COTTON MARKET REPORT
MARCH 2023

GLOBAL COTTON PRODUCTION IS STABLE, IN SPITE OF A DELAY IN SOME GLOBAL DELIVERIES

International

India has always been at the top of the list of the total area under cotton production, with the most recent season being recorded at 13 million hectares. However, production has been consistently lower than in countries with far fewer hectares planted under cotton, with lower yields due to several factors- not being discussed here. Despite India's consistently low cotton yields, it still manages to maintain second place when it comes to total cotton lint production. India's production is currently reported at 5.2 million tons.

It is speculated that cotton farmers were likely holding their cotton back, to try and maximise the price they received for their seed cotton. Having just come off near record-high prices and very high levels of consumption demand, farmers were likely having a hard time grappling with the recent fall in price and reduced consumption caused by a pervasive fear of global economic uncertainty.

The price has stabilised slightly over the past few weeks and farmers may be starting to realize that accumulated debt will start to outpace any income they can gain by holding the cotton in storage.

Global production remains stable at 24.55 million tons. Depending on the outcome of the Indian cotton situation, it is expected that production will continue to remain at the current level through the end of the season.

Global consumption remains below production and is not expected to increase in the remaining four months of the season. Depending on the state of the global economy, it is expected that consumption will not decrease much below the level of 23.8 million tons.

Inflation in most developed countries continues to remain stubbornly high, albeit lower than it has been. Federal Reserve bankers continue to raise interest rates to reduce inflation. The ever-present question remains: Will they be successful in reducing inflation without tipping into a recession? Only time will tell.

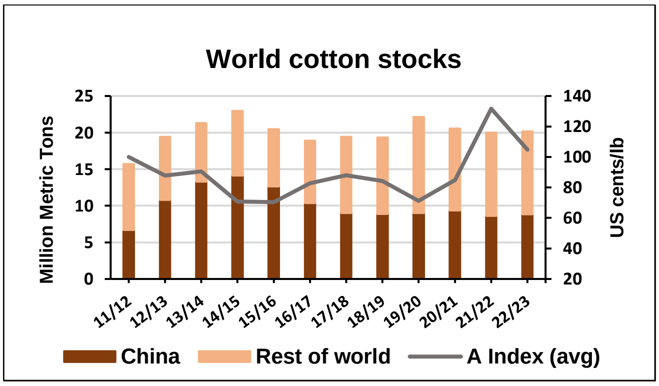
We are witnessing an unprecedented situation where there appears to be cotton available in significant quantities that are simply not making it to the market.

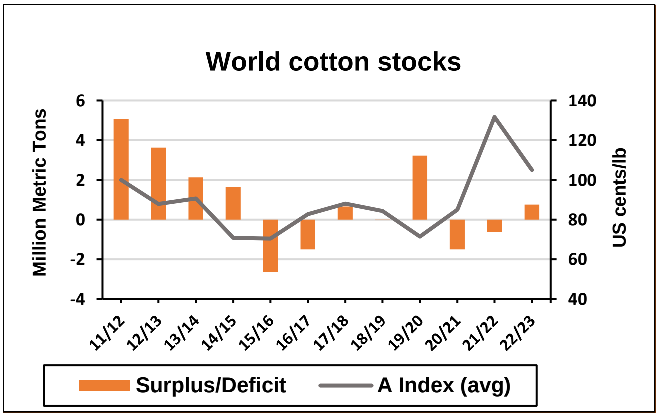
The Secretariat's current price forecast of the season-average A-index for 2022/23 ranges from 99.8 cents to 122.12 US cents, with a midpoint at 103.71 US cents per pound.

