



Date: 5 November 2013

Reference: 9/3/3/1

COTTON MARKET REPORT AS AT 4 NOVEMBER 2013

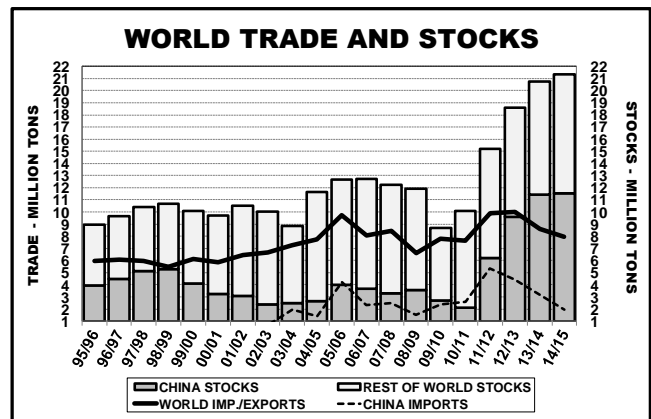
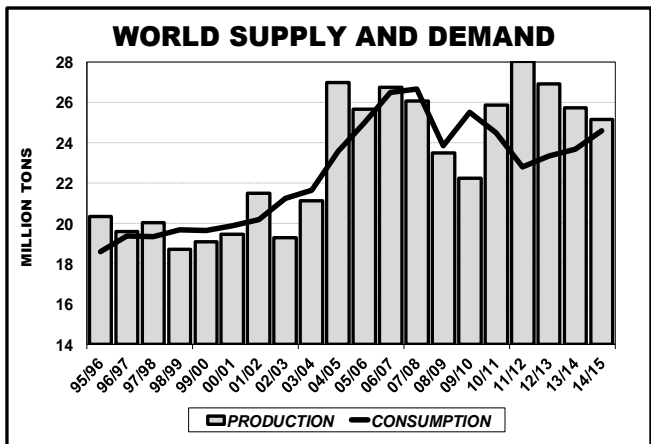
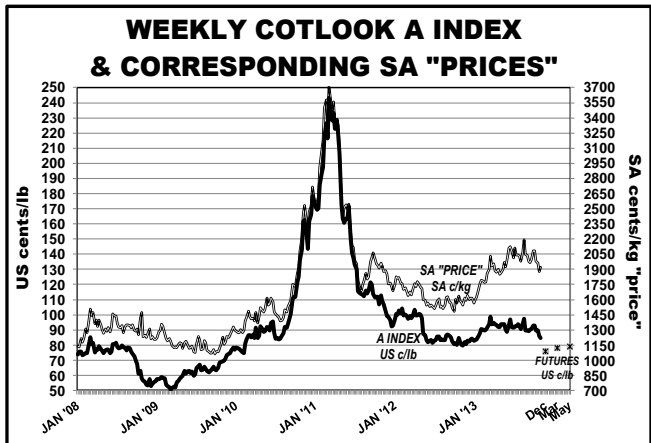
International

During October 2013 international cotton prices followed a downward trend with the Cotlook A index (an indicator of international cotton prices) falling from a high of 93 US c/lb at the beginning of the month to 85 US c/lb towards the end. Consequently the International Cotton Advisory Committee's (ICAC) latest projection of the average Cotlook A index for 2013/14 is between 76 – 103 US c/lb with a midpoint of 88 US c/lb.

One of the reasons for the fall in prices is the fact that cotton production for 2013/14 in several major cotton producing countries will be larger than initially expected, with the result that world cotton production is expected to exceed consumption this season by about 2 million tons. According to the ICAC, good weather and yields especially in the USA and Greece, have increased production prospects whilst production in Brazil is forecast to increase by about 22% over last season.

Due to slower expected economic growth, world cotton consumption for 2013/14 is estimated by the ICAC to rise by a modest 1% only. Cotton consumption in China, the world's biggest consumer of cotton, will decrease by about 3% in 2013/14 according to the ICAC. It is reported that since 2009/10 cotton consumption is slowly moving from China to other countries such as India which is expected to consume about 4% more cotton this year.

The ICAC forecasts world cotton trade for 2013/14 to decrease by about 13% over the previous season mainly due to reduced imports by China. Cotton imports by China for 2013/14 is projected by the ICAC at 3.2 million tons which is 40% down from the record cotton



imports of 5.3 million tons of two years ago.

