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*Nie-winsgewende Organisasie/Non-profit Company  
 Registration No. 199800820/08*

## COTTON SA MARKET REPORT AS AT 1 DECEMBER 2017

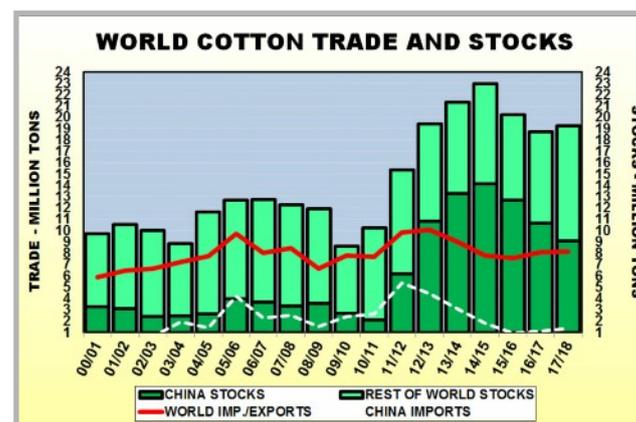
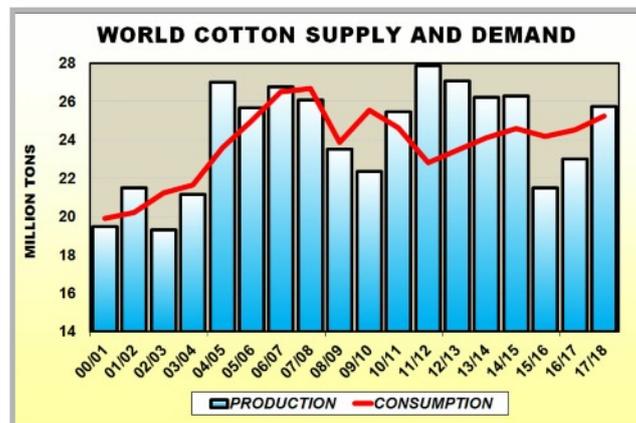
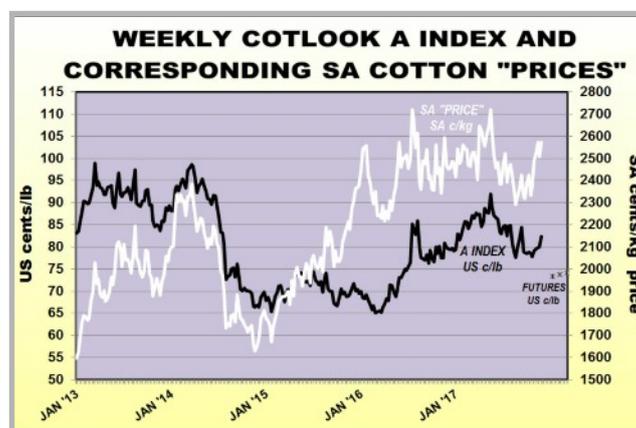
According to The International Cotton Advisory Committee (ICAC), cotton production is expected to rise in all the major cotton producing countries in 2017/18 mainly due to better price prospects compared to competing crops. The largest percentage increases are expected in the USA and Pakistan where it is estimated that both their cotton crops will increase by 24%, to 4.6 million tons in the case of the USA (the biggest cotton crop in the past 10 years) and to 2.1 million tons in Pakistan. Cotton plantings have commenced in the southern hemisphere where cotton area is expected to expand as follows in the three largest cotton producing countries: by 6% in Brazil to 995 000 ha, by 3% in Australia to 574 000 ha and by 66% in Argentina to 410 000 ha.

World cotton consumption is forecast by the ICAC to increase by about 3% in 2017/18 to 25.2 million tons. Although mill use is rising, the ICAC expects that world cotton stocks will

continue to grow as production outpaces consumption.

