



Date: 4 August 2014

Reference: 9/3/3/1

COTTON MARKET REPORT AS AT 1 AUGUST 2014

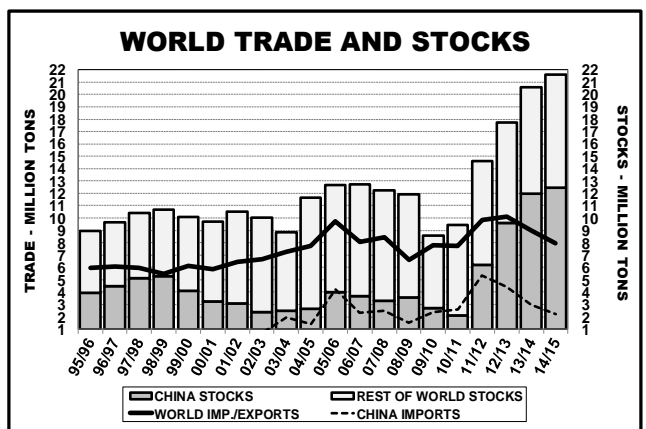
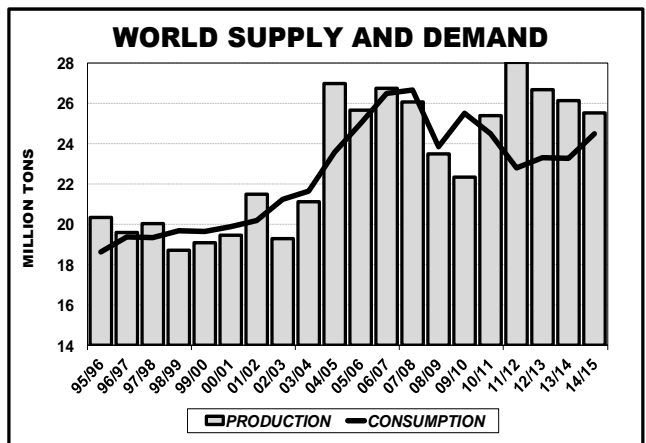
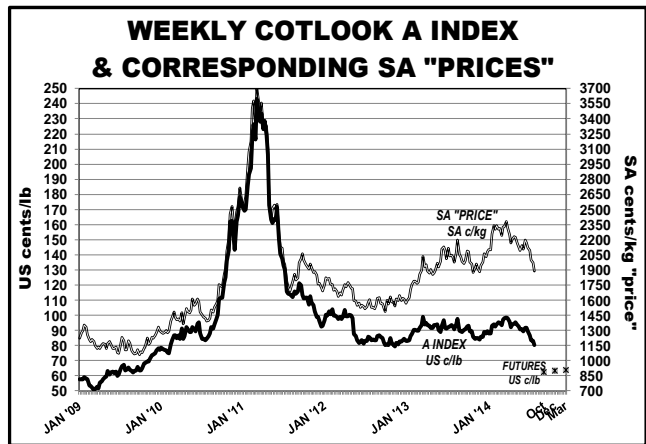
International

Rising world cotton stocks outside China and reduced global imports are continuing to place downward pressure on international prices. According to the ICAC (International Cotton Advisory Committee) world ending stocks outside China are currently the highest in 6 years and are weighing heavily on prices for 2014/15. Two months ago the Cotlook A index (an indicator of international cotton prices) reached 90.7 US c/lb, whilst the July 2015 cotton futures stood at 80.73 US c/lb. Since then these prices have decreased sharply with the Cotlook A index down to 79.55 US c/lb on 1 August 2014 and the July 2015 futures down to 66.17 US c/lb on this date, a drop of 18% for the latter in the past two months.

World cotton production for 2014/15 is forecast by the ICAC to drop by 2% to 25.5 million tons. With the gap between polyester and cotton prices narrowing, world cotton consumption is estimated by the ICAC to rise by 5% to 24.5 million tons in 2014/15. Cotton consumption in Asia is expected by the ICAC to grow strongly in 2014/15: by 5% in China; by 6% in India and by about 8% in the rest of Asia.

According to the ICAC, world cotton trade will decline by 12% in 2014/15, in a large part due to an expected 26% decline in Chinese cotton imports. Due to the high demand for US cotton and the expectation of an abundant crop in 2014/15, the ICAC however expects cotton exports from the USA to grow by 23% to nearly 2.5 million tons in 2014/15.

Due to the fact that world cotton production is expected to exceed consumption for the 5th consecutive season in 2014/15, world ending cotton stocks are forecast by the ICAC to reach



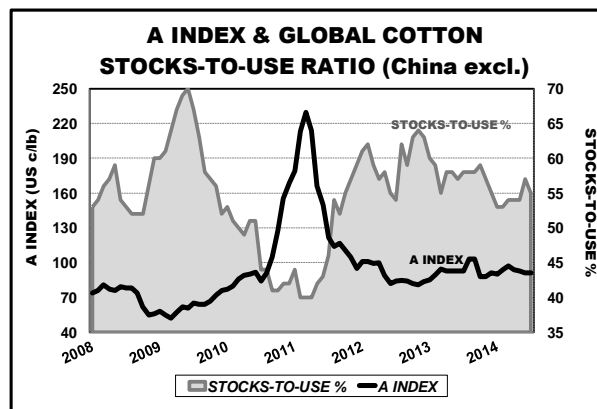
a record level of 21.6 million tons on 31 July 2015, about 58% of which will be held by China. The ICAC estimates that over 90% of

the Chinese cotton stocks are held by the Chinese government.

