P O Box 912232,
Silverton, 0127
Cotton SA Building,
90 Cycad Place,
Off Watermeyer Street,
Val de Grace x10,
PRETORIA

KATOEN SUID-AFRIKA
COTTON SOUTH AFRICA

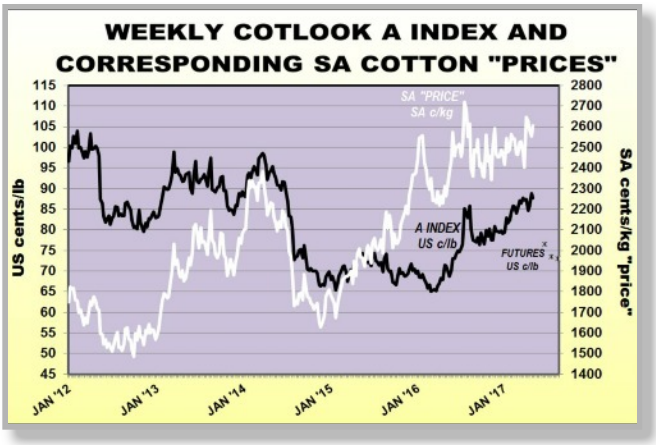
Nie-winsgewende Organisasie/Non-profit Company
Registration No. 199800820/08

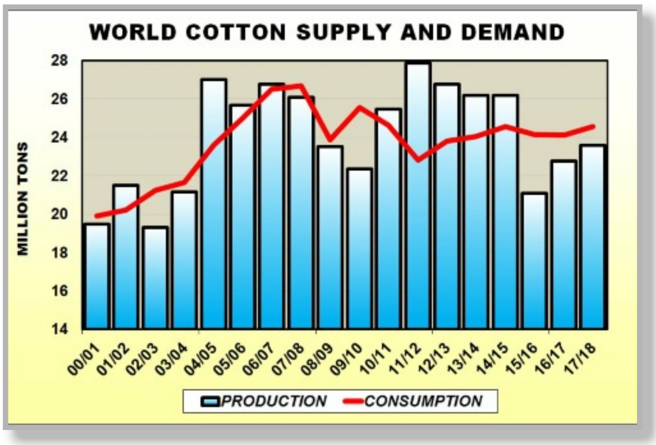
Tel: 27 (12) 804 1462-7
Fax: 27 (12) 804 8616
enquiries@cottonsa.org.za
www.cottonsa.org.za

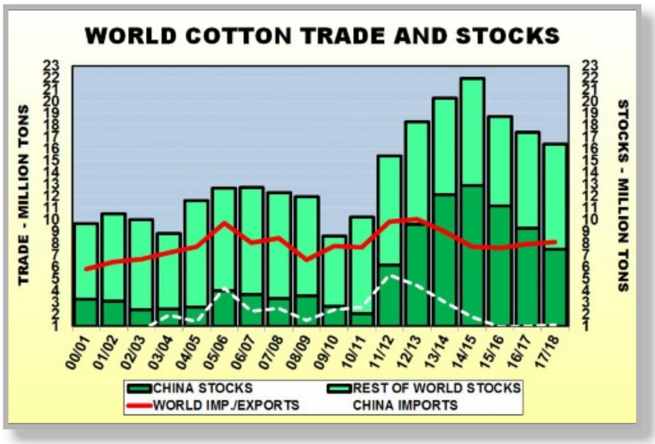
COTTON SA MARKET REPORT AS AT 4 MAY 2017

Despite higher prices compared to a year ago, the International Cotton Advisory Committee (ICAC) expects that world cotton production could grow by only 1% in 2017/18 mainly due to lower yields. In India, the world's largest cotton producing country, a 2% increase in cotton production is expected. Due to improved prices as well as a stable subsidy for the next 3 years, Chinese cotton production is expected to grow by about 1% following the decline in production of the previous season. The ICAC expects that cotton production in the USA could also increase by about 1% in 2017/18.

World cotton mill use in 2016/17 is expected to remain unchanged at 24.1 million tons due largely to weak global economic growth and competition from polyester, which had significantly lower prices than cotton so far this season. According to the ICAC, global cotton consumption may recover by about 1% in 2017/18 due the expected decrease in cotton prices whilst growth in the global economy is expected to be much stronger in 2017 and 2018. After several seasons of decline, China's mill use is projected by the ICAC 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. After declining by 3% in 2016/17 due to higher domestic and international cotton prices, mill use of cotton in India, the world's 2nd largest consumer of cotton, is projected by the ICAC to recover by 1% to 5.2 million tons in 2017/18.







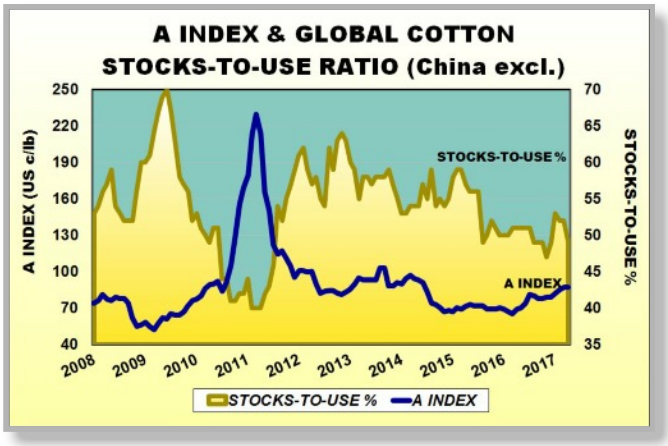
According to the ICAC, world cotton trade will increase by about 2% in 2017/18. Cotton imports by Bangladesh and Vietnam, the world's two largest cotton importers are however expected to increase in 2017/18 by 7% and 9% respectively, due to the continued growth in their spinning sectors that rely primarily on imported cotton.

