COTTONSEED MARKET: Rain delays early in the month slowed cotton harvest and ginning progress. Overall, nearby trading volumes have been light and those needing to buy are only looking to cover needs for the week before they can get their hands on new crop supply. By the last week of October, more gins will be up and running. Spot demand should be satisfied because new crop supply will be flowing through supply pipelines.

The Southeast region has had a few weeks of gins running so more new crop supply has been available compared to the Mid-South and West Texas. Nearby trades were done at lower prices by the middle of October. Supply pipelines are not at their regular levels for this time of year, nonetheless there has been an increase in contracted supply being available for pick up. There have been reports of above expected yields in Georgia, which suggests the Southeast will again be the main source of cottonseed for rail markets in the West. Georgia’s ginning season is expected to run into January due to the late start. Buying interest beyond December remains light, still there have been a few modest trades reported. Export buyers continue to linger in the market, but trading volume remains below last year’s level.

Mid-South nearby prices have trended lower, however due to the lack of nearby supply have traded at higher prices at the end of October. There was enough nearby buying interest and some stronger bids that haven’t traded because there isn’t enough supply this week. The increase in runtimes by the end of the month suggest the nearby price premium will erode. Regardless of the late start, the ginning season in the Mid-South will likely end slightly sooner than average due to fewer planted acres. Trading of gin-run supply has been light this week, as gins are not aggressive sellers. Gins will deliver to meet their commitments, but are expected to put the majority of their supply in storage. Buying interest past the ginning season has been light. This price premium on supply coming out of storage may not be possible this crop year due to the abundant grain situation domestically and the current favorable growing conditions in South America. Larger grain supply should cause feed prices to soften in the spring and could apply downward pressure on cottonseed prices at that time.

Most West Texas market participants anticipated that new crop supply under gin-run contracts will be available by the last week of October. Clear weather the last few weeks of the month are expected and availability of sup-
ply likely will drag spot prices lower. Dairy buying interest remains lackluster given current new crop prices. Price levels suggest that dairy users will limit cottonseed usage to only a couple pounds per day. Oil mill buying interest hasn’t shown a willingness to increase what they are willing to pay. Lower prices for cottonseed co-products do not allow oil mills to pay as much as they have for cottonseed over the past couple years.

The decline of California’s spot price has drifted slower than in other regions. Meanwhile, ginning progress has been moving northward and should be going strong in Corcoran North by the last week of October. California rail offers are holding steady yet buying interest remains lackluster. Given the abundance of cottonseed available for the nearby with the onset of ginning, nearby prices are expected to edge lower for the last week of October and the first few weeks during November.

COTTONSEED BALANCE SHEET: Due to the government shut down, USDA has not released a cottonseed balance sheet for October. Last month’s USDA numbers are displayed in this month’s balance sheet. If USDA releases a cottonseed balance sheet for October, changes will be reported in coming weeks.

The Cottonseed Digest’s balance sheet for the 2012/13 crop year had the crush increased by 7,000 tons, which lowered ending stocks the same amount. The largest old crop difference to USDA’s last balance sheet is the 183,000 tons of cottonseed imports, which USDA did not recognize. This imported cottonseed was used in the feed industry and is reason for the Cottonseed Digest’s larger Feed, Seed and Other category.

Production for 2013/14 was raised 40,000 tons as early yield results are above expectations. The Lower Delta and Southeast are expected to have better than average yields. The increase in production was split between exports and the Feed, Seed and Other category. There has been a recent increase in export inquiries to Asian markets. Stout domestic prices this year are apt to prohibit exports from exceeding year ago levels. The Feed, Seed and Other category was raised, but still represents a 850,000-ton decline in usage compared to last year due to lower production. Ending stocks tightened further, dropping an additional 7,000 tons which is 30,000 tons below the 5-year average.
## COTTONSEED fob points

### Prices 10-18-13

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<th>Southeast</th>
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<tr>
<td>North Carolina</td>
<td>Spot</td>
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<td>OND</td>
<td>230b / 2400 / 235t</td>
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<td>Ja-Ag</td>
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<td>South Carolina</td>
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<td>Nv-Dc</td>
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<td>Memphis No.</td>
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<td>West Texas: LN</td>
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<td>West Texas: SN</td>
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<td>Cal. Corc. No. &amp; Stockton</td>
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<td>Nv-Dc</td>
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<td>JFM</td>
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b = bid     o = offer     t = trade     n/a = not available

West Texas: LN=Lubbock North, PN= Plainview North, SN= Seminole North
COTTONSEED dlvd. points

**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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