

USDA GINNING REPORT: The running bales ginned total as of January 1, was 15.336 million bales. This was an increase of over a million bales compared to the Mid-December report. Georgia again had the largest increase with over 369,000 bales ginned. Texas ginned more than 230,000 bales, but is now lagging behind its 3-year average where it will end the year.

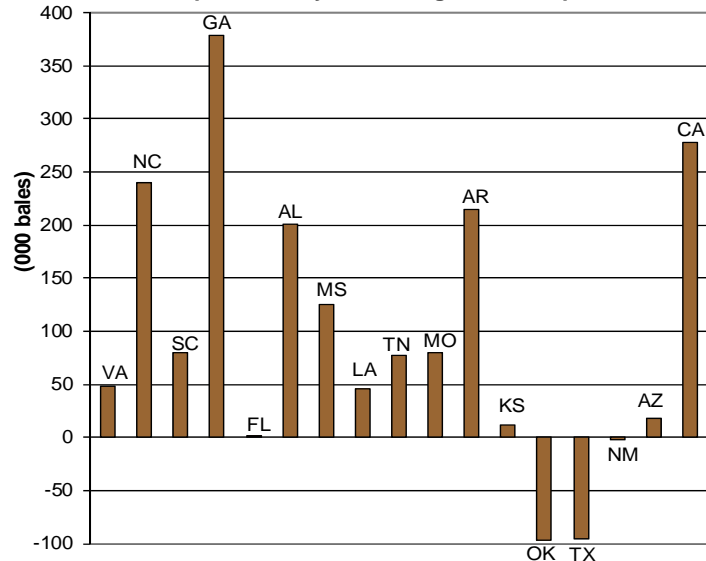
COTTONSEED MARKET: Prices have been lethargic the past several weeks with direction varying by region. Most regions have reported fewer trades and volume has trended lower. Dairy demand remains light across the country and the lack of confidence for an improvement in their economics has kept buyers from booking forward supply. The strength in corn, soybean meal futures and other feed ingredients are supportive for stronger cottonseed prices.

Southeast prices may have established a bottom during January as more gins finished ginning and were accepting bids to insure supply moved. In North Carolina there were several gins expected to finish their run before the end of the month. This should result in tightening of nearby availability and limit trading for the first few weeks of February, which could cause prices to rebound. With only a few gins still going in Georgia, prices may increase modestly. Forward quotes have been unchanged this month as buyers have not shown interest in taking on forward ownership.

Mid-South sellers were more aggressive by mid-month with some gins participating in trades at lower levels. The narrower price spread to the Southeast makes Mid-South supply more price-competitive. Prices between the two markets are apt to continue converging for the balance of the month. This should help spark an increase in trading activity. For now the focus of the market is in the nearby.

In the Southwest, West Texas nearby traded lower Mid-January as some supplies needed to move and sellers were willing to lower prices. Dairy demand has been lighter than expected. Sellers in West Texas are reluctant to lower offers recently. They have are expecting more pent up demand in the market. Prices in Eastern Texas could edge higher since runtimes in the Southeast are winding down.

Running Bales Ginned Totals as of 01/01/13
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., 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

In the Far West, prices are going in different directions. Rail supplies to Idaho have rebounded after dipping lower early in the month. California offers were raised, and trading ranges were shifted slightly higher. Early-January cold weather in California is expected to help boost feed demand. Forward buying remains light and offers remain flat to the nearby. Supply is not a concern near term as another ship, and the presumed final shipment, of Australian cottonseed this year will land in Stockton mid-January.

COTTONSEED BALANCE SHEET: USDA lowered 2012/13 production by 83,000 tons, which was in line with the changes made to the January Crop Production report. USDA lowered the crush by 100,000 tons. The Feed, Seed and Other category was increased 25,000 tons. These changes result in disappearance dropping 75,000 tons. Ending stocks were lowered 8,000 tons. The stocks-to-use ratio dropped a half percent to 8.5% which is a percentage point below the 5-year average.

The Cottonseed Digest balance sheet adopted USDA's beginning stocks for the 2012/13 crop. Production was adjusted 50,000 tons lower, based on fewer harvested acres. This resulted in 147,000 tons less supply. Imports are unchanged.

