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COTTONSEED MARKET: Most markets are mentioning only minor price changes at the middle of April. Attitudes in the market remain bearish and there is a lack of significant news that would suggest anything different. In the first planting progress report of the season, of the seven states showing progress, only Texas is ahead of the five-year average. Arizona is the state furthest along with 19% of the crop planted. At 27 percentage points behind the average, California is the farthest behind, due to recent rains inhibiting fieldwork. By the end of April, California should catch up provided weather cooperates. Wet weather in the Southeast and Mid-South has also limited activity, but more states from these regions should start showing progress shortly.

Southeastern markets continue to be thinly traded. The trading activity in the market is said to be done between resellers, meanwhile gins are staying on the sidelines. The steady demand from resellers are reportedly the only buying interest in the market. Price quotes in the Carolinas are mixed compared to a month ago. The North Carolina nearby quotes have softened a dollar and the summer bid is down \$5. The South Carolina market is offered a dollar firmer for the nearby and off \$3 for the summer. The only change in Georgia is slightly softer nearby bids, and this market is not reporting very much trading activity. North Alabama nearby and new crop offers are up a dollar and most of the trading done in the market is for the nearby, is driven by availability of trucks, rather than additional end user demand coming into the market.

Mid-South merchants reported trading over the past several weeks have slowed down to a grind. Some contacts are suggesting that there are buyers in the market, but prices remain too high thus they are only interested in small volume trades. The Memphis North nearby is offered several dollars higher and only limited trading taking place. There has been a renewed interest in new crop and as a result, bids jumped a few dollars higher. The majority of buying interest on the part of resellers is closer to \$98, but gins are not very willing to trade new crop at such levels. Merchants are still betting that once new crop concerns are taken out of the market, then seed holders will become more aggressive sellers resulting in lower prices in coming months.

The West Texas market appears to be weakening. Contacts are expected to see a good share of this year's supply being carried into next year. Opinions on rail turnaround are mixed as some merchants have noticed an improvement, while others are experiencing turnarounds below expectations. Prime delivery points continue to get the high-end of the price range for their seed. The nearby market continues to be dominated by hand-to-mouth buying. This steady buying week in and week out is helping support price levels. Seed holders appear to be keeping the upper hand.

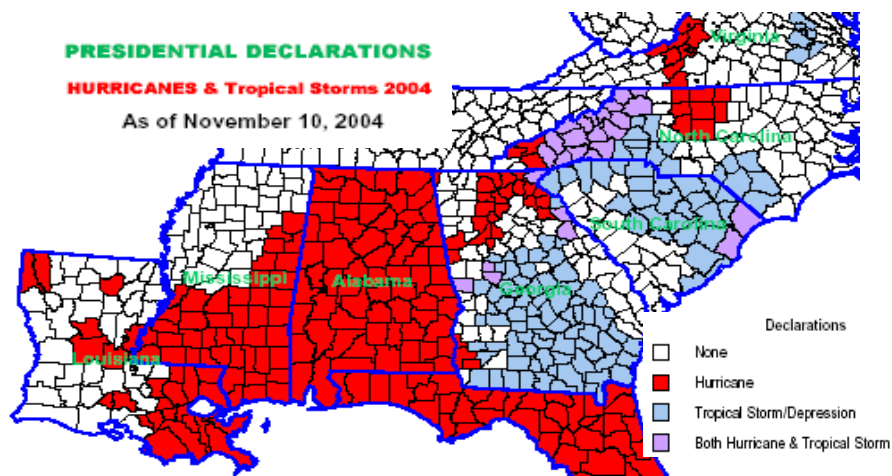
In the Far West, the California market is reporting the most trading activity in all timeframes. The clock quote at \$185 delivered to the dairy has reportedly won most of the buying interest, after starting out the previous week at lower levels. Nearby price levels are remaining firm, but contacts don't anticipate prices will move much higher as higher prices may attract Australian imports. If Australian seed is imported to California, then price would likely drop much lower in other markets.

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COTTONSEED PAYMENTS: Recently, a contact raised the question regarding the status of cottonseed payments for those areas in states where crops were damaged by tropical storms and hurricanes last year. The payments will only apply to counties that were declared a national disaster areas by the President. Note the map of the Southeast and Delta States. FSA will administer the \$10-million fund to the first handlers and producers of cottonseed. A proposed rule to implement 2004 Cottonseed Payment Program regulations will be published soon in the Federal Register. However, before sign-up can begin and funds are made available the following process will take place. The rule will open the document up for discussion and suggestions for 30 days. These suggestions will be considered and added before final approval and publication of a final rule. The 64-thousand-dollar question continues to be, when the first publishing of the rule in the Federal Register will take place? When it shows up in the Federal Register, we will certainly make note of it.



