



Date: 4 November 2014

Reference: 9/3/3/1

# COTTON MARKET REPORT AS AT 3 NOVEMBER 2014

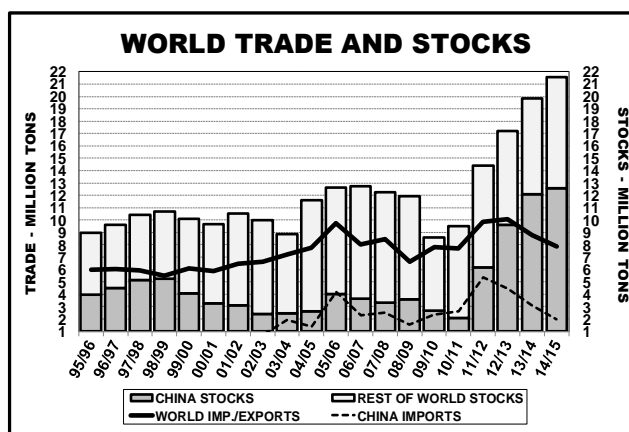
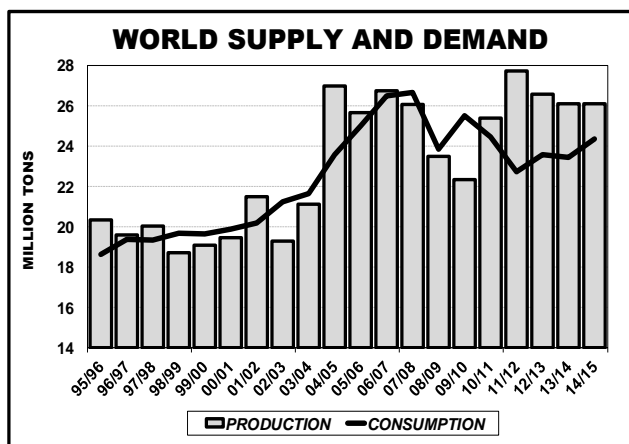
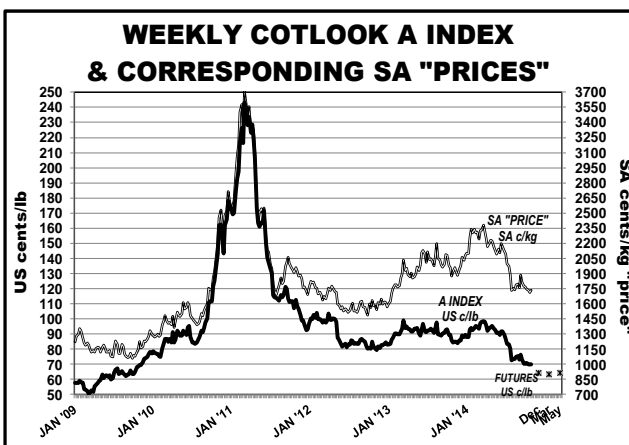
## International

For the third year in a row, world cotton production will exceed consumption, causing global cotton stocks to reach new highs with a resultant impact on cotton prices. In addition to this, China's shift from a price support program (which has lifted global cotton prices over the past three years) to an income support policy, has contributed to the recent fall in world cotton prices. Consequently, the A-Index (an indicator of global cotton prices), dipped below 70 US c/lb in October, a level not seen in five years.

The ICAC (International Cotton Advisory Committee) forecasts world cotton production for this season at 26.1 million tons which is more or less unchanged from the 2013/14 season. 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. Cotton consumption in Asia is expected by the ICAC to grow strongly in 2014/15: by 5% in the world's largest two cotton consumer countries, China and India, whose joint share of global cotton consumption is close to 55%.

The ICAC expects world cotton trade to decline by 11% in 2014/15, in a large part due to an estimated 36% decline in Chinese cotton imports. This, together with the surplus cotton production, is expected to result in closing stocks of 21.6 million tons for the current season versus 19.8 million ton last year. An estimated 58% of these stocks will be held by China.

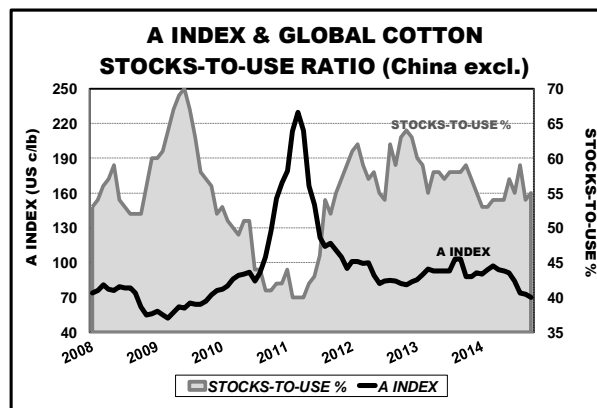
A drop in cotton production can be expected in 2015/16 as the current lower cotton prices will discourage a number of producers from planting cotton next year.



