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

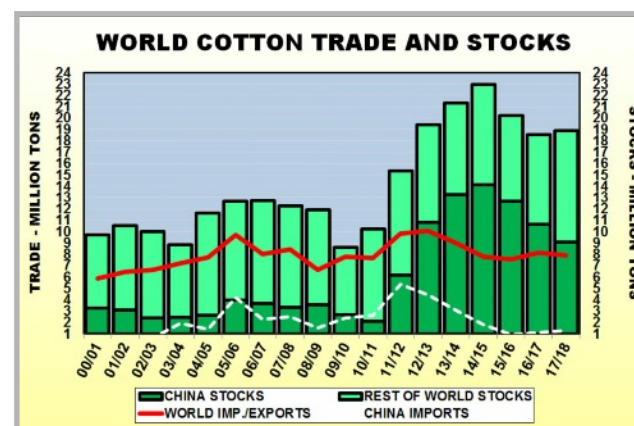
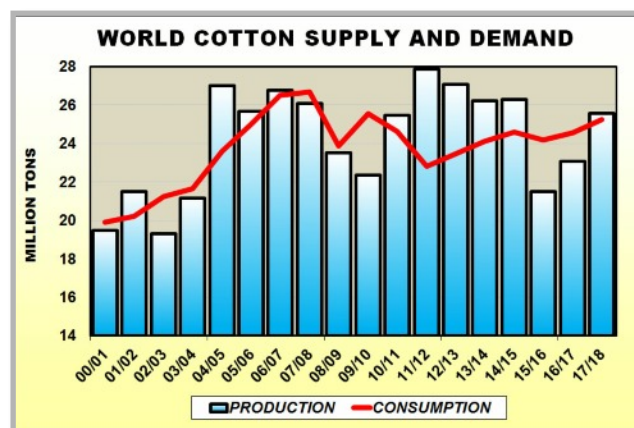
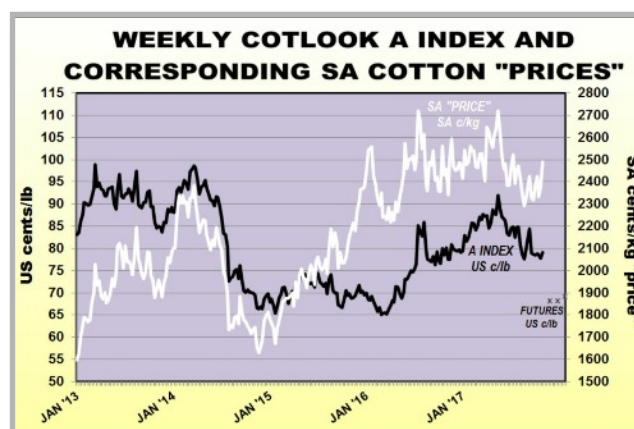
COTTON SA MARKET REPORT AS AT 1 NOVEMBER 2017

The International Cotton Advisory Committee (ICAC) expects world cotton production to increase by about 10% to 25.6 million tons in 2017/18 mainly due to an expected 11% increase in hectares as a result of better price prospects for cotton compared to competing crops.

Cotton production is expected to rise in all the major cotton producing countries. The largest increase is expected in the USA where it is estimated that the cotton crop will increase by 23% to 4.6 million tons which will be the biggest cotton crop in the past 10 years

Although the ICAC expects world cotton consumption to

increase by about 2.7% in 2017/18 to 25.2 million tons, this will still be 9% down from the record consumption of 2007/08. Cotton's share of global fibre consumption fell from 38% 10 years ago to 27% currently. In comparison, polyester's share of global fibre consumption has increased to 67% currently.

