HAWAII AGRICULTURAL STATISTICS SERVICE
NASS

HAWAII MONTHLY LIVESTOCK REVIEW

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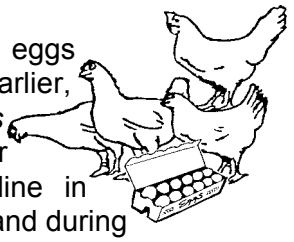
JULY EGG PRODUCTION 8 PERCENT BELOW YEAR AGO



Egg production during July, totaled **10.0** million eggs (27,778 cases) 8 percent less than a year earlier, according to the *Hawaii Agricultural Statistics Service*. Fewer layers on hand with a lower average rate of lay accounted for the decline in production. The average number of layers on hand during July 2002 was 540,000, compared with 564,000 a year ago and 532,000 during June 2002. The average rate of lay was 1,852 eggs per 100 layers (59.7 percent lay rate) compared with 1,933 (62.4 percent) a year ago. Cumulative egg production for the first 7 months of 2002 was 69.0 million eggs, 12 percent less than during the same period in 2001.

U.S. EGG PRODUCTION

U.S. egg production totaled 7.34 billion during July 2002, up 2 percent from last year. Production included 6.24 billion table eggs and 1.10 billion hatching eggs, of which 1.04 billion were broiler-type and 62.0 million were egg-type. The total number of layers during July 2002 averaged 335 million, up 1 percent from the total average number of layers during July 2001. July egg production per 100 layers was 2,190 eggs, up 1 percent from the 2,166 eggs in July 2001.

July 2002 contained 23 weekdays, one holiday and four Saturdays, compared to July 2001 which contained 22 weekdays, one holiday and four Saturdays.

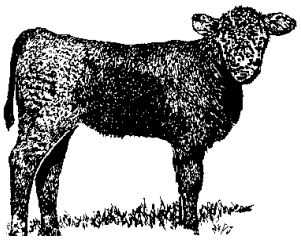
All layers in the U.S. on August 1, 2002 totaled 336 million, up 1 percent from a year ago. The 336 million layers consisted of 276 million layers producing table or commercial type eggs, 56.5 million layers producing broiler-type hatching eggs, and 2.67 million layers producing egg-type hatching eggs. Rate of lay per day on August 1, 2002, averaged 70.3 eggs per 100 layers, up 1 percent from a year ago.

Laying flocks in the 30 major egg producing States produced 6.88 billion eggs during July 2002, up 2 percent from a year ago. The average number of layers during July, at 314 million, was up 1 percent from a year ago.

Number of layers and egg production, State of Hawaii, July 2002 [1]

County	Number of layers on hand during month			Eggs per 100 layer		Total eggs produced			
	July 2001	June 2002	July 2002	July 2001	July 2002	July 2001	July 2002	Year-to-date 2001	Year-to-date 2002
	Thousands			Number		Millions			
Hawaii/Kauai/Maui	139	122	128	2,000	2,018	2.8	2.5	19.9	16.8
Honolulu	425	410	412	1,913	1,810	8.1	7.5	58.1	52.2
State	564	532	540	1,933	1,852	10.9	10.0	78.0	69.0

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



JULY MARKETINGS 43 PERCENT BELOW A YEAR AGO

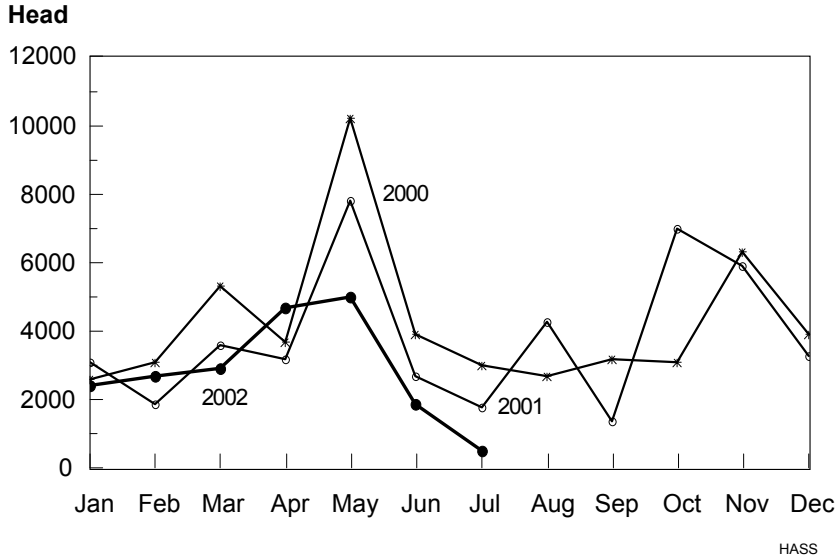
Cattle marketings during July 2002 totaled 1,600 head, compared with 2,800 head both a year ago and during June 2002. The large decline in out-of-state shipments accounted for the 43 percent drop in marketings compared with a year earlier. Year-to-date marketings at 26,900 head were 16 percent less than the same 7-month period in 2001. The number of cattle and calves shipped out-of-State totaled 500 head compared with 1,800 a year earlier and 1,900 during June. Out-of-state marketings during the 7 months of 2002 was 20,000 head, 17 percent below the same period in 2001.

