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 Registration No. 199800820/08*

COTTON SA MARKET REPORT AS AT 4 JULY 2017

Following the 8% increase in the 2016/17 world cotton crop, world cotton production for 2017/18 is forecast by the International Cotton Advisory Committee (ICAC) to increase by about 7% to 24.6 million tons. Increases are expected in all of the world's 4 top cotton producing countries: India (6%), China (3%), USA (12%) and Pakistan (20%).

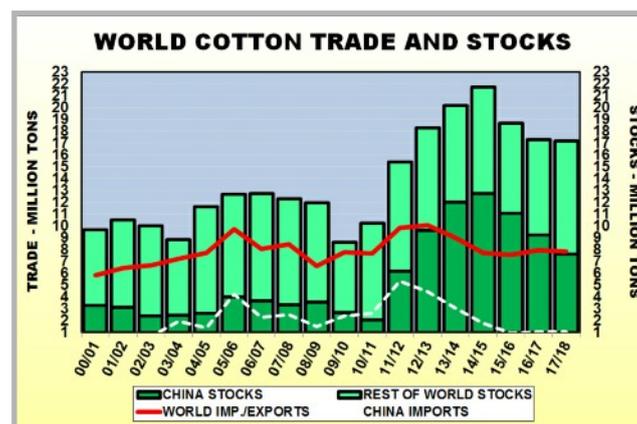
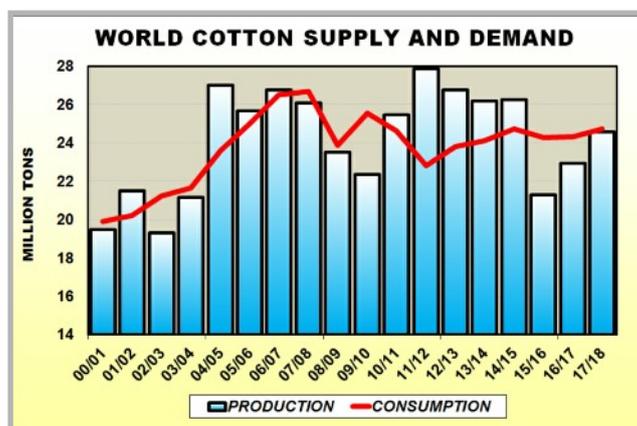
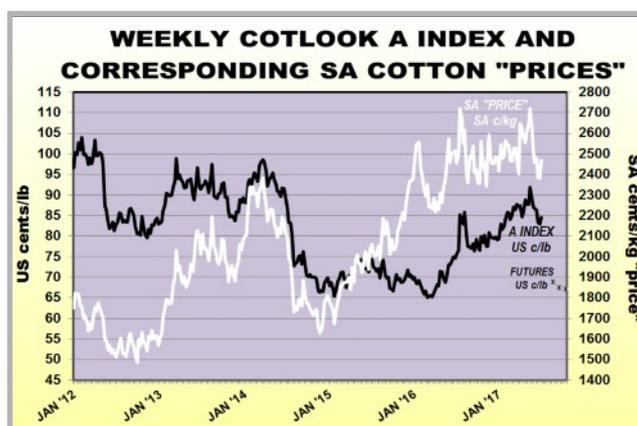
Although world cotton production is expected to increase for the 2nd consecutive year in 2017/18, world cotton consumption for 2017/18 is forecast by the ICAC to remain more or less stable at 24.7 million tons, the same level as 3 years ago. Over the past 5 years world cotton mill use has increased by only 4%.

Despite the fact that world cotton stocks are forecast to decrease to 17.2 million tons by 31 July 2018, 1% down from the current levels and 21% less than the record levels of 3 years ago, global cotton stocks outside of China are forecast by the ICAC to be 18% up from current levels on 31 July 2018. This together with the ICAC's expectation that the stocks-to-use ratio (China excluded) will increase by 14% in

2017/18, indicates that downward pressure on cotton prices could be expected. The average Cotlook A index (an indicator of international cotton prices) for June 2017 was 84.7 US c/lb, 4% down from the average for May 2017. A similar trend in the movement of

New York cotton futures was also observed over the past month or so.

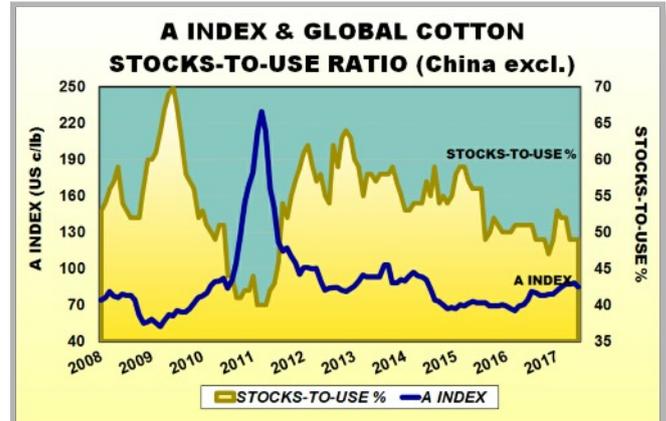
World cotton trade volume may decrease by 1% to 7.8 million tons in 2017/18 according to the ICAC. China's cotton imports are expected to be unchanged at 1.1 million tons as the Chinese government continues to restrict cotton imports in order to reduce its sizeable stocks of cotton. Chinese cotton imports at present are close to 80% less than the record levels of 6 year ago. Although the USA will remain the world's largest exporter of cotton, responsible for about 38% of global cotton trade in 2017/18, the ICAC forecast that about 7% less cotton would be exported by the US in 2017/18. Cotton exports by India, the world's 2nd largest exporter of cotton, responsible for about 12% of global cotton trade in 2017/18, is expected to increase its cotton exports by about 2% in 2017/18.



