



Date: 2 April 2015

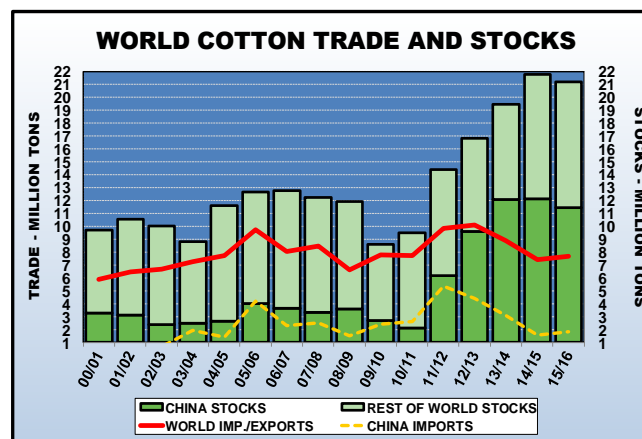
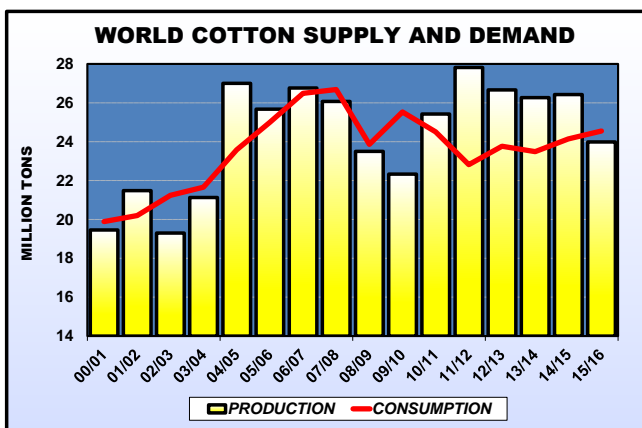
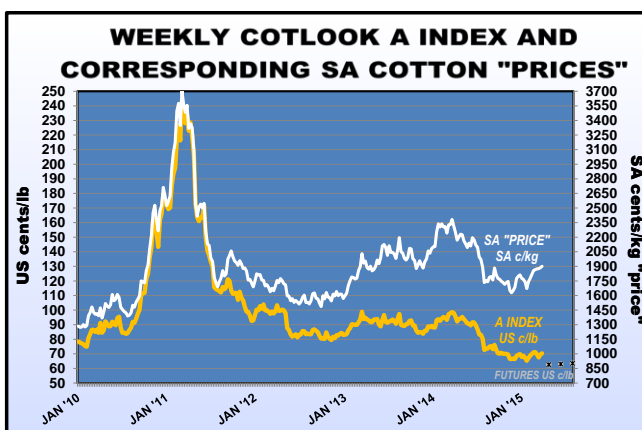
Reference: 9/3/3/1

COTTON MARKET REPORT AS AT 1 APRIL 2015

International

Compared with a year ago, the price of cotton is less attractive than its competing crops such as wheat, maize, soybean, rice and sugar. However, cotton's position relative to these crops improved in the last few months. In January and February this year, the prices for wheat, maize and soybean all declined whilst cotton prices held steady. According to the International Cotton Advisory Committee (ICAC) this gain in the price attractiveness of cotton will likely result in less area being lost to competing crops in the coming planting season. The ICAC therefore expects world cotton hectares to decrease by no more than 7% in 2015/16.

World cotton production in 2014/15 is estimated by the ICAC to increase by 1% from the previous season. Although hectares planted to cotton increased by 5% in India, the world's largest cotton producer, unfavourable weather conditions would result in no increase in production for 2014/15. In China, cotton production is expected to decrease for the 3rd consecutive season despite high domestic cotton prices. Scarcity of labour, rising production costs and greater profitability from other crops being among the main factors that have discouraged farmers from planting cotton in China according to the ICAC. In contrast, cotton production in the USA, the world's 3rd largest cotton producer, is expected by the ICAC to increase by 26% in 2014/15. In Brazil, the largest cotton producer in the Southern Hemisphere and the world's 5th largest, the drop in international cotton prices in the months before planting last year is estimated by the ICAC to result in a 13% drop in production for 2014/15.



