

COTTON ACREAGE: USDA's *Prospective Plantings* report released March 31st projected 2015 total cotton area to be 9.549 million acres. Compared to a year ago, it is a reduction of 1.488 million acres. The total was 83,000 acres less than Informa's forecast. Regionally the largest year-over-year decline in acres will be in the Southwest, but the Southeast's loss of cotton acres is similar. Given the improved moisture situation in West Texas, there is still the possibility that some producers may plant more cotton than previously projected. Likewise in the Southeast, the delay in field work and less corn being planted could result in more cotton being planted. Far West acres are down related to the drought situation and water use restrictions which will keep cotton acres at historical lows.

USDA - US 2015 Regional Cotton Plantings Forecast (000 Acres)					
Region	2014 Plantings	2015 Plantings	% Change from 2013	Change in Acreage	5-year Averages
Southeast	2669	2185	-18.1%	-484	2817
Mid-South	1455	1055	-27.5%	-400	1823
Southwest	6514	6019	-7.6%	-495	6714
Far West	207	140	-32.4%	-67	574
Total	10845	9399	-13.3%	-1446	11665
Pima	192	150	-21.9%	-42	229
US Total	11037	9549	-13.5%	-1488	11894

COTTONSEED MARKET: Trading has slowed during April due to less buying from reseller shorts. There has been a standoff between buyers and sellers. Prices look to be range bound for the next few weeks as there is uncertainty about new crop supply which is projected to be less than last year. Gins are waiting until they see planting results and how the crop is progressing before coming back to market to sell more new crop supply.

Southeast markets have been quiet due to less nearby dairy buying interest while gins are still waiting for trading levels to rise to their price ideas. Even with the decline in cotton acres, there is ample cottonseed supply and price competition from other feed ingredients. Playing the waiting game could mean prices will be lower in a couple months as cottonseed will have to compete with lower priced feed ingredients.

At the middle of April, Mid-South markets had a few nearby trades, but volumes remain small with only a few truckloads trading at a time. Dairies in the Midwest are not booking enough to cause prices to climb. Cottonseed demand at current prices will remain light as corn and soybean meal futures continue to drift lower.

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West Texas and California markets are holding steady. West Texas had a flurry of spot trading mid-April on modest dairy demand. The California market has been dealing with tight supply and the lack of rail cars caused prices to edge higher and prices remain firm because movement remains brisk. For now, sellers don't seem concerned about losing dairy demand as they are holding firm on price. Resellers are concerned that stout prices are being used to ration more supply than is necessary and could result in lower prices later this summer as other feed ingredients are expected to be abundant and a burden on cottonseed prices.

COTTONSEED BALANCE SHEET: The USDA's balance sheet had the crush lowered by 100,000 tons, meanwhile the Feed, Seed and Other category was raised 100,000 tons. Poor crushing economics related to soft vegetable oil values and softer cottonseed meal and hull prices will keep the outlook for minimal profits. Current cottonseed prices are preventing crushers from taking on more cottonseed ownership. The Feed, Seed and Other category is 54% the total supply of seed and at the highest level it has been in 10 years.

The Cottonseed Digest's balance sheet had imports raised 15,000 tons as South American supplies have been offered. We remain skeptical as in the past, only limited supplies have been imported from South America but imports will be aided by the purchasing power of the strong dollar. Australian supply will not likely be imported because production there was less than a year ago. This increase in supply can be viewed as bearish, but will only have a small impact on price as most of it is likely already bought by dairies.

Exports were lowered 5,000 tons compared to a month ago. Domestic cottonseed prices held stronger than expected during the past few months which may have limited some export buying interest. The export total for the 2014/15 crop year through February is roughly 150,000 tons and is 17,000 tons above the 5-year average. Export demand is expected to soften during the last half of the crop year because of greater supply of competitively priced feed ingredients including South American corn and soybean meal.

The Feed, Seed and Other category was raised by 15,000 ton to offset the increase for imports. While dairy margins are not as strong as a year ago, milk prices have not softened as much as earlier anticipated. The crush was lowered 22,000 tons as runtimes for the past few weeks have been several thousand ton below year-ago levels. Lower cottonseed meal and hull prices are limiting crush profitability. The crush for the balance of the year will likely remain below year ago levels. The net result of the changes is a 27,000 ton increase to ending stocks, which would be the highest ending stock level since the 2010/11 crop year.

Cottonseed Supply/Demand Balance Sheet (ooo tons)					
Year begins Aug 1	USDA	USDA	April / USDA	April / USDA	April / CSD
	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14E</u>	<u>2014/15F</u>	<u>2014/15F</u>
Beg. Stocks	618	430	492	425	425
Imports	72	182	198	100	79
Production	5370	5666	4203	5314	5324
Total Supply	6059	6278	4893	5839	5828
Crush	2400	2500	2000	1900	1793
Exports	133	191	219	275	245
Feed, Seed, & "Other"	3096	3094	2250	3175	3180
Total Disappearance	5629	5786	4468	5350	5218
End Stocks	430	492	425	489	610

COTTONSEED fob points				
<u>PRICES 04-17-15</u>		<u>Trade</u>		<u>Yr Ago</u>
<i>Southeast</i>		(\$/ton)		
North Carolina	Spot	238-240b / 243-245o / 240		397t
	My-Ag	247		n/a
	OND	215-217b / 220		265t
Georgia So.	Spot	235-238b / 240		400o
<i>Mid-South</i>		(\$/ton)		
Memphis No.	Spot	270o / 265t		425o
	MJJ	270o		n/a
	My-Ag	266o		n/a
MO Bootheel	Spot	271o		425t
	MJJ	275o		n/a
NE Arkansas	May	265t		n/a
	My-Ag	266o		n/a
	Oc-Nv	260o		n/a
<i>Southwest</i>		(\$/ton)		
West Texas: LN	Spot	290-293t		430o
	My-Sp	295o		435o
	OND	265b / 275o		325o
West Texas: SN	Spot	290o		n/a
	My-Sp	295o		n/a
<i>Far West</i>		(\$/ton)		
Arizona	Spot	350b / 360o		465t
Cal. Corc. No.	Spot	390b / 395-398o / 393-394t		506t
	My-Sp	398o		n/a
	Clock	370b / 380o		425t
Pima California	Spot	350o / 345t		486o
	OND	345o		n/a
	Clock	355o		n/a
<i>Specially Processed Products (\$/ton)</i>				
<i>Easi Flo</i> tm	Courtland, AL	My-Ag	310o	n/a
		Nov.	290o	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 04-17-15</u>		<u>Truck</u>	<u>Rail</u>	<u>Yr Ago</u>
Northeast		(\$/ton)		
W. New York	Spot	305-3070		4700
	My-Ag	312-3150		4800
SE Pennsylvania	Spot	288-2900		4520
	My-Ag	295-2980		4620
NE Ohio	Spot	3070		4700
	My-Ag	3150		4800
Midwest		(\$/ton)		
MI (Grand Rpd.)	Spot	3170		4800
	My-Ag	3250		4900
MN (Rochester)	Spot	335-3450		4840
	My-Ag	340-3450		n/a
	OND	325-3300		3670
WI (Madison)	Spot	3300		4790
	My-Ag	3350		n/a
	OND	3200		3620
Southwest		(\$/ton)		
Texas / Dublin- Stephenville	Spot	2950		4350
	My-Sp	3150		n/a
Rail - job track points		(\$/ton)		
California	My-Sp		380-3900	n/a
	Clock		3500	n/a
Idaho (UP)	Spot		247-2480	5100
	My-Ag		3500	n/a
WA/OR (BN)	Spot		3750	5200
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.

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