



**Date: 3 December 2013**

**Reference: 9/3/3/1**

## **COTTON MARKET REPORT AS AT 2 DECEMBER 2013**

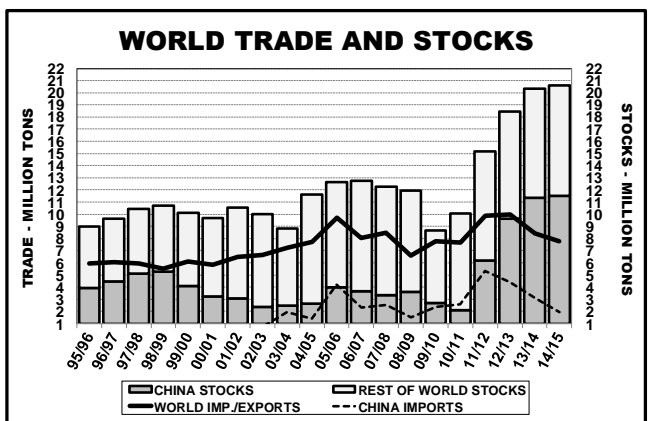
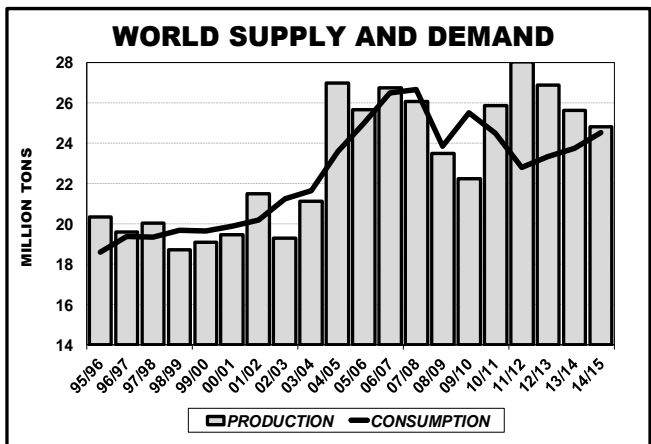
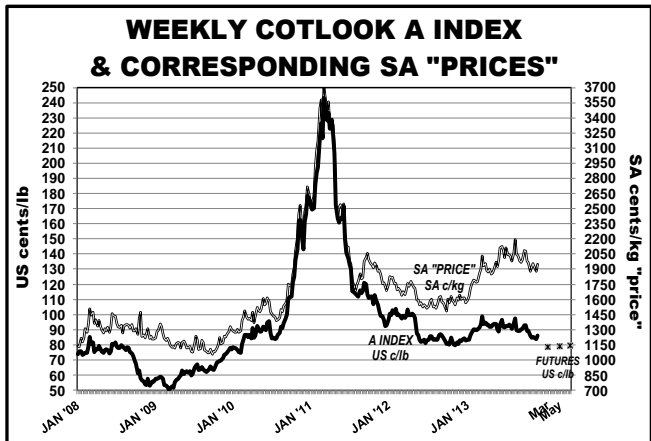
### International

During November 2013 international cotton prices were relatively stable with the Cotlook A index (an indicator of international cotton prices) ranging between 83 to 85 US c/lb. The International Cotton Advisory Committee's (ICAC) latest projection of the average Cotlook A index for 2013/14 is between 77 – 101 US c/lb with a midpoint of 88 US c/lb.

World cotton production for 2013/14 is forecast by the ICAC to reach 25.6 million tons, down 1.2 million tons from last season. Planting has commenced in the Southern Hemisphere and the ICAC expects cotton area to increase by about 3%. An increase of 11% in production is expected in Brazil and Argentina whilst cotton production in Australia will remain more or less stable.

World cotton consumption for 2013/14 is estimated by the ICAC to rise by about 2% with a further increase of about 3% expected in 2014/15. Consumption in China in both 2013/14 and 2014/15 are expected to be lower than the previous four seasons but cotton consumption in India and Pakistan are both forecast by the ICAC to increase.

