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# Cottonseed Intelligence Monthly

# CIM

**COTTONSEED MARKET:** Cottonseed prices during March underwent some mild support across various regions of the US in reaction to buyers beginning purchases ahead of late spring and early summer. Furthermore, logistical concerns along the Mississippi River due to high water levels and flooding also created a marginal premium in areas.

Cottonseed prices in the Carolinas were most recently reported at \$175 per ton, which were up about \$15 per ton compared with the beginning of the month. Georgia has undergone some mild support as well, as purchases starting and supplies beginning to decline. Spot prices in Georgia were most recently reported at \$150 to \$160 per ton, which are up about \$13, on average, from last month. Given the heavy rains and high river levels across the Mid-South spot prices climbed by about \$7 per ton, month over month, to about \$182 per ton. Prices further West have remained mostly steady throughout the month with some mild pressure as prices in Lubbock were most recently reported at \$220 per ton, which are down about \$5 per ton, month over month. Alfatoxin in Arizona was not nearly as prevalent of a concern during March however, some traders were pressed to find clean seed to complete orders. Spot prices in Arizona was down about \$10 from last month and were most recently reported at \$280 per ton. Similar to Arizona, California prices fell modestly from about \$280 per ton in February to about \$270 per ton in March.

Net export sales of US cottonseed for March totaled 8,602 tons through the week ending March 21. Throughout the month, Korea, Mexico, Jordan, and Japan were the largest buyers, purchasing over 1,000 tons. Commitments for US cottonseed now total 221,859 tons, as of the week ending March 21, which are down 1,876 tons compared with 2017/18 commitments for the same reporting week. Net export sales of US cottonseed cake and meal totaled 54,090 tons for the same time period. Mexico was the largest buyer. Commitments for US cottonseed cake and meal now total 54,090 tons, as of the week ending March 21, which are up 10,228 tons from 2017/18 commitments for the same reporting week.

In its most recent *Crop Progress* report, USDA reported progress of cotton plantings in Arizona at 24 percent planted for the week ending March 24, which was up four percentage points from the previous reporting week. Planting progress was four percentage points ahead of 2018 for the same reporting week and 12 percentage points ahead compared with the five-year average. Initial cotton plantings in Texas were reported at

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three percent planted for the same time period, which was down five percentage points from the same reporting week in 2018 and in line with the five-year average.

USDA issued its *Agricultural Prices* report for February on March 28, which showed the price received for US cottonseed at \$174 per ton, which was up \$9 per ton compared with January 2019 and up \$18 per ton compared with February 2018. USDA issued its March *Cotton Ginnings* report on March 8, which showed all running bales for 2018 at 16.7 million bales, which was about 800,00 bales great than its February forecast.

**COTTONSEED BALANCE SHEET:** USDA issued its March *Crop Production* report on March 8, which showed its estimate of US cottonseed production unchanged from its February report at 5.794 million tons. Production is subject to change when USDA issues its final estimate in its May *Crop Production* report. On March 29, USDA issued its *Prospective Plantings* report on Friday, which showed planted area for 2019 forecast at 13.78 million acres. If realized, planting would be up about 3.2 million acres compared with 2018.

Based off of the available information, IEG Vantage made no changes to its 2018/19 balance sheet for US cottonseed and continues to forecast production at 5,805 tons.

**COTTONSEED MEAL AND HULLS:** Meal prices were mostly unchanged over the month but are tinkering on the edge of support as logistics on the river continue to be a concern. West Texas meal was reported at \$240 per ton for April with a premium of \$5 per ton from April to September. Spot offers in Pine Bluff were reported at \$220 per ton as compared with Memphis at \$210 per ton. Similar to meal, hulls remained steady, week to week. Hull prices in Lubbock were reported at \$210 per ton for April and \$200 per ton for April to September. In Pine Bluff, hull prices were reported at \$140 per ton for the spot market, which are expected to hold through the summer.

