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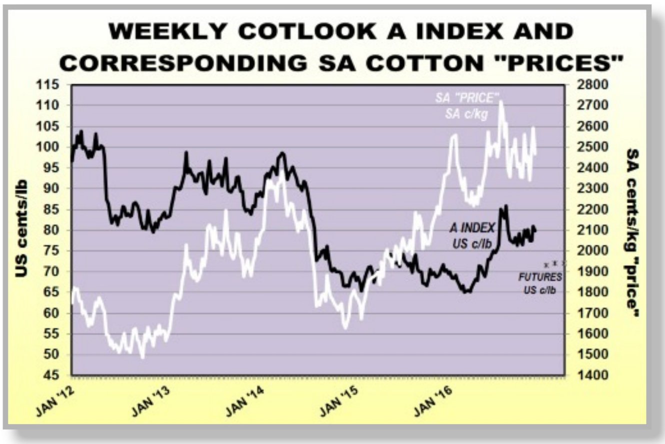
COTTON SA MARKET REPORT AS AT 30 NOVEMBER 2016

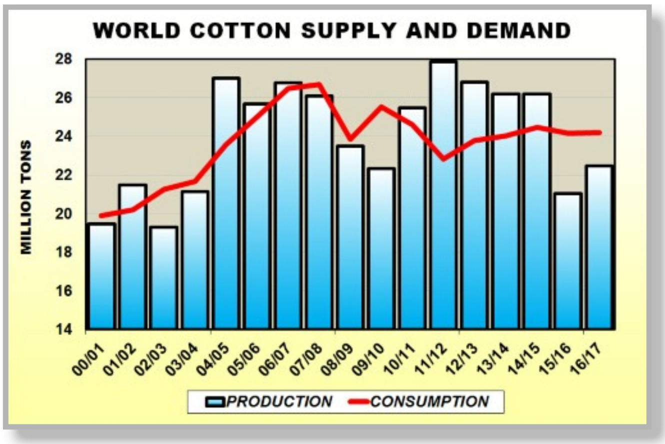
The International Cotton Advisory Committee (ICAC) projects that world cotton production in 2016/17 will increase by about 7% to 22.5 million tons. The most significant increase is expected in the US, the world's 3rd largest cotton producing country where cotton production is expected to increase by about 25% to 3.5 million tons due to beneficial weather and plentiful rains. A small production increase of less than 1% is expected in India, the largest cotton producing country, whilst a 4% decrease in Chinese cotton production is forecast. This represents the fifth consecutive season of declining cotton production in China, which was up to a few years ago the world's biggest cotton producing country. Production costs have risen substantially in China, making cotton less profitable despite higher domestic cotton prices compared to international prices.

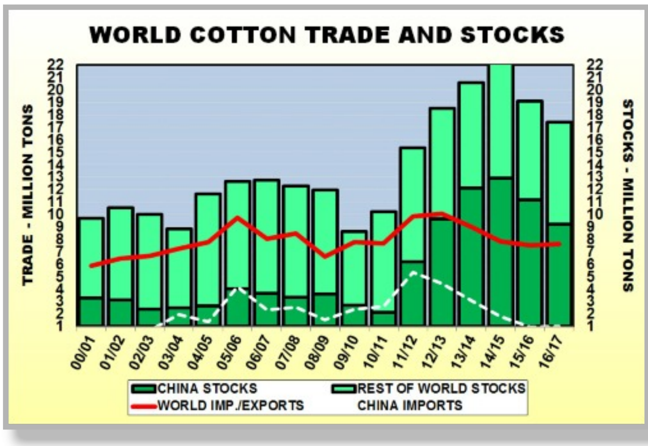
The ICAC also expects that global cotton mill use will remain unchanged in 2016/17 at 24.2 million tons. Cotton consumption is expected to rise in three of the top ten cotton consuming countries - Bangladesh, Vietnam, and the United States. This will offset losses in China (the world's largest consumer of cotton), Turkey and Brazil.

