

Date: 3 May 2012

Reference: 9/3/3/1

COTTON MARKET REPORT AS AT 1 MAY 2012

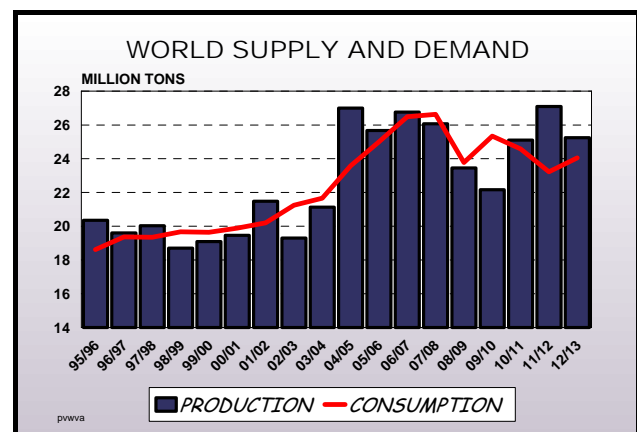
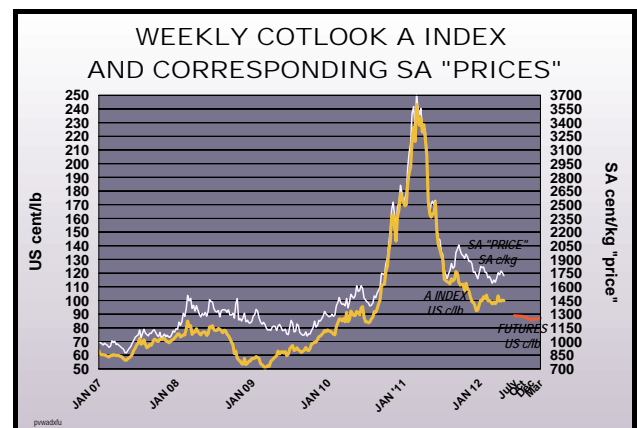
International

Cotton plantings for the 2012/13 season are in full swing in the Northern Hemisphere and the International Cotton Advisory Committee (ICAC) expects that world cotton production could decline by 7% to 25.2 million tons mainly driven by China where cotton production is expected to decline by about 13%. Except for the USA, cotton production is expected to decline in most of the world's major cotton producing countries.

After two seasons of decline, the ICAC expects that world cotton consumption will increase by about 4% to 24.1 million tons in 2012/13, driven by improving economic growth and lower cotton prices. With global production exceeding global consumption for the 3rd consecutive year, world cotton stocks could rise by a further 9% to 14.3 million tons by 31 July 2013, which would be the highest on record. This would represent 59% of global cotton use and would also be the highest stocks-to-use ratio in more than 12 years and is expected to have a depressing effect on international prices in 2012/13.

According to the ICAC, world cotton trade is expected to rise by 13% to 8.6 million tons in 2011/12, the largest volume in 6 years, driven by record imports from China who will account for 52% of all global cotton imports this season. The surge in imports by China has not only reduced the amount of cotton available to the rest of the world this season but has also resulted in the doubling of Chinese cotton stocks to about 5 million tons this season.

The record cotton imports by China this season is not so much due to the gap between production and consumption in that



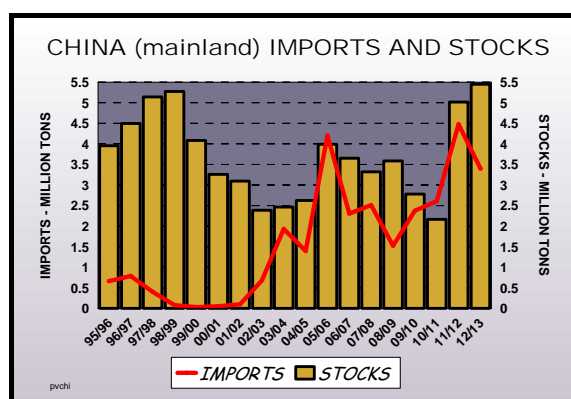
country but more a result of China's policy to rebuild its national reserve and its decision to implement a minimum cotton support price in

2011/12. The latter in turn boosted the imports of lower-priced overseas cotton by Chinese spinning mills.

