



Date: 3 October 2012

Reference: 9/3/3/1

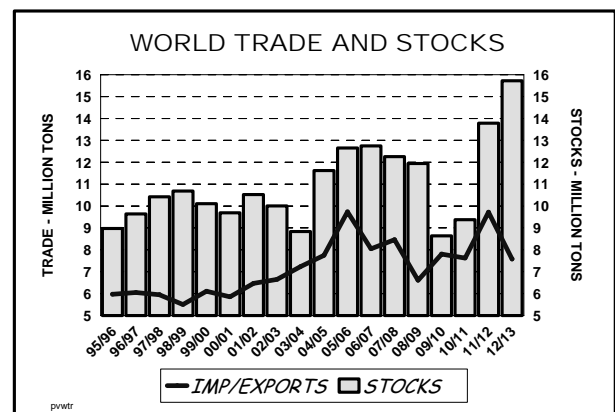
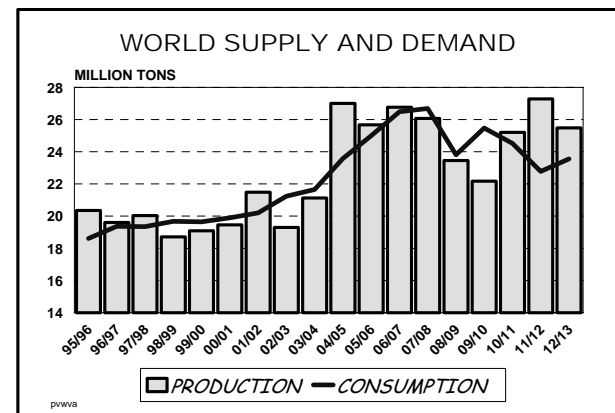
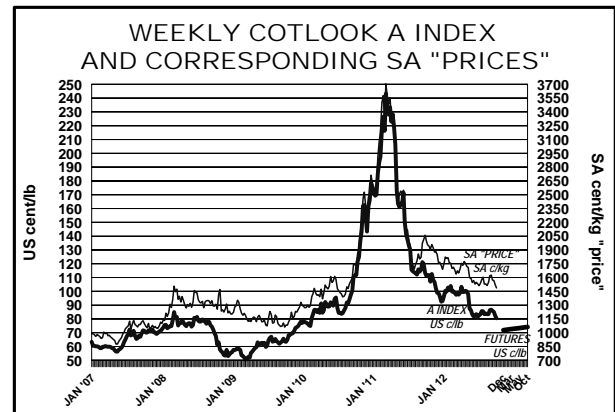
COTTON MARKET REPORT AS AT 2 OCTOBER 2012

International

World cotton prices remained relatively stable during the past two months with the Cotlook A index (an indicator of world cotton prices) fluctuating between 3% above and 4% below an average of 84 US c/lb. In China, cotton prices tend to trend upward due to the fact that Chinese cotton prices in 2012/13 will be supported by a minimum support price policy. In the rest of the world however, the pressure of accumulating stocks combined with a weak demand for cotton and the expected sharp drop in Chinese imports in 2012/13 could drive prices down. According to the International Cotton Advisory Committee (ICAC) China is expected to only import about 2.5 million tons this season which is less than half the quantity purchased last season.

World cotton production for 2012/13 is estimated by the ICAC at 25.5 million tons, down 7% from last season but still higher than consumption. According to the ICAC, the expected lower plantings in the Southern Hemisphere towards the end of 2012 and in the Northern Hemisphere in 2013 could lead to higher cotton prices in 2013. The ICAC projects a 17% decline in cotton production in the Southern Hemisphere due to the current lower prices. The decline will be more pronounced in Brazil (down 21%) and Argentina (down 22%) than in Australia (down 8%) according to the ICAC.

Although the ICAC estimates that world cotton consumption will only increase by about 3% in 2012/13, the expectation is that cotton mill use outside of China could increase by about 5% due to the lower prices.



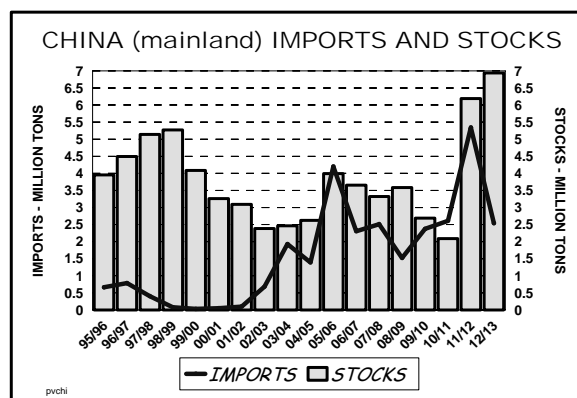
Taking the reduced cotton shipments to China into account, the ICAC estimates that

cotton stocks in the rest of the world could grow by 16% to 9 million tons in 2012/13.

