

November 5, 2019
Volume 22, Issue 10

Cottonseed Intelligence Monthly

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COTTONSEED MARKET: IEG Vantage's price outlook is for cottonseed prices to remain rangebound nearby until greater clarity emerges in the market. After the *Cotton Ginnings* report was released little impact was felt in the market. Upside price risk currently is limited to regions not ginning enough locally and forced to import from out of state. At the same time, less expensive seed from West Texas working into Arizona has actually pressured the spot market there. Prices in Georgia are expected to be supported by export demand, with prices in North Carolina also forecast to firm slightly. West Texas prices are forecast to weaken nearby, but there is potential upside as quality worries persist. Though California traded early last week at \$345 for spot, offers at \$325 had no trade, favoring the notion of lower prices nearby there. Meal is forecast to remain rangebound nearby across the country, trading in about a \$20 span.

During October the cottonseed market generally remained quiet, and like September, what were high prices for old crop softened on tepid trading in most markets. Cotton harvest continued to progress in line with average for the week ending November 3 with 53 percent picked, ahead of 51 percent this time last year. Cotton harvest was behind average in Missouri, Mississippi and California. Although USDA did not report cotton condition this week at the national level, Texas reported that its cotton rating that was unchanged from last week. The October 23 *Cotton Ginnings* report had 2019 ginnings markedly ahead of the last few years, even with the late planting. USDA will release another *Cotton Ginnings* report on November 8 along with *Crop Production* at 12:00pm EST. As far as the seed trade, Memphis North remains thin with a wide trading range if transactions occur. West of River OND was bid at \$170 offered at \$178. South Georgia has firmed back up, with spot open top containers sold fob gin for \$150 and North Carolina trading at the same number. West Texas spot trucks continue to work into the west, with some delivered into central Arizona at \$285. Corc North spot fuzzy was offered at \$325 and California meal costs \$270 Nov/Mar. Arizona spot was offered at \$300 and bid \$285.

New crop North Carolina seed has weakened from the September Forecaster, \$190-220 per ton down to \$150 per ton, in-line with IEG Vantage's forecast. West Texas spot was offered at \$240, down \$10 from last month, with thinly traded Nov/Jan offered between \$220-230. Missouri Boot Heel OND trade ranged from bids around \$180 to offers at \$186, with trades at \$183, about \$10 above the Mid-South average forecasted for October. The Mid-South forecast by IEG Vantage was in-line for West of River. California new crop Corc North traded spot at \$345 per ton, above forecast, but on very light trading volume. Recent offers are down \$20 from the last trade.

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COTTONSEED BALANCE SHEET: IEG Vantage adopted USDA's 2019/20 forecast for cottonseed supply and demand last month. Beginning stocks were forecast for the crop year beginning August 1 at 477 thousand tons. USDA forecasts production at 6.8 million tons, an increase of 17 percent from 2018/19 production and up five percent from 2017/18. IEG Vantage is forecasting all US cotton production at 21.6 million bales, which is 80,000 below USDA's October forecast. The all-cotton yield is forecast at 830 pounds per acre, down three pounds from USDA's October forecast but, if realized, would be 34 pounds below last year. IEG Vantage's November cotton production forecast indicates a reduction of 80,000 bales from the October NASS report. The major change was in Texas where the yield fell from 624 pounds per acre to 612 pounds per acre, putting the Texas crop 150,000 bales smaller than USDA's October report, which was 7.8 million. If realized, that yield would be the lowest in Texas since the 2015/16 crop year, 144 pounds less than last year and down 101 pounds from the five-year average. Georgia increased 40,000 bales and Mississippi increased 30,000 to help offset the drop in Texas. Though down modestly from the USDA October report, production still is 3.26 million bales larger than last year.

Export sales for the week ending October 24 showed net new sales for current crop of 129,800 (108,100 Upland, 21,700 Pima) bales. Sales have continued to slow over the past several weeks. New crop showed sales of 71,300 upland bales all sold to Indonesia, which was actually a switch from current crop. There were 203,000 (181,300 Upland, 21,700 Pima) bales and 73,100 bales canceled, but most of that was a 71,300 switch in Indonesia from current crop to new crop. The notable buyers for current crop were Pakistan and Turkey, both with 65,000 bales of upland. Vietnam increased upland commitments 31,500 with 200 bales accepted as destination changes. Most of the destination changes to Vietnam are from China. Shipments were 156,500 (149,00 Upland, 7,500 Pima) bales. Shipments are 19 percent ahead of last year compared with 18 percent the week before. As of October 24, cumulative cotton sales for the 2019/2020 season stand at 61% of USDA's original forecast. The five-year average for sales is 52.9%. Obviously, U.S. exports are off to a strong start, but USDA anticipates 16.50 million bales as its seasonal target. If achieved, it would be the highest level obtained in 14 seasons. Exports are forecast to average 319,000 running bales per week for the remainder of the year, which is a pretty aggressive number compared with history. That would be the third highest number and only the fourth time the shipments exceeded 300,000 bales per week at least since 1979. For that number to be realized, the economy will need to remain strong and geopolitical problems will need to be at least mitigated to a level that can provide some confidence for business leaders in the textile and apparel industry.

