



COTTON MARKET REPORT

NOVEMBER 2021

COTTON PRICES EXPECTED TO REMAIN AT ELEVATED LEVELS THROUGHOUT 2021/22

Global production is expected to increase to 25.73 million tons in 2021/22. While mill use is expected to remain robust during 2021/22, global stocks are believed to be sufficient to meet increasing demand.

The international reference price of cotton, as measured by the Cotlook A-Index, has risen dramatically during the 2020/21 season and continues to rise into the 2021/22 season. Although this price increase has been the second highest on record, it pales in comparison to the increases during 2010/11 when prices hit a record high of 243.65 US cents per pound.

Despite the recent price increases, a 22% decrease in the price of cotton during the start of the Covid-19 pandemic was recorded. This price fall was a direct result of the uncertainty caused by the pandemic. However, the current price of cotton is at a level not seen in more than 10 years and is likely to remain moderately high for the remaining 2021/22 season.

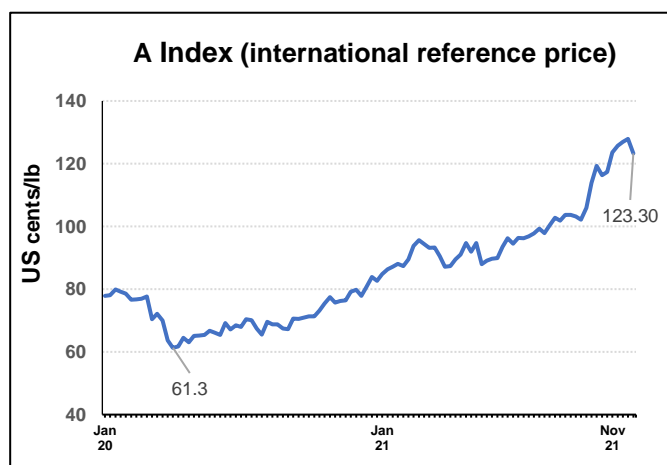
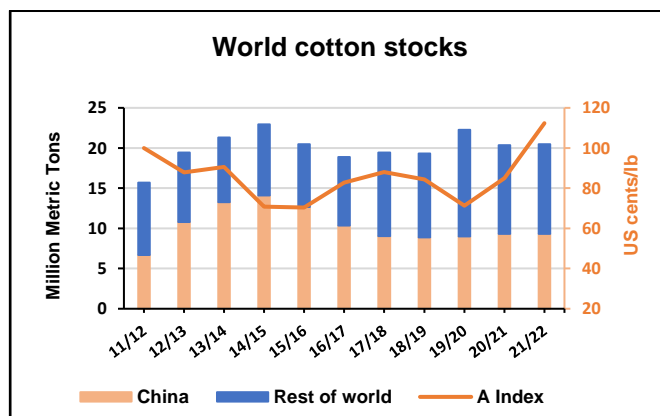
Cotton is an agricultural product and the uncertainties in production, consumption, weather conditions and pest pressures all contribute to the price volatility surrounding these uncertainties. The high volatility in prices is likely to remain intact for the remainder of the 2021/22 season but it is unlikely that the price will continue to increase much beyond the current point.

The ICAC's current price forecast of the season-average A-Index for 2021/22 ranges from 91 cents to 119 cents per pound, with a midpoint at 103.29 US cents per pound.

Source: ICAC

World cotton balance sheet

	Aug-Jul	2021/22	
	2020/21	Oct	Nov
Million Metric Tons Lint			
Beginning Stocks	22.26	20.20	20.35
Production	24.30	25.72	25.73
Consumption	25.66	26.02	25.63
Ending Stocks	20.35	19.91	20.46
Stocks/ Use (excl. China)	63.98%	59.4%	63.88%



International Cotton Prices

<i>(Quotes in US cents per pound)</i>	01/12/21	Season Low	Season High	1 Year ago	2 Years ago
Cotlook A Index	118.55	97.90	128.45	78.85	74.55
NY Futures Nearby Contract ^a	111.65	89.89	120.38	70.59	64.40
Basis^b	6.90	6.40	9.79	8.26	10.15
2021/22 average to date	112.37				
2020/21 average	84.96				

^a Previous day's close

^b Current A-Index minus Nearby NY (previous close)

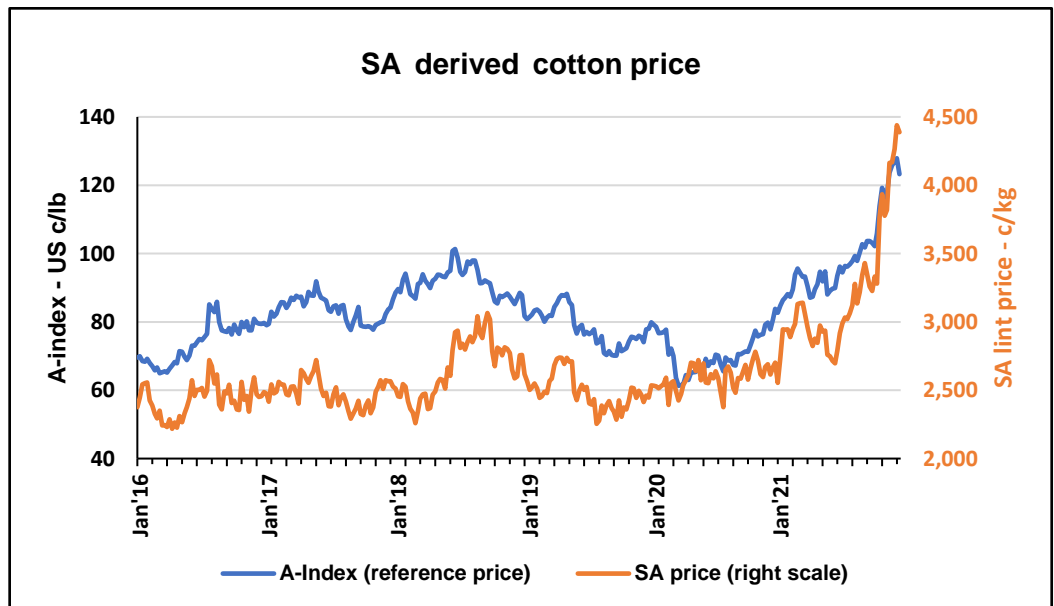
Local Outlook

The final crop estimate for the 2020/21 production season as at the end of November 2021 is 77 422 lint bales. Early indications are that cotton plantings for the new season will not increase much but farmers who have planted can expect better growing conditions as well as encouraging prices as world prices are expected to remain at elevated levels during 2021/22.

Harvesting and ginning are completed while the final grading results of the past season showed significant improvements over the year before. As a result, farmers in general received better prices for their produce and can look forward to a promising season with high prices expected to continue.

International cotton prices are the highest they have been in a decade and continues to rise into the 2021/22 season. However, it is expected that cotton prices will not rise much higher than the current levels.

RSA CROP	2020/21 10th Estimate	2020/21 11th Estimate	2019/20 Final Estimate
Ha Irrigation	5 802	5 900	11 543
Ha Dryland	10 511	10 600	16 132
Total Ha	16 313	16 313	27 675
Yield: kg seed cotton per ha			
Irrigation	4 515	4 650	4 393
Dryland	1 468	1 550	1 206
TOTAL LINT BALES	78 451	77 422	134 230



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