KATOEN SUID-AFRIKA | COTTON SOUTH AFRICA

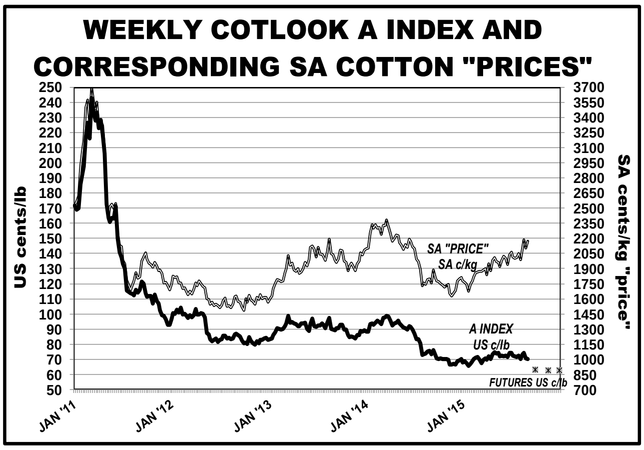
Nie-winsgewende Organisasie / Non-profit Company
Registration No. 199800820/08

Date: 8 September 2015 **Reference: 9/3/3/1**

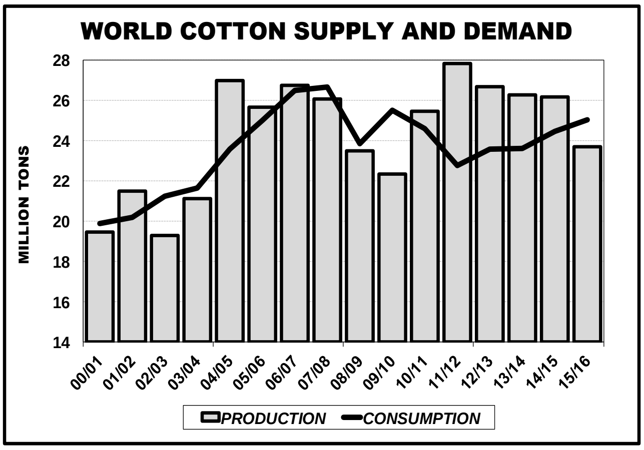
COTTON MARKET REPORT AS AT 7 SEPTEMBER 2015

International

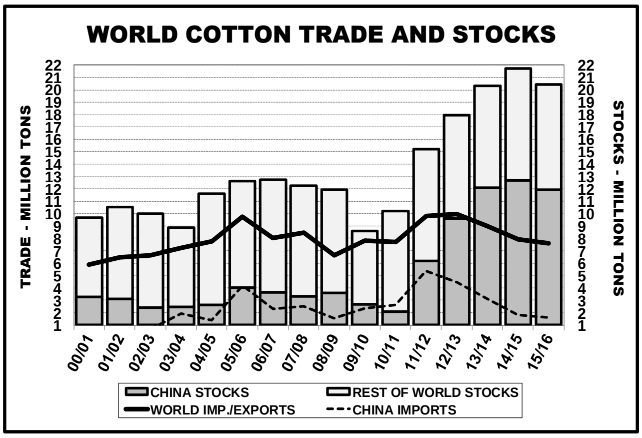
With world cotton consumption projected to overtake world production in 2015/16, world cotton stocks are expected by the International Cotton Advisory Committee (ICAC) to contract for the first time in six seasons. The expected 2% growth in cotton consumption however, will not have a significant impact on world ending stocks which are expected to be reduced by 6%, or just over 1 million tons to 20.4 million tons.



The limited growth in global cotton consumption can amongst others be ascribed to the fact that international cotton prices remain higher than that of competing manmade fibres. High domestic cotton prices and low polyester prices in China, the world's largest consumer of cotton, have made its cotton spinning sector less competitive. Although Chinese cotton and polyester prices were more or less equal during most of the 2000's, with cotton sometimes the cheaper of the two, the prices diverged in 2009/10 with cotton prices remaining substantially above those of polyester since then.



It can be expected that the high global cotton stock levels will continue to place downward pressure on international prices and that the lower prices in turn will curb world cotton production. World cotton area is expected to decrease by about 7% in 2015/16. The ICAC also expects that cotton production in India, China, the USA and Pakistan, accounting for about 70% of global cotton production, will decline by about 11% in 2015/16.



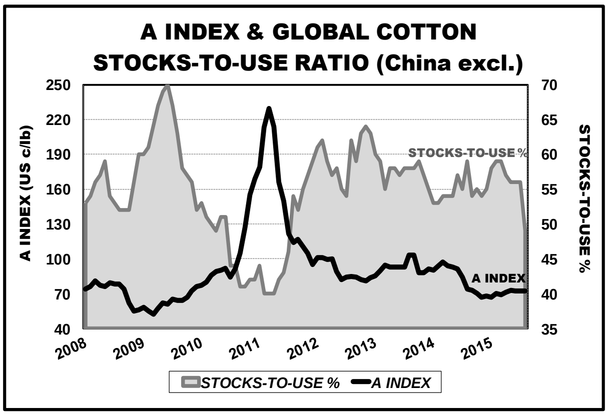
World cotton trade are projected by the ICAC to remain more or less stable in 2015/16 at about 7.6 million tons. China's cotton imports however are expected to decrease by 12% to

1.6 million tons in 2015/16, marking the 5th season of decline after peaking at 5.3 million tons in 2011/12. The USA will remain the world's largest cotton exporter even though cotton exports are projected by the ICAC to decrease by 9% in 2015/16, largely due to reduced production.

