fairly good. Softening in demand for these products has thus far been fairly modest. In addition, retailers quickly began price specials, particularly for butter, once wholesale prices dropped. Meanwhile, milk production, while recovering, did not manage to reach year-earlier levels in October. Warehouse stocks of butter and cheese posted relatively large declines during October.

Prices probably will be unsettled during the next couple of months but large changes are not expected. Product movement will drop seasonally sometime in the next few weeks as the last holiday orders are filled. However, wholesale movement might be stronger than normal through the post-holiday pipeline refilling period. In addition, increases in milk production and slowing demand are expected to develop only gradually.

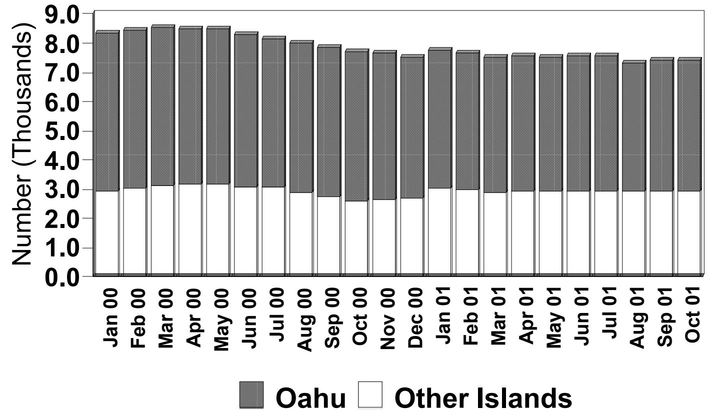
Source: ***Livestock, Dairy and Poultry Situation and Outlook, November 28, 2001, Economic Research Service, United States Department of Agriculture.***

OCTOBER MILK DOWN FROM LAST YEAR

Hawaii's dairy cows produced **8.1** million pounds of milk in October, down 7 percent from October 2000 but up 4 percent from September 2001. The cow inventory, both dry and in milk, numbered 7,500 head, 200 below October last year but 100 above September of this year. Cows averaged 1,080 pounds during the month, 50 pounds lower than October a year ago but 25 pounds higher than September. Milk production for the first 10 months of 2001 totaled 90.6 million pounds, 9 percent below the same period last year. Kauai data were included from January until September 2000 when the last dairy on that island went out-of-business.

Milk Cows

State of Hawaii, 2000-2001



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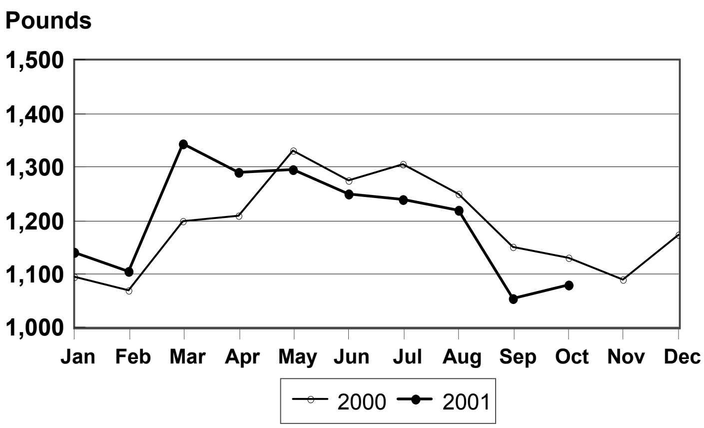
Milk Production Per Cow, State of Hawaii, 2000-2001



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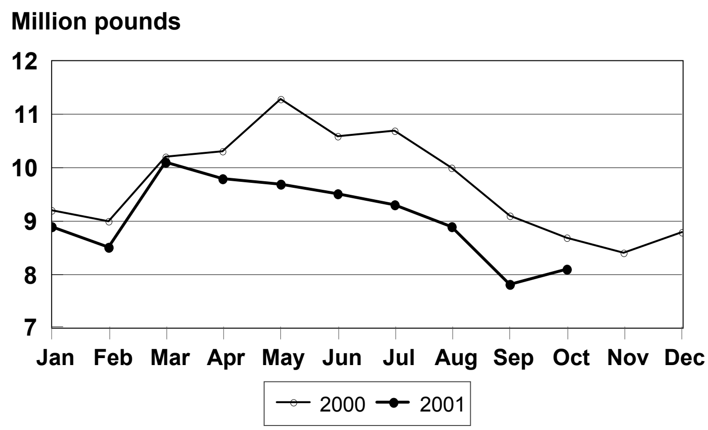
Total Milk Production, State of Hawaii, 2000-2001



HASS

Milk cows and milk production, State of Hawaii, October 2001

County	All milk cows [1,2,3]			Milk per cow [3]		Milk production [1,3]			
								Year-to-date	
	Oct. 2000	Sept. 2001	Oct. 2001	Oct. 2000	Oct. 2001	Oct. 2000	Oct. 2001	2000	2001
	Number			Pounds		1,000 pounds			
Hawaii	2,620	2,940	2,940	1,040	945	2,720	2,785	32,725	28,720
Honolulu	5,100	4,500	4,600	1,170	1,145	5,975	5,275	66,365	61,970
State	7,700	7,400	7,500	1,130	1,080	8,700	8,100	99,100	90,600

[1] State totals may not add due to rounding.
[2] Includes dry cows and cows on non-commercial dairy farms.
[3] Figures for 2000 are final but preliminary for 2001. There were no commercial dairies on Kauai after September 2000.

U.S. PRODUCTION DOWN 0.2 PERCENT

Milk production in the 20 major States during October totaled 11.8 billion pounds, down 0.2 percent from October 2000. September revised production, at 11.4 billion pounds was down 0.6 percent from September 2000. The September revision represented an increase of 0.1 percent or 15 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,526 pounds for October, 15 pounds above October 2000. The number of cows on farms in the 20 major States was 7.72 million head, 95,000 head less than October 2000 and 1,000 head less than September 2001.

Average farm prices, State of Hawaii, October 2001

Commodity		October 2000	September 2001	October 2001
		cents per pound		
Range steers and heifers [1]	*- dressed weight*	80.0	76.0	77.5
	- (live weight equivalent)	(43.9)	(41.7)	(42.5)
Cows [1]	*- dressed weight*	52.0	50.0	51.0
	- (live weight equivalent)	(28.5)	(27.5)	(28.0)
Market hogs [1 2]	*- dressed weight*	111.5	112.0	113.0
	- (live weight equivalent)	(83.6)	(84.0)	(84.8)
		dollars per 100 pounds		
Milk [3]		24.70	26.00	26.30
		cents per dozen		
Eggs [4]		83.5	84.0	83.5

[1]Equivalent 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.
[2] Includes roasters.
[3] Beginning 1999, monthly average price rounded to the nearest dime.
[4] Prices 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.