



Date: 2 March 2010

Reference: 9/3/3/1

COTTON MARKET REPORT AS AT 1 MARCH 2010

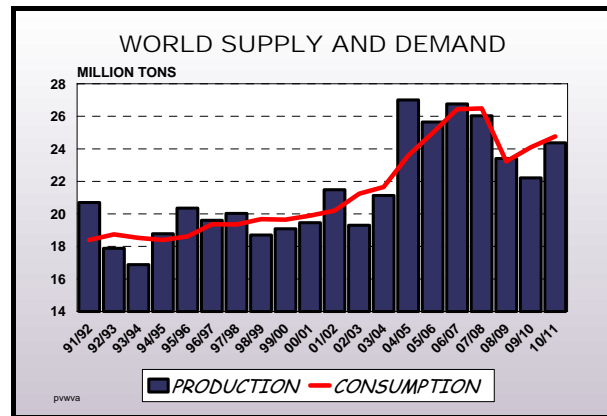
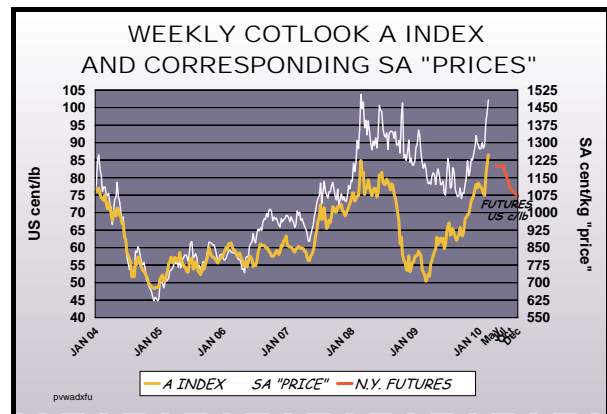
International

According to The International Cotton Advisory Committee (ICAC), the surge in cotton prices during February was due to reduced world cotton production and rebounding mill use which are expected to lead to a major drop in world cotton stocks. The Cotlook A index (an indicator of world cotton prices) rose from 75.35 US c/lb on 1 February to 86.55 US c/lb on 1 March. This 11 US c/lb rise represents about half of the total price gain in the past 7 months.

The ICAC's price model now projects an estimated Cotlook A index of 74 US c/lb for 2009/10 which is 21% higher than the average for the preceding season. According to the ICAC it is also possible that the A index will remain above the 80 US c/lb level for some time but may return to lower levels for the last few months of the season (which ends on 31 July) due to competition from polyester and the expectation of an increase in cotton production in 2010/11.

The higher prices paid for cotton in 2009/10, combined with the recent decline in grain prices will encourage farmers to increase cotton plantings in 2010/11 according to the ICAC. World cotton area for 2010/11 is expected to increase by about 6% and assuming an average yield, cotton production is forecast by the ICAC to rebound to 24.4 million tons, an increase of about 10% over 2009/10. Cotton production in the USA and China are projected to increase by 30% and 9% respectively.

The ICAC also expects world cotton consumption to continue to recover, growing by 2.8% to 24.8 million tons in 2010/11.



Asia's share of world cotton mill use could reach 78% in 2010/11 according to the ICAC.

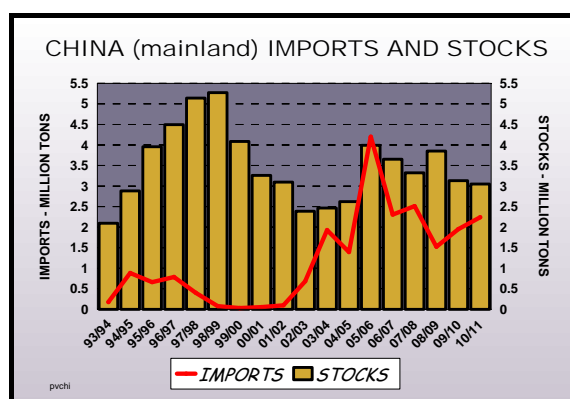
The ICAC forecasts world cotton trade to increase only slightly in 2010/11. Chinese imports however are expected to increase by about 15% to 2.2 million tons, driven by increased mill use.

Although a 15% decline is forecast in 2009/10 world cotton stocks, world ending stocks for 2010/11 are not expected to show any further decline.

