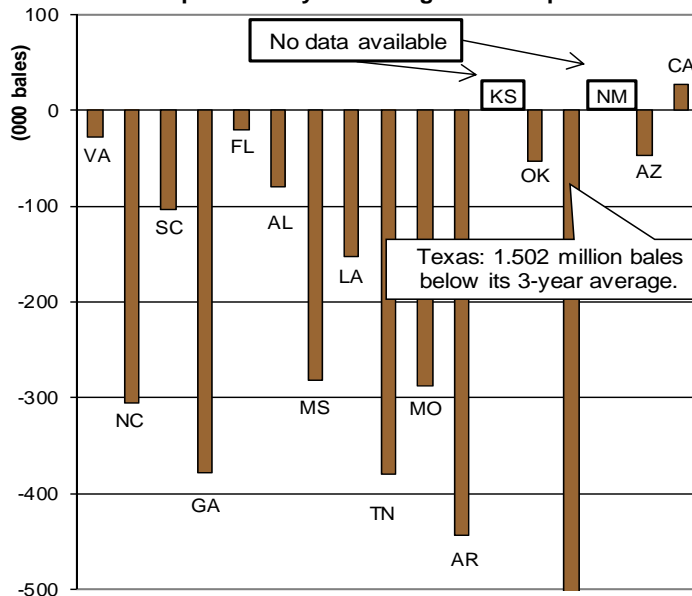


**USDA REPORTS:** USDA reported total cotton production at 13.069 Million bales in their December Crop Production report. The total was lowered by 36,000 bales compared to their November report. The largest state reduction was made to Georgia down 150,000 bales followed by Alabama, down 40,000 bales from the previous report. The largest increase was Arkansas, up 70,000 bales followed by North Carolina and Mississippi, both raised 60,000 bales.

The running bales ginned total at the beginning of December reached 8.305 million tons. This was an increase of 2.55 million bales from the last report mid-November. The pace of ginning still lags the 3-year average for this timeframe. The sub-par runtime is related to the reduced cotton plantings, delayed harvest, and fewer gins running this season. Based on the total ginned and projected cotton production, it would suggest that roughly 4.7 million bales of the cotton crop have yet to be ginned as of the beginning of the month. This relates to 64% of the crop being ginned compared to the 3-year average of 73% of the crop completed. Expectations for a shorter and quicker ginning season don't appear likely, especially after winter storms early in the month that held up ginning.

Running Bales Ginned Totals as of 12/01/13  
Compared to 3-year Averages for the period



**COTTONSEED MARKET:** By the middle of December prices continued to moved higher on increased end user buying interest. Some of the spot buying was to insure enough coverage through the holiday season. There also was modest forward trading accomplished at higher numbers than at the beginning of the month. Gins in the Mid-South were willing to put on forward sales since buyers raised their bids above the \$300 level. With sales going to end users and positive dairy margins, prices appear to be well supported for the near-term. There is concern that prices are climbing too quickly and inclusion rates in feed rations may be lowered further.

Demand is varied as Midwest and Northeast dairies are reluctant to pay the higher prices. On the contrary, end user buying in the Mid-South, Far West, and Southwest has been steady and has supported higher prices. Due to less cottonseed supply this year and steady end user buying, it appears that prices will remain firm. Gins are expected to continue rationing their limited supply and this will likely support cottonseed prices. Nonetheless, a seasonal downturn for prices this spring is still

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., 3464 Washington Drive, Suite 120, Eagan, MN 55122-1438.

**For weekly cottonseed pricing and commentary contact:**

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

possible if South American soybean production meets expectations.

**COTTONSEED BALANCE SHEET:** USDA raised 2013/14 cottonseed production 10,000 tons. Their Feed, Seed and Other category was raised 17,000 tons. The net effect was ending stocks being lowered 7,000 tons. The stocks-to-use ratio is only a tenth of a percent above the 5-year average.

The Cottonseed Digest's 2013/14 balance sheet had imports raised 9,000 tons as imports during October were slightly larger than expected. The crush was lowered 25,000 tons as demand for cottonseed oil early in the crop year was weak. Due to the lack of oil demand and narrow margins, crushers were not aggressive buyers of cottonseed with lower bids than what dairy buyers were willing to pay. Currently, the Mid-South net-value of cottonseed for crushers appears favorable. However, the current price strength of cottonseed meal and hulls is not expected to last very long into 2014 and cause the net-value to likely drift lower by the end of January. Given current cottonseed prices, it is possible that the crush will need to be adjusted lower unless cottonseed oil prices rebound. The Seed, Feed and Other category was raised 34,000 tons. Favorable margins for dairies should result in steady usage, albeit, less than a year ago.

