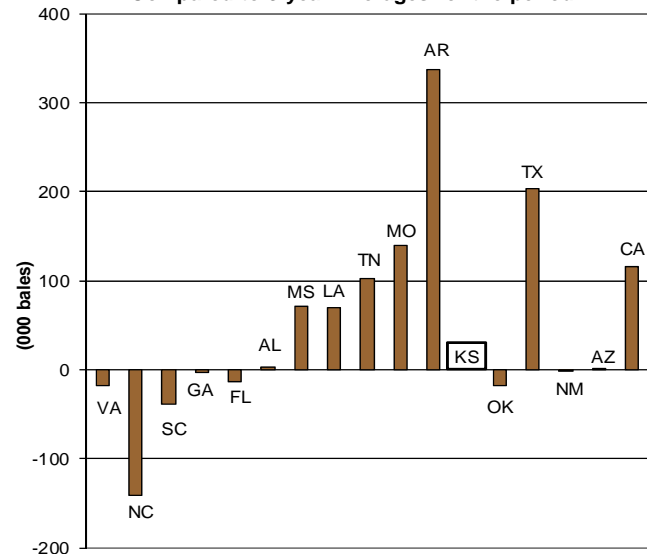


USDA REPORTS: The ginning report as of November 1, 2012, had a running bales total of 6.339 million bales. Since the last report from the middle of October, the running-bales total increased by 3.3 million bales, which means the total doubled. Texas ginned over 850,000 bales since the last report followed by Arkansas with over 400,000 bales. Ginning progress is 800,000 bales ahead compared to the 3-year average. At the beginning of November roughly 36% of the crop has been ginned.

All cotton US production was raised 160,000 bales in USDA's November Crop Production report to 17.447 million bales. This is an increase of 1% from last month and 12% from last year. Projected cottonseed production was raised to 5.913 million tons up 45,000 tons from last month.

Running Bales Ginned Totals as of 11/01/12
Compared to 3-year Averages for the period



COTTONSEED MARKET: Overall cotton harvest remains ahead of the 5-year average. The Southwest and Mid-South are progressing ahead of the 5-year average. Louisiana is the first state to complete harvest. Progress in the Southeast continues to lag the average. The Carolinas and Virginia are furthest behind the average pace, while Georgia and Alabama have managed to rise above the 5-year average over the past couple weeks.

Southeast prices are softer, and remain the most affordable market this week. Price spreads to West Texas are nearly wide enough for Southeastern supply to move into the market. The ginning season will continue well into January. With limited forward bookings made, there will be ample supply to move out of the region.

Gins are winding down in the Mid-South and by Thanksgiving the majority of ginning will be completed. This situation put more downward price pressure on nearby trades early in the month. Availability of trucks in the region has become scarce and those with trucks are able to buy at levels that may be the lows of the season. Forward offers through the summer traded higher by month's end. For the rest of the year nearby prices have more upside risk.

West Texas nearby prices rebounded. Some gins are concerned about cottonseed yields being below expectations. There are a few gins north of Lubbock that expect to be done by Thanksgiving, which suggests supply may be tighter than earlier anticipated in the state. Recently dairy buyers

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For weekly cottonseed pricing and commentary contact:

James Bueltel - Phone 651-925-1052, Fax 651-925-1061 e-mail: james.bueltel@informaecon.com

have become willing to take on ownership. Nearby offers have been limited and because of this the upward price move was greater than anticipated.

California nearby offers are holding firm while end user buying has remained steady. The availability of rail supply is sufficient in the state. Prices remain flat going forward because supply concerns should be less of an issue. Forward trading has been limited as end users are mostly buying nearby. Demand for Pima seed remains light and for this reason offers are apt to remain range bound.

COTTONSEED BALANCE SHEET: The only change for USDA's balance sheet was a 45,000-ton production increase for the 2012/13 crop year. This is over 600,000 tons above the 5-year average. The Feed, Seed and Other category was raised the same amount that production was resulting in ending stocks being unchanged.

The Cottonseed Digest balance sheet for 2012/13 had production unchanged. Exports were lowered 10,000 tons. It appears that the vessel of Australian cottonseed that landed in July is not included in USDA's 2011/12 balance sheet at 72,000 tons. That vessel is included in the Cottonseed Digest's 2012/13 balance sheet. If more Australian cottonseed is imported in 2013 the total will need to be raised.

