KATOEN SUID-AFRIKA COTTON SOUTH AFRICA

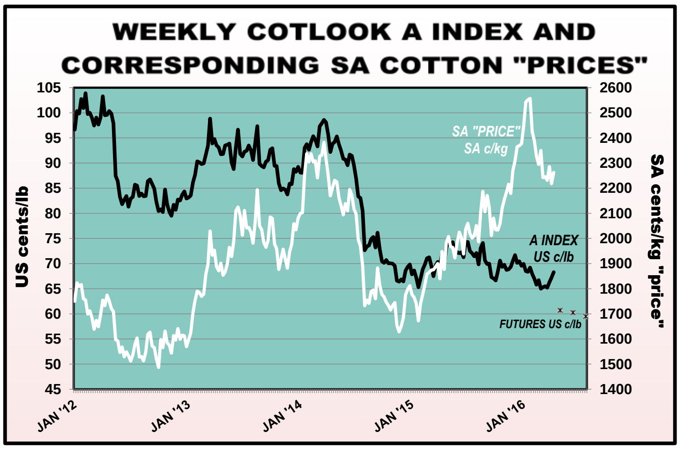
Nie-winsgewende Organisasie / Non-profit Company
Registration No. 199800820/08

Date: 12 April 2016 **Reference: 9/3/3/1**

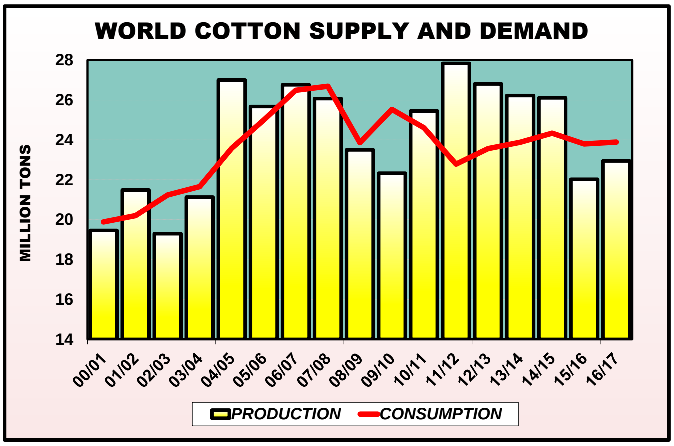
COTTON MARKET REPORT AS AT 11 APRIL 2016

International

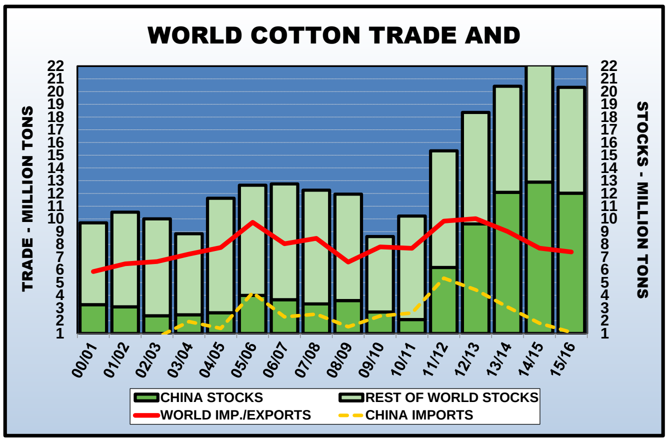
The planting of cotton in the Northern hemisphere which accounts for about 90% of world cotton production, will commence this month. Although world cotton area is expected to increase in 2016/17 by 1% only, the International Cotton Advisory Committee (ICAC) forecasts a 4% increase in world cotton production due to expected improved average yields. A 10% increase in cotton production is expected in India, the world's largest cotton producer whilst cotton production in China, the world's second largest cotton producing country is expected to decrease for the 5th consecutive season.



After the expected decline of 2% in 2015/16, world cotton consumption for 2016/17 is forecast to remain stable. Cotton consumption in China, the world's largest cotton consuming country, is expected by the ICAC to decrease by 5% to 6.8 million tons in 2016/17. This will be the 7th consecutive season of reduction since 2009/10 when it accounted for 40% of world cotton consumption. It now accounts for about 28% of world cotton mill use. Higher wages and higher domestic cotton prices, particularly in comparison with polyester prices, have made cotton spinning in China less attractive with yarn imports from lower cost countries like Vietnam filling in the gap, according to the ICAC.



After 3 seasons of decline, world cotton trade is projected by the ICAC to increase by about 1% to 7.5 million tons in 2016/17. The expected 13% decrease in Chinese imports will be offset by increases in other countries such as Bangladesh and Vietnam who are likely to be the two largest importers of cotton in 2016/17 as their spinning sectors rely primarily on imported cotton.

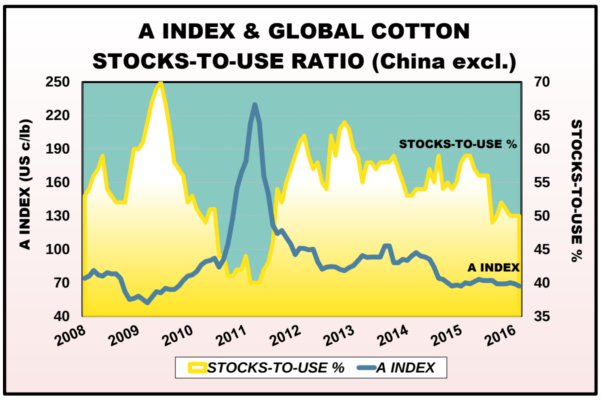


The ICAC forecasts a 5% reduction in world cotton stocks for 2016/17 which is less than the 8% reduction expected for 2015/16 mainly due to the fact that cotton production is expected to grow somewhat in 2016/17 with consumption remaining more or less stable.

