



Date: 2 July 2013

Reference: 9/3/3/1

## COTTON MARKET REPORT AS AT 1 JULY 2013

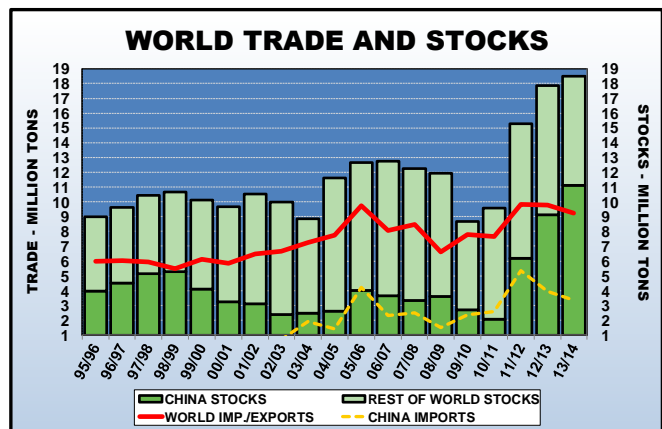
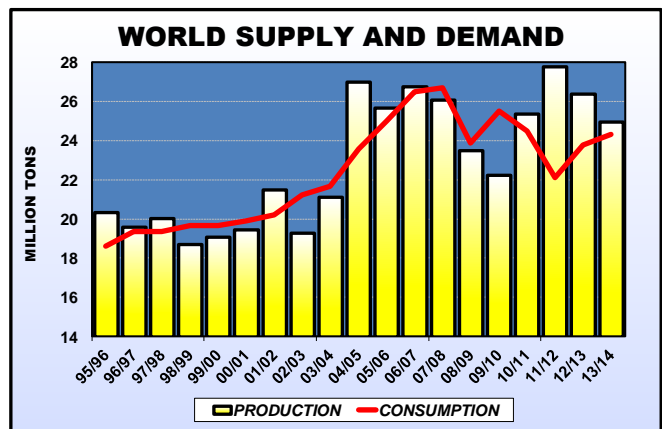
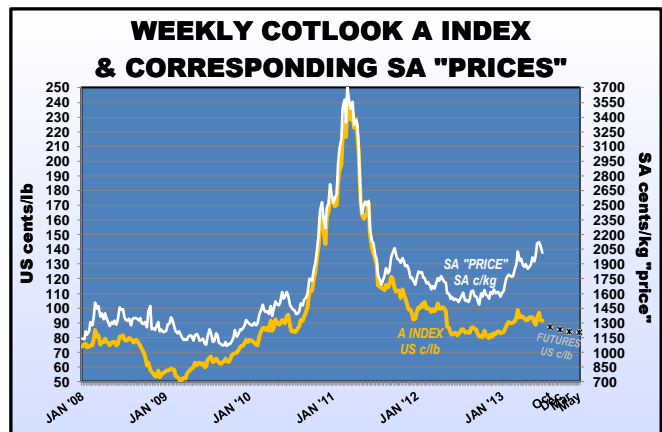
### International

According to the latest price projections by the International Cotton Advisory Committee (ICAC), an average Cotlook A index (an indicator of world cotton lint prices) of between 87 to 91 US c/lb is expected for the 2012/13 season (Aug. to July) and between 101 to 148 US c/lb for the 2013/14 season provided the Chinese government continues to adhere to the current policy of building its cotton reserves with support prices well above world market prices.

World cotton production for 2013/14 is forecast by the ICAC to decline by 5% from 2012/13 to about 25 million tons, as relatively higher expected crops in some major cotton countries are more than offset by expected production declines in China and the United States.

World cotton mill use for 2013/14 is forecast by the ICAC at 24.33 million tons, up 2% from 2012/13. Most of the projected increases will originate from South and Southeast Asia where mill use is supported by yarn demand from China where price supports through the cotton reserve-building policy has constrained the profitability of domestic spinning.

Global cotton stocks have risen dramatically over the past few seasons as world cotton production has outpaced consumption. The growth in global stocks since 2011/12 has occurred mainly in China, where national reserve purchases have effectively taken a large supply of cotton out of the global marketplace, thereby supporting international cotton prices. The ICAC projects that cotton stocks in China are likely to continue expanding, rising to about 11 million tons on 31 July 2014, or 60% of all global cotton stocks.



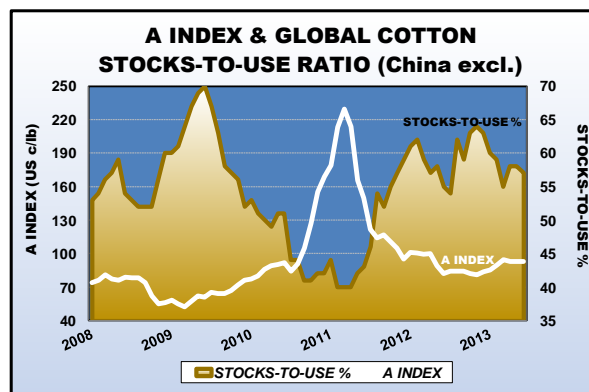
However, China's cotton policy remains the main driver of world cotton prices. As long as China maintains its current policy, the world

cotton market will remain relatively stable but distorted.