COTTONSEED BALANCESHEET: The April USDA balance sheet had only offsetting changes on the demand side. The Crush was lowered 100,000 tons and exports were curbed 35,000 tons. This sum was added to the Feed, Seed and Other category making it 1.3 million tons higher than the 5-year average. Ending stocks are left unchanged, and there is little news offered to change the bearish attitude in the market.

The only change to the production side of Informa's balance sheet is a 10,000-ton reduction to imports. Chances for Australian imports appear to be less likely as time passes. The disappearance side of Informa's balance sheet remains unchanged. If the last half of the crushing season is stronger than the first half, the crush total may need to move higher. This season's stronger cottonseed oil demand has raised the amount crushed to 50,000 tons over the five-year average. In recent weeks, there have been reports of Mexican buyers looking to buy more cottonseed, and they are likely to remain steady buyers through the summer. Informa's feed, seed and other category is 310,000 tons below USDA's figure, but without evidence of stronger buying from other end users, this number will remain unchanged. Informa's ending stocks remain record large.

Cottonseed Supply/Demand Balance Sheet (000 tons)					
Yrs beg Aug 1	USDA	USDA	April /	April /	April /
	<u>2001/02</u>	<u>2002/03</u>	<u>USDA</u>	<u>USDA</u>	<u>Informa</u>
			<u>2003/04E</u>	<u>2004/05F</u>	<u>2004/05F</u>
Beg. Stocks	427	400	347	421	421
Imports	327	104	2	25	25
Production	7452	6184	6665	8411	8390
Total Supply	8206	6688	7013	8857	8836
Crush	2791	2495	2639	2800	2790
Exports	274	371	355	375	415
Feed, Seed, & "Other"	4742	3475	3598	5185	4875
Total Disappearance	7807	6341	6592	8360	8080
End Stocks	400	347	421	497	756

COTTONSEED fob points					
<u>PRICES 4-15-05</u>		<u>Bid</u>	<u>Offer</u>	<u>Trade</u>	<u>Yr Ago</u>
SOUTHEAST		(\$/ton)			
No. Carolina	April	90b / 94o		167o	
	Ap-Ag	90b / 95o		n/a	
(as ginned)	OND	90b / 95o		132o	
So. Carolina	April	100b / 105o		175o	
	Ap-Ag	100b / 105o		n/a	
(as ginned)	OND	93b / 99o		133o	
Georgia So.	April	100b / 105o		175o	
	Ap-Ag	102b / 109-111o		178o	
(as ginned)	OND	95b / 103o		135o	
Alabama No.	April	98b / 102o / 100t		172-173t	
	Ap-Ag	98b / 105o		n/a	
(as ginned)	OND	94b / 105o		140t	
MID-SOUTH		(\$/ton)			
Memphis No.	April	95b / 99-100o / 99t		172-174t	
	Ap-Ag	95b / 100-102o		176o	
(as ginned)	OND	98-99b / 105o		140t	
MO Bootheel	April	100o		172o	
(as ginned)	OND	99b / 102t		n/a	
SOUTHWEST		(\$/ton)			
Texas	Spot	113b / 116-118o / 113-115t		185o	
	Ap-Sp	115-116b / 120o		187.50o	
	OND	115b / 120o		154-155o	
FAR WEST		(\$/ton)			
Arizona	Spot	140b / 145o		225o	
Cal Corc. N	Spot	160b / 162-166o / 162t		240o	
& Stockton	AMJ	166o / 165t		n/a	
	Ap-Sp	160b / 166o / 163-164t		245o	
(delvrd dairy)	Clock	187o / 185t		n/a	
SPECIALLY PROCESSED PRODUCTS (\$/TON)					
Easi Flo[™]	Courtland, AL	Spot	136o	206o	
FuzZpellets[™]	Weldon, NC	Spot	123o	201o	
Cotton Flo[™]	Weldon, NC	Spot	127o	201o	
b = bid o = offer t = trade n/a = not available					

COTTONSEED dlvd. points					
<u>PRICES 4-15-05</u>		<u>Dump</u>	<u>Hopper</u>	<u>Live Floor</u>	<u>Rail</u>
NORTHEAST		(\$/ton)			
W. New York	Ap-Ag	144o			
SE Pennsylvania	Ap-Ag	130o			
NE Ohio	Ap-Ag	141o			
MIDWEST		(\$/ton)			
MI (Grand Rpds.)	Spot.	152o			
	Ap-Ag	152o			
MN (Rochester)	Ap-Ag		140o	150-155o	
WI (Madison)	Ap-Ag		137o	146-147o	
SOUTHWEST		(\$/ton)			
Texas / Dublin-	Spot		140o		
Stephenville	Ap-Jly		140o		
RAIL - FOB TRACK POINTS		(\$/ton)			
California	Ap-Ag				No quote
Idaho (UP)	Spot				163t 165o
	Ap-Ag				162b 166o
	OND				165o
	Clock				175o
WA/OR (BN)	April				164-165o
	Ap-Ag				167-168o
	OND				160b 165o
	Clock				172b 175o
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.