Cottonseed Supply/Demand Balance Sheet (ooo tons)					
Year begins Aug 1	USDA	Dec / USDA	Dec / CSD	Dec / USDA	Dec / CSD
	<u>2011/12</u>	<u>2012/13E</u>	<u>2012/13E</u>	<u>2013/14F</u>	<u>2013/14F</u>
Beg. Stocks	618	430	430	492	507
Imports	72	0	183	100	109
Production	5370	5666	5666	4367	4387
<b>Total Supply</b>	<b>6059</b>	<b>6096</b>	<b>6279</b>	<b>4959</b>	<b>5003</b>
Crush	2400	2500	2539	2200	2150
Exports	133	191	191	150	185
Feed, Seed, & "Other"	3097	2913	3046	2175	2219
<b>Total Disappearance</b>	<b>5629</b>	<b>5604</b>	<b>5765</b>	<b>4525</b>	<b>4554</b>
End Stocks	430	492	507	434	449

<b>COTTONSEED fob points</b>				
<b>PRICES 12-13-13</b>		<b>Trade</b>		<b>Yr Ago</b>
<b>Southeast</b>		<b>(\$/ton)</b>		
North Carolina	Spot	275-280o / 270-275t		220t
	JFM	280-285o / 275t		242o
	Ja-Ag	295o / 280-285t		252t
South Carolina	Spot	270t		219t
	JFM	270b / 280o		242t
	Ja-Ag	280b / 290o		255o
Georgia So.	Spot	255b / 258-260t		218t
	JFM	260b / 275o		242o
No. Alabama	Spot	275t		255t
<b>Mid-South</b>		<b>(\$/ton)</b>		
Memphis No.	Spot	288t		290o
	JFM	300-305t		n/a
MO Bootheel	Spot	288t		290t
	JFM	300-305t		n/a
NE Arkansas	Spot	288t		288t
	JFM	300-305t		n/a
	Ja-Ag	311b / 313o		295o
<b>Southwest</b>		<b>(\$/ton)</b>		
West Texas: LN	Spot	325t		335o
	JFM	337b / 340t		n/a
	Ja-Ag	345-350o		n/a
<b>Far West</b>		<b>(\$/ton)</b>		
Arizona	Spot	350t		340o
Cal. Corc. No. & Stockton	Spot	415o / 410t		382t
	Ja-Sp	415b / 420o / 418t		385o
Pima California	Spot	375t		352o
	Dc-Ja	380o		n/a
<b>Specially Processed Products (\$/ton)</b>				
<i>Easi Flo</i> <sup>tm</sup>	Courtland, AL	Dec	325o	320o
		JFM	335o	325o
<b>b = bid o = offer t = trade n/a = not available</b> <b>West Texas: LN=Lubbock North, PN= Plainview North, SN= Seminole North</b>				

<b>COTTONSEED dlvd. points</b>				
<b><u>PRICES 12-13-13</u></b>		<b><u>Truck</u></b>	<b><u>Rail</u></b>	<b><u>Yr Ago</u></b>
<b>Northeast</b>		<b>(\$/ton)</b>		
<b>W. New York</b>	Spot	3360		2850
	JFM	3460		3050
<b>SE Pennsylvania</b>	Spot	3180		2700
	JFM	3280		2900
<b>NE Ohio</b>	Spot	3360		2850
	JFM	3460		3050
<b>Midwest</b>		<b>(\$/ton)</b>		
<b>MI (Grand Rps.)</b>	Spot	3460		2970
	JFM	3560		3170
<b>MN (Rochester)</b>	Spot	369-3700		3520
	JFM	375-3790		3540
	Ja-Ag	380-3840		3570
<b>WI (Madison)</b>	Spot	359-3650		3440
	JFM	369-3700		3450
	Ja-Ag	370-3740		3490
<b>Southwest</b>		<b>(\$/ton)</b>		
<b>Texas / Dublin-</b>	Spot	3400		3400
<b>Stephenville</b>	Ja-Sp	3550		3550
<b>Rail - fob track points</b>		<b>(\$/ton)</b>		
<b>Laredo TX</b>	Spot		365t	3550
<b>California</b>	Spot		400-4050	3780
	Ja-Ag		4200	n/a
<b>Idaho (UP)</b>	Spot		3900	3680
	JFM		3900	n/a
	Ja-Sp		4200	3600
<b>WA/OR (BN)</b>	Spot		4000	3750
<b>b = bid o = offer t = trade</b>				

#### **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@2013* 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, 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, 3464 Washington Drive, Suite 120, Eagan, MN 55122.