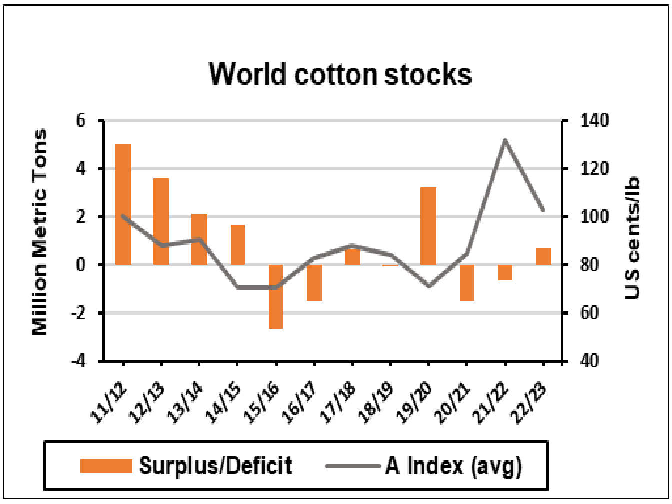
COTTON MARKET REPORT MAY 2023

International situation

Most of the Northern Hemisphere cotton-producing countries have started planting, are preparing for planting, or are thinking about planting, while the opposite is true for the Southern Hemisphere. Soil moisture is an essential ingredient for a successful planting operation. Interestingly, in the United States region of West Texas, soil moisture is currently very high in most areas. Rainfall totals exceed average annual amounts for this time of year in several areas of west Texas.

This is fantastic news for West Texas farmers, given the current season's catastrophic drought and severely decreased production. In fact, production in the United States is down nearly 665,000 tonnes from the 2021/22 season, most of which can be directly attributed to the drought in West Texas. With high levels of soil moisture available, cotton farmers may be incentivised to plant cotton early to capitalise on this rare occurrence. However, with the recent lowering of the international price of cotton (Cotlook A-Index) and the uncertainty surrounding global economic markets, farmers will have difficulty deciding whether cotton makes sense for their portfolio in the coming season. Through the adoption of precision agriculture, advanced irrigation systems, sustainable pest and weed management practices, genetic advancements, and a commitment to conservation, West Texas farmers have successfully increased yields while minimizing environmental impact. By embracing cutting-edge technologies and prioritizing sustainable practices, the region's cotton industry continues to thrive and contribute to the global cotton supply. The USA makes out 3,15 million tonnes of lint production alone, in comparison with 5,98 million tonnes produced by China. Production is currently recorded at 24.51 million tonnes. Global consumption, reaching 23,79 million tonnes remains consistent, with global exports around 8,98 million tonnes and global end stocks at 29,141 million tonnes. With only two months remaining in the 2022/23 season, global cotton production and consumption have not changed much since April. As is typical with trade data, the final totals on global trade are lagged by

several months and will be reconciled only after the official close of the 2022/23 season on 31 July 2023. The 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. The average to date (2022/2023) is 102.99 US cents per pound.



(Quotes in US cents per pound)	02/05/23	Season Low	Season High	1 Year ago,	2 Years ago,
Cotlook A Index		89.20	135.20	156.95	89.90
NY Futures Nearby Contract	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				

