



Vereniging ingelyf kragtens Artikel 21 / Association incorporated under Section 21

Date: 2 November 2010

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COTTON MARKET REPORT AS AT 1 NOVEMBER 2010

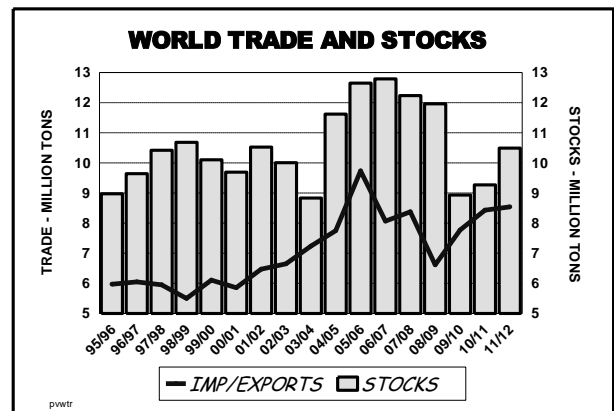
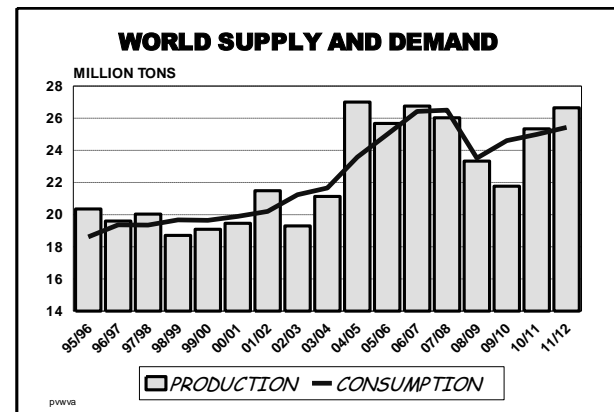
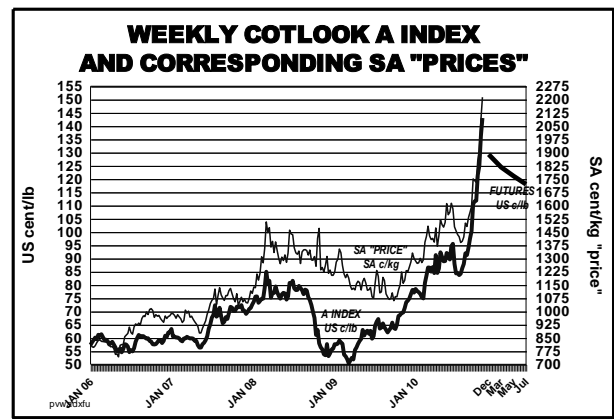
International

On 11 October 2010 the Cotlook A index (an indicator of world cotton prices) broke the previous record established in 1995 and on 27 October 2010 reached the highest ever level of 147 US c/lb. The index has since remained above 140 US c/lb.

According to The International Cotton Advisory Committee (ICAC) the volatility in the Cotlook A index for the past 3 months was the highest since the index was established in the 1960's. The current high price of cotton is primarily due to low global cotton stocks and continued demand by spinning mills, reinforced by panic induced by a fear of defaulting on contracts. Global cotton stocks decreased by 25% in 2009/10 whilst demand increased by 5%. In spite of the higher production expected for 2010/11, the ICAC expects that the smaller increase in demand will keep global stocks tight.

According to the ICAC the following factors also played a role in the strengthening of cotton prices over the past few months: difficulties in sourcing cotton in the transition period between the 2009/10 and 2010/11 seasons; the drop in cotton production in Pakistan due to the devastating floods; the smaller than expected Chinese production; restriction on cotton exports from India and the weakening of the US dollar.

The ICAC's price model therefore forecasts an average Cotlook A index of 92 US c/lb for 2010/11 which is 18% higher than last season and the highest average since 1994/95. The ICAC however expects that cotton prices could start to decline later in the season.



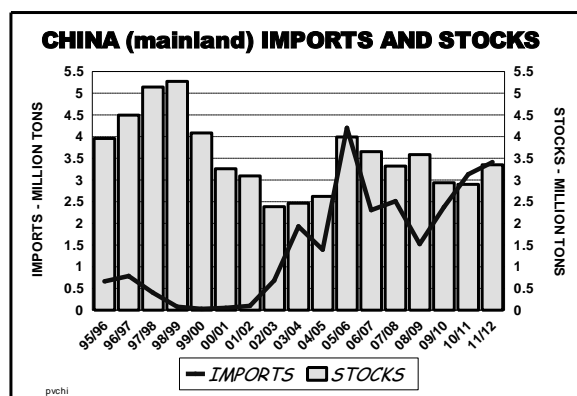
After declining for 3 consecutive years, world cotton production is estimated to increase by 16% to 25.3 million tons in 2010/11. Due to the limited available supplies of cotton and the high prices, world demand for cotton is expected to be constrained by a growth of

less than 2%, according to the ICAC. In China in particular, no growth in cotton consumption is expected by the ICAC, due to difficulties in sourcing cotton, both domestic and imported.