*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	26.4	25.0
Consumption	22.1	23.8	24.3
Exports	9.8	9.8	9.2
Imports	9.8	9.8	9.2
Ending stocks	15.3	17.9	18.5
Ending stocks/use (China excluded)	68%	57%	45%
<b>A Index (US c/lb)</b>	<b>100</b>	<b>87-91</b>	<b>101-148</b>

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



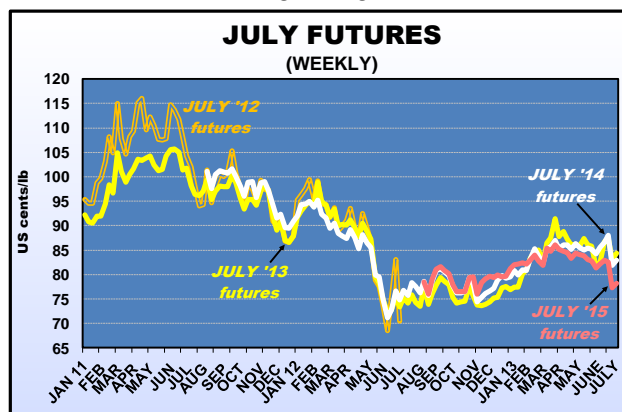
*Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":*

	<b>A INDEX</b> <i>Avg: US c/lb</i>	<b>RSA "PRICE"</b> <i>Avg: SA c/kg</i>
Last week (24/06 - 28/06/13)	91.43	2048.40
June 2013	93.08	2079.11
<b>Today (01/07/13)</b>	<b>91.30</b>	<b>2012.48</b>
May 2013	92.68	1930.67
Today a year ago	81.20	1505.94
Today two years ago	133.55	2005.23

*New York cotton futures as at 1 July 2013 (settlement prices):*

<b>NY FUTURES</b>	
	<i>US c/lb</i>
October 2013	86.92
December	85.54
March 2014	83.82
May	83.33
July	82.92
October	79.73
December	78.32

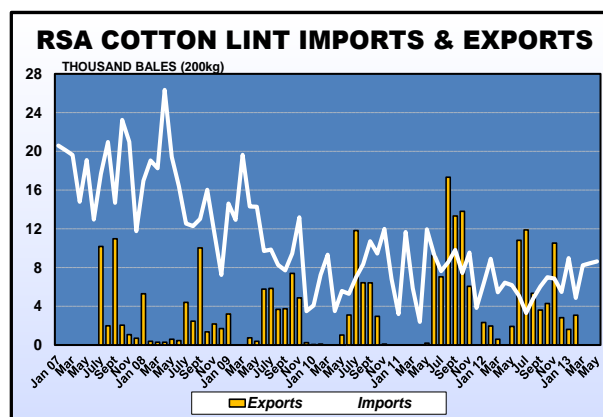
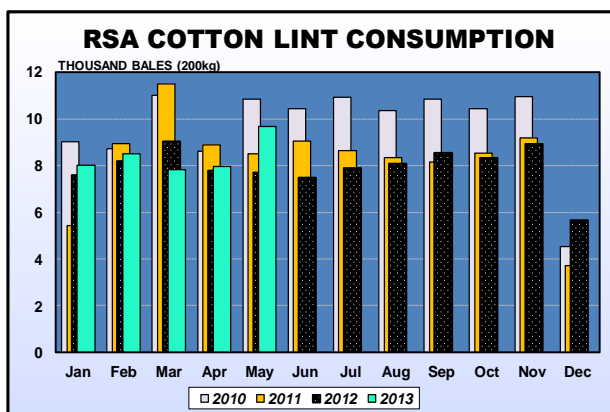
*New York JULY cotton futures as at the beginning of each week:*



## Local outlook

As far as the local outlook is concerned, the 6<sup>th</sup> estimate for the 2012/13 production year indicates a total crop of 34 250 lint bales, more or less unchanged from the previous month's estimate but 47% down from the previous season.

About 30 750 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 - 6th ESTIMATE

### 2012/13 PRODUCTION YEAR

02/07/13

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
<b>LIMPOPO PROV.</b>							
Loskop	820	0	4300	0	6171	0%	37%
North & South Flats	0	785	0	1800	2473	10%	37%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	800	0	4000	0	5920	0%	22%
<b>NORTHERN CAPE</b>							
Vaalharts	500	0	4500	0	4050	0%	20%
Lower Orange River	200	0	4000	0	1480	50%	45%
Rest of Northern Cape	499	0	4859	0	4486	1%	32%
<b>NORTH WEST</b>							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	0	0	0	0	0	0%	0%
<b>KWAZULU-NATAL</b>	330	1837	3500	700	4394	100%	0%
<b>MPUMALANGA</b>	0	1450	0	700	1776	100%	0%
<b>EASTERN CAPE</b>	0	0	0	0	0	0%	0%
<b>RSA TOTAL</b>	<b>3149</b>	<b>4072</b>	<b>4241</b>	<b>912</b>	<b>30750</b>	23%	24%
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		
<b>GRAND TOTAL</b>	<b>3149</b>	<b>7672</b>	<b>4241</b>	<b>742</b>	<b>34250</b>	31%	22%

\* Particulars relate to expected purchases of seed cotton by RSA & Swaziland ginners 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](http://www.cottonsa.org.za)