Cottonseed Supply & Demand (1,000 tons)			USDA	IEG	USDA	IEG
Year begins August 1	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20
Beginning Stocks	391	400	451	451	477	477
Imports	51	0	1	1	2	2
Production	5,369	6,422	5,631	5,631	6,725	6,725
Total Supply	5,811	6,822	6,083	6,083	7,204	7,204
Crush	1,769	1,854	1,760	1,760	2,000	2,000
Exports	342	478	387	387	450	450
Feed, Seed, & Residual	3,300	4,039	3,458	3,458	4,296	4,296
Total Disappearance	5,411	6,371	5,605	5,605	6,746	6,746
Ending Stocks	400	451	477	477	458	458

Cottonseed fob points						
		<u>Bid</u>	<u>Offer</u>	<u>Trade</u>	<u>Change</u>	<u>Yr Ago</u>
Southeast		(\$/ton)				
North Carolina	Spot	140-142	145-150	142-143	2o	130o
	Nv-Dc	142	150	143	n/a	130o
South Georgia	Nov	136	140	140-145	n/a	n/a
	Ja-Ag			160	n/a	n/a
Mid-South		(\$/ton)				
Memphis North	Nov			178	n/a	n/a
Missouri Bootheel	Spot	180	183	183	-1t	160o
	Nv-Dc	180	186		n/a	160o
Northeast Arkansas	Spot	170	178		-5o	159o
	Nv-Dc	170	178		n/a	160o
Southwest		(\$/ton)				
West Texas - Lubbock North	Spot		240		unc	212o
	Nv-Dc	215-217	220-230		n/a	n/a
Far West		(\$/ton)				
Arizona	Spot	285	300		unc	270o
	Nv-Dc		285-295		n/a	275o
California Corc. No.	Spot		325	345	unc	305t
Pima California	Spot		280		-5o	n/a
b = bid o = offer t = trade n/a = not available						

Processed Cottonseed Products						
		<u>Bid</u>	<u>Offer</u>	<u>Trade</u>	<u>Change</u>	<u>Yr Ago</u>
Southwest		Meal (\$/ton)				Hulls
West Texas	Spot			240	unc	250o
	Nv-Mr			255	n/a	260o
Cottonseed Meal Basis vs. Wednesday's CBOT SoyMeal						
		<u>SBM</u>	<u>CSM</u>	<u>BASIS</u>	<u>Change</u>	<u>Yr Ago</u>
Southwest		302.2	240	-62.2	0	-10
b = bid o = offer t = trade n/a = not available						

U.S. Cottonseed Spread Chart - Nearby Price						
	<u>AZ</u>	<u>CA</u>	<u>So. GA</u>	<u>W. TN</u>	<u>W. TX</u>	<u>NC</u>
AZ	***	45	-160	-122	-60	-150
CA	-45	***	-205	-167	-105	-195
So. GA	160	205	***	38	100	10
W. TN	122	167	-38	***	62	-28
W. TX	60	105	-100	-62	***	-90
NC	150	195	-10	28	90	***

Running Bales Ginned by Crop – States and United States: October 15, 2016-2019

[Excluding linters]

Crop and State	Running bales ginned			
	2016 Crop	2017 Crop	2018 Crop	2019 Crop
	October 15, 2016	October 15, 2017	October 15, 2018	October 15, 2019
	(number)	(number)	(number)	(number)
Upland				
Alabama	97,250	32,050	60,850	131,400
Arizona	(D)	(D)	(D)	(D)
Arkansas	237,450	134,850	238,900	204,650
California	(D)	11,000	(D)	(D)
Florida	(D)	(D)	(D)	(D)
Georgia	200,000	120,700	72,800	345,950
Kansas	(D)	-	-	-
Louisiana	117,950	123,450	110,250	131,250
Mississippi	227,400	186,700	219,800	241,750
Missouri	112,400	65,500	168,350	76,500
New Mexico	(D)	-	-	-
North Carolina	15,250	42,800	32,550	110,950
Oklahoma	3,000	(D)	5,700	1,150
South Carolina	16,250	27,850	15,200	51,350
Tennessee	117,100	77,400	151,300	135,550
Texas	1,113,050	1,425,800	1,311,350	1,344,900
Virginia	(D)	4,150	(D)	22,250
United States	2,304,950	2,288,100	2,417,450	2,834,850
American Pima				
Arizona	(D)	-	(D)	(D)
California	(D)	10,050	(D)	(D)
New Mexico	-	-	-	-
Texas	-	-	-	-
United States	3,100	10,050	3,700	5,150
All				
Alabama	97,250	32,050	60,850	131,400
Arizona	(D)	(D)	(D)	(D)
Arkansas	237,450	134,850	238,900	204,650
California	16,550	21,050	5,100	11,650
Florida	(D)	(D)	(D)	(D)
Georgia	200,000	120,700	72,800	345,950
Kansas	(D)	-	-	-
Louisiana	117,950	123,450	110,250	131,250
Mississippi	227,400	186,700	219,800	241,750
Missouri	112,400	65,500	168,350	76,500
New Mexico	(D)	-	-	-
North Carolina	15,250	42,800	32,550	110,950
Oklahoma	3,000	(D)	5,700	1,150
South Carolina	16,250	27,850	15,200	51,350
Tennessee	117,100	77,400	151,300	135,550
Texas	1,113,050	1,425,800	1,311,350	1,344,900
Virginia	(D)	4,150	(D)	22,250
United States	2,308,050	2,298,150	2,421,150	2,840,000

- Represents zero.

(D) Withheld to avoid disclosing data for individual operations.

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.

Cottonseed Intelligence Monthly is published monthly. Phone: 901-766-4511. E-mail: stevan.novakovic@ihsmarkit.com. Every effort has been made to assure the accuracy of the information and market data which is provided in this publication as a compilation for the use of its readers. Information has been obtained by IEG Vantage from sources believed to be reliable. However, because of the possibility of human or mechanical error, IEG Vantage does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Published by IEG Vantage, 949 S Shady Grove Rd, Suite 103, Memphis, TN 38120.

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