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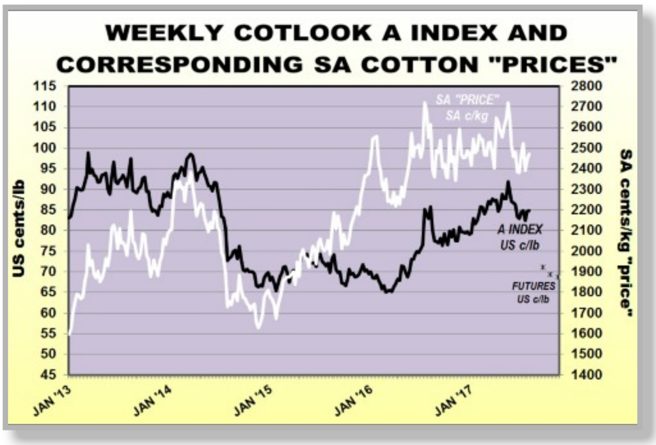
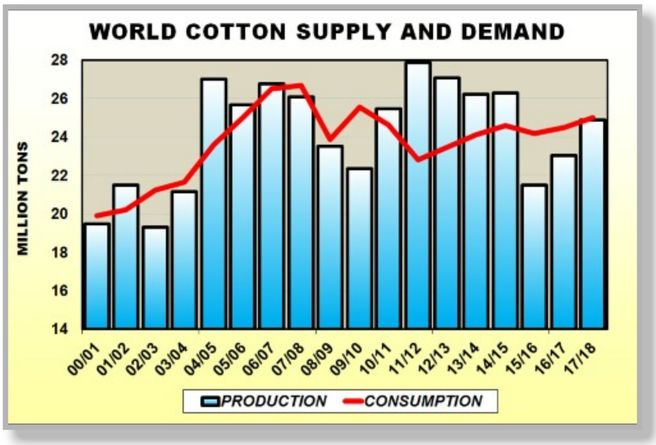
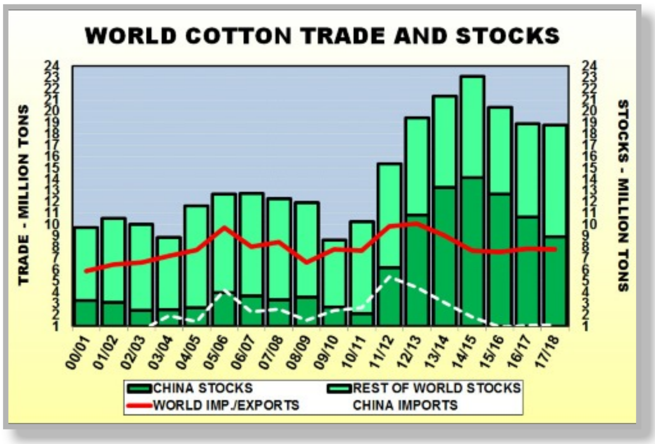
COTTON SA MARKET REPORT AS AT 1 AUGUST 2017

The International Cotton Advisory Committee (ICAC) projects that world cotton production will increase by 8% in 2017/18 to 24.9 million tons. Cotton production in India, the world's largest cotton producer, is expected to increase by 6% to 6.1 million tons in 2017/18 due an early and adequate monsoon, a higher minimum support price and the prospect of better returns from cotton compared to competing crops. The ICAC expects cotton production in China to rebound by 7% to 5.2 million tons in 2017/18, which would be the first increase in five seasons and is mainly due to higher domestic cotton prices. In the USA, higher cotton prices, sufficient soil moisture in dryland areas and beneficial weather during planting time encouraged farmers to expand cotton area and the ICAC estimates a 10% increase in cotton production to 4.1 million tons for 2017/18. Cotton production increases are also expected from the two other large cotton producing countries namely Pakistan (+17%) and Brazil (+5%).

The ICAC expects world cotton consumption to rise by 2% to 25 million tons in 2017/18. A modest 1% increase is projected for China, the world's largest cotton consumer, whilst cotton consumption in India is forecast to increase by 2% to 5.3 million tons after declining by 3% in 2016/17.







