



Date: 3 May 2013

Reference: 9/3/3/1

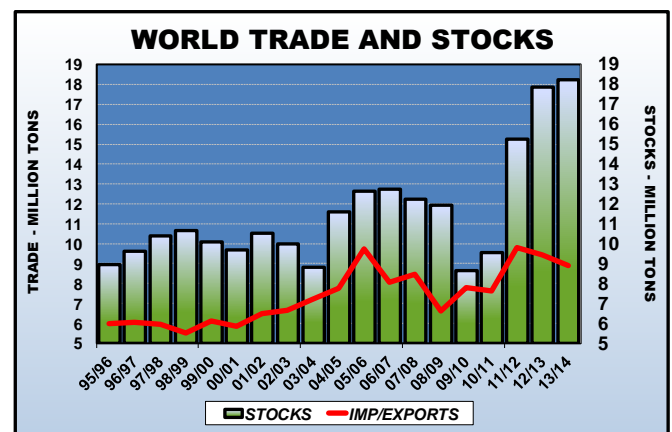
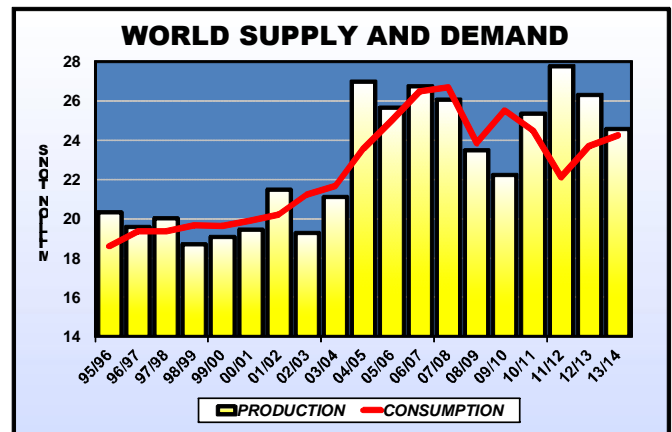
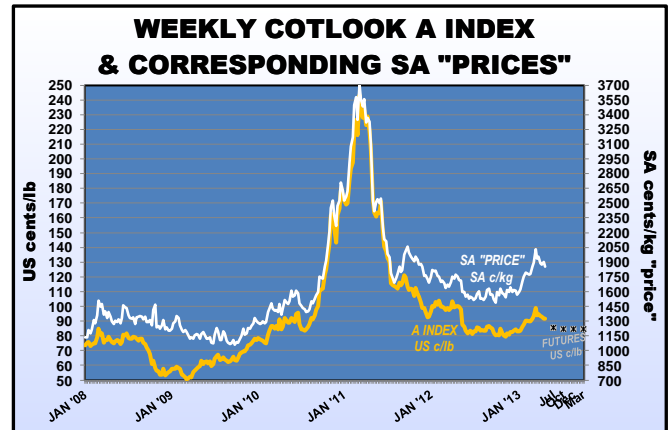
COTTON MARKET REPORT AS AT 2 MAY 2013

International

The Cotlook A index (an indicator of world cotton lint prices) averaged around 86 US c/lb between August 2012 and April 2013. Based on the ending stocks/consumption in the world less China; on Chinese imports and price trends, the International Cotton Advisory Committee (ICAC) at this stage projects an average Cotlook A index of 88 US c/lb for this season (2012/13) and about 122 US c/lb for 2013/14. These projections are also based on the assumption that the Chinese government will continue to adhere to the current reserve policy.

Although global cotton stocks are forecast by the ICAC to rise to 18 million tons by July 2014 representing 9 months of world mill use (the highest stocks-to-use ratio since the 1940's), the Chinese National Cotton Reserve is reducing "free" global stocks available to the market to an estimated 9 million tons by July 2013 and 7.5 million tons by July 2014. According to the ICAC this will mean that the stocks-to-use ratio for the world (minus the Chinese reserve) will drop to an estimated 37% in 2012/13 and to an estimated 30% in 2013/14, posing a potential tightening of global cotton supply next season resulting in an upward pressure on prices.

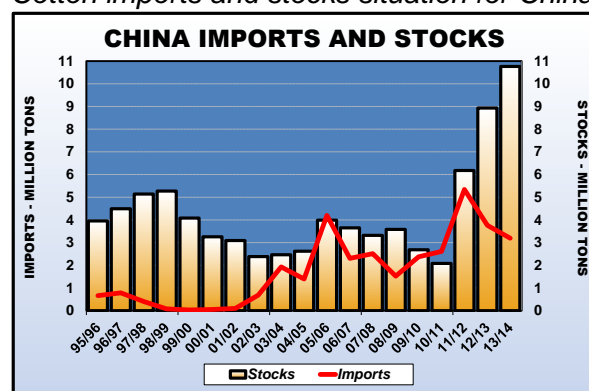
The ICAC expects world cotton production to decline by about 5% this season and to drop by a further 6% to 24.6 million tons in 2013/14. Global cotton mill use on the other hand is rising with an estimated 7% this season with a further 2% increase expected for 2013/14. The consumption of cotton by Chinese spinners is expected to decline for the 4th consecutive season to about 8 million tons in 2013/14.