Exports for 2012/13 were lowered 10,000 tons, which offsets the reduction to imports. Since the last half of the 2011/12 crop year, export buying interest for containerized supply out of the Southeast and rail to Mexico has lagged compared to recent years. Certainly stronger US prices and competition from abundant and affordable supply from Australia are reason for lost demand. The current export projection is roughly 30,000 tons below the 5-year average, but it is an improvement compared to last year's dramatic drop in exports. Ending stocks are unchanged and comparatively large on less cotton acres, resulting in tighter supply which will lead to a larger carryover into next year.

Cottonseed Supply/Demand Balance Sheet (000 tons)					
Year begins Aug 1	USDA	Nov. / USDA	Nov. / CSD	Nov. / USDA	Nov. / CSD
	2010/11	2011/12E	2011/12E	2012/13F	2012/13F
Beg. Stocks	342	618	618	430	527
Imports	0	72	72	100	115
Production	6098	5370	5370	5913	5921
Total Supply	6440	6059	6060	6443	6563
Crush	2563	2400	2372	2600	2565
Exports	275	133	133	300	270
Feed, Seed, & "Other"	2984	3097	3028	3043	3100
Total Disappearance	5822	5629	5533	5943	5935
End Stocks	618	430	527	500	628

COTTONSEED fob points					
<u>PRICES 11-16-12</u>		<u>Bid</u>	<u>Offer</u>	<u>Trade</u>	<u>Yr Ago</u>
Southeast		(\$/ton)			
North Carolina	Nv-Dc	225b / 230o / 230t		n/a	
	Ja-Ag	245b / 250o		285o	
South Carolina	Spot	230b / 236o		245o	
Georgia So.	Nv-Dc	225t		n/a	
	Ja-Ag	240b / 245-250o		285o	
North Alabama	Spot	242t		n/a	
Mid-South		(\$/ton)			
Memphis No.	Spot	255b / 260o		277t	
	Ja-Ag	275-280o		308o	
MO Bootheel	Spot	255-258t		282o	
	Dec	265b / 270o		n/a	
NE Arkansas	Spot	255-258t		282o	
Southwest		(\$/ton)			
West Texas: LN	Spot	310b / 315o		370o	
	JFM	320b / 330o		n/a	
	Ja-Ag	330b / 340o		400o	
Far West		(\$/ton)			
Arizona	Spot	340o		265o	
Cal. Corc. No. & Stockton	Spot	380b / 385-388o / 383t		397o	
	Dec	385o		n/a	
Pima California	Ja-Sp	380-385o		395t	
	Dec	350b / 355o / 353t		n/a	
Specially Processed Products (\$/ton)					
Easi Flo[™]	Courtland, AL	Nv-Dc	300o	n/a	
		Ja-Ag	315o	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 11-16-12</u>		<u>Truck</u>	<u>Rail</u>	<u>Yr Ago</u>
Northeast		(\$/ton)		
W. New York	Nv-Dc	290o		307o
	Ja-Ag	310o		337o
SE Pennsylvania	Nv-Dc	273o		290o
	Ja-Ag	273o		320o
NE Ohio	Nv-Dc	290o		307o
	Ja-Ag	310o		337o
Midwest		(\$/ton)		
MI (Grand Rpds.)	Nv-Dc	302o		317o
	Ja-Ag	322o		347o
MN (Rochester)	Nv-Dc	330-345o		352o
	Ja-Ag	350-360o		380o
WI (Madison)	Nv-Dc	325-335o		347o
	Ja-Ag	342-350o		365o
Southwest		(\$/ton)		
Texas / Dublin- Stephenville	Nv-Dc	340o		385o
	Ja-Sp	355o		n/a
Rail - fob track points		(\$/ton)		
Laredo TX	Nv-Dc		340o	n/a
California	Nv-Dc		372-376o	n/a
Idaho (UP)	Nv-Dc		355-360o	n/a
	Ja-Ag		365o	405o
WA/OR (BN)	Nv-Dc		365-375o	n/a
	Ja-Ag		375o	n/a
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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