Estimated world supply and demand for cotton for the 2008/09 season and projections for 2009/10 and 2010/11 (seasons beginning 1 August):

(million metric tons)	2008/09	2009/10	2010/11
Beginning stocks	12.0	12.3	10.5
Production	23.4	22.2	24.4
Consumption	23.2	24.1	24.8
Exports	6.6	7.3	7.5
Imports	6.6	7.3	7.5
Ending stocks	12.3	10.5	10.1
Ending stocks/use (China excluded)	60%	50%	47%
A Index (US c/lb)	61	74	

Cotton imports and stocks situation for China (mainland):



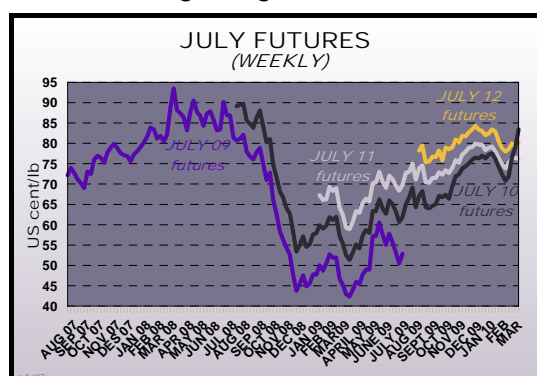
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX	RSA "PRICE"
	Avg: US c/lb	Avg: SA c/kg
Last week (22/02 - 26/02/10)	84.48	1458.28
February 2010	80.25	1373.22
Today (01/03/10)	86.55	1482.35
January 2010	77.44	1288.09
A year ago	52.00	1210.51
Two years ago	84.95	1506.42

New York cotton futures as at 1 March 2010 (settlement prices):

NY FUTURES	
	US c/lb
May 2010	83.29
July	83.42
October	76.84
December	74.66
March 2011	75.26
May	75.86
July	76.18

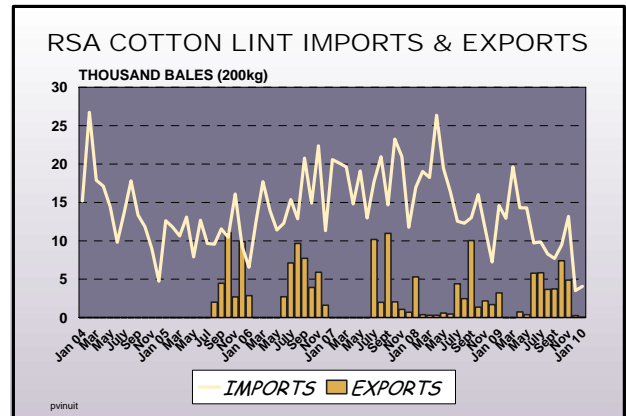
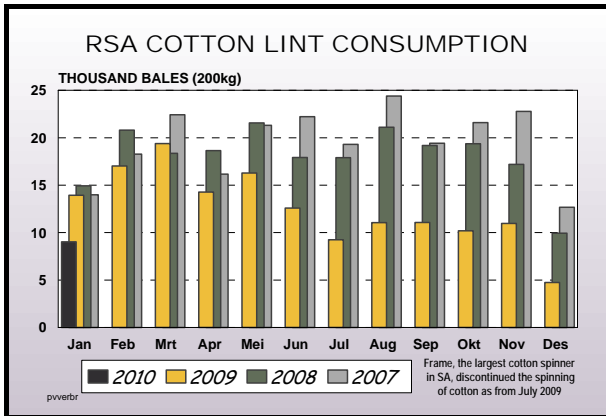
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 2nd estimate for the 2009/10 production year indicates a total crop of 40 385 lint bales, 10% down from the previous season and the smallest crop since the early sixties. About 36 965 lint bales are estimated to be

produced from RSA produced seed cotton, 12% down from the previous season. The balance of 3 420 lint bales relates to Swaziland produced cotton ginned by the Swaziland gin.



COTTON CROP REPORT - 2nd ESTIMATE

2009/10 PRODUCTION YEAR

01/03/10

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	1015	0	3600	0	6395	10%	0%
North & South Flats	24	160	3000	800	350	10%	0%
Dwaalboom/Thabazimbi	50	0	3500	0	306	10%	0%
Weipe	740	0	4200	0	5400	0%	0%
NORTHERN CAPE							
Vaalharts	1100	0	5000	0	9900	0%	0%
Lower Orange River	150	0	5000	0	1388	100%	0%
Rest of Northern Cape	630	0	6047	0	7033	0%	0%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	490	0	5000	0	4410	0%	0%
KWAZULU-NATAL	0	600	0	600	648	100%	0%
MPUMALANGA	0	1022	0	620	1135	100%	0%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	4199	1782	4648	629	36965	10%	0%
Swaziland*	0	3800	0	500	3420	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	4199	5582	4648	541	40385	18%	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