Cattle Marketings, State of Hawaii, July 2002

Month	Total Marketings [1]		Exports [2]							
	Number of Head [3]		Number of Head						Average Live Weight	
			Steers		Heifers		Total [3]			
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
	head								pounds	
July	2,800	1,600	1,000	300	800	200	1,800	500	490	490
Year-to-date [4]	32,100	26,900	14,100	12,000	10,000	8,000	24,100	20,000	440	430

[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, 2000-2002



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		
7-13-02	—	—
7-27-02	—	—
from Sioux Falls		
7-13-02	60.25	60.00
7-27-02	62.00	61.75

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

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Contributing by County

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Robert Miyake	Hawaii
Naomi Landgraf	Maui
June Okamura	Kauai, Honolulu
Wendell Au	Honolulu

COMMERCIAL BEEF PRODUCTION 8 PERCENT ABOVE A YEAR AGO

Commercial beef production (local slaughter) during July 2002 totaled 597,000 pounds, compared with 551,000 pounds a year earlier. Commercial kill for July 2002 totaled 1,100 head, 100 more than a year ago. Average live weight per head, at 1,028 pounds, was 7 percent heavier than a year ago. Cumulative production for the first seven months of the year was 3.9 million pounds, 11 percent below the same period last year.

U.S. BEEF PRODUCTION

Beef production, at 2.43 billion pounds, was 11 percent above the previous year and a new record high for July. Cattle slaughter totaled 3.19 million head, up 8 percent from July 2001. The average live weight was 1,248 pounds, up 32 pounds from July a year ago.

PORK PRODUCTION DOWN 6 PERCENT FROM A YEAR AGO

Commercial pork production during July 2002 totaled 433,000 pounds, compared with 458,000 pounds a year ago. Total hog kill of 2,800 head was 300 fewer than a year ago. Average live weight per head, at 207 pounds, was 9 pounds heavier than July a year ago. Cumulative production for the first 7 months of 2002 was 2.9 million pounds, 5 percent less than the same period in 2001.

U.S. PORK PRODUCTION

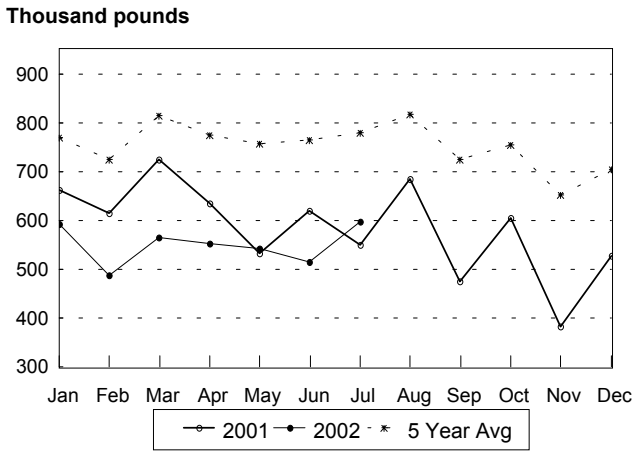
Pork production totaled 1.56 billion pounds, up 8 percent from the previous year and a new record high for July. Hog kill totaled 8.07 million head, 8 percent above July 2001. The average live weight was 260 pounds, unchanged from July a year ago.

