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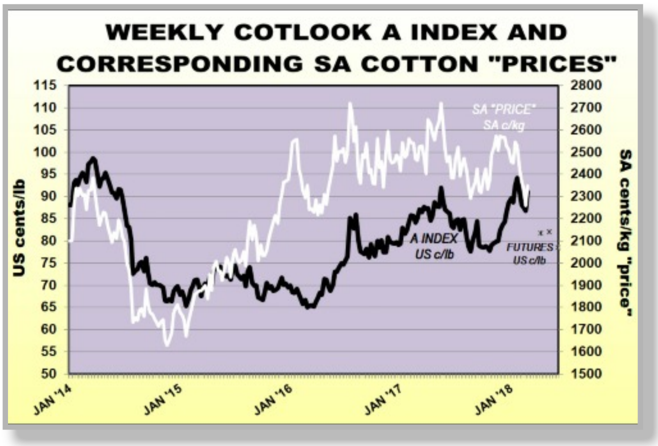
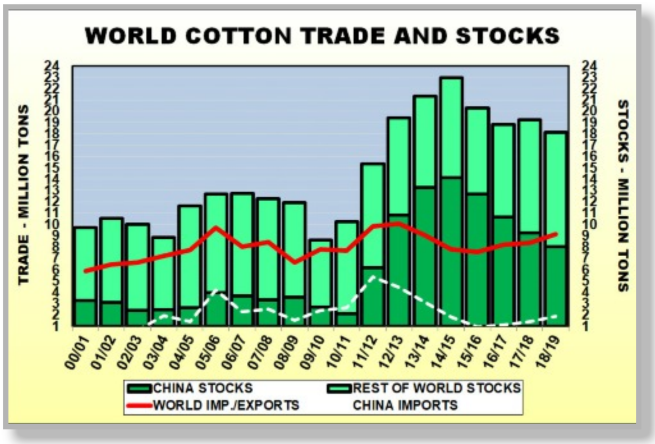
COTTON SA MARKET REPORT AS AT 1 MARCH 2018

Both global cotton consumption and production have been expanding since the 2015/16 season, but cotton production for this season is increasing at a faster rate. The International Cotton Advisory Committee (ICAC) estimates global cotton production to reach 25.8 million tons this season (2017/18) with consumption projected at 25.4 million tons. Production increases in 2017/18 are coming off gains in planted area (+12%) rather than yields. Although major producers, India and Pakistan, have increased planted hectares by 16% and 24% respectively, production losses from pink bollworm this season have limited cotton production increases to 7% and 8% respectively. Cotton production in the other two major cotton producing countries, China and the United States, are estimated by the ICAC to increase this season by 9% and 23% respectively.

Production increases are also expected in the Southern hemisphere which accounts for 12% of world cotton production. For the 2017/18 season, the following production increases are expected in the three major cotton producing countries in the Southern hemisphere (responsible for 95% of Southern hemisphere cotton production): Brazil up 11%; Australia up 4% and Argentina up 12%.





The ICAC expects world cotton trade to expand by 3% to 8.4 million tons in 2017/18 with Bangladesh and Vietnam remaining the world's two largest cotton importers, accounting for 36% of the world's cotton imports. The United States remains the world's largest cotton exporter, accounting for 38% of world cotton export volume. World ending cotton stocks (China excluded) are forecast by the ICAC to increase by 22% at the end of 2017/18.

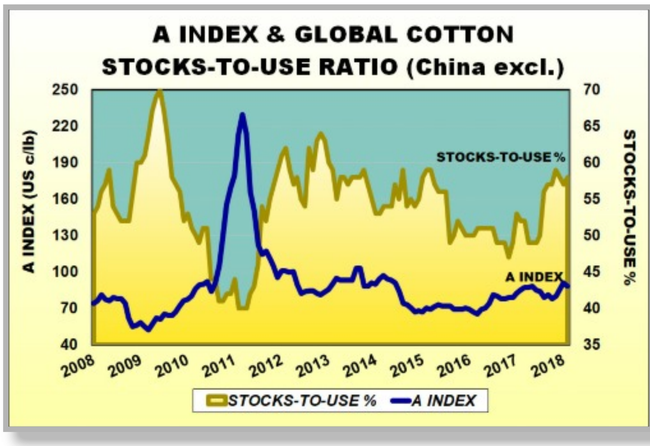
Looking towards the 2018/19 season, the ICAC forecasts global cotton production to decline by 2% and cotton consumption to increase by 4%. According to the ICAC the growth in cotton consumption can be ascribed to global economic expansion, an expected acceleration of consumer demand for textiles and rising environmental and production costs for synthetics. Based on these projections, global trade is expected by the ICAC to increase by 9% in 2018/19 with global cotton stocks declining by 6% (global stocks with China excluded is expected to remain more or less unchanged).

The Cotlook A Index has averaged 88 US c/lb during the past month with a 2017/18 season to date average of 83.2 US c/lb, slightly higher than the 2016/17 season average of 82.8 US c/lb.

