



Vereniging ingelyf kragtens Artikel 21 / Association incorporated under Section 21

Date: 2 September 2011

Reference: 9/3/11

COTTON MARKET REPORT AS AT 1 SEPTEMBER 2011

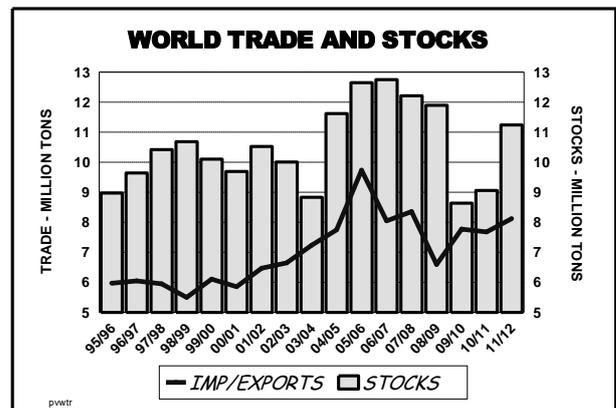
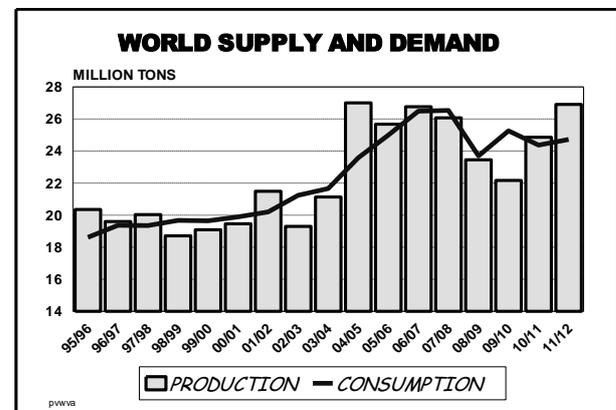
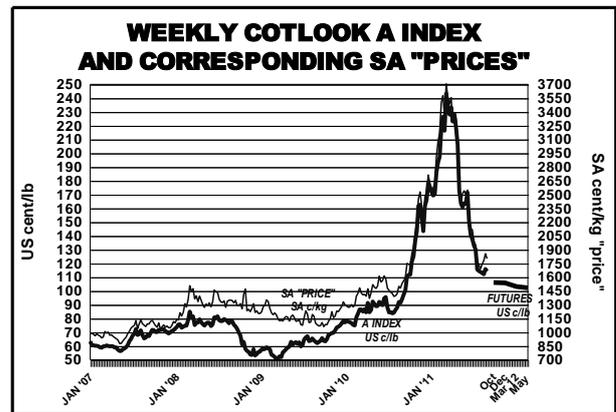
International

According to the International Cotton Advisory Committee (ICAC) the expected world cotton surplus of 2.2 million tons this season (2011/12) will give rise to a 24% increase in global cotton stocks. This together with the expectation that the stocks-to-use ratio (China excluded) will rise increase from 47% in 2010/11 to 54% in 2011/12, could translate to a significant decline in the average A index for 2011/12. The average A index for 2011/12 is however likely to remain above the 10-year average figure of 60 US c/lb according to the ICAC.

World cotton production is expected by the ICAC to increase by 8% to a record 26.9 million tons in 2011/12 driven by the high cotton prices received by farmers in 2010/11. The increase in global production will mainly be driven by China (up 13%), India (up 9%), Pakistan (up 19%), Australia (up 23%) and Turkey (up 42%). Due to the severe drought in the Southwest USA, production in this country is forecast by the ICAC to decline by 13%.

After a decline of 4% in global cotton consumption in 2010/11 due to the high cotton prices, the ICAC expects world cotton mill use to grow by about 1.5% in 2011/12. The largest cotton consuming countries (China, India and Pakistan) will drive the slight rise in cotton consumption.

Global cotton imports are expected by the ICAC to rebound by 7% to 8.1 million tons in 2011/12, fueled by larger crops, higher consumption and the rebuilding of the Chinese government reserve stocks. Chinese cotton stocks reached the lowest level in 20 years in 2010/11.



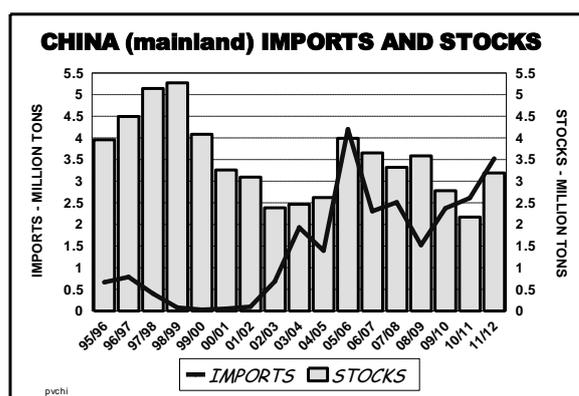
Global exports will mainly be driven by Australia, Brazil and India according to the ICAC. Both Australia and Brazil harvested

record crops in 2010/11 and will ship most of it in 2011/12.

