HAWAII AGRICULTURAL STATISTICS SERVICE

NASS

HAWAII MONTHLY LIVESTOCK REVIEW

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FACT FINDERS FOR AGRICULTURE

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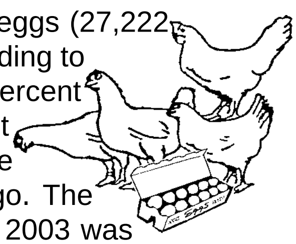
MAY EGG PRODUCTION 1 PERCENT BELOW A YEAR AGO



Egg production during May, totaled **9.8** million eggs (27,222 cases), 1 percent less than a year earlier, according to the *Hawaii Agricultural Statistics Service*. A 7 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 May 2003 was 487,000, compared with 524,000 a year ago, and 514,000 during April. The average rate of lay was 2,012 eggs per 100 layers (64.9 percent lay rate) compared with 1,889 (60.9 percent) a year ago. Cumulative egg production for the first five months of 2003 was one percent below the same 5-month period in 2002.

U.S. EGG PRODUCTION

U.S. egg production totaled 7.27 billion during May 2003, down slightly from last year. Production included 6.15 billion table eggs and 1.13 billion hatching eggs, of which 1.06 billion were broiler-type and 64.0 million were egg-type. The total number of layers during May 2003 averaged 334 million, down 1 percent from a year earlier. May egg production per 100 layers was 2,180 eggs, up slightly from May 2002.

May 2003 contained 22 weekdays, one holiday and five Saturdays, compared to May 2002, with 23 weekdays, one holiday and four Saturdays.

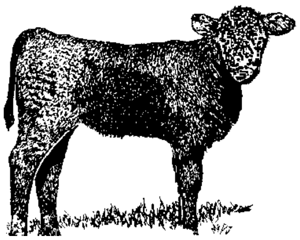
All layers in the U.S. on June,1, 2003, totaled 333 million, down 1 percent from a year ago. The 333 million layers consisted of 273 million layers producing table or commercial type eggs, 57.5 million layers producing broiler-type hatching eggs, and 2.68 million layers producing egg-type hatching eggs. Rate of lay per day on June 1, 2003, averaged 69.9 eggs per 100 layers, down 1 percent from a year ago.

Laying flocks in the 30 major egg producing States produced 6.78 billion eggs during May 2003, down 1 percent from a year ago. The average number of layers during May, at 311 million, was down 1 percent from a year ago.

Number of layers and egg production, State of Hawaii, May 2003 [1]

County	Number of layers on hand during month			Eggs per 100 layer		Total eggs produced			
	May 2002	Apr. 2003	May 2003	May 2002	May 2003	May 2002	May 2003	Year-to-date 2002	Year-to-date 2003
	- - - - - - Thousands - - - - - -			- - - Number - - -		- - - - - - - - - - - Millions - - - - - - - - - - -			
Hawaii/Kauai/Maui	117	116	108	1,922	2,049	2.2	2.2	12.1	11.8
Honolulu	407	398	379	1,897	1,996	7.7	7.6	37.3	37.1
State	524	514	487	1,889	2,012	9.9	9.8	49.3	49.0

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



MAY MARKETINGS OFF 23 PERCENT ABOVE A YEAR AGO

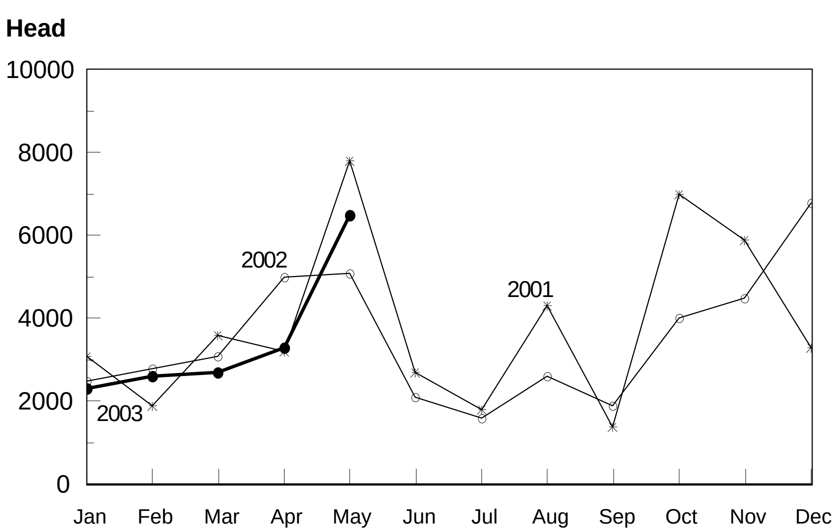
Cattle marketings during May totaled 7,500 head, compared with 6,100 head a year ago and 4,200 head during April 2003. The increase in out-of-state shipments accounted for the 23 percent increase in marketings when compared with a year earlier. Year-to-date marketings of 21,900 head were 6 percent below the same 5-month period in 2002. The number of cattle and calves shipped out-of-State during May totaled 6,500 head compared with 5,100 a year earlier and 3,300 during April. Cumulative out-of-state shipments during 2003 totaled 17,400 head, 6 percent less than the same period in 2002.

