



Date: 2 February 2012

Reference: 9/3/3/1

COTTON MARKET REPORT AS AT 1 FEBRUARY 2012

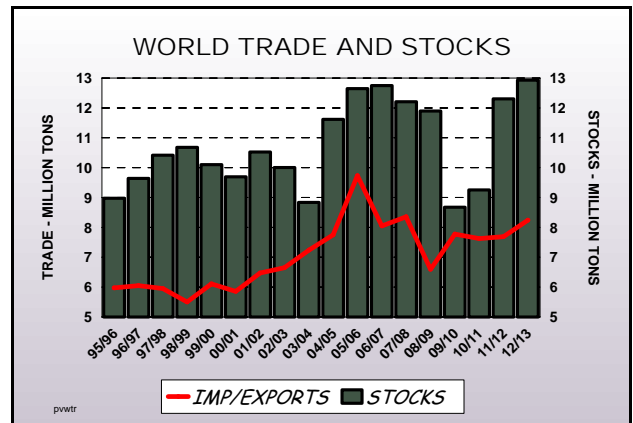
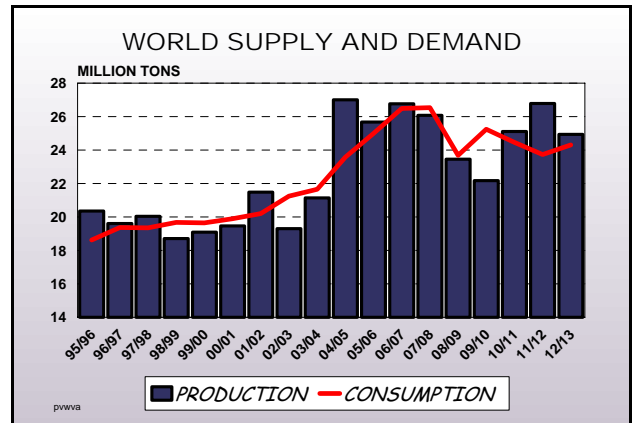
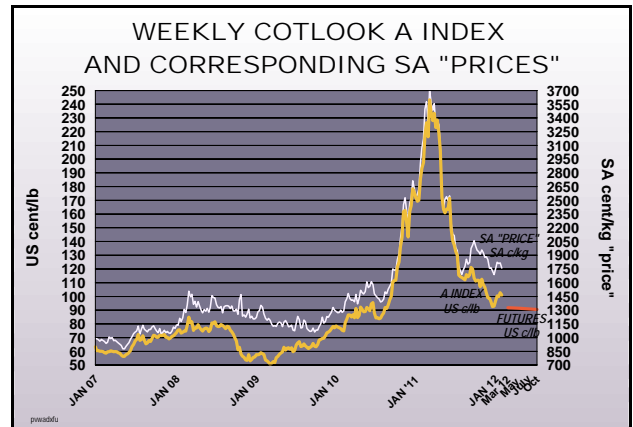
International

After falling continuously for almost 10 months, cotton prices have stabilized in January, averaging around US\$1/lb. According to the International Cotton Advisory Committee (ICAC) the main reasons for the price stabilization seem to be the support provided by the Chinese government by way of significant cotton purchases in both its domestic as well as foreign markets; as well as an improved demand for cotton as previously accumulated stocks of cotton yarn have diminished. Based on current market fundamentals the ICAC forecasts an average Cotlook A index (an indicator of world cotton prices) of 107 US c/lb for 2011/12, 35% down from the previous season but still considerably higher than the average of the past decade.

Although the ICAC estimates that world cotton production will increase by about 7% to 26.8 million tons in 2011/12, it expects that the world production of cotton will decrease by 7% in 2012/13 mainly due to lower prices and the improving attractiveness of grains and soya beans.

After two years at depressed levels, the ICAC expects global cotton mill use to start growing again and to increase by 2% in 2012/13 provided the health of the global economy improves.

Following two seasons at relatively tight levels and as a result of large excess supplies in 2011/12, the ICAC expects that world cotton stocks will rebound and increase by 29% to 12.3 million tons by 31 July 2012. According to the ICAC over 40% of the gain in global stocks in 2011/12 will take place in China due to the rebuilding of the national



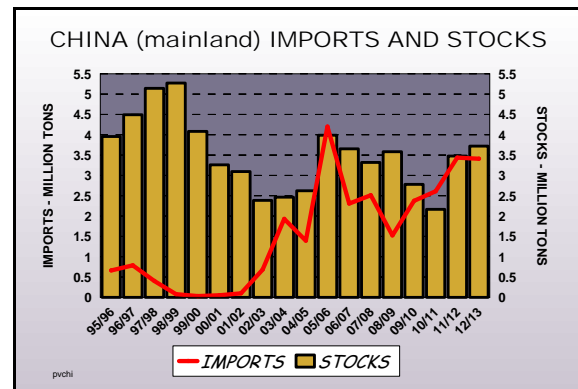
reserve. In this respect the ICAC reports that the Chinese government bought 2.5 million tons of domestic cotton over the past 4 months whilst also purchasing about 1 million tons of non-Chinese cotton for the reserve.

Although world cotton trade for this season is expected to be more or less unchanged from the previous season, the ICAC expects that rising mill use and lower prices next season could fuel a rebound in world cotton trade.