**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	14.4	17.2	19.8
Production	26.6	26.1	26.1
Consumption	23.6	23.5	24.4
Exports	10.1	8.8	7.9
Imports	9.8	8.8	7.9
Ending stocks	17.2	19.8	21.6
Ending stocks/use (China excluded)	50%	49%	55%
<b>A Index (US c/lb)</b>	<b>88</b>	<b>91</b>	<b>63-91</b>

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



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

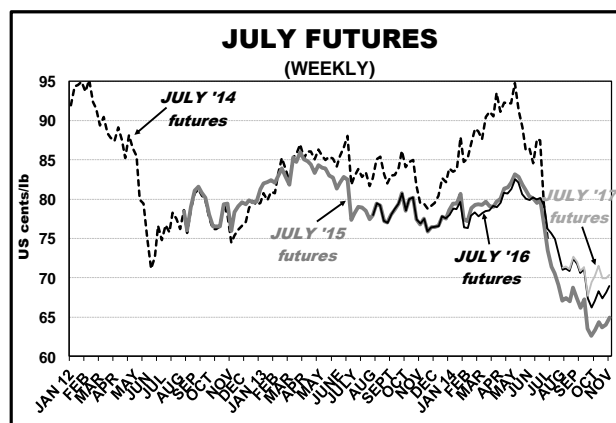
	<b>A INDEX</b> <i>Avg: US c/lb</i>	<b>DERIVED RSA "PRICE"</b> <i>Avg: SA c/kg</i>
Last week (27/10 - 31/10/14)	70.16	1711.89
October 2014	70.34	1740.90
<b>Today (04/11/14)</b>	<b>70.00</b>	<b>1732.77</b>
September 2014	73.38	1797.19
Today a year ago	84.60	1917.35
Today two years ago	80.30	1575.48

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 3 Nov. 2014 (settlement prices):**

<b>NY FUTURES</b>	
	<i>US c/lb</i>
Dec	64.25
Mar 2015	63.27
May	64.08
July	64.89
Oct	66.39
Dec	66.81
Mar	67.77

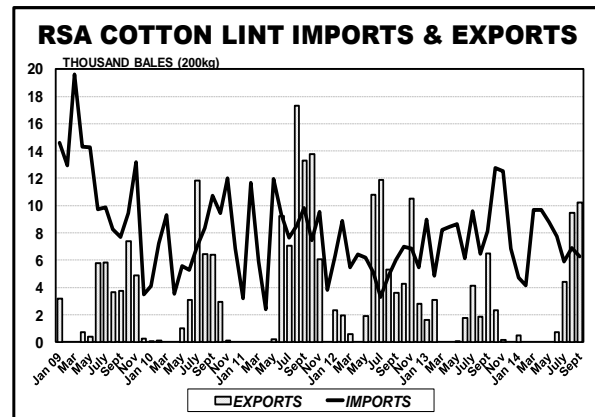
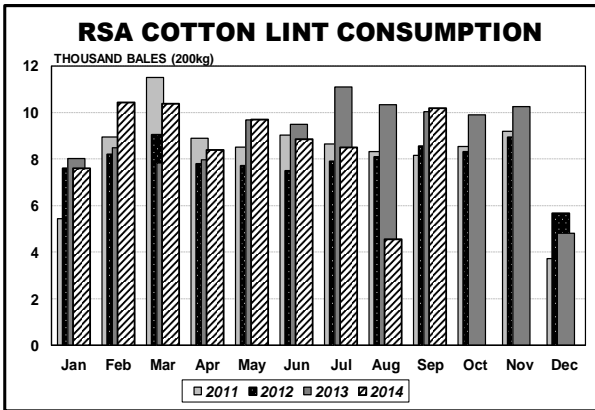
**New York JULY cotton futures as at the beginning of each week:**



**Local outlook**

As far as the local outlook is concerned, the 10<sup>th</sup> estimate for the 2013/14 production year indicates a total crop of 47 323 lint bales, more or less unchanged from the previous month's estimate. About 42 823 lint bales are

estimated to be produced from RSA grown seed cotton, up 65% 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 - 10th ESTIMATE**

**2013/14 PRODUCTION YEAR**

31/10/14

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
<b>LIMPOPO PROV.</b>							
Loskop	1298	0	4200	0	9540	1%	100%
North & South Flats	0	1217	0	900	1917	0%	100%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	800	0	4000	0	5920	0%	98%
<b>NORTHERN CAPE</b>							
Vaalharts	816	0	5195	0	7858	0%	100%
Lower Orange River	512	0	4961	0	4940	0%	100%
Rest of Northern Cape	980	0	5352	0	10046	0%	100%
<b>NORTH WEST</b>							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	0	0	0	0	0	0%	0%
<b>KWAZULU-NATAL</b>	160	552	2750	600	1548	94%	100%
<b>MPUMALANGA</b>	0	1123	0	500	1054	100%	100%
<b>EASTERN CAPE</b>	0	0	0	0	0	0%	0%
<b>RSA TOTAL</b>	<b>4566</b>	<b>2892</b>	<b>4625</b>	<b>687</b>	<b>42823</b>	<b>6%</b>	<b>100%</b>
Swaziland*	0	4000	0	600	4500	100%	80%
Botswana*	0	0	0	0	0		
Namibia*	0	0	0	0	0		
Zimbabwe*	0	0	0	0	0		
Mozambique*	0	0	0	0	0		
<b>GRAND TOTAL</b>	<b>4566</b>	<b>6892</b>	<b>4625</b>	<b>637</b>	<b>47323</b>	<b>15%</b>	<b>98%</b>

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

**ENQUIRIES: MR H J BRUWER (CHIEF EXECUTIVE OFFICER)**

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