



Vereniging ingelyf kragtens Artikel 21 / Association incorporated under Section 21

Date: 5 October 2010

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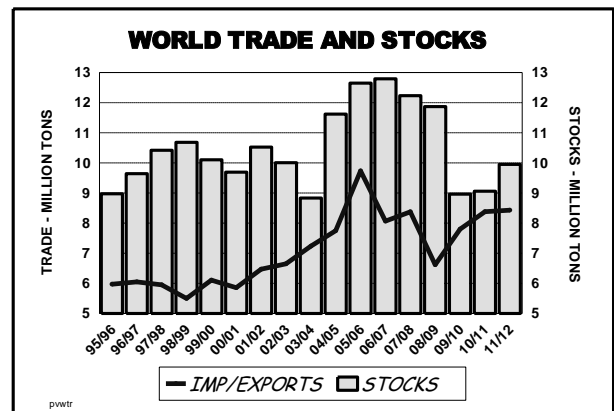
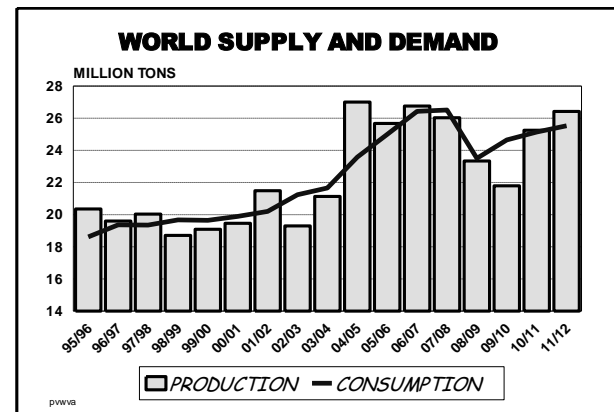
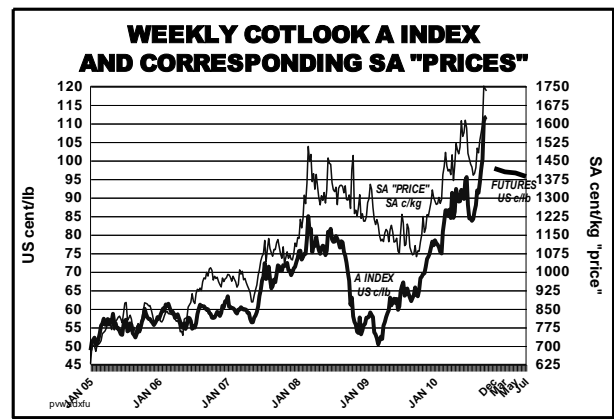
COTTON MARKET REPORT AS AT 4 OCTOBER 2010

International

International cotton prices have increased almost continuously over the past 18 months reaching a high of 115.6 US c/lb on 29 September 2010, the highest level in 15 years.

According to The International Cotton Advisory Committee (ICAC) the reason for the recent price increases is not so much because of speculation but mainly due to low world cotton stocks which declined by 24% in 2009/10 as a result of rising demand which greatly exceeded production in 2009/10. The ICAC's price model therefore forecasts an average Cotlook A index (an indicator of world prices) of 90 US c/lb for 2010/11 which is 15% higher than last season and the highest average since 1994/95. The ICAC however expects that cotton prices could decline from the current highs later in the season, amongst others due to external factors such as the uncertain global economic outlook, possible government measures regarding global cotton trade and price competition from other fibres.

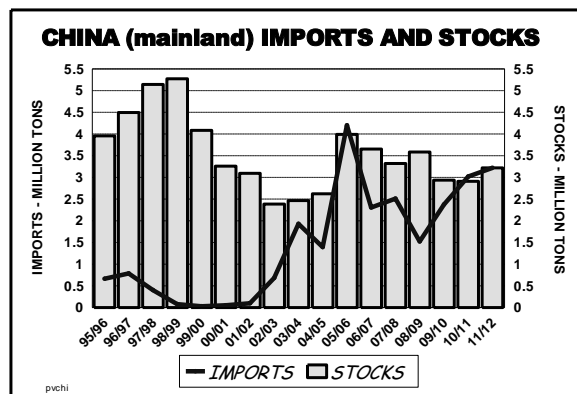
Encouraged by the significant price increases experienced last season, world cotton production is estimated to increase by 16% to 25.2 million tons in 2010/11. Due to the limited available supplies of cotton and the high prices, world demand for cotton is expected to grow more slowly and is expected to be more or less in balance with production. World cotton stocks will therefore not increase much and the global stocks-to-use ratio is expected to remain at about 36% which is well below the recent 5-year average of 49%.



