KATOEN SUID-AFRIKA — COTTON SOUTH AFRICA

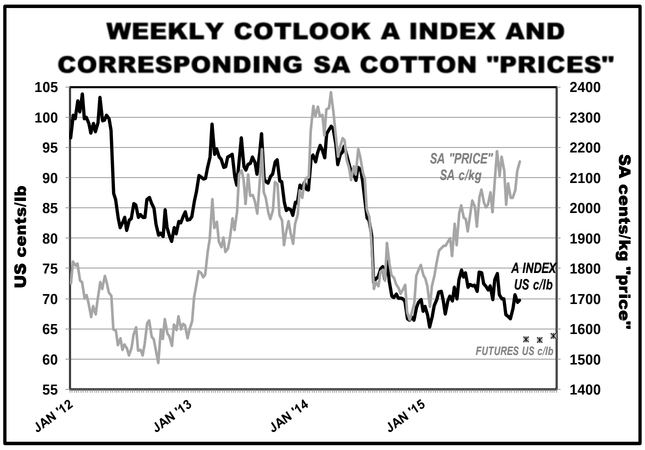
Nie-winsgewende Organisasie / Non-profit Company
Registration No. 199800820/08

Date: 3 November 2015 **Reference: 9/3/3/1**

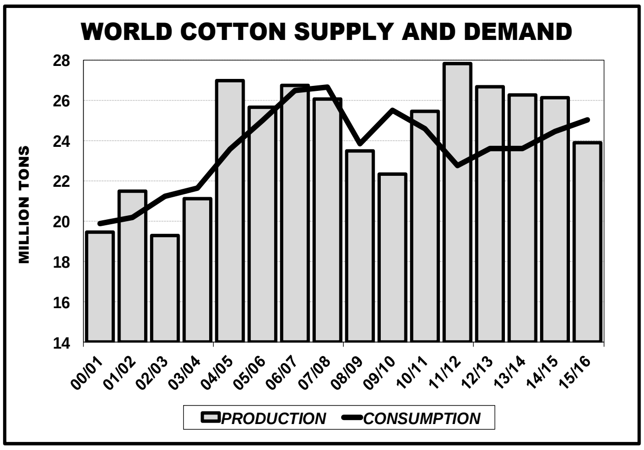
COTTON MARKET REPORT AS AT 2 NOVEMBER 2015

International

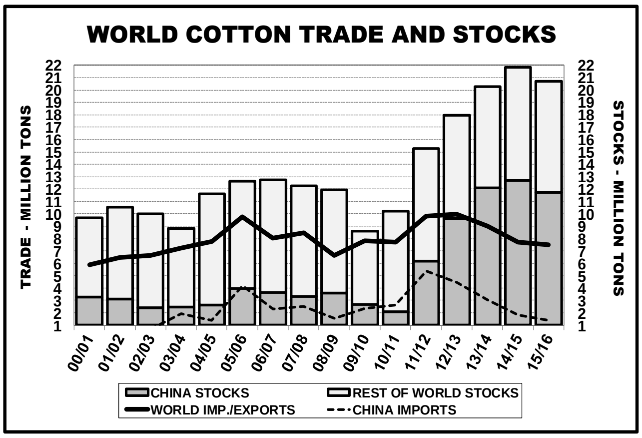
According to the International Cotton Advisory Committee (ICAC), cotton stocks held by China (representing 56% of global cotton stocks) are projected to decrease in 2015/16 for the first time in 5 years, falling by 8%. The high cotton stock levels in China played a major part in keeping international prices down in recent years. At this point in time the ICAC projects an average Cotlook A index (an indicator of international cotton prices) of 73 US c/lb for 2015/16, more or less unchanged from the average Cotlook index for the previous season.



The total supply of cotton in China for 2015/16, excluding imports, is estimated by the ICAC at 18 million tons, which would be more than double its annual volume of consumption, forecast at 7.7 million tons for 2015/16. Chinese cotton imports are projected by the ICAC to fall by 24%, to less than 1.4 million tons in 2015/16 due the implementation of a cotton import quota and also due to lowered domestic cotton prices, shrinking the gap with international prices following China's announcement of a lower subsidy for 2015. The narrower spread has reduced the incentive for would-be importers to buy abroad, with plentiful supplies available at home.



In the response to the current low cotton prices and the more attractive prices of competing summer crops, world cotton production is forecast to fall by about 9% to 23.9 million tons in 2015/16 which is about 1.1 million tons below consumption, indicating that prices may not fall much, if at all, this season, according to the ICAC.



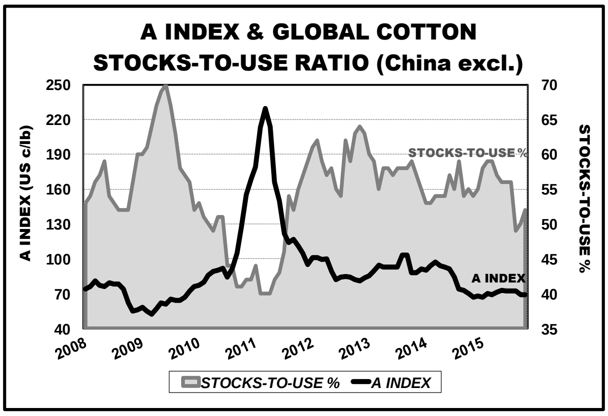
According to the ICAC, world consumption is expected to increase by 2% in 2015/16. Mill use in Asia outside of China is forecast by the ICAC to rise by 4% to 12 million tons, representing 48% of world consumption for 2015/16.

World cotton trade is expected by the ICAC to decrease by about 3% in 2015/16 after declining by 14% in 2014/15 mainly due the drop in Chinese cotton imports.