Demand categories had modest reductions compared to last month. Exports were lowered 10,000 tons, even though buying interest is better than last year, but still lags the 5-year average. The attractive prices in the Southeast could have been a good buying opportunity, but there hasn't been as much buying interest. There is still the possibility for exports to improve if the US dollar remains weak. The crush outlook was lowered 10,000 tons, as crushing economics appear weaker. The net value for Mid-South crushers has lost over \$20/ton since the beginning of December. Demand for cottonseed oil has been light and the basis has drifted lower the past few weeks. Feed demand was pared back 50,000 tons. Dairies could lower cottonseed inclusion rates as prices are apt to rise. Ending stocks were down 67,000 tons compared to a month ago.

Cottonseed Supply/Demand Balance Sheet (000 tons)					
Year begins Aug 1	USDA	USDA	Jan. / USDA	Jan. / USDA	Jan. / CSD
	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12E</u>	<u>2012/13F</u>	<u>2012/13F</u>
Beg. Stocks	514	342	618	430	430
Imports	24	0	72	100	115
Production	4149	6098	5370	5759	5856
Total Supply	4687	6440	6059	6289	6401
Crush	1900	2563	2400	2500	2545
Exports	291	275	133	300	250
Feed, Seed, & "Other"	2154	2984	3097	2997	3050
Total Disappearance	4305	5822	5629	5797	5845
End Stocks	342	618	430	492	556

COTTONSEED fob points				
<u>PRICES 01-18-13</u>		<u>Trade</u>		<u>Yr Ago</u>
Southeast		(\$/ton)		
North Carolina	Spot	230-235t		235o
	Fb-Mr	240t		n/a
	Ja-Ag	240b / 245-250o / 245t		235o
South Carolina	Spot	220-230t		225o
	Ja-Ag	235b / 245o		n/a
Georgia So.	Spot	212-220t		225t
	Feb	225t		n/a
	Ja-Ag	235b / 240o		n/a
Mid-South		(\$/ton)		
Memphis No.	Spot	273-275o / 272t		250t
	Feb	275t		n/a
	Ja-Ag	275-280o		255o
MO Bootheel	Spot	272t		252o
	Ja-Ag	275-280o		n/a
NE Arkansas	Spot	272t		n/a
Southwest		(\$/ton)		
West Texas: LN	Spot	340o / 335t		327o
	Fb-Mr	340o		n/a
	Ap-Sp	355o		n/a
Far West		(\$/ton)		
Arizona	Ja-Fb	350b / 355o		n/a
	Fb-Sp	350b / 365o		n/a
Cal. Corc. No. & Stockton	Spot	380b / 385o / 382-384t		350t
	Ja-Ag	385o		n/a
Pima California	Spot	355t		n/a
	Fb-Mr	357o		n/a
	Fb-Sp	360 360t		n/a
Specially Processed Products (\$/ton)				
Easi Flo™	Courtland, AL	Spot	315o	285o
		Fb-Mr	315o	n/a
b = bid o = offer t = trade n/a = not available West Texas: LN=Lubbock North, PN= Plainview North, SN= Seminole North				

COTTONSEED dlvd. points				
<u>PRICES 01-18-13</u>		<u>Truck</u>	<u>Rail</u>	<u>Yr Ago</u>
Northeast		(\$/ton)		
W. New York	Spot	293o		287o
	Ja-Ag	303o		289o
SE Pennsylvania	Spot	276o		270o
	Ja-Ag	286o		272o
NE Ohio	Spot	293o		287o
	Ja-Ag	303o		289o
Midwest		(\$/ton)		
MI (Grand Rpsds.)	Spot	305o		297o
	Ja-Ag	315o		300o
MN (Rochester)	Spot	335-355o		315o
	Ja-Ag	340-355o		320o
WI (Madison)	Spot	330-345o		307o
	Ja-Ag	335-345o		300o
Southwest		(\$/ton)		
Texas / Dublin- Stephenville	Spot	345o		n/a
	Ja-Sp	355o		n/a
Rail - fob track points		(\$/ton)		
Laredo TX	Spot		355o	335o
California	Spot		370t	345o
	Fb-Ag		375t	n/a
Idaho (UP)	Spot		365o	350o
	Ja-Sp		360-365o	n/a
	OND		355o	n/a
WA/OR (BN)	Spot		375o	n/a
	Ja-Sp		380o	n/a
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.

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.