



**Date: 5 May 2016**

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

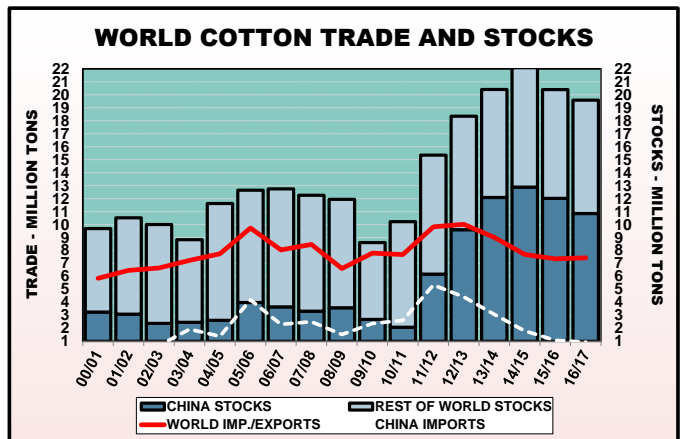
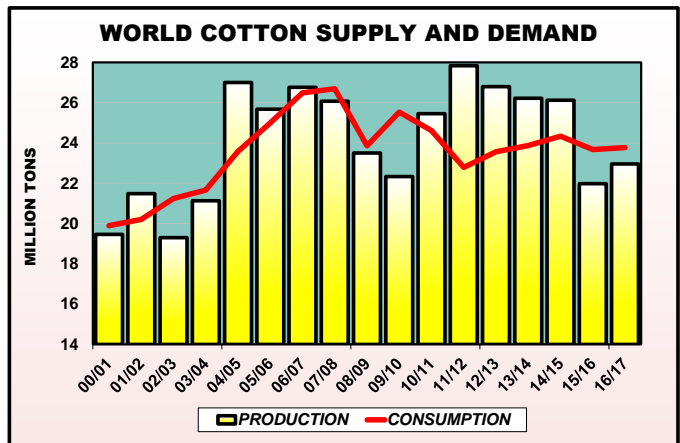
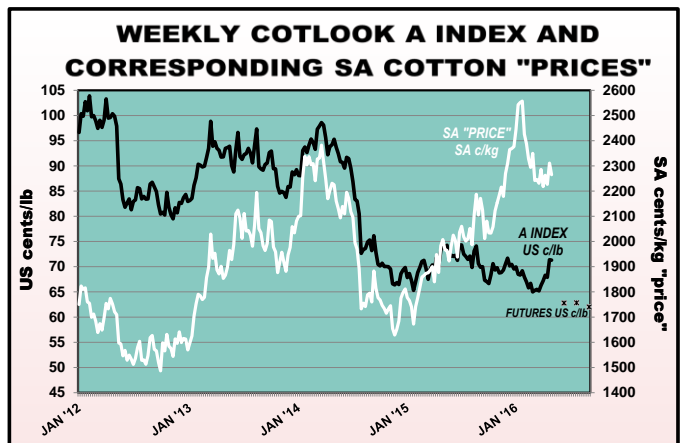
**COTTON MARKET REPORT AS AT 4 MAY 2016**

**International**

The International Cotton Advisory Committee (ICAC) expects that world cotton production could increase by 4% in 2016/17 mainly due to improved yields. In India, the world's largest cotton producing country, a 10% increase in cotton production is expected due to improved domestic prices. In China, high production costs have made cotton less attractive and the ICAC expects Chinese cotton production to fall by about 10% in 2016/17 to 4.6 million tons which would be the lowest level of production in 16 years. In the USA, cotton production could rise by about 9% in 2016/17 as farmers are encouraged to return to cotton due to the declining prices for competing crops, according to the ICAC. In Pakistan, the world's 4th largest cotton producer, the ICAC expects cotton production to increase by about 35% in 2016/17 following the production decrease of 34% in the previous season due to adverse weather, low quality inputs and pest pressure.

Due to weakened demand as well as low polyester prices, the ICAC expects world cotton consumption to fall by 3% in 2016/17 following 3 consecutive seasons of growth. Cotton mill use in China, the world's biggest consumer of cotton, is expected to decline by 5% in 2016/17 due to its slowing economy. The Chinese government recently announced its plan to auction cotton from its reserve which also impacts on Chinese cotton consumption and imports.

According to the ICAC, world cotton trade will remain more or less stable in 2016/17 but Chinese cotton imports are expected to decrease by about 13%. Cotton imports by Bangladesh and Vietnam, the two largest cotton importers outside of China, are however expected to increase in 2016/17 by 5% and



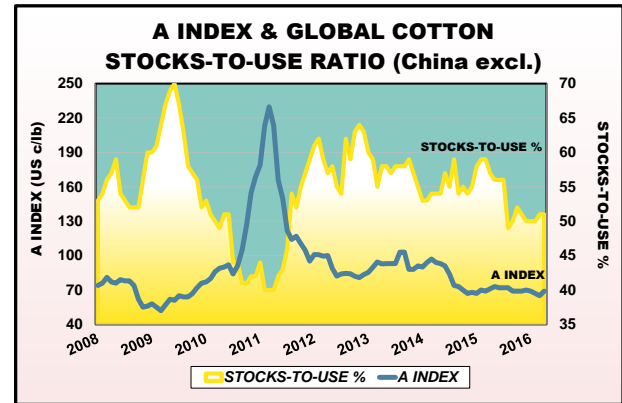
25% respectively, due to the continued growth in their spinning sectors that rely primarily on imported cotton.

The ICAC expects Chinese ending cotton stocks to decline by about 10% by the end of 2016/17 but cotton stocks outside of China are expected to increase by about 2%.

