



Date: 4 September 2014

Reference: 9/3/3/1

COTTON MARKET REPORT AS AT 3 SEPTEMBER 2014

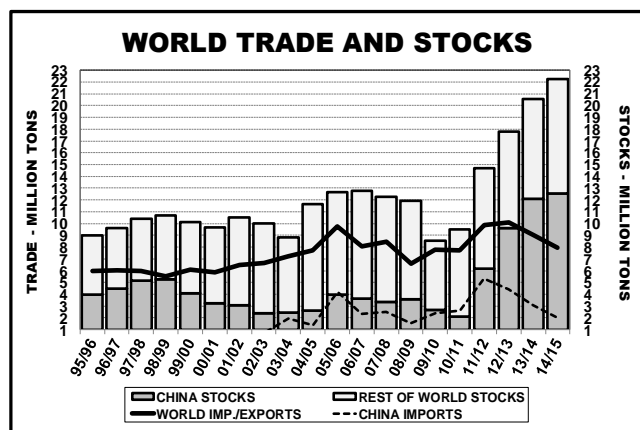
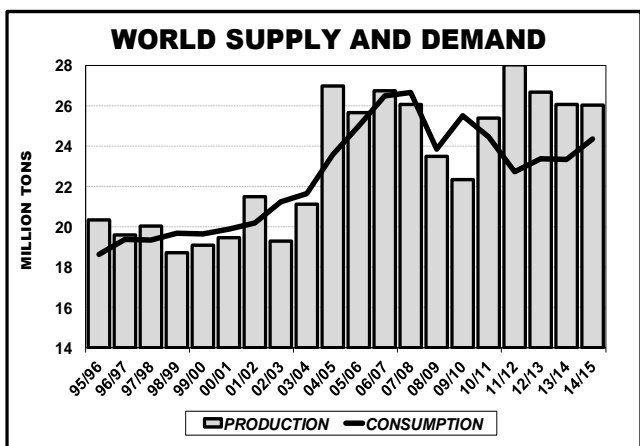
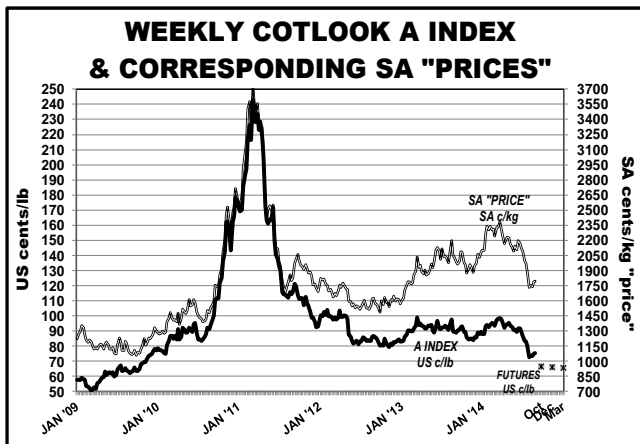
International

World ending stocks are projected to increase for the 5th consecutive season reaching an estimated 22.2 million tons at the end of the 2014/15 season. The ICAC (International Cotton Advisory Committee) estimates that a record 9.7 million tons of these stocks will be held outside China, up 14% from the previous season. The high stocks outside of China are expected to continue to place downward pressure on international prices especially seen against the background that the Chinese government is expected to sell about 2 – 3 million tons of its own reserve stocks annually. The Cotlook A index (an indicator of international cotton prices) dropped to 73 US c/lb in August, the lowest level in almost 5 years.

Although world cotton consumption for 2014/15 is expected to rise by about 4% with no increase in world cotton production expected, this season will be the 5th consecutive season in which production exceeds consumption.

As with production, China and India accounts for about half of the world's cotton consumption. Cotton consumption in both these countries is expected to grow by about 5% in 2014/15.

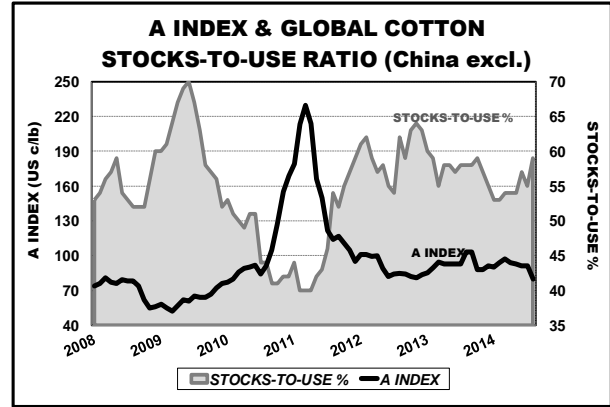
According to the ICAC, world cotton trade will decline by about 1 million tons to 8 million tons in 2014/15, largely due to an expected 30% decline in Chinese cotton imports. Due to the expectation of bumper crops in both the USA and India, these two countries will remain the world's largest cotton exporters in 2014/15, accounting for about 44% of all cotton trade.