World cotton imports are forecast to increase by 2% to 7.6 million tons due to the growth of consumption in countries such as Bangladesh and Vietnam, which are wholly dependent on cotton imports. Pakistan, the world's third-largest cotton consumer, has suspended cotton imports from its top supplier, India, due to rising hostilities between the two countries. This will assist other cotton exporters such as Brazil and the United States to increase exports to Pakistan. India will thus be looking to the international market to make up for the decline in shipments to Pakistan. Export offers from India are now the cheapest among the 15 offers published by Cotlook that are eligible for inclusion in the Cotlook A Index. As the 2016/17 crop year progresses, competition for exports may increase as many other exporters are predicted to have meaningful increases in production, including the U.S. (+25%), Australia (+54%), Brazil (+20%), and West Africa (+16%).

World ending stocks are forecast by the ICAC to decrease by a further 7% to 17.8 million tons at the end of 2016/17 as China continues to reduce its reserve stocks.



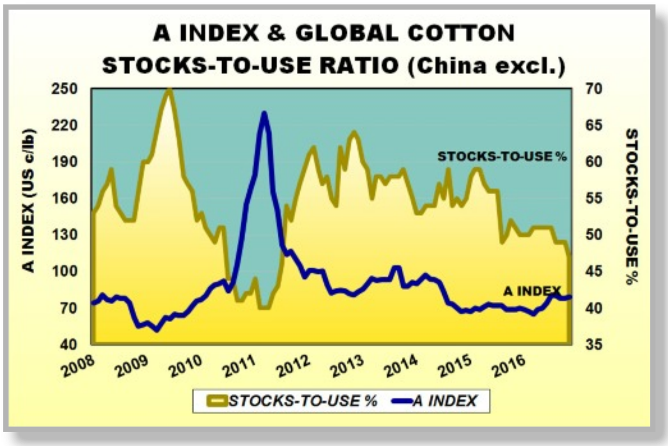




Estimated world supply and demand for cotton for the 2014/15 season and projections for 2015/16 and 2016/17 (seasons beginning 1 August):

(million metric tons)	2014/15	2015/16	2016/17
Beginning stocks	20.6	22.3	19.1
Production	26.2	21.0	22.5
Consumption	24.5	24.2	24.2
Exports	7.8	7.5	7.6
Imports	7.8	7.5	7.6
Ending stocks	22.3	19.1	17.4
Ending stocks/use (China excluded)	56%	47%	47%
A Index (US c/lb)	***71***	***70***	***65-90***

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



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

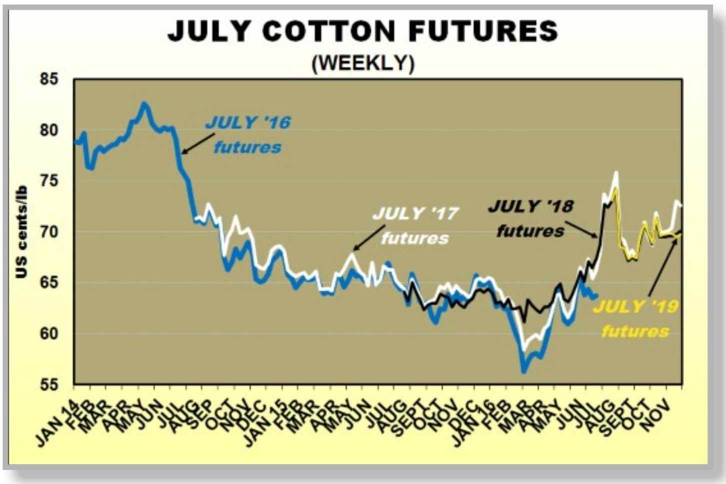
	A INDEX Avg: US c/lb	DERIVED RSA "PRICE" Avg: SA c/kg
Last week (21/11 - 25/11/16)	80.56	2553.38
November 2016	78.92	2453.10
Today (30/11/16)	**79.80**	**2513.67**
October 2016	78.48	2442.52
Today a year ago	*70.50*	*2269.89*
Today two years ago	*66.85*	*1649.91*

*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 30 November 2016 (settlement prices):

