HAWAII FIELD OFFICE
NASS

HAWAII MONTHLY LIVESTOCK REVIEW

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IN THIS ISSUE

DECEMBER EGG PRODUCTION 13 PERCENT BELOW A YEAR AGO

Egg production during December totaled **8.8** million eggs (24,444 cases), 13 percent less than a year earlier, according to the office of the *Hawaii Field Office of USDA's National Agricultural Statistics Service.* The average number of layers on hand during December 2005 was 479,000, compared with 512,000 a year ago and 495,000 during November 2005. The average rate of lay was 1,837 eggs per 100 layers (59.3 percent lay rate) compared with 1,973 (63.6 percent) a year ago. Cumulative production of eggs for 2005 was 113.2 million eggs, 5 percent below the same period in 2004.

U.S. EGG PRODUCTION

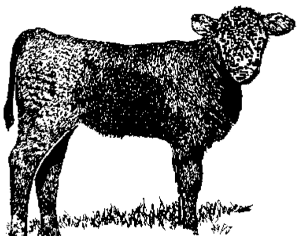
U.S. egg production totaled 7.79 billion during December 2005, up 1 percent from last year. Production included 6.70 billion table eggs, and 1.09 billion hatching eggs, of which 1.03 billion were broiler-type and 64 million were egg-type. The number of layers during December 2005 averaged 348 million, up 1 percent from a year earlier. December egg production per 100 layers was 2,237 eggs, up slightly from December 2004.

All layers in the U.S. on January 1, 2006, totaled 349 million, up slightly from a year ago. The 349 million layers consisted of 291 million layers producing table or market type eggs, 55.6 million layers producing broiler-type hatching eggs, and 2.74 million layers producing egg-type hatching eggs. Rate of lay per day on January 1, 2006, averaged 71.8 eggs per 100 layers, up 1 percent from January 1, 2005.

Number of layers and egg production, State of Hawaii, December 2005 [1]

County	Number of layers on hand during month			Eggs per 100 layer		Total eggs produced			
	Dec. 2004	Nov. 2005	Dec. 2005	Dec. 2004	Dec. 2005	Dec. 2004	Dec. 2005	Year-to-date 2004	Year-to-date 2005
	Thousands			Number		Millions			
Hawaii/Kauai/Maui	124.7	100.0	96.3	1,788	1,848	2.30	1.76	27.63	24.28
Honolulu	387.3	395.0	382.7	2,021	1,838	7.80	7.04	91.27	88.92
State	512.0	495.0	479.0	1,973	1,837	10.10	8.80	118.90	113.20

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



DECEMBER MARKETINGS UNCHANGED FROM A YEAR AGO

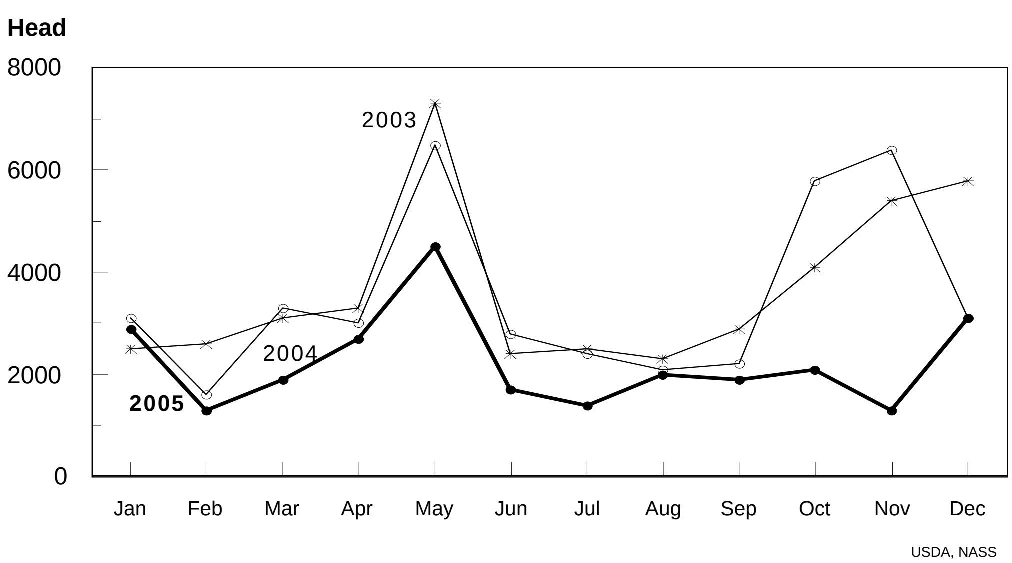
Cattle marketings during December totaled 3,900 head, compared with 3,900 head a year ago and 2,100 head during November 2005. Exports during December 2005 were unchanged from a year ago. Cumulative marketings for 2005 was 35,900 head, a decrease of 32 percent from the same period a year earlier. Exports for the year 2005 was 26,800 head, a decline of 37 percent from 2004.

