



Date: 2 July 2015

Reference: 9/3/3/1

COTTON MARKET REPORT AS AT 1 JULY 2015

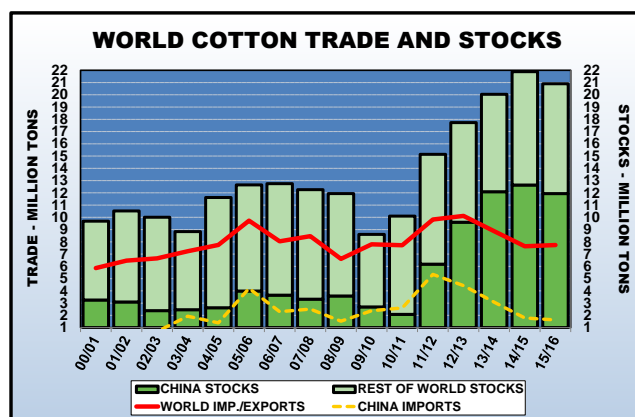
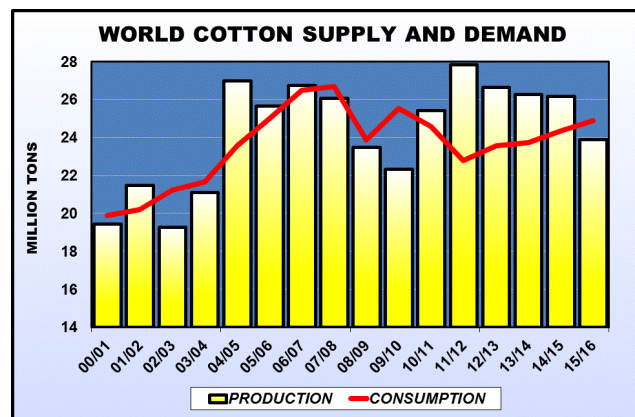
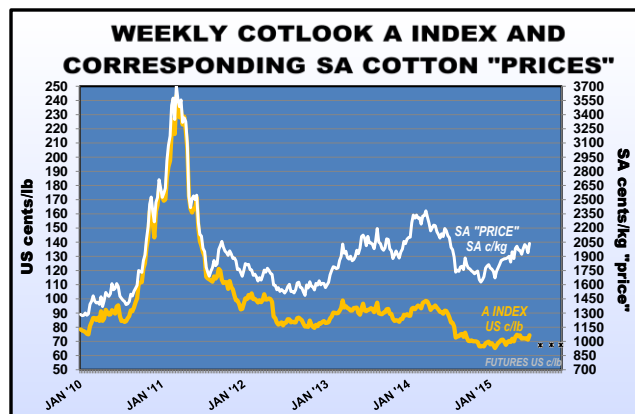
International

The ICAC (International Cotton Advisory Committee) projects an average Cotlook A index (an indicator of international cotton prices) of 71 US c/lb for the 2014/15 season which ends on 31 August 2015. This is 22% down from the average of the previous season mainly due to rising world cotton stocks and reduced global imports. The ICAC expects international cotton prices to remain stable in 2015/16 though this will depend in part on changes in world cotton stocks.

World cotton stocks as at 31 July 2015 are forecast by the ICAC to reach a record 21.9 million tons, up 9% from a year ago and reflecting a high stock-to-use ratio of 90%. Over the past 5 years the world has accumulated 13.4 million tons of stock due to production volumes exceeding consumption volumes, according to the ICAC.

World cotton production for 2015/16 is forecast by the ICAC to drop by 9% to 23.9 million tons, the lowest level in 6 years. This is mainly due to reduced planting in China where cotton production is forecast to decrease by 16% as a result of reduced subsidies and higher production costs, particularly labour. Cotton production decreases are also expected in the other two major cotton producing countries namely India (-2%) and the USA (-12%) mainly due to low international cotton prices.

World cotton consumption for 2015/16 is estimated by the ICAC to rise by 2% following the projected rise of 3% for the current season. According to the ICAC, China's cotton consumption for 2015/16 is expected to remain stable at 7.7 million tons, though its share of



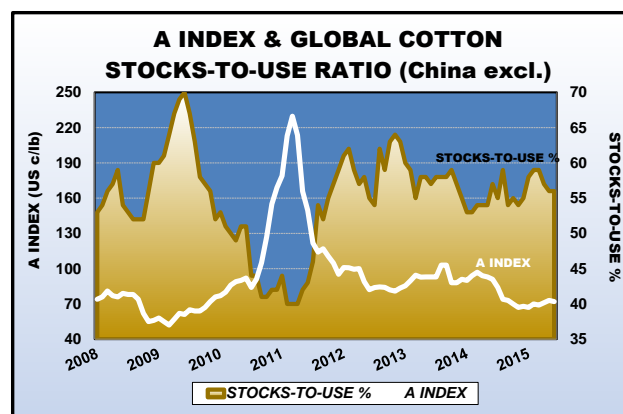
total world consumption will likely decline to 31%, which is the sixth consecutive season of reduction since 2009/10 when it accounted for 40% of world consumption.