Commercial slaughter, State of Hawaii, July 2002 [1]

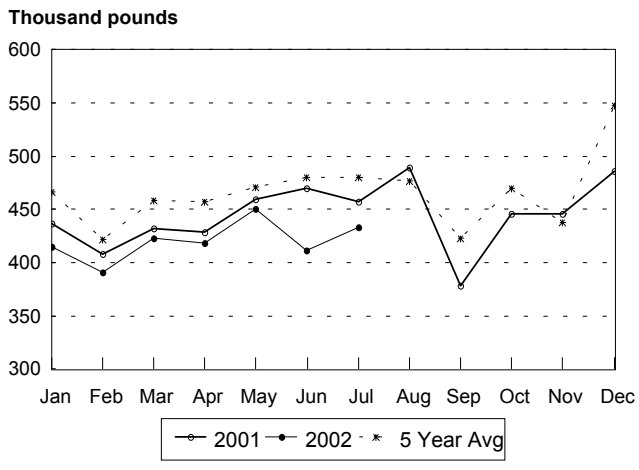
Species	Number of head		Average live weight		Total live weight [2]		Total dressed weight	
	2001	2002	2001	2002	2001	2002	2001	2002
			------ pounds ------		---------- 1,000 pounds ----------			
Cattle								
July	1,000	1,100	961	1,028	1,003	1,087	551	597
Year-to-date	8,000	6,800			7,907	7,021	4,341	3,855
Hogs [3]								
July	3,100	2,800	198	207	610	577	458	433
Year-to-date	20,300	18,600			4,125	3,923	3,094	2,942

[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 2002, with comparisons



Commercial Pork Production, State of Hawaii 2002, with comparisons



PASTURE AND LIVESTOCK CONDITION, AUGUST 1, 2002

Hawaii County

Hilo and Puna: Near normal to above normal rainfall, during July, for most areas in the district kept pastures in good to excellent condition. Partly sunny skies with steady, but not heavy, rainfall kept soil moisture levels adequate and promoted new grass growth good. Cattle and calves were in fair to good condition.

Ka'u: Generally dry conditions prevailed as rainfall was light throughout much of the district, with the exception of sufficient showers in the southern portion of the district that helped to maintain most of those pastures in fair to good condition. The generally drier weather, however, slowed pasture growth throughout much of the district. Cattle and calves were in fair to very good condition.

Kona: Generally dry conditions continued as rainfall amounts ranged from 20 to 40 percent of normal. Forage supplies were adequate in areas receiving sufficient rainfall, mainly around Central and South Kona. On the other hand, pastures located in North Kona were dry with little available forage. Cattle and calves were in fair to good condition with some supplement being fed.

Kohala: Windward pastures were in good to excellent condition, as a result of good rains during July. Light rains were generally beneficial for most pastures in the Kohala Mountain, but some areas were starting to dry. Lower elevation pastures in the Hawi and Upolu areas were green, while the Kawaihae and Mahukona pastures were very dry, with little or no dry feed. Cattle and calves were in fair to excellent condition.

Hamakua: Ample rainfall during the month benefitted pasture development. Most pastures were in good to very good condition with an adequate supply of both new and old feed. Stock water supplies were replenished and nearly full. Cattle and calves were in fair to good condition.

Honolulu County

Rainfall during July was variable, as both windward and leeward areas received either ample moisture or very little precipitation. In general, pastures were in fair to good condition, but starting to dry. Cattle and calves were in fair to good condition.

Kauai County

Light rainfall helped to maintain pastures in fair to good condition. Forage growth was good in areas receiving sufficient moisture, but dry conditions prevailed elsewhere. An increase in insect infestation was evident. Cattle and calves were in good condition.

Maui County

Mostly dry conditions prevailed throughout the county, however, some moderate rainfall over windward pastures during the end of the month helped to benefit those pastures. But, in general, most areas did not receive much moisture and were at best only in fair conditions. Sufficient precipitation from earlier months was able to generate enough grass growth to maintain the current good supply of dry forage. The spread of Yellow sugarcane aphid infestation was accelerating. 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

Wide-spread Drought Pushes Up Feed Costs

Wide-spread drought conditions are pushing up feed costs as crop and pasture conditions erode. The higher feed costs are reducing producers' returns, which means more meat production in the short term as more females are slaughtered and lower long-term production as the number of breeding animals are reduced. With slumping poultry exports due largely to uncertainty in the Russian market, increased beef production due to drought-reduced forage supplies, and a lackluster domestic economy with slower than previously expected growth; livestock and meat prices are expected to continue to face downward pressure.