Cattle Marketings, State of Hawaii, December 2005

Month	Total Marketings [1] Number of Head [3]		Exports [2] Number of Head Steers		Heifers		Total [3]		Average Live Weight	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
	head								pounds	
December	3,900	3,900	1,500	2,200	1,600	900	3,100	3,100	437	407
Year-to-date [4]	52,800	35,900	25,200	14,900	17,100	11,900	42,300	26,800	443	438

[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, 2003-2005



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COMMERCIAL BEEF PRODUCTION 8 PERCENT ABOVE A YEAR AGO

Commercial beef production (local slaughter) during December 2005 totaled 483,000 pounds, compared with 446,000 pounds a year earlier. Commercial kill for December 2005 totaled 900 head, 100 more than a year ago. Average live weight per head, at 1,030 pounds, was 2 percent lighter than a year ago. Cumulative beef production for 2005 was 12 percent below the same period a year earlier.

U.S. BEEF PRODUCTION

Beef production, at 2.06 billion pounds, was 1 percent above the previous year. Cattle slaughter totaled 2.67 million head, down 1 percent from December 2004. The average live weight was up 13 pounds from the previous year, at 1,281 pounds.

PORK PRODUCTION 13 PERCENT LOWER THAN A YEAR AGO

Commercial pork production during December 2005 totaled 387,000 pounds, compared with 447,000 pounds a year ago. Total hog kill of 2,400 head was 600 fewer than a year ago. Average live weight per head, at 218 pounds, was 8 percent heavier than a year ago. Pork production for 2005 was 12 percent less than the same period in 2004.

U.S. PORK PRODUCTION

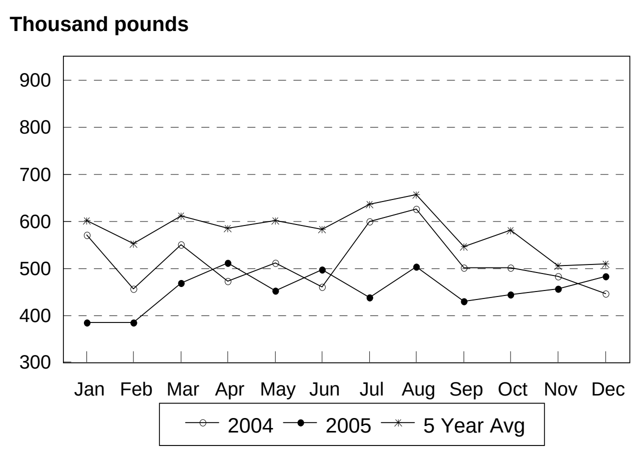
Pork production totaled 1.87 billion pounds, up slightly from the previous year. Hog kill totaled 9.23 million head, slightly below December 2004. The average live weight was 2 pounds above the previous year, at 272 pounds.

Commercial slaughter, State of Hawaii, December 2005 [1]