Estimated world supply and demand for cotton for the 2012/13 season and projections for 2013/14 and 2014/15 (seasons beginning 1 August):

(million metric tons)	2012/13	2013/14	2014/15
Beginning stocks	14.7	17.8	20.6
Production	26.7	26.1	26.1
Consumption	23.4	23.3	24.4
Exports	10.1	9.0	8.0
Imports	9.9	9.0	8.0
Ending stocks	17.8	20.6	22.3
Ending stocks/use (China excluded)	54%	54%	59%
A Index (US c/lb)	88	91	66-95

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



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

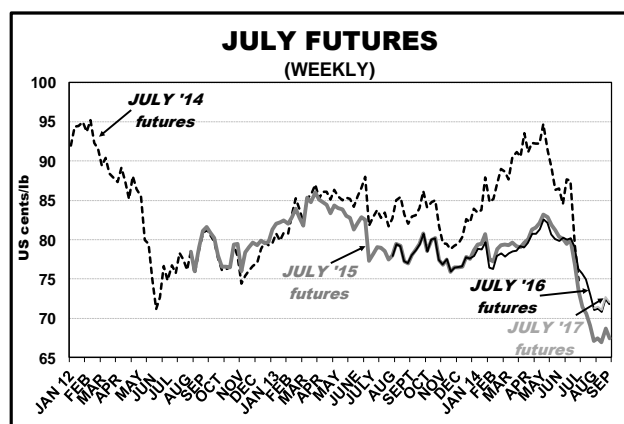
	A INDEX <i>Avg: US c/lb</i>	DERIVED RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (25/08 - 29/08/14)	75.42	1794.60
August 2014	74.33	1771.54
Today (03/09/14)	74.35	1775.80
July 2014	83.84	1994.65
Today a year ago	89.40	2048.78
Today two years ago	86.75	1626.96

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 3 Sept 2014 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
Oct	66.70
Dec	65.96
Mar 2015	65.77
May	66.83
July	67.62
Oct	68.17
Dec	69.30

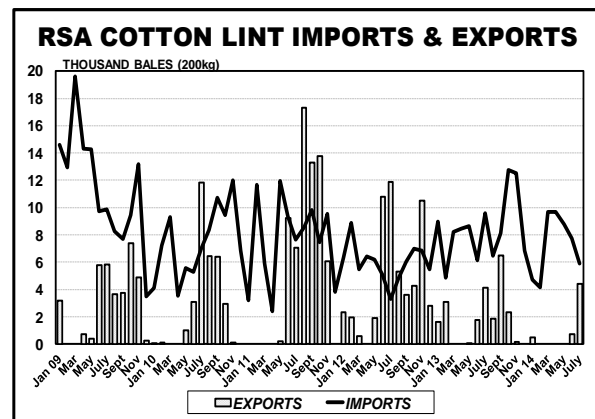
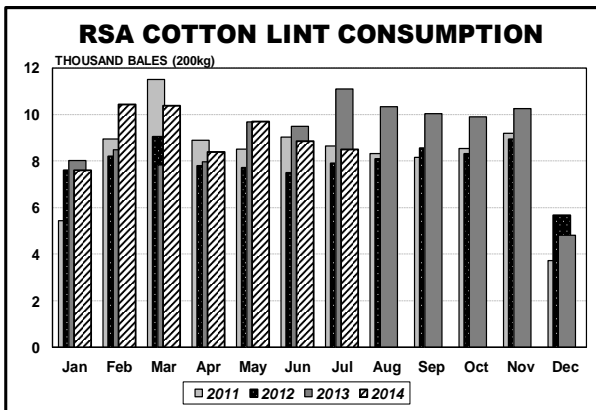
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 8th estimate for the 2013/14 production year indicates a total crop of 48 844 lint bales, down 2% from the previous month's estimate. About 44 344 lint bales are estimated to be

produced from RSA grown seed cotton, up 70% from the previous season. The balance of 4 500 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 8th ESTIMATE

2013/14 PRODUCTION YEAR

31/08/14

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	1298	0	4300	0	9767	1%	81%
North & South Flats	0	1217	0	900	1917	0%	81%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	800	0	4000	0	5920	0%	50%
NORTHERN CAPE							
Vaalharts	1019	0	5279	0	9479	0%	100%
Lower Orange River	512	0	5052	0	4785	0%	100%
Rest of Northern Cape	980	0	5426	0	9851	0%	100%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	160	552	2800	600	1562	93%	95%
MPUMALANGA	0	1133	0	500	1063	100%	89%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	4769	2902	4721	687	44344	6%	88%
Swaziland*	0	4000	0	600	4500	100%	50%
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	4769	6902	4721	636	48844	15%	84%

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

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