COTTON MARKET REPORT APRIL 2024

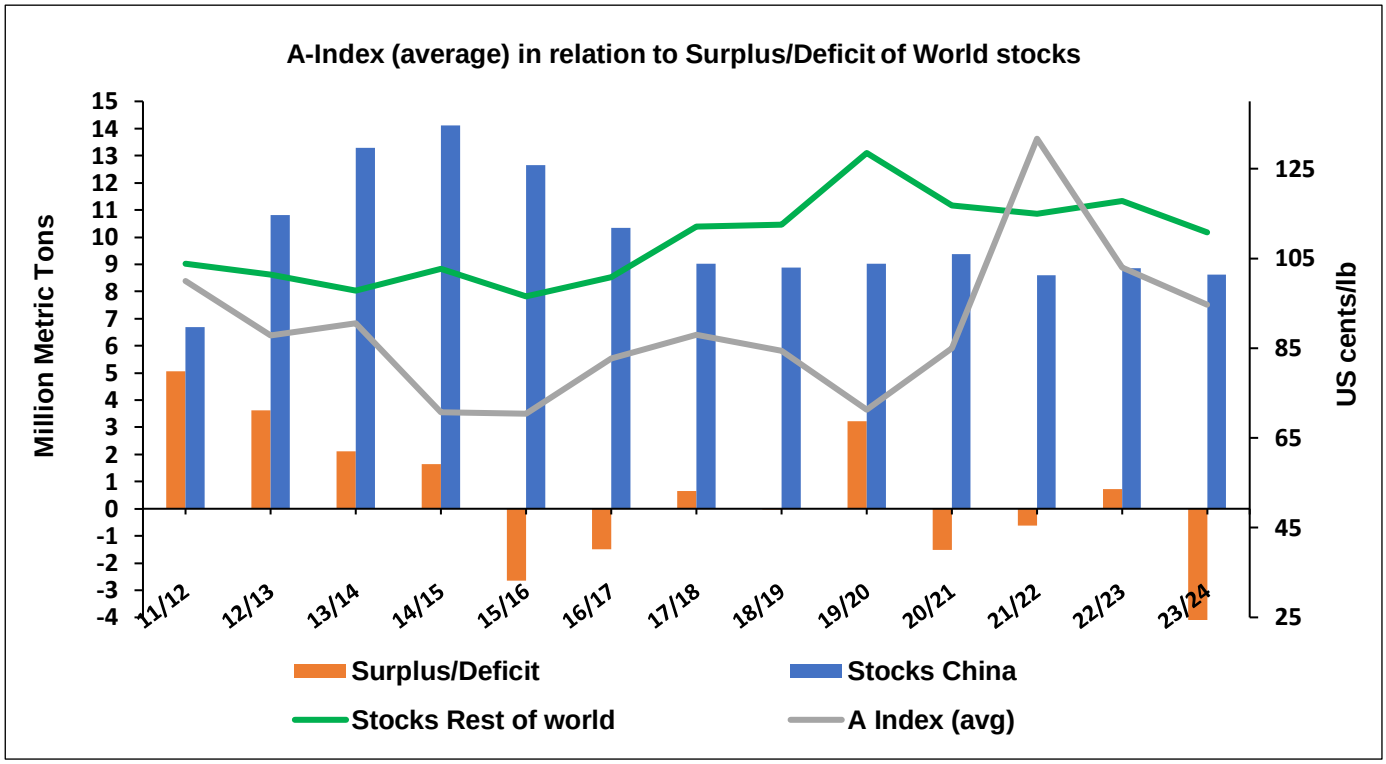
International developments

Depending on when cotton is planted, it influences when lint stocks are available to trade. The ICAC reported this month on changes in handling the stocks of Brazil. Brazil is a Southern Hemisphere producer, and the cotton season (August to July) falls roughly in the middle of this cycle. This requires a decision to be made about which season the cotton lint production should be counted on the world cotton balance sheets. Both the ICAC and the USDA have historically counted the cotton produced in the season it was planted. This meant that the cotton that was available for trade on the open market was not available until the next season. The ICAC has now shifted records for "area" and "production" for the balance sheet in Brazil forward one season, starting in 2000/2001. Trade and Consumption remain unchanged on the balance sheets. Brazil plants in December every year. African countries that have a similar planting cycle include Kenia and South Africa, sowing in October and November, with Tanzania, Zimbabwe, and Zambia planting in November- December.

The current global cotton market outlook for 2023/2024, showed that the area planted under cotton is 31.979 million hectares with an average yield of 768,65 kg of lint per hectare. Global production is 24.581 million tonnes of cotton, while global consumption is 24.661 million tonnes. Beginning stocks are 21.447 million tonnes, while 9.572 million tonnes of lint is imported to various countries. About the same volume is exported as is imported, 9.571 million tonnes. Ending stocks available is 21.41 million tonnes, with a stocks-to-mill use ratio of 0,87 (ICAC dashboard, icac.shinyapps.io/ICAC_Open_Data_Dashboard/#).

Price Projections

The Secretariat's current price forecast of the season-average A index for 2023/24 ranges from 90.00 cents to 102.00 cents, with a midpoint at 95.00 cents per pound. (ICAC).