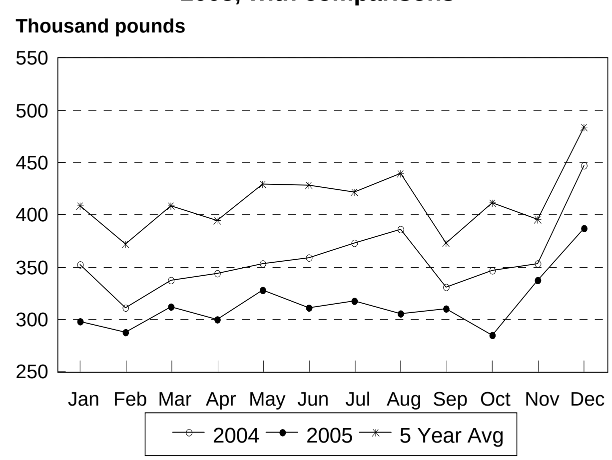
Species	Number of head		Average live weight		Total live weight [2]		Total dressed weight	
	2004	2005	2004	2005	2004	2005	2004	2005
			- - - - - - pounds - - - - - -		- - - - - - - - - - - - 1,000 pounds - - - - - - - - - - - -			
Cattle								
December	800	900	1,047	1,030	813	880	446	483
Year-to-date	10,500	9,200			11,250	9,936	6,176	5,455
Hogs [3]								
December	3,000	2,400	202	218	596	516	447	387
Year-to-date	28,300	23,500			5,728	5,041	4,296	3,781

[1] Excludes non-inspected farm slaughter and live cattle and calves shipped out-of-state; includes custom slaughter.
[2] Estimates based on 54.9 dressing percentage for cattle; 75.0 dressing percentage for hogs.
[3] Excludes non-inspected farm slaughter; includes custom slaughter and live hog inshipments from the mainland for slaughter.

Commercial Beef Production, State of Hawaii 2005, with comparisons



Commercial Pork Production, State of Hawaii 2005, with comparisons



PASTURE AND LIVESTOCK CONDITION, JANUARY 1, 2006

Hawaii County

Hilo and Puna: Although rainfall amounts for the month of December, on the average, were higher than anywhere else in the State, rainfall totals were still less than 50 percent of normal. The continuing dry conditions has reduced the quality of the pastures, but most pastures were still rated in fair to good condition. Rainfall totals for the year ranged from 66 percent to 99 percent of normal. Cattle and calves were in fair to good condition.

Ka'u: Dry conditions prevailed for much of the month as rainfall totals from all rain gages were below 25 percent of normal. Most pastures were in poor to fair condition. Pastures located at the higher elevations continued to do better than those located at the lower elevations. Cattle and calves were in good condition.

Kona: Rainfall totals throughout the Kona area varied from a low of 2 percent in Puuwaawaa to a high of 92 percent in Honaunau. In general, most of the precipitation occurred early in the month, with hot and dry conditions dominating the remainder of the month. The dry weather has turned most pastures dry with pasture conditions rated fair to poor. Cattle and calves were in fair to good condition.

Kohala: Rainfall totals for the month continued below normal levels. The hot, dry conditions which existed for much of December has slowed the prospects for any new grass growth and has most pastures in poor to good condition. Most lower elevation leeward pastures remained very dry and were in poor condition. The infestation of the Senecio and Pennisetum weed continue to spread. Rainfall totals for the year ranged from 50 percent of normal to slightly above normal. Cattle and calves were in fair to good condition.

Hamakua: Precipitation which fell early in the month helped to sustain some pastures as drier conditions became the norm for the remainder of December. Most pastures were in fair condition. Cattle and calves were in fair to good condition.

Honolulu County

Except for some periods earlier in the month, weather conditions were generally dry for the county. Rainfall totals for December were below 30 percent of normal for all areas. In general, most windward locations received more precipitation then leeward locations. Windward pastures were in better condition then leeward pastures. As a whole pasture conditions were rated fair to good. Except for a few areas, rainfall totals for the year were below normal. Cattle and calves were in fair to good condition.

Kauai County

Very dry conditions prevailed on Kauai as nearly all rain gages recorded rainfall total below 10 percent of normal. For the month of December, the County of Kauai was the driest county in the State. Even the normally wet Mount Waialeale recorded only 1.67 inches of rainfall, a mere 4 percent of normal. Pastures were in fair to poor condition. In general, rainfall totals for the year were at 80 percent of normal or less. Cattle and calves were in fair to good condition.

