



Date: 5 February 2013

Reference: 9/3/3/1

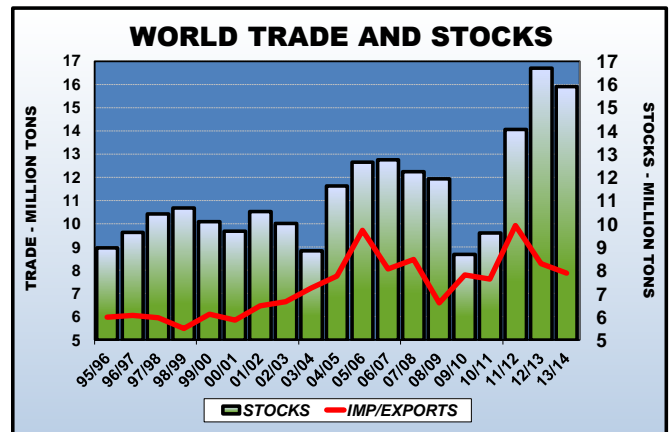
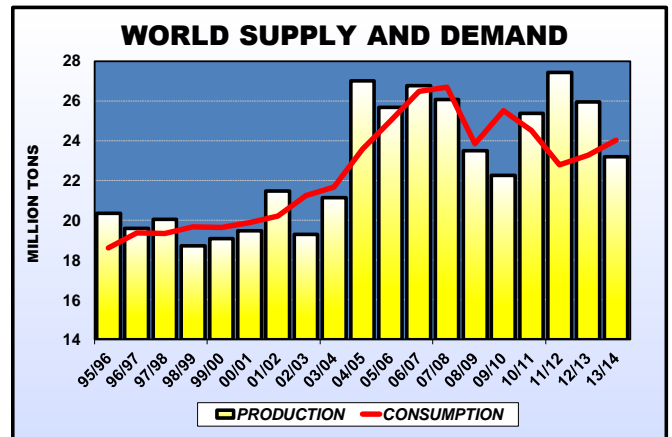
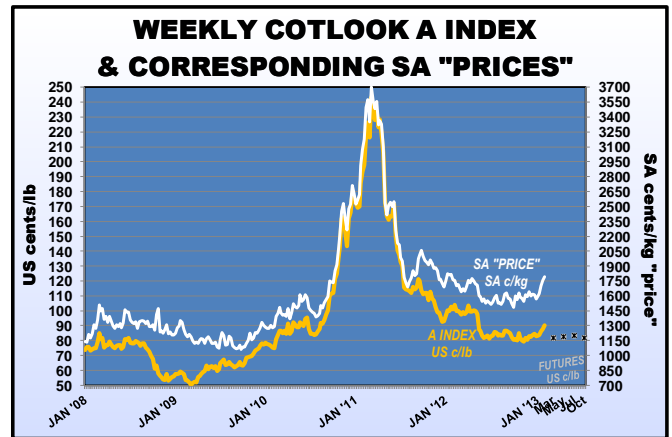
COTTON MARKET REPORT AS AT 4 FEBRUARY 2013

International

The Cotlook A index (an indicator of world cotton lint prices) fluctuated around 83 US c/lb for about 7 months until January this year when it increased quickly from 83.10 US c/lb on 10 January to 90.35 c/lb on 31 January 2013.

According to the International Cotton Advisory Committee (ICAC) international cotton prices have benefited significantly from the cotton policies of the Chinese government. Although the global stocks-to-use ratio is forecast at 72% for 2012/13, the highest in over 60 years, it must be borne in mind that a large part of world cotton stocks are in the hands of the Chinese government. The stocks-to-use ratio in the world minus the China national reserve is forecast at only 42% for 2012/13, far below the figure when the Chinese stocks are included. According to the ICAC, Chinese policies remain unclear, but it does not seem that reserve cotton will be released in quantities large enough to significantly undermine domestic Chinese prices or international prices.

