

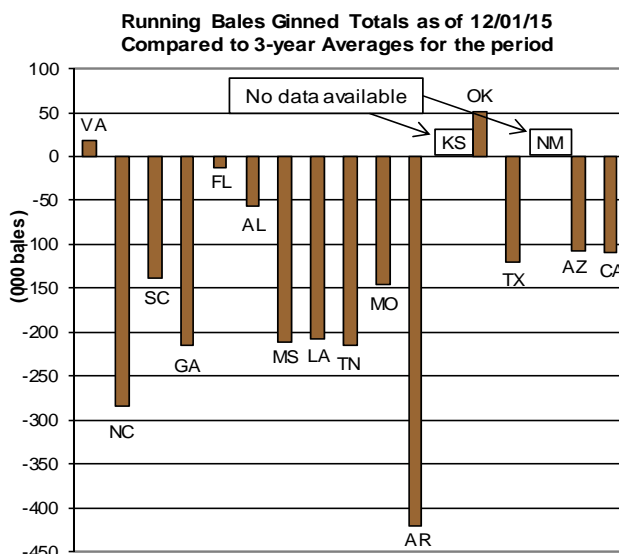
**USDA REPORTS:** USDA reported total cotton production at 13.031 million bales in their December Crop Production report. The total was 250,000 bales below its November forecast and, if realized, would be 3.3 million below last season. Production was reduced in the Mid-Atlantic States, Alabama, Mississippi, Kansas, and New Mexico. USDA did not adjust its production forecasts in the two largest-producing states (Texas and Georgia).

The December 1st Cotton Ginning report released this week had an all-cotton running bales total of 7.961 running bales, which is 2.284 million bales lagging last year's pace and 2.5 million behind the 3-year average. Roughly 60% of the crop has been ginned, which is within a couple percentage points of the 3-year average. The main difference is that there is roughly 16% less cotton to be ginned than the 3-year average.

**COTTONSEED MARKET:** Trading remains light as many locations were more focused on lining up logistics ahead of the holidays rather than making new trades. The West Texas market continues to report the most trading as many gins are running and having supplies to move. Before Christmas week, spot prices in Texas nudged higher as there were fewer sellers in the market. Compared to Mid-South prices, West Texas appears undervalued. The upside for Texas prices is hemmed in because local buyers are resisting current price levels. During the holiday season, end users looking to buy should expect a couple-dollar premium over the next 2 weeks.

Forward offerings have not been well defined as end users are not willing to show bids. Meanwhile, gins haven't been eager to sell at what seems to them to be too little of a carry for anything forward. Given the abundance of other feed ingredients, the likelihood of lower soybean meal prices in coming months, and poor margins for the dairy sector, whole cottonseed prices could be pressured lower.

Southeast and Mid-South markets remain the quietest. Many gins are down for the season and what they have in storage will not be offered until after the holidays. Spot buying interest remains lackluster due to the lack of export interest and dairy buying from the Northeast and Midwest. Once gins look to start selling seed in 2016, it is possible that they may have to accept lower prices to in-



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.

**For weekly cottonseed pricing and commentary contact:**  
James Bueltel - Phone 651-925-1052, Fax 651-925-1061 e-mail: james.bueltel@informaecon.com

sure supplies keep moving due to weak demand and price competition from other feed ingredients.

Dairy buyers are expected to be most active in the nearby market. The amount of forward cottonseed and feed bookings for most dairies are lighter than normal. This is due to mediocre profitability for dairies the past several months and a similar outlook for the next quarter. The next few months are expected to be tough for dairies based on abundant dairy products weighing on milk prices and dairy margins. During the 1st quarter of 2016, cottonseed demand will likely stay weak and could result in lower prices if seed holders are pressured to sell into a market with limited buying interest.

**COTTONSEED BALANCES SHEET:** The USDA lowered 2015/16 cottonseed production to 4.183 million tons a reduction of 74,000 tons compared to November's report. The last time production was lower was in the 2009/10 crop year. Total abandonment that year was 18% in contrast to this year's 8%.

The 47,000-ton decline in production was taken out of the Feed, Seed and Other category. The usage for this category is just over a half million tons below its 5-year average. USDA's crush remains unchanged at 1.65 million tons and represents a bigger difference to its 5-year average down 622,000 tons. Exports were lowered a modest 25,000 tons. The net change to Ending Stocks was an increase of 25,000 tons. The stocks to use ratio had a 0.4% increase for the second month in a row up to 9.3%, and the highest level so far this season compared to its 5-year average of 8.9% and last year's 8.4%.

The Cottonseed Digest balance sheet had production lowered 114,000 tons based on the lost acreage and yields in the Southeast. Production was down 19% from last year on less acreage and rain-related losses. Exports were lowered 40,000 tons, which would make exports the lowest in 4 years. Given the poor quality of seed in the exports are not willing to take on the risk of shipping this year's crop without specific quality parameters which will be difficult to guaranty. Additionally, the strength to the dollar is making US supply less price-competitive and the possibility of exports edging lower in coming months seems likely.