Cattle and beef cow inventories were down from a year earlier on July 1 and will likely remain below a year earlier when the January inventory is reported. Drought and continued herd reductions are pushing beef production upward toward the 2000 record. Fed cattle prices this summer are the lowest since early 1999. Prices are expected to average near $71 per hundredweight (cwt) this fall, and move toward the mid $70s in 2003. Stocker-feeder cattle prices are largely a function of fed cattle prices and the cost of gain. Each dollar increase in fed cattle prices adds about $1.50 per cwt to yearling feeder cattle prices. Conversely, each 25-cent increase in grain prices

results in about a $1.50 decline in yearly feeder cattle prices.

U.S. hog producers are expected to respond to higher feed costs by reducing sows farrowings by about 1 percent in 2003 compared with 2002. With pigs per litter expected to increase slightly, the pig crop is expected to be off by about 1 percent next year. With the expected increase in the June-November 2002 pig crop and higher than previously expected female slaughter, overall hog slaughter may increase slightly. Commercial pork production in 2002 will likely total around 19.8 billion pounds and 19.85 in 2003. Hog prices are expected to average in the mid-$30s in both years.

Weather, irregular forage quality, and continuing adjustments to accommodate tight supplies of replacement heifers have combined to limit the recovery in milk per cow. With the deterioration of the feed grain and oilseed crops, low milk-feed price ratios may join the list of hindrances to full recovery in milk per cow. The lower 2002 returns are expected to erode the increase in milk cow numbers generated by earlier returns. Second-half returns over concentrate costs (after accounting for direct market loss payments) are projected to average well below those of any recent year.

Forage/Grain Prospects Decline

Declining crop yield prospects in late July-early August are resulting in much higher grain prices and costs of gain. Higher grain prices added to an already poor and declining forage outlook has further eroded the cattle sector's expansion outlook.

The August **Crop Production** report indicated a corn crop of 8.886 billion bushels, down from the July estimate of 9.8 billion bushels and 9.5 billion bushels last year. Production declines in the other major grain crops resulted in the feed grain production estimate being down 10 percent from the July estimate and down 7 percent from 2001/02. The projected corn price for 2002/03 was raised 50 cents a bushel to $2.30 to $2.70, up from $1.80 to $2.20 a bushel in July and the 2001/02 estimate of $1.93 a bushel. Similarly the soybean harvest estimate has been reduced to 2.628 billion bushels, and the price of soybean meal raised $20 a ton from the July estimate to $170 to $200 per ton in 2002/03, up from $166.5 a ton in 2001/02.

The grazing and harvesting outlook continued to deteriorate in August from an already poor situation. In mid-August, 48 percent of the pastureland was rated very poor to poor, down from 38 percent a year earlier when drought was also a problem in many areas. Forage conditions have worsened in the North Central States along with deteriorating grain prospects. Drought conditions remain concentrated in the Northern Plains and western States along with States in the mid-Atlantic.

Hay production estimates as of August 1 indicate a drought-reduced harvest of 152.6 million tons, down nearly 3 percent from 2001. Alfalfa hay production was down nearly 5 percent, while other hay production was up 2 percent. Quality of this year's hay crop is also likely down, particularly the other hay. Although producers indicated plans to increase harvested acreage, drought reduced yields to 2.36 tons per acre, down from 2.47 tons per acre in 2001. Supplemental haying in many areas is already pulling down this year's hay stocks, increasing the likelihood of heavier than normal supplemental hay feeding this fall and winter adding to hay demand. Timely rains to encourage fall pasture growth, including small grain pasture, are becoming increasingly critical.

Watching For Cattle Herd Expansion

Market conditions in the cattle industry over the next few years depend in part on when producers begin to retain heifers for expanding the breeding herd. Once retention begins, beef production declines as fewer heifers are fed for slaughter (also, inventories are already at reduced levels). Output rises a few years later as the number of calves increases, but from a relatively low level. During this transition, market prices could move sharply higher before cattle slaughter rebounds.

Relatively attractive calf prices in recent years created an annual expectation in the industry that cow-calf operators, assuming normal weather and forage supplies, would soon begin to retain heifers and expand their herds. But poor forage conditions during the last several years in major cow-calf producing States have resulted in a continued slow liquidation. The U.S. beef cow herd on July 1 declined for the seventh consecutive year to 33.8 million head, according to the ***Cattle*** report released on July 19. This is a 6.5 percent decline from 36.1 million head in 1995.