Maui County

Rainfall totals for the county were below normal, but were at least slightly better than rainfall totals recorded on counties located to the northwest of Maui. Cool temperatures and dry conditions, slowed prospects for any new grass growth. Pastures were drying out in most areas and were in fair to good condition. There were reports of an increase in Yellow Sugarcane aphid activities. Rainfall totals for the year were near normal for most windward locations. 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. purposes only.***

U.S. AGRICULTURAL OUTLOOK

Cattle/Beef

Cow Herd Expansion To Enter Second Year

The January *Cattle* inventory report, to be released January 27, is expected to verify that herd expansion is continuing, with higher total inventory numbers expected for the second year in a row. The beef cow inventory is expected to be up, as are replacement heifer inventories for both beef and dairy. Impetus for herd rebuilding remains strong with relatively tight beef supplies, particularly for

Choice beef, and the reopening of the Japanese market for higher quality fed beef in December 2005. The Japanese market represented the United States' most important pre-BSE foreign market for beef, which combined with Mexico and Canada, accounted for two-thirds of pre-BSE U.S. beef exports. The South Korean market accounted for another nearly 25 percent of pre-BSE exports. The recent announcement of the reopening of the South Korean market will likely add demand strength to the U.S. beef market. Beef exports are expected to begin by late March for boneless beef from cattle under 30 months of age.

It likely will take several years to again regain pre-BSE levels of U.S. beef exports, as domestic supplies remain very tight. However, as herd expansion continues and more cattle are age-verified, exports will continue to expand. Present age restrictions and strong domestic demand for very tight supplies of Choice and Prime beef will keep prices high, slowing resumption of trade to the pre-BSE levels of 2002 and 2003.

Winter pasture conditions, including winter wheat, have deteriorated significantly over the last several months, particularly in the Great Plains, and many parts of the Northwest remain dry. Many feeder cattle have been moved into feedlots prematurely, some for backgrounding and some placed on finishing rations. Feeder steer prices continue strong and are running about 7 percent higher than a year ago, although they have slipped since November as the drought worsened.

About 40 percent of the cattle being imported from Canada are feeder cattle going directly to feedlots. The newly announced tariff (about US $1.65 per bushel) on corn imported into Canada from the United States will likely result in additional movement of cattle into the United States from Canada. The degree to which the import duty affects feeder vs. slaughter cattle likely will depend on Canadian programs to refund the duty on cattle exported to the United States.

Unusually tight supplies of Choice cattle for this time of the year continue to present a problem, even more so with the opening of the Japanese and South Korean markets, which take higher marbled beef cuts. During the first half of January, the Choice-over-Select premium remained very wide. As a result, fed cattle prices have remained firm, with prices 7 percent over a year earlier.

Deteriorating Pasture Conditions Push Cattle Into Feedlots

The cow/calf /feeder sector continues to maintain its favorable profit picture, despite deteriorating pasture conditions and high energy prices. Calf prices at Oklahoma City were lower during the second week of January, likely reflecting the deteriorating pasture situation and to some extent rising protein meal prices. This makes supplemental winter feeding more costly, though still relatively favorable. Fed cattle breakeven prices for spring are in the mid-$90s and will need to remain in this range to provide feeder cattle price support. Grain prices remain below year earlier levels, supporting placements and feeder cattle prices.

Cattle feeders are in the black with fed cattle prices currently in the mid-$90 range, but prospects for this spring and summer as supplies increase are less favorable. Recent support has come from the recently opened Japanese, South Korean, Hong Kong, and other markets. Prospects for additional markets reopening, and the relative short supply of Choice cattle provide additional support. The quarterly *Cattle on Feed* report to be issued January 20 will likely indicate proportionally fewer heifers on feed, further signaling a continued buildup in the national cow herd. Improved grading prospects and larger numbers of cattle on feed will pressure the market, as will larger supplies of competing meats at relatively lower prices.

Markets Continue To Chase Choice Beef

During the first week in January, the Choice-over-Select premium was over $15 per cwt, but has since declined somewhat. As a result, carcass prices are 6 percent over year-ago prices. Beef production and cattle slaughter through mid-January was running about 2 to 3 percent below a year earlier.

