



Date: 8 September 2014

Reference: 9/3/3/1

COTTON MARKET REPORT AS AT 7 SEPTEMBER 2014

International

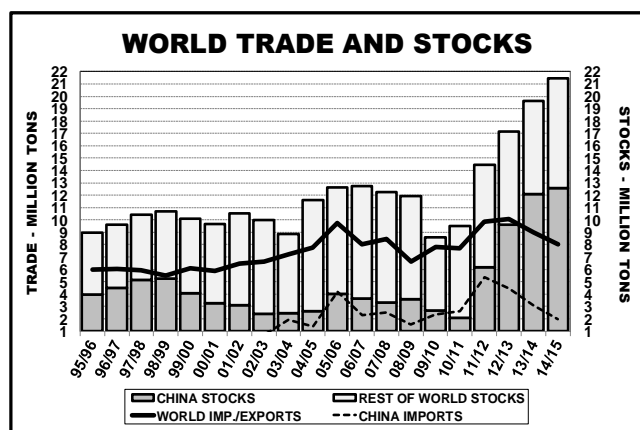
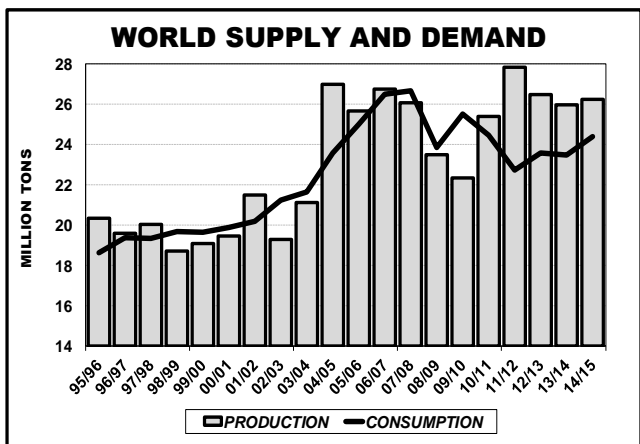
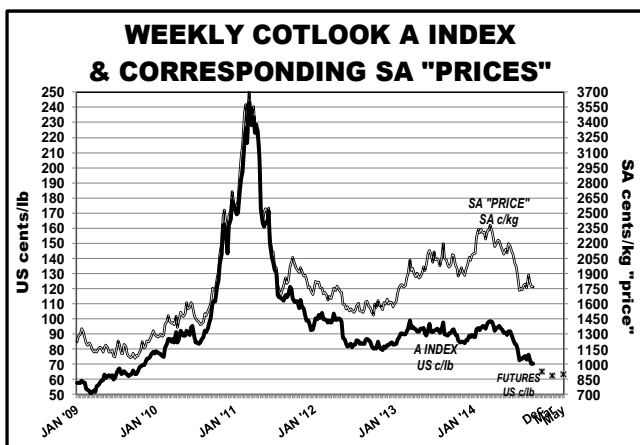
Despite an increase in global cotton consumption, international cotton prices are unlikely to rise to the levels seen in the past two seasons soon. Cotton prices were around 80 US c/lb at the end of the previous season about two month's ago, but have continued falling since then.

The ICAC (International Cotton Advisory Committee) expects that lower world cotton prices will persist in the 2014/15 season, mainly due to: (i) the predicted 1.8 million ton surplus cotton production this year, following the 2.5 million ton surplus cotton production of the past season; and (ii) changes in China's cotton policy which will see an restriction on imports as well as an increase in sales from China's large government-held stockpile.

The ICAC forecasts world cotton production to increase by 1% to 26.2 million tons this season. Although China and India, the two largest cotton producing countries are expected to have smaller crops than last season, the third and fourth largest producers, the USA and Pakistan, will have larger crops than in 2013/14.

With the fall in cotton prices, world cotton consumption is forecast by the ICAC to rise nearly 4% to 24.4 million tons this season with more of the consumption occurring in the latter half of the season as the market becomes more certain about the size of the new crop.

According to the ICAC, world cotton trade will decline by about 1 million tons to 8 million tons in 2014/15, largely due to an expected 36% decline in Chinese cotton imports. World ending stocks are projected to increase for the 5th



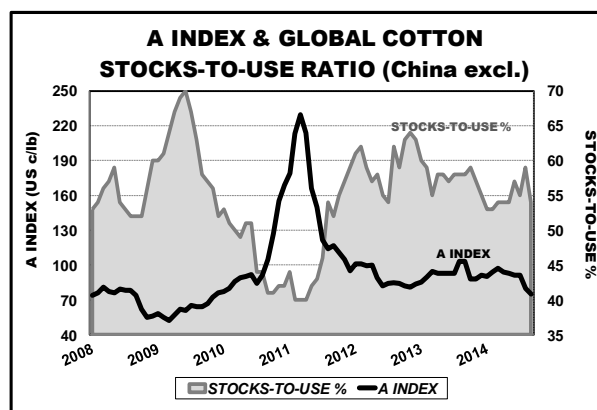
consecutive season reaching an estimated 21.5 million tons at the end of the 2014/15

season, i.e. on 31 July 2015. An estimated 58% of these stocks will be held by China.

