



**Date:** 5 May 2010

**Reference:** 9/3/3/1

**COTTON MARKET REPORT AS AT 4 MAY 2010**

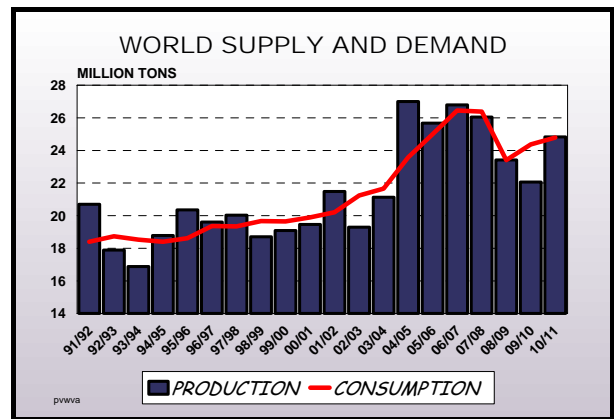
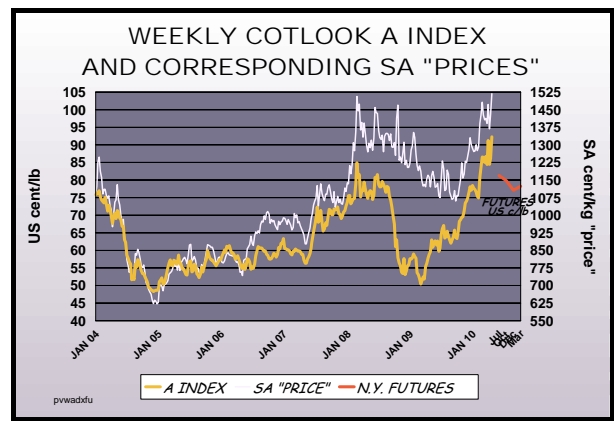
**International**

In the past 9 months the Cotlook A index (an indicator of world cotton prices) has risen almost continuously from 64 US c/lb in early August 2009 to reach 92.30 US c/lb on 26 April 2010, the highest level in more than 14 years.

According to the International Cotton Advisory Committee (ICAC) the increase in cotton prices was driven by a rising gap between declining world production and recovering consumption. Global cotton use rebounded faster and stronger than expected following the drop in 2008/09 caused by the global economic crisis. The ICAC expects world cotton consumption to grow by 4% in 2009/10. Global cotton production on the other hand is expected to decrease for the third consecutive year in 2009/10 to 22.1 million tons (-6%). As a result the ICAC expects global cotton stocks to drop by 18% to 10.4 million tons by the end of July 2010, the lowest level in 6 years.

Based on the above, the ICAC forecasts an average Cotlook A index of 77 US c/lb for 2009/10, up 26% from the previous season. For the 2010/11 season an average Cotlook A index of 85 US c/lb is forecasted at this point in time, up 10% from the current season.

The ICAC expects world cotton production to rebound to 24.8 million tons in 2010/11, up 13% from the current season. The expansion in cotton production will be driven by the USA which is expected to account for one third of the expected production increase.



The ICAC expects world cotton consumption to continue to recover and to grow by 2% to 24.8 million tons in 2010/11 stimulated by the improvement in global economic growth, but limited by high cotton prices.

World cotton trade is expected to continue to

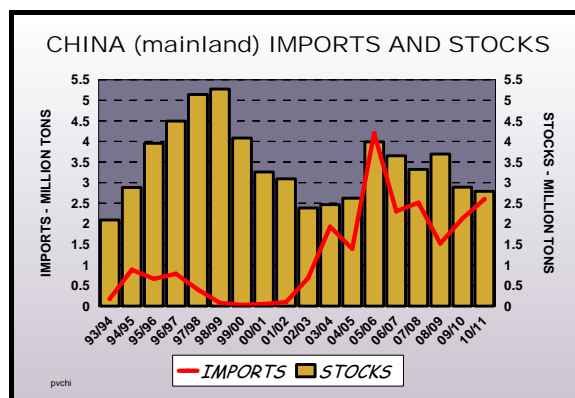
increase in 2010/11, driven by Chinese imports which are expected by the ICAC to grow by 22% in 2010/11.

After dropping significantly in 2009/10, the ICAC expects world cotton ending stocks to remain stable in 2010/11.

