KATOEN SUID-AFRIKA

COTTON SOUTH AFRICA

Vereniging ingelyf kragtens Artikel 21 / Association incorporated under Section 21

Date: 10 October 2011 **Reference: 9/3/3/1**

COTTON MARKET REPORT AS AT 7 OCTOBER 2011

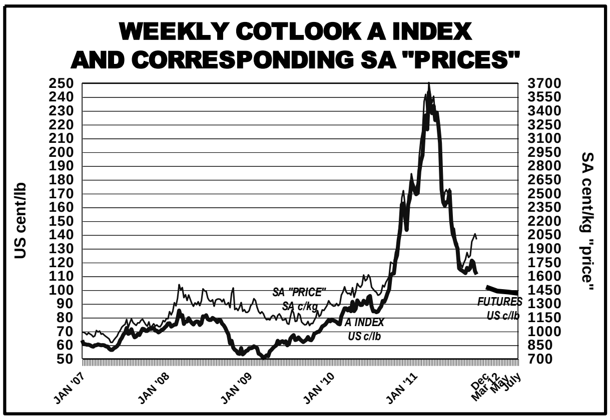
International

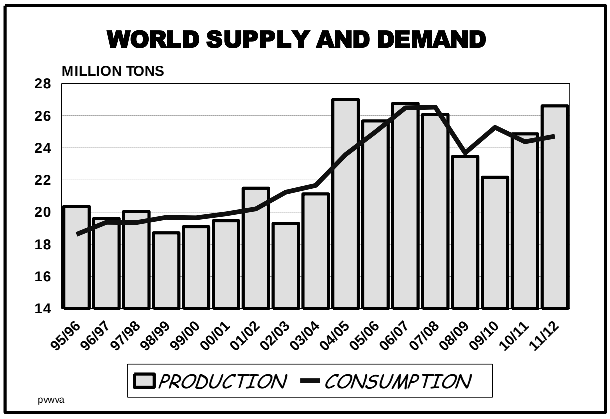
Although the Cotlook A index ranged between 109 and 122 US c/lb for the first two months of the 2011/12 season, the expected average A index for 2011/12 is likely to be below 100 US c/lb.

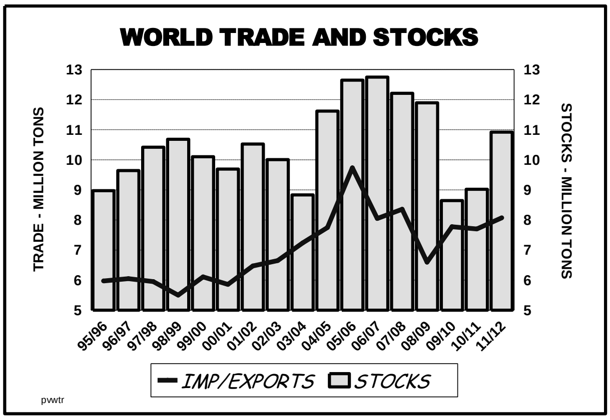
World cotton production is expected by the ICAC to increase by 7% to a record 26.6 million tons in 2011/12 driven by the high cotton prices received by farmers in 2010/11. The increase in global production will mainly be driven by China (up 13%), India (up 9%), Pakistan (up 11%), Australia (up 23%) and Turkey (up 42%). Cotton area in India will be nearly double the level of 20 years ago. Due to the extreme weather conditions in Texas, cotton production in the USA is forecast by the ICAC to decline by 14% in 2011/12. The ICAC also expects that production in the Southern Hemisphere will decline in 2011/12 in response to the current lower cotton prices compared to 2010/11.

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 show a modest increase of about 1.4% 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 increase by about 5% to 8.1 million tons in 2011/12 whilst the ICAC estimates that world cotton stocks will increase by about 21% to 10.9 million tons at the end of the 2011/12 season.





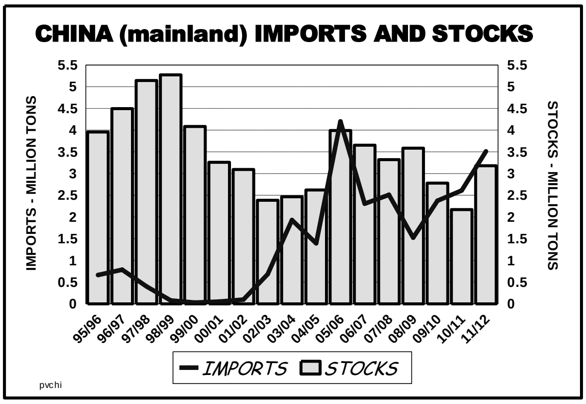


Although the USA will remain the world's biggest exporter of cotton, accounting for about a third of all exports this season, cotton exports from this country is expected to drop by about 17% in 2011/12 compared to the previous season.

