



Date: 4 November 2011

Reference: 9/3/3/1

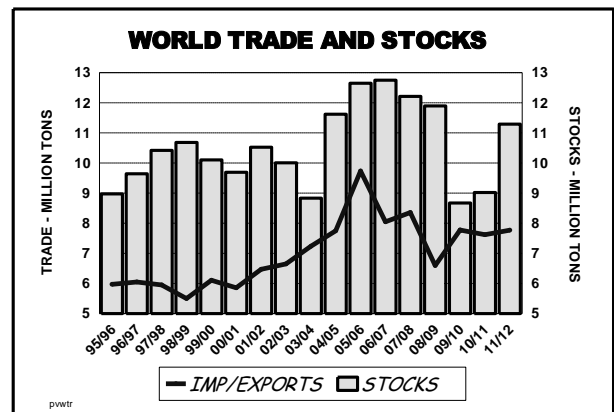
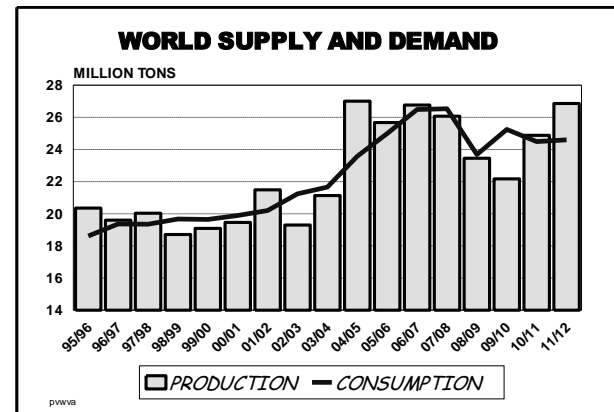
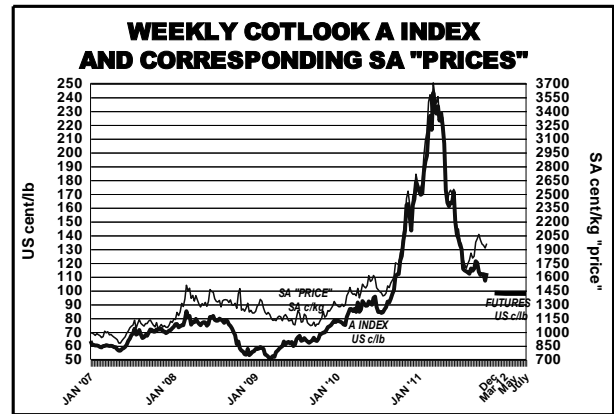
COTTON MARKET REPORT AS AT 3 NOVEMBER 2011

International

As a result of the projected world surplus of 2.3 million tons of cotton this season (production less consumption), world cotton stocks could increase to over 11 million tons by the end of 2011/12 which translates to a stocks-to-use ratio (China excluded) of 55%. According to the International Cotton Advisory Committee (ICAC) this would mean that a significant decline could be expected in the average A index for 2011/12.

World cotton production is expected by the ICAC to increase by 8% to 26.9 million tons in 2011/12, the highest level in 7 years. The increase in global production will mainly be driven by China (up 13%), India (up 9%), Pakistan (up 9%), Australia (up 27%), West Africa (up 33%) and Turkey (up 42%). Most of this increase is due to an expansion in cotton area and not so much because of an increase in yield which is expected by the ICAC to increase only slightly.

The ICAC forecasts global cotton mill use to remain almost stable at 24.6 million tons in 2011/12. Purchases of textile products will be impacted by slower global economic growth resulting in reduced cotton demand. Projections of global economic growth have been reduced over the past few months and advanced economies in particular are expected to expand very slowly. According to the ICAC many spinning mills are also still trying to mend their finances after buying expensive cotton in 2010/11. In addition to this, polyester has remained more competitively priced than cotton since the start of the 2011/12 season.

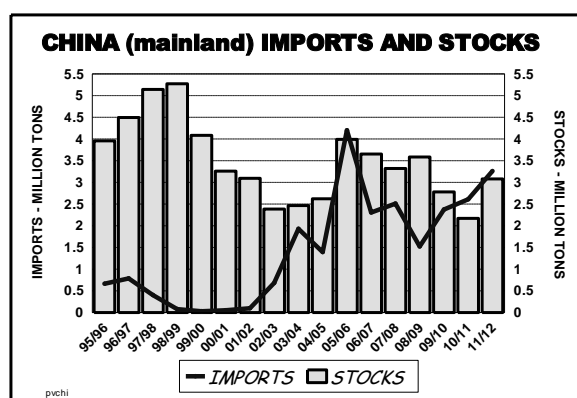


The ICAC expects global cotton trade to increase by a moderate 2% to 7.8 million tons in 2011/12, mostly driven by Chinese imports.