Cattle Marketings, State of Hawaii, May 2003

Month	Total Marketings [1] Number of Head [3]		Exports [2] Number of Head Steers		Heifers		Total [3]		Average Live Weight	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
	head								pounds	
May	6,100	7,500	3,000	3,900	2,100	2,600	5,100	6,500	430	381
Year-to-date [4]	23,300	21,900	10,800	10,100	7,700	7,300	18,500	17,400	440	422

[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 (1,100 - 1,300 pounds)	Heifers (1,000 - 1,200 pounds)
	from California	
4-19-03	—	—
5-03-03	—	—
	from Sioux Falls	
4-19-03	78.75	78.00
5-03-03	78.00	79.25

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

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COMMERCIAL BEEF PRODUCTION 4 PERCENT BELOW A YEAR AGO

Commercial beef production (local slaughter) during May 2003 totaled 525,000 pounds, compared with 544,000 pounds a year earlier. Commercial kill for May 2003 totaled 900 head, 100 fewer than a year ago. Average live weight per head, at 1,030 pounds, was 1 percent heavier than a year ago. Cumulative production for the first 5 months of 2003 was 2.6 million pounds, 6 percent less than the same period in 2002.

U.S. BEEF PRODUCTION

Beef production, at 2.36 billion pounds, was 1 percent above the previous year and a monthly record high for May. Cattle slaughter totaled 3.25 million head, up 3 percent from May 2002. The average live weight was 1,208 pounds, down 15 pounds from May a year ago.

PORK PRODUCTION DOWN 12 PERCENT FROM A YEAR AGO

Commercial pork production during May 2003 totaled 395,000 pounds, compared with 450,000 pounds a year ago. Total hog kill of 2,500 head was 300 less than a year ago. Average live weight per head, at 213 pounds, was 3 pounds lighter than a year ago. Year-to-date production for the first 5 months of 2003 was 1.9 million pounds, 10 percent less than the same period in 2002.

Pork production totaled 1.55 billion pounds, down 6 percent from the previous year. Hog kill totaled 7.81 million head, 6 percent below May 2002. The average live weight was 267 pounds, unchanged from May a year ago.

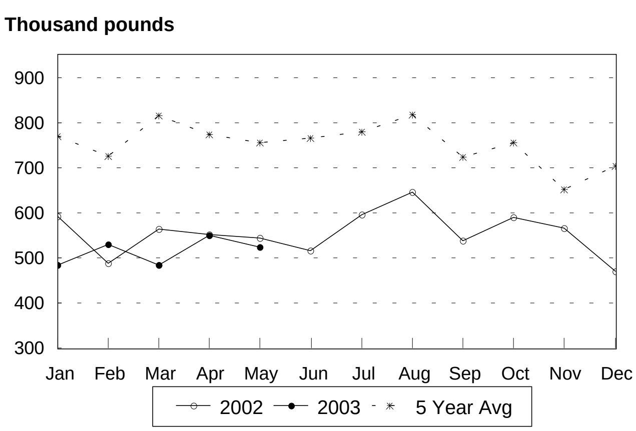
U.S. PORK PRODUCTION

Commercial slaughter, State of Hawaii, May 2003 [1]