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	9.0
Production	22.2	24.9	26.6
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	9.0	10.9
Ending stocks/use (China excluded)	39%	46%	52%
A Index (US c/lb)	***78***	***164***	

Cotton imports and stocks situation for China (mainland):



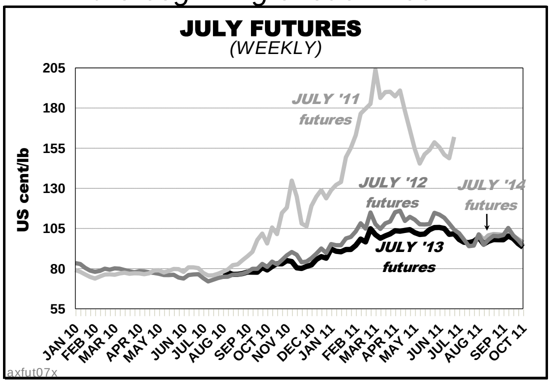
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX	**RSA "PRICE"**
	Avg: US c/lb	*Avg: SA c/kg*
Last week (03/10 - 07/10/11)	111.59	2003.44
September 2011	116.88	1958.09
Today (07/10/11)	**112.40**	**1987.53**
August 2011	114.10	1791.21
Today a year ago	*114.20*	*1739.71*
Today two years ago	*65.05*	*1083.38*

New York cotton futures as at 7 Oct. 2011 (settlement prices):

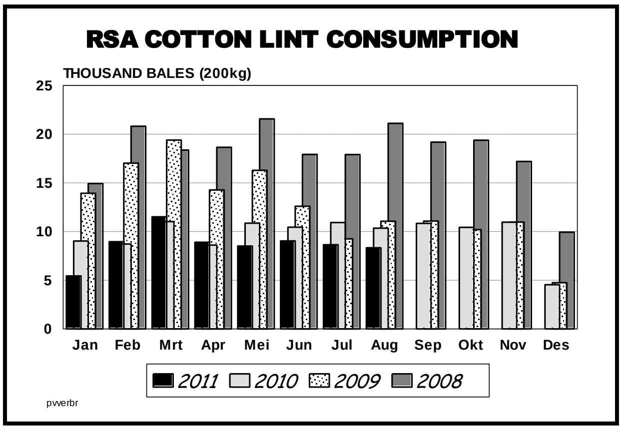
	NY FUTURES
	US c/lb
December 2011	101.98
March 2012	99.06
May	98.31
July	97.40
October	95.81
December	93.10
March 2013	93.67

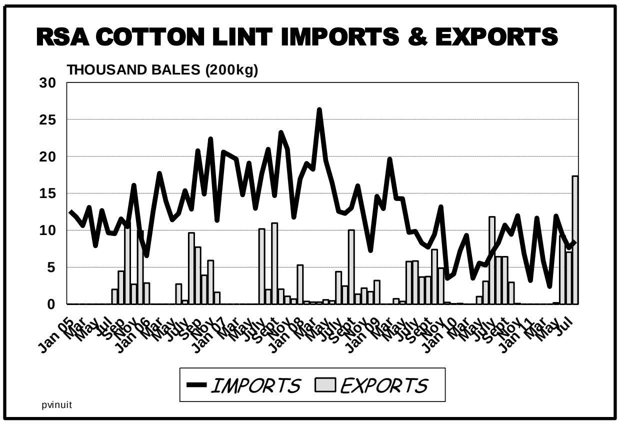
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 9th estimate for the 2010/11 production year indicates a total crop of 87 430 lint bales, down 1% from last month's estimate but 106% up from the previous season and the first increase in local cotton production in 7 years. The current crop estimate is 16% 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 83 430 lint bales are estimated to be produced from RSA grown seed cotton, 117% 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 - 9th ESTIMATE **2010/11 PRODUCTION YEAR** *01/10/11*

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	4200	0	**17273**	10%	81%
North & South Flats	63	292	3900	1200	**1043**	10%	81%
Dwaalboom/Thabazimbi	80	0	4150	0	**581**	10%	81%
Weipe	1422	0	4600	0	**12000**	0%	80%
NORTHERN CAPE							
Vaalharts	2269	0	3051	0	**12482**	0%	77%
Lower Orange River	400	0	4000	0	**2960**	50%	85%
Rest of Northern Cape	4596	0	3930	0	**33006**	1%	47%
NORTH WEST							
Stella/Setlagoli	0	20	0	1000	**37**	0%	85%
Taung	460	0	3334	0	**2760**	0%	80%
KWAZULU-NATAL	0	490	0	450	**400**	100%	81%
MPUMALANGA	0	703	0	690	**888**	100%	81%
EASTERN CAPE	0	0	0	0	**0**	0%	0%
RSA TOTAL	**11640**	**1505**	**3875**	**715**	**83430**	6%	67%
Swaziland*	0	4000	0	550	**4000**	100%	50%
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**	**3875**	**595**	**87430**	10%	66%

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

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