



Date: 7 October 2015

Reference: 9/3/3/1

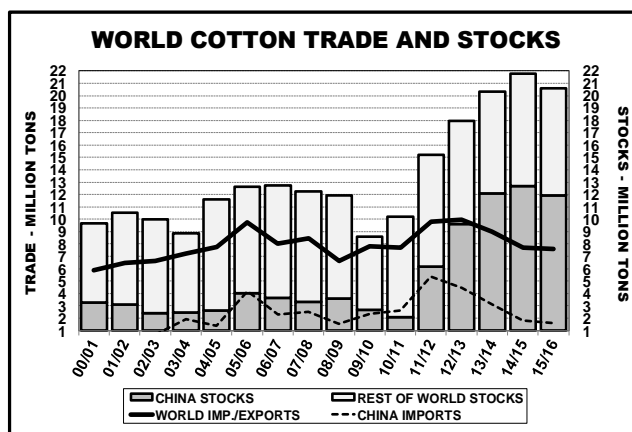
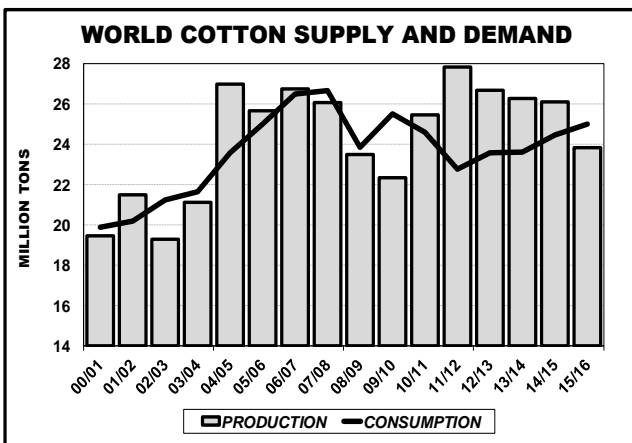
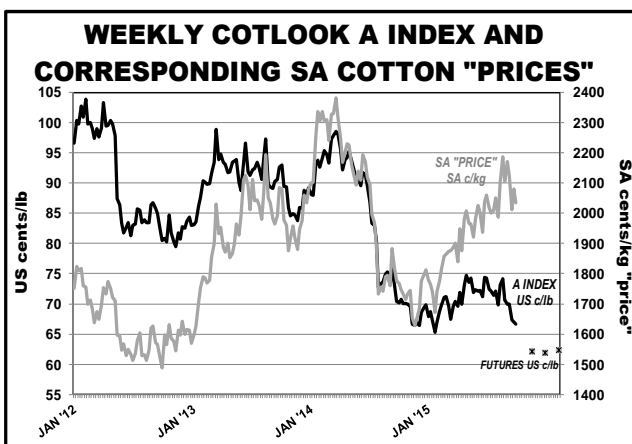
COTTON MARKET REPORT AS AT 6 OCTOBER 2015

International

Although world cotton area is projected by the International Cotton Advisory Committee (ICAC) to decrease by about 7% in 2015/16 due to lower cotton prices, world cotton production is expected to fall by about 9% due to lower average yields mainly as a result of the impacts of El Niño. In India, the world's largest cotton producing country, a 2% decline in cotton production is expected. The ICAC estimates that cotton production in China could fall by about 16% in 2015/16 due to: (i) a 5% decrease in the average yield as a result of unfavourable weather; and (ii) lower Chinese cotton subsidies for 2015. After a 24% expansion in 2014/15, cotton area in the United States has receded by 13% in 2015/16 with production declining by 11% according to the ICAC. Cotton production in Pakistan, the world's 4th largest cotton producer, is projected by the ICAC to decrease by 11% in 2015/16.

The ICAC expects world cotton consumption to increase by 2% in 2015/16 with consumption growth remaining flat or slowing in many countries compared with last season. According to the ICAC cotton consumption in China is unlikely to grow in 2015/16. Instead, cotton consumption is expected to continue growing in nearby countries such as India and Pakistan, with respective projected increases of about 3% and 2% for 2015/16.

World cotton imports are projected by the ICAC to remain unchanged at 7.6 million tons in 2015/16. The 12% decrease in Chinese imports is expected to be offset by increases in other countries such as Bangladesh, Vietnam and Indonesia. They are the three largest cotton importers outside of China in 2015/16 and their spinning sectors rely primarily on imported cotton as these countries produce little to no cotton.



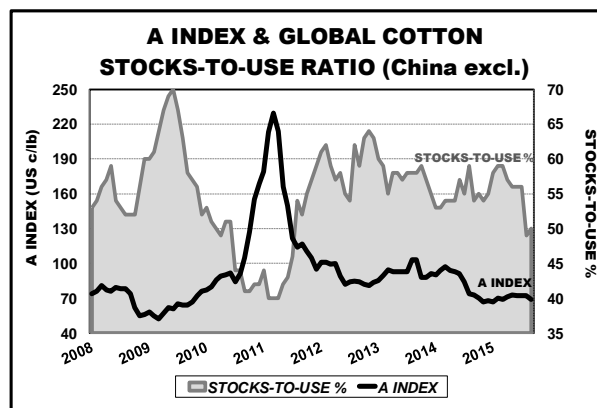
Although world ending cotton stocks are forecast by the ICAC to decrease by 5% this year to 20.6 million tons after 5 seasons of

growth, the high stock levels continue to place downward pressure on international prices.

