

P O Box 912232,
 Silverton, 0127
 Cotton SA Building,
 90 Cycad Place,
 Off Watermeyer Street,
 Val de Grace x10,
 PRETORIA

KATOEN
 S U I D -
 A F R I K A



COTTON
 S O U T H
 A F R I K A

Tel: 27 (12) 804 1462-7
 Fax: 27 (12) 804 8616
 enquiries@cottonsa.org.za
 www.cottonsa.org.za

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

COTTON SA MARKET REPORT AS AT 1 FEBRUARY 2018

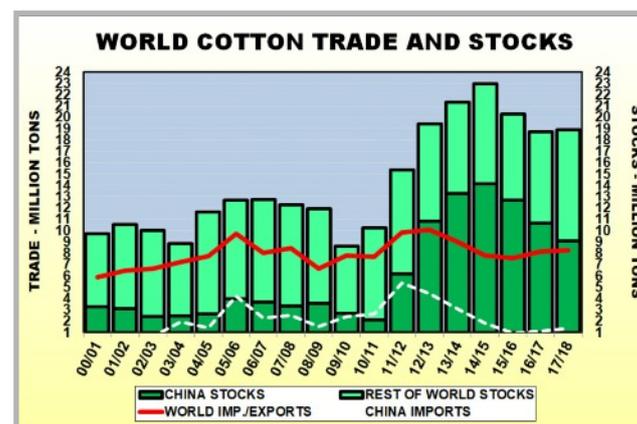
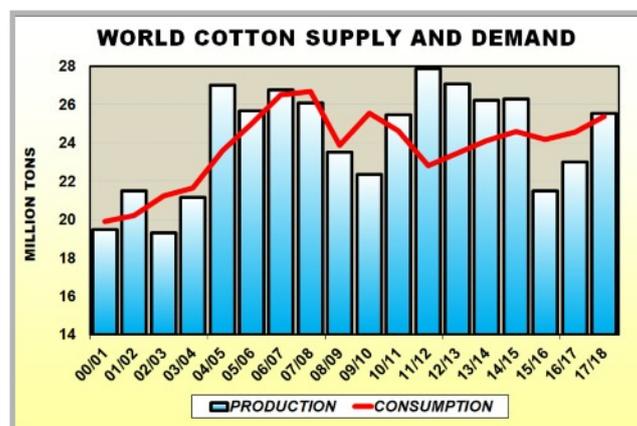
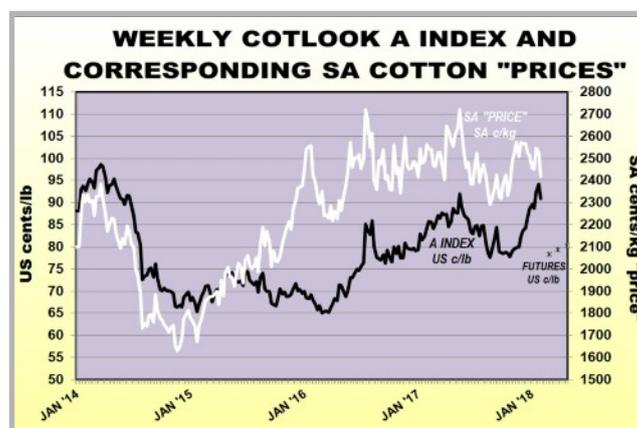
The Cotlook A index (an indicator of international cotton prices) for January 2018 averaged 91 US c/lb, up 11 US c/lb from the October and November 2017 average of about 80 US c/lb. The rise in prices is not only due to speculative buying, but also to a series of other factors such as a steady international demand for quality cotton and a continued strong take-up of fibre sold by China from state auctions.

World cotton production for 2017/18 is forecast by the International Cotton Advisory Committee (ICAC) to reach 25.5 million tons, up 11% from the previous season. According to the ICAC, production increases are coming off the gains in planted area rather than yields this season. While most major cotton producing countries have estimated increased planted area for 2017/18, Australia is the exception where planted area has decreased by 10%, yet still increasing cotton production due to a yield growth of about 16%.

