

USDA PROSPECTIVE PLANTINGS: USDA's all cotton acres was 468,000 acres above Informa's survey. Most of the increase came from the Mid-South with USDA projecting 270,000 more acres. The state with the largest difference to Informa's report was Tennessee, at 110,000 acres higher. The Southeast was 190,000 tons higher, with Georgia's acreage pegged to match last year's level. The Southwest and Far West acreage had minor differences compared to Informa.

USDA - US 2009 Regional Cotton Plantings Forecast (000 acres)					
Region	2008 Acreage	2009 Acreage	% Change from 2008	Change in acreage	5-year Averages
Southeast	1,923	1,865	-3.0%	-58	2,703
Mid-South	1,876	1,670	-11.0%	-206	3,248
Southwest	5,242	4,928	-6.0%	-314	5,960
Far West	255	205	-19.6%	-50	511
Total	9,296	8,668	-6.8%	-628	12,423
Pima	174	144	-17.5%	-31	263
US Total	9,470	8,812	-7.0%	-658	12,685

COTTONSEED MARKET: Price levels have climbed higher following the Easter weekend. Prices have climbed above what most dairies are willing to pay, so the increase appears to be based on resellers willingness to pay up to obtain supplies. If this is the case, prices will likely dip lower once this buying interest exits the market.

The catalyst for the price strength is stronger buying interest in the Far West as supplies have tightened. California dairies were reported as buying between \$265 - 270/ton, but then backed away from the market with subsequent trades done by resellers and feed mills. This flurry of buying appears to have given merchants in other markets the gumption to raise their prices as well. Early in the week more trading was done than in the past few weeks, but as the week progressed, the higher prices caused a slowdown in buying action. Over the course of the next few weeks, the availability of cottonseed is expected to improve as rail supplies are anticipated to arrive and then prices are apt to edge lower.

West Texas price strength is based on limited selling interest in the state and is following the strength noticed in California. Dairies are not willing to buy cottonseed at these higher price levels. Market consensus is that there are cottonseed supplies that are being held back due to the uncertainty regarding new crop planting as weather remains dry and expectations are for less supply than last year. Gins will likely hold firm on price until they have more confidence in the production outlook. New crop quotes are not well defined due to the planting and production issues.

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Price strength in the Mid-South helped spur on a few sales to end users, but buying interest waned as prices continued to climb. The strength in the soybean complex was a supportive factor for prices to climb higher and end users to add to their position. Price spreads to West Texas and California have widened some, and this fact could result in more rail buying action in the region. Wet and cold conditions in the region are preventing planting progress, thus new crop is thinly offered.

Merchants in the Southeast are suggesting that there has been renewed buying interest from exporters, since prices are below what likely was booked during the ginning season. This suggests that prices have managed to drop low enough to attract export buying. Given higher freight rates and a strong dollar, it is doubtful there will be significantly more buying from exporters. Offers for the summer months were raised reflecting the attitude that prices will remain stout on scarcity of supply. The higher price has prevented end users from buying.

COTTONSEED BALANCE SHEET: This month, the only change to USDA's balance sheet was an offsetting shift of 100,000 tons from Exports to the Feed, Seed and Other category. Since January there have been only minor changes made to USDA's balance sheet.

Informa's balance sheet has lowered exports by 15,000 tons. In the first seven months of this crop year, a little over 108,000 tons of cottonseed was exported which is over 15,400 tons per month compared to the 5-year average of over 40,000 tons per month. For the balance of the crop year, exports are projected to hold on an even keel with lighter shipments in the final months of the crop year. The crush rate remains unchanged, but if cottonseed oil demand does not improve in the next couple months, it is possible that some mills will suspend their crush as the feed market appears to provide a more profitable option for their seed rather than crushing.

