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

COTTON SA MARKET REPORT AS AT 1 NOVEMBER 2016

The International Cotton Advisory Committee (ICAC) expects world cotton production to increase by about 7% in 2016/17 mainly due to an expected 9% increase in average yields.

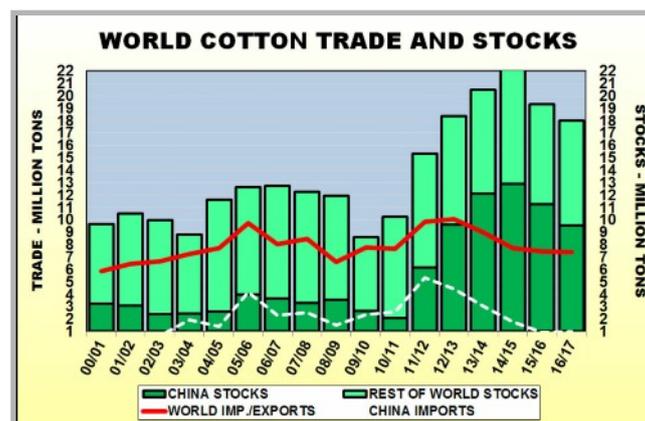
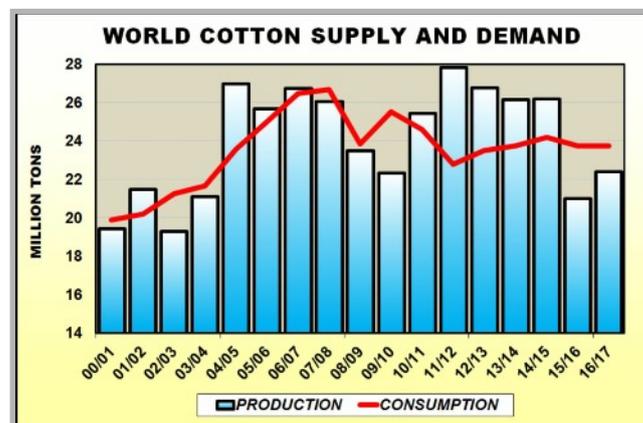
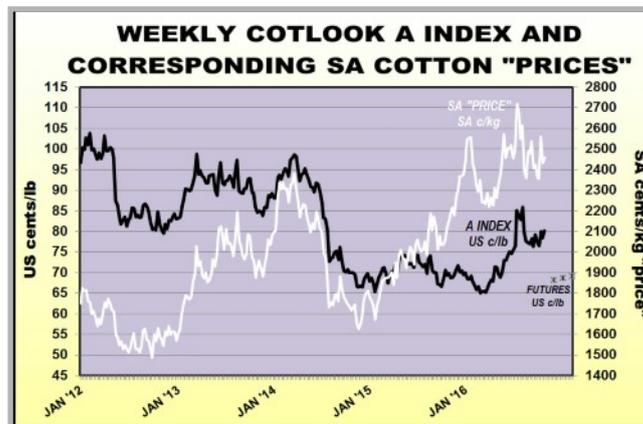
Cotton production is expected to rise in three of the four top cotton producing countries, with China being the exception, with its cotton production projected to decrease by about 4% to 4.6 million tons; the lowest crop in 16 years. Rising production costs, lower cotton subsidies and greater profitability from other crops are among the main factors that have discouraged farmers from planting cotton in China in recent years according to the ICAC. Cotton production in India is projected at 5.8 million tons, up marginally from 2015/16. The ICAC estimates that the US cotton crop will increase by 5% to 3.5 million tons in 2016/17, while Pakistan's cotton crop is estimated to expand by 26% to nearly 2 million tons. Cotton production is also forecast by the

ICAC to rise in the two top cotton producing countries in the Southern Hemisphere. A cotton crop of about 0.8 million tons bales is forecast for Australia in 2016/17, up 46% from the previous season. In Brazil a cotton

crop of about 1.4 million tons is expected, up 7% from the previous year.

The ICAC expects world cotton consumption to remain more or less unchanged in 2016/17 at 23.8 million tons, but it will still exceed production by about 1.3 million tons. Although little to no growth is expected from the 4 top cotton consuming countries (China, India, Pakistan and Turkey), consumption increases of 9 to 10% is expected in the world's 5th and 6th biggest cotton consuming countries namely Bangladesh and Vietnam.

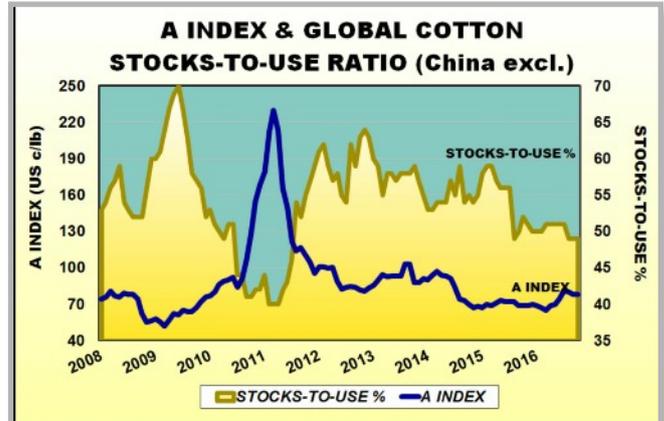
World ending cotton stocks for 2016/17 are forecast by the ICAC to decrease by 19% from the record levels of two years ago (an expected decrease of 26% in Chinese cotton stocks and a 10% decrease in stocks for the rest of the world).



