



Vereniging ingelyf kragtens Artikel 21 / Association incorporated under Section 21

Date: 2 July 2010

Reference: 9/3/3/1

COTTON MARKET REPORT AS AT 1 JULY 2010

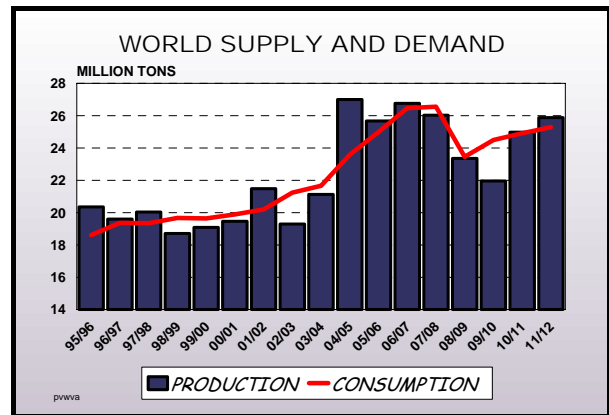
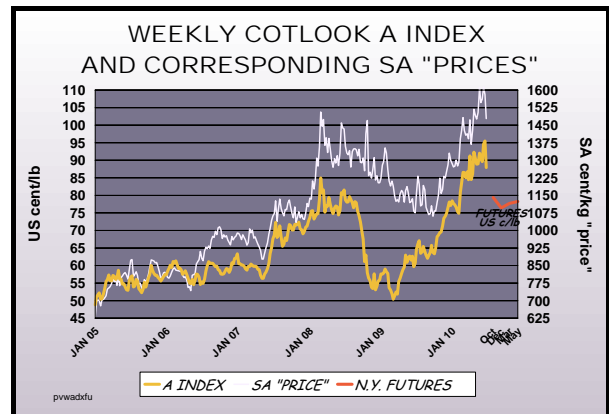
International

Based on the expected average world cotton price forecast of 78 US c/lb for 2009/10, the International Cotton Advisory Committee (ICAC) forecasts an average Cotlook A index (an indicator of world prices) of 87 US c/lb for 2010/11, an increase of 12% over 2009/10 and 2 US c/lb up from last month's forecast. As a result of the significant decline in stocks this season, offers for cotton from the 2009/10 crop shrunk during June 2010 and due to the lack of quotations, the normal A index was no longer quoted after 22 June. The 2010/11 Cotlook A index ("Forward Cotlook A index") is therefore the only index published currently.

According to the ICAC, supplies of cotton will remain tight until the start of the harvest of the new crop in the Northern Hemisphere in August. The ICAC expects world cotton production to increase in 2010/11 to about 25 million tons, up 14% from 2009/10. The increase in production is a direct result of the increase in cotton prices over the past year as well as the declining prices of competing grain and oilseeds crops.

The ICAC also expects world cotton consumption to continue to recover in 2010/11, growing by 2% to 24.9 million tons due to continued global economic growth but limited by higher cotton prices. China and India are expected to account for 80% of the increase in cotton mill use and their combined share of global cotton consumption is estimated at 57%.

As global production and consumption are expected to almost balance in 2010/11, world



cotton stocks are expected to remain unchanged at about 9.6 million tons.

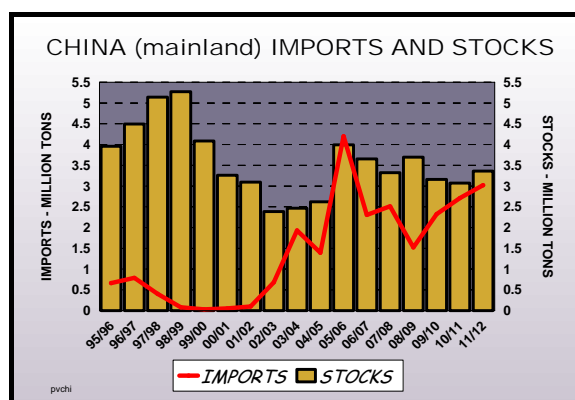
The projected world cotton ending stocks of 9.6 million tons as at 31 July 2010, is 21% down from the previous season and the

lowest level of stocks in 6 years. The global stocks-to-use ratio of 39% for 2009/10 is also the lowest ratio in 16 years. The ICAC expects stocks to drop less sharply in China than in the rest of the world due a large increase in Chinese imports in 2009/10.

