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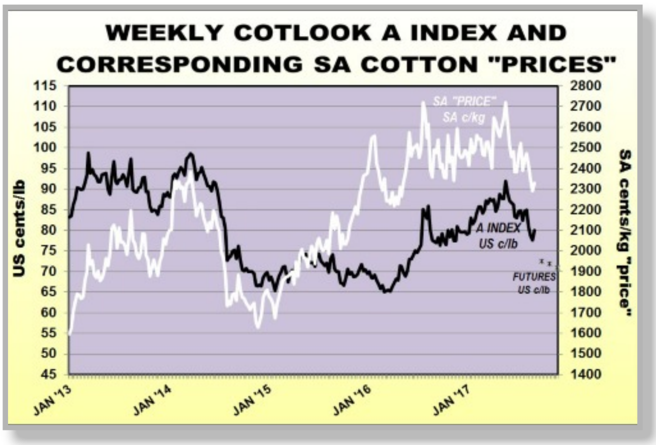
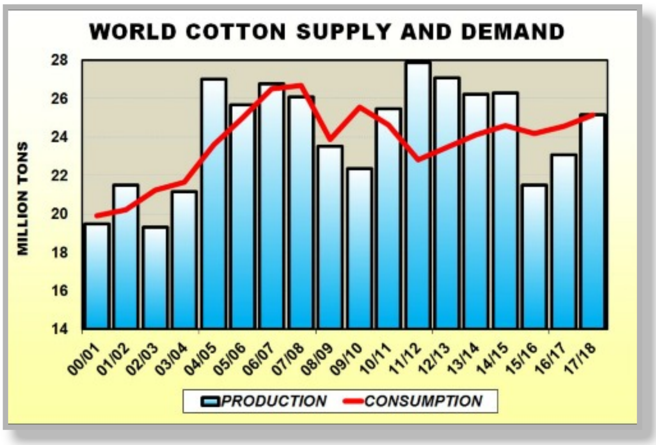
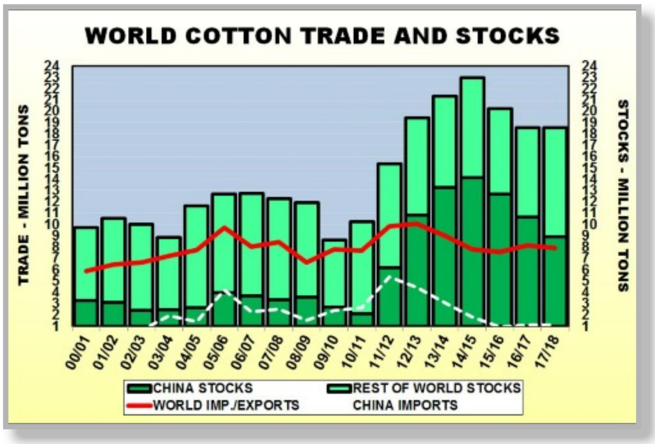
COTTON SA MARKET REPORT AS AT 1 SEPTEMBER 2017

According to the ICAC (International Cotton Advisory Committee) world ending cotton-stocks outside China at the end of the current season (2017/18) are expected to reach 9.6 million tons which would be the highest ever. Seen together with the expected 9% increase in world cotton production for 2017/18, downward pressure on world cotton prices in the coming year can be expected.

Due to the higher prices of cotton in relation to most competing crops at planting time in the Northern Hemisphere in 2017, world cotton area is projected by the ICAC to expand by 9% to 31.9 million hectares, which is still below the 35-year average of 32.7 million hectares. India will remain the world's largest cotton producer in 2017/18 with an expected 4% increase in cotton production. China's cotton production is expected to rise by 7% whilst cotton production in the United States is forecast to increase by 20% to 4.5 million tons. However, the full impact of the recent hurricane in Texas, where around 45% of USA cotton production occurs, is still unclear but it is estimated that about 2% - 3% of the crop may have been lost with another 2% whose quality may be affected. Pakistan's cotton production is projected by the ICAC to increase by 17% to 2 million tons, which is in line with its 15-year average production.







