

2006 PROSPECTIVE PLANTINGS: Informa's March Prospective Plants report was released March 10th, the USDA will release their Prospective Plantings report on March 31st. All cotton acreage intentions are estimated at 14.7 million acres, up 3.4 percent from last year and 211 thousand larger than Informa's January estimate. Upland acreage is estimated at 14.3 million acres, up 411 thousand from last year and 191 thousand above Informa's January projection. Compared with Informa's January estimate most states' upland cotton area was increased. The Mid-South is anticipated to have the largest increase in acreage as growers are planning to put in cotton acres at the expense of corn and rice acres. The only state in which respondents indicated a reduction in upland intentions from Informa's January survey was California, as agricultural land is at a premium in the state and acreage has trended lower for the past several years.

American-Pima plantings are estimated to be 341 thousand acres, which is up 71 thousand from last year and 20 thousand larger than Informa's January estimate. Planting preparation is under way in Southern Texas on irrigated fields and in the Coastal Bend.

US 2006 Regional Cotton Plantings Forecast (000 acres)					
Region	2005 Acreage	2006 Acreage	% Change from 2005	Change in acreage	5-year Averages
East	3,030	3,156	4.2%	126	3,223
Mid-South	3,950	4,180	5.8%	230	3,829
Southwest	6,155	6,295	2.3%	140	6,015
Far West	790	705	-10.8%	-85	903
Total	13,925	14,336	3.0%	411	13,970
Pima	270	341	26.3%	71	243
US Total	14,195	14,677	3.4%	482	14,212

COTTONSEED MARKET: Prices started to make an upturn around the middle of March, with a steady stream of follow-through buying. Most of the buying is from resellers who are squaring up their position to make sure prices don't get too high before covering their commitments. These higher prices partially reflect a weather premium. The mindset of the market is unsure about the availability of new crop supplies and the impression that prices can continue to climb.

Merchants have noted the price uptick helped herald in more buying interest from dairies that were expected to return to the market. The dairy buying interest continues to be primarily for nearby supplies, but the resellers are now showing more willingness to pay up on forward quotes. It is questionable how long this upward price rally will continue, but with a major seller in West Texas pulling out of the market and California prices moving higher, prices have the potential to remain stout. However, if substantial rains fall over West Texas then the price pendulum has a good chance of

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swining in the opposite direction. In the Southeast, nearby and forward prices are moving higher in all markets but North Alabama. Prices in the Carolina's have climbed up matching the levels reached in the Georgia market. Gins appear to be more comfortable with the amount they have sold and are now less eager to sell, which is giving the market a tighter feeling.

Mid-South prices are moving higher following the strength noted in Western markets. There has been larger volume trades going to resellers. More Midwestern dairy buyers came to the market this week. The Missouri Bootheel remains quiet. Meanwhile, West Texas quotes are higher with fewer offerings in the market. End users will likely need to pay up until West Texas gets some substantial rain, or more sellers come to market. Oil mills appear to be the most significant holders of cottonseed in the state and they are no longer offering their supply to the market.

Sellers in the California market have progressively raised prices. Availability of rail supplies is in question and is cited as the reason for stronger pricing. This price strength may put a damper on the hand-to-mouth dairy buying in the state. The strength in California has had a ripple effect on rail prices in Idaho and the PNW. End users appear to be caught short and are paying the higher prices.

COTTONSEED BALANCE SHEET: USDA's 2005/06 cottonseed balance sheet has a 50,000-ton change with the crush increased, and the feed, seed and other category down by the same amount. Recent price strength may have a negative influence on feed demand, and force more supplies into next year. These offsetting changes leave ending stocks unchanged at 630,000 tons, the largest in recent years.