The ICAC expects Chinese ending cotton stocks to decline by about 17% by 31 July 2017 whilst world ending cotton stocks are expected to decline by about 7%.

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	21.9	18.7	17.4
Production	21.1	22.8	23.6
Consumption	24.2	24.1	24.6
Exports	7.6	8.0	8.1
Imports	7.5	8.0	8.1
Ending stocks	18.7	17.4	16.4
Ending stocks/use (China excluded)	45%	49%	53%
A Index (US c/lb)	***70***	***73-83***	***51-80***

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



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

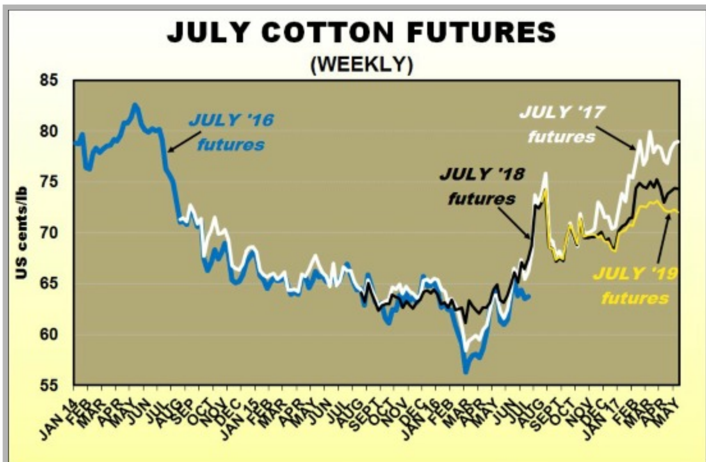
	A INDEX *Avg: US c/lb*	DERIVED RSA "PRICE" *Avg: SA c/kg*
Last week (24/04 - 28/04/17)	88.48	2591.59
April 2017	86.91	2606.21
Today (04/05/17)	**88.60**	**2685.56**
March 2017	86.78	2502.58
Today a year ago	*70.80*	*2341.13*
Today two years ago	*74.70*	*2007.68*

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 May 2017 (settlement prices):

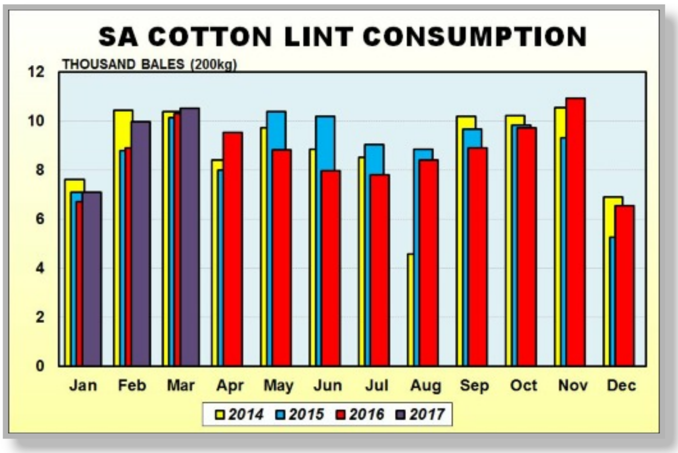
	NY FUTURES *US c/lb*
July 2017	78.91
Oct	76.28
Dec	74.75
Mar 2018	74.28
May	74.26
July	74.18
Oct	72.06

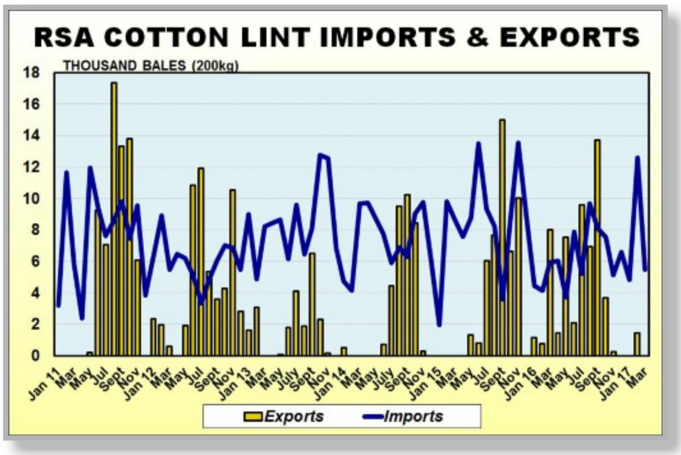
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 4th estimate for the 2016/17 production year indicates a total crop of 75 358 lint bales, up 49% from the previous season and 2% up from the previous month's estimate. RSA dryland hectares are up by 319% mainly due to the availability of cotton stripper harvester technology which was successfully demonstrated under the Cotton Cluster. About 73 358 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 - 4th ESTIMATE 2016/17 PRODUCTION YEAR 28/04/2017

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%	3%
North & South Flats	128	5105	4000	1000	10111	0%	3%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Limpopo Other	467	45	4200	1000	3612	0%	3%
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	2657	0	856	4092	100%	0%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	**6961**	**10514**	**4384**	**923**	**73358**	**11%**	**1%**
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	12514	4384	871	75358	13%	1%

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