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	26.1	23.8
Consumption	23.6	24.5	25.0
Exports	9.0	7.7	7.6
Imports	8.6	7.6	7.6
Ending stocks	20.3	21.8	20.6
Ending stocks/use (China excluded)	51%	54%	50%
A Index (US c/lb)	91	71	62-89

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



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

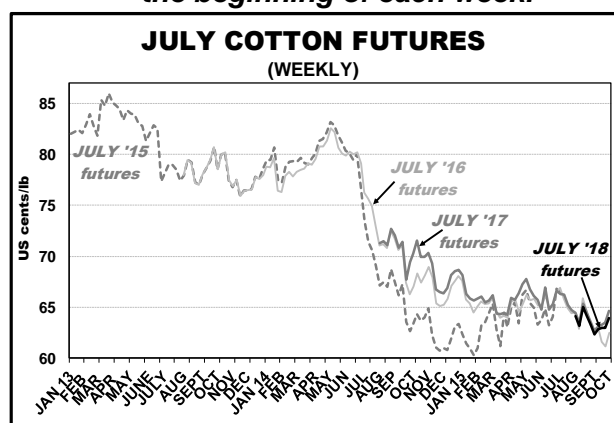
	A INDEX <i>Avg: US c/lb</i>	DERIVED RSA "PRICE" <i>Avg: SA c/kg</i>
Last week (28/09 - 02/10/15)	67.03	2080.83
September 2015	68.74	2093.02
Today (06/10/15)	68.20	2085.49
August 2015	71.76	2070.34
Today a year ago	70.15	1767.80
Today two years ago	92.95	2079.53

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 6 Oct. 2015 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
Dec 2015	62.08
Mar 2016	61.85
May	62.36
July	62.66
Oct	62.26
Dec	62.42
Mar 2017	63.52

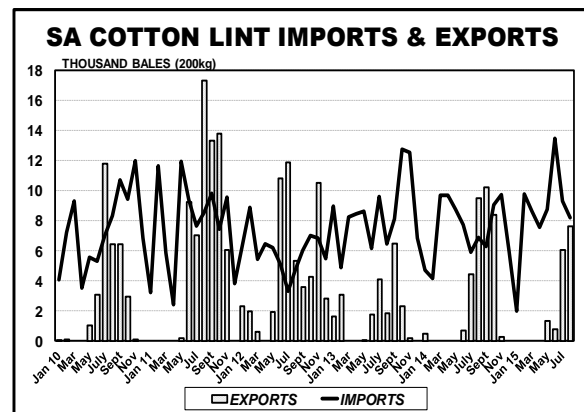
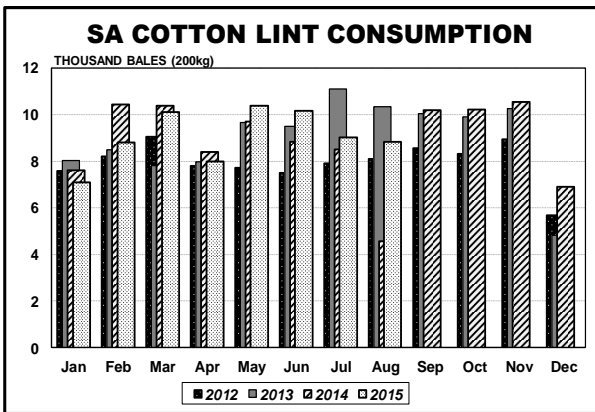
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 9th estimate for the 2014/15 production year indicates a total crop of 94 964 lint bales, up 97% from the previous season but 2% less than last month's crop estimate. About 93 164 lint bales are estimated to be

produced from RSA grown seed cotton, up 113% from the previous season. The balance of 1800 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 9th ESTIMATE

2014/15 PRODUCTION YEAR

30/09/15

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	4555	0	11861	1%	100%
North & South Flats	120	530	3500	800	1477	0%	100%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Weipe	800	0	4000	0	5920	0%	95%
NORTHERN CAPE							
Vaalharts	1255	0	5428	0	12602	0%	87%
Lower Orange River	1130	0	5343	0	11170	0%	65%
Rest of Northern Cape	2702	0	5541	0	27696	0%	71%
NORTH WEST							
Stella/Setlagoli	1117	4176	4936	1439	19707	0%	65%
Taung	0	0	0	0	0	0%	0%
KWAZULU-NATAL	80	640	800	400	510	100%	100%
MPUMALANGA	100	1290	4500	621	2221	100%	100%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	8792	6636	5033	1129	93164	3%	78%
Swaziland*	0	2000	0	500	1800	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	8792	8636	5033	983	94964	5%	77%

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

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