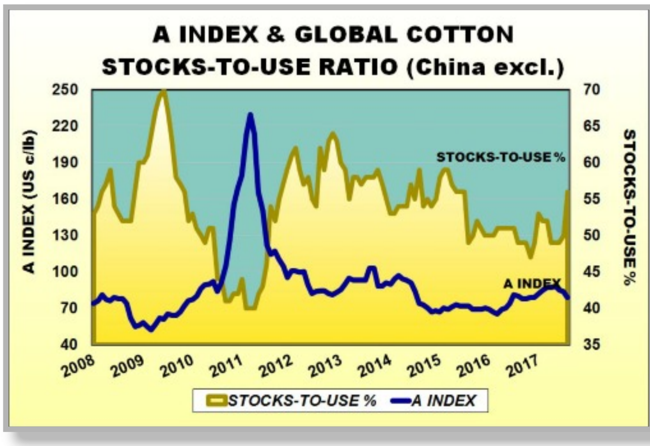
According to the ICAC, global cotton consumption rose by 1% tons in 2016/17, after falling by 2% in 2015/16. Due to an improvement in world economic growth, the ICAC projects that world cotton mill use will increase by 2% to 25.1 million tons in 2017/18, which is still 1.6 million tons less than the record of 26.7 million tons of 10 years ago. China, India and Pakistan are the world's largest cotton consuming countries. In 2017/18, mill use in China is expected by the ICAC to grow by 1% to 8.1 million tons, whilst India's cotton consumption is projected to recover by 3% to 5.3 million tons. Similarly, Pakistan's cotton consumption is expected to recover by 4% to 2.2 million tons following declining mill use in 2015/16 and stagnation in 2016/17.

For 2017/18, world cotton imports are forecast by the ICAC to reach 7.9 million tons, unchanged from 2016/17. Similarly total world ending cotton stocks for 2017/18 are forecast by the ICAC to remain more or less unchanged from 2016/17.

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	20.2	18.5
Production	21.5	23.1	25.1
Consumption	24.2	24.6	25.1
Exports	7.6	8.2	7.9
Imports	7.6	7.9	7.9
Ending stocks	20.2	18.5	18.6
Ending stocks/use (China excluded)	46%	48%	56%
A Index (US c/lb)	***70***	***83***	***56-86***

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



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

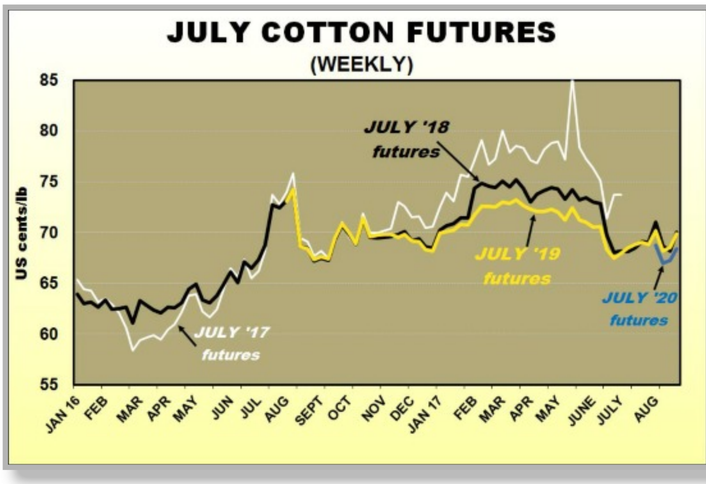
	A INDEX Avg: US c/lb	DERIVED RSA "PRICE" Avg: SA c/kg
Last week (28/08 - 01/09/17)	80.43	2338.08
August 2017	79.37	2344.51
Today (01/09/17)	**80.90**	**2340.04**
July 2017	84.09	2347.71
Today a year ago	*75.00*	*2454.62*
Today two years ago	*70.20*	*2087.69*

