

USDA GINNING REPORTS: The running bales ginned total was 11.420 million bales, an increase of 1.25 million bales from the last report. This suggests as of January 1st there were 1.7 million bales left to gin. Even with the smaller crop, ginning has been slow due to rain delays. This has caused the ginning season to be longer than expected. The slower than normal ginning progress has limited the usual downward price pressure during ginning season this year.

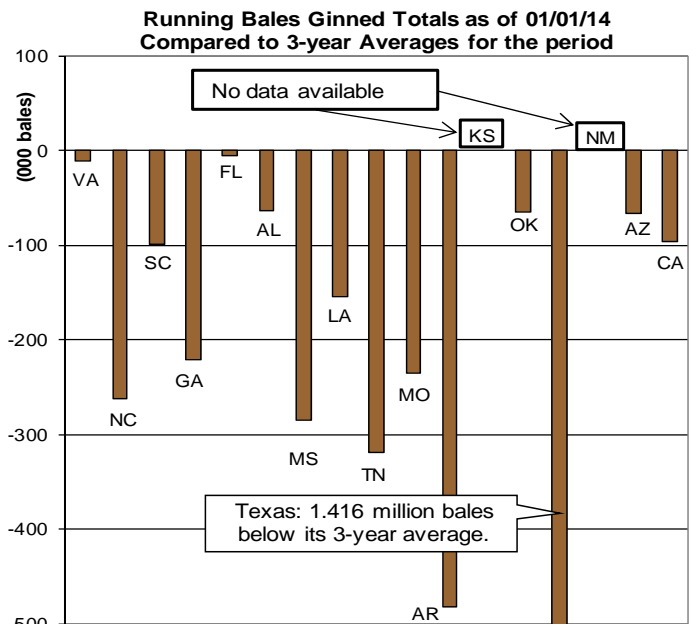
COTTONSEED MARKET: Markets are mixed with the Southeast and Mid-South reporting more trading activity for the nearby and light new crop trading. The Southwest and Far West markets remain quiet as end users appear content with current ownership and gins are not eager to sell any more of their holdings.

There is a general bullish tone in the market as of Mid-January as Mid-South and Southeast trading prices were ratcheted higher as the week progressed. The effort to ration this smaller crop is ongoing and it looks like more upward price risk is possible during February.

Southeast markets have only limited open offers from resellers. During the first half of January only a couple gins were running in Georgia and these gins are the main source of the spot offers. Most other gins in the region are staying clear of the market and shipping what they have under contract. Some of the nearby and forward trades done this week will be exported. It appears that this export demand will continue to be strong given concerns that the drought in Australia will limit availability of supply for export markets.

Mid-South prices were raised as buying interest was stronger with more participants looking to take on ownership. By Mid-January, it has become difficult to get open offers because traders were reluctant to show offers as they do not want to run out of supply. The price strength is reflective of the tight supply situation. Demand is apt to stay stout as long as milk prices remain strong supporting robust dairy margins. It is possible that prices will stay strong in an attempt to ration supply for the next several weeks. Later this spring, the impact of lower grain prices is apt to weigh on cottonseed prices.

For the Southwest and Far West markets trading has started the year light, but prices are holding firm. West Texas gins haven't been aggressive sellers. Dairies are content with their cotton-



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

seed ownership. Lack of rain should be supportive to prices as hay supply will likely remain tight. In the Far West, Arizona markets are quiet. Open offers are limited because the availability of supply with low aflatoxin levels are difficult to find. This factor will keep trading light and cause prices to climb higher. In California, dairy buyers have kept to the sidelines. Prices have been hovering at the same level since late December, but will likely climb higher in order to attract supply being shipped into the market.

COTTONSEED BALANCE SHEET: USDA raised 2013/14 cottonseed production by 39,000 tons. The largest change for demand was an increase of 50,000 tons for exports. The Feed, Seed and Other category was lowered 10,000 tons. The net result of these changes was a 1,000 ton reduction to ending stocks.

The Cottonseed Digest's 2013/14 production was raised 42,000 tons based on increased cotton production. The largest change for the Cottonseed Digest's balance sheet this month is a 170,000-ton increase to the Feed, Seed and Other category. Favorable dairy economics suggest that demand from this sector will remain strong thanks to stout milk prices. The ongoing risk for cottonseed in dairy rations is if other feed ingredients like DDGS or canola meal prices weaken to levels where cottonseed inclusion rates will be lowered or eliminated in favor of lower-cost alternatives. At this time, dairy buyers appear to have the upper hand in the market compared to oil crushers, so usage in dairy rations will likely continue.