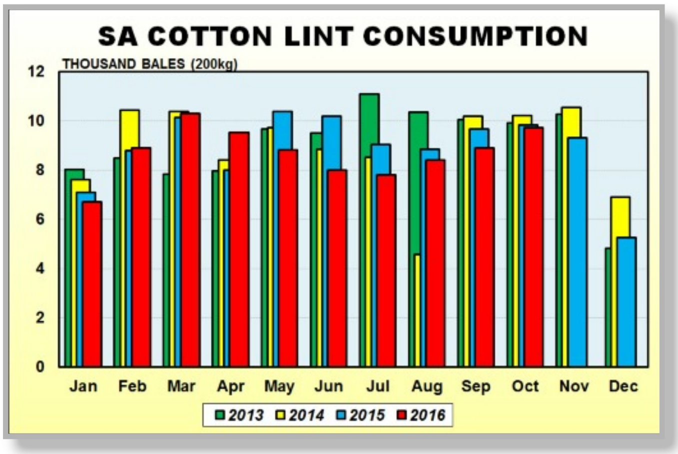
	NY FUTURES *US c/lb*
Mar 2017	71.58
May	72.06
July	71.98
Oct	70.92
Dec	69.90
Mar 2018	69.99
May	69.81

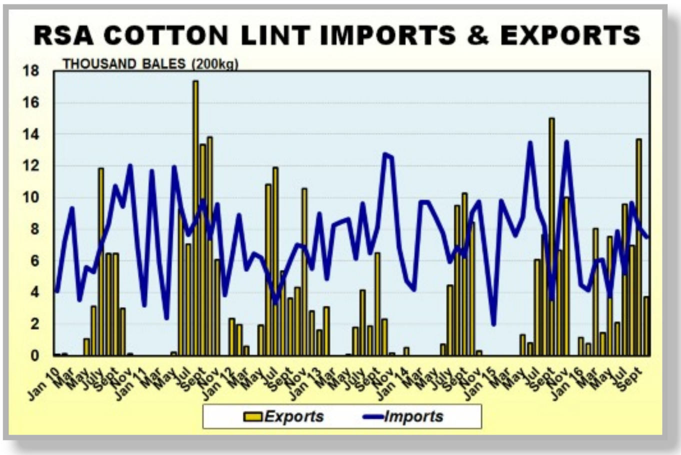
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, all cotton has now been delivered to the gins and the final estimate for the 2015/16 production year indicates a total crop of 50 557 lint bales, down 46% from the previous season and 1% down from last month's estimate. About 50 457 lint bales are estimated to be produced from RSA grown seed cotton, down 45% from the previous season. The balance of 100 lint bales relates to Swaziland produced cotton ginned by the Swaziland gin. Looking towards the new production year, early indications are that a crop of between 80 000 & 90 000 lint bales can be expected from more than 20 000 ha in total.





COTTON CROP REPORT - FINAL ESTIMATE **2015/16 PRODUCTION YEAR** *30/11/2016*

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	869	0	4500	0	**6835**	1%	100%
North & South Flats	5	537	3499	930	**905**	0%	100%
Dwaalboom/Thabazimbi	0	0	0	0	**0**	0%	0%
Weipe	360	0	4464	0	**3029**	0%	100%
NORTHERN CAPE							
Vaalharts	1167	0	4741	0	**10111**	0%	100%
Lower Orange River	1148	0	4800	0	**9846**	0%	100%
Rest of Northern Cape	1833	0	4800	0	**15456**	0%	100%
NORTH WEST							
Stella/Setlagoli	304	906	3650	980	**3609**	10%	100%
Taung	0	0	0	0	**0**	0%	0%
KWAZULU-NATAL	129	270	700	400	**347**	100%	100%
MPUMALANGA	28	797	3000	123	**319**	100%	100%
EASTERN CAPE	0	0	0	0	**0**	0%	0%
RSA TOTAL	**5843**	**2510**	**4563**	**635**	**50457**	2%	100%
Swaziland*	0	800	0	70	**100**	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	**5843**	**3310**	**4563**	**498**	**50557**	2%	100%

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

Sustainable Cotton Cluster
A programme of Cotton SA

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