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	18.0	20.3	21.8
Production	26.3	26.2	23.7
Consumption	23.6	24.5	25.0
Exports	9.0	7.9	7.6
Imports	8.6	7.6	7.6
Ending stocks	20.3	21.8	20.4
Ending stocks/use (China excluded)	51%	54%	49%
A Index (US c/lb)	***91***	***71***	***62-93***

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



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

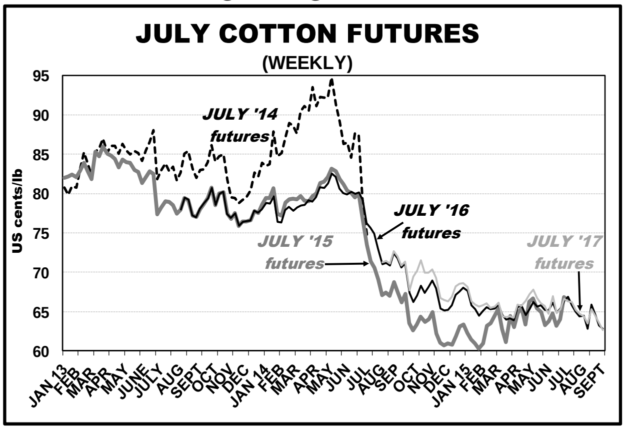
	A INDEX	**DERIVED RSA "PRICE"**
	Avg: US c/lb	*Avg: SA c/kg*
Last week (31/08 - 04/09/15)	70.05	2106.73
August 2015	71.76	2070.34
Today (07/09/15)	**69.90**	**2171.11**
July 2015	72.35	2013.52
Today a year ago	*73.20*	*1760.15*
Today two years ago	*88.35*	*2005.28*

*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 Sept. 2015 (settlement prices):

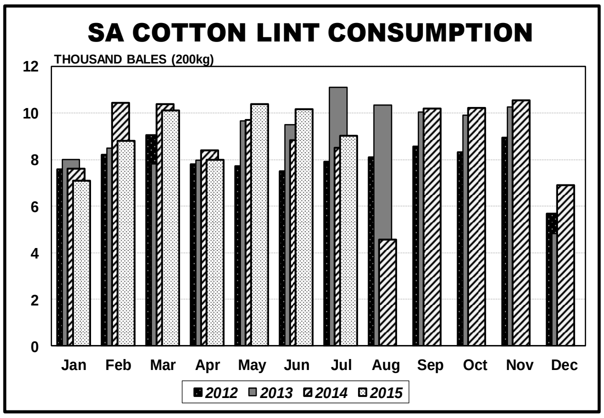
	NY FUTURES
	US c/lb
Oct 2015	63.07
Dec	62.62
Mar 2016	62.40
May	62.66
July	62.82
Oct	61.13
Dec	61.84

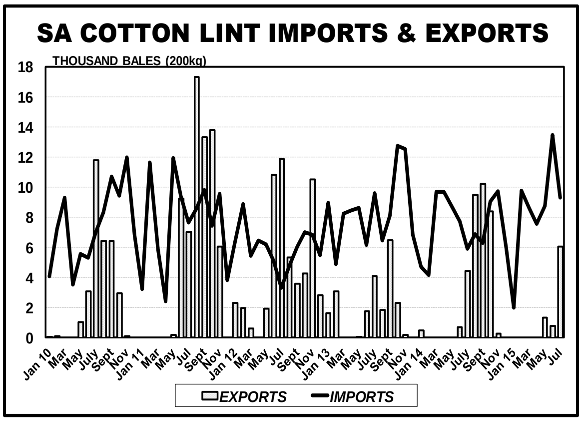
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 8th estimate for the 2014/15 production year indicates a total crop of 96 832 lint bales, up 101% from the previous season but 4% less than last month's crop estimate due to lower dryland yields. About 93 232 lint bales are estimated to be produced from RSA grown seed cotton, up 113% 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 - 8th ESTIMATE **2014/15 PRODUCTION YEAR** *31/08/15*

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	4550	0	**11848**	1%	81%
North & South Flats	120	530	3500	1000	**1663**	0%	81%
Dwaalboom/Thabazimbi	0	0	0	0	**0**	0%	0%
Weipe	800	0	4000	0	**5920**	0%	55%
NORTHERN CAPE							
Vaalharts	1255	0	5428	0	**12602**	0%	81%
Lower Orange River	1130	0	5343	0	**11170**	0%	50%
Rest of Northern Cape	2702	0	5541	0	**27696**	0%	58%
NORTH WEST							
Stella/Setlagoli	1117	4176	4936	1439	**19707**	0%	50%
Taung	0	0	0	0	**0**	0%	0%
KWAZULU-NATAL	80	640	800	421	**601**	100%	60%
MPUMALANGA	100	1290	4500	500	**2025**	100%	72%
EASTERN CAPE	0	0	0	0	**0**	0%	0%
RSA TOTAL	**8792**	**6636**	**5032**	**1123**	**93232**	3%	62%
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	**8792**	**10136**	**5032**	**943**	**96832**	7%	60%

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