



Date: 6 August 2015

Reference: 9/3/3/1

COTTON MARKET REPORT AS AT 5 AUGUST 2015

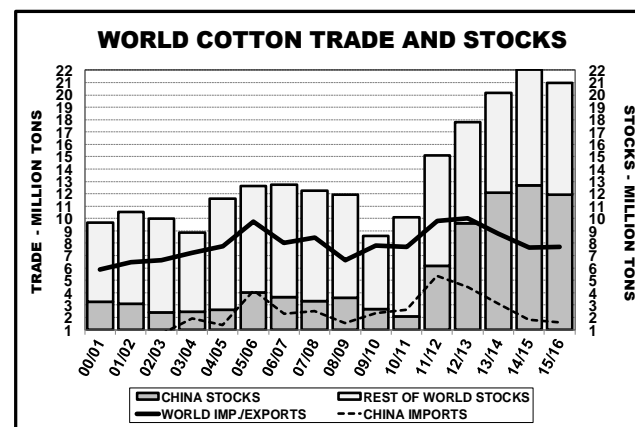
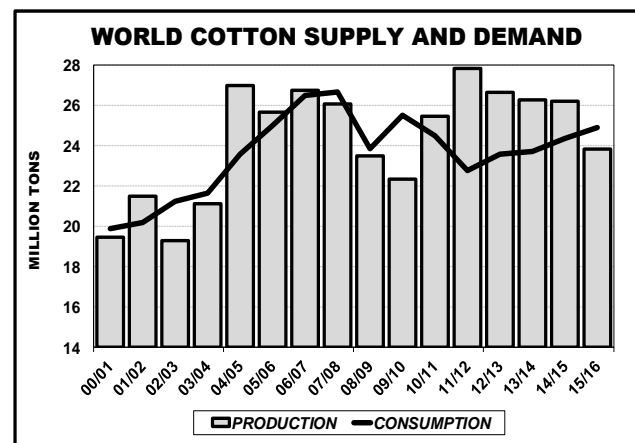
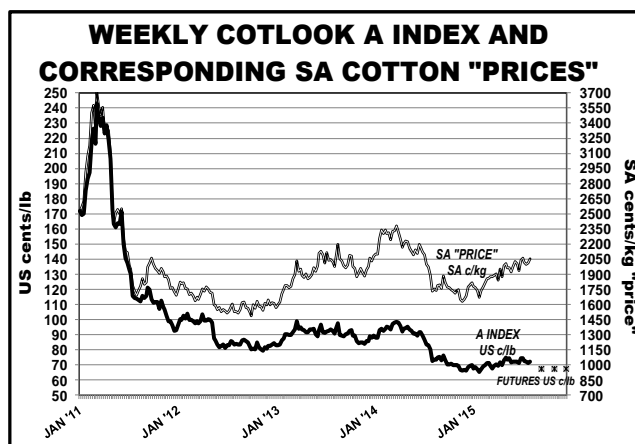
International

According to the International Cotton Advisory Committee (ICAC), the large global cotton stocks are likely to persist in 2015/16, suggesting that international cotton prices for the next 12 months would also remain more or less unchanged from current levels.

For the past 5 seasons, the world has accumulated 13.4 million tons of cotton stock due to production exceeding consumption, according to the ICAC. Between 2011 and 2014 much of the world's excess cotton stock was taken up by the Chinese government under its National Cotton Reserve Stockpiling Policy. At the end of 2014/15 India held the second largest volume of cotton stocks, estimated at 2.2 million tons (or 10% of world stocks), up 29% from the previous season. The ICAC however expects world cotton stocks to decrease by 5% in 2015/16 as consumption overtakes production for the first time in five seasons.

Due to the fall in international prices, world cotton production is forecast to decrease by about 9% to 23.8 million tons in 2015/16 which will be the lowest level in 6 years. The ICAC's estimates of production decreases for the world's five largest cotton producing countries are as follows: China -16%; India -2%; Pakistan -11%; USA -12% and Brazil -3%.

World cotton consumption is forecast by the ICAC to increase by 2% in 2015/16, with estimated consumption increases for the world's five largest cotton consuming countries as follows: China more or less unchanged; India +3%; Pakistan +3%; Turkey +5% and Bangladesh +4%.



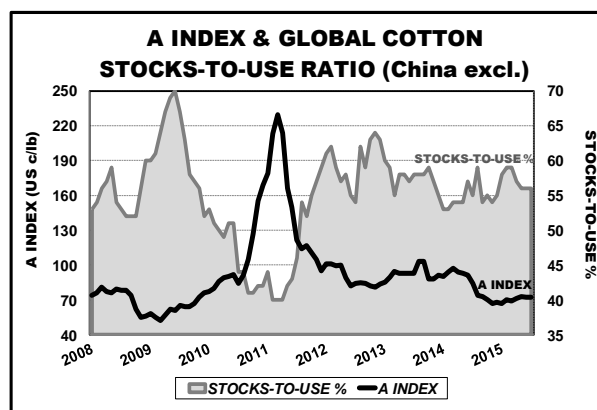
World cotton trade is expected by the ICAC to remain stable at about 7.7 million tons in 2015/16. Given the large volume of stocks within China, the ICAC expects China's

cotton imports to fall by 10% to 1.6 million tons in 2015/16. Imports outside of China are forecast to increase by 4% offsetting China's decrease.