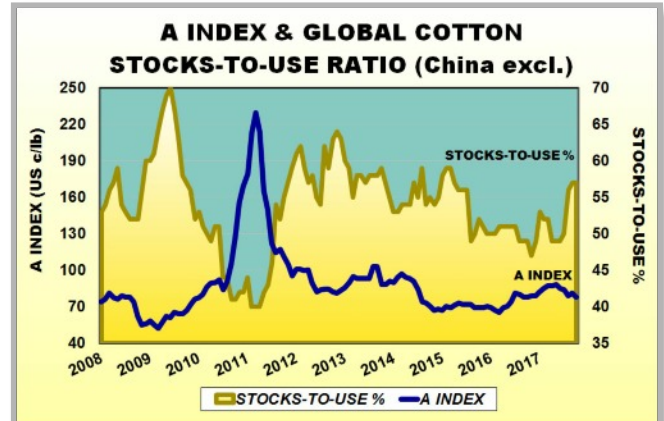


According to the ICAC, world cotton trade will decline by 3% in 2017/18. Although world ending cotton stocks for 2017/18 is expected to remain more or less unchanged from the previous year, world cotton stocks outside China are projected to increase by about 24% in 2017/18.

Estimated world supply and demand for cotton for the 2015/16 season and projections for 2016/17 and 2017/18 (seasons beginning 1 August):

| (million metric tons) | 2015/16 | 2016/17 | 2017/18 |
|---------------------------------------|-----------|-----------|--------------|
| Beginning stocks | 23.0 | 20.2 | 18.6 |
| Production | 21.5 | 23.1 | 25.6 |
| Consumption | 24.2 | 24.6 | 25.2 |
| Exports | 7.6 | 8.2 | 7.9 |
| Imports | 7.6 | 8.0 | 7.9 |
| Ending stocks | 20.2 | 18.6 | 18.9 |
| Ending stocks/use (China excluded) | 46% | 48% | 57% |
| A Index (US c/lb) | 70 | 83 | 58-84 |

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



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

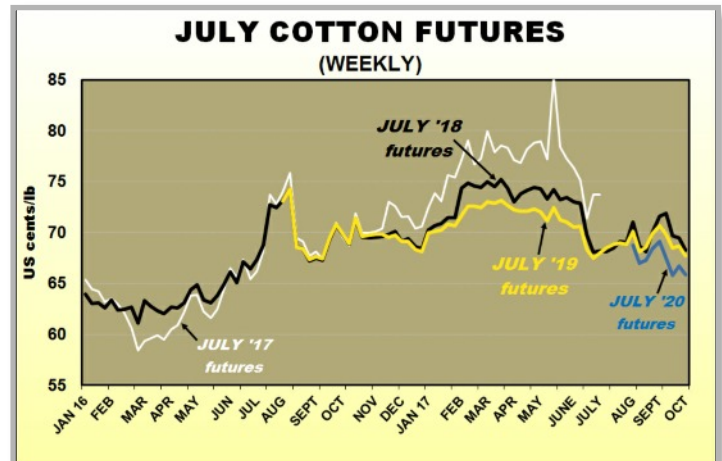
| | A INDEX <i>Avg: US c/lb</i> | DERIVED RSA "PRICE" <i>Avg: SA c/kg</i> |
|------------------------------|---------------------------------------|---|
| Last week (23/10 - 27/10/17) | 79.51 | 2465.93 |
| October 2017 | 78.60 | 2401.13 |
| Today (01/11/17) | 79.25 | 2499.02 |
| September 2017 | 80.60 | 2363.39 |
| Today a year ago | 77.75 | 2343.79 |
| Today two years ago | 69.75 | 2154.04 |

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 Nov. 2017 (settlement prices):

| NY FUTURES | |
|-------------------|----------------|
| | <i>US c/lb</i> |
| Dec 2017 | 68.17 |
| Mar 2018 | 68.15 |
| May | 69.22 |
| July | 69.96 |
| Oct | 69.39 |
| Dec | 69.05 |
| Mar 2019 | 69.06 |