Consistent with cowherd inventory building, cow slaughter was down about 6 percent for 2005, compared with 2004. Although fourth-quarter cow slaughter is only down about 3 percent, it is sharply below 2003 levels. Similarly, 2005 heifer slaughter was about 6 percent below 2004 slaughter, and fourth-quarter slaughter was nearly 7 percent lower. These indicators will be born out as the January 1 inventories are published, indicating further inventory building. Calves from these inventory-building efforts will not begin exiting feedlots as fed/slaughter cattle until 2007. Thus, any significant increases in beef production will have to come from heavier slaughter weights, feeder cattle imports from Canada and Mexico, or fed cattle imports from Canada, all of which are dependent on adequate crop and pasture conditions during the remainder of 2006.

Calf slaughter, mostly made up largely of dairy steer calves, is about 17 percent below mid-January 2005 levels. Calf slaughter weights, averaging 40 to 50 pounds (about 14 percent) over January 2005 levels, are helping to maintain veal production at levels only about 3 percent below this time in January 2005. The number of bob veal calves slaughtered (those calves usually slaughtered at less than 150 pounds) is about 33 percent lower than year-earlier levels, while formula-fed calf slaughter (those calves usually fed to 300 to 450 pounds) is about steady with last year. These factors suggest more veal calves are being shifted to pasture or other backgrounding situations as feeder cattle eventually headed to feedlots, as is often the case when feeder calf prices are relatively high.

With the beef industry moving past the holiday season, retail markets are settling into more typical patterns. Retail prices for Choice beef continue to strengthen from late summer lows set in September at $3.92 a pound. Prices averaged $4.06 in December with fourth-quarter 2005 retail prices averaging $4.02, still nearly 1 percent below a year earlier. There are indications, primarily in the form of boxed beef prices averaging above last year, and narrowing wholesale-to-retail price spreads, that retail prices could be higher yet, particularly if higher grading cattle supplies continue tight. Large supplies of competing meats at relatively lower prices, particularly broilers, are also expected to pressure beef prices along with larger beef and total meat supplies in 2006.

Hogs/Pork

The December Hogs and Pigs Report: No Fireworks

The *Quarterly Hogs and Pigs* report, issued by USDA on December 28, 2005, (http://usda.mannlib.cornell.edu/reports/nassr/livestock/php-bb/) showed unexceptional first-half 2006 farrowing intentions and modest increases in December 1 breeding herd numbers. These two data series in particular have important implications for pork production this year. Producers reported that they intend to farrow 1 percent more sows in the first 6 months of 2006 than they did during the same period in 2005. With trend increases in pigs per litter and slightly higher slaughter weights, the U.S. pork sector is expected to produce more than 10 billion pounds of pork in the first half of 2006, and almost 11 billion pounds in the second half, for a record high total in 2006 of over 21 billion pounds, or 2.4 percent above 2005. Live equivalent 51-52 percent hog prices are expected to average between $44 and $47 in 2006, about 9 percent lower than last year, but above break-even prices for most U.S. producers.

Producers reported December 1 breeding herd inventories that were 1 percent greater than a year earlier, but unchanged compared with December 1, 2003. Modest increases in breeding herd numbers show continued restraint by producers toward expansion in the 23rd month of greater than breakeven prices, according to USDA's Estimated Returns (http://www.ers.usda.gov/publications/ldp/). It is worth noting again that recent production increases have been achieved largely via higher litter rates–that result from investment in human, as well as productive capital–and heavier average slaughter weights, rather than by additions to breeding herd inventories alone.

Full text of stories covered above can be found at:
Source: ***Livestock, Dairy, and Poultry Outlook, January 19, 2006, Economic Research Service, United States Department of Agriculture.***
Internet web site: ***http://www.ers.usda.gov/publications/ldp/***

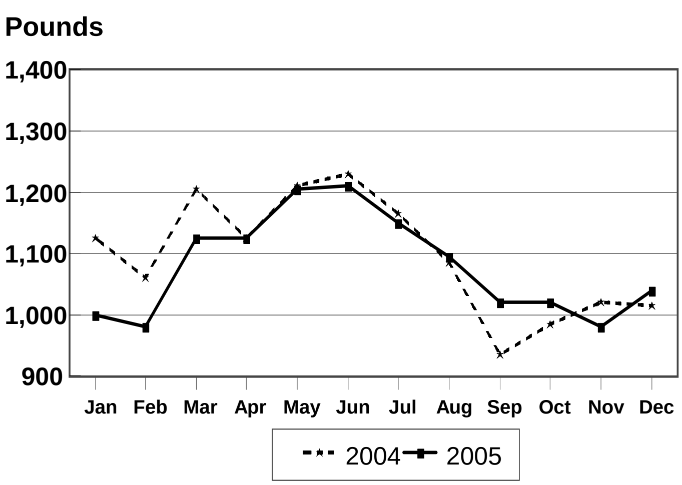
MILK OUTPUT FOR DECEMBER AND YEAR 2005 ENDS LOWER

