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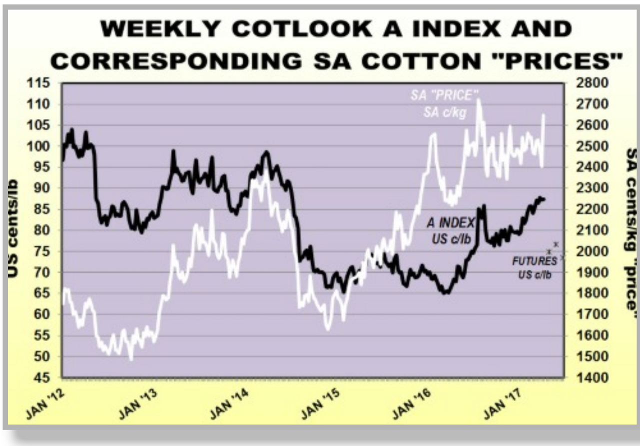
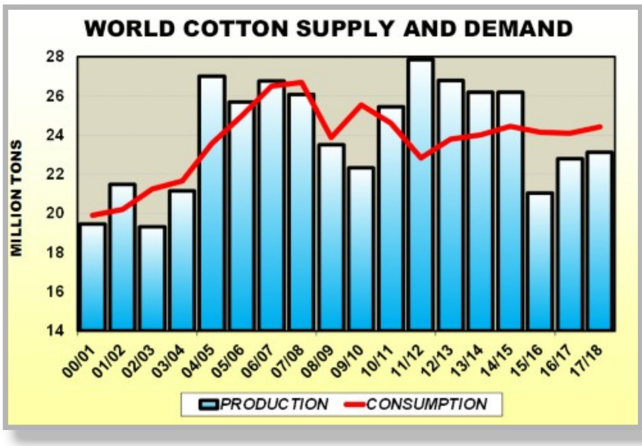
COTTON SA MARKET REPORT AS AT 4 APRIL 2017

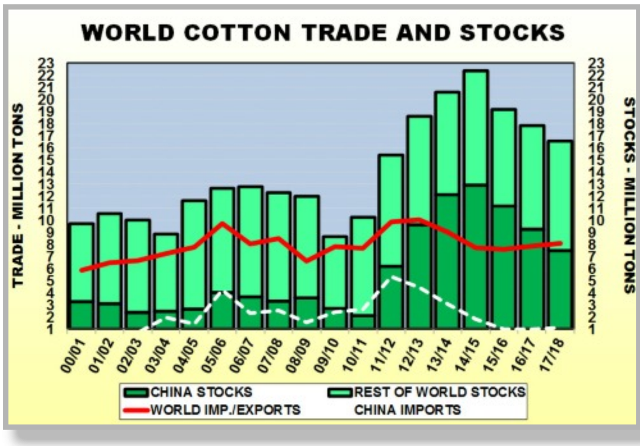
The planting of cotton in the Northern hemisphere which accounts for about 90% of world cotton production, will commence this month. According to the International Cotton Advisory Committee (ICAC), world cotton area is expected to increase in 2017/18 by 4% as higher prices in 2016/17 encourage farmers to plant cotton. As the ICAC expects the world average yield to decline by 2% to 761 kg/ha, similar to the 4-year average, world cotton production is forecast to grow by only 1% to 23.1 million tons in 2017/18.



Cotton production in India, the world's largest cotton producer, is projected by the ICAC to grow by 2% to 5.9 million tons in 2017/18 whilst cotton production in China, the world's second largest cotton producing country is expected to increase by 1% to 4.8 million tons, mainly due to higher prices and a stable subsidy for the next 3 years. This will be the first increase in Chinese cotton production in 5 years.



After remaining stable for the past two years, world cotton consumption for 2017/18 is forecast by the ICAC to recover by 1% to 24.4 million tons due to an expected stronger growth for the global economy in 2018. After several seasons of decline, cotton consumption in China, the world's largest cotton consuming country, is projected to rise by 2% to 7.6 million tons in 2016/17 and by 1% to 7.7 million tons in 2017/18. The gap between China's domestic cotton prices and international cotton prices has decreased, making yarn imports less attractive than in recent seasons. Cotton consumption in India, the world's second largest cotton consuming country is projected by the ICAC to increase by 1% to 5.2 million tons in 2017/18, after declining by 3% in 2016/17 mainly due to high domestic prices.



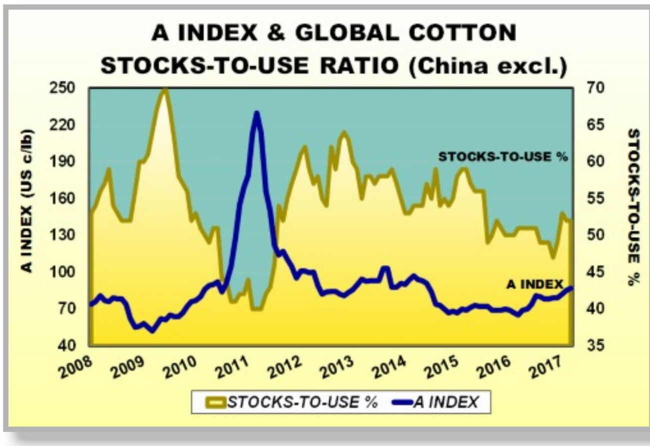
After 3 seasons of decline, world cotton trade is projected by the ICAC to increase by about 3% in 2016/17 and with a further 3% increase in 2017/18. This is mainly due to increased cotton imports by Bangladesh and Vietnam, the world's largest importers of cotton whose spinning sectors rely primarily on imported cotton.