Estimated world supply and demand for cotton for the 2014/15 season and projections for 2015/16 and 2016/17 (seasons beginning 1 August):

(million metric tons)	**2014/15**	**2015/16**	**2016/17**
Beginning stocks	20.4	22.1	20.3
Production	26.1	22.0	23.0
Consumption	24.3	23.8	23.9
Exports	7.7	7.4	7.5
Imports	7.6	7.4	7.5
Ending stocks	22.1	20.3	19.4
Ending stocks/use (China excluded)	55%	50%	50%
A Index (US c/lb)	***71***	***66-76***	***58-89***

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



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

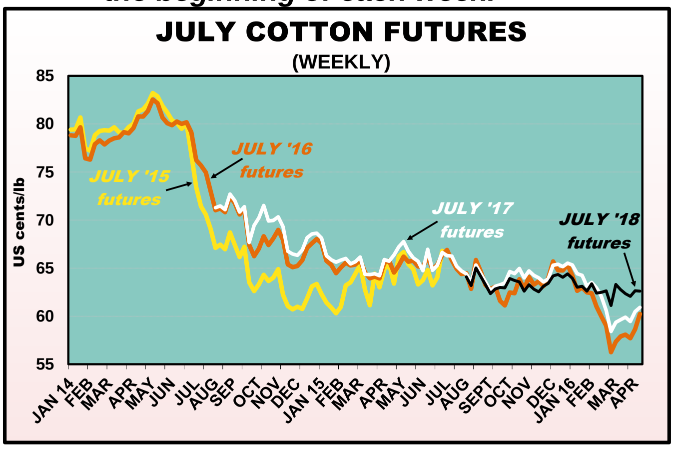
	A INDEX	**DERIVED RSA "PRICE"**
	Avg: US c/lb	*Avg: SA c/kg*
Last week (04/04 - 08/04/16)	67.08	2253.15
March 2016	65.53	2267.86
Today (11/04/16)	**68.25**	**2262.57**
February 2016	66.57	2350.39
Today a year ago	*72.85*	*1950.48*
Today two years ago	*92.20*	*2147.17*

*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 11 April 2016 (settlement prices):

	NY FUTURES *US c/lb*
May 2016	60.71
July	60.24
Oct	59.48
Dec	59.48
Mar 2017	59.84
May	60.43
July	60.92

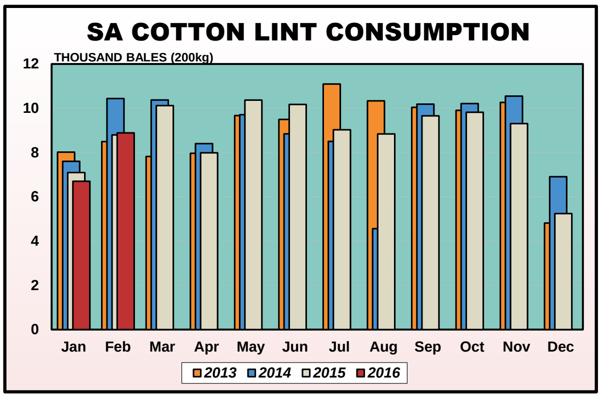
New York JULY cotton futures as at the beginning of each week:

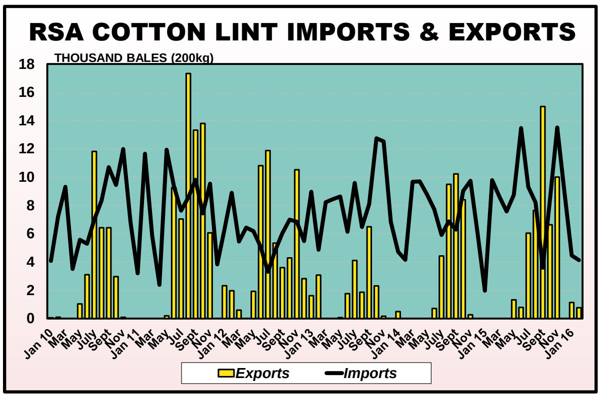


Local outlook

As far as the local outlook is concerned, the 3rd estimate for the 2015/16 production year indicates a total crop of 53 379 lint bales, down 44% from the previous season and more or less unchanged from the first crop estimate.

About 52 479 lint bales are estimated to be produced from RSA grown seed cotton, down 44% from the previous season. The balance of 900 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.





COTTON CROP REPORT - 3rd ESTIMATE **2015/16 PRODUCTION YEAR** *31/03/2016*

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	869	0	4200	0	**6387**	1%	0%
North & South Flats	5	537	3499	350	**360**	0%	0%
Dwaalboom/Thabazimbi	0	0	0	0	**0**	0%	0%
Weipe	368	0	3000	0	**2040**	0%	0%
NORTHERN CAPE							
Vaalharts	1151	0	4926	0	**10489**	0%	0%
Lower Orange River	786	0	4500	0	**6543**	0%	0%
Rest of Northern Cape	1402	0	5632	0	**14608**	0%	0%
NORTH WEST							
Stella/Setlagoli	1271	579	4500	800	**11438**	0%	0%
Taung	0	0	0	0	**0**	0%	0%
KWAZULU-NATAL	150	235	700	400	**368**	100%	0%
MPUMALANGA	28	768	3000	74	**246**	100%	0%
EASTERN CAPE	0	0	0	0	**0**	0%	0%
RSA TOTAL	**6030**	**2119**	**4607**	**378**	**52479**	1%	0%
Swaziland*	0	1000	0	500	**900**	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	**6030**	**3119**	**4607**	**417**	**53379**	3%	0%

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

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