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	21.7	18.7	17.3
Production	21.3	22.9	24.6
Consumption	24.3	24.3	24.7
Exports	7.6	7.9	7.8
Imports	7.5	7.9	7.8
Ending stocks	18.7	17.3	17.2
Ending stocks/use (China excluded)	46%	49%	56%
A Index (US c/lb)	70	78-83	49-78

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



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

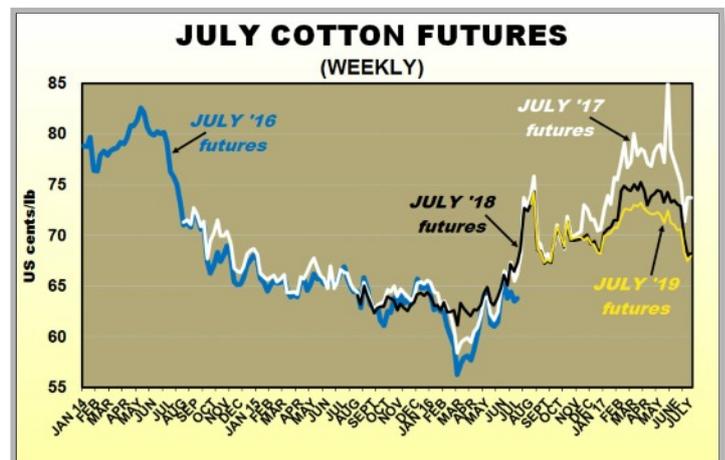
	A INDEX <i>Avg: US c/lb</i>	DERIVED RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (26/06 - 30/06/17)	83.41	2409.55
June 2017	84.76	2436.83
Today (04/07/17)	83.65	2459.67
May 2017	88.53	2623.59
Today a year ago	75.60	2453.74
Today two years ago	74.30	2041.90

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 3 July 2017 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
Oct 2017	68.84
Dec	67.45
Mar 2018	67.10
May	67.61
July	68.18
Oct	66.43
Dec	67.10

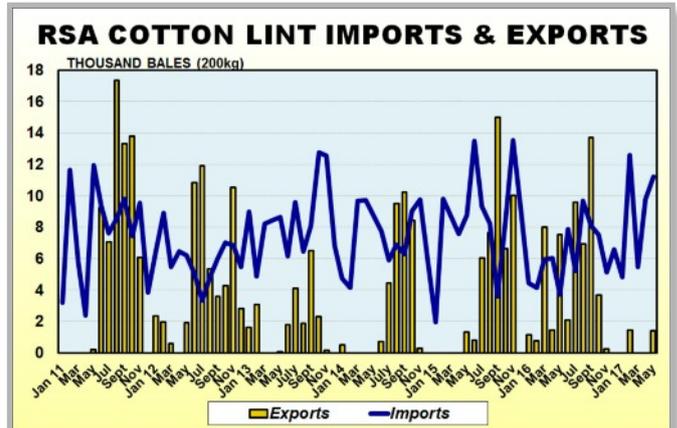
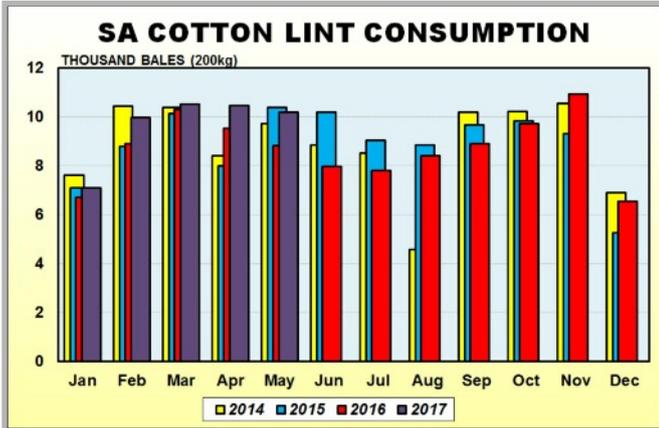
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 6th estimate for the 2016/17 production year indicates a total crop of 77 366 lint bales, up 53% from the previous season and 2% up from the previous month's estimate.

About 75 366 lint bales are estimated to be produced from RSA grown seed cotton, up 49% from the previous season. The balance of 2000 lint bales relates to expected Swaziland produced cotton ginned by the Swaziland gin.



COTTON CROP REPORT - 6th ESTIMATE		2016/17 PRODUCTION YEAR		30/06/2017			
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	4200	0	18189	0%	15%
North & South Flats	128	5105	4200	1000	10157	0%	15%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Limpopo Other	467	45	4200	1000	3612	0%	15%
Weipe	1078	0	4500	0	8974	0%	0%
NORTHERN CAPE							
Vaalharts	1305	0	5651	0	13643	0%	50%
Lower Orange River	356	0	4350	0	2865	0%	50%
Rest of Northern Cape	302	0	5315	0	2794	0%	50%
NORTH WEST							
Stella/Delareyville/Setlagoli	422	1356	5000	1202	6919	10%	50%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL							
	352	1500	3148	600	3645	69%	22%
MPUMALANGA							
	0	2912	0	872	4570	100%	0%
EASTERN CAPE							
	0	0	0	0	0	0%	0%
RSA TOTAL	6816	10918	4564	936	75366	10%	25%
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	6816	12918	4564	884	77366	13%	24%

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

