

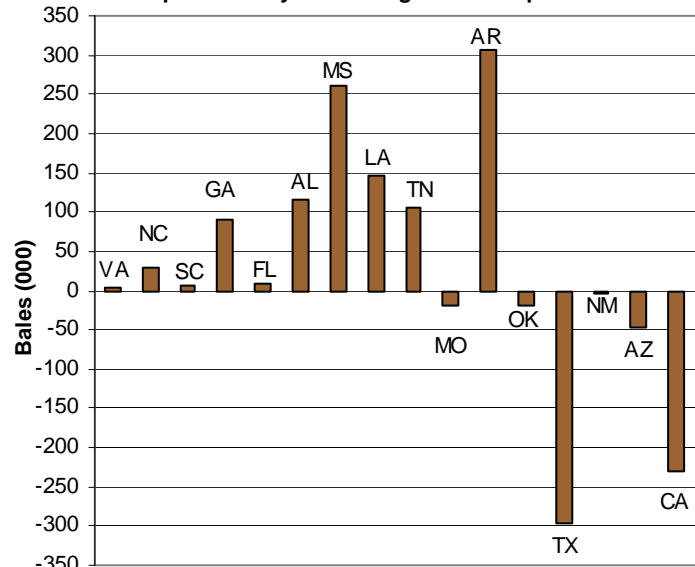
USDA REPORTS: The USDA Cotton Ginnings report at the beginning of November showed a running bales ginned total of 8.741 million bales as of the first of November. This is ahead of last year's pace by over 50,000 bales, and the 3-year average by 460,000 bales. Compared to the previous report at the middle of last month, nearly 3.7 million bales were ginned. Ginning progress in the Mid-South continues to lead all other regions. With this report, ginning activity in the Delta states is expected to be winding down. The state with the largest increase compared to the last report was Arkansas with 580,000 bales ginned. This was followed by Texas, which reported 520,000 bales ginned over the past two weeks. Ginning progress in the Southwest and Far West is expected to continue lagging behind the 3-year average.

The November USDA Production report had all cotton production pegged at 21.3 million bales, which was larger than the average trade estimate of 20.7 million bales. This is an increase of 640,000 tons compared to their October forecast. The largest production increase was in Texas with production up 285,000 bales. Georgia and Mississippi are tied for the next largest increase, both up 150,000 bales, while Alabama follows with a 75,000-bale increase. The only state with an appreciable decline was North Carolina off 110,000 bales. Thanks to these increases, USDA's total cottonseed production was raised 226,000 tons to 7.482 million tons. While the increase in production should relate to a more bearish market outlook, the strength in other feed prices should be an overriding factor and prices will remain firm.

COTTONSEED MARKET: Ahead of the upcoming holiday-shortened work week, merchants are mostly focused on getting trucks lined up to move supplies on the books and are not aggressively looking to buy or sell before the Thanksgiving break. Some merchants mentioned that for the balance of November it would be nearly impossible to supply inventories if a latecomer comes to market to buy something for a quick-shipment. Sellers in general are more willing to stay firm on price given the strength in CBOT futures and other feed ingredients. It appears that for those with supplies to sell, they will be rewarded with stronger prices.

In the Southeast, nearby Carolina offers shot several dollars higher on continued export buy-

Running Bales Ginned Totals as of 11/01/06
Compared to 3-year Averages for the period



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, Inc. 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, Inc., 2633 Innsbruck Drive, Suite D, New Brighton, MN 55112.

For weekly cottonseed pricing and commentary contact:

James Bueltel - Phone 651-635-9157, Fax 651-635-0857 e-mail: james.bueltel@informaecon.com

ing demand. More inquires from Asian buyers have been noted in the market, which tends to help sellers raise offers. The lack of willing sellers in the region is also helping support prices. Prices to the delivered markets in the Northeast are up several dollars, reflecting the recent strength.

Mid-South ginning progress has been held up because of rain that is preventing the movement of modules out of the fields and to the gin. This factor is limiting the amount of ginning pressure that was beginning to develop last week. As a result, price levels are steady and it looks like there is even more upside potential for prices before year's end. Rail buyers continue to be the main movers of seed. Ginning in the Bootheel is over 60% done, and gins are more interested in putting supplies into storage.

In the west, Texas prices are inching higher; with gins reluctant to sell and optimistic about more upside price potential. The firmness is based on robust buying interest as more feedlots are interested in feeding whole cottonseed given the strong corn rally combined with pricey and tight forage supplies. Dairies are thought to have less than half of their requirements booked. Most traders expect a steady stream of nearby trading to dairies for the next few months and a flurry of buying if prices edge lower. The price strength in the Far West last week lacked follow-through buying to hold the higher price levels. With this, the middle of the upland ginning season, there are plenty of offers in the market and plenty of supply. Pima supplies are becoming more abundant and are keeping supply pipelines full. For the next several weeks, supply should not be an issue; rather lighter inclusion rates are a concern.

