



Date: 3 March 2015

Reference: 9/3/3/1

COTTON MARKET REPORT AS AT 2 MARCH 2015

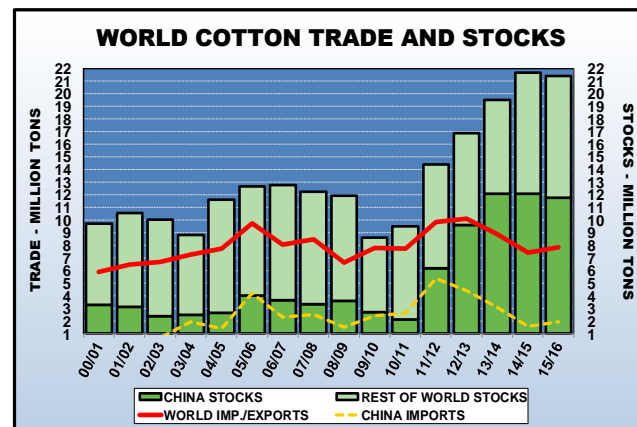
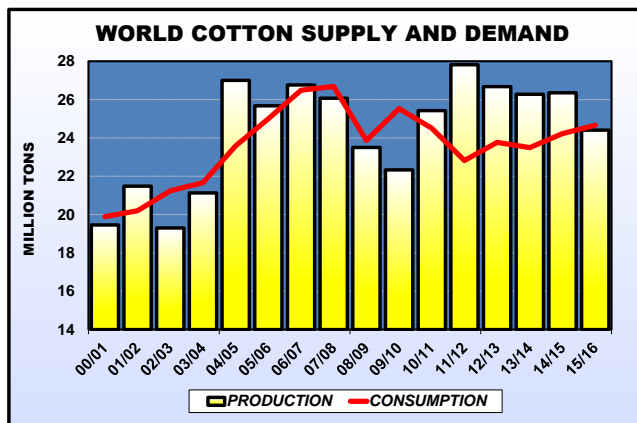
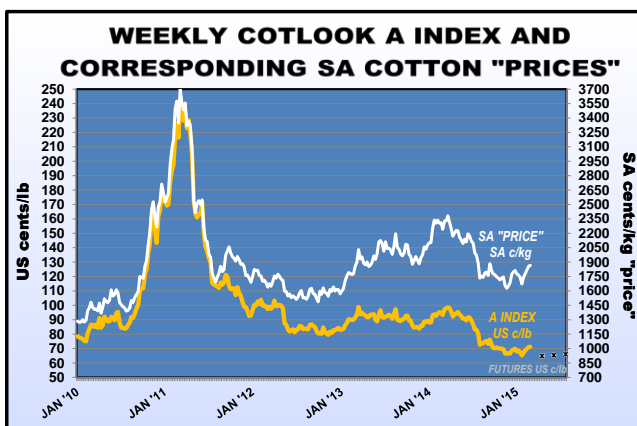
International

At the end of the 2014/15 season, i.e. on 31 July 2015, world cotton stocks are projected by the International Cotton Advisory Committee (ICAC) to reach a record of nearly 22 million tons, up 11% from the previous year. This is due to the fact that world cotton production has outpaced consumption for the past 5 consecutive seasons.

Given the considerable rise in ending stocks, particularly held outside of China, international cotton prices have declined significantly this season. Despite consumption growing next season, it is unlikely to have a significant impact on the large cotton stockpiles and downward pressure on cotton prices is expected to continue through next season (2015/16), according to the ICAC.

Because much of China's domestic cotton production over the past 3 seasons was absorbed by its national reserve, Chinese spinners relied heavily on imports from other cotton producing countries, which in turn allowed international cotton prices to remain elevated. Cotton prices over the past year started declining however, following China's decision to end its reserve policy and limiting its cotton imports to the volume required under its WTO obligations. According to the ICAC, the moderate growth in cotton import demand of 3% outside of China, was not enough to offset the decline in imports by China, and as a result many cotton exporting countries have been left with larger volumes of stock than previous seasons.

The world's largest cotton exporter, the United States, is especially affected by the decline in Chinese imports and the ICAC estimates that



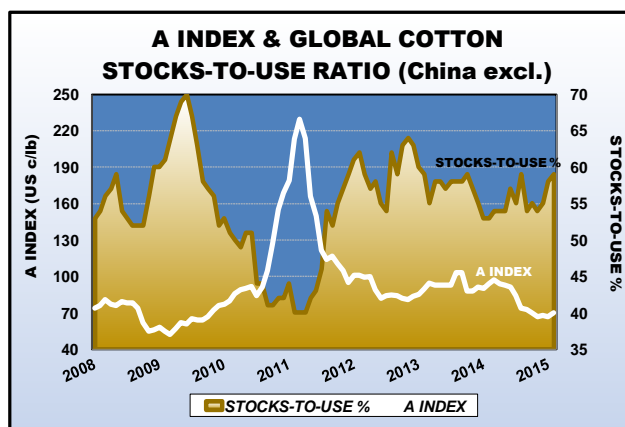
cotton ending stocks in the US are likely to increase at the end of the current season by 58% to just over 1 million tons. India, the second largest cotton exporter is also projected to experience a significant

decrease in exports this season according to the ICAC. Ending cotton stocks in India are expected to increase by 40% to 2.4 million tons in 2014/15 after two seasons of contraction.

