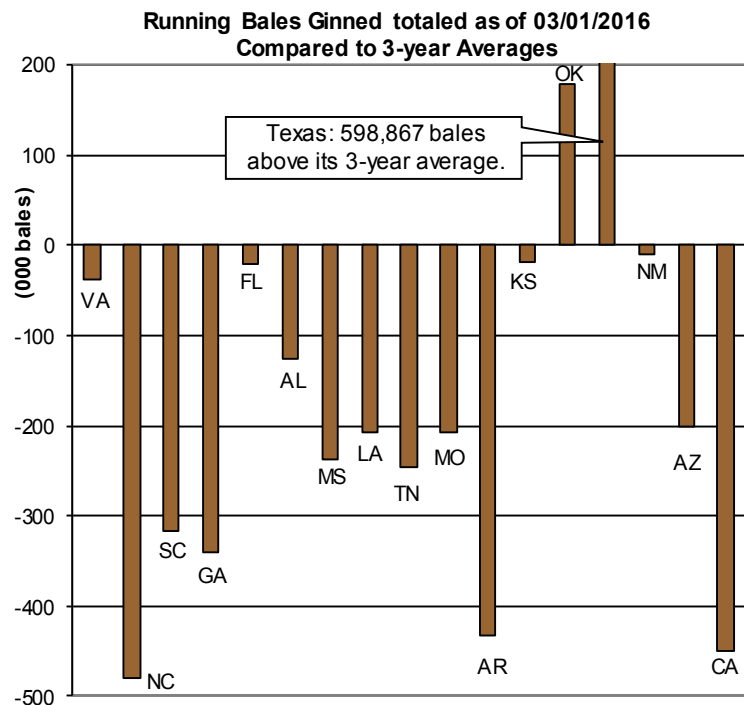


COTTON GINNING REPORT:

The running bales ginned total was 12.526 million bales as of March 1st. Since the February report, 266,650 bales were ginned. Texas contributed nearly 200,000 bales to this increase. Given the late start to harvest and ginning, only now have most gins completed their season.

The running bales ginned total is 2.555 million bales or 17% below the 3-year average. Fewer plantings and rain damage this year are reason for the lower production. Favorable growing conditions raised yields in Texas were reason for the total being roughly 600,000 more bales, or 12% above the 3-year average. Oklahoma was the only other state with a running bales total above the 3-year average. USDA's Annual Ginning report will be released on May 10th. This will have the final total for the 2015/16 crop and report the number of gins that ran.



COTTONSEED MARKET: Prices continue to trend lower as trading remain slow as buying interest nearby and forward remains weak for other feed ingredients as well. Current market conditions are expected to continue for the balance of March. This should keep cottonseed prices steady to slightly softer as sellers are expected to continue accepting bids to keep supplies moving.

As of mid-March oil mill bidding stopped causing markets to soften on weak margins. The net-value of cottonseed for Mid-South crushers remains below the nearby trading levels. This should keep crusher buyers out of the market. Current cottonseed prices are holding at levels too high to entice new cottonseed oil demand. If cottonseed prices were \$10-15/ton lower it would raise the possibility of oil mills coming back to the market and potentially increase their crush.

Far West rail supplies have increased and are a burden to prices. The lower prices have attracted only modest buying interest from end users. This suggests that prices will need to continue

Every effort has been made to assure the accuracy of the information and market data which is provided in this publication as a compilation for the use of its readers. Information has been obtained by Informa Economics from sources believed to be reliable. However, because of the possibility of human or mechanical error, Informa does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Published by Informa Economics, 3464 Washington Drive, Suite 120, Eagan, MN 55122-1438.

© 2016 Informa Economics, All Rights Reserved.

For weekly cottonseed pricing and commentary contact:

James Bueltel - Phone 651-925-1052, Fax 651-925-1061 e-mail: james.bueltel@informaecon.com

edging lower to attract enough demand. Dairy margins remain thin to slightly negative which continues to suppress buying for the nearby and forward. This market environment is expected to continue given abundant milk and dairy product supplies in the world market that are depressing milk prices.

West Texas prices held steady as of mid-March, but trading has been light. Reduced buying interest in the Mid-South pressured prices lower. These Mid-South price declines suggest West Texas prices may need to soften further to remain competitive. Cottonseed trade normally is light ahead of the Easter holiday and is expected this year.

Southeast markets were quiet with light interest while offered levels were holding steady. Gins are reluctant sellers thinking at prices may rebound. However, poor end user demand and seed quality are factors that suggest more downside price risk.

COTTONSEED BALANCE SHEET: The USDA balance sheet had the production category unchanged with last month. The largest change was in the crush category, which was lowered 150,000 tons. Exports were lowered 40,000 tons. These reductions were offset with an 190,000-ton increase to the Feed, Seed and Other category. Ending stocks were unchanged and at a low level not seen since the 2009/10 crop year.

The Cottonseed Digest balance sheet has production unchanged. Current imports are unchanged, as the first half of the crop year totals 17,000 tons. Favorable growing conditions in Australia suggest abundant cottonseed supplies which could potentially trade to the US late in the crop year, but Australian prices will need to move lower for supplies to be competitive in the US market.

The crush total was lowered 25,000 tons this month, as the Mid-South prices of whole cottonseed has held firm and above the net-value for Mid-South crusher values. Demand for cottonseed oil has not improved enough to increase the projected crush. If crushing rates continue to average roughly 30% below the 5-year average, the total crush may need to be adjusted lower in coming months.

