



Date: 4 March 2013

Reference: 9/3/3/1

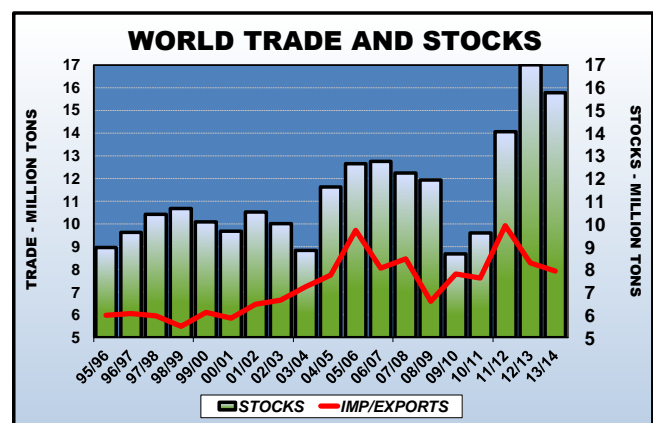
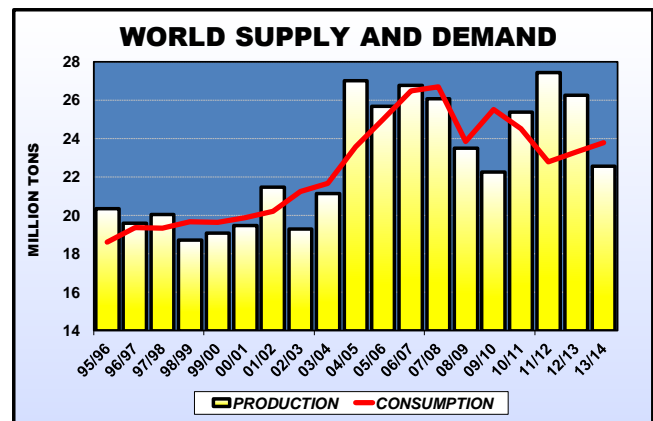
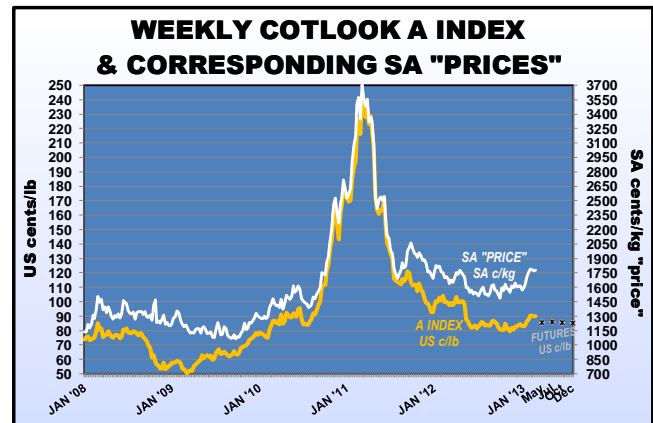
## COTTON MARKET REPORT AS AT 1 MARCH 2013

### International

The Cotlook A index (an indicator of world cotton lint prices) fluctuated within a relatively tight band of between 88 – 90 US/lb over the past month displaying no clear trend, whilst cotton futures have rebounded to a new nine-month high amid fresh buying attributed mostly to funds and speculators.

According to the International Cotton Advisory Committee (ICAC) world cotton production will decline by about 14% to 22.6 million tons in 2013/14. The most significant declines are expected in the USA (-32%) and China (-20%). The ICAC expects that global cotton mill use will continue to grow slowly and increase by about 2% in 2013/14, supported by the small recovery in world economic growth. Most of the forecasted increase in cotton consumption for 2013/14 will originate from India and Pakistan. According to the ICAC, cotton mill use by China, the world's largest cotton consumer will drop by about 5% in 2013/14.

As reported previously by the ICAC, international cotton prices have benefited significantly from the cotton policies of the Chinese government. China, the largest cotton producer and consumer, is forecast to produce 7.3 million tons of cotton in 2012/13 (23% of the world production) and consume 8.3 million tons (36% of world cotton mill use) and also expected to hold about 47% of global cotton stock at the end of July 2013. Last season the Chinese government purchased over 3 million tons of cotton for state reserves at a price well above the world market price. Consequently, the gap between domestic and world prices triggered record imports contributing to a build-up of domestic stocks. According to the ICAC the Chinese cotton reserve continues to expand into this



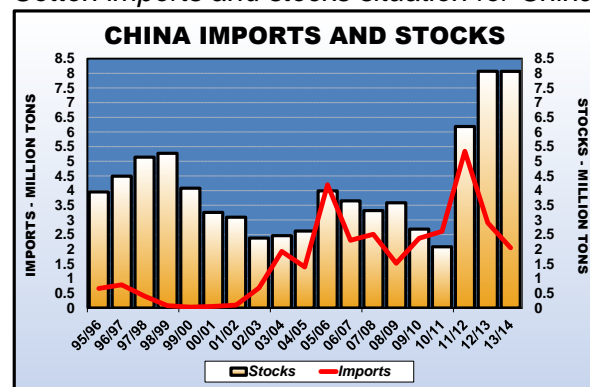
season adding close to 6 million tons of cotton between September 2012 and January 2013 alone. It is estimated that two-thirds

of this year's cotton reserve purchases came from local production with the remaining third filled by imports.