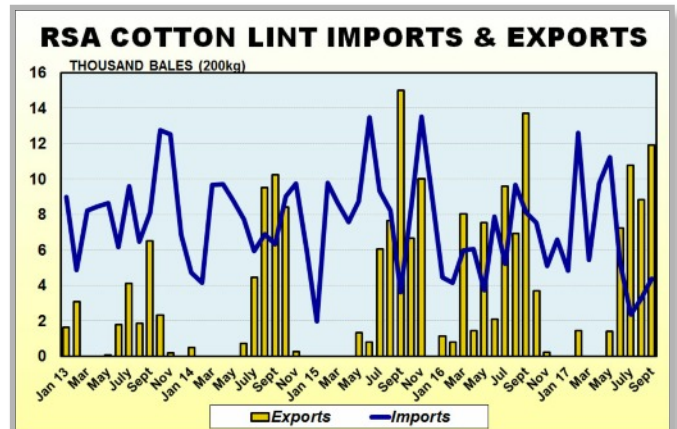
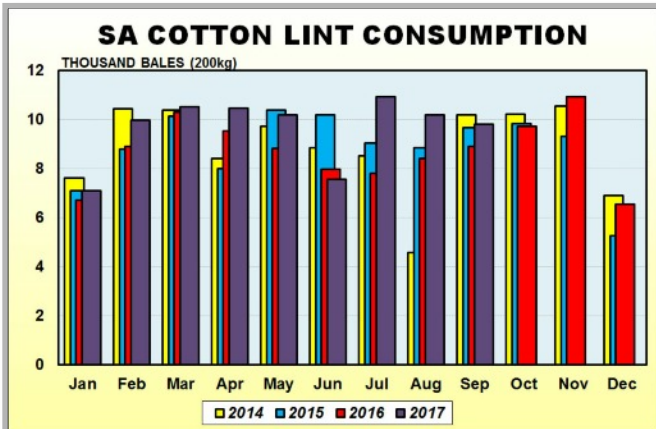
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 10th estimate for the 2016/17 production year indicates a total crop of 84 611 lint bales, up 67% from the previous season and unchanged from the previous month's estimate.

About 82 611 lint bales are estimated to be produced from RSA grown seed cotton, up 64% from the previous season. The balance of 2000 lint bales relates to expected Swaziland produced cotton ginned by the Swaziland gin.



| COTTON CROP REPORT - 10th ESTIMATE | | 2016/17 PRODUCTION YEAR | | 31/10/2017 | | | |
|------------------------------------|---------------------|-------------------------|---------------------------------------|------------------------------------|--|-----------------------|-------------------------|
| 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 | 2452 | 0 | 4455 | 0 | 19663 | 0% | 85% |
| North & South Flats | 128 | 5105 | 4200 | 1390 | 13740 | 0% | 85% |
| Dwaalboom/Thabazimbi | 0 | 0 | 0 | 0 | 0 | 0% | 0% |
| Limpopo Other | 467 | 45 | 4850 | 800 | 4142 | 0% | 85% |
| Weipe | 1078 | 0 | 4500 | 0 | 8974 | 0% | 90% |
| NORTHERN CAPE | | | | | | | |
| Vaalharts | 1272 | 0 | 5701 | 0 | 13415 | 0% | 86% |
| Lower Orange River | 410 | 0 | 3852 | 0 | 2922 | 0% | 100% |
| Rest of Northern Cape | 557 | 0 | 5511 | 0 | 6491 | 0% | 92% |
| NORTH WEST | | | | | | | |
| Stella/Delareyville/Setlagoli | 540 | 1477 | 2749 | 1015 | 5520 | 10% | 100% |
| Taung | 0 | 0 | 0 | 0 | 0 | 0% | 0% |
| KWAZULU-NATAL | 397 | 1500 | 2784 | 600 | 3640 | 69% | 72% |
| MPUMALANGA | 0 | 2913 | 0 | 764 | 4104 | 100% | 75% |
| EASTERN CAPE | 0 | 0 | 0 | 0 | 0 | 0% | 0% |
| RSA TOTAL | 7301 | 11040 | 4589 | 1065 | 82611 | 9% | 87% |
| Swaziland* | 0 | 2000 | 0 | 600 | 2000 | 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 | 7301 | 13040 | 4589 | 994 | 84611 | 11% | 85% |

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