Estimated world supply and demand for cotton for the 2010/11 season and projections for 2011/12 and 2012/13 (seasons beginning 1 August):

Cotton imports and stocks situation for China (mainland):

(million metric tons)	2010/11	2011/12	2012/13
Beginning stocks	8.7	9.3	12.3
Production	25.1	26.8	24.9
Consumption	24.5	23.7	24.3
Exports	7.6	7.7	8.2
Imports	7.6	7.7	8.2
Ending stocks	9.3	12.3	12.9
Ending stocks/use (China excluded)	48%	61%	63%
A Index (US c/lb)	164	107	



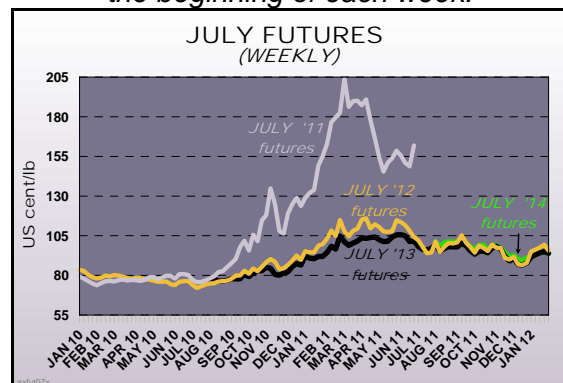
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX	RSA "PRICE"
	<u>Avg: US c/lb</u>	<u>Avg: SA c/kg</u>
Last week (23/01 - 27/01/12)	102.55	1804.97
January 2012	100.91	1801.09
Today (01/02/12)	101.25	1758.29
December 2011	95.20	1736.77
Today a year ago	197.05	3121.87
Today two years ago	75.35	1275.89

New York cotton futures as at 1 Feb. 2012 (settlement prices):

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

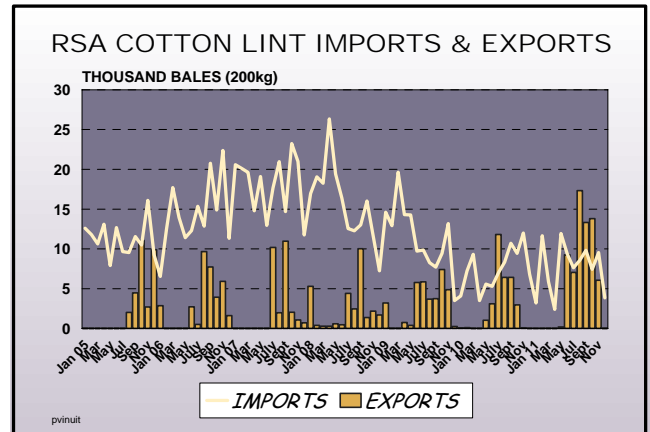
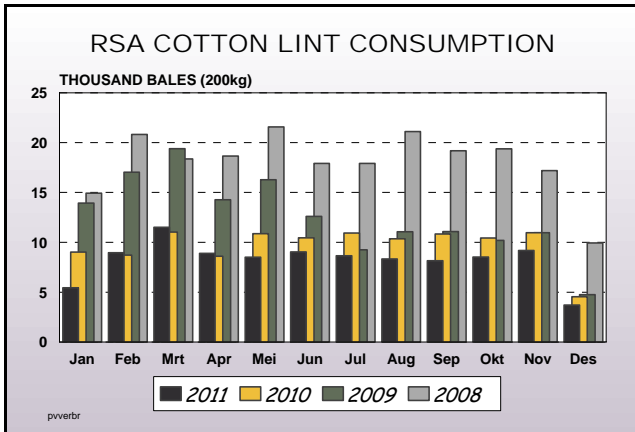
NY FUTURES	
	<i>US c/lb</i>
March 2012	93.39
May	94.79
July	95.98
October	95.81
December	94.47
March 2013	95.32
May	95.47



Local outlook

As far as the local outlook is concerned, the 1st estimate for the 2011/12 production year indicates a total crop of 67 010 lint bales, down 26% from the previous season. The decrease in the current crop is mainly due to lower cotton prices and the more favourable prices of other competing summer crops such

as maize. About 64 760 lint bales are estimated to be produced from RSA grown seed cotton, down 24% from the previous season. The balance of 2 250 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 1st ESTIMATE

2011/12 PRODUCTION YEAR

01/02/12

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	1203	0	4131	0	8697	10%	0%
North & South Flats	52	396	3800	800	900	10%	0%
Dwaalboom/Thabazimbi	150	0	4150	0	1089	10%	0%
Weipe	873	0	4000	0	6460	0%	0%
NORTHERN CAPE							
Vaalharts	1313	0	5000	0	9120	0%	0%
Lower Orange River	400	0	4400	0	3256	50%	0%
Rest of Northern Cape	4444	0	3774	0	31031	1%	0%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	240	0	5000	0	1665	0%	0%
KWAZULU-NATAL	118	600	4500	500	1522	50%	0%
MPUMALANGA	0	1100	0	518	1020	100%	0%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	8793	2096	4107	566	64760	7%	0%
Swaziland*	0	2500	0	500	2250	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	8793	4596	4107	530	67010	10%	0%

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

ENQUIRIES: MR H J BRUWER (CHIEF EXECUTIVE OFFICER)

Posbus / P O Box 912232, Silverton, Pretoria, 0127
 Katoen SA Gebou, Cycadoord 90, Uit Watermeyerstraat, Val de Grace X10
 Cotton SA Building, 90 Cycad Place, Off Watermeyer Street, Val de Grace x10
 Tel: 27 (12) 804 1462 - 7; Faks/Fax: 27 (12) 804 8616; E-mail: enquiries@cottonsa.org.za
 Website: www.cottonsa.org.za