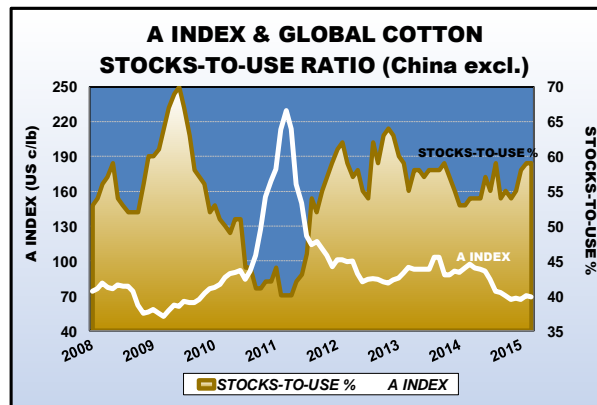
After declining by 1% in 2013/14, world cotton consumption is expected to recover by 3% in 2014/15 with growth in Asia dominating. China's consumption is expected by the ICAC to recover by 5% to 7.9 million tons following several seasons of decline. Cotton consumption in India, the world's 2nd

largest consumer is projected to increase by 4% in 2014/15 whilst cotton consumption in Pakistan is forecast to grow by 2%. Although cotton consumption is recovering in 2014/15, the production surplus of 2.3 million tons is likely to result in another year of rising ending cotton stocks, according to the ICAC.

Estimated world supply and demand for cotton for the 2013/14 season and projections for 2014/15 and 2015/16 (seasons beginning 1 August):

| (million metric tons) | 2013/14 | 2014/15 | 2015/16 |
|---------------------------------------|-----------|--------------|--------------|
| Beginning stocks | 16.8 | 19.5 | 21.8 |
| Production | 26.3 | 26.4 | 24.0 |
| Consumption | 23.5 | 24.1 | 24.6 |
| Exports | 8.9 | 7.4 | 7.7 |
| Imports | 8.7 | 7.4 | 7.7 |
| Ending stocks | 19.5 | 21.8 | 21.2 |
| Ending stocks/use (China excluded) | 46% | 59% | 59% |
| A Index (US c/lb) | 91 | 63-74 | 49-75 |

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



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

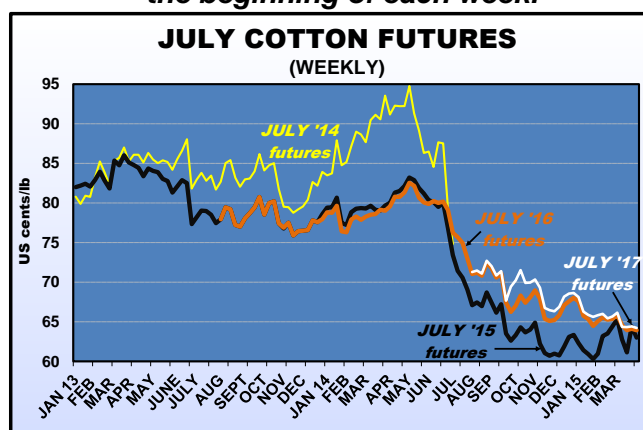
| | DERIVED RSA | |
|------------------------------|---------------------|---------------------|
| | A INDEX | "PRICE" |
| | <u>Avg: US c/lb</u> | <u>Avg: SA c/kg</u> |
| Last week (23/03 - 27/03/15) | 70.13 | 1872.27 |
| March 2015 | 69.35 | 1871.24 |
| Today (01/04/15) | 69.95 | 1892.66 |
| February 2015 | 69.84 | 1808.27 |
| Today a year ago | 97.75 | 2303.33 |
| Today two years ago | 94.80 | 1953.62 |