Cottonseed Supply & Demand Estimates (1,000 tons)						
Year begins Aug 1	USDA 2015	USDA 2016	USDA 2017	IEG 2017	USDA 2018	IEG 2018
Beg. Stocks	437	391	400	400	450	450
Imports	16	51	0	0	0	0
Production	4,043	5,369	6,422	6,422	5,858	5,805
<b>Total Supply</b>	<b>4,496</b>	<b>5,811</b>	<b>6,822</b>	<b>6,822</b>	<b>6,308</b>	<b>6,255</b>
Crush	1,500	1,769	1,854	1,854	1,800	1,875
Exports	136	342	478	478	425	370
Feed, Seed, & Residual	2,469	3,300	4,040	4,040	3,683	3,600
<b>Total Disappearance</b>	<b>4,105</b>	<b>5,411</b>	<b>6,372</b>	<b>6,372</b>	<b>5,908</b>	<b>5,845</b>
End. Stocks	391	400	450	450	400	410

Cottonseed fob points

		<u>Bid</u>	<u>Offer</u>	<u>Trade</u>	<u>Change</u>	<u>Yr Ago</u>
<b><i>Southeast</i></b>		<b><i>(\$/ton)</i></b>				
North Carolina	Spot		175		3o	146o
South Georgia	Spot	150	155-160		5o	160t
	Ap-Sp		160-165		n/a	n/a
<b><i>Mid-South</i></b>		<b><i>(\$/ton)</i></b>				
Memphis North	Spot	165	170-180		n/a	160o
Missouri Bootheel	Spot		183		8o	n/a
<b><i>Southwest</i></b>		<b><i>(\$/ton)</i></b>				
West Texas - Lubbock North	Spot	215	220		-1o	195o
	Ap-Sp		235-240		n/a	199o
<b><i>Far West</i></b>		<b><i>(\$/ton)</i></b>				
Arizona	Spot	280-285	290-300		5o	275o
	Mr-Ap	295-300	280-285		n/a	n/a
Pima California	AMJ		270	265	unc	n/a

*b = bid o = offer t = trade n/a = not available*

<b>Processed Cottonseed Products</b>							
		<u>Bid</u>	<u>Offer</u>	<u>Trade</u>	<u>Change</u>	<u>Yr Ago</u>	
<b>Mid-South</b>		<b>Meal (\$/ton)</b>					<b>Hulls</b>
Memphis	Spot		210		n/a	320o	n/a
	Ap-Sp		210		n/a	n/a	n/a
Pine Bluff	Spot		220		n/a	330o	140o
	Ap-Sp		220		n/a	n/a	140o
<b>Southwest</b>		<b>Meal (\$/ton)</b>					<b>Hulls</b>
West Texas	Apr		240		n/a	n/a	210o
	Ap-Sp		245		-3o	n/a	200o
<b>Extruded/Expelled Meal</b>							
	Spot		315		unc	n/a	n/a
Cubes	Spot		345		unc	310o	n/a
<b>Cottonseed Meal Basis vs. Wednesday's CBOT SoyMeal</b>							
		<u>SBM</u>	<u>CSM</u>	<u>BASIS</u>	<u>Change</u>	<u>Yr Ago</u>	
<b>Mid-South</b>		304.4	220	-84.4	0	-110	
<b>Southwest</b>		304.4	240	-64.4	2.5	-115	
<b>b = bid o = offer t = trade n/a = not available</b>							

**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: 901-766-4667. E-mail: mary.gammel@informaecon.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. Informa Business Intelligence Inc. obtains information for its analysis from sources it considers reliable but does not guarantee the accuracy or completeness of its analysis or any information contained therein. Informa Business Intelligence Inc. and its affiliates make no representation or warranty, either express or implied, with respect to the information or analysis supplied herein, including without limitation the implied warranties of fitness for a particular purpose and merchantability, and each specifically disclaims any such warranty. In no event shall Informa Business Intelligence Inc. or its affiliates be liable for any decision made or action taken in reliance upon the information or analyses contained herein, for delays or interruptions in delivery for any reason, or loss of business revenues, lost profits or any indirect, consequential, special or incidental damages, whether in contract, tort or otherwise, even if advised of the possibility of such damages. This material is intended solely for the private use of IEG Vantage clients, and any unauthorized use, duplication or disclosure is prohibited. All expressions of opinion are subject to change without notice.