According to the ICAC, world cotton trade is expected to remain stable at 8 million tons in 2017/18. The USA remains the world's biggest cotton exporter with estimated exports of 3.2 million tons for both 2016/17 and 2017/18. Bangladesh will also remain the world's largest cotton importer in 2017/18 accounting for 18% or an estimated 1.5 million tons of world cotton imports. Vietnam will remain the second largest cotton importer with imports growing by 17% during 2017/18 reaching 1.4 million tons, according to the ICAC.

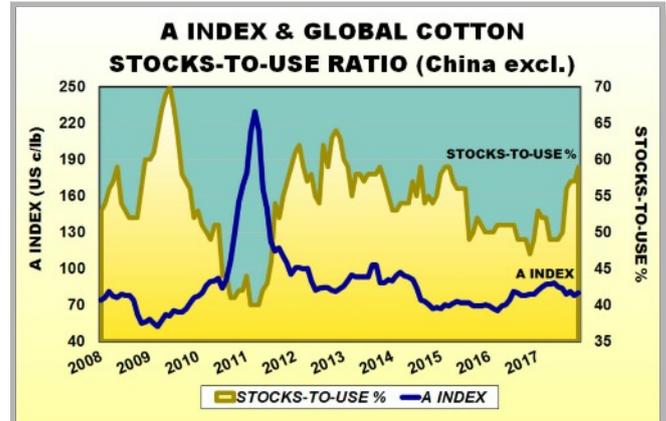
After two years of shrinking, global cotton stocks are expected to grow by 3% in 2017/18 to 19.2 million tons. The ICAC expects that cotton stocks in China will continue to decrease by 14% to 9.1 million tons, while cotton stocks outside of China are expected to increase by 26% to 10.1 million tons.



**Estimated world supply and demand for cotton for the 2015/16 season and projections for 2016/17 and 2017/18 (seasons beginning 1 August):**

(million metric tons)	2015/16	2016/17	2017/18
Beginning stocks	23.0	20.2	18.7
Production	21.5	23.0	25.7
Consumption	24.2	24.5	25.2
Exports	7.6	8.1	8.2
Imports	7.6	8.1	8.2
Ending stocks	20.2	18.7	19.2
Ending stocks/use (China excluded)	46%	49%	59%
<b>A Index (US c/lb)</b>	<b>70</b>	<b>83</b>	<b>62-83</b>

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



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

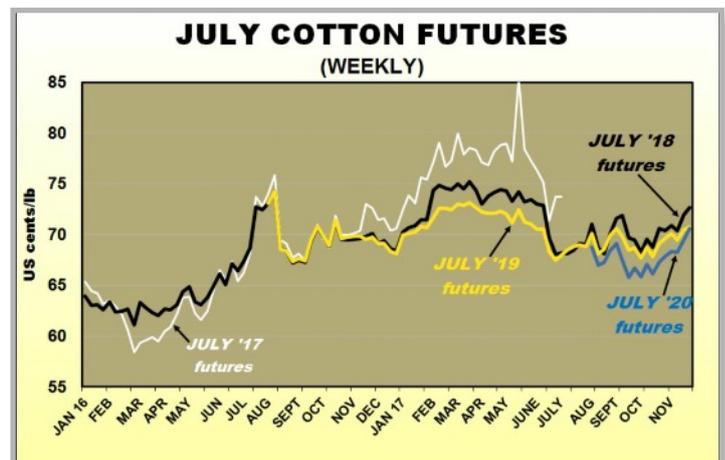
	<b>A INDEX</b> <i>Avg: US c/lb</i>	<b>DERIVED RSA "PRICE"</b> <i>Avg: SA c/kg</i>
Last week (27/11 - 01/12/17)	82.68	2534.70
November 2017	80.41	2526.88
<b>Today (01/12/17)</b>	<b>83.15</b>	<b>2536.04</b>
October 2017	78.60	2401.13
Today a year ago	80.05	2498.01
Today two years ago	69.50	2239.68

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 Dec. 2017 (settlement prices):**

<b>NY FUTURES</b>	
	<i>US c/lb</i>
Mar 2018	73.28
May	73.77
July	74.05
Oct	71.84
Dec	71.21
Mar 2019	71.13
May	71.25

