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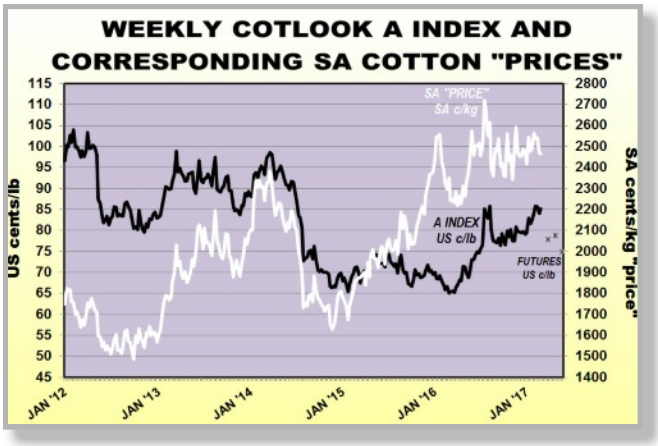
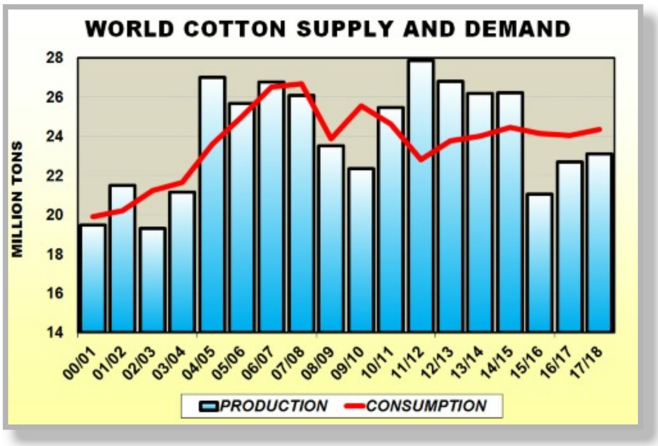
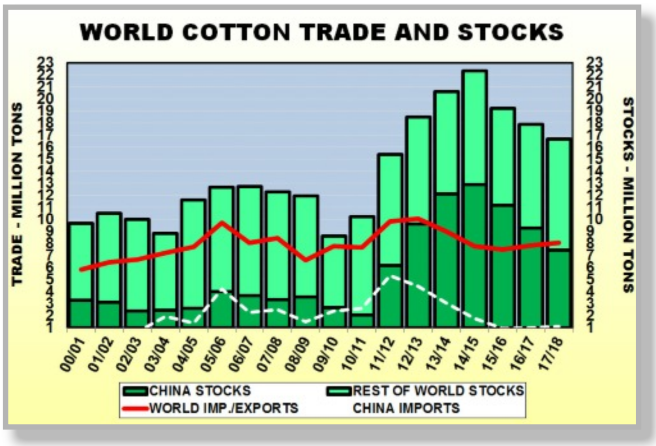
COTTON SA MARKET REPORT AS AT 1 MARCH 2017

According to The International Cotton Advisory Committee (ICAC) the Chinese government is expected to start sales from its cotton reserves this month. Assuming a similar volume as last year is sold this year, Chinese cotton stocks will decrease by 17% to 9.3 million tons in 2016/17, accounting for 53% of world end stocks. However, the ICAC expects world ending stocks outside of China to grow by 7% to 8 million tons in 2016/17, which could place downward pressure on prices towards the middle of the year.



The ICAC forecasts a 2% increase in world cotton production for 2017/18 mainly due to an expected increase in planted area. Cotton production in India, the world's biggest cotton producer is projected to rise by 2% to 5.9 million tons. China's cotton production may also increase by 2% to 4.8 million tons, which would represent the first increase in 6 years. According to the ICAC this will however greatly depend on whether a subsidy is provided this year. Despite an expected 9% increase in area planted to cotton in the USA this year, due to high cotton prices relative to competing crops, production is forecast to rise by only 1% to 3.7 million tons, as a result of the higher abandonment rate assumed at 12%.