Estimated world supply and demand for cotton for the 2012/13 season and projections for 2013/14 and 2014/15 (seasons beginning 1 August):

(million metric tons)	2012/13	2013/14	2014/15
Beginning stocks	14.5	17.1	19.6
Production	26.5	26.0	26.2
Consumption	23.6	23.5	24.4
Exports	10.1	9.0	8.0
Imports	9.8	9.0	8.0
Ending stocks	17.1	19.6	21.5
Ending stocks/use (China excluded)	49%	47%	54%
A Index (US c/lb)	88	91	63-91

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



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

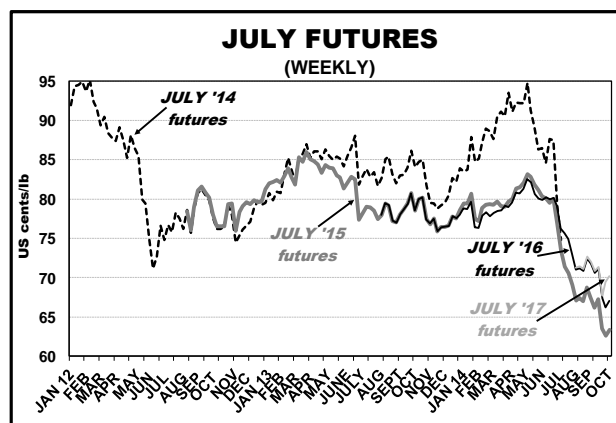
	A INDEX <i>Avg: US c/lb</i>	DERIVED RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (29/09 - 03/10/14)	69.99	1760.37
September 2014	73.38	1797.19
Today (07/10/14)	71.20	1784.34
August 2014	74.33	1771.54
Today a year ago	92.95	2079.53
Today two years ago	80.80	1597.79

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 7 Oct. 2014 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
Dec	65.21
Mar 2015	62.57
May	63.16
July	63.75
Oct	64.49
Dec	65.35
Mar	66.22

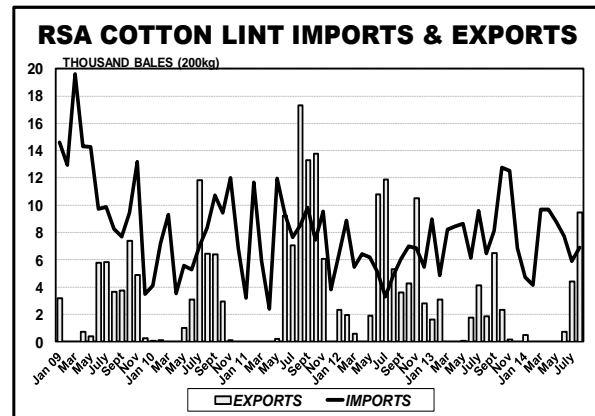
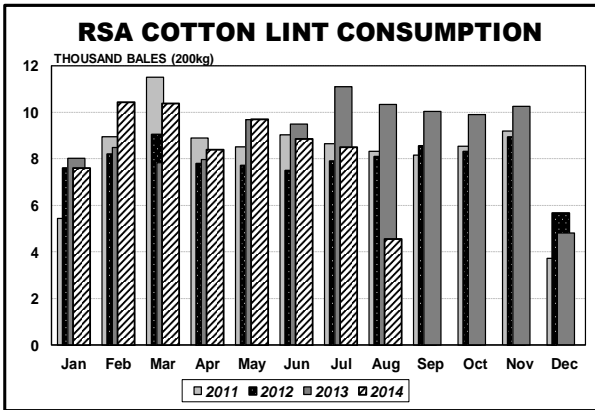
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 9th estimate for the 2013/14 production year indicates a total crop of 47 150 lint bales, down 3% from the previous month's estimate. About 42 650 lint bales are estimated to be

produced from RSA grown seed cotton, up 64% from the previous season. The balance of 4 500 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 9th ESTIMATE

2013/14 PRODUCTION YEAR

30/09/14

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	1298	0	4300	0	9767	1%	81%
North & South Flats	0	1217	0	900	1917	0%	81%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	800	0	4000	0	5920	0%	90%
NORTHERN CAPE							
Vaalharts	816	0	5223	0	7785	0%	100%
Lower Orange River	512	0	5052	0	4785	0%	100%
Rest of Northern Cape	980	0	5426	0	9851	0%	100%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	160	552	2800	600	1562	93%	95%
MPUMALANGA	0	1133	0	500	1063	100%	89%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	4566	2902	4686	687	42650	6%	93%
Swaziland*	0	4000	0	600	4500	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	4566	6902	4686	636	47150	15%	89%

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

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