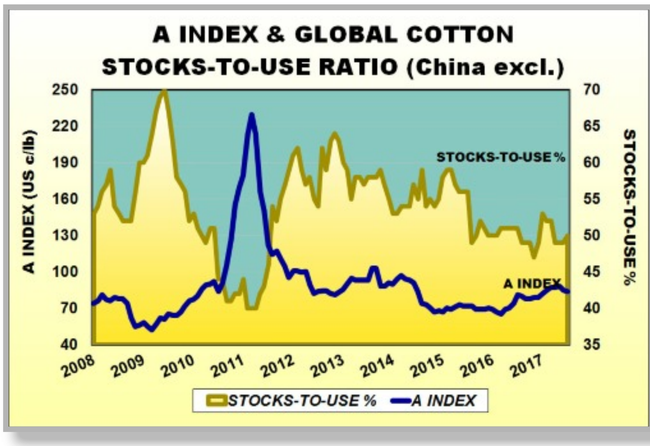
Due to the fact that a number of large cotton-producing countries such as Pakistan and India are likely to decrease their cotton imports in 2017/18 due to larger domestic supplies, the ICAC projects that world cotton trade will decline by 1% to 7.8 million tons in 2017/18. While the USA is expected to remain the world's largest cotton exporter, the ICAC expects that its exports will decrease by about 8% to 2.9 million tons in 2017/18 due to more competition from other countries. The ICAC however forecasts that cotton exports from India and Australia will increase, by 2% to 930,000 tons and by 8% to 760,000 tons, respectively.

World ending stocks of cotton are projected by the ICAC to decrease by 1% to 18.8 million tons in 2017/18 but most of the decrease will occur in China where cotton stocks are expected to decline by 16% to 8.9 million tons at the end of 2017/18. Ending stocks outside of China are forecast to grow by 19% to 9.8 million tons in 2017/18 which may put downward pressure on international cotton prices. The ICAC therefore forecasts that the A Index in 2017/18 will range between 54 to 87 US c/lb with a midpoint of 69 US c/lb, which would be 14 US c/lb lower than the 2016/17 average price index of 83 US c/lb.

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	23.0	20.3	18.9
Production	21.5	23.0	24.9
Consumption	24.2	24.5	25.0
Exports	7.5	7.9	7.8
Imports	7.6	7.9	7.8
Ending stocks	20.3	18.9	18.8
Ending stocks/use (China excluded)	46%	50%	58%
A Index (US c/lb)	***70***	***83***	***54-87***

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



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

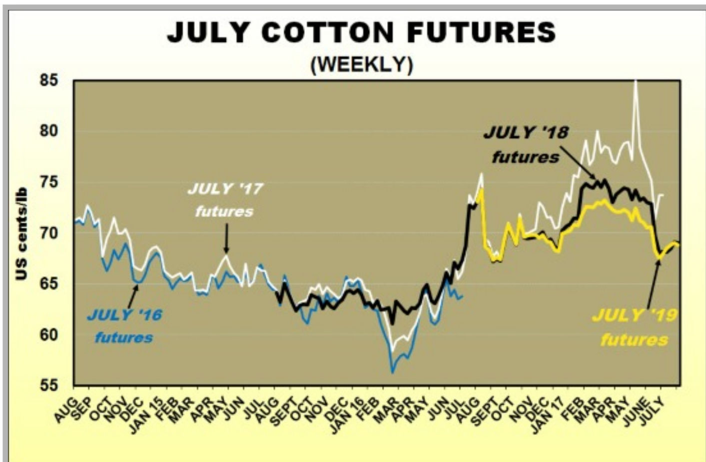
	A INDEX Avg: US c/lb	DERIVED RSA "PRICE" Avg: SA c/kg
Last week (24/07 - 28/07/17)	84.73	2453.55
July 2017	84.09	2347.71
Today (01/08/17)	**79.00**	**2326.63**
June 2017	84.76	2436.83
Today a year ago	*82.85*	*2549.18*
Today two years ago	*72.10*	*2051.54*