Informa's 2005/06 production was raised 55,000 tons, on the recent increase to the running bales ginned total. The crush was lowered another 10,000 tons, meanwhile exports were boosted 18,000 tons. Lackluster oil demand and lower oil prices have prompted the reduction of crush to below year ago levels. The net-value for crushers per ton of cottonseed is higher due to high hull and meal prices, but these prices volumes trading are minimal and don't completely reflect actual revenue streams for crushers. The Census report for February shows production below last year's level, and there is still potential for more crush reductions this summer. The large carry over suggest offers should move lower, but with new crop concerns, seed holder anticipated that seed prices have more upside potential.

Cottonseed Supply/Demand Balance Sheet (000 tons)					
Yrs beg Aug 1	USDA	USDA	Mar. / USDA	Mar. / USDA	Mar. / Informa
	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05E</u>	<u>2005/06F</u>	<u>2005/06F</u>
Beg. Stocks	400	347	421	592	592
Imports	104	2	1	25	2
Production	6184	6665	8242	8501	8560
Total Supply	6687	7013	8664	9118	9154
Crush	2495	2639	2923	3150	2980
Exports	370	355	379	425	414
Feed, Seed, & "Other"	3477	3598	4770	4913	4910
Total Disap- pearance	6341	6592	8072	8488	8304
End Stocks	347	421	592	630	850

COTTONSEED fob points					
PRICES 3-17-06		Bid	Offer	Trade	Yr Ago
SOUTHEAST		(\$/ton)			
No. Carolina	Spot	90-92b / 92-94o		99o	
	Ap-Ag	94b / 99o / 96t		101o	
So. Carolina	Spot	90b / 94o		100t	
	My-Ag	94b / 99o		110o	
Georgia So.	Spot	90b / 95o / 94t		105o	
	Ap-Ag	94b / 100o		110o	
Alabama No.	Spot	100-102b / 105o / 100-104t		100t	
	Ap-Ag	102b / 110o		108o	
MID-SOUTH		(\$/ton)			
Memphis No.	Spot	109b / 112o / 110-112t		100o 98t	
	Mr-Ag	112b / 114-115o		98-100t	
	Ap-Jly	118t		n/a	
MO Bootheel	Spot	112b / 113t		102o	
SOUTHWEST		(\$/ton)			
West Texas	Spot	125o / 125t		118-120t	
	Ap-Sp	140o		120o/t	
FAR WEST		(\$/ton)			
Arizona	Spot	168b / 175o / 171t		140o	
Cal Corc. N	Spot	190o / 190t		164-165o	
& Stockton	Ap-Sp	195o		164-165o	
SPECIALLY PROCESSED PRODUCTS (\$/TON)					
Easi Flotm	Centre, AL	Spot	145o	136o	
FuzZpelletstm	Weldon, NC	Spot	114o	122o	
Cotton Flotm	Weldon, NC	Spot	125o	124o	
b = bid o = offer t = trade n/a = not available					

COTTONSEED dlvd. points					
<u>PRICES 3-17-06</u>		<u>Dump</u>	<u>Hopper</u>	<u>Live Floor</u>	<u>Rail</u>
NORTHEAST		(\$/ton)			
W. New York	Spot	147o			
	Ap-Ag	152o			
SE Pennsylvania	Spot	129o			
	Ap-Ag	134o			
NE Ohio	Spot	143o			
	Ap-Ag	148o			
MIDWEST		(\$/ton)			
MI (Grand Rpds.)	Spot	155o			
	Ap-Ag	160o			
MN (Rochester)	Spot		158o	160-165o	
	Ap-Ag		155o	167-168o	
WI (Madison)	Spot		148o	154-158o	
	Ap-Ag		158o	162-166o	
SOUTHWEST		(\$/ton)			
Texas / Dublin- Stephenville	Spot		158o		
	Ap-Ag		160o		
RAIL - FOB TRACK POINTS		(\$/ton)			
California	Spot				187t 188o
	Ap-Ag				190t
Idaho (UP)	Spot				186t
	Ap-Ag				186b 191o
WA/OR (BN)	Spot				186b 190t
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.