Estimated world supply and demand for cotton for the 2014/15 season and projections for 2015/16 and 2016/17 (seasons beginning 1 August):

(million metric tons)	2014/15	2015/16	2016/17
Beginning stocks	20.5	22.3	19.3
Production	26.2	21.0	22.4
Consumption	24.2	23.8	23.8
Exports	7.7	7.5	7.4
Imports	7.6	7.2	7.4
Ending stocks	22.3	19.3	18.0
Ending stocks/use (China excluded)	56%	49%	49%
A Index (US c/lb)	71	70	62-88

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



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

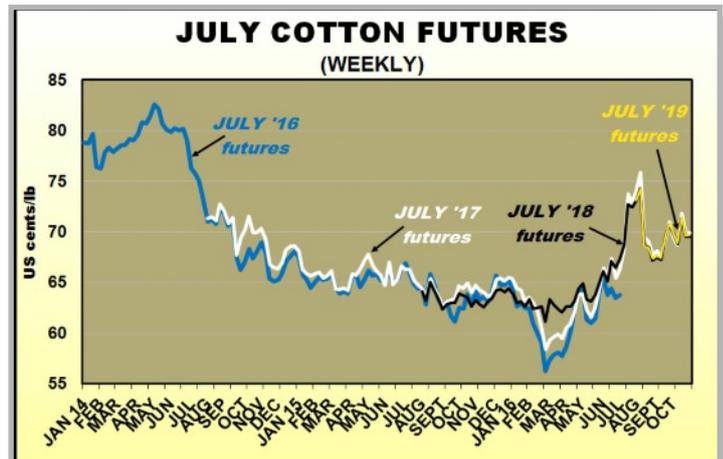
	A INDEX <i>Avg: US c/lb</i>	DERIVED RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (24/10 - 28/10/16)	78.46	2423.02
October 2016	78.48	2442.52
Today (01/11/16)	77.75	2415.22
September 2016	77.86	2435.96
Today a year ago	69.75	2154.04
Today two years ago	70.00	1732.77

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 1 November 2016 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
Dec 2016	68.20
Mar 2017	68.66
May	69.15
July	69.25
Oct	68.40
Dec	68.60
Mar 2018	68.89

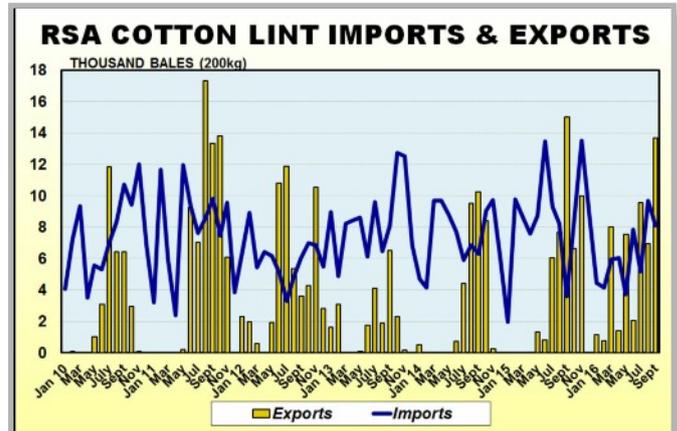
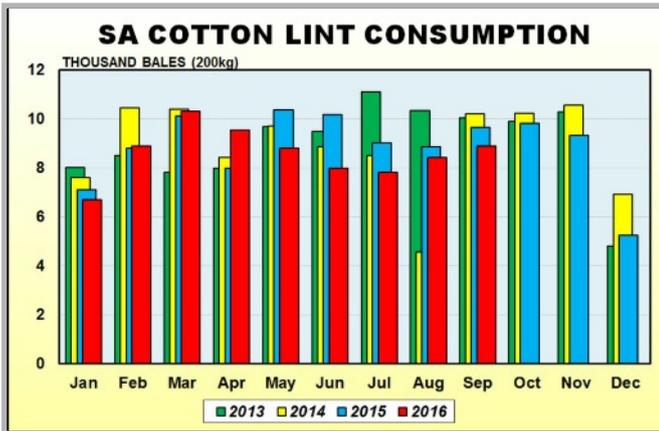
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 10th estimate for the 2015/16 production year indicates a total crop of 50 821 lint bales, down 46% from the previous season and 5% down from last month's estimate.

About 50 721 lint bales are estimated to be produced from RSA grown seed cotton, down 45% from the previous season. The balance of 100 lint bales relates to Swaziland produced cotton ginned by the Swaziland gin.



COTTON CROP REPORT - 10th ESTIMATE			2015/16 PRODUCTION YEAR			24/10/2016	
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	869	0	4500	0	6835	1%	100%
North & South Flats	5	537	3499	930	905	0%	100%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	360	0	4464	0	3029	0%	100%
NORTHERN CAPE							
Vaalharts	1167	0	4741	0	10111	0%	100%
Lower Orange River	1148	0	4800	0	9846	0%	100%
Rest of Northern Cape	1833	0	4800	0	15720	0%	100%
NORTH WEST							
Stella/Setlagoli	304	906	3650	980	3609	10%	100%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	129	270	700	400	347	100%	100%
MPUMALANGA	28	797	3000	123	319	100%	100%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	5843	2510	4563	635	50721	2%	100%
Swaziland*	0	800	0	70	100	100%	0%
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	5843	3310	4563	498	50821	2%	100%

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