Estimated world supply and demand for cotton for the 2013/14 season and projections for 2014/15 and 2015/16 (seasons beginning 1 August):

(million metric tons)	2013/14	2014/15	2015/16
Beginning stocks	16.9	19.5	21.7
Production	26.3	26.4	24.4
Consumption	23.5	24.2	24.7
Exports	8.9	7.4	7.8
Imports	8.7	7.4	7.8
Ending stocks	19.5	21.7	21.4
Ending stocks/use (China excluded)	47%	59%	58%
A Index (US c/lb)	91	62-76	

A index and global stocks-to-use ratio (China excluded):



Average Cotlook A index prices and corresponding South African "cotton prices":

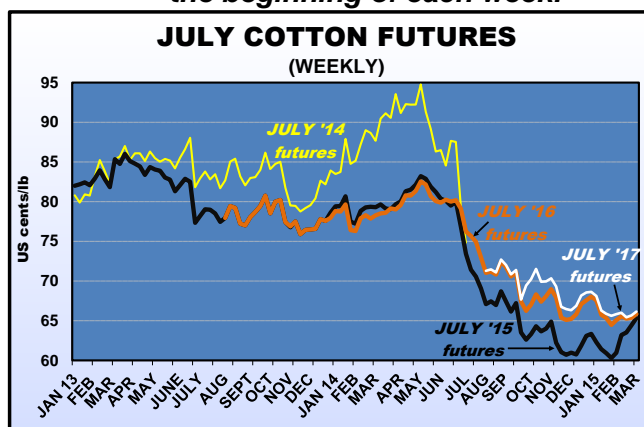
	A INDEX <i>Avg: US c/lb</i>	DERIVED RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (23/02 - 27/02/15)	71.22	1836.65
February 2015	69.84	1808.27
Today (02/03/15)	71.25	1865.21
January 2015	67.47	1746.27
Today a year ago	93.30	2241.12
Today two years ago	91.40	1839.47

The **COTLOOK A INDEX** is a daily indicator of international cotton lint prices and is the average of the cheapest 5 quotations (cost & freight) from a selection of the principal upland cottons traded internationally, destination Far East.

New York cotton futures as at 2 March 2015 (settlement prices):

	NY FUTURES <i>US c/lb</i>
May 2015	64.85
July	65.34
Oct	65.97
Dec	66.08
Mar 2016	65.99
May	65.90
July	65.85

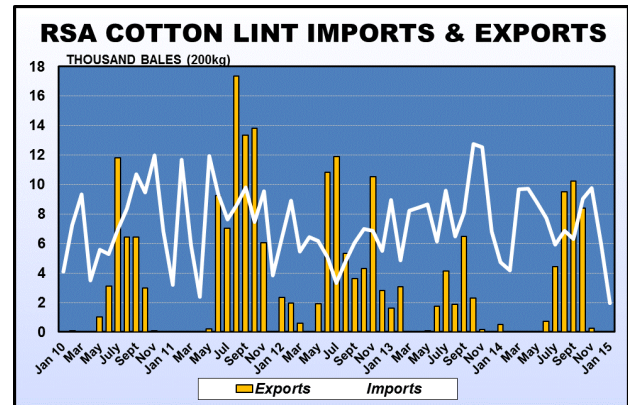
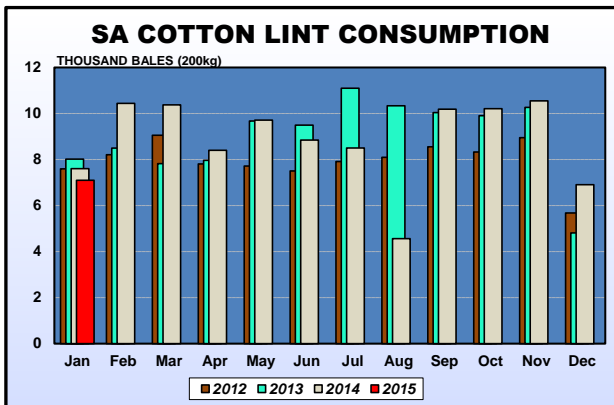
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 2nd estimate for the 2014/15 production year indicates a total crop of 98 441 lint bales, up 104% from the previous season but more or less the same as the first crop estimate. About 94 841 lint bales are estimated to be

produced from RSA grown seed cotton, up 117% from the previous season. The balance of 3 600 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 2nd ESTIMATE

2014/15 PRODUCTION YEAR

27/02/15

PRODUCTION REGION	HECTARES IRRIGATION	HECTARES DRYLAND	YIELD IRRIGATION kg seed cotton/ha	YIELD DRYLAND kg seed cotton/ha	PRODUCTION 200 kg bales cotton lint	% OF CROP HAND PICKED	% OF CROP GINNED SO FAR
LIMPOPO PROV.							
Loskop	1488	0	4400	0	11458	1%	0%
North & South Flats	120	530	3900	900	1654	0%	0%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	600	0	4000	0	4440	0%	0%
NORTHERN CAPE							
Vaalharts	1255	0	5145	0	11945	0%	0%
Lower Orange River	1130	0	5000	0	10453	0%	0%
Rest of Northern Cape	2702	0	5065	0	25317	0%	0%
NORTH WEST							
Stella/Setlagoli	1117	4176	5000	2000	25783	0%	0%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	200	1200	1000	500	1480	100%	0%
MPUMALANGA	100	1490	4000	599	2311	100%	0%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	8712	7396	4751	1395	94841	4%	0%
Swaziland*	0	3500	0	600	3600	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	8712	10896	4751	1140	98441	8%	0%

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