Estimated world supply and demand for cotton for the 2013/14 season and projections for 2014/15 and 2015/16 (seasons beginning 1 August):

(million metric tons)	2013/14	2014/15	2015/16
Beginning stocks	17.8	20.2	22.0
Production	26.3	26.2	23.8
Consumption	23.7	24.4	24.9
Exports	8.8	7.7	7.7
Imports	8.7	7.7	7.7
Ending stocks	20.2	22.0	21.0
Ending stocks/use (China excluded)	50%	56%	53%
A Index (US c/lb)	91	71	59-89

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



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

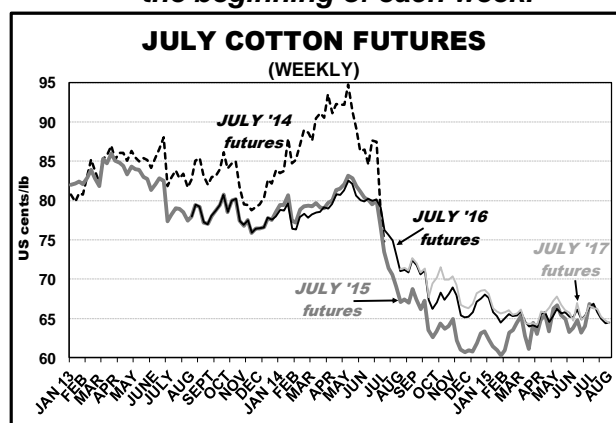
	A INDEX Avg: US c/lb	DERIVED RSA "PRICE" Avg: SA c/kg
Last week (27/07 - 31/07/15)	71.05	2006.79
July 2015	72.35	2013.52
Today (05/08/15)	71.65	2042.11
June 2015	72.35	1990.35
Today a year ago	73.65	1749.43
Today two years ago	90.60	1981.06

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 5 Aug. 2015 (settlement prices):

NY FUTURES	
	US c/lb
Oct 2015	64.75
Dec	63.52
Mar 2016	63.52
May	63.72
July	63.92
Oct	64.13
Dec	63.64

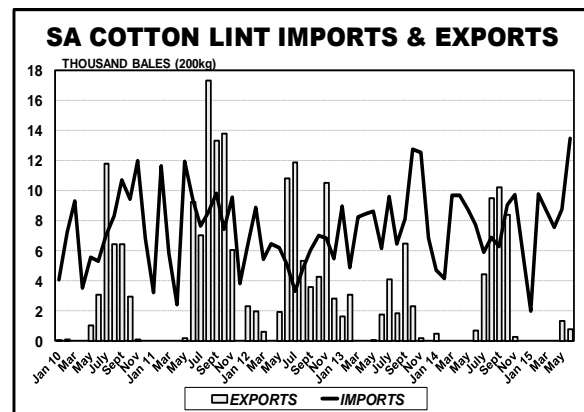
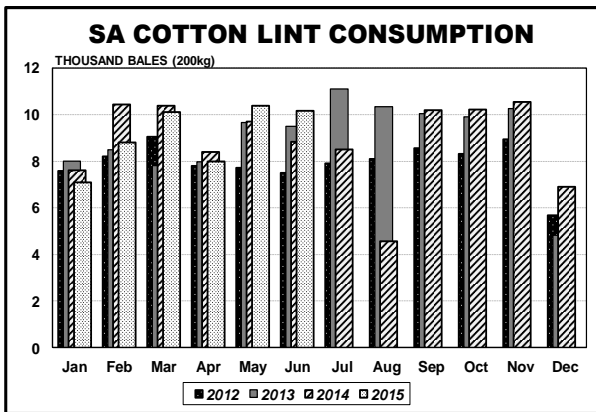
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 7th estimate for the 2014/15 production year indicates a total crop of 100 370 lint bales, up 108% from the previous season and 2% more than last month's crop estimate. About 96 770 lint bales are estimated to be

produced from RSA grown seed cotton, up 121% from the previous season. The balance of 3 600 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 7th ESTIMATE

2014/15 PRODUCTION YEAR

31/07/15

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	1488	0	4300	0	11197	1%	65%
North & South Flats	120	530	3500	900	1570	0%	65%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	800	0	4000	0	5920	0%	48%
NORTHERN CAPE							
Vaalharts	1255	0	5345	0	12409	0%	77%
Lower Orange River	1130	0	4800	0	10034	0%	26%
Rest of Northern Cape	2702	0	5381	0	26900	0%	34%
NORTH WEST							
Stella/Setlagoli	1117	4176	5000	2000	25783	0%	26%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	100	640	800	500	720	100%	20%
MPUMALANGA	100	1290	4500	633	2237	100%	50%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	8812	6636	4858	1502	96770	3%	42%
Swaziland*	0	3500	0	600	3600	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	8812	10136	4858	1190	100370	7%	40%

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

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