Exports were lowered 15,000 tons this month. Total exports were 35,604 tons at the middle of the crop year. The strength of the US dollar combined with below average quality in the Southeast are expected to limit the amount of exports to be shipped during the last half of the crop year.

The Feed, Seed and Other category was increased 40,000 tons picking up the tonnage from the other categories. Ongoing price declines on cottonseed are expected to continue and result in the revival of dairy buying interest. Compared to export and oil mill markets, the feed market is the one to clear supply from the market.

Ending stocks are unchanged hovering around 400,000 tons. The resulting stocks-to-use ratio of 9.8% is still above the 5-year average of 8.9%. Even if this year's production was below average levels, there is ample supply and more downward price pressure is expected to attract sufficient demand.

Cottonseed Supply/Demand Balance Sheet (000 tons)					
Year begins Aug 1	USDA	USDA	Mar. / USDA	Mar. / USDA	Mar. / CSD
	2012/13	2013/14	2014/15E	2015/16F	2015/16F
Beg. Stocks	430	492	425	437	437
Imports	182	198	59	0	30
Production	5666	4203	5125	4153	4145
Total Supply	6278	4893	5609	4590	4612
Crush	2500	2000	1900	1500	1575
Exports	191	219	228	60	70
Feed, Seed, & "Other"	3094	2250	3044	2638	2555
Total Disappearance	5786	4468	5172	4198	4200
End Stocks	492	425	437	392	412

COTTONSEED fob points				
PRICES 03-18-16		Trade		Yr Ago
Southeast		(\$/ton)		
North Carolina	Spot	215o		237t
	Ap-Ag	210b		n/a
	OND	190b / 200o		215t
Georgia So.	Spot	215o		240o
	OND	190b / 200o		215t
Mid-South		(\$/ton)		
Memphis No.	Spot	250o		265t
	OND	215-220o		n/a
MO Bootheel	Spot	250o		n/a
	OND	215b		250t
NE Arkansas	Spot	246b / 250o		265t
	Ap-Ag	251t		275o
	OND	215o		n/a
Southwest		(\$/ton)		
West Texas: LN	Spot	225b / 230o / 230t		286t
	Ap-Sp	235o		292o
	OND	225o		271t
West Texas: PN	Spot	232o		n/a
West Texas: SN	Spot	230o		290t
Oklahoma	Spot	250o		n/a
Far West		(\$/ton)		
Arizona	Spot	300o		n/a
Cal. Corc. No.	Spot	295-300o		385o
	Ap-Sp	300o		385o
Pima California	Spot	270t		345o
	Ap-Sp	280o		n/a
Specially Processed Products (\$/ton)				
Easi Flotm	Courtland, AL	Spot	295o	320o
		Ap-Ag	295o	320o
b = bid o = offer t = trade n/a = not available West Texas: LN=Lubbock North, PN= Plainview North, SN= Seminole North				

COTTONSEED dlvd. points				
PRICES 03-18-16		Truck	Rail	Yr Ago
Northeast		(\$/ton)		
W. New York	Spot	277o		306o
	Ap-Ag	277o		311o
	OND	262o		n/a
SE Pennsylvania	Spot	262o		288o
	Ap-Ag	262o		293o
	OND	245o		n/a
NE Ohio	Spot	277o		311o
	Ap-Ag	277o		316o
	OND	262o		n/a
Midwest		(\$/ton)		
MI (Grand Rpds.)	Spot	287o		319o
	Ap-Ag	287o		324o
MN (Rochester)	Ap-Ag	305-310o		342o
	OND	275o		n/a
WI (Madison)	Ap-Ag	300-305o		337o
	OND	270o		n/a
Southwest		(\$/ton)		
Texas / Dublin- Stephenville	Spot	275o		295o
Rail - job track points		(\$/ton)		
California	OND		295o	n/a
Idaho (UP)	Spot		295o	352o
	AMJ		290b	n/a
	OND		290-300o	n/a
WA/OR (BN)	Spot		305o	375o
b = bid o = offer t = trade n/a = not available				

COTTONSEED DAIRY BUYER PROFILES

GROUP 1: Base demand group that will formulate cottonseed in at a 4-6 lb. inclusion rate regardless of price.

GROUP 2: Formulates at a 2-3 lb. inclusion rate regardless of price, and would like to feed at the 4-6 lb. level. However, the last 2-4 lb. is price sensitive.

GROUP 3: This is the major swing factor for cottonseed demand. They enter the market when the price is right or other factors prevail (i.e. short hay supplies), and will subsequently exit when other opportunities exist.

GROUP 4: This group does not have access to, or the ability to incorporate whole cottonseed into their rations. However over time, dairymen in this group will migrate up into Groups 1, 2 or 3.

Cottonseed Intelligence Monthly is published monthly Phone: **651-925-1052/Fax 651-925-1061** e-mail: james.bueltel@informaecon.com. Every effort has been made to assure the accuracy of the information and market data which is provided in this publication as a compilation for the use of its readers.

Information has been obtained by Informa Economics from sources believed to be reliable. However, because of the possibility of human or mechanical error, Informa does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Published by Informa Economics, 3464 Washington Drive, Suite 120, Eagan, MN 55122.

© 2016 Informa Economics, All Rights Reserved.