**Estimated world supply and demand for cotton for the 2014/15 season and projections for 2015/16 and 2016/17 (seasons beginning 1 August):**

(million metric tons)	2014/15	2015/16	2016/17
Beginning stocks	20.4	22.1	20.4
Production	26.1	22.0	23.0
Consumption	24.3	23.7	23.8
Exports	7.7	7.4	7.4
Imports	7.6	7.4	7.4
Ending stocks	22.1	20.4	19.6
Ending stocks/use (China excluded)	55%	51%	51%
<b>A Index (US c/lb)</b>	<b>71</b>	<b>66-74</b>	<b>57-87</b>

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



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

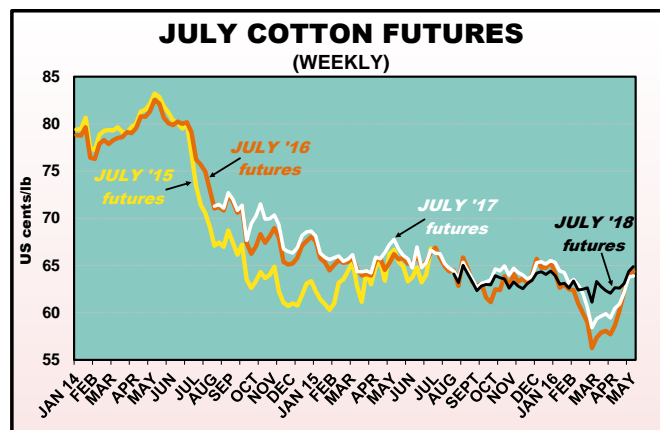
	DERIVED RSA	
	A INDEX	"PRICE"
	<u>Avg: US c/lb</u>	<u>Avg: SA c/kg</u>
Last week (25/04 - 29/04/16)	71.45	2303.89
April 2016	69.28	2265.92
<b>Today (04/05/16)</b>	<b>70.80</b>	<b>2341.13</b>
March 2016	65.53	2267.86
Today a year ago	74.70	2007.68
Today two years ago	95.30	2224.96

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 4 May 2016 (settlement prices):**

NY FUTURES	
	US c/lb
July 2016	62.78
Oct	62.83
Dec	62.00
Mar 2017	62.34
May	62.66
July	62.94
Oct	63.81

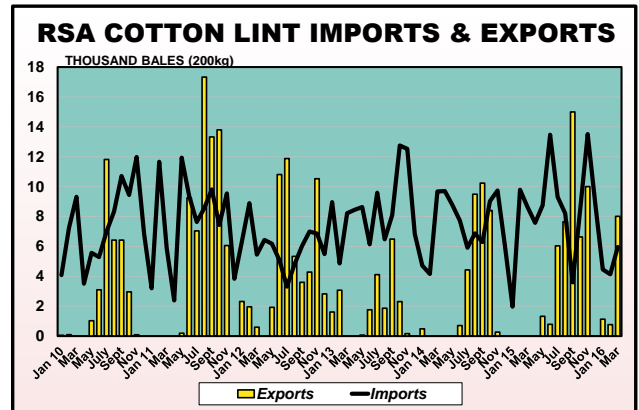
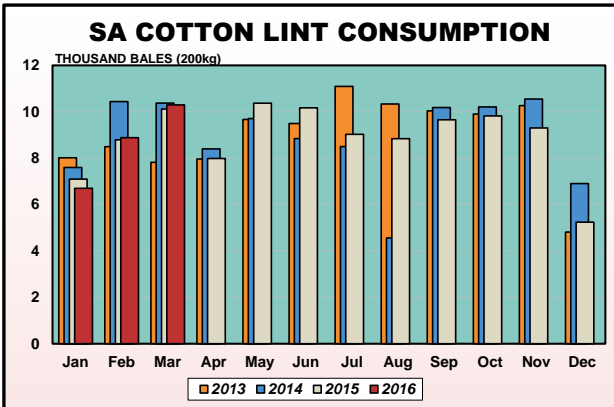
**New York JULY cotton futures as at the beginning of each week:**



**Local outlook**

As far as the local outlook is concerned, the 4<sup>th</sup> estimate for the 2015/16 production year indicates a total crop of 48 262 lint bales, down 49% from the previous season and 10% down from the previous estimate due to a duplication of estimates in the Northern Cape.

About 47 662 lint bales are estimated to be produced from RSA grown seed cotton, down 49% from the previous season. The balance of 600 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



**COTTON CROP REPORT - 4th ESTIMATE**

**2015/16 PRODUCTION YEAR**

29/04/2016

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
<b>LIMPOPO PROV.</b>							
Loskop	869	0	4200	0	6387	1%	0%
North & South Flats	5	537	3499	350	360	0%	0%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	368	0	3000	0	2042	0%	0%
<b>NORTHERN CAPE</b>							
Vaalharts	1176	0	4917	0	10697	0%	0%
Lower Orange River	721	0	4500	0	6002	0%	0%
Rest of Northern Cape	1067	0	5343	0	10547	0%	0%
<b>NORTH WEST</b>							
Stella/Setlagoli	1220	579	4500	800	11013	0%	0%
Taung	0	0	0	0	0	0%	0%
<b>KWAZULU-NATAL</b>	150	235	700	400	368	100%	0%
<b>MPUMALANGA</b>	28	768	3000	74	246	100%	0%
<b>EASTERN CAPE</b>	0	0	0	0	0	0%	0%
<b>RSA TOTAL</b>	<b>5604</b>	<b>2119</b>	<b>4493</b>	<b>378</b>	<b>47662</b>	<b>1%</b>	<b>0%</b>
Swaziland*	0	800	0	400	600	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>5604</b>	<b>2919</b>	<b>4493</b>	<b>384</b>	<b>48262</b>	<b>3%</b>	<b>0%</b>

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