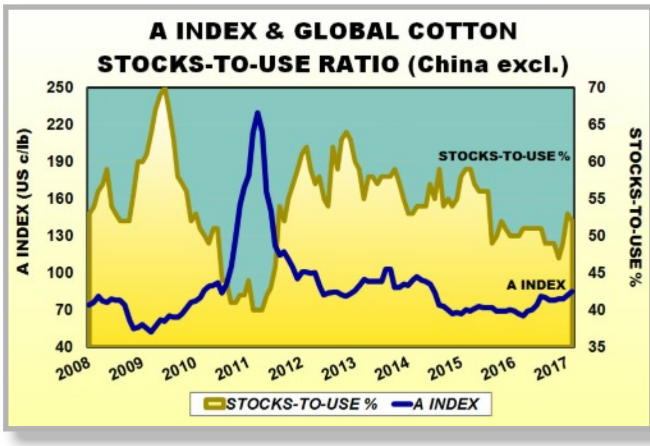
The ICAC expects world cotton consumption to remain stable at around 24 million tons in 2016/17 as well as in 2017/18. China has long been the world's largest consumer of cotton, however, its consumption and share in the world total declined continuously from 2010/11 to 2015/16, when it reached 7.4 million tons. While its mill use is forecast by the ICAC to grow by 2% in 2016/17 and by 1% in 2017/18, its world share of cotton consumption is likely to remain at 30% due to expanding mill use in other countries such as Bangladesh and Vietnam, where cotton consumption is expected to respectively rise by 6% and 7% in 2017/18.

The ICAC expects world cotton trade to expand by 3% to 8 million tons in 2017/18 with Bangladesh and Vietnam remaining to be the world's two largest cotton importers, accounting for a third of the world's cotton imports. The United States is expected to remain the world's largest cotton exporter with exports forecast to rise by 5% to 2.9 million tons in 2017/18, which would account for 36% of world export volume. Cotton exports from India, the world's second largest exporter, are projected to grow by 3% to 990 000 tons in 2017/18.

Estimated world supply and demand for cotton for the 2015/16 season and projections for 2016/17 and 2017/18 (seasons beginning 1 August):

(million metric tons)	**2015/16**	**2016/17**	**2017/18**
Beginning stocks	22.3	19.2	17.9
Production	21.0	22.7	23.1
Consumption	24.1	24.1	24.3
Exports	7.5	7.9	8.1
Imports	7.5	7.9	8.1
Ending stocks	19.2	17.9	16.7
Ending stocks/use (China excluded)	48%	52%	55%
A Index (US c/lb)	***70***	***70-83***	

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



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

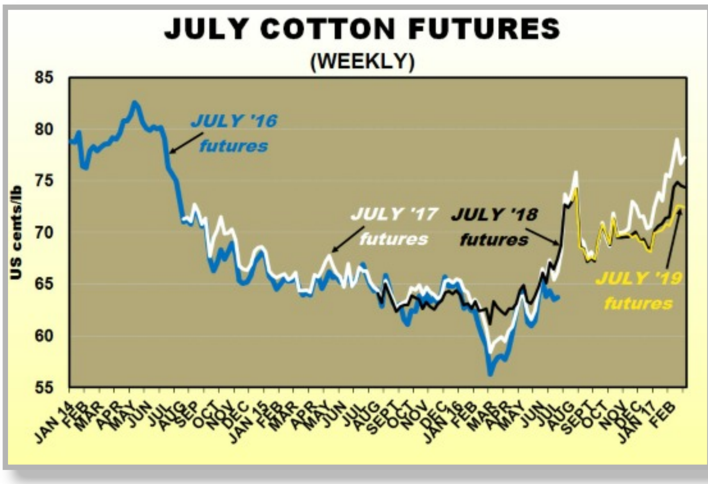
	A INDEX Avg: US c/lb	**DERIVED RSA "PRICE"** Avg: SA c/kg
Last week (20/02 - 24/02/17)	84.30	2448.08
February 2017	85.16	2505.14
Today (01/03/17)	**85.25**	**2481.83**
January 2017	82.20	2484.70
Today a year ago	*64.30*	*2257.32*
Today two years ago	*71.25*	*1865.21*