Source: ICAC

World Cotton balance sheet

	Aug-Jul	2022/23	
	2021/22	Feb	Mar
	Million Metric Tons Lint		
Beginning Stocks	20.19	19.47	19.43
Production	25.18	24.37	24.55
Consumption	25.81	23.13	23.80
Ending Stocks	19.43	20.71	20.18
Stocks/ Use (excl. China)	62.14%	79.63%	69.50%





International Cotton Prices

(Quotes in US cents per pound)	01/04/23	Season Low	Season High	1 Year ago,	2 Years ago,
Cotlook A Index	**96.75**	**89.20**	**135.20**	**151.1**	**87.65**
NY Futures Nearby Contract [a]	**82.78**	**72.00**	**122.20**	**137.9**	**77.95**
Basis[b]	**13.97**	**6.40**	**135.9**	**16.5**	**6.77**
2022/23 average to date	**104.88**				
2021/22 average	**131.68**				

[a] *Previous day's close*

[b] *Current A-Index minus Nearby NY (previous close)*

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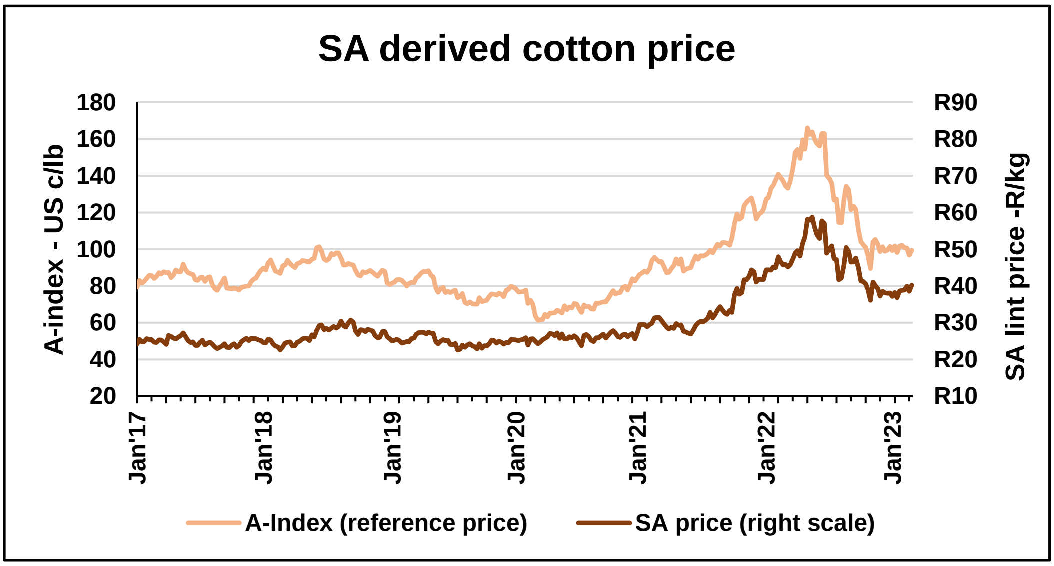
Local Outlook

The third official crop estimate for 2022/23 stands at an estimated 71 542 lint bales, up 4% on last month's estimate but still about 7% less than the year before.

The SA-derived lint price has been more or less stable since January, and with the good rains in most areas, farmers can look forward to a good crop. The benefit of above-average rain at the right time in the season is still to be seen for cotton planted in dryland areas of the larger North West and Limpopo provinces. Farmers are looking forward to a good quality crop, which will be reflected in a higher income or profit margin per hectare. The hope is that this will encourage producers to plant larger areas under cotton in the coming season, with a focus on the benefit of cotton as a preferred crop, especially under dryland conditions.

RSA CROP	2022/23 2nd Estimate	2022/23 3rd Estimate	2021/22 Final Estimate
Ha Irrigation	6 425	6 665	7 195
Ha Dryland	11 300	11 329	10 823
Total Ha	17 725	17 994	18 018
Yield: kg seed cotton per ha			
Irrigation	4 314	4 270	4 306
Dryland	919	1 002	1 103
Total lint bales	**68 656**	**71 542**	**76 659**



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