At the end of June. More than two-thirds of the range and pasture in major beef cow States of Colorado, Montana, and Nebraska was considered to be in poor or very poor condition. In these States, the beef cow inventory dropped a combined 5 percent from a year earlier. In contrast, beef cow numbers in Missouri, Oklahoma, and Texas were about unchanged or up 2-3 percent from a year earlier.

Not all of the decline in the U.S. beef cow inventory during the last few years has been induced by weather. In contrast with the U.S. inventory that rose in the early 1990's and then declined in the late 1990's, herds in about 15 States have been trending down for many years as producers exit agriculture or expand other

farm operations. Examples include Iowa, Ohio, California, Louisiana, Indiana, Arizona, Pennsylvania, and Washington.

The major States that have been holding relatively steady in recent years will be key to expansion in the U.S. herd. The combined beef cow inventory in Texas, Missouri, Nebraska, Kansas, and Oklahoma — which together account for nearly 40 percent of the U.S. total — has not changed significantly in the last 3 years. Several other States with relatively large beef cow herds have actually increased their inventories during the same period, including South Dakota and North Dakota. Currently, pasture and range conditions are mixed across major beef cow States, with Missouri, Texas, and Oklahoma in much better shape than States to the north and west.

Although poor forage conditions prevailed across a large portion of cattle country during the survey period (June), U.S. producers, as of July 1, indicated no cutbacks in heifer retention. The number of heifers for beef cow replacement was unchanged from a year earlier and down slightly from 2000.

The next estimate of the cattle inventory — available on January 31, 2003 — will indicate how the drought has affected the U.S. beef cow herd. Until then, and in the absence of a direct measure of heifer retention, several other statistics can give an indication of beef supplies in 2003 and beyond.

- When cattle producers begin retaining large numbers of cows, the cow share of slaughter declines. In the early 1990s, when the cow herd expanded, beef cow slaughter as a share of total commercial slaughter was near 8 percent or below (below 12 percent in the fall). When producers began liquidating in the mid-1990s, the share climbed above 10 percent (13 percent in the fall). Thus far in 2002, monthly beef cow slaughter as a share of commercial slaughter has been slightly above 8 percent, indicating neither expansion nor contraction.

- To account for changes in herd size over time, beef cow slaughter can be compared with the beef cow inventory. In the early 1990s (expansion period), the monthly beef cow slaughter as a share of the beef cow inventory (January 1) was generally below 0.7 percent. In the mid-1990s (liquidation), the share climbed above 0.8 percent, reaching more than 1.0 percent on several occasions. For most of 2002, monthly beef cow slaughter as a share of the beef cow herd has been between 0.7 and 0.8 percent, again indicating neither expansion nor contraction.

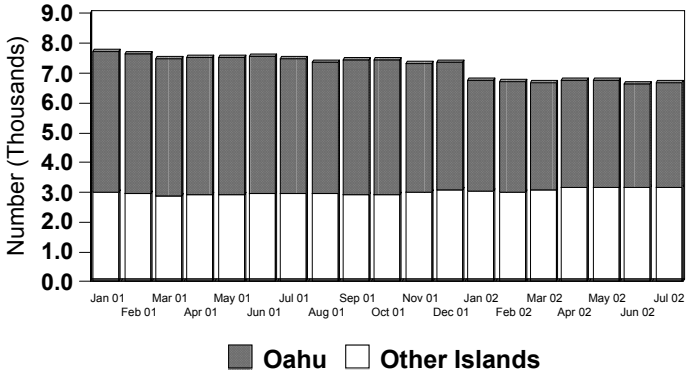
- The number of heifers as a share of total cattle on feed is inversely related to heifer retention. In the early 1990s (expansion period), the heifer share of cattle on feed was generally below 35 percent. Beginning in the mid-1990s (liquidation), the share was generally above 35 percent. As of July 1, 2002, the heifer share of cattle on feed was 38.4 percent, indicating continued contraction in the beef cow inventory. Because this statistic is a lagging indicator (measures what was placed over last 3-6 months), it may not be indicative of the current situation. The next estimate of heifers on feed (reported quarterly) will be available on October 18. It will give an indication of how the drought is affecting the decision to retain heifers or place them on feed.