*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 Sept. 2017 (settlement prices):

	NY FUTURES *US c/lb*
Oct 2017	72.55
Dec	71.88
Mar 2018	71.00
May	71.36
July	71.62
Oct	70.11
Dec	70.30

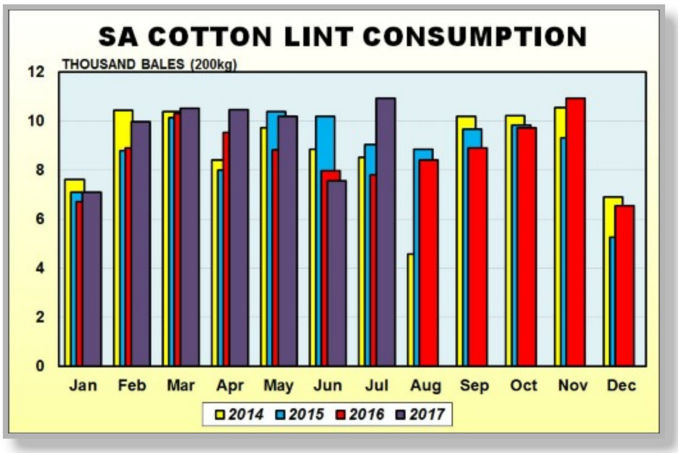
New York JULY cotton futures as at the beginning of each week:

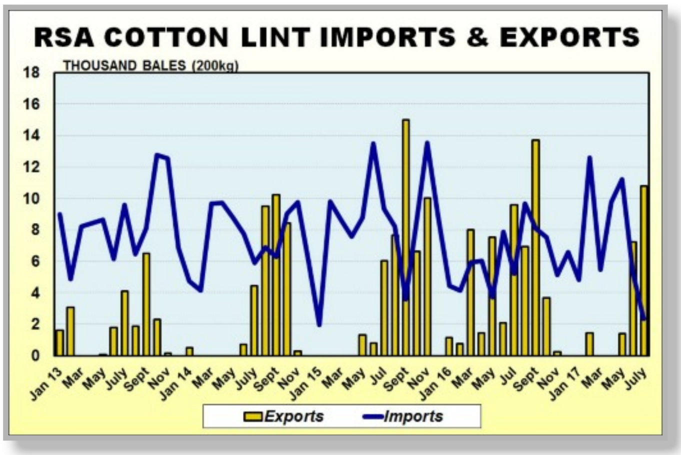


Local outlook

As far as the local outlook is concerned, the 8th estimate for the 2016/17 production year indicates a total crop of 83 292 lint bales, up 65% from the previous season and 1% up from the previous month's estimate.

About 81 292 lint bales are estimated to be produced from RSA grown seed cotton, up 61% from the previous season. The balance of 2000 lint bales relates to expected Swaziland produced cotton ginned by the Swaziland gin.





COTTON CROP REPORT - 8th ESTIMATE **2016/17 PRODUCTION YEAR** **31/08/2017**

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	4400	0	19056	0%	41%
North & South Flats	128	5105	4500	1400	13901	0%	41%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Limpopo Other	467	45	4850	800	4142	0%	41%
Weipe	1078	0	4500	0	8974	0%	0%
NORTHERN CAPE							
Vaalharts	1272	0	5701	0	13415	0%	85%
Lower Orange River	410	0	3852	0	2922	0%	80%
Rest of Northern Cape	557	0	5511	0	6491	0%	83%
NORTH WEST							
Stella/Delareyville/Setlagoli	490	677	2825	1326	4222	10%	80%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	352	1500	3148	600	3645	69%	45%
MPUMALANGA	0	2912	0	863	4524	100%	2%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	**7160**	**10239**	**4624**	**1123**	**81292**	**9%**	**48%**
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	7160	12239	4624	1037	83292	11%	47%

* 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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ICAB