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	12.0	8.9	9.3
Production	21.8	25.3	26.7
Consumption	24.6	25.0	25.4
Exports	7.8	8.4	8.5
Imports	7.7	8.4	8.5
Ending stocks	8.9	9.3	10.5
Ending stocks/use (China excluded)	41%	42%	46%
A Index (US c/lb)	78	92	

Cotton imports and stocks situation for China (mainland):



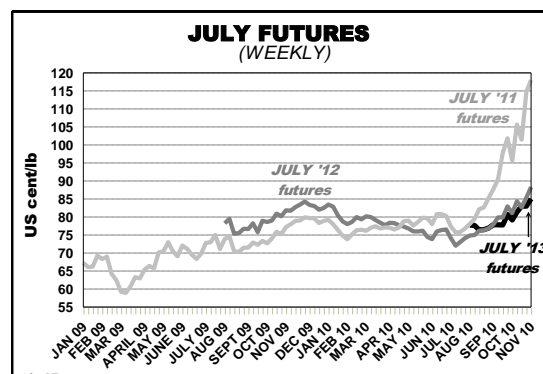
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX	RSA "PRICE"
	<i>Avg: US c/lb</i>	<i>Avg: SA c/kg</i>
Last week (25/10 - 29/10/10)	141.60	2194.05
October 2010	126.55	1946.07
Today (01/11/10)	143.00	2212.73
September 2010	104.73	1662.02
Today a year ago	69.40	1223.02
Today two years ago	56.45	1234.89

New York cotton futures as at 1 Nov. 2010 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
December	129.26
March 2011	124.45
May	121.09
July	118.00
October	101.00
December	92.96
March 2012	89.70

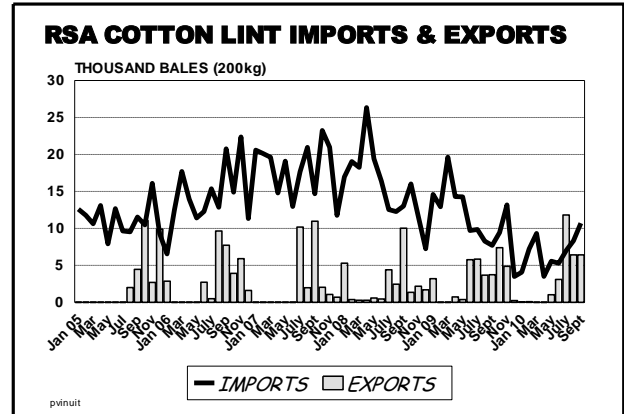
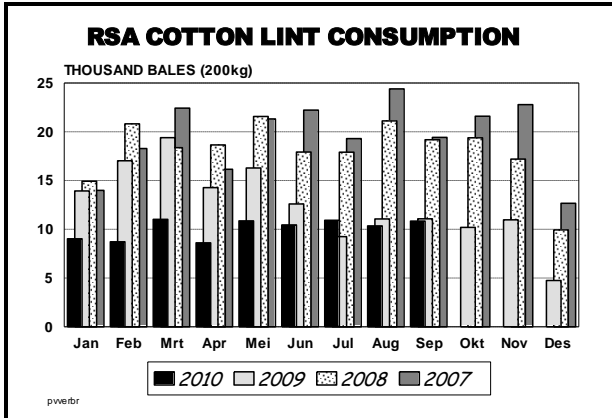
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 10th estimate for the 2009/10 production year indicates a total crop of 41 673 lint bales, down 7% down from the previous season and the smallest crop since the early sixties. About 38 163 lint bales are estimated

to be produced from RSA produced seed cotton, 9% down from the previous season. The balance of 3 510 lint bales relates to expected Swaziland produced cotton ginned by the Swaziland gin.



COTTON CROP REPORT - 10th ESTIMATE

2009/10 PRODUCTION YEAR

29/10/10

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	1100	0	4100	0	7893	10%	100%
North & South Flats	24	160	2800	900	370	10%	100%
Dwaalboom/Thabazimbi	50	0	4300	0	376	10%	100%
Weipe	740	0	3500	0	4870	0%	90%
NORTHERN CAPE							
Vaalharts	980	0	5700	0	10054	0%	85%
Lower Orange River	150	0	5000	0	1493	100%	100%
Rest of Northern Cape	617	0	6580	0	8083	0%	100%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	490	0	4600	0	4057	0%	85%
KWAZULU-NATAL	0	400	0	720	518	100%	100%
MPUMALANGA	0	400	0	630	449	100%	100%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	4151	960	4826	712	38163	9%	93%
Swaziland*	0	3900	0	500	3510	100%	90%
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	4151	4860	4826	542	41673	16%	93%

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

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