Estimated world supply and demand for cotton for the 2013/14 season and projections for 2014/15 and 2015/16 (seasons beginning 1 August):

(million metric tons)	**2013/14**	**2014/15**	**2015/16**
Beginning stocks	18.0	20.3	21.9
Production	26.3	26.2	23.9
Consumption	23.6	24.5	25.1
Exports	9.0	7.7	7.5
Imports	8.7	7.6	7.5
Ending stocks	20.3	21.9	20.7
Ending stocks/use (China excluded)	51%	55%	52%
A Index (US c/lb)	***91***	***71***	***62-86***

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



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

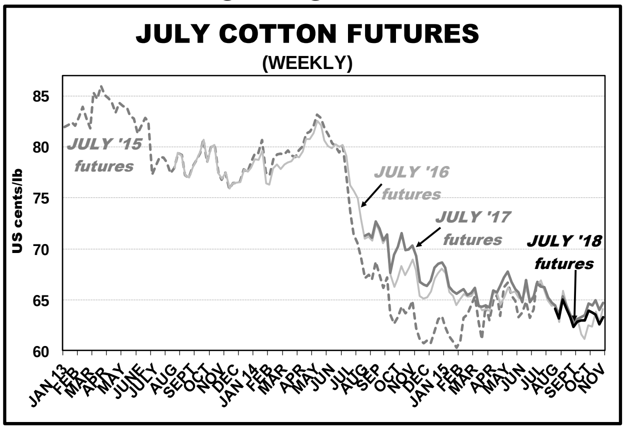
	A INDEX *Avg: US c/lb*	**DERIVED RSA "PRICE"** *Avg: SA c/kg*
Last week (26/10 - 30/10/15)	69.12	2124.35
October 2015	69.03	2084.39
Today (02/11/15)	**69.75**	**2154.04**
September 2015	68.74	2093.02
Today a year ago	*70.00*	*1732.77*
Today two years ago	*84.90*	*1905.13*

*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 2 Nov. 2015 (settlement prices):

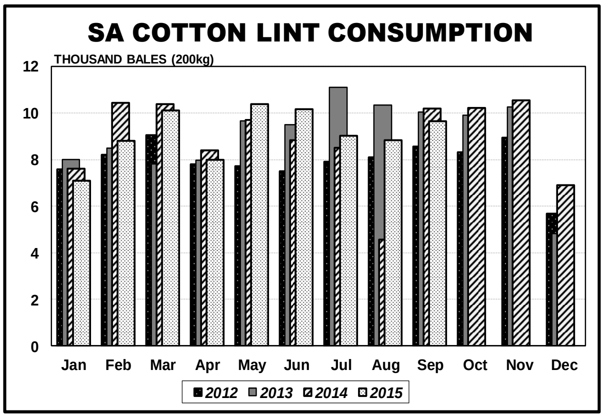
	NY FUTURES *US c/lb*
Dec 2015	63.29
Mar 2016	63.13
May	63.76
July	64.09
Oct	63.00
Dec	63.42
Mar 2017	64.16

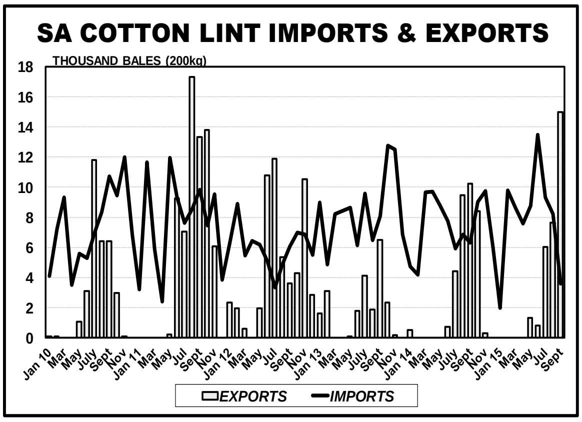
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 10th estimate for the 2014/15 production year indicates a total crop of 89 833 lint bales, up 86% from the previous season but 5% less than last month's crop estimate. About 88 033 lint bales are estimated to be produced from RSA grown seed cotton, up 101% from the previous season. The balance of 1800 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.





COTTON CROP REPORT - 10th ESTIMATE **2014/15 PRODUCTION YEAR** *30/10/15*

PRODUCTION REGION	HECTARES IRRIGATION	HECTARES DRYLAND	YIELD IRRIGATION kg seed cotton/ha	YIELD DRYLAND kg seed cotton/ha	PRODUCTION 200 kg bales cotton lint	% OF CROP HAND PICKED	% OF CROP GINNED SO FAR
LIMPOPO PROV.							
Loskop	1488	0	4555	0	**11861**	1%	100%
North & South Flats	120	530	3500	800	**1477**	0%	100%
Dwaalboom/Thabazimbi	0	0	0	0	**0**	0%	0%
Weipe	800	0	3000	0	**4261**	0%	100%
NORTHERN CAPE							
Vaalharts	1255	0	5338	0	**12436**	0%	95%
Lower Orange River	1130	0	5017	0	**10461**	0%	80%
Rest of Northern Cape	2702	0	5257	0	**26304**	0%	83%
NORTH WEST							
Stella/Setlagoli	1117	4176	5017	1200	**18502**	0%	80%
Taung	0	0	0	0	**0**	0%	0%
KWAZULU-NATAL	80	640	800	400	**510**	100%	100%
MPUMALANGA	100	1290	4500	621	**2221**	100%	100%
EASTERN CAPE	0	0	0	0	**0**	0%	0%
RSA TOTAL	**8792**	**6636**	**4810**	**978**	**88033**	3%	88%
Swaziland*	0	2000	0	500	**1800**	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	**8792**	**8636**	**4810**	**867**	**89833**	5%	87%

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

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