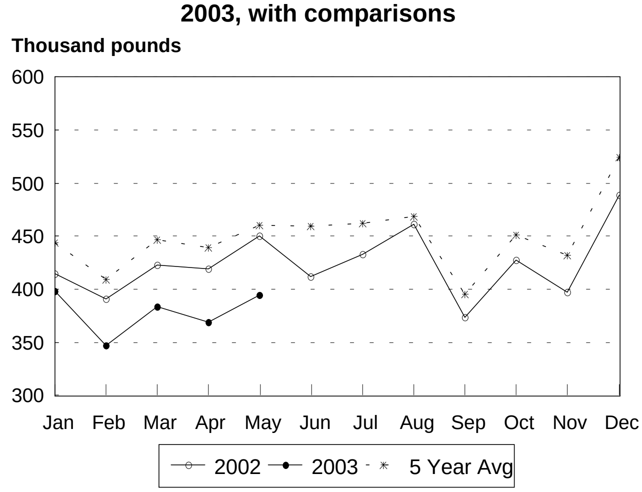
Species	Number of head		Average live weight		Total live weight [2]		Total dressed weight	
	2002	2003	2002	2003	2002	2003	2002	2003
			- - - - - - pounds - - - - - -		- - - - - - - - - - - - 1,000 pounds - - - - - - - - - - - -			
Cattle								
May	1,000	900	1,019	1,030	991	956	544	525
Year-to-date	4,800	4,500			4,994	4,691	2,742	2,575
Hogs [3]								
May	2,800	2,500	216	213	600	526	450	395
Year-to-date	13,200	11,900			2,797	2,523	2,098	1,892

[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 2003, with comparisons



Commercial Pork Production, State of Hawaii 2003, with comparisons



PASTURE AND LIVESTOCK CONDITION, JUNE 1, 2003

Hawaii County

Hilo and Puna: Rainfall totals were generally around 50 percent of normal for May. However, since shower activities occurred on a daily basis for much of the month, most pastures received sufficient moisture to stimulate new grass growth and maintain pastures in fair to good condition. Upper elevation Mauna Kea pastures, on the other hand, did not benefit from these showers. Stock water supplies were at adequate levels. Cattle and calves were in fair to good condition.

Ka'u: Rainfall totals recorded at the three rain gage stations in the district were 11, 4, and 1 percent of normal. The dry weather conditions turned most pastures dry, and left pastures in fair to poor condition. Stock water supplies were getting low, necessitating some ranchers to start hauling water. Most of the cattle and calves were in fair condition, with some supplemental feeding occurring.

Kona: Except for the rain gage at Keahole Airport, all other areas of Kona recorded below 5 percent of normal rainfall totals. The dry weather has pastures in mostly poor condition, with coastal pastures in the worst condition. The absence of normal evening showers at the upper elevations stalled new grass growth, and kept soil moisture levels low. Stock water levels were below normal. Cattle and calves were in fair condition, some supplement feeding.

Kohala: Frequent light showers, during the first three weeks of May, provided adequate moisture for most windward Waimea pastures, however, very dry conditions at the end of the month reduced some of the benefit. Except for the Kahua Ranch rain gage, which recorded only 1 percent rainfall, all other rain gages in the district recorded around 50 percent of normal rainfall totals. Most pastures remained in fair to good condition with adequate forage or old growth, however, most lower elevation leeward coastal pastures were very dry. Stock water supplies were still adequate. Cattle and calves were in fair to good condition, with minimal supplement being fed.

Hamakua: Mid-May daily shower activities at the lower elevations helped to keep pastures in fair to good condition. Higher elevation pastures were dry, and had only old feed on hand. Some water hauling was necessary, especially at the higher elevations. Cattle and calves were in fair condition.

Honolulu County

Dry conditions continued during May, with the month of May coming in as the driest of the continuing dry trend that has existed throughout 2003. Rainfall amounts for many of the agricultural areas were below 20 percent of normal. Leeward pastures, after a short reprieve, returned to a dry state, as rainfall totals at most rain gages registered below 10 percent of normal. The Waianae gage recorded zero rainfall during May. Even pastures in the normally wet windward sectors were dry, and at best in fair condition only. Cattle and calves were in fair condition.

Kauai County

Good rains, during early May, helped to sustain pastures during the dry second half period. Pastures were still in fair to good condition, but without renewed rainfall, conditions could quickly deteriorate. Stock water supplies were still sufficient. Insect problems were on the increase. Cattle and calves were in fair to good condition, with some supplements being fed.

