

COTTONSEED MARKET: Cottonseed market news was limited this week. Bids remained mostly absent, but expectations are for a pick up in trades in the coming weeks.

The grains market overall continues to look at planting progress across the US, or lack thereof, for corn and spring wheat. Rice plantings also are well behind the average pace for this time in the planting season. USDA's next acreage update is scheduled for June 28. Market sentiment is that some corn and spring wheat area could be lost, but IEG Vantage has not altered its planting forecasts.

China and the US have yet to reach any definite trade terms. The markets may already be pricing in that an agreement will be reached that secures some purchases of US corn, wheat, and soybeans. However, all of those balance sheets are heavy already. Any purchase from China would have to be significant to pull the balance sheet stocks outlooks tighter.

For cottonseed, offers across the South were present this week but trades were limited. Offers ranged from \$180 to \$245 per tonne. Offers generally remained above year-ago levels despite the ample supply of other feedstuffs. This most likely is due to the tighter production for cottonseed this year as compared with last year.

On the futures markets, nearby attention rolled to the July contracts this week.

Cotton plantings again advanced two percentage points for the week ending April 28. Progress at 11 percent complete is slightly behind last year's 12 percent and the average at 13 percent. Plantings for the US are at their slowest pace dating back to at least the 1981 crop year. However, the pace is not significantly behind recent years or the average and concern is not yet present for the crop.

Texas plantings were 13 percent complete, which is near recent years' paces and is in line with the average. Plantings are running behind in most other states. For the South, plantings could be off to a slow start because of the excessive moisture that is present for much of the eastern third of the US. The crop moisture outlook

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**For weekly cottonseed pricing and commentary contact
Rejeana Gvillo at Rejeana.Gvillo@informa.com or 901-202-4529**

for the West generally was normal with California remaining an exception. Rainfall over the past seven days for much of the US was below normal., which could help soil conditions dry out some.

Cottonseed sales came in at 5,569 tonnes for the week ending April 25. South Korea purchased 3,000 tonnes with Japan at 2,890 tonnes. Net cancellations were reported for Saudi Arabia and Taiwan. Commitments now total 237,373 tonnes and remain above recent years with 2017/18 being the exception, as shown in the chart on the right.

COTTONSEED BALANCE SHEET: USDA's May WASDE is scheduled to be issued next Friday and will include its initial outlook for the 2019/20 crop year. For 2018/19, expectations are for USDA to raise its export forecast by 20,000 tons to 445,000. IEG Vantage also looks for USDA to raise its cottonseed production forecast by around 50,000 tons, which is tied to expectations that USDA will raise its cotton production forecast.

For 2019/20, IEG Vantage is forecasting cotton production to reach nearly 23,000 bales. As a result, cottonseed production is forecast at 7,969 thousand tons. If realized, it would be the largest production total since the 2004/05 crop year. Domestic crush is forecast at 3,000 tons, which would be near the total for 2004/05. Exports are forecast to pick up to 500,000 tons. Despite hefty use expectations, ending stocks are forecast to increase, year over year

COTTONSEED MEAL AND HULLS: Cottonseed meal bids were limited this week and no trades were reported. For the Southwest, offers remained below a year ago, likely related to the competition from other meals. Offers in West Texas ranged from \$240 to \$255, which compares with year-ago levels closed to \$285 per ton. While soy meal futures still are at a premium to cottonseed meal quotes, there is downside potential in the soy meal market and supplies of soybeans are ample. Quotes for hulls were absent this week.

Cottonseed Supply & Demand Estimates (1,000 tons)					
<i>Year begins Aug 1</i>	USDA 2016/17	USDA 2017/18	USDA 2018/19	IEG 2018/19	IEG 2019/20
Beginning Stocks	391	400	451	451	323
Imports	51	0	2	2	1
Production	5,369	6,422	5,794	5,850	7,969
Total Supply	5,811	6,822	6,247	6,303	8,293
Crush	1,769	1,854	1,900	1,875	3,000
Exports	342	478	425	445	500
Feed, Seed, & Residual	3,300	4,039	3,598	3,600	4,102
Total Disappearance	5,411	6,371	5,924	5,920	7,602
Ending Stocks	400	451	323	383	691