*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	12.7	12.7	10.4
Production	23.4	22.1	24.8
Consumption	23.4	24.4	24.8
Exports	6.5	7.5	7.7
Imports	6.6	7.5	7.7
Ending stocks	12.7	10.4	10.5
Ending stocks/use (China excluded)	63%	51%	51%
<b>A Index (US c/lb)</b>	<b>61</b>	<b>77</b>	<b>85</b>

*Cotton imports and stocks situation for China (mainland):*



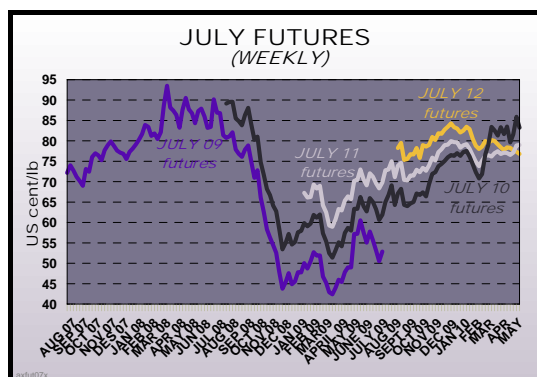
*Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":*

	<b>A INDEX</b> <i>Avg: US c/lb</i>	<b>RSA "PRICE"</b> <i>Avg: SA c/kg</i>
Last week (26/04 - 30/05/10)	91.70	1511.13
April 2010	88.64	1450.21
<b>Today (04/05/10)</b>	<b>90.55</b>	<b>1501.64</b>
March 2010	85.80	1420.35
A year ago	59.60	1120.90
Two years ago	74.80	1268.37

*New York cotton futures as at 4 May 2010 (settlement prices):*

	<b>NY FUTURES</b> <i>US c/lb</i>
July 2010	81.29
October	79.81
December	77.08
March 2011	78.25
May	78.45
July	78.45
October	77.94

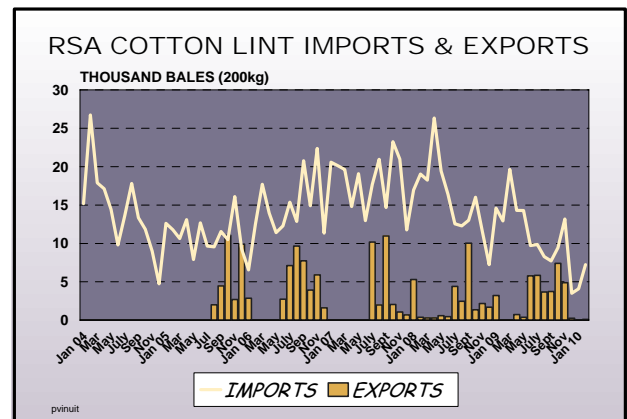
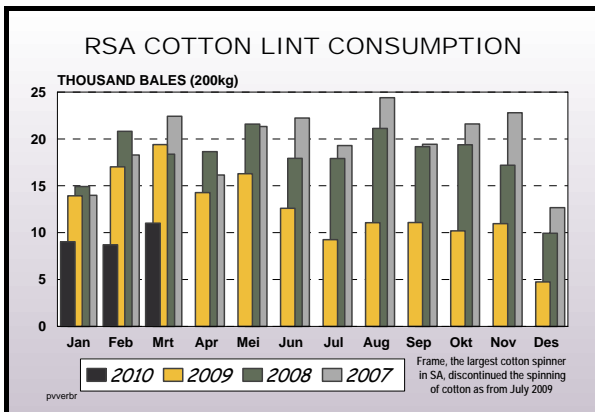
*New York JULY cotton futures as at the beginning of each week:*



**Local outlook**

As far as the local outlook is concerned, the 4<sup>th</sup> estimate for the 2009/10 production year indicates a total crop of 39 500 lint bales, 12% down from the previous season and the smallest crop since the early sixties. About 35 990 lint bales are estimated to be

produced from RSA produced seed cotton, 14% down from the previous season. The balance of 3 510 lint bales relates to Swaziland produced cotton to be ginned by the Swaziland gin.



**COTTON CROP REPORT - 4th ESTIMATE**

**2009/10 PRODUCTION YEAR**

**30/04/10**

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
<b>LIMPOPO PROV.</b>							
Loskop	1015	0	3600	0	6395	10%	0%
North & South Flats	24	160	2900	800	346	10%	0%
Dwaalboom/Thabazimbi	50	0	3500	0	306	10%	0%
Weipe	740	0	4200	0	5400	0%	0%
<b>NORTHERN CAPE</b>							
Vaalharts	1020	0	5000	0	9180	0%	0%
Lower Orange River	150	0	5000	0	1388	100%	0%
Rest of Northern Cape	630	0	6047	0	7033	0%	0%
<b>NORTH WEST</b>							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	490	0	4800	0	4194	0%	0%
<b>KWAZULU-NATAL</b>	0	600	0	600	648	100%	0%
<b>MPUMALANGA</b>	0	1022	0	600	1100	100%	0%
<b>EASTERN CAPE</b>	0	0	0	0	0	0%	0%
<b>RSA TOTAL</b>	<b>4119</b>	<b>1782</b>	<b>4617</b>	<b>618</b>	<b>35990</b>	<b>11%</b>	<b>0%</b>
Swaziland*	0	3900	0	500	3510	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		
<b>GRAND TOTAL</b>	<b>4119</b>	<b>5682</b>	<b>4617</b>	<b>537</b>	<b>39500</b>	<b>19%</b>	<b>0%</b>

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

**ENQUIRIES: MR H J BRUWER (CHIEF EXECUTIVE OFFICER)**

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