Maui County

In general, very dry conditions prevailed throughout the county as many areas received rainfall totals well below 10 percent of normal for May. Even the normally wetter eastern sectors of Maui experienced rainfall totals well below normal. Only some portions of northwest Maui, with around 50 percent rainfall, received enough precipitation to help maintain pastures. Most pastures in the county were dry and in fair 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

Strong Demand, Tight Beef Supplies Produce Record Meat Prices

Demand for beef has been very strong this year, with retail prices for Choice beef moving into record territory in February, breaking the old record of $3.476 set in June 2001. Weather conditions deteriorated beginning with a series of storms in late February with wet cold weather continuing through mid-spring. Although slaughter weights have stayed above the low levels of 2001 they dropped rapidly early in the year and remain well below the record 2002 levels. With supplies well below expectations, beef prices began to rise sharply. Retail prices set records again in March and April ($3.65). Already tight supply conditions worsened in May due to the discovery of bovine spongiform encephalopathy (BSE) in Canada, resulting in the United States placing a ban on imports of ruminant animals and products from Canada as of May 20. The resulting cessation of imports of Canadian beef and fed cattle for immediate slaughter further tightened the supply situation. Boxed beef prices moved to record levels in late May through early June and demand remained strong for the tighter supply, particularly higher quality beef.

Forage Conditions Remain Uncertain

While moisture conditions have improved in most regions, conditions in the West have turned hot and drier, while the eastern half of the country remains relatively wet and cool. Reservoir supplies have improved in parts of the West, but in general reservoir levels remain well below normal. Hay stocks will need to be rebuilt in most areas, but cool, wet weather in much of the eastern half of the country may sharply reduce harvest quality and quantity, particularly for grass hay. Although shrinking in the Northern Great Plains, drought areas have begun to expand again and a return to hot dry conditions would sharply reduce grazing conditions in many areas where grass stands have weakened due to prolonged or intermittent drought since 1998.

Poor Weather Conditions Producing Mixed Signals

Poor feeding conditions since late February resulted in sharply lower fed cattle slaughter weights than a year earlier. The decline was exacerbated by cattle being drawn foreward to increase production. Weights reached seasonal lows in mid-April, but the rate of increase in subsequent months will be slowed as cattle are marketed out of feedlots ahead of schedule to fill the void in supply left by the unexpected ban on Canadian beef. Cattle slaughter rose with the May 20 import ban on Canadian beef. Weekly slaughter moved up 8 percent from a year earlier to 767,000 head for the week ending May 24; slaughter was 661,000 head on the shortened Memorial Day week, up nearly 5 percent; and 791,000 head the week ending June 7, up 8.5 percent from 2002 and the largest weekly slaughter for this cattle cycle — 767,000 head were slaughtered in mid-1996.

Slaughter is expected to remain, large reflecting the continued strong demand for beef, but also the likely summer marketing date for the large placements of heavy weight feeder cattle into feedlots over the past couple of months. Placements of cattle on feed in March and April were up 4 and 29 percent, respectively. Not only were placements large, but weights were sharply above a year earlier, with many of the cattle fleshy coming off wheat grazeout acreage earlier than normal due to dry conditions. Many of these cattle will be marketed in mid-summer. The major problem the market continues to have is an insufficient number of higher grading cattle to meet the strong demand for better eating, more consistent quality Choice beef. Marketing ahead of schedule only worsens this situation, but prices for all beef have risen.

Cow slaughter remains high, particularly dairy cow slaughter. Through May, beef cow slaughter is up about 1 percent from a year earlier, dairy cow slaughter is up about 16 percent. Strong cattle prices and some improvement in forage conditions for the sharply reduced beef cow inventory is likely to result in lower beef cow slaughter in the second half of the year. However, downward inventory adjustments in the dairy cow herd are likely to continue through winter 2003/04, although the year-to-year increases are likely to slow. The current cow slaughter data plus larger movements of heavier heifers through auction markets suggest little movement toward beef herd stabilization, much less expansion in 2003.

Although cow slaughter has been large, the usual mix of processing beef products available in the market has resulted in a very different price picture. Because fed cattle slaughter weights and thus feedlot finish have been sharply reduced, the supply of fat trimmings has tightened. Prices for 50 percent lean beef moved above year-earlier levels in late 2002, but prices have risen sharply since mid-winter, with prices in May averaging $66.16 a cwt, more than double last year's $27.84. Conversely, 90 percent lean beef has languished, with prices in May averaging $111.02 a cwt, down from $115.90 a year earlier. Prices for lean beef imports are selling at a sharp discount to the domestic product, averaging $90.43 a cwt in May, down from $107.23 a year earlier.