The ICAC forecasts a 7% reduction in world cotton stocks for 2016/17 with Chinese cotton stocks expected to fall by 17% at the end of 2016/17. A further reduction of 7% and 19% in world and Chinese cotton stocks is respectively forecast for 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	22.4	19.2	17.9
Production	21.0	22.8	23.1
Consumption	24.1	24.1	24.4
Exports	7.6	7.9	8.1
Imports	7.5	7.9	8.1
Ending stocks	19.2	17.9	16.6
Ending stocks/use (China excluded)	48%	52%	54%
A Index (US c/lb)	***70***	***73-83***	***55-84***

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



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

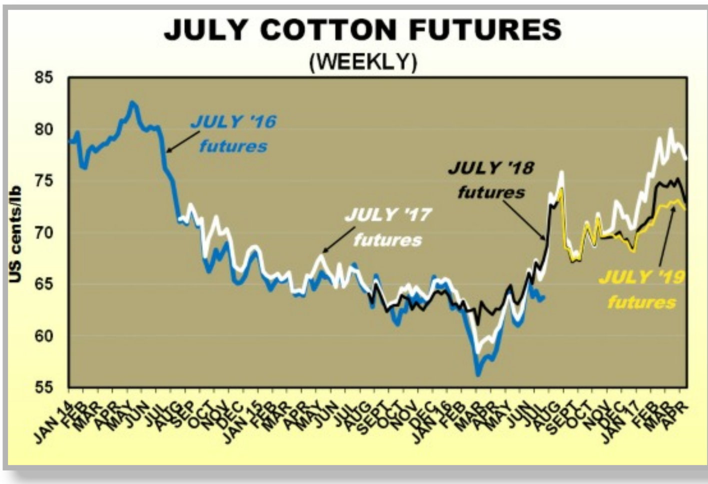
	A INDEX Avg: US c/lb	DERIVED RSA "PRICE" Avg: SA c/kg
Last week (27/02 - 31/03/17)	86.71	2506.02
March 2017	86.78	2502.58
Today (04/04/17)	**86.00**	**2693.36**
February 2017	85.16	2505.14
Today a year ago	*67.15*	*2217.61*
Today two years ago	*69.50*	*1840.24*

*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 4 April 2017 (settlement prices):

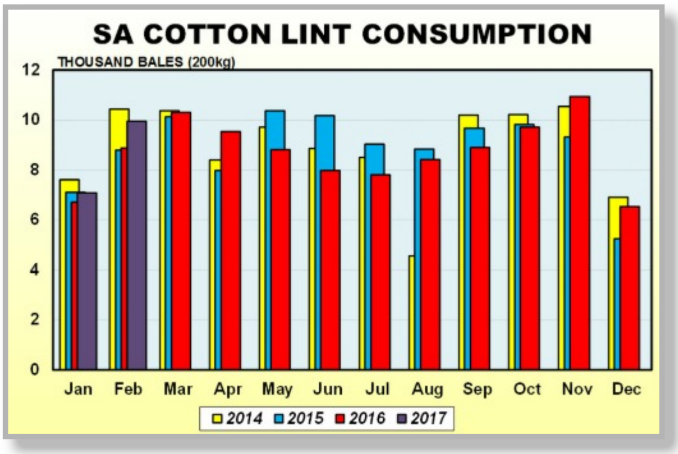
	NY FUTURES *US c/lb*
May 2017	74.85
July	76.61
Oct	73.44
Dec	72.99
Mar 2018	72.93
May	73.07
July	72.95

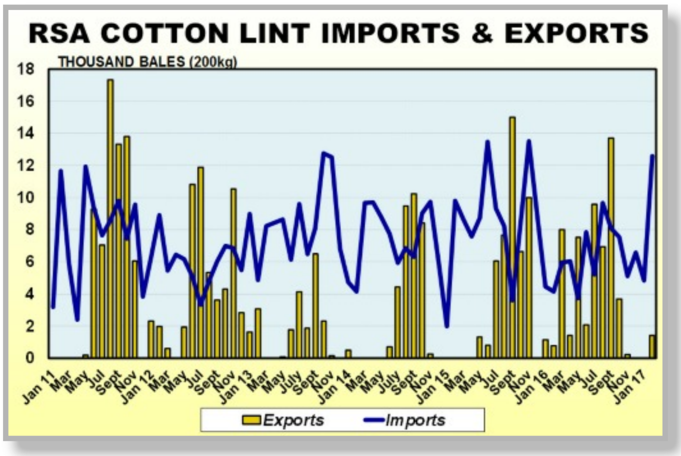
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 3rd estimate for the 2016/17 production year indicates a total crop of 74 173 lint bales, up 47% from the previous season and 1% down from the previous month's estimate. 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 72 173 lint bales are estimated to be produced from RSA grown seed cotton, up 43% 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 - 3rd ESTIMATE			2016/17 PRODUCTION YEAR					31/03/2017
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	4000	0	17323	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	4727	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	4384	858	72173	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	4384	817	74173	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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ICAB