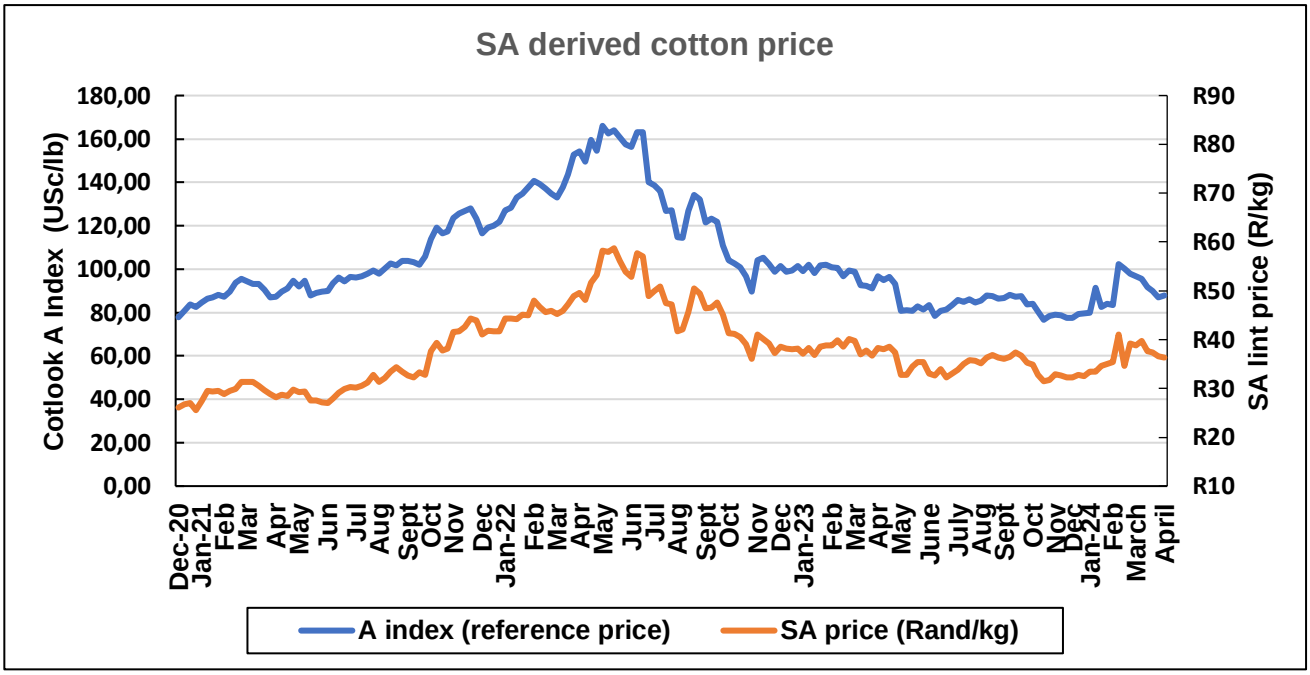
(Quoted in US cents per pound)	01/04/24	Season Low	Season High	1 Year Ago	2 Years Ago
Cotlook A-Index	85.30	85.30	107.00	94.15	166.05
NY Futures Nearby Contract [a]	77.92	77.34	103.07		152.33
Basis[b]	7.38	3.93	13.31	15.12	12.97
2023/24 average to date[c]	94.62				
2022/23 average[c]	101.62				

[a] *Previous day's close.*

[b] *Current A-Index minus Nearby NY ICE Nearby Futures (previous day settle price)*

[C] Average price for a given season, August 1 to July 31 or average-to-date.

The derived South African cotton price for April 2024, based on the weekly average Cotlook A Index (US c/lb), was R37,55 over the month.



Local situation

The weekly average cotton reference price based on the NY Futures, provided to farmers every week, was 77,84 US c/lb (R32,59) for the week ending on 26 April 2024.

RSA CROP	2023/2024 4th Estimate (April 2024)	2022/2023 Final Estimate (November 2023)
Ha Irrigation	6 757	6 308
Ha Dryland	9 475	13 556
Total Ha	**16 232**	**19 864**
Yield Irrigation (Kg seed cotton/ha)	4 305	4 327
Yield Dryland (Kg seed cotton/ha)	857	1 285
Total no. lint bales (@ 200kg/bale)	**67 766**	**80 225**

The 4th estimate for the 2024 season is similar to that of the 3rd estimate, with a slight increase in hectares planted under irrigated conditions. The total hectares of 16 232 ha show a 7% improvement on the previous year's estimate, while the dryland hectares remain at 9 475 ha, indicating a decrease of 30% from the previous year. Farmers need to realize the benefits of cotton for dryland production in comparison with other crops. A Lot more needs to be done to point out these advantages and income that can be derived from cotton, when climate change reflected in very high temperatures affects other crops negatively, cotton can be the crop that makes the difference. The total number of bales predicted for this season is 67 766, at 200 kg a bale, yielding 13 553 tonnes of lint.

Smallholder production

The 4th estimate for the Makhathini cotton production is estimated at 2 680 ha, with an average yield of 800 kg seed cotton per ha. The Ubongwa ginnery has started ginning and the baling of lint has started following some reparations to the ginnery. Around 17 ha was planted in Rust de Winter, under dryland conditions and a yield of 600 kg seed cotton is expected from the region. With some inputs making changes to irrigation systems, this region has huge potential. The Nkomazi area has planted 900 ha under dryland conditions and a yield of 700 kg seed cotton per ha is expected. Planting late in December remains the one single risk factor that determines yield in this region.

In the Limpopo Province, irrigated hectares planted are 44 ha, with 200 ha planted under dryland conditions. Some farmers experienced a no-rainfall window period, with the seed not germinating and poor plant stand due to soil not having the minimum moisture conditions to secure good germination. It remains a challenge for farmers in some areas in some seasons if rainfall is irregular to establish the crop, but in the absence of getting cotton established, no other crop is also feasible. An in-depth investigation into the access and affordability of water sources should be done to provide experienced farmers with the minimum access to boreholes and water tanks to get their crops established.

Enquiries: Dr Annette Bennett (012 804 1462)