Retail Prices Remain Strong, But Product Switches Likely

The rapid rise in retail beef prices and boxed beef prices to record levels in early June are strong evidence of the strong demand for beef and also the cost of fulfilling short-term commitments as Canadian beef was banned from the market. In the intermediate term, the market will attempt to shift alternative products at more attractive prices relative to beef. With the slaughter being pulled forward this spring, beef production is likely to be about unchanged from a year earlier in the second quarter. Supplies of both pork and poultry are expected to average 1 to 2 percent below a year earlier this spring. Even so retail prices of both remain relatively more attractive than beef. However, the market for beef has been very strong and there is little evidence in live or boxed beef prices suggesting much of a slowdown in beef demand. However, the specter of larger numbers of likely heavy weight fed cattle and boxed beef coming in from Canada some time in the future weigh on the market.

Beef and Cattle Trade

Trade in beef and cattle between the United States and Canada has been disrupted by the discovery of a Canadian animal infected with BSE on May 20th. No Canadian beef or cattle have been allowed entry into the United States and most other countries since that date. Since the detection of the single case of BSE in Canada, USDA regulatory agencies have been in constant contact with their Canadian counterparts.

As it is unknown when the border will again reopen, trade estimates only reflect the absence of U.S.-Canadian trade to June 11. Monthly imports of Canadian beef and cattle average around 85,000 head and 85 million pounds, respectively, at this time of year. U.S. exports of beef and cattle to Canada have also been reduced because of the increased supply situation in Canada. The U.S. exports about 12,000 head of cattle and nearly 20 million pounds of beef monthly at this time of year. The second largest market for Canadian beef is Mexico and the absence of this market for Canada could effect U.S. beef exports to Mexico.

Although beef imports in the second quarter were reduced because of Canada, imports from other markets are expected stronger. Imports from New Zealand were larger than expected in the first quarter, and Uruguay has been allowed to begin exporting fresh/chilled and frozen product again to the United States, and imports from Uruguay may expand in the second half of the year. Beef imports are now expected to be somewhat higher this year than earlier expected.

United States Bans Imports of Canadian Ruminant Animals and Products

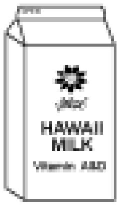
The recent discovery of bovine spongiform encephalophathy (BSE) in Canada resulted in the United States placing a ban on imports of ruminant animals and products from that country as of May 20. Due to the uncertainties as to the length of the ban, the impact of BSE in this report is limited to impacts of the ban through June 11.

Already tight red meat and poultry supply conditions were exacerbated in May and early June as the cessation of imports of Canadian beef and fed cattle for immediate slaughter further tightened the supply situation. Boxed beef prices moved to record levels in late May through early June, and demand remained strong for the tighter supply, particularly higher quality beef.

Higher beef and cattle prices have encouraged earlier marketing of cattle from feedlots, and thus, increased cattle slaughter in the second quarter. Beef prices were already strong as cattle were marketed at lighter weights from poor feeding conditions last winter. Dressed weights are expected to average well below last year in the second quarter.

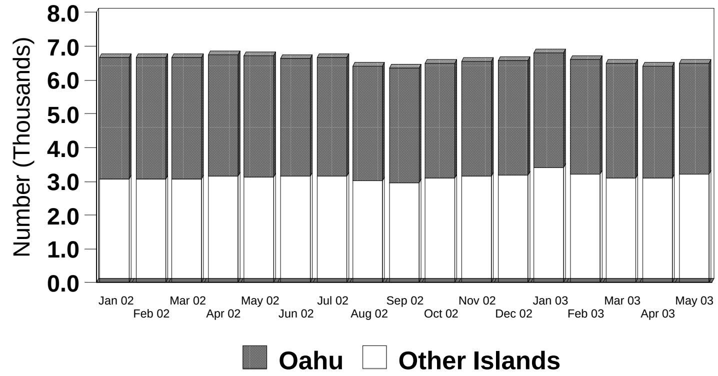
Source: ***Livestock, Dairy, and Poultry Outlook, June 24, 2003, Economic Research Service, United States Department of Agriculture.***