China's cotton reserve stock and import policies have a big effect on international cotton prices and the extent of this pressure on prices depends in a large part on how the Chinese national reserve is handled and on the timing and amount of additional import quotas. So far in 2013/14 China has bought more than 2.7 million tons for its cotton reserves taking up most of the surplus cotton stocks on the world market, thereby allowing prices to remain relatively high. China's imports for 2014/15 are

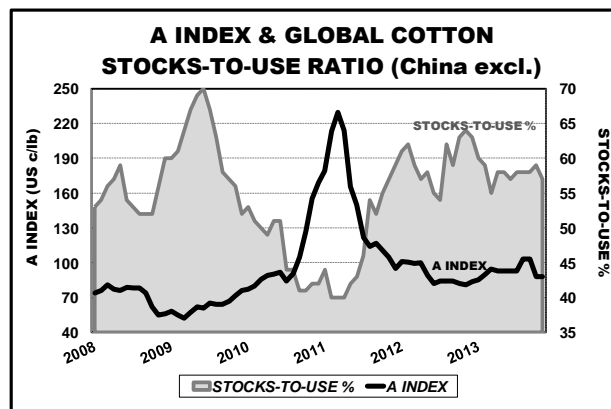


however expected by the ICAC to decrease by 40% which could have a negative impact on prices.

**Estimated world supply and demand for cotton for the 2012/13 season and projections for 2013/14 and 2014/15 (seasons beginning 1 August):**

| (million metric tons)                 | 2012/13   | 2013/14       | 2014/15 |
|---------------------------------------|-----------|---------------|---------|
| Beginning stocks                      | 15.2      | 18.4          | 20.3    |
| Production                            | 26.9      | 25.6          | 24.8    |
| Consumption                           | 23.3      | 23.8          | 24.6    |
| Exports                               | 10.0      | 8.4           | 7.8     |
| Imports                               | 9.7       | 8.4           | 7.8     |
| Ending stocks                         | 18.4      | 20.3          | 20.6    |
| Ending stocks/use<br>(China excluded) | 59%       | 57%           | 54%     |
| <b>A Index (US c/lb)</b>              | <b>88</b> | <b>77-101</b> |         |

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



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

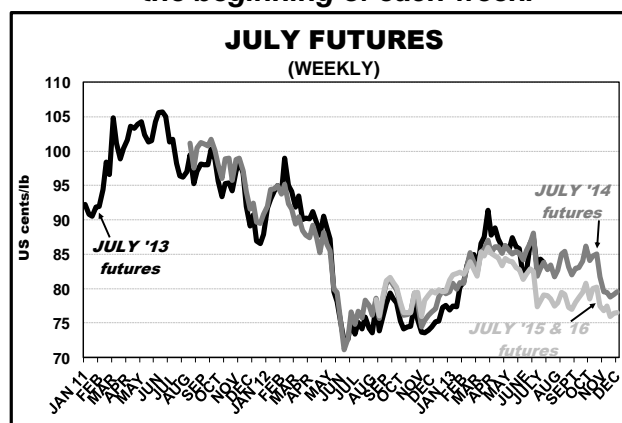
|                              | DERIVED RSA         |                     |
|------------------------------|---------------------|---------------------|
|                              | A INDEX             | "PRICE"             |
|                              | <u>Avg: US c/lb</u> | <u>Avg: SA c/kg</u> |
| Last week (25/11 - 29/11/13) | 84.81               | 1919.82             |
| November 2013                | 84.65               | 1926.35             |
| <b>Today (02/12/13)</b>      | <b>85.90</b>        | <b>1946.47</b>      |
| October 2013                 | 89.35               | 1975.79             |
| Today a year ago             | 82.75               | 1641.42             |
| Today two years ago          | 98.25               | 1770.16             |

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 2 Dec. 2013 (settlement prices):**

| NY FUTURES |         |
|------------|---------|
|            | US c/lb |
| March 2014 | 78.62   |
| May        | 79.09   |
| July       | 79.56   |
| October    | 77.19   |
| December   | 76.31   |
| March 2015 | 76.69   |
| May        | 76.59   |

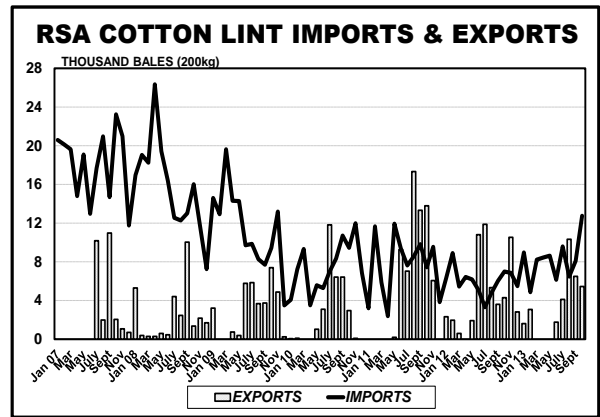
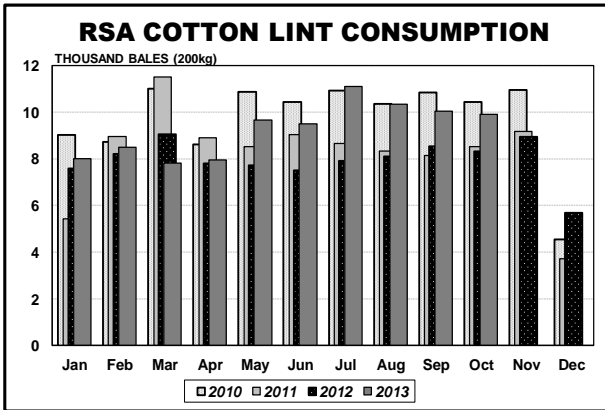
**New York JULY cotton futures as at the beginning of each week:**



