



Date: 2 October 2013

Reference: 9/3/3/1

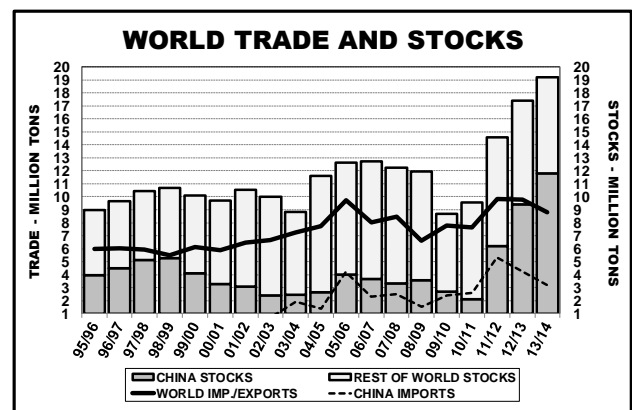
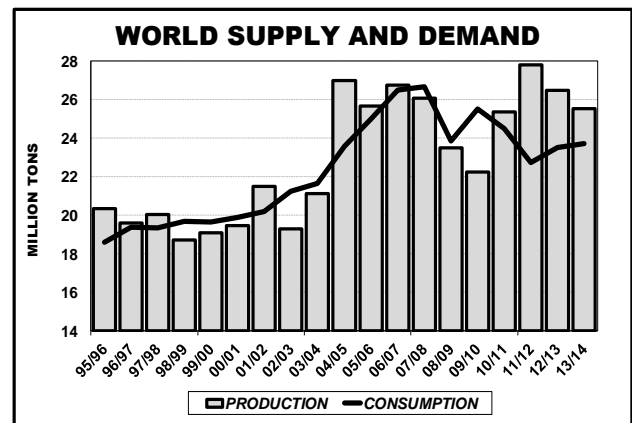
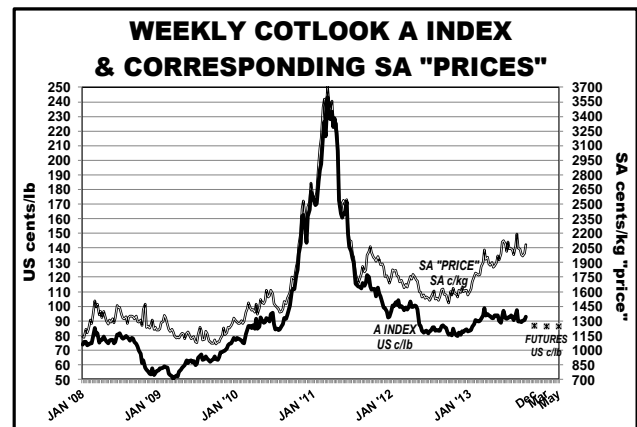
COTTON MARKET REPORT AS AT 1 OCTOBER 2013

International

New York cotton futures climbed for a 5th straight session to their highest levels in almost six weeks on Monday 30 September, following concerns about the size and quality of cotton crops of the world's top three producers, mainly due to adverse weather conditions.

In both China and the USA it has been too wet in some places and too dry in others. Cotton production in China is expected to decline by 5% this year due to a combination of a reduction in land used to grow cotton and bad weather in cotton-planting provinces. In the USA expected late harvesting and unfavourable weather conditions could compromise yield and quality. Also dampening the global cotton supply outlook is a lingering monsoon in India, which is bringing unseasonably high rainfall and resulting in some crop damage. Cotton futures are also being affected by the Australian drought and cotton production from the world's third-biggest exporting country is expected to be set back 9% this year as weather conditions curb planting in Queensland.

Even so, world cotton stocks are expected to reach a record of about 19 million tons on 31 July 2014. More than 60% of those stocks will be part of China's national reserves and unavailable to the global marketplace. Last month China began the third year of its controversial cotton stockpiling program, paying a floor price double that of the world. This will continue to encourage Chinese imports, whether of the fibre itself or yarn, which is not subject to import duties. These

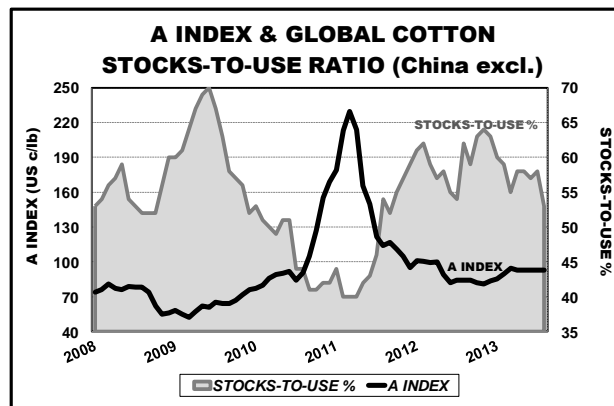


imports in turn will continue to drain cotton supplies outside China, supporting world prices.

