

COTTON MARKET REPORT JUNE 2023



International situation

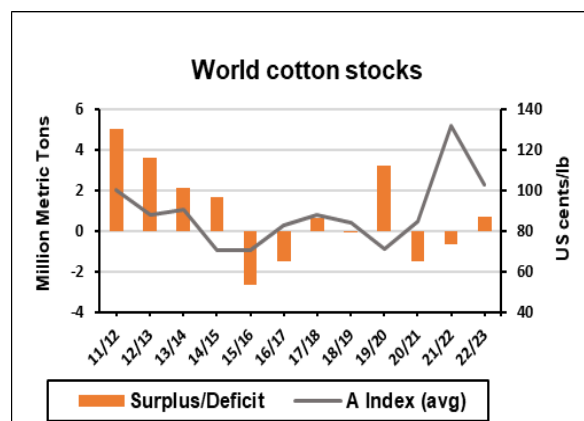
(ICAC monthly figures for June outstanding)

The Secretariat's current price forecast of the season-average A-Index for 2022/23 ranges from 96.36 cents to 106.47 cents, with a midpoint at 100.78 cents per pound.

Global production remains stable at 24,506 million tonnes, while global consumption is currently recorded at 23,789 million tonnes and global trade is 8.98 million tonnes (as on 1 June 2023). China produces 5.98 million metric tonnes of cotton, followed by India producing 5.2 million metric tonnes, making up 45,6% of the global production. The consumption figures of China are as high as 7.5 million metric tonnes, followed by India, consuming 5.01 million metric tonnes. The USA is the largest exporter of cotton, with 2.3 million metric tonnes, and consuming only 0,46 million metric tonnes, of the 3,15 million metric tonnes produced, keeping the rest as stocks. With the increase in costs globally

following Covid-19 and the effects of the Ukraine/Russia war, farmers need to make better use of land to increase production per hectare. Australia is the country that has the highest yield of lint per ha, being 2 047 kg/ha, and the total no. of hectares cultivated is 297 000ha. Brazil is the country with the second-highest yield of lint per ha and is followed by Mexico. These countries have access to genetically modified cultivars and the benefit of bollworm resistance in correlation with lint yields per hectare cannot be overlooked.

World Cotton Stocks



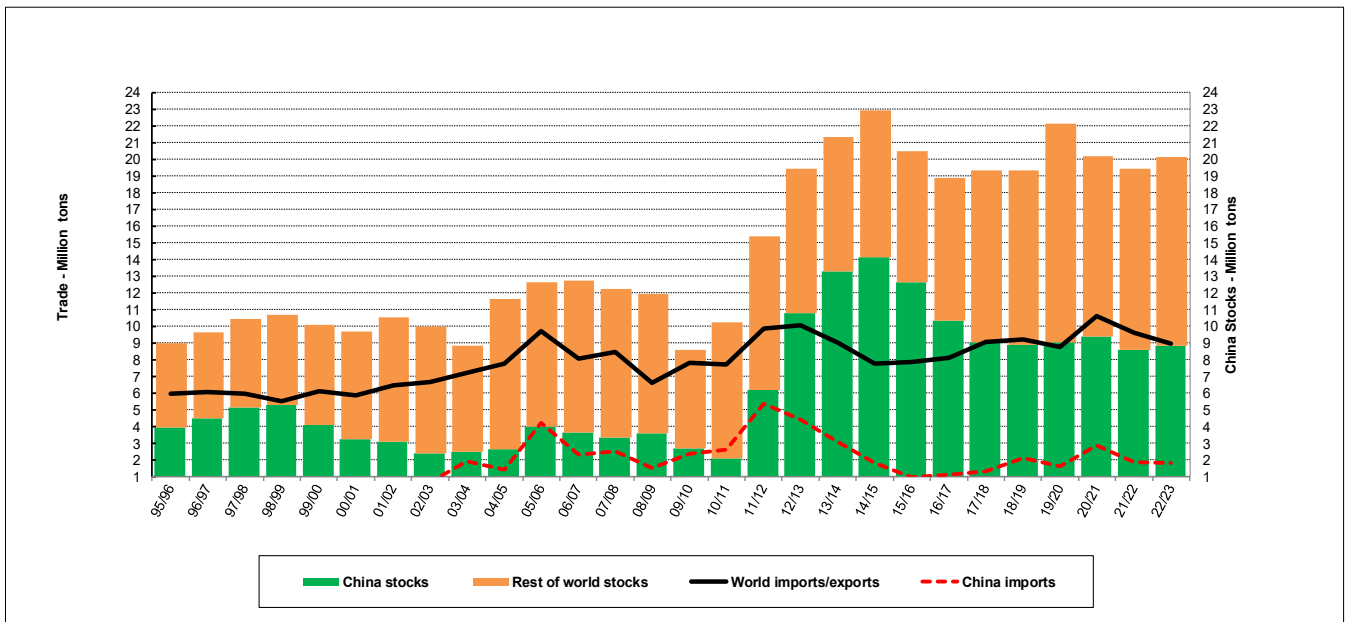
(Quoted in US cents per pound)	01/06/23	Season Low	Season High	1 Year ago,	2 Years ago,
Cotlook A Index	93.75	89.20	135.20	156.95	89.90
NY Futures Nearby Contract ^a	83.48	72.00	122.20	136.06	84.25
Basis^b	10.27	6.40	N/A ^c	17.97	7.78
2022/23 average to date	102.99				
2021/22 average	131.68				

^a Previous day's close.