Estimated world supply and demand for cotton for the 2016/17 season and projections for 2017/18 and 2018/19 (seasons beginning 1 August):

(million metric tons)	2016/17	2017/18	2018/19
Beginning stocks	20.3	18.8	19.3
Production	23.1	25.8	25.4
Consumption	24.5	25.4	26.5
Exports	8.2	8.4	9.2
Imports	8.1	8.4	9.2
Ending stocks	18.8	19.3	18.2
Ending stocks/use (China excluded)	50%	58%	56%
A Index (US c/lb)	***83***	***73-85***	

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



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

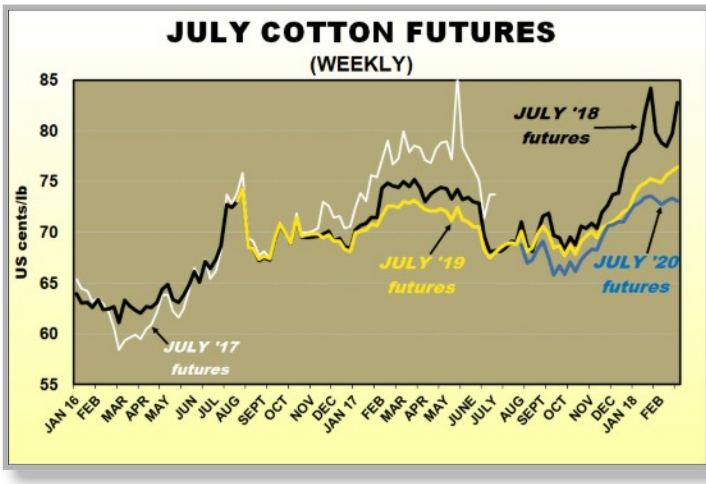
	A INDEX Avg: US c/lb	DERIVED RSA "PRICE" Avg: SA c/kg
Last week (19/02 - 23/02/18)	88.36	2303.78
February 2018	88.27	2327.08
Today (01/03/18)	**92.40**	**2440.05**
January 2018	90.99	2476.22
Today a year ago	*85.29*	*2490.20*
Today two years ago	*64.30*	*2257.32*

*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 2018 (settlement prices):

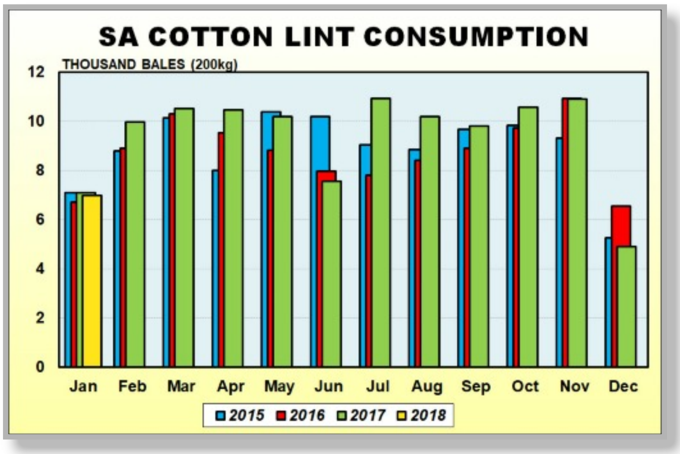
	NY FUTURES US c/lb
May 2018	81.81
July	82.11
Oct	78.51
Dec	77.18
Mar 2019	77.46
May	77.40
July	77.20

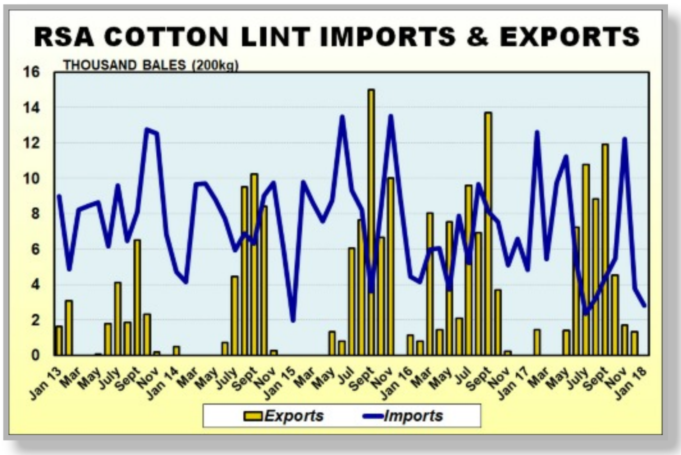
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 2nd estimate for the 2017/18 production year indicates a cotton crop of 195 530 lint bales for the RSA, an increase of 152% over the previous season and 3% up from last month's estimate. Dryland and irrigation hectares show increases of 68% and 170% respectively over the previous year mainly due to the more favourable prices of cotton in relation to competitive crops but also due to renewed interest in cotton production.





COTTON CROP REPORT - 2nd ESTIMATE 2017/18 PRODUCTION YEAR 28/02/2018

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	5115	193	4200	800	38947	0%	0%
North & South Flats	736	9265	4200	600	15570	0%	0%
Koedoeskop/Dwaalboom/Thabaz	2717	0	5000	0	25132	0%	0%
Limpopo Other	690	171	4200	700	5432	0%	0%
Weipe	800	0	4500	0	6660	0%	0%
NORTHERN CAPE							
Vaalharts	3009	0	4949	0	27548	0%	0%
Lower Orange River	398	0	4500	0	3313	0%	0%
Rest of Northern Cape	3894	0	4992	0	36564	0%	0%
NORTH WEST							
Stella/Delareyville/Setlagoli	1042	4919	5000	1309	21552	8%	0%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	1330	1110	4180	750	11826	26%	0%
MPUMALANGA	0	2017	0	800	2985	100%	0%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	**19731**	**17675**	**4656**	**833**	**195530**	**4%**	**0%**
Swaziland*	0	1000	0	600	1080	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	19731	18675	4656	820	196610	5%	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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