Estimated world supply and demand for cotton for the 2011/12 season and projections for 2012/13 and 2013/14 (seasons beginning 1 August):

(million metric tons)	2011/12	2012/13	2013/14
Beginning stocks	9.6	15.3	17.9
Production	27.8	26.3	24.6
Consumption	22.1	23.7	24.3
Exports	9.8	9.4	8.9
Imports	9.8	9.4	8.9
Ending stocks	15.3	17.9	18.3
Ending stocks/use (China excluded)	67%	58%	46%
A Index (US c/lb)	100	88	122

Cotton imports and stocks situation for China:



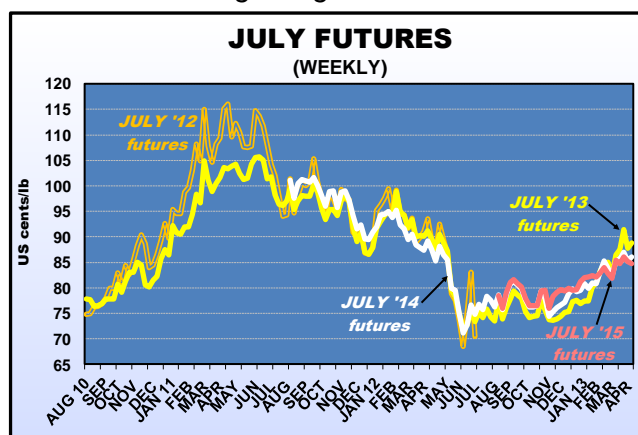
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX <i>Avg: US c/lb</i>	RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (22/04 - 26/04/13)	91.51	1879.30
April 2013	92.77	1885.71
Today (02/05/13)	91.90	1851.48
March 2013	94.46	1932.43
Today a year ago	98.00	1689.31
Today two years ago	172.70	2535.08

New York cotton futures as at 2 May 2013 (settlement prices):

	NY FUTURES <i>US c/lb</i>
July 2013	85.68
October	84.54
December	84.47
March 2014	84.53
May	84.44
July	84.50
October	83.88

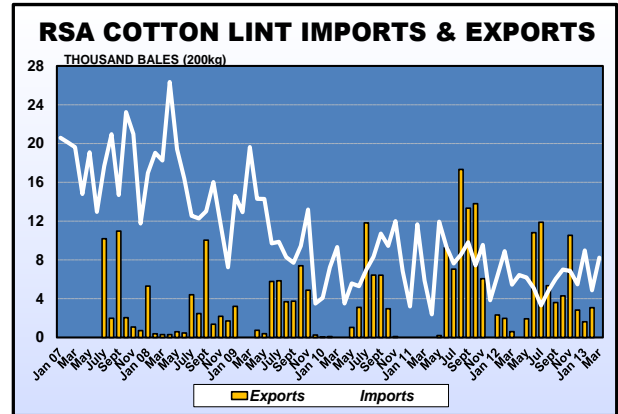
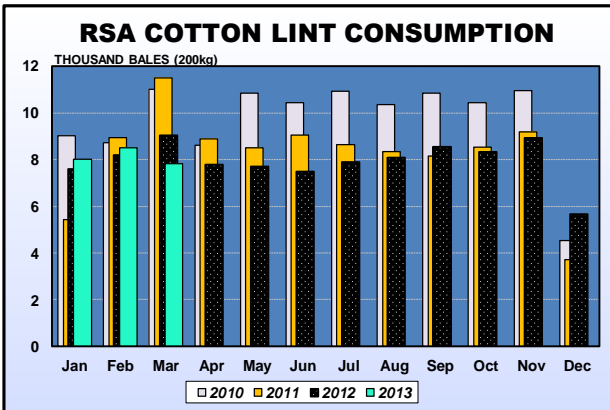
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 4th estimate for the 2012/13 production year indicates a total crop of 35 309 lint bales, down 45% from the previous season but more or less unchanged from the previous month's estimate.

About 31 809 lint bales are estimated to be produced from RSA grown seed cotton. The balance of 3 500 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 4th ESTIMATE

2012/13 PRODUCTION YEAR

02/05/13

PRODUCTION REGION	HECTARES IRRIGATION	HECTARES DRYLAND	YIELD IRRIGATION kg seed cotton/ha	YIELD DRYLAND kg seed cotton/ha	PRODUCTION 200 kg bales cotton lint	CROP % HAND PICKED	% OF CROP GINNED SO FAR
LIMPOPO PROV.							
Loskop	819	0	4200	0	6020	0%	0%
North & South Flats	0	785	0	1800	2473	10%	0%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	800	0	4000	0	5920	0%	0%
NORTHERN CAPE							
Vaalharts	500	0	4500	0	4050	0%	0%
Lower Orange River	200	0	4000	0	1480	50%	0%
Rest of Northern Cape	499	0	4859	0	4486	1%	0%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	330	1837	3500	1000	5387	100%	0%
MPUMALANGA	0	1107	0	1000	1993	100%	0%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	3148	3729	4215	1168	31809	26%	0%
Swaziland*	0	3600	0	550	3500	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	3148	7329	4215	865	35309	34%	0%

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

ENQUIRIES: MR H J BRUWER (CHIEF EXECUTIVE OFFICER)

Posbus / P O Box 912232, Silverton, Pretoria, 0127
 Katoen SA Gebou, Cycadoord 90, Uit Watermeyerstraat, Val de Grace X10
 Cotton SA Building, 90 Cycad Place, Off Watermeyer Street, Val de Grace x10
 Tel: 27 (12) 804 1462 - 7; Faks/Fax: 27 (12) 804 8616; E-mail: enquiries@cottonsa.org.za
 Website: www.cottonsa.org.za