Estimated world supply and demand for cotton for the 2009/10 season and projections for 2010/11 and 2011/12 (seasons beginning 1 August):

(million metric tons)	2009/10	2010/11	2011/12
Beginning stocks	11.9	9.0	9.1
Production	21.8	25.3	26.4
Consumption	24.6	25.1	25.5
Exports	7.8	8.4	8.4
Imports	7.8	8.4	8.4
Ending stocks	9.0	9.1	10.0
Ending stocks/use (China excluded)	41%	41%	44%
A Index (US c/lb)	78	90	

Cotton imports and stocks situation for China (mainland):



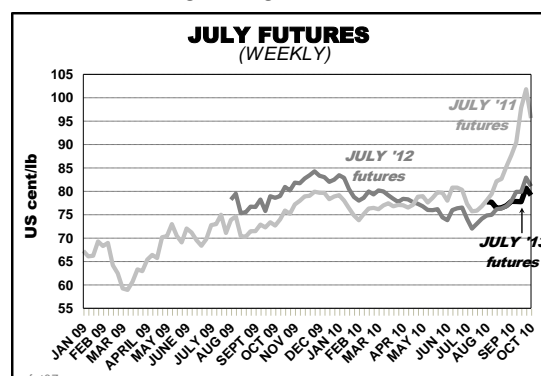
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX	RSA "PRICE"
	<i>Avg: US c/lb</i>	<i>Avg: SA c/kg</i>
Last week (27/09 - 01/10/10)	114.00	1770.66
September 2010	104.73	1662.02
Today (04/10/10)	111.80	1730.82
August 2010	90.51	1472.05
Today a year ago	63.55	1104.30
Today two years ago	68.35	1302.60

New York cotton futures as at 4 Oct. 2010 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
December	97.83
March 2011	96.90
May	96.61
July	95.66
October	88.07
December	83.90
March 2012	82.33

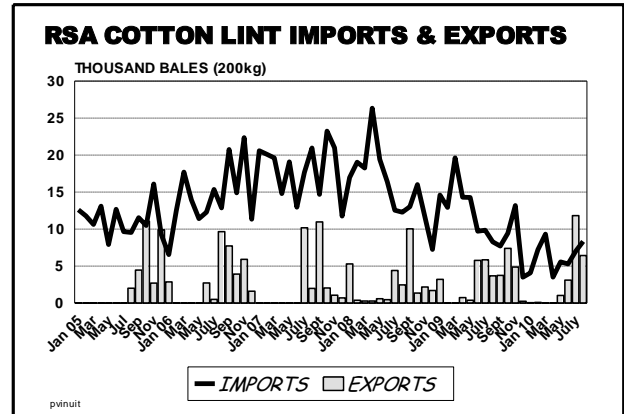
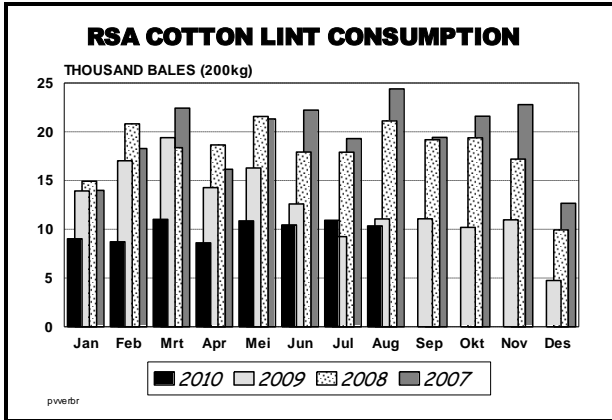
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 9th estimate for the 2009/10 production year indicates a total crop of 41 818 lint bales, up 4% from last month's estimate but 7% down from the previous season and the smallest crop since the early sixties. About

38 308 lint bales are estimated to be produced from RSA produced seed cotton, 9% down from the previous season. The balance of 3 510 lint bales relates to expected Swaziland produced cotton ginned by the Swaziland gin.



COTTON CROP REPORT - 9th ESTIMATE

2009/10 PRODUCTION YEAR

30/09/10

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
LIMPOPO PROV.							
Loskop	1100	0	3980	0	7662	10%	92%
North & South Flats	24	160	2800	800	342	10%	92%
Dwaalboom/Thabazimbi	50	0	4000	0	350	10%	92%
Weipe	740	0	3500	0	4870	0%	75%
NORTHERN CAPE							
Vaalharts	980	0	5700	0	10054	0%	75%
Lower Orange River	150	0	5000	0	1493	100%	100%
Rest of Northern Cape	617	0	6580	0	8083	0%	100%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	490	0	4600	0	4057	0%	75%
KWAZULU-NATAL	0	500	0	800	720	100%	92%
MPUMALANGA	0	500	0	760	677	100%	92%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	4151	1160	4790	783	38308	10%	86%
Swaziland*	0	3900	0	500	3510	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	4151	5060	4790	565	41818	17%	83%

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

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