Hawaii's dairy cows produced 5.2 million pounds of milk in December 2005 compared to 5.9 million pounds during the same month in 2004 and 5.0 million pounds during the previous month this year. The cow herd, dry and milking, numbered 5,000 head, 800 lower than December a year ago and 100 down from November this year. A dairy operation phased out of business by year's end. Cows averaged 1,040 pounds in December, 25 pounds above December 2004 and 60 pounds more than November 2005. Production for 2005 totaled 69.6 million pounds, down 14 percent from 2004.

U.S. MILK PRODUCTION

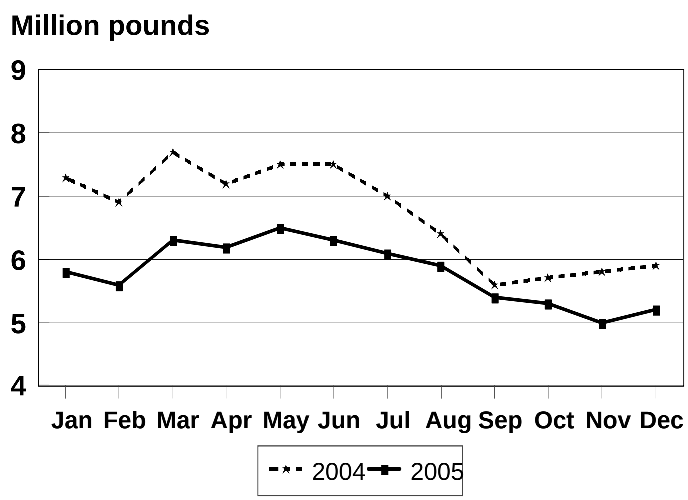
Milk production in the 23 major States during December totaled 13.6 billion pounds, up 4.2 percent from December 2004. November revised production, at 13.0 billion pounds, was up 4.6 percent from November 2004. The November revision represented a decrease of 1 million pounds from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,665 pounds for December, 55 pounds above December 2004. The number of milk cows on farms in the 23 major States was 8.16 million head, 67,000 head more than December 2004, and 4,000 head more than November 2005.

Milk Production Per Cow, State of Hawaii, 2004-2005



USDA, NASS

Total Milk Production, State of Hawaii, 2004-2005



USDA, NASS

Milk cows and milk production, State of Hawaii, December 2005

County	All milk cows [1,2]			Milk per cow [2]		Milk production [2]			
	Dec. 2004	Oct. 2005	Dec. 2005	Dec. 2004	Dec. 2005	Dec. 2004	Dec. 2005	Year-to-date 2004	Year-to-date 2005
	- - - - - - Number - - - - - -			- - - Pounds - - -		- - - - - - - - - - 1,000 pounds - - - - - - - - - -			
State	5,800	5,100	5,000	1,015	1,040	5,900	5,200	80,500	69,600

[1] Includes dry cows and cows on non-commercial dairy farms.
[2] Figures for 2005 are preliminary.

Average farm prices, State of Hawaii, December 2005

Commodity		December 2004	November 2005	December 2005
		cents per pound		
Range steers and heifers [1]	*- dressed weight*	89.0	93.0	93.0
	- (live weight equivalent)	(48.9)	(51.1)	(51.1)
Cows [1]	*- dressed weight*	51.0	51.0	50.0
	- (live weight equivalent)	(28.0)	(28.0)	(27.5)
Market hogs [1 2]	*- dressed weight*	120.0	116.0	115.0
	- (live weight equivalent)	(90.0)	(87.0)	(86.3)
		dollars per 100 pounds		
Milk [3]		25.30	26.80	26.80
		cents per dozen		
Eggs [4]		101.0	84.0	105.0

[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.