

Low Cottonseed Prices Predicted

RALEIGH, N.C. — Over the past few months, cottonseed prices have been trending lower, and according to Steve Owen, that trend could continue well into 1996.

Owen, editor of Cottonseed Digest, said the downward spiral began in late November when the U.S. Department of Agriculture (USDA) announced a zero set-aside on cotton. Combine that with the prediction of another possible record-breaking cotton crop for next year and carryover of 1.0 million short tons of cottonseed from this year, and Owen indicates that low prices are inevitable.

"For the balance of this year and next year, it looks like cottonseed will be priced at a level where dairymen really can't afford not to be feeding it," Owen said.

But according to Owen, old crop prices haven't reached the point that will bring new consumers into the market, which is what is needed to bring old crop inventory down. He said there has been some increase in usage primarily from dairymen already feeding cottonseed, but not enough to reduce inventories and put a floor on prices.

"There are a lot of things yet to happen in the market," Owen said. "It looks like it (the cottonseed market) wants to drift lower. It certainly isn't going any higher at this point in time unless seed prices come down to where they will increase demand."

Tom Wedegaertner, associate director of cottonseed research and marketing for Cotton Incorporated, agrees. He said a lower than expected cottonseed crush, combined with lower demand for cottonseed exports and high cottonseed inventories, have caused seed prices to decline dramatically over the past few months.

"The USDA released in its April 11 report that ending stocks are estimated at 1.0 million short tons, 275,000 short tons more than the Feb. 10 report," he said. "This large increase in ending stocks is a

major reason we're seeing these low cottonseed prices now and into the future."

Although cottonseed prices have declined dramatically, inventories have not decreased. Wedegaertner said this is partially because dairy producers are waiting for the price to drop even further.

"Cotton farmers and farmers in general had a good growing season last year and prices for other feed-stuffs have remained relatively low. Combine that with a mild winter and we're just not seeing increased demand for cottonseed right now," he said. "But with another large crop projected, it's going to be a good year for dairy producers who are feeding cottonseed."

When it comes to buying cottonseed, Owen says producers should be wary about purchasing all their cottonseed feeding needs at once.

"Dairymen usually try to pick the bottom of the market, and it just is hard to do. I encourage them to set a buying strategy and stick with it. They should plan on forward contracting for one-third to one-half of their needs during harvest, then buy another third or half in the spot market after harvest. That will give them a good average price," he said.

Wedegaertner said there are a variety of ways producers can purchase cottonseed. New crop contracts start with October, November, December (OND), the primary harvest period. This is the traditional pattern to establish market carryover. These contracts typically cover three-month periods and begin trading six months to a year in advance. The two longer periods are January to September and "clock" contracts which run from October to September.

The "spot" market is the cottonseed market trading for a given

day or week. According to Wedegaertner, this is the buying method most producers use now because these prices sometimes become a bargain and the only reason to forward contract is to "lock in" a low price.

Owen said dairy producers may want to consider keeping a closer eye on the market and possibly purchasing new crop cottonseed soon because there's always a chance the weather could affect prices during the growing season, especially during planting (April and May).

"We're still dealing with a lot of variables in the market, including the weather. The El Nino system continues to affect the weather, especially in the United States, and currently the major cotton growing

region of west Texas is going through a drought. Of course there's always a chance a hurricane could threaten cotton-producing states on the Gulf of Mexico," he said.

"At today's levels it's not good business for dairymen not to be buying seed. It's too good of dairy feed not to use it," he said. "This year dairymen are going to be the biggest benefactors of inexpensive prices because their overall feed costs are going to go down dramatically."

According to Wedegaertner cottonseed has proven to be both cost-efficient and nutritionally effective for high-producing dairy herds. He says data shows that in most cases, cottonseed should be fed at a rate of 5 to 8 pounds per cow per day.

Owen said that right now dairy producers are faced with a golden opportunity. "If dairymen would look at cottonseed as the complete feed, providing fiber, fat and protein, it's difficult to find a better alternative. Producers should be able to begin a cottonseed feeding program and stick with it economically for at least a year to 18 months. If this pricing trend continues, they may even want to consider feeding it to dry cows and heifers."

For more information on the cottonseed market, contact Steve Owen at (713) 259-0156. Cottonseed Digest is a weekly newsletter providing market information to cottonseed buyers, traders, and merchandisers.

Fayette County Holds Agronomy Day

UNIONTOWN (Fayette Co.) — The annual Fayette County Agronomy Day was recently held at Greenline Supply, Inc., a farm machinery dealer located north of Uniontown.

Speakers and the topics they presented included: Anna Sarver, USDA Consolidated Farm Service, "1995 Crop Insurance"; Glenn Kerr, Brubaker Crop Consultants, "Legal Requirements of Pesticide Management" and "Comparing Pesticide Record Keeping Systems"; William F. Gallagher, extension agent, "Pesticide Management Survey"; and Donald C. Freets, agronomy extension agent, "Management of Field Crop Insects."