COTTONSEED BALANCE SHEET: The biggest change to this month's USDA balance sheet was a 226,000-ton increase to production. Total production was raised to 7.482 million tons, which is 30,000 tons larger than production for the 2001/02-crop year, which was at that time record large. Imports were anticipated at 25,000 tons, but since have been zeroed out. Exports were raised 75,000 tons, while the feed, seed and other category was upped 100,000 tons. Ending stocks were lifted 26,000 tons, but are the lowest since the 2003/04-crop year.

The Informa balance sheet had a 278,000-ton jump in production, compared to last month. This increase is based on larger than expected yields in West Texas and the Southeast. Several contacts over the past two weeks have remarked that yields are exceeding what they had estimated.

Regarding disappearance, the crush estimate was the only category unchanged. Exports were raised 75,000 tons, based on continued strong shipments to Mexico, South Korea and Japan. The demand from these markets has been stronger than anticipated as they continue to participate in the market with prices climbing higher. Exports to Asia are driven by the drought in Australia, freight rates, and a weak US dollar. The feed, seed and other category was raised 160,000 tons as additional supplies will find a way to dairies. Inclusion rates in dairy rations are expected to be lowered; yet dairy buying so far has been steady. Ending stocks were up 42,000 tons, but the stocks/use ratio is at 6.7% and only 0.1% above the 5-year average. Supplies are expected to remain tight.

Cottonseed Supply/Demand Balance Sheet (000 tons)					
Yrs beg Aug 1	USDA	USDA	Nov. /	Nov. /	Nov. /
	2003/04	2004/05	USDA	USDA	Informa
			2005/06E	2006/07E	2006/07E
Beg. Stocks	347	421	592	602	602
Imports	2	1	0	0	
Production	6665	8242	8172	7482	7408
Total Supply	7013	8664	8764	8084	8010
Crush	2639	2923	3011	2750	2725
Exports	355	379	523	480	495
Feed, Seed, & "Other"	4598	4770	4629	4327	4288
Total Disappearance	6592	8072	8163	7557	7508
End Stocks	421	592	602	527	502

COTTONSEED fob points					
PRICES 11-17-06		Bid	Offer	Trade	Yr Ago
SOUTHEAST		(\$/ton)			
No. Carolina	Nv-Dc	108b / 112o		68b 72o	
	Ja-Ag	128b / 138o		88b 92o	
So. Carolina	Nv-Dc	109b / 114o		78b 82o	
	Ja-Ag	129b / 139o		95b 102o	
Georgia So.	Nv-Dc	115t		80-82o	
	Ja-Ag	128b / 135o		102o 96t	
Alabama No.	Nv-Dc	115b / 118o / 115t		80o 77t	
	Ja-Ag	140b / 146o		103o	
MID-SOUTH		(\$/ton)			
Memphis No.	Spot	108b / 111o		80o	
	Dec.	115b		n/a	
	Ja-Ag	136b / 140-142o		100o	
MO Bootheel	Nv-Dc	108b / 113o		84-85o	
	Ja-Ap	140b / 145o		n/a	
NE Louisiana	Dc-Mr	140t		n/a	
SOUTHWEST		(\$/ton)			
West Texas	Spot	156-157o / 153-156t		95t	
	Ja-Sp	180-185o		112-114o	
FAR WEST		(\$/ton)			
Arizona	Spot	195b / 205o / 195-198t		140o	
Cal Corc. N	Spot	208b / 212-220o / 212-216t		170o/t	
& Stockton	Ja-Sp	220b / 230o		n/a	
SPECIALLY PROCESSED PRODUCTS (\$/TON)					
<i>Easi Flotm</i>	Centre, AL	Spot	152o	127o	
<i>FuzZpelletstm</i>	Weldon, NC	Spot	152o	109o	
<i>Cotton Flotm</i>	Weldon, NC	Spot	152o	110o	
b = bid o = offer t = trade n/a = not available					

COTTONSEED dlvd. points					
<u>PRICES 11-17-06</u>		<u>Dump</u>	<u>Hopper</u>	<u>Live Floor</u>	<u>Rail</u>
NORTHEAST		(\$/ton)			
W. New York	Nv-Dc	168o			
	Ja-Ag	195o			
SE Pennsylvania	Nv-Dc	148o			
	Ja-Ag	175o			
NE Ohio	Nv-Dc	161o			
	Ja-Ag	188o			
MIDWEST		(\$/ton)			
MI (Grand Rpd.)	Spot	175o			
	Ja-Ag	200o			
MN (Rochester)	Spot		163-166o	177-180o	
	Ja-Ag		188-190o	193-195o	
WI (Madison)	Spot		153-160o	167-172o	
	Ja-Ag		179-183o	183-188o	
SOUTHWEST		(\$/ton)			
Texas / Dublin- Stephenville	Spot		185o		
	Ja-Sp		205o		
RAIL - FOB TRACK POINTS		(\$/ton)			
Laredo TX (Mid-Bridge)	Nv-Dc				175b 179o
	Nv-Dc				210o
Idaho (UP)	Nv-Dc				208o 207t
	Ja-Sp				212b 215o
WA/OR (BN)	Nv-Dc				210-213o
	Ja-Sp				230o
b = bid o = offer t = trade					

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.