The Feed, Seed and Other category is unchanged for now, as dairy demand remains lackluster, and hopes of improved economics have diminished with weaker milk prices and strength in the soybean complex futures. Ending stocks were raised 15,000 tons, bringing the stocks to use ratio just over 11%. This is the highest ratio since the 1990-91 crop year, even though it is over 130,000 tons less than what was carried over the previous year. Stocks were raised because demand from neither dairies nor crushers has an optimistic outlook. Meanwhile, gins appear content sitting on unsold seed as they look toward the fourth consecutive year of tighter cottonseed supply.

Cottonseed Supply/Demand Balance Sheet (000 tons)					
Yrs beg Aug 1	USDA	USDA	April /	April /	April8+ /
	2005/06	2006/07	USDA	USDA	Informa
			2007/08E	2008/09E	2008/09E
Beg. Stocks	592	602	489	643	643
Imports	0	0	3	50	5
Production	8172	7348	6589	4429	4486
Total Supply	8764	7950	7080	5122	5134
Crush	3010	2680	2706	2400	2398
Exports	523	616	599	250	185
Feed, Seed, & "Other"	4630	4165	3132	2142	2040
Total Disappearance	8163	7461	6437	4792	4623
End Stocks	602	489	643	330	511

COTTONSEED fob points					
PRICES 04-17-09		Bid	Offer	Trade	Yr Ago
SOUTHEAST		(\$/ton)			
No. Carolina	Spot	170b / 175o		303o	
	Ap-Ag	175b / 179o		n/a	
(as-ginned)	OND	138b / 143o		265o	
	So. Carolina	Spot	177b / 180o		300o
(as-ginned)	Ap-Ag	180b / 184o		n/a	
	OND	138b / 143o		275o	
Georgia So.	Spot	185o / 180t		300-302o	
No. Alabama	Spot	180b / 185o		n/a	
MID-SOUTH		(\$/ton)			
Memphis No.	Spot	185b / 190o / 185t		295-300t	
	MJJ	192o / 190t		305o	
	OND	175o		290t	
MO Bootheel	Spot	185o		300o	
	Ap-My	185o		n/a	
SOUTHWEST		(\$/ton)			
West Texas	April	228b / 242o / 240t		293t	
	Ap-Sp	245b / 250o		300o	
(as-ginned)	OND	180b / 185o		285t	
FAR WEST		(\$/ton)			
Arizona	Spot	230o / 224t		320o	
Cal Corc. N & Stockton	Spot	280o / 275-277t		350t	
	My-Sp	280o		358-360o	
	Clock	290-300o		n/a	
SPECIALLY PROCESSED PRODUCTS (\$/TON)					
<i>Easi Flotm</i>	Courtland, AL	Spot	215o	340o	
<i>FuzPelletstm</i>	Weldon, NC	Spot	207o	333o	
<i>Cotton Flotm</i>	Weldon, NC	Spot	207o	333o	
b = bid o = offer t = trade n/a = not available					

COTTONSEED dlvd. points					
<u>PRICES 04-17-09</u>		<u>Dump</u>	<u>Hopper</u>	<u>Live Floor</u>	<u>Rail</u>
NORTHEAST		(\$/ton)			
W. New York	Spot	223o			
	Ap-Ag	228o			
SE Pennsylvania	Spot	201o			
	Ap-Ag	207o			
NE Ohio	Spot	229o			
	Ap-Ag	234o			
MIDWEST		(\$/ton)			
MI (Grand Rpds.)	Spot	233o			
	Ap-Ag	239o			
MN (Rochester)	Spot		235-239o	249-250o	
	Ap-Ag		243-246o	253-256o	
WI (Madison)	Spot		224-228o	231-235o	
	Ap-Ag		228-232o	235-238o	
SOUTHWEST		(\$/ton)			
Texas / Dublin- Stephenville	Spot		250o		
	Ap-Ag		260o		
RAIL - FOB TRACK POINTS		(\$/ton)			
Laredo TX (Mid-Bridge)	Spot				240o
	My-Sp				245o
California	Spot				n/a
Idaho (UP)	Spot				242t
	Ap-Sp				250b 260o
WA/OR (BN)	OND				245o
	Spot				270o
	Ap-Sp				275o
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.