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COTTONSEED MARKET: Throughout November, the cottonseed market's primary focus was on the quality and quantity of seed that were being ginned as new-crop seed made its way into the market. Slow harvest progress delayed ginning in several regions, causing a volatile spot market until new-crop cottonseed was adequate. Texas and the Southeast, particularly Georgia, spot market offers were more volatile than others, which provided support to the Mid-South market. Excessive rains throughout Texas, the Mid-South, and the Southeast coupled with temperatures in the mid-60s to lower 70s contributed to cottonseed quality issues. In the last weekly national *Crop Progress* report of the year released November 26, cotton harvest was reported as being seven percentage points behind the five-year average at 77 percent. The unfavorable harvest weather conditions caused some gins to temporarily run out of cotton to gin, which created further issues for the new-crop supply of cottonseed. There were reports of seed sprout, degeneration, and high moisture content seen in areas that received excessive rains after the crop was defoliated and unable to be harvested, sitting for days to even weeks in some areas. As the quality and supply concerns were prominent in the Southeast, traders were focusing on filling prior commitments due to the tightness of seed supply seen earlier in the month and were not willing to reduce prices even though gins were running at full capacity. New trades were scarce for much of November, but there was some buying interest into the deferred months with prices remaining supportive.

Weather events that occurred in October caused issues that carried over into November, affecting prices and supplies for different areas within regions. It has been a wet autumn, causing a delay in both cotton harvest and ginning this year. USDA released its *Crop Production* and *WASDE* reports November 8. As expected, USDA lowered US all cotton production 1.35 million bales to 18.4 million bales. Even though cotton production was lowered in eight of the 15 states, USDA forecast record yields in California and Missouri. Yields were reduced from the October report in most of the South-eastern states that were affected by Hurricane Michael, which was the main reason for the lower cotton production. IEG Vantage adopted USDA's 2018/19 cotton production of 18.4 million bales, which led to significant changes to IEG Vantage's 2018/19 cottonseed balance sheet. The decrease in cotton production led to a 180,000-ton decrease in IEG's 2018/19 cottonseed production to 5.87 million tons. With the decrease in cottonseed production, cottonseed crush is expected to fall about 5,000 tons from the previous forecast to 1.9 million tons and exports are to decrease 80,000 tons from the previous forecast to 370,000 tons. Feed, seed and residual use is forecast to decrease about 100,000 tons from the previous forecast to 3.7 million tons. These adjustments through the balance sheet led to 2018/19 ending stocks totaling 336,000 tons, which is lower than the previous forecast.

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COTTONSEED BALANCE SHEET: USDA released its Oil Crops Outlook report November 13, which showed significant changes to its balance sheet. USDA lowered its 2018/19 cottonseed production 385,000 tons from the previous forecast to 5.79 million tons. This decrease in cottonseed production led USDA to reduce its crush by 100,000 tons from its previous forecast to 1.8 million tons, and to decrease its feed, seed and residual use by 247,000 tons from the previous forecast to 3.62 million tons, bringing USDA's 2018/19 ending stocks forecast down 38,000 from its previous forecast to 400,000 tons. IEG Vantage adopted USDA's 2018/19 cotton production forecast into its lint-to-seed ratio for 2018/19 cottonseed production, which brought IEG's 2018/19 cottonseed production to 5.87 million tons. September's cottonseed crush totaled 157,500 tons, which was 35,520 tons above the five-year average but 20,400 tons lower than August's crush of 177,900 tons. NOPA reported an October soybean crush of 172.4 million bushels, which was a record and about 500,000 bushels above the previous record of 171.9 million bushels, Strong soybean meal demand continues to provide an incentive to crush soybeans despite some weakness in crush margins that has been pressured by soybean futures market's optimism of an agreement between US and China being reached soon. Considering the decrease in 2018/19 cotton production and cottonseed production along with some of the quality issues that have been reported thus far in the year, it is expected for prices to remain stable for December. Cottonseed demand is expected to increase into the winter months due to livestock feeding requirements.