Eight agribusiness representatives erected commercial displays and spoke briefly to the more than 175 individuals gathered for the meeting about the products they manufacture or market. Exhibits

displayed included seed suppliers, crop insurance providers, and a fresh water display.

Richard Burd, a crop producer, was awarded ribbons for his corn crop management in 1994. Enrolled in the Pennsylvania Five-Acre Corn contest, supported by the Pennsylvania Master Corn Growers Association, Pennsylvania Seedsmen Association, and the Commercial Seed Industry, Richard was awarded a red (second

place) ribbon for a three-year average yield of 145.0 bushels per acre and a white (third place) ribbon for a yield of 114.7 bushels per acre for a three-acre or larger plot.

The 175 crop producers who were in attendance and purchase or apply crop pesticides received continuing education credits toward the maintenance of their pesticide application license:

ROPE IN SOME EXTRA CASH!


Advertise With A Lancaster Farming CLASSIFIED AD...

Phone: 717-394-3047 or 717-626-1164



PAUL B. Zimmerman INC.

F-80 WATER BOWL



Featuring

- Solid one-piece cast-iron bowl
- Coated with Baked On Top Grade Polyester TGIC Powder
- Smoother finish stays cleaner
- More durable than paint
- Chip resistant
- Stainless steel nose pan
- Improved brass valve assembly
- Softer washer for better seal
- Lighter spring for less required pressure
- Approx. 1.3 gpm at 40 psi
- Plastic plug and smaller water chamber for frost protection
- 1/2" top and bottom water inlets
- Screen on valve for water filtration

PAUL B. ZIMMERMAN, INC.
295 Woodcorner Rd., Litz, PA 17543
PH: 717-738-7365

HERNIA?

No hernia is unrepairable, even after several previous failed attempts. We specialize in outpatient hernia repairs, and most patients are able to return to full work with-in several days.

PLEASE CALL COLLECT OR WRITE FOR MORE INFORMATION
MID ATLANTIC SURGICAL SERVICES
217 Harrisburg Ave., Suite 201
Lancaster, PA 17603
(800) HERNIA 8
MOST INSURANCE ACCEPTED

John Deere Industrial Power Units
19 to 375 HP

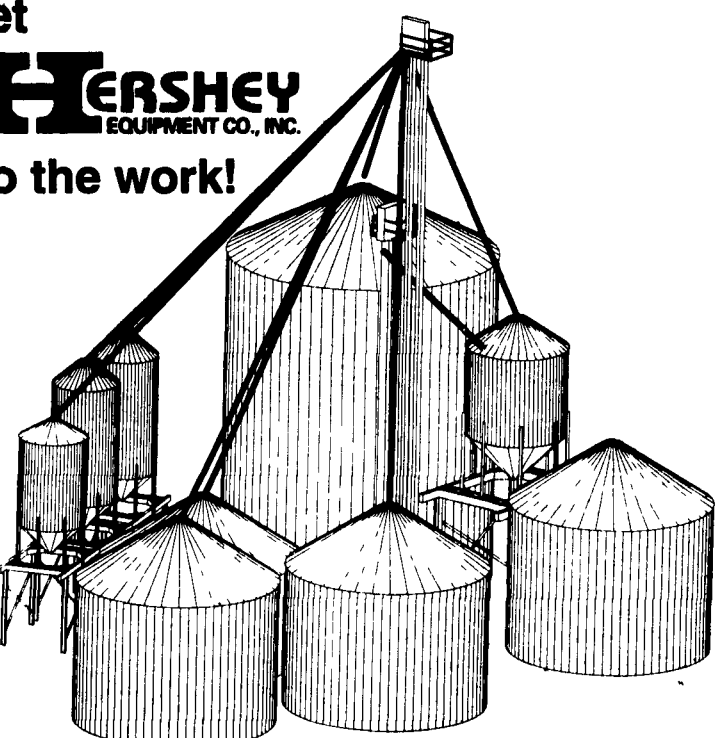


for

- Shops
- Sawmills
- Irrigation Pumps
- Harvesters
- Grinders
- Any Power Need You May Have.

Clutches, Hoods, & other Options Available
Diesel Engine Service
13 Pleasant Valley Rd.
Ephrata, PA 17522
717-733-3890 Fax 717-738-3146

Let **HERSHEY EQUIPMENT CO., INC.** do the work!




Grain Bins Augers Feed Tanks Grain Dryers Bin Sweeps	System Design Millwright Service Dryer Service Truck Scales Feed Mixing	Bucket Elevators Grain Cleaners Grain Storage Portable Augers Bin Unloaders
--	---	---

New expanded services from Hershey Equipment include feed mill construction and expansion. Let us do the work and design your storage and handling systems.

We have our own experienced crews for service and installation.

IF ITS WORTH YOUR INVESTMENT, TRUST IT TO HERSHEY



HERSHEY EQUIPMENT CO., INC.

SYCAMORE IND. PARK
255 PLANE TREE DRIVE
LANCASTER, PA 17603
717-393-5807
1-800-432-0988