Estimated world supply and demand for cotton for the 2009/10 season and projections for 2010/11 and 2011/12 (seasons beginning 1 August):

(million metric tons)	2009/10	2010/11	2011/12
Beginning stocks	11.9	8.6	9.1
Production	22.2	24.9	26.9
Consumption	25.3	24.4	24.7
Exports	7.8	7.7	8.1
Imports	7.8	7.6	8.1
Ending stocks	8.6	9.1	11.2
Ending stocks/use (China excluded)	39%	47%	54%
A Index (US c/lb)	78	164	

Cotton imports and stocks situation for China (mainland):



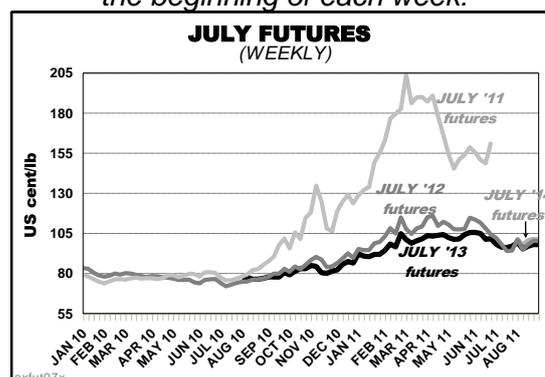
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX	RSA "PRICE"
	<i>Avg: US c/lb</i>	<i>Avg: SA c/kg</i>
Last week (22/08 - 26/08/11)	115.38	1849.37
August 2011	114.10	1791.21
Today (01/09/11)	115.90	1801.46
July 2011	121.73	1837.83
Today a year ago	94.10	1547.29
Today two years ago	63.55	1108.58

New York cotton futures as at 1 Sept. 2011 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
October 2011	106.08
December	105.78
March 2012	103.13
May	102.23
July	101.48
October	99.69
December	99.02

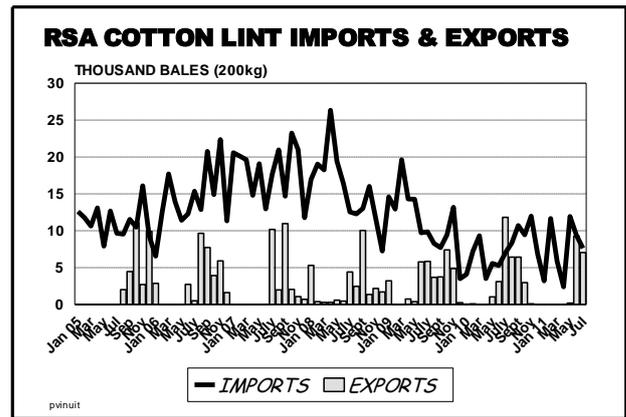
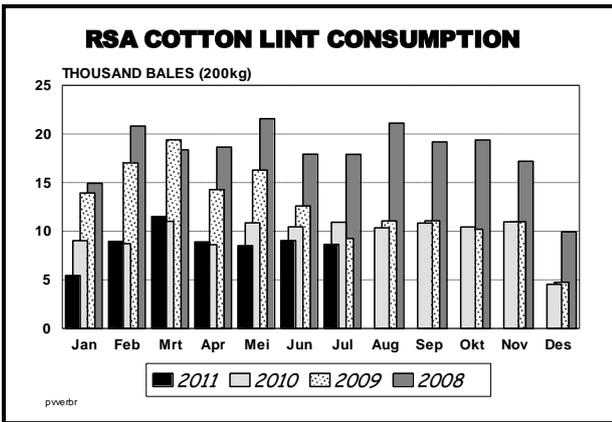
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 8th estimate for the 2010/11 production year indicates a total crop of 88 316 lint bales, down 2% from last month's estimate but 108% up from the previous season and the first increase in local cotton production in 7 years. The current crop estimate is 15% down from the first estimate earlier this year

mainly due to a decline in yields as a result of floods and unfavourable weather conditions. About 84 316 lint bales are estimated to be produced from RSA grown seed cotton, 119% up from the previous season. The balance of 4 000 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 8th ESTIMATE

2010/11 PRODUCTION YEAR

01/09/11

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	2350	0	4100	0	16861	10%	73%
North & South Flats	63	292	3500	1200	999	10%	73%
Dwaalboom/Thabazimbi	80	0	4100	0	574	10%	73%
Weipe	1422	0	4600	0	12000	0%	45%
NORTHERN CAPE							
Vaalharts	2269	0	2995	0	12254	0%	28%
Lower Orange River	400	0	4000	0	2960	50%	70%
Rest of Northern Cape	4596	0	4070	0	34607	1%	21%
NORTH WEST							
Stella/Setlagoli	0	20	0	1000	37	0%	70%
Taung	460	0	3334	0	2760	0%	30%
KWAZULU-NATAL	0	490	0	450	400	100%	73%
MPUMALANGA	0	703	0	690	864	100%	73%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	11640	1505	3897	715	84316	6%	40%
Swaziland*	0	4000	0	550	4000	100%	25%
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	11640	5505	3897	595	88316	10%	39%

* 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