Estimated world supply and demand for cotton for the 2010/11 season and projections for 2011/12 and 2012/13 (seasons beginning 1 August):

(million metric tons)	2010/11	2011/12	2012/13
Beginning stocks	8.6	9.4	13.8
Production	25.2	27.3	25.5
Consumption	24.5	22.8	23.6
Exports	7.6	9.7	7.6
Imports	7.7	9.6	7.6
Ending stocks	9.4	13.8	15.7
Ending stocks/use (China excluded)	49%	54%	59%
A Index (US c/lb)	164	100	

Cotton imports and stocks situation for China (mainland):



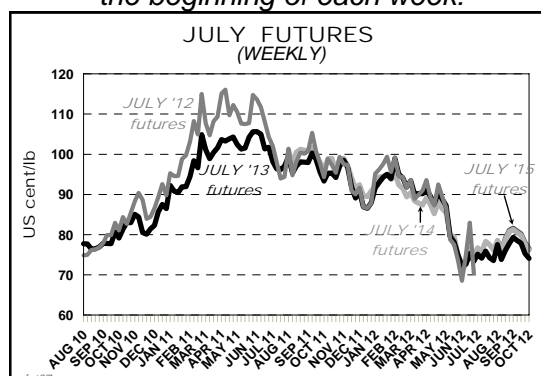
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX	RSA "PRICE"
	<i>Avg: US c/lb</i>	<i>Avg: SA c/kg</i>
Last week (24/09 - 28/09/12)	81.64	1498.35
September 2012	84.15	1554.31
Today (02/10/12)	80.85	1504.94
August 2012	84.48	1559.29
Today a year ago	112.65	2011.96
Today two years ago	114.00	1762.04

New York cotton futures as at 2 Oct. 2012 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
December 2012	71.85
March 2013	72.69
May	73.42
July	74.12
October	75.94
December	76.13
March 2014	77.08

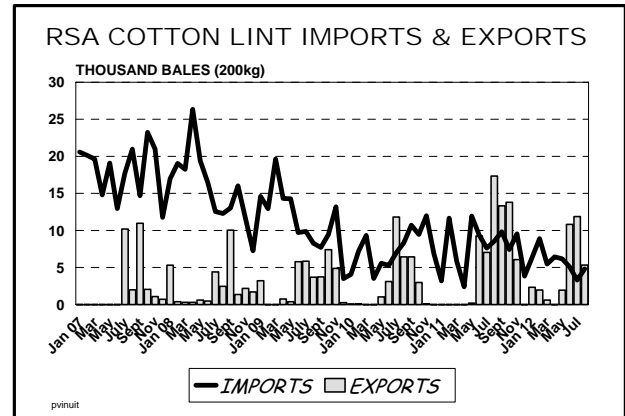
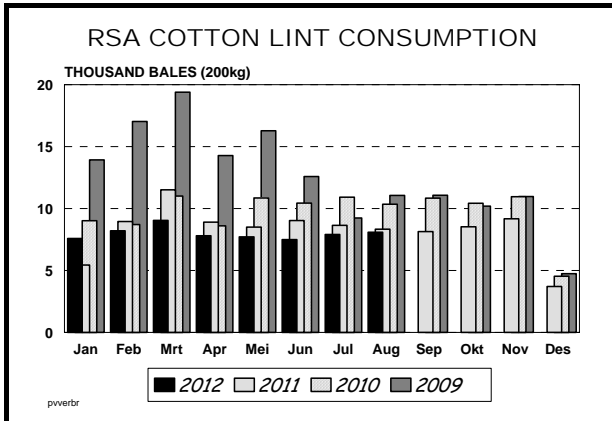
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 9th estimate for the 2011/12 production year indicates a total crop of 64 763 lint bales, up 4% from last month's estimate. The 2011/12 crop is 28% smaller than that of the previous season mainly due to lower cotton prices and the more favourable prices

of other competing summer crops such as maize. About 60 763 lint bales are estimated to be produced from RSA grown seed cotton, down 29% from the previous season. The balance of 4 000 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 9th ESTIMATE

2011/12 PRODUCTION YEAR

01/10/12

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	1313	0	4782	0	10925	10%	77%
North & South Flats	52	196	3800	900	655	10%	77%
Dwaalboom/Thabazimbi	140	0	3750	0	919	10%	77%
Weipe	873	0	4876	0	7790	0%	100%
NORTHERN CAPE							
Vaalharts	1288	0	4590	0	10737	0%	85%
Lower Orange River	337	0	4354	0	2883	50%	100%
Rest of Northern Cape	2988	0	4170	0	23260	1%	98%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	240	0	4300	0	1858	0%	85%
KWAZULU-NATAL	0	970	0	407	686	100%	77%
MPUMALANGA	0	1000	0	600	1050	100%	77%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	7231	2166	4443	541	60763	8%	91%
Swaziland*	0	3600	0	600	4000	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	7231	5766	4443	578	64763	13%	85%

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

ENQUIRIES: MR H J BRUWER (CHIEF EXECUTIVE OFFICER)

Posbus / P O Box 912232, Silverton, Pretoria, 0127
 Katoen SA Gebou, Cycadoord 90, Uit Watermeyerstraat, Val de Grace X10
 Cotton SA Building, 90 Cycad Place, Off Watermeyer Street, Val de Grace x10
 Tel: 27 (12) 804 1462 - 7; Faks/Fax: 27 (12) 804 8616; E-mail: enquiries@cottonsa.org.za
 Website: www.cottonsa.org.za