^c N/A: Not available

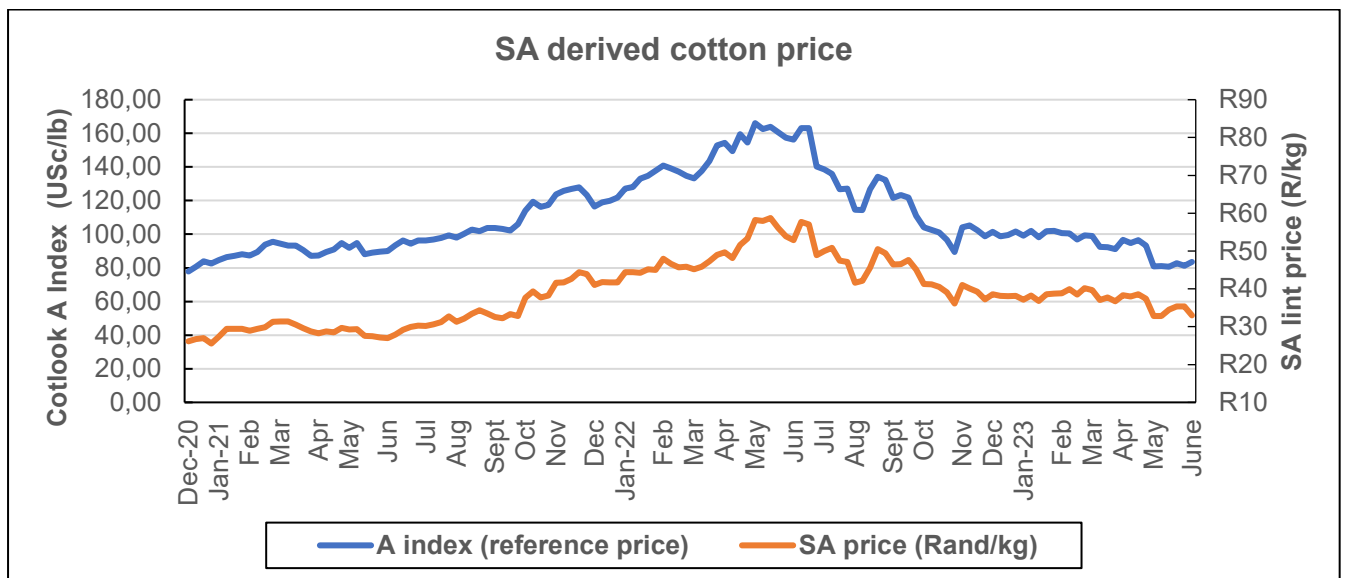
^b Current A-Index minus Nearby NY (previous close)

World cotton stocks, China versus the rest of the World



Source: www.icac.com

Local outlook:



Local outlook

The lint price for South African farmers has decreased slightly to reach an average reference price of around R32,72 per kg lint for Strict Low Middling 1 1/16" (for the last week in June, ending on 30/06/2023). The 6th crop estimate indicated that hectares planted under irrigation are somewhat lower, but the seed cotton yield per hectare increased by just over 100 kg per hectare in comparison with the 5th estimate. The estimate for dryland hectares decreased, but the seed cotton yield per hectare also increased to 185 kg per hectare. The number of lint bales is up, with around 5 489 lint bales.

The quality of fibre for the 2023 production year, from 1 April 2023 up to 7 July 2023, compares well with the previous production season's quality profile. The current (2023) average fibre length is 1,17 HVI length (1" 5/32), the average micronaire is 4,16, fibre strength is 30,04 grams/tex, and a somewhat improved uniformity index of 81,47. A higher proportion of the crop (37,4%) received GOOD MIDDLING GRADES, in comparison with last year when only 23,8% of the crop received GOOD MIDDLING GRADES during the same period. However, the average leaf grade is 41,2% for leaf grade 1 (indicating lower trash values), in comparison with 19% for leaf grade 1 for the same period last year. Total number of bales tested up to now, n = 23 109. The handpicked cotton from the Makhathini (Ubongwa Gin) looks good in terms of quality with an average fibre length of 1.09 HVI length (1" 3/32), average fibre strength of 31,74 grams/tex, micronaire of 4,54 and uniformity of 82,22. Most cotton (63,1%) falls within the STRICT MIDDLING grade, with 41,2% of the crop obtaining a leaf grade 1 code, indicating lower trash values. By improving on defoliation, improving picking techniques, and adding more cleaners to the ginnery, one can achieve higher leaf grades.

RSA CROP	2022/23 5 th Estimate	2022/23 6 th Estimate	2021/22 Final Estimate
Ha Irrigation	6 940	6 937	7 195
Ha Dryland	11 329	10 829	10 823
Total Ha	18 269	17 766	18 018
Yield Irrigation (Kg seed cotton/ha)	4 260	4 386	4 306
Yield Dryland (Kg seed cotton/ha)	1 002	1 187	1 103
Total no. lint bales	73 632	78 121	76 659

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