MAY MILK OUTPUT DOWN



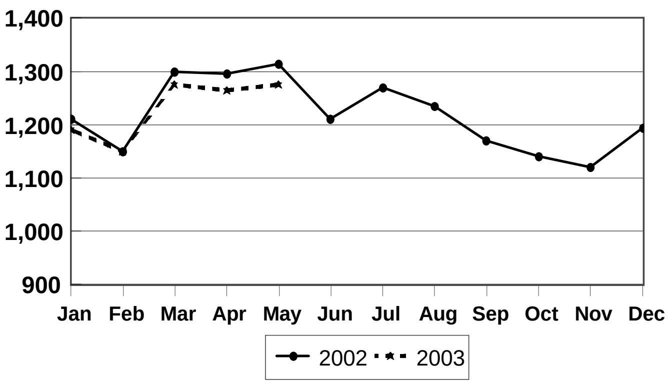
Hawaii's dairy cows produced **8.3** million pounds of milk in May, compared to 8.8 million pounds in May 2002 and 8.1 million in April 2003. The cow inventory, both dry and in milk, numbered 6,500 head, 200 below May last year but 100 head above April this year. In May, output per cow averaged 1,275 pounds, 40 pounds lower than May last year but 10 pounds higher than April this year. Milk production for the first five months of 2003 totaled 40.4 million pounds, a 4 percent decline from the comparable period in 2002.

Milk Cows
State of Hawaii, 2002-2003



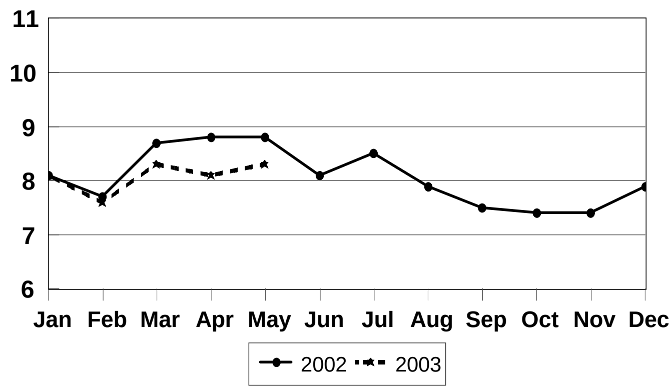
HASS

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



HASS

Total Milk Production,
State of Hawaii, 2002-2003



HASS

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

County	All milk cows [1,2,3]			Milk per cow [3]		Milk production [1,3]			
	May 2002	Apr. 2003	May 2003	May 2002	May 2003	May 2002	May 2003	Year-to-date 2002	Year-to-date 2003
	- - - - - - Number - - - - - -			- - - Pounds - - -		- - - - - - - - - - 1,000 pounds - - - - - - - - - -			
Hawaii	3,120	3,100	3,200	980	940	3,055	3,010	14,810	15,490
Honolulu	3,600	3,300	3,300	1,590	1,595	5,725	5,265	27,205	24,875
State	6,700	6,400	6,500	1,315	1,275	8,800	8,300	42,100	40,400

[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 DOWN 0.4 PERCENT

Milk production in the 20 major States during May totaled 13.0 billion pounds, down 0.4 percent from May 2002. April revised production, at 12.6 billion pounds was up 0.6 percent from April 2002. The April revision represented a decrease of 0.2 percent or 30 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,669 pounds for May, 9 pounds below May 2002. The number of milk cows on farms in the 20 major States was 7.79 million head, 17,000 head more than May 2002, but 12,000 head less than April 2003.

Average farm prices, State of Hawaii, May 2003

Commodity		May 2002	April 2003	May 2003
		cents per pound		
Range steers and heifers [1]	*- dressed weight*	78.5	75.0	75.0
	- (live weight equivalent)	(43.1)	(41.2)	(41.2)
Cows [1]	*- dressed weight*	55.0	56.0	56.0
	- (live weight equivalent)	(30.2)	(30.7)	(30.7)
Market hogs [1 2]	*- dressed weight*	113.0	114.0	114.0
	- (live weight equivalent)	(84.8)	(85.5)	(85.5)
		dollars per 100 pounds		
Milk [3]		23.70	22.70	22.80
		cents per dozen		
Eggs [4]		86.0	82.5	82.5

[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.