The planting season for the Northern Hemisphere, responsible for about 90% of world cotton production, is about a month away and a 11% decline in cotton production is expected by the ICAC. Cotton production will decline significantly in the USA and Turkey where the competition with grains and soybeans is strong. In the Southern Hemisphere cotton has been planted on a reduced area due to farmers switching to more attractive crops. Cotton production in Brazil and Australia is expected by the ICAC to decline by 23% and 21% respectively. The ICAC also expects that global cotton mill use will continue to grow slowly in 2013/14, with



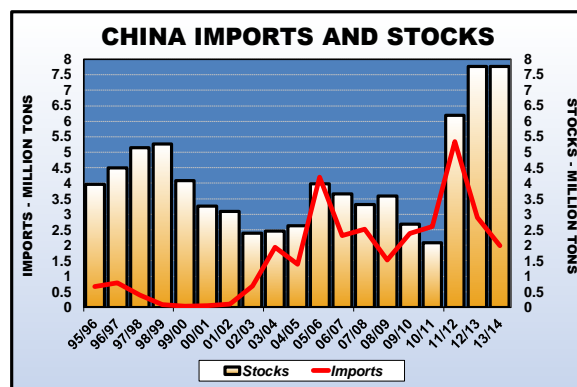
most of the forecasted increase of 3% in cotton consumption for 2013/14 originating from South Asia, particularly India and

Pakistan. According to the ICAC, cotton mill use by China, the world's largest cotton consumer will drop by about 2% in 2013/14.

Estimated world supply and demand for cotton for the 2011/12 season and projections for 2012/13 and 2013/14 (seasons beginning 1 August):

(million metric tons)	2011/12	2012/13	2013/14
Beginning stocks	9.6	14.1	16.7
Production	27.4	25.9	23.2
Consumption	22.8	23.3	24.0
Exports	9.9	8.3	7.9
Imports	9.7	8.3	7.9
Ending stocks	14.1	16.7	15.9
Ending stocks/use (China excluded)	56%	60%	51%
A Index (US c/lb)	100	87	

Cotton imports and stocks situation for China:



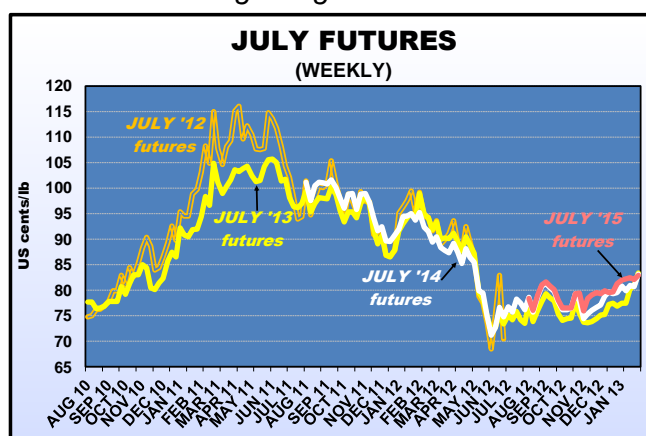
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX <i>Avg: US c/lb</i>	RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (28/01 - 01/02/13)	89.14	1793.68
January 2013	85.40	1680.22
Today (04/02/13)	90.35	1790.38
December 2012	83.47	1607.70
Today a year ago	101.90	1737.71
Today two years ago	201.55	3246.39

New York cotton futures as at 4 Feb. 2013 (settlement prices):

	NY FUTURES <i>US c/lb</i>
March 2013	81.74
May	82.57
July	83.37
October	81.88
December	81.49
March 2014	82.49
May	82.80