Cotton production in the Northern Hemisphere for 2017/18, which accounts for 88% of world cotton production, is forecast by the ICAC to increase by 12% over last season.

After stagnating in 2016/17, global cotton

demand is expected to increase by 3% in 2017/18 to 25.4 million tons. This would be partly due to the rising price of competing fibres. The price of polyester has risen over the course of the season and continues to increase relative to cotton, even as cotton prices have moved upward.



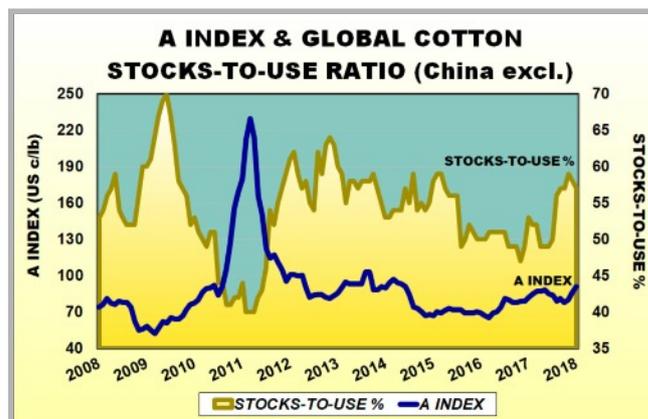
According to the ICAC, major cotton producing countries with export capacity are expected to see increased cotton exports in 2017/18 due to the international demand for quality cotton. In the Southern Hemisphere, Australia's exports are projected by the ICAC to grow by 24% in 2017/18 to 944 000 tons whilst cotton exports from Brazil are expected to see a 8% growth to 655 000 tons. USA cotton exports, while slightly below the high of the 2016/17 season, is projected to remain the largest at 3.2 million tons. The second largest cotton export region is West Africa where cotton exports are expected to increase slightly by 0.5% to 980 000 tons representing approximately 12% of the global share of cotton exports.

World ending cotton stocks are forecast by the ICAC to reach a level of 18.9 million tons by 31 July 2018, slightly up from the 18.7 million tons of the previous season.

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	20.3	18.7
Production	21.5	23.0	25.5
Consumption	24.2	24.6	25.4
Exports	7.5	8.1	8.3
Imports	7.5	8.1	8.3
Ending stocks	20.3	18.7	18.9
Ending stocks/use (China excluded)	46%	49%	57%
A Index (US c/lb)	70	83	71-85

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



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

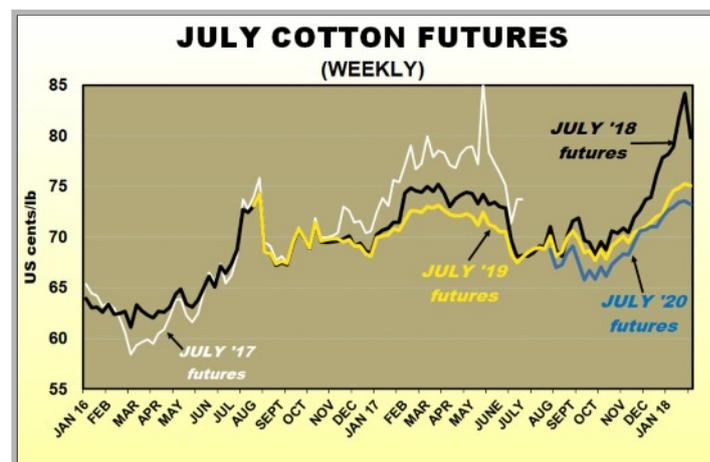
	A INDEX <i>Avg: US c/lb</i>	DERIVED RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (22/01 - 26/01/18)	93.26	2491.33
January 2018	90.99	2476.22
Today (01/02/18)	87.85	2325.10
December 2017	85.73	2511.03
Today a year ago	84.25	2535.36
Today two years ago	67.95	2426.06