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	8.7	9.0
Production	22.2	24.9	26.9
Consumption	25.3	24.5	24.6
Exports	7.8	7.6	7.8
Imports	7.8	7.6	7.8
Ending stocks	8.7	9.0	11.3
Ending stocks/use (China excluded)	39%	46%	55%
A Index (US c/lb)	78	164	

Cotton imports and stocks situation for China (mainland):



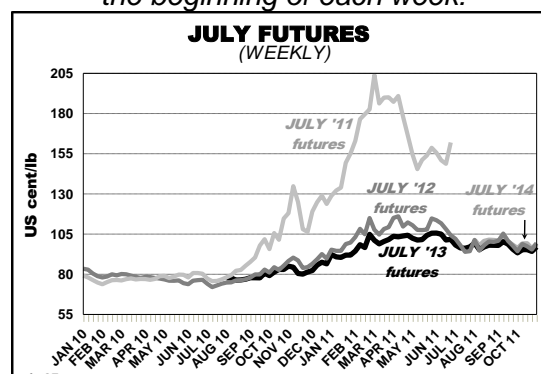
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX	RSA "PRICE"
	<i>Avg: US c/lb</i>	<i>Avg: SA c/kg</i>
Last week (24/10 - 28/10/11)	109.10	1914.21
October 2011	110.61	1956.77
Today (03/11/11)	108.10	1936.22
September 2011	116.88	1958.09
Today a year ago	143.00	2212.73
Today two years ago	69.40	1223.02

New York cotton futures as at 3 Nov. 2011 (settlement prices):

NY FUTURES	
	<i>US c/lb</i>
December 2011	98.12
March 2012	97.80
May	97.80
July	97.76
October	98.64
December	96.43
March 2013	97.59

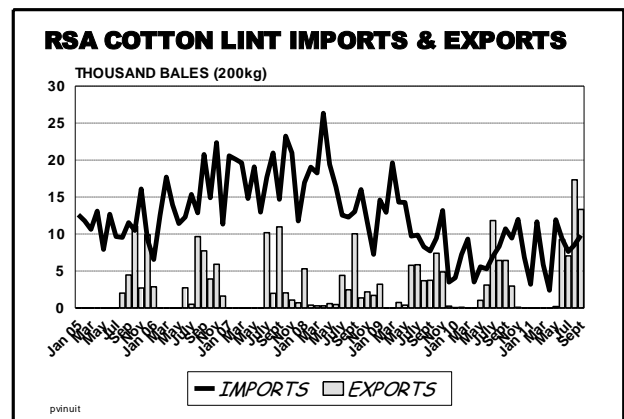
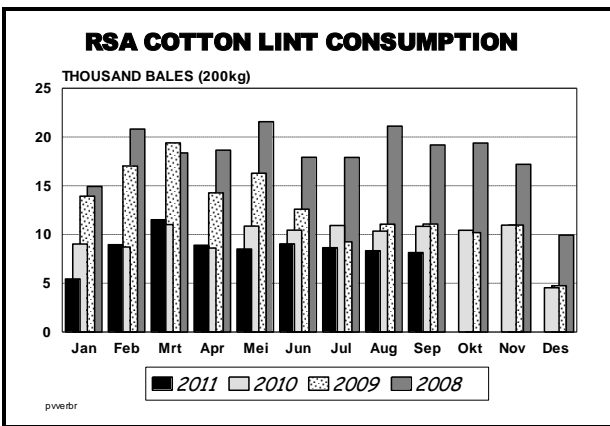
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 10th estimate for the 2010/11 production year indicates a total crop of 89 395 lint bales, up 2% from last month's estimate and 111% up from the previous season and the first increase in local cotton production in 7 years. The current crop estimate is 14% down from the first estimate earlier this year mainly due

to a decline in yields as a result of floods and unfavourable weather conditions. About 85 135 lint bales are estimated to be produced from RSA grown seed cotton, 121% up from the previous season. The balance of 4 260 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.



COTTON CROP REPORT - 10th ESTIMATE

2010/11 PRODUCTION YEAR

01/11/11

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	2350	0	4200	0	17377	10%	100%
North & South Flats	63	292	3900	1200	1043	10%	100%
Dwaalboom/Thabazimbi	80	0	4150	0	581	10%	100%
Weipe	1422	0	4600	0	12000	0%	95%
NORTHERN CAPE							
Vaalharts	2269	0	3051	0	12482	0%	87%
Lower Orange River	400	0	4000	0	2960	50%	100%
Rest of Northern Cape	4596	0	4070	0	34607	1%	65%
NORTH WEST							
Stella/Setlagoli	0	20	0	1000	37	0%	100%
Taung	460	0	3334	0	2760	0%	90%
KWAZULU-NATAL	0	490	0	450	400	100%	100%
MPUMALANGA	0	703	0	690	888	100%	100%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	11640	1505	3931	715	85135	6%	83%
Swaziland*	0	4000	0	550	4260	100%	90%
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	11640	5505	3931	595	89395	10%	83%

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

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