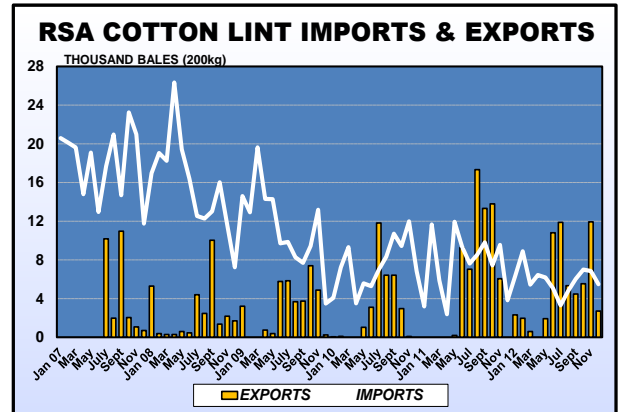
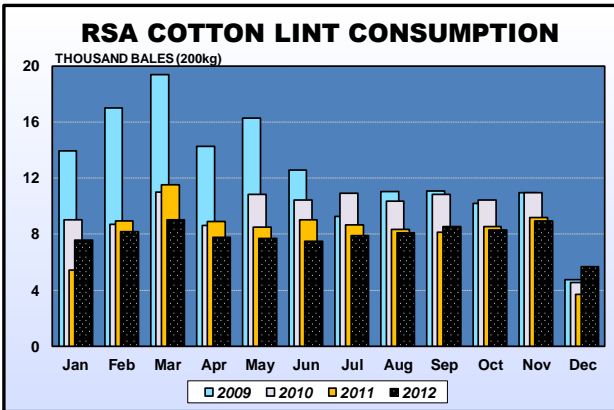
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the first estimate for the 2012/13 production year indicates a total crop of 32 142 lint bales, down 50% from the previous season. The decrease in the current crop is mainly due to the more favourable prospects for other competing summer crops at planting time.

About 28 642 lint bales are estimated to be produced from RSA grown seed cotton, down 53% from the previous season. The balance of 3 500 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 1st ESTIMATE

2012/13 PRODUCTION YEAR

17/01/13

PRODUCTION REGION	HECTARES IRRIGATION	HECTARES DRYLAND	YIELD IRRIGATION kg seed cotton/ha	YIELD DRYLAND kg seed cotton/ha	PRODUCTION 200 kg bales cotton lint	CROP % HAND PICKED	% OF CROP GINNED SO FAR
LIMPOPO PROV.							
Loskop	819	0	4000	0	5733	0%	0%
North & South Flats	0	885	0	1500	2323	10%	0%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	800	0	4000	0	5920	0%	0%
NORTHERN CAPE							
Vaalharts	350	0	5500	0	3465	0%	0%
Lower Orange River	100	0	4000	0	740	50%	0%
Rest of Northern Cape	550	0	4487	0	4566	1%	0%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	140	0	5000	0	1260	0%	0%
KWAZULU-NATAL	200	2000	3800	540	3312	100%	0%
MPUMALANGA	0	1400	0	540	1323	100%	0%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	2959	4285	4302	738	28642	18%	0%
Swaziland*	0	3600	0	550	3500	100%	0%
Botswana*	0	0	0	0	0		
Namibia*	0	0	0	0	0		
Zimbabwe*	0	0	0	0	0		
Mozambique*	0	0	0	0	0		
GRAND TOTAL	2959	7885	4302	652	32142	27%	0%

* Particulars relate to expected purchases of seed cotton by RSA & Swaziland ginners from these countries.

ENQUIRIES: MR H J BRUWER (CHIEF EXECUTIVE OFFICER)

Posbus / P O Box 912232, Silverton, Pretoria, 0127
 Katoen SA Gebou, Cycadoord 90, Uit Watermeyerstraat, Val de Grace X10
 Cotton SA Building, 90 Cycad Place, Off Watermeyer Street, Val de Grace x10
 Tel: 27 (12) 804 1462 - 7; Faks/Fax: 27 (12) 804 8616; E-mail: enquiries@cottonsa.org.za
 Website: www.cottonsa.org.za