World cotton trade is forecast by the ICAC to increase by 1% in 2015/16 with imports outside of China projected to grow by 4%.

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	17.7	20.0	21.9
Production	26.3	26.2	23.9
Consumption	23.7	24.4	24.9
Exports	8.9	7.6	7.7
Imports	8.7	7.6	7.7
Ending stocks	20.0	21.9	20.9
Ending stocks/use (China excluded)	49%	56%	52%
A Index (US c/lb)	91	71	57-87

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



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

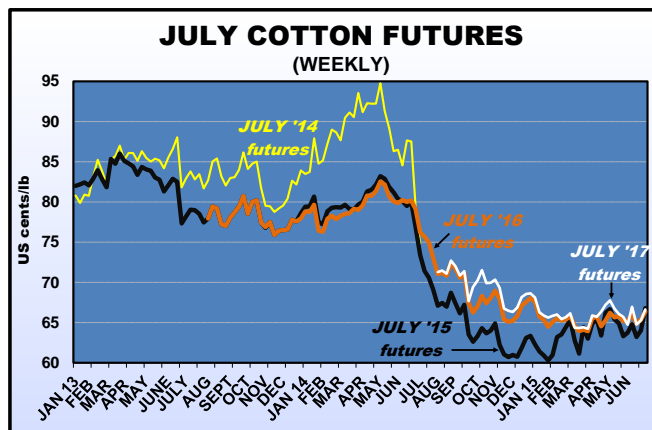
	A INDEX <i>Avg: US c/lb</i>	DERIVED RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (22/06 - 26/06/15)	71.85	1950.04
June 2015	72.35	1990.35
Today (01/07/15)	74.35	2036.24
May 2015	72.90	1948.77
Today a year ago	88.40	2093.13
Today two years ago	91.30	2012.48

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 July 2015 (settlement prices):

	NY FUTURES <i>US c/lb</i>
Oct 2015	67.30
Dec	67.54
Mar 2016	67.46
May	67.24
July	67.00
Oct	66.55
Dec	66.30

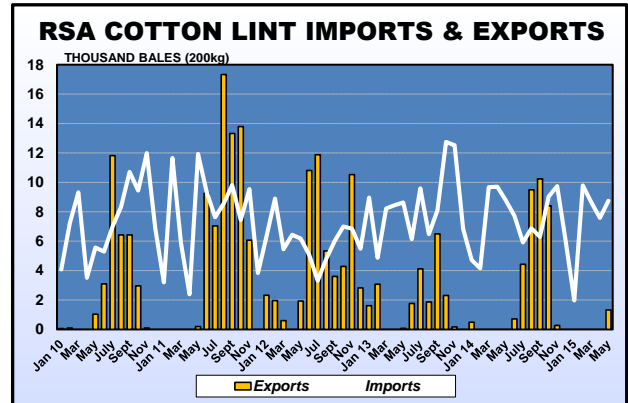
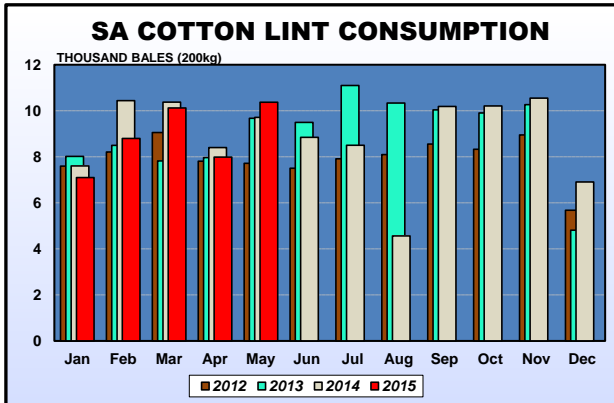
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 6th estimate for the 2014/15 production year indicates a total crop of 98 546 lint bales, up 104% from the previous season and 1% less than last month's crop estimate. About 94 946 lint bales are estimated to be

produced from RSA grown seed cotton, up 117% 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 - 6th ESTIMATE

2014/15 PRODUCTION YEAR

30/06/15

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	4500	0	11718	1%	30%
North & South Flats	120	530	3900	900	1654	0%	30%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	640	0	4000	0	4736	0%	15%
NORTHERN CAPE							
Vaalharts	1255	0	4911	0	11401	0%	49%
Lower Orange River	1130	0	4800	0	10034	0%	12%
Rest of Northern Cape	2702	0	5342	0	26705	0%	20%
NORTH WEST							
Stella/Setlagoli	1117	4176	5000	2000	25783	0%	12%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	100	640	800	500	720	100%	20%
MPUMALANGA	100	1290	4500	614	2195	100%	27%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	8652	6636	4838	1498	94946	3%	22%
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	8652	10136	4838	1188	98546	7%	21%

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