Estimated world supply and demand for cotton for the 2009/10 season and projections for 2010/11 and 2011/12 (seasons beginning 1 August):

(million metric tons)	2009/10	2010/11	2011/12
Beginning stocks	12.1	9.6	9.6
Production	22.0	25.0	25.9
Consumption	24.5	24.9	25.3
Exports	7.8	7.9	8.2
Imports	7.8	7.9	8.2
Ending stocks	9.6	9.6	10.2
Ending stocks/use (China excluded)	43%	44%	45%
A Index (US c/lb)	78	87	

Cotton imports and stocks situation for China (mainland):



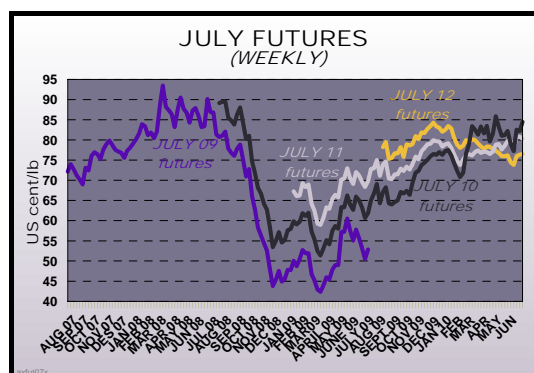
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX	RSA "PRICE"
	<i>Avg: US c/lb</i>	<i>Avg: SA c/kg</i>
Last week (21/06 - 25/06/10)	90.76	1526.42
June 2010	91.50	1560.11
Today (01/07/10) (forward A index)	85.35	1465.84
May 2010	90.13	1534.54
A year ago	61.45	1061.50
Two years ago	80.15	1406.19

New York cotton futures as at 1 July 2010 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
October 2010	79.10
December	76.45
March 2011	77.73
May	78.24
July	78.53
October	76.27
December	74.52

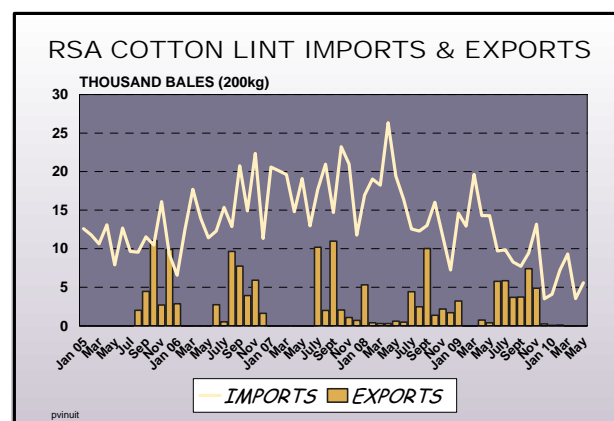
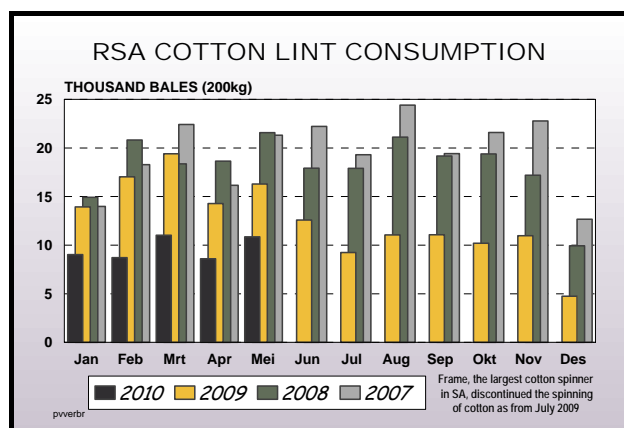
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 6th estimate for the 2009/10 production year indicates a total crop of 38 842 lint bales, 14% down from the previous season and the smallest crop since the early sixties. About 35 332 lint bales are estimated to be

produced from RSA produced seed cotton, 16% down from the previous season. The balance of 3 510 lint bales relates to Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 6th ESTIMATE

2009/10 PRODUCTION YEAR

01/07/10

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	1009	0	3850	0	6798	10%	14%
North & South Flats	24	160	3100	800	354	10%	14%
Dwaalboom/Thabazimbi	50	0	4000	0	350	10%	14%
Weipe	740	0	3800	0	4500	0%	30%
NORTHERN CAPE							
Vaalharts	1020	0	5000	0	9180	0%	11%
Lower Orange River	150	0	5000	0	1388	100%	80%
Rest of Northern Cape	630	0	6047	0	7033	0%	75%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	490	0	4800	0	4194	0%	11%
KWAZULU-NATAL	0	500	0	600	540	100%	0%
MPUMALANGA	0	900	0	622	995	100%	3%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	4113	1560	4615	633	35332	10%	29%
Swaziland*	0	3900	0	500	3510	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	4113	5460	4615	538	38842	18%	26%

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

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