Estimated world supply and demand for cotton for the 2011/12 season and projections for 2012/13 and 2013/14 (seasons beginning 1 August):

(million metric tons)	2011/12	2012/13	2013/14
Beginning stocks	9.6	14.6	17.4
Production	27.8	26.5	25.6
Consumption	22.7	23.5	23.7
Exports	9.8	9.8	8.8
Imports	9.8	9.7	8.8
Ending stocks	14.6	17.4	19.2
Ending stocks/use (China excluded)	60%	53%	47%
A Index (US c/lb)	100	88	85-126

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



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

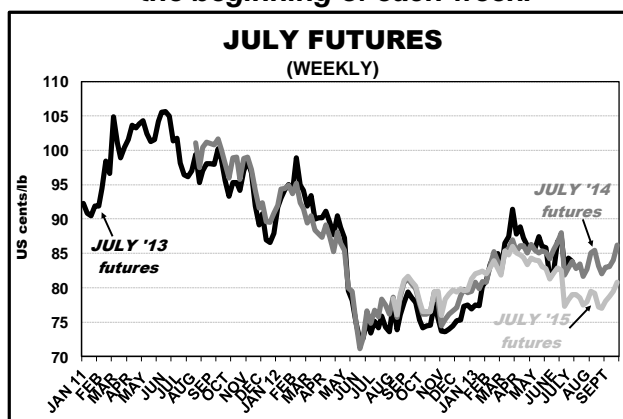
	A INDEX <i>Avg: US c/lb</i>	DERIVED RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (23/09 - 27/09/13)	90.63	2006.84
September 2013	90.09	2004.23
Today (01/10/13)	93.05	2069.30
August 2013	92.58	2078.65
Today a year ago	80.45	1486.81
Today two years ago	111.15	1997.76

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 Oct. 2013 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
December 2013	86.60
March 2014	86.39
May	86.34
July	85.90
October	81.55
December	80.66
March 2015	80.36

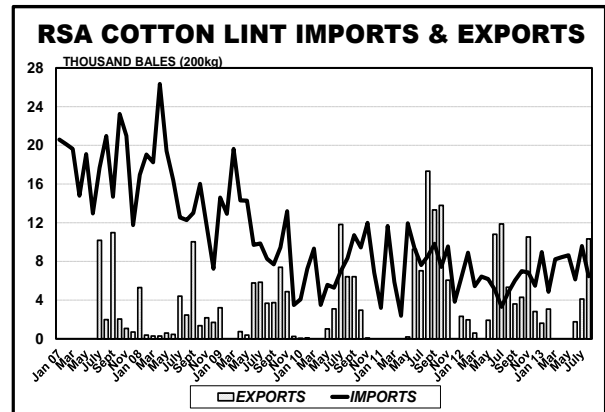
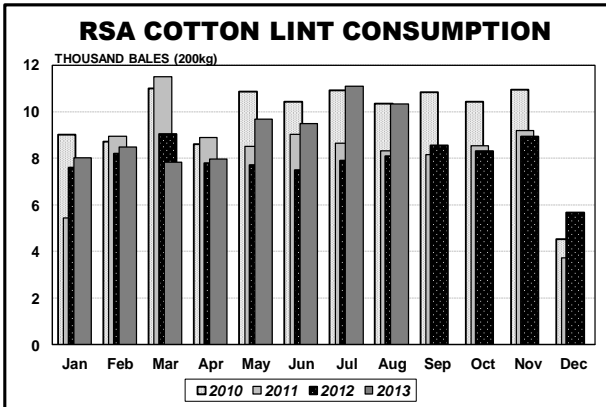
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 9th estimate for the 2012/13 production year indicates a total crop of 32 098 lint bales, down 3% from the previous month's estimate. About 28 598 lint bales are estimated to be

produced from RSA grown seed cotton. The balance of 3 500 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 9th ESTIMATE

2012/13 PRODUCTION YEAR

30/09/13

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	820	150	4410	600	6486	1%	95%
North & South Flats	0	865	0	1430	2165	0%	95%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	800	0	4000	0	5920	0%	70%
NORTHERN CAPE							
Vaalharts	500	0	5230	0	4756	0%	100%
Lower Orange River	190	0	4660	0	1600	1%	100%
Rest of Northern Cape	336	0	4930	0	3060	0%	100%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	0	0%	0%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	310	1406	2877	572	3088	83%	61%
MPUMALANGA	0	1450	0	600	1523	100%	95%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	2956	3871	4352	775	28598	15%	88%
Swaziland*	0	3600	0	550	3500	100%	70%
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	2956	7471	4352	667	32098	24%	86%

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

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