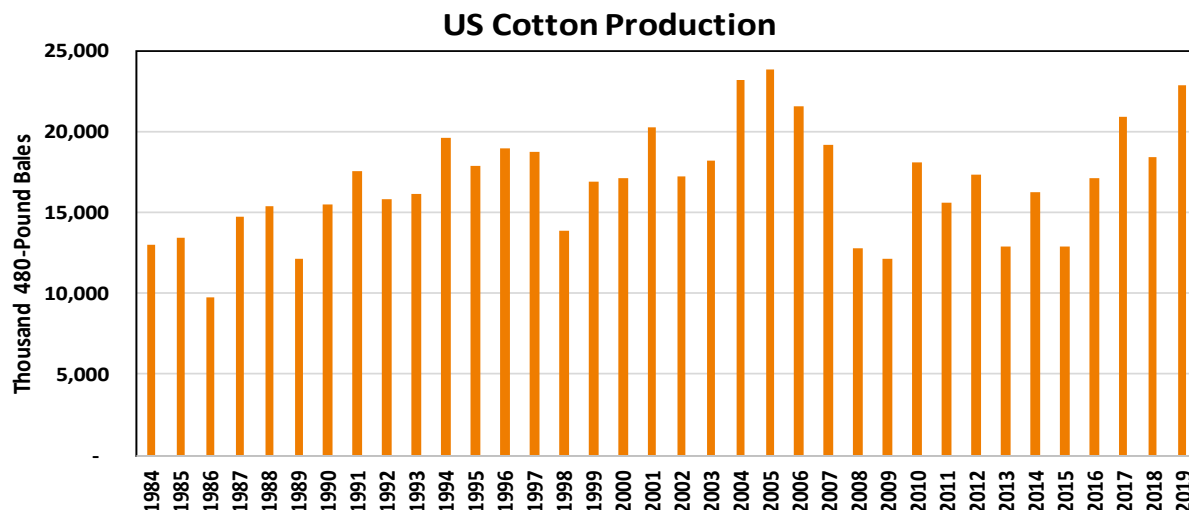
Source: USDA ERS

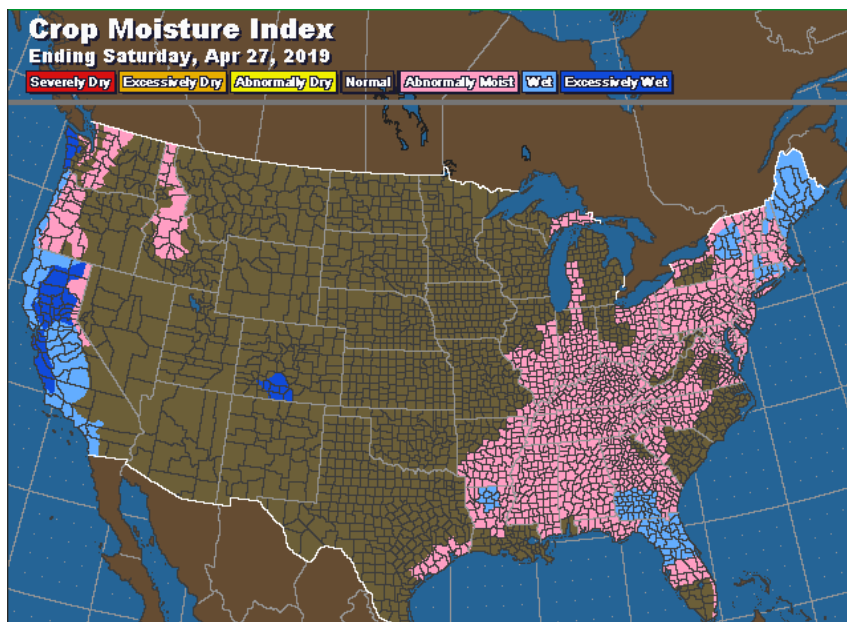
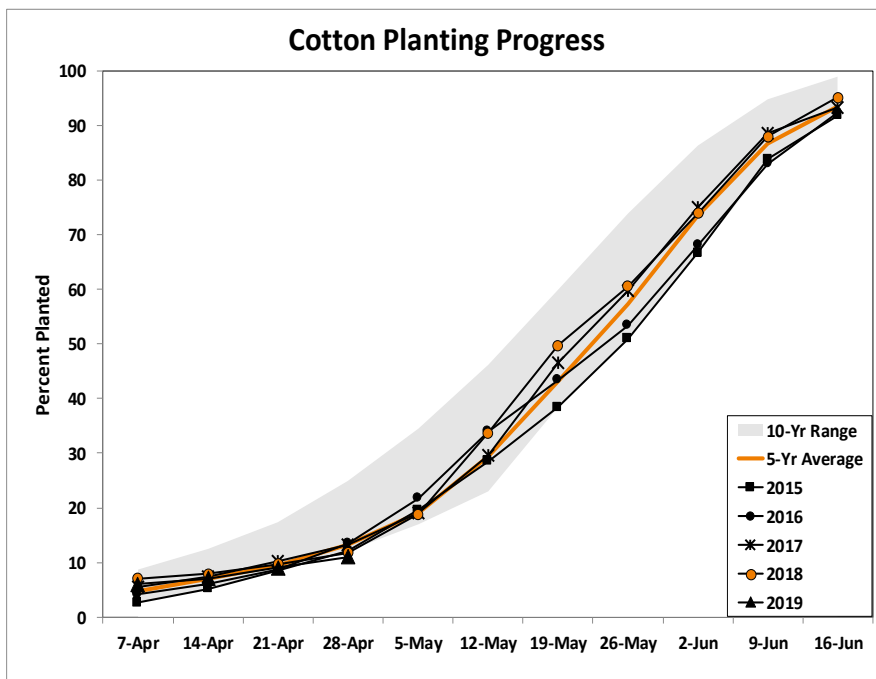
<u>Cottonseed fob points</u>						
		<u>Bid</u>	<u>Offer</u>	<u>Trade</u>	<u>Change</u>	<u>Yr Ago</u>
Southeast		(\$/ton)				
South Carolina	Spot		185		n/a	150t
South Georgia	Spot		180		n/a	173t
Mid-South		(\$/ton)				
Memphis North	Spot		200		n/a	172o
Southwest		(\$/ton)				
West Texas - Lubbock North	May		240		n/a	215t
	My-Sp		245		unc	225o
	OND	180	185		n/a	n/a
	Clock		205		n/a	n/a

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

<u>Processed Cottonseed Products</u>								
		<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	285t	n/a	
	My-Sp		245		-3o	287o	n/a	
	Oc-Mr		255		n/a	n/a	n/a	
<i>Cottonseed Meal Basis vs. Wednesday's CBOT SoyMeal</i>								
			<u>SBM</u>	<u>CSM</u>	<u>BASIS</u>	<u>Change</u>	<u>Yr Ago</u>	
Southwest			300.3	240	-60.3	0.1	n/a	

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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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