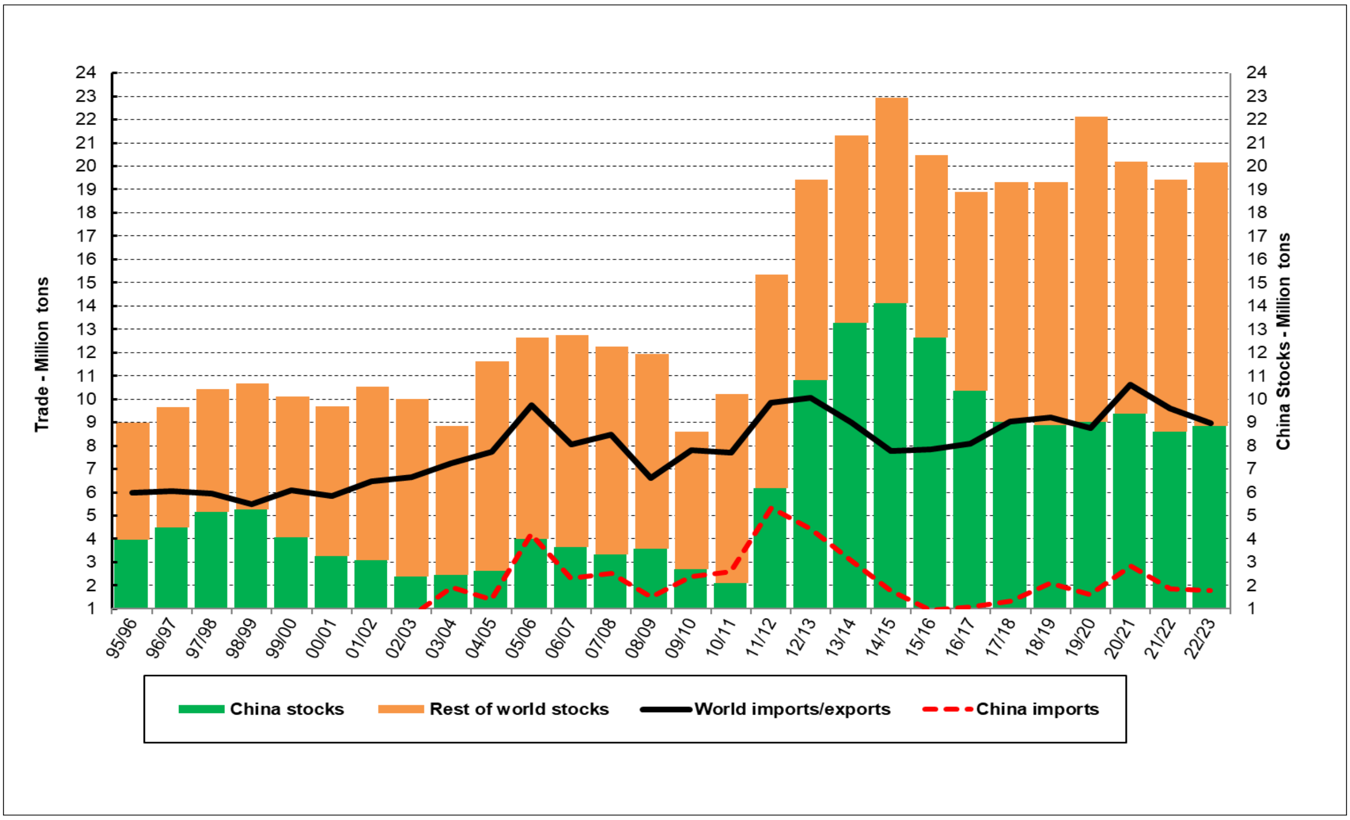
[a] *Previous day's close.*

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

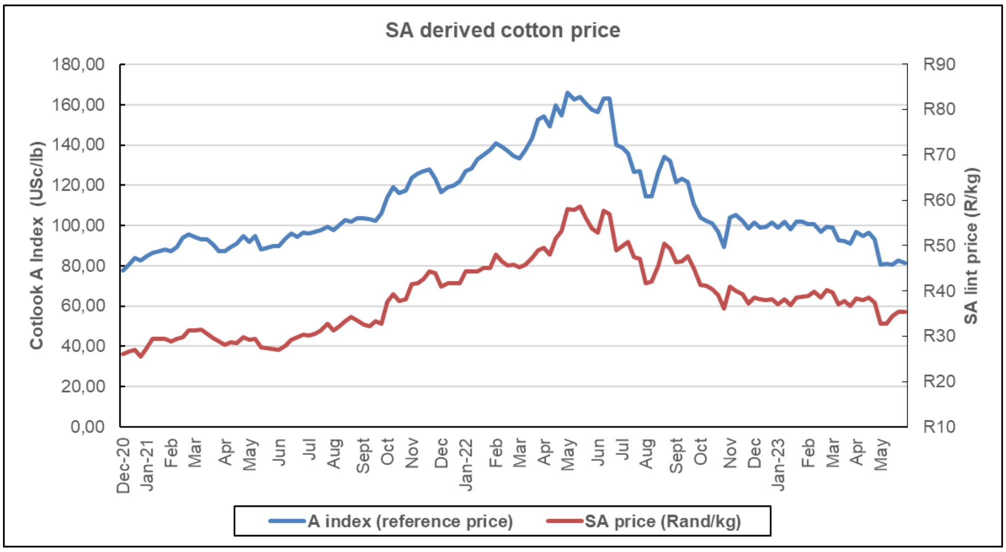
[C] *N/A: Not available*

Source: www.icac.com

World cotton stocks - China versus the rest of the World



Local outlook



The lint price for South African farmers has increased slightly to reach an average reference price of around R35,36 per kg lint for Strict Low Middling $1\ ^{1}/_{16}$” (on 29/05/2023). The fourth official crop estimate for 2022/23 remained the same as the previous month, namely 71 542 lint bales. The fourth official crop estimate for 2022/23 thus remains just over 5 000 bales less than the final estimate of the previous season. The 5th crop estimate is slightly higher than the previous estimate.

Ginning is well underway at the Marydale Gin in the Northern Cape, and lint samples have also been received from Ubongwa Gin and the Koedoeskop Gin for quality testing and grading. Dryland cotton harvesting in the Schweizer-Reneke area looks promising.

RSA CROP	2022/23 4th Estimate (Same as 3rd)	2022/23 5th Estimate	2021/22 Final Estimate
Ha Irrigation	6 665	6 940	7 195
Ha Dryland	11 329	11 329	10 823
Total Ha	17 994	18 269	18 018
Yield Irrigation (Kg seed cotton/ha)	4 270	4 260	4 306
Yield Dryland (Kg seed cotton/ha)	1 002	1 002	1 103
Total no. lint bales	**71 542**	**73 632**	**76 659**

The handpicked cotton from the Makhathini (Ubongwa Gin) looks especially good. Smallholders from the Nkomazi area has also started to harvest their crop. The estimated lint bale production from smallholders remains around 10 252 bales. A total of about 2 062 smallholder farmers have cultivated 4 675 ha under dryland, and 498 ha under irrigation.

A total of 10 252 lint bales are expected to originate from smallholders, which converts into a weighted average of 1,982 lint bales per ha or 396,3 kg lint/ha (@ 200 kg lint per bale) and a weighted average of 1011 kg seed cotton per ha (Gin out Turn of 36%).

Inquiries: Dr. Annette Bennett

Tel. 012 804 1462