Estimated world supply and demand for cotton for the 2010/11 season and projections for 2011/12 and 2012/13 (seasons beginning 1 August):

(million metric tons)	2010/11	2011/12	2012/13
Beginning stocks	8.7	9.2	13.1
Production	25.1	27.1	25.3
Consumption	24.6	23.2	24.1
Exports	7.6	8.6	8.3
Imports	7.7	8.6	8.3
Ending stocks	9.2	13.1	14.3
Ending stocks/use (China excluded)	47%	57%	60%
A Index (US c/lb)	164	105	

Cotton imports and stocks situation for China (mainland):



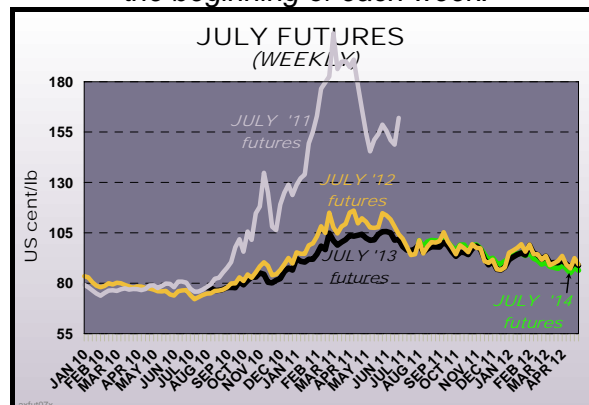
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX	RSA "PRICE"
	<i>Avg: US c/lb</i>	<i>Avg: SA c/kg</i>
Last week (23/04 - 27/04/12)	100.55	1741.81
April 2012	100.04	1752.92
Today (02/05/12)	98.00	1689.31
March 2012	99.50	1684.02
Today a year ago	172.70	2535.08
Today two years ago	90.55	1479.44

New York cotton futures as at 2 May 2012 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
July 2012	89.51
October	89.03
December	86.58
March 2013	88.02
May	89.17
July	89.76
October	87.95

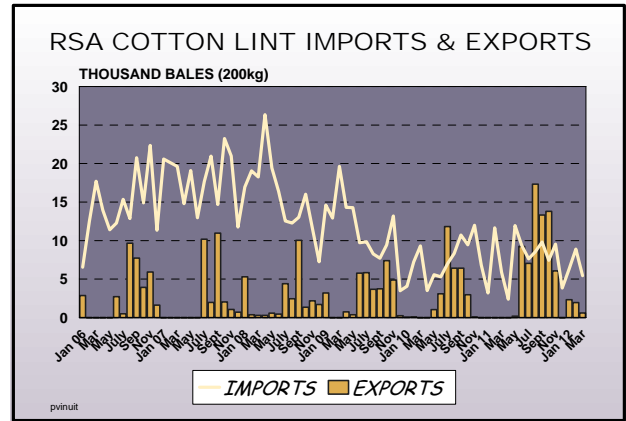
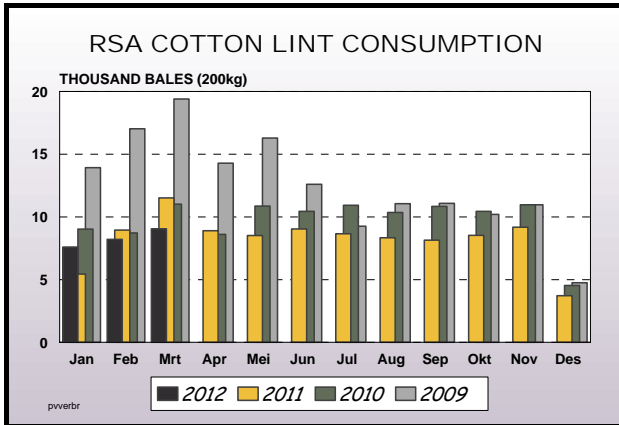
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 4th estimate for the 2011/12 production year indicates a total crop of 68 585 lint bales, up 13% from last month's estimate due to an improvement of yields in the Northern Cape. The 2011/12 crop is however 24% less than that of the previous season mainly due to lower cotton prices and the more

favourable prices of other competing summer crops such as maize. About 64 585 lint bales are estimated to be produced from RSA grown seed cotton, down 25% from the previous season. The balance of 4 000 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 4th ESTIMATE

2011/12 PRODUCTION YEAR

02/05/12

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	1203	0	4200	0	8842	10%	0%
North & South Flats	52	196	3900	900	664	10%	0%
Dwaalboom/Thabazimbi	150	0	4150	0	1089	10%	0%
Weipe	873	0	4000	0	6460	0%	0%
NORTHERN CAPE							
Vaalharts	1288	0	5000	0	11592	0%	0%
Lower Orange River	600	0	4000	0	4440	50%	0%
Rest of Northern Cape	2682	0	5294	0	26268	1%	0%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	240	0	5000	0	2160	0%	0%
KWAZULU-NATAL	0	970	0	700	1222	50%	0%
MPUMALANGA	0	1500	0	687	1848	100%	0%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	7088	2666	4742	707	64585	9%	0%
Swaziland*	0	3600	0	600	4000	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	7088	6266	4742	646	68585	15%	0%

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

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