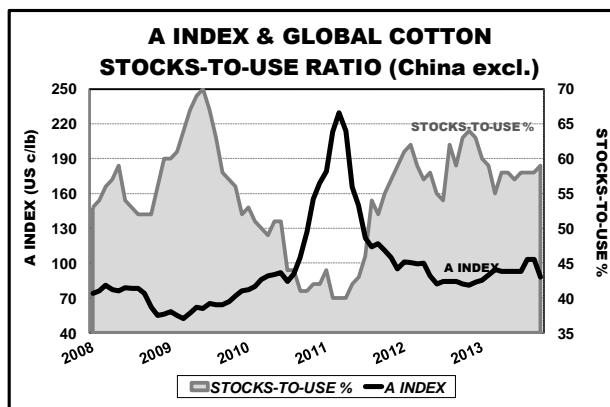
World cotton stocks are expected to reach a record level of about 21 million tons by July

2014, which will represent 88% of world cotton consumption, 55% of which 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	15.2	18.6	20.8
Production	26.9	25.7	25.2
Consumption	23.4	23.7	24.6
Exports	10.0	8.6	7.9
Imports	9.8	8.6	7.9
Ending stocks	18.6	20.8	21.3
Ending stocks/use (China excluded)	60%	59%	58%
A Index (US c/lb)	88	76-103	

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



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

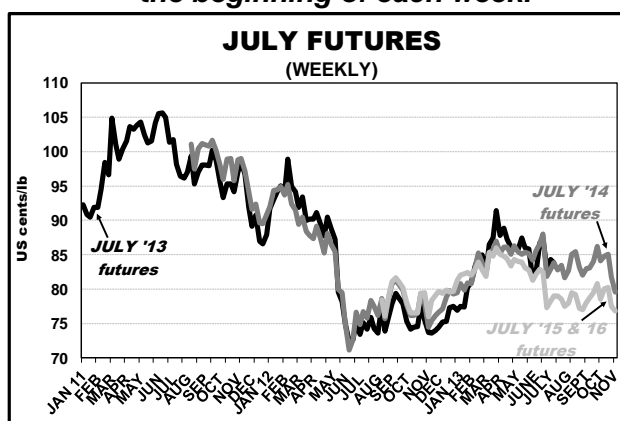
	A INDEX <i>Avg: US c/lb</i>	DERIVED RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (28/10 - 01/11/13)	85.57	1891.29
October 2013	89.35	1975.79
Today (04/11/13)	84.60	1917.35
September 2013	90.09	2004.23
Today a year ago	80.30	1575.48
Today two years ago	108.05	1892.06

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 4 Nov. 2013 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
December 2013	75.95
March 2014	78.23
May	78.93
July	79.52
October	76.44
December	76.40
March 2015	76.78

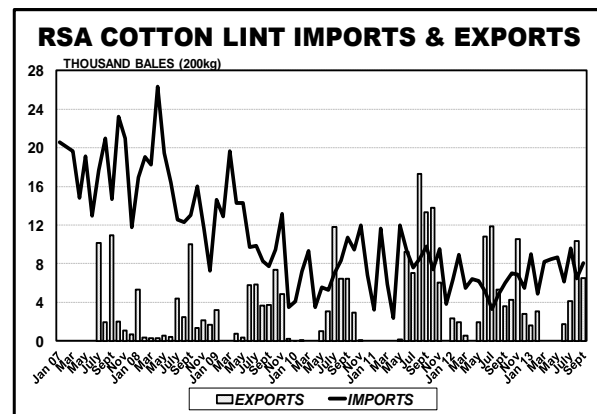
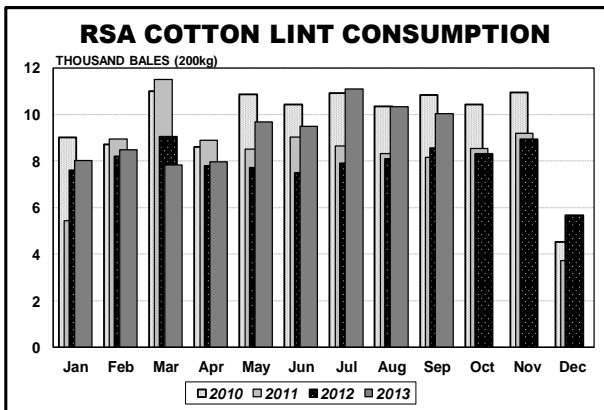
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 10th estimate for the 2012/13 production year indicates a total crop of 30 626 lint bales, down 5% from the previous month's estimate due to lower yields. About 27 026 lint bales

are estimated to be produced from RSA grown seed cotton. The balance of 3 600 lint bales relates to Swaziland produced cotton ginned by the Swaziland gin.



COTTON CROP REPORT - 10th ESTIMATE

2012/13 PRODUCTION YEAR

31/10/13

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	820	150	4410	600	6486	1%	100%
North & South Flats	0	865	0	1430	2165	0%	100%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	800	0	3071	0	4358	0%	100%
NORTHERN CAPE							
Vaalharts	500	0	5230	0	4756	0%	100%
Lower Orange River	190	0	4660	0	1600	1%	100%
Rest of Northern Cape	336	0	4930	0	3050	0%	100%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	310	1406	2877	572	3088	83%	64%
MPUMALANGA	0	1450	0	600	1523	100%	100%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	2956	3871	4101	775	27026	15%	96%
Swaziland*	0	3600	0	550	3600	100%	95%
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	2956	7471	4101	667	30626	25%	96%

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

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