Estimated world supply and demand for cotton for the 2012/13 season and projections for 2013/14 and 2014/15 (seasons beginning 1 August):

(million metric tons)	2012/13	2013/14	2014/15
Beginning stocks	14.6	17.8	20.6
Production	26.7	26.1	25.5
Consumption	23.3	23.3	24.5
Exports	10.1	9.0	7.9
Imports	9.9	9.0	7.9
Ending stocks	17.8	20.6	21.6
Ending stocks/use (China excluded)	54%	55%	55%
A Index (US c/lb)	88	91	69-103

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



Average Cotlook A index prices and corresponding South African "prices":

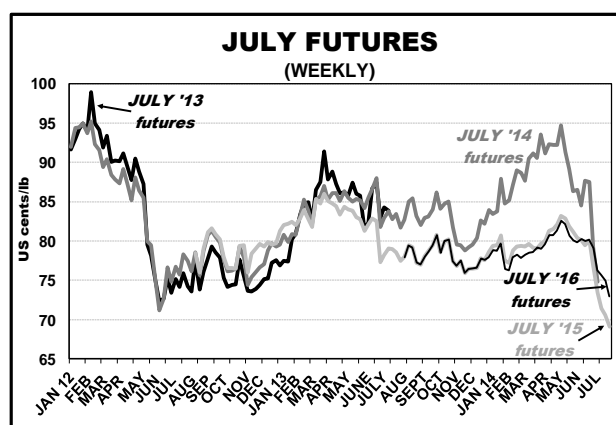
	A INDEX <i>Avg: US c/lb</i>	DERIVED RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (28/07 - 01/08/14)	80.00	1899.20
July 2014	83.84	1994.65
Today (01/08/14)	78.50	1880.62
June 2014	90.90	2163.53
Today a year ago	90.60	1981.06
Today two years ago	83.95	1530.10

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 1 Aug 2014 (settlement prices):

	NY FUTURES <i>US c/lb</i>
Oct	62.49
Dec	63.27
Mar 2015	63.91
May	65.02
July	66.17
Oct	66.60
Dec	68.27

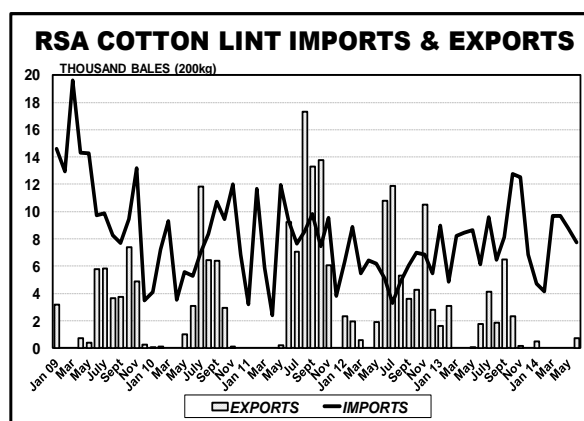
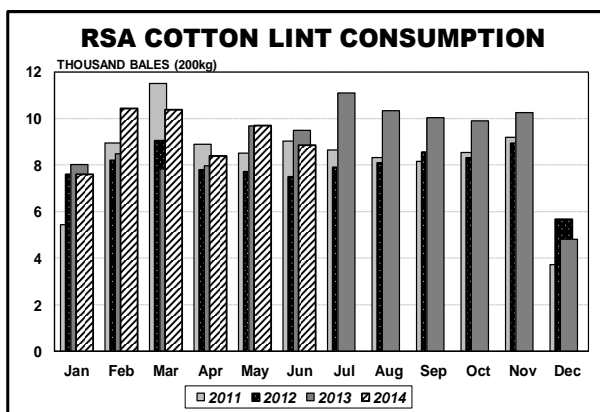
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 7th estimate for the 2013/14 production year indicates a total crop of 49 702 lint bales, up 3% from the previous month's estimate due to improved yields. About 45 202 lint

bales are estimated to be produced from RSA grown seed cotton, up 74% from the previous season. The balance of 4 500 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 7th ESTIMATE

2013/14 PRODUCTION YEAR

31/07/14

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	1298	0	4200	0	9540	1%	36%
North & South Flats	0	1217	0	800	1704	0%	36%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	800	0	4000	0	5920	20%	30%
NORTHERN CAPE							
Vaalharts	983	0	5202	0	9267	76%	56%
Lower Orange River	512	0	5052	0	4785	95%	40%
Rest of Northern Cape	980	0	5569	0	10096	86%	54%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	200	600	3760	800	2236	91%	12%
MPUMALANGA	0	1370	0	673	1654	100%	20%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	4773	3187	4727	745	45202	56%	42%
Swaziland*	0	4000	0	600	4500	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	4773	7187	4727	664	49702	60%	38%

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

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