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 1 March 2017 (settlement prices):

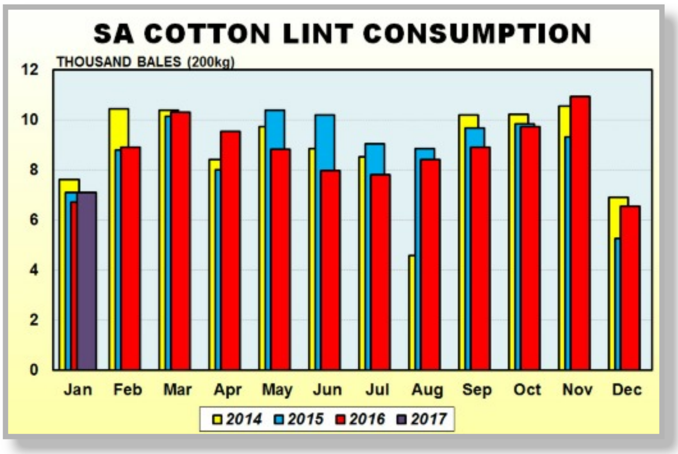
	NY FUTURES *US c/lb*
May 2017	77.86
July	78.73
Oct	74.94
Dec	74.90
Mar 2018	75.01
May	75.04
July	74.92

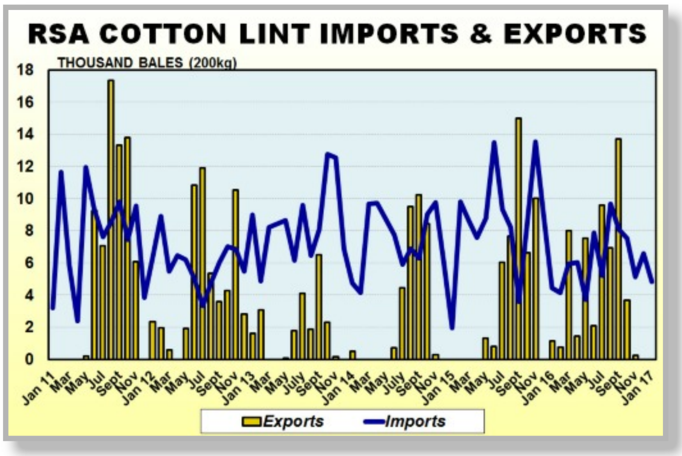
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 2nd estimate for the 2016/17 production year indicates a total crop of 75 040 lint bales, up 48% from the previous season. RSA dryland hectares are up by 320% mainly due to the availability of cotton stripper harvester technology which was successfully demonstrated under the Cotton Cluster. About 73 040 lint bales are estimated to be produced from RSA grown seed cotton, up 45% from the previous season. The balance of 2000 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.





COTTON CROP REPORT - 2nd ESTIMATE — 2016/17 PRODUCTION YEAR — 28/02/2017

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	2406	0	4200	0	18189	0%	0%
North & South Flats	128	5105	4000	1000	10111	0%	0%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Limpopo Other	467	45	4200	1000	3612	0%	0%
Weipe	1078	0	4500	0	8974	0%	0%
NORTHERN CAPE							
Vaalharts	1319	0	4739	0	11564	0%	0%
Lower Orange River	391	0	4500	0	3255	0%	0%
Rest of Northern Cape	270	0	5000	0	2498	0%	0%
NORTH WEST							
Stella/Delareyville/Setlagoli	522	1207	5000	1145	7385	10%	0%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	380	1500	4211	600	4545	63%	0%
MPUMALANGA	0	2692	0	600	2907	100%	0%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	**6961**	**10549**	**4453**	**858**	**73040**	**9%**	**0%**
Swaziland*	0	2000	0	600	2000	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	6961	12549	4453	817	75040	11%	0%

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

Sustainable Cotton Cluster
A programme of Cotton SA

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