The Feed, Seed and Other category was lowered 95,000 tons. This decline is based on ongoing lackluster demand from Dairies. Many dairy users have lowered inclusion rates due to weak dairy economics and price competition from other lower-cost feed ingredients like distiller dried grains. Ending stocks were raised 21,000 tons. Weak demand for cottonseed oil and dairies suggest that even if this year's cottonseed production is smaller there has been enough supply rationing done with stout prices over the past few months.

Cottonseed Supply/Demand Balance Sheet (ooo tons)						
Year begins Aug 1	USDA	USDA	Dec. / USDA	Dec. / CSD	Dec. / USDA	Dec. / CSD
	2012/13	2013/14	2014/15E	2014/15E	2015/16F	2015/16F
Beg. Stocks	430	492	425	425	437	486
Imports	182	198	59	59	0	20
Production	5666	4203	5125	5125	4183	4152
<b>Total Supply</b>	<b>6278</b>	<b>4893</b>	<b>5609</b>	<b>5609</b>	<b>4620</b>	<b>4658</b>
Crush	2500	2000	1900	1695	1650	1500
Exports	191	219	228	228	200	140
Feed, Seed, & "Other"	3094	2250	3044	3200	2378	2585
<b>Total Disappearance</b>	<b>5786</b>	<b>4468</b>	<b>5172</b>	<b>5123</b>	<b>4228</b>	<b>4225</b>
End Stocks	492	425	437	486	392	433

<b>COTTONSEED fob points</b>				
<b><u>PRICES 12-18-15</u></b>		<b><u>Trade</u></b>		<b><u>Yr Ago</u></b>
<b><i>Southeast</i></b>		<b><i>(\$/ton)</i></b>		
North Carolina	Spot	255b / 2600		203t
	JFM	2650		235t
	Ja-Ag	268-2700		2500
Georgia So.	Spot	242t		201t
	Ja-Ag	260-2610		2500
<b><i>Mid-South</i></b>		<b><i>(\$/ton)</i></b>		
Memphis No.	Spot	275b / 2800		2650
MO Bootheel	Spot	280-2850		265t
	JFM	2900		n/a
NE Arkansas	Spot	2800		265t
	JFM	280b / 2850		2700
	Ja-Ag	2900		2780
<b><i>Southwest</i></b>		<b><i>(\$/ton)</i></b>		
West Texas: LN	Spot	263-2650 / 260-263t		2750
	JFM	2700 / 270t		n/a
	Ja-Sp	272b / 2780		n/a
West Texas: SN	Spot	260t		n/a
Oklahoma	Spot	242b / 2450		n/a
<b><i>Far West</i></b>		<b><i>(\$/ton)</i></b>		
Arizona	Spot	330b / 340-3450		360t
Cal. Corc. No.	Spot	3750		3710
	JFM	368-3700		n/a
	Ja-Sp	366-3700		n/a
Pima California	Spot	300-3050		3470
	JFM	3300		n/a
	Ja-Sp	330-3350		n/a
<b><i>Specially Processed Products (\$/ton)</i></b>				
<b><i>Easi Flo<sup>tm</sup></i></b>	<b>Courtland, AL</b>	Spot	3150	3100
		Ja-Ag	3220	3200
<p><b>b = bid o = offer t = trade n/a = not available</b></p> <p><b>West Texas: LN=Lubbock North, PN= Plainview North, SN= Seminole North</b></p>				

<b>COTTONSEED dlvd. points</b>				
<b><u>PRICES 12-18-15</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	322-3250		2750
	JFM	3270		2980
	Ja-Ag	3310		3050
<b>SE Pennsylvania</b>	Spot	3050		2580
	JFM	3100		2820
	Ja-Ag	3140		2880
<b>NE Ohio</b>	Spot	3220		2980
	JFM	3270		n/a
	Ja-Ag	3310		n/a
<b>Midwest</b>		<b>(\$/ton)</b>		
<b>MI (Grand Rpd.s.)</b>	Spot	3320		2950
	JFM	3370		3080
	Ja-Ag	3410		3350
<b>MN (Rochester)</b>	Spot	349-3500		3420
	Ja-Ag	3490		3520
<b>WI (Madison)</b>	Spot	3490		3350
	Ja-Ag	3490		3450
<b>Southwest</b>		<b>(\$/ton)</b>		
<b>Texas / Dublin- Stephenville</b>	Spot	2900		2700
<b>Rail - fob track points</b>		<b>(\$/ton)</b>		
<b>California</b>	Spot		3600	3650
	Ja-Sp		358-3600	n/a
<b>Idaho (UP)</b>	Spot		3500	3550
	JFM		350-3550	n/a
<b>WA/OR (BN)</b>	Spot		3600	3650
<b>b = bid o = offer t = trade n/a = not available</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@2015* 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.