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 Feb. 2017 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
Mar 2018	78.35
May	79.45
July	80.24
Oct	75.76
Dec	75.42
Mar 2019	75.72
May	75.51

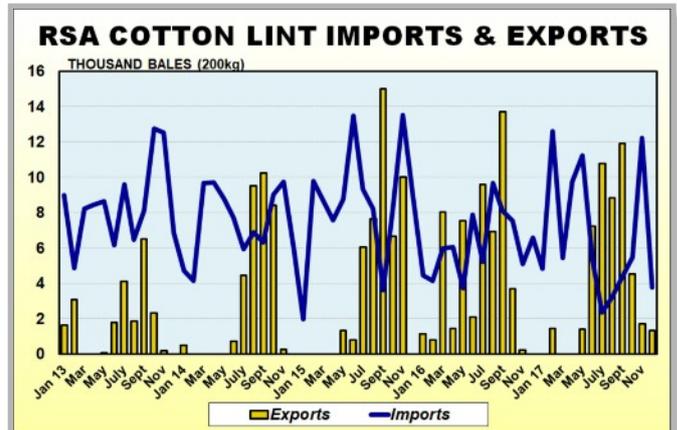
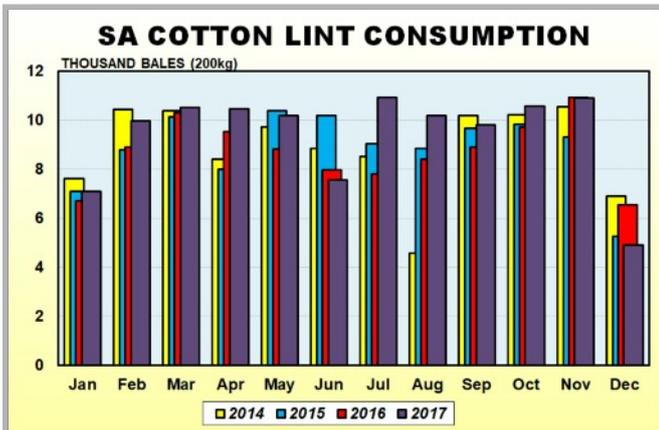
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 1st estimate for the 2017/18 production year indicates a cotton crop of 189 779 lint bales for the RSA, an increase of 145% over the previous season. Dryland and irrigation hectares show

increases of 63% and 159% respectively over the previous year mainly due to the more favourable prices of cotton in relation to competitive crops but also due to renewed interest in cotton production.



COTTON CROP REPORT - 1st ESTIMATE 2017/18 PRODUCTION YEAR 31/01/2018

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	5115	193	4200	800	38947	0%	0%
North & South Flats	736	8713	4200	800	18111	0%	0%
Koedoeskop/Dwaalboom/Thabaz	2177	0	5000	0	20137	0%	0%
Limpopo Other	690	171	4200	700	5432	0%	0%
Weipe	800	0	3500	0	5180	0%	0%
NORTHERN CAPE							
Vaalharts	3009	0	4949	0	27548	0%	0%
Lower Orange River	398	0	4500	0	3313	0%	0%
Rest of Northern Cape	3919	0	4992	0	36795	0%	0%
NORTH WEST							
Stella/Delareyville/Setlagoli	1045	4919	5000	1309	21579	8%	0%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	1036	1280	3783	852	9269	45%	0%
MPUMALANGA	0	1912	0	980	3466	100%	0%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	18925	17188	4590	969	189779	5%	0%
Swaziland*	0	1000	0	600	1080	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	18925	18188	4590	948	190859	5%	0%

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



Sustainable Cotton Cluster

A programme of Cotton SA