*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. 2017 (settlement prices):

	NY FUTURES *US c/lb*
Oct 2017	71.17
Dec	69.31
Mar 2018	68.69
May	69.05
July	69.43
Oct	68.34
Dec	68.63

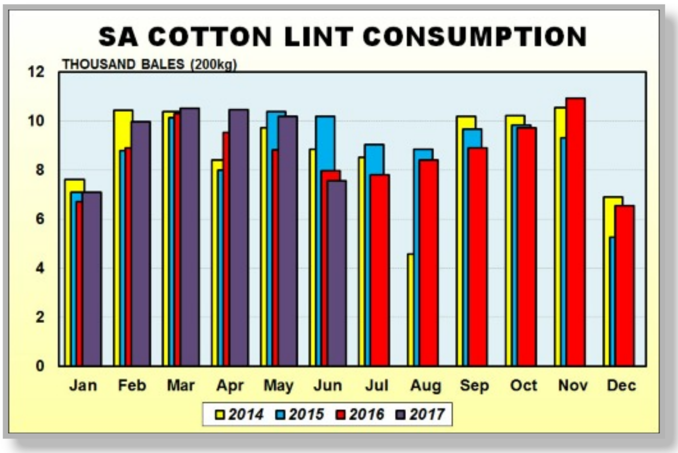
New York JULY cotton futures as at the beginning of each week:

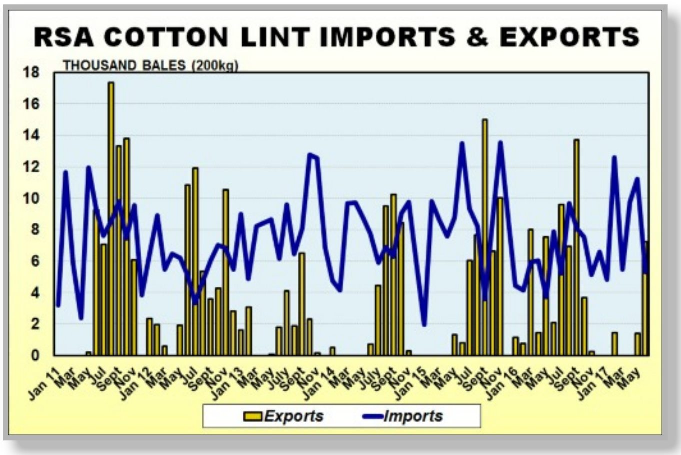


Local outlook

As far as the local outlook is concerned, the 7th estimate for the 2016/17 production year indicates a total crop of 82 785 lint bales, up 64% from the previous season and 7% up from the previous month's estimate.

About 80 785 lint bales are estimated to be produced from RSA grown seed cotton, up 60% from the previous season. The balance of 2000 lint bales relates to expected Swaziland produced cotton ginned by the Swaziland gin.





COTTON CROP REPORT - 7th ESTIMATE			2016/17 PRODUCTION YEAR				31/07/2017
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	4500	0	19489	0%	30%
North & South Flats	128	5105	4500	1200	12064	0%	30%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Limpopo Other	467	45	4800	800	4100	0%	30%
Weipe	1078	0	4500	0	8974	0%	0%
NORTHERN CAPE							
Vaalharts	1198	0	5726	0	12690	0%	70%
Lower Orange River	356	0	4350	0	2865	0%	65%
Rest of Northern Cape	403	0	5334	0	3756	0%	68%
NORTH WEST							
Stella/Delareyville/Setlagoli	527	2072	4207	1100	8318	10%	65%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	402	1500	3192	600	3960	72%	29%
MPUMALANGA	0	2912	0	872	4570	100%	2%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	**6965**	**11634**	**4657**	**1021**	**80785**	**10%**	**38%**
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	6965	13634	4657	959	82785	12%	37%

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

Sustainable Cotton Cluster
A programme of Cotton SA

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