**Local outlook**

As far as the local outlook is concerned, the final estimate for the 2012/13 production year indicates a total crop of 30 527 lint bales, more or less unchanged from the previous month's estimate. About 26 027 lint bales

are estimated to be produced from RSA grown seed cotton. The balance of 4 500 lint bales relates to Swaziland produced cotton ginned by the Swaziland gin.



**COTTON CROP REPORT - FINAL ESTIMATE**

**2012/13 PRODUCTION YEAR**

30/11/13

| PRODUCTION REGION     | HECTARES IRRIGATION | HECTARES DRYLAND | YIELD IRRIGATION<br>kg seed cotton/ha | YIELD DRYLAND<br>kg seed cotton/ha | PRODUCTION<br>200 kg bales cotton lint | CROP %<br>HAND<br>PICKED | %<br>OF CROP<br>GINNED<br>SO FAR |
|-----------------------|---------------------|------------------|---------------------------------------|------------------------------------|--|--------------------------|----------------------------------|
| <b>LIMPOPO PROV.</b>  |                     |                  |                                       |                                    |  |                          |                                  |
| Loskop                | 820                 | 150              | 4000                                  | 520                                | 5957                                   | 1%                       | 100%                             |
| North & South Flats   | 0                   | 865              | 0                                     | 1240                               | 1985                                   | 0%                       | 100%                             |
| Dwaalboom/Thabazimbi  | 0                   | 0                | 0                                     | 0                                  | 0                                      | 0%                       | 0%                               |
| Weipe                 | 800                 | 0                | 3071                                  | 0                                  | 4358                                   | 0%                       | 100%                             |
| <b>NORTHERN CAPE</b>  |                     |                  |                                       |                                    |  |                          |                                  |
| 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                                  | 3050                                   | 0%                       | 100%                             |
| <b>NORTH WEST</b>     |                     |                  |                                       |                                    |  |                          |                                  |
| Stella/Setlagoli      | 0                   | 0                | 0                                     | 0                                  | 0                                      | 0%                       | 0%                               |
| Taung                 | 0                   | 0                | 0                                     | 0                                  | 0                                      | 0%                       | 0%                               |
| <b>KWAZULU-NATAL</b>  | 310                 | 1406             | 2800                                  | 400                                | 2928                                   | 84%                      | 62%                              |
| <b>MPUMALANGA</b>     | 0                   | 1450             | 0                                     | 520                                | 1393                                   | 100%                     | 100%                             |
| <b>EASTERN CAPE</b>   | 0                   | 0                | 0                                     | 0                                  | 0                                      | 0%                       | 0%                               |
| <b>RSA TOTAL</b>      | <b>2956</b>         | <b>3871</b>      | <b>3979</b>                           | <b>637</b>                         | <b>26027</b>                           | 15%                      | 96%                              |
| Swaziland*            | 0                   | 3600             | 0                                     | 700                                | 4500                                   | 100%                     | 100%                             |
| Botswana*             | 0                   | 0                | 0                                     | 0                                  | 0                                      |                          |                                  |
| Namibia*              | 0                   | 0                | 0                                     | 0                                  | 0                                      |                          |                                  |
| Zimbabwe*             | 0                   | 0                | 0                                     | 0                                  | 0                                      |                          |                                  |
| Mozambique*           | 0                   | 0                | 0                                     | 0                                  | 0                                      |                          |                                  |
| <b>GRAND TOTAL</b>    | <b>2956</b>         | <b>7471</b>      | <b>3979</b>                           | <b>668</b>                         | <b>30527</b>                           | 28%                      | 96%                              |

\* Particulars relate to expected purchases of seed cotton by RSA & Swaziland ginners 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