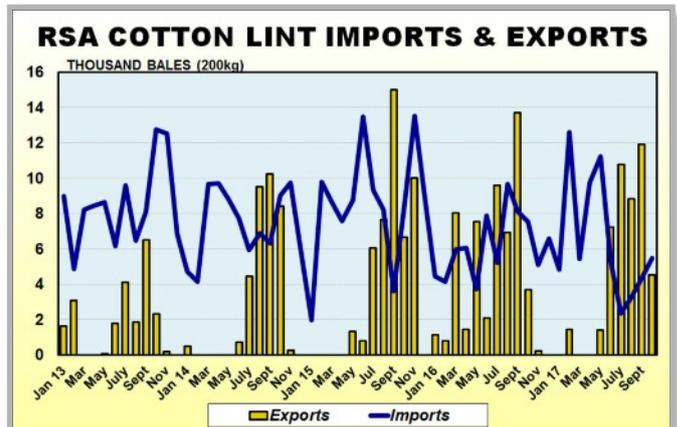
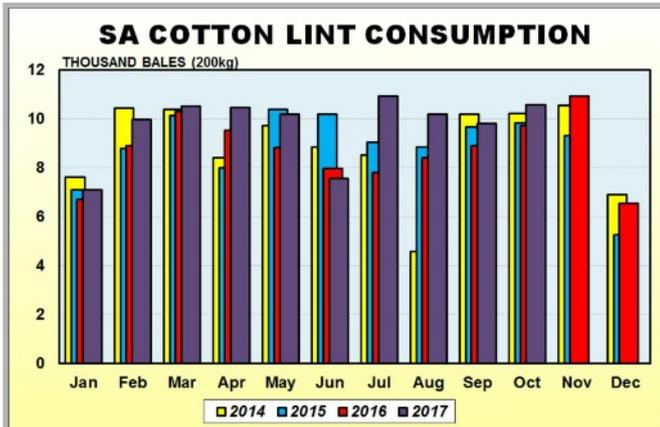
**New York JULY cotton futures as at the beginning of each week:**



**Local outlook**

As far as the local outlook is concerned, the final estimate for the 2016/17 production year indicates a total crop of 79 034 lint bales, up 56% from the previous season. About 77 599 lint bales are estimated to be produced from RSA grown seed cotton, up 54% from the

previous season. The balance of 1435 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 200 000 and 250 000 lint bales can be expected.



**COTTON CROP REPORT - FINAL ESTIMATE 2016/17 PRODUCTION YEAR 30/11/2017**

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
<b>LIMPOPO PROV.</b>							
Loskop	2452	0	4258	0	18273	0%	93%
North & South Flats	128	5105	4200	1323	12763	0%	93%
Dwaalboom/Thabazimbi	0	0	0	0	0	0%	0%
Limpopo Other	467	45	4617	800	3836	0%	93%
Weipe	1078	0	3665	0	7309	0%	95%
<b>NORTHERN CAPE</b>							
Vaalharts	1272	0	5327	0	12230	0%	100%
Lower Orange River	410	0	4000	0	3034	0%	100%
Rest of Northern Cape	557	0	5347	0	6581	0%	100%
<b>NORTH WEST</b>							
Stella/Delareyville/Setlagoli	540	1477	3600	1015	6370	10%	100%
Taung	0	0	0	0	0	0%	0%
<b>KWAZULU-NATAL</b>	397	1000	3021	532	3100	58%	100%
<b>MPUMALANGA</b>	0	2913	0	764	4104	100%	99%
<b>EASTERN CAPE</b>	0	0	0	0	0	0%	0%
<b>RSA TOTAL</b>	<b>7301</b>	<b>10540</b>	<b>4411</b>	<b>1048</b>	<b>77599</b>	<b>8%</b>	<b>96%</b>
Swaziland*	0	1000	0	600	1435	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>7301</b>	<b>11540</b>	<b>4411</b>	<b>1009</b>	<b>79034</b>	<b>10%</b>	<b>96%</b>

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