Cottonseed Supply & Demand Estimates (1,000 tons)						
<i>Year begins Aug 1</i>	USDA 15/16	USDA 16/17	USDA 17/18 F	IEG 17/18 F	USDA 18/19 F	IEG 18/19 F
Beg. Stocks	437	391	400	400	450	450
Imports	16	51	0	0	0	0
Production	4,043	5,369	6,422	6,422	5,799	5,876
Total Supply	4,496	5,811	6,822	6,822	6,249	6,326
Crush	1,500	1,769	1,854	1,854	1,800	1,920
Exports	136	342	478	478	425	370
Feed, Seed, & Residual	2,469	3,300	4,040	4,040	3,624	3,700
Total Disappearance	4,105	5,411	6,372	6,372	5,849	5,990
End. Stocks	391	400	450	450	400	336

<u>Cottonseed fob points</u>						
		<u>Bid</u>	<u>Offer</u>	<u>Trade</u>	<u>Change</u>	<u>Yr Ago</u>
<i>Southeast</i>		<i>(\$/ton)</i>				
North Carolina	Spot		140		n/a	115t
	Dec		140		n/a	n/a
	Ja-Ag		155		n/a	140o
South Carolina	Spot		140		n/a	110t
	Dec		140		n/a	n/a
South Georgia	Spot		155		n/a	128o
	Dec		155		n/a	n/a
<i>Mid-South</i>		<i>(\$/ton)</i>				
Memphis North	Spot		162		n/a	122t
	Ja-Ag	165-170	185		n/a	152o
Missouri Bootheel	Spot		170		n/a	135o
	Ja-Ag		180-185		n/a	n/a
Northeast Arkansas	Spot		165		n/a	122t
	Ja-Ag	170-174	180-185		n/a	n/a
<i>Southwest</i>		<i>(\$/ton)</i>				
West Texas - Lubbock North	Spot		225		n/a	159o
	Dec		225-228		n/a	158b
	Ja-Sp		255	250	n/a	170o
<i>Far West</i>		<i>(\$/ton)</i>				
Arizona	Spot		275		n/a	240t
	Ja-Sp		295-300		n/a	255o
Pima California	Dc-Mr		260		n/a	n/a
<i>Specially Processed Products</i>		<i>(\$/ton)</i>				
Easi Flo - Courtland, AL	Dec		210		n/a	182o
	Ja-Sp		230		n/a	n/a
<i>b = bid o = offer t = trade n/a = not available</i>						

Processed Cottonseed Products								
		<u>Bid</u>	<u>Offer</u>	<u>Trade</u>	<u>Change</u>	<u>Yr Ago</u>		
Southeast		Meal (\$/ton)					Hulls	
Georgia	Spot		220		n/a	220o	n/a	
Mid-South		Meal (\$/ton)					Hulls	
Memphis	Spot		225		n/a	230o	n/a	
Pine Bluff	Spot		230		n/a	235o	140o	
	Dc-Mr		230		n/a	230o	150o	
Southwest		Meal (\$/ton)					Hulls	
West Texas	Spot		260		n/a	256t	195o	
	Dc-Mr		260		n/a	n/a	185-190o	
Far West		Meal (\$/ton)					Hulls	
California	JFM	270-275	280		n/a	n/a	225o	
Cubes	Spot		345		n/a	305o	n/a	
Cottonseed Meal Basis vs. Wednesday's CBOT SoyMeal								
			<u>SBM</u>	<u>CSM</u>	<u>BASIS</u>	<u>Change</u>	<u>Yr Ago</u>	
Southeast			307.9	220	-87.9	0	0	
Mid-South			307.9	230	-77.9	0	-5	
Southwest			307.9	260	-47.9	0	3.5	
<i>b = bid o = offer t = trade n/a = not available</i>								

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: 901-766-4667. E-mail: mary.gammel@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. Informa Business Intelligence Inc. obtains information for its analysis from sources it considers reliable but does not guarantee the accuracy or completeness of its analysis or any information contained therein. Informa Business Intelligence Inc. and its affiliates make no representation or warranty, either express or implied, with respect to the information or analysis supplied herein, including without limitation the implied warranties of fitness for a particular purpose and merchantability, and each specifically disclaims any such warranty. In no event shall Informa Business Intelligence Inc. or its affiliates be liable for any decision made or action taken in reliance upon the information or analyses contained herein, for delays or interruptions in delivery for any reason, or loss of business revenues, lost profits or any indirect, consequential, special or incidental damages, whether in contract, tort or otherwise, even if advised of the possibility of such damages. This material is intended solely for the private use of IEG Vantage clients, and any unauthorized use, duplication or disclosure is prohibited. All expressions of opinion are subject to change without notice.