Source: ***Livestock, Dairy, and Poultry Outlook, August 27, 2002, Economic Research Service, United States Department of Agriculture.***

JULY MILK ABOVE JUNE

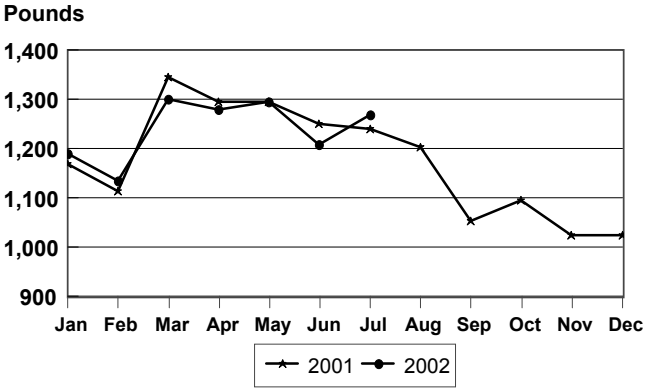
Hawaii's dairy cows produced **8.5** million pounds during July compared to 9.3 million in July 2001 and 8.1 million in June 2002. The cow inventory, both dry and in milk, numbered 6,700 head, 800 less than July 2001 but unchanged from June 2002. Cows averaged 1,270 pounds during the month, 30 pounds more than last year and 60 pounds higher than the previous month. Production for the first seven months of 2002 was down 11 percent from the comparable period in 2001 to 58.5 million pounds.

Milk Cows
State of Hawaii, 2001-2002



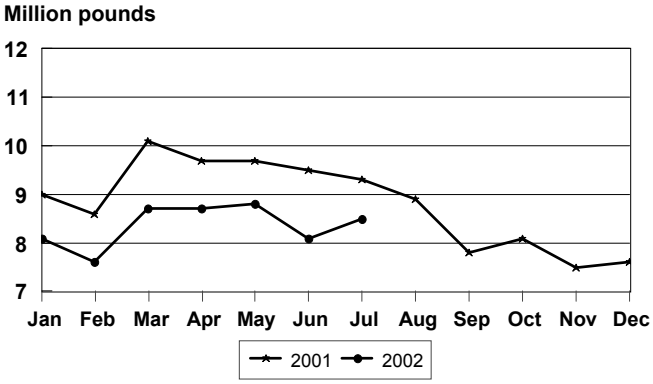
HASS

Milk Production Per Cow,
State of Hawaii, 2001-2002



HASS

Total Milk Production,
State of Hawaii, 2001-2002



HASS

Milk cows and milk production, State of Hawaii, July 2002

County	All milk cows [1,2,3]			Milk per cow [3]		Milk production [1,3]			
	July 2001	June 2002	July 2002	July 2001	July 2002	July 2001	July 2002	Year-to-date 2001	Year-to-date 2002
	------ Number ------			--- Pounds ---		---------- 1,000 pounds ----------			
Hawaii	2,970	3,150	3,170	1,005	950	2,985	3,015	20,390	20,720
Honolulu	4,500	3,500	3,500	1,410	1,575	6,340	5,515	45,525	37,890
State	7,500	6,700	6,700	1,240	1,270	9,300	8,500	65,900	58,500

[1] State totals may not add due to rounding.
[2] Includes dry cows and cows on non-commercial dairy farms.
[3] Figures for 2001 are final but preliminary for 2002.

U.S. PRODUCTION UP 2.3 PERCENT

Milk production in the 20 major States during July totaled 12.3 billion pounds, up 2.3 percent from July 2001. June revised production, at 12.3 billion pounds was up 2.2 percent from June 2001. The June revision represented an increase of 0.2 percent or 27 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,580 pounds for July, 28 pounds above July 2001. The number of milk cows on farms in the 20 major States was 7.79 million head, 40,000 head more than July 2001, and 7,000 head more than June 2002.

Average farm prices, State of Hawaii, July 2002

Commodity		July 2001	June 2002	July 2002
		- - - - - - - - - - - - cents per pound - - - - - - - - - - - -		
Range steers and heifers [1]	*- dressed weight*	79.0	79.0	79.0
	- (live weight equivalent)	(43.4)	(43.4)	(43.4)
Cows [1]	*- dressed weight*	52.0	53.0	52.0
	- (live weight equivalent)	(28.5)	(29.1)	(28.5)
Market hogs [1] [2]	*- dressed weight*	113.0	114.0	115.5
	- (live weight equivalent)	(84.8)	(85.5)	(86.6)
		- - - - - - - - - - dollars per 100 pounds - - - - - - - - - -		
Milk [3]		26.10	23.40	23.30
		- - - - - - - - - - - - cents per dozen - - - - - - - - - - - -		
Eggs [4]		86.0	84.0	83.0

[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.