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 April 2015 (settlement prices):

| NY FUTURES | |
|------------|---------|
| | US c/lb |
| May 2015 | 62.58 |
| July | 62.93 |
| Oct | 63.48 |
| Dec | 63.91 |
| Mar 2016 | 64.16 |
| May | 64.37 |
| July | 64.50 |

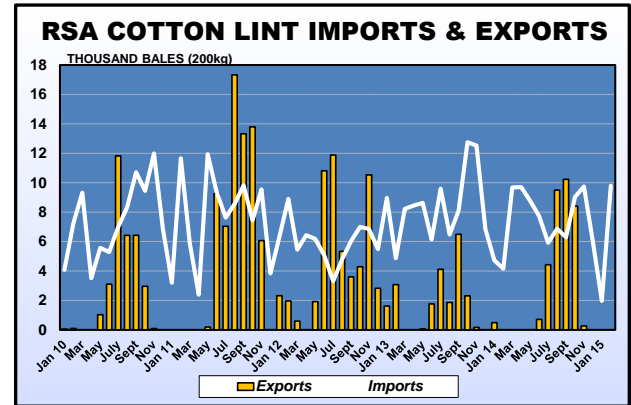
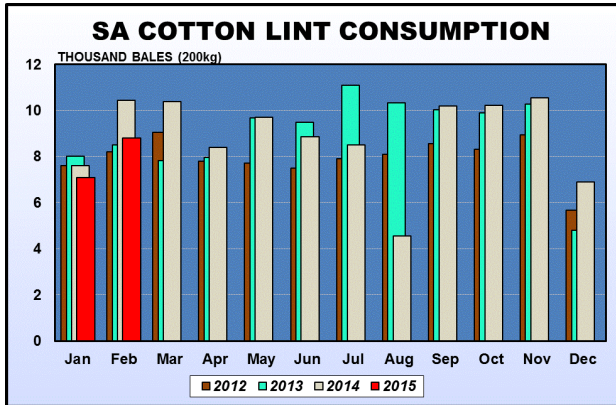
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 3rd estimate for the 2014/15 production year indicates a total crop of 99 092 lint bales, up 106% from the previous season but more or less the same as the second crop estimate. About 95 492 lint bales are estimated to be

produced from RSA grown seed cotton, up 119% from the previous season. The balance of 3 600 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 3rd ESTIMATE

2014/15 PRODUCTION YEAR

31/03/15

| 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 | 1488 | 0 | 4400 | 0 | 11458 | 1% | 0% |
| North & South Flats | 120 | 530 | 3900 | 900 | 1654 | 0% | 0% |
| Dwaalboom/Thabazimbi | 0 | 0 | 0 | 0 | 0 | 0% | 0% |
| Weipe | 640 | 0 | 4000 | 0 | 4736 | 0% | 0% |
| NORTHERN CAPE | | | | | | | |
| Vaalharts | 1255 | 0 | 5145 | 0 | 11945 | 0% | 0% |
| Lower Orange River | 1130 | 0 | 5000 | 0 | 10453 | 0% | 0% |
| Rest of Northern Cape | 2702 | 0 | 5065 | 0 | 25317 | 0% | 0% |
| NORTH WEST | | | | | | | |
| Stella/Setlagoli | 1117 | 4176 | 5000 | 2000 | 25783 | 0% | 0% |
| Taung | 0 | 0 | 0 | 0 | 0 | 0% | 0% |
| KWAZULU-NATAL | 200 | 1200 | 2000 | 500 | 1800 | 100% | 0% |
| MPUMALANGA | 100 | 1490 | 4200 | 599 | 2346 | 100% | 0% |
| EASTERN CAPE | 0 | 0 | 0 | 0 | 0 | 0% | 0% |
| RSA TOTAL | 8752 | 7396 | 4773 | 1395 | 95492 | 4% | 0% |
| Swaziland* | 0 | 3500 | 0 | 600 | 3600 | 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 | 8752 | 10896 | 4773 | 1140 | 99092 | 8% | 0% |

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