*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	17.0
Production	27.4	26.3	22.6
Consumption	22.8	23.3	23.8
Exports	9.9	8.3	7.9
Imports	9.7	8.3	7.9
Ending stocks	14.1	17.0	15.8
Ending stocks/use (China excluded)	56%	59%	48%
<b>A Index (US c/lb)</b>	<b>100</b>	<b>87</b>	

*Cotton imports and stocks situation for China:*



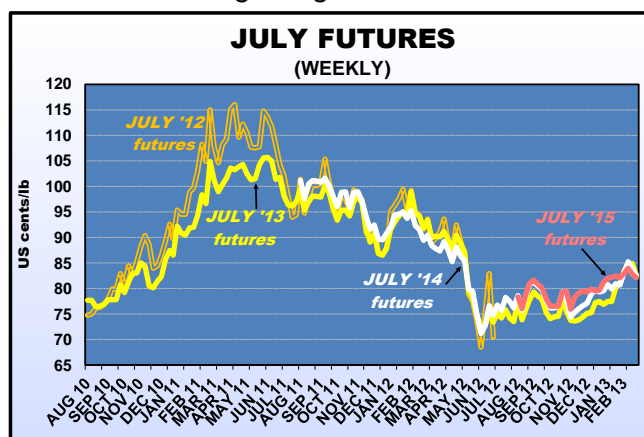
*Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":*

	<b>A INDEX</b> <i>Avg: US c/lb</i>	<b>RSA "PRICE"</b> <i>Avg: SA c/kg</i>
Last week (25/02 - 01/03/13)	89.89	1779.89
February 2013	89.68	1775.86
<b>Today (01/03/13)</b>	<b>91.40</b>	<b>1839.47</b>
January 2013	85.40	1680.22
Today a year ago	98.60	1644.66
Today two years ago	236.25	3603.79

*New York cotton futures as at 1 March 2013 (settlement prices):*

	<b>NY FUTURES</b> <i>US c/lb</i>
May 2013	85.40
July	86.05
October	85.55
December	85.14
March 2014	84.53
May	84.38
July	84.19

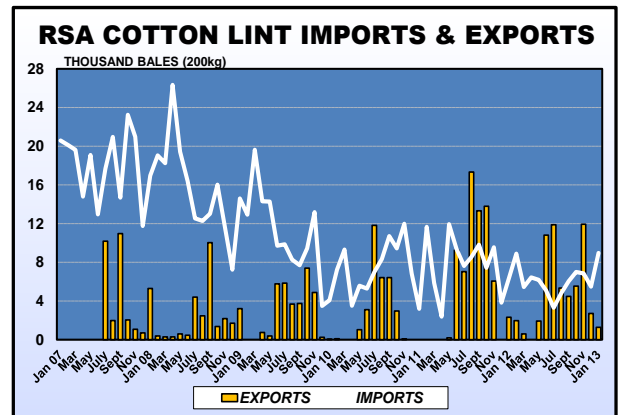
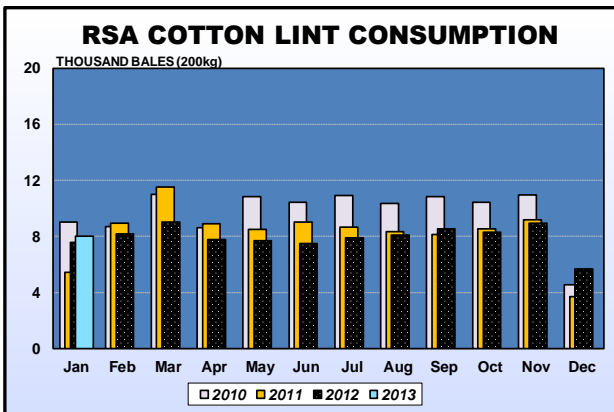
*New York JULY cotton futures as at the beginning of each week:*



**Local outlook**

As far as the local outlook is concerned, the 2<sup>nd</sup> estimate for the 2012/13 production year indicates a total crop of 34 278 lint bales, up 7% from the 1<sup>st</sup> estimate but 46% down 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 30 778 lint bales are estimated to be produced from RSA grown seed cotton, down 49% 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 - 2nd ESTIMATE**

**2012/13 PRODUCTION YEAR**

01/03/13

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
<b>LIMPOPO PROV.</b>							
Loskop	819	0	4000	0	5733	0%	0%
North & South Flats	0	785	0	1500	2061	10%	0%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	873	0	4000	0	6460	0%	0%
<b>NORTHERN CAPE</b>							
Vaalharts	500	0	5000	0	4286	0%	0%
Lower Orange River	200	0	4000	0	1480	50%	0%
Rest of Northern Cape	569	0	4877	0	5134	0%	0%
<b>NORTH WEST</b>							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	0	0	0	0	0	0%	0%
<b>KWAZULU-NATAL</b>	330	1700	3800	540	3909	100%	0%
<b>MPUMALANGA</b>	0	1400	0	700	1715	100%	0%
<b>EASTERN CAPE</b>	0	0	0	0	0	0%	0%
<b>RSA TOTAL</b>	<b>3291</b>	<b>3885</b>	<b>4283</b>	<b>792</b>	<b>30778</b>	21%	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		
<b>GRAND TOTAL</b>	<b>3291</b>	<b>7485</b>	<b>4283</b>	<b>675</b>	<b>34278</b>	29%	0%

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

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