The amount expected to be crushed was lowered 150,000 tons. The drop is based on the slow pace that cottonseed oil buyers have made with booking supply, which limited oil mill's cottonseed purchases during the ginning season. November is the most recent data on cottonseed oil mills' net receipts and at 408,000 tons, it was the largest amount for the year. The 5-year average net receipts for November are 765,000 tons. There is still time for crushers to take on more seed ownership, but if net receipts for December and January don't improve, the crush might have to be adjusted below 2 million tons. The previous low for the crush was during the 2009/10 crop year at 1.9 million tons while cottonseed production was 4.149 million tons. The cottonseed oil basis to soybean oil futures has firmed in recent weeks, as cottonseed oil supply appears it will remain snug. Higher cottonseed oil prices will be necessary if crushers need to buy more cottonseed to cover new oil sales.

Exports were raised 20,000 tons while buying interest from Asia and the Middle East remains strong. November results were over 3,000 tons above the 5-year average and movement of supply is expected to be brisk for several more months. Ending stocks were raised only 2,000 tons, but the ending stocks to use ration is below the year ago by 11%.

Cottonseed Supply/Demand Balance Sheet (ooo tons)					
Year begins Aug 1	USDA	USDA	Jan / USDA	Jan / USDA	Jan / CSD
	2010/11	2011/12	2012/13E	2013/14F	2013/14F
Beg. Stocks	342	618	430	492	507
Imports	0	72	0	100	109
Production	6098	5370	5666	4367	4387
Total Supply	6440	6059	6096	4959	5003
Crush	2563	2400	2500	2200	2150
Exports	275	133	191	150	185
Feed, Seed, & "Other"	2984	3096	2913	2175	2219
Total Disappearance	5822	5629	5604	4525	4554
End Stocks	618	430	492	434	449

COTTONSEED fob points				
<u>PRICES 01-17-14</u>		<u>Trade</u>		<u>Yr Ago</u>
Southeast		(\$/ton)		
North Carolina	Spot	290b / 293-296o		232t
	Fb-Mr	294b / 298-300o		240t
	Fb-Ag	305b		n/a
	OND	230t		n/a
Georgia So.	Spot	285-290t		216t
	Fb-Mr	287b / 293o		n/a
	Fb-Ag	293b / 297o		n/a
	OND	230t		n/a
Mid-South		(\$/ton)		
Memphis No.	Spot	325o / 316t		272t
	Feb	325t		275t
	Fb-Ag	330b / 335o		n/a
MO Bootheel	Spot	320b		272t
NE Arkansas	Spot	320b		272t
	Fb-Ag	330t		n/a
	OND	255t		241o
Southwest		(\$/ton)		
West Texas: LN	Spot	338o / 335t		335t
	Fb-Mr	342-345o		340o
	Fb-Ag	345b / 350o		n/a
West Texas: SN	Spot	340o		n/a
Far West		(\$/ton)		
Arizona	Spot	370o		n/a
Cal. Corc. No.	Spot	425-430o / 425		383t
	Ja-Sp	43o		n/a
Pima California	Spot	400o / 390t		355t
Specially Processed Products (\$/ton)				
<i>Easi Flo</i> tm	Courtland, AL	Spot	365	315o
		Fb-Mr	365	315o
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 01-17-14</u>		<u>Truck</u>	<u>Rail</u>	<u>Yr Ago</u>
Northeast		(\$/ton)		
W. New York	Spot	3560		2930
	Fb-Ag	3660		n/a
SE Pennsylvania	Spot	3370		2760
	Fb-Ag	3470		n/a
NE Ohio	Spot	3560		2930
	Fb-Ag	3660		n/a
Midwest		(\$/ton)		
MI (Grand Rpsds.)	Spot	3660		3050
	Fb-Ag	3760		n/a
MN (Rochester)	Spot	384-3900		3450
	Ja-Ag	389-3920		3470
	Fb-Mr	3870		3370
WI (Madison)	Spot	379-3800		3370
	Ja-Ag	384-3850		3400
	Fb-Mr	3820		3320
Southwest		(\$/ton)		
Texas / Dublin- Stephenville	Spot	3500		3450
Rail - fob track points		(\$/ton)		
Laredo TX	Spot		4100	3550
California	Spot		4300	370t
Idaho (UP)	Spot		4150	3650
WA/OR (BN)	Spot		4200	3750
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@2014 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.