



China Sourcing Update

May 8, 2017

Prices of Chemical Textile Materials

1. Price indices of polyester fluctuate in April

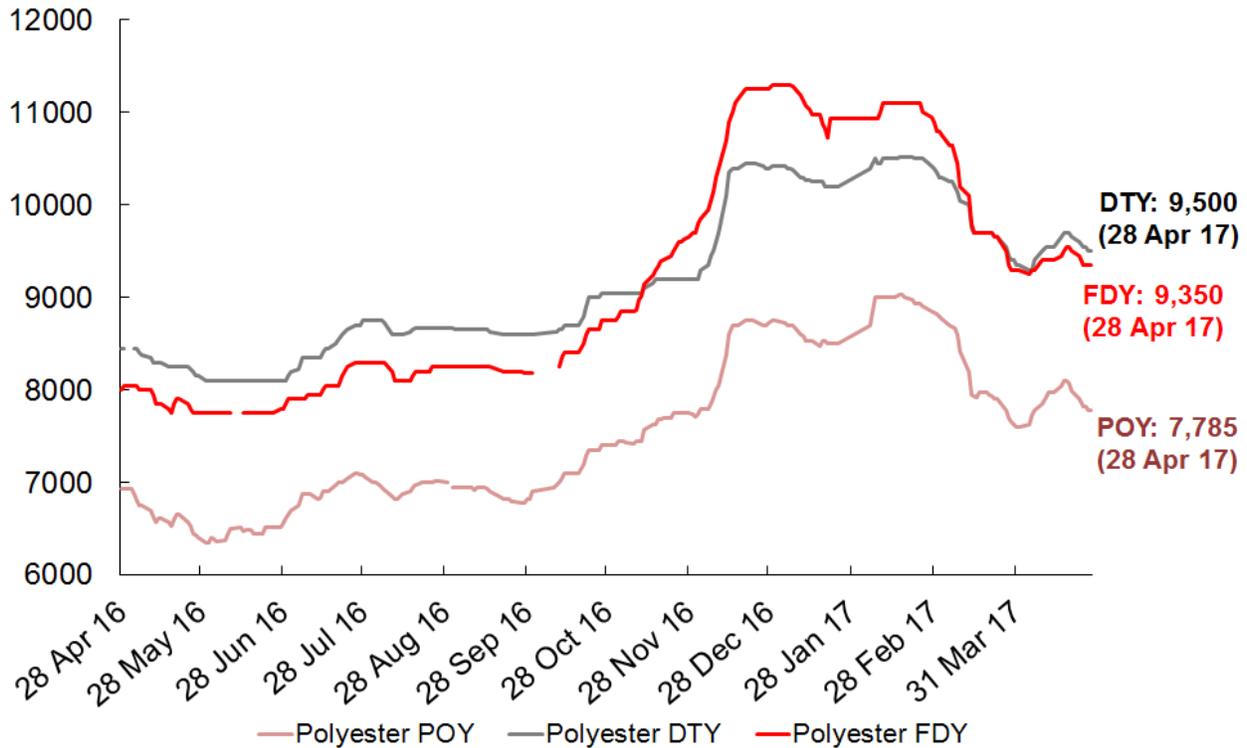
The price indices of polyester¹ went up during early to mid-April and fell afterwards (see *exhibit 1*). For example, after rising from 9,350 on 31 March to 9,700 on 18 April, the price index of polyester DTY dropped to 9,500 on 28 April.

In our view, the fluctuation in the prices of polyester in the month was mainly attributable to the rise and fall in the prices of purified terephthalic acid (PTA), a major raw material of polyester. The prices of PTA picked up in early April and declined during mid- to late April.

Looking ahead, we expect that the prices of polyester will continue to fall in the near future, as the prices of PTA have dropped further lately.

¹ The indices are compiled by the China Chemical & Fiber Economic Information Network (CCFEI).

Exhibit 1: Price indices of polyester, April 2016 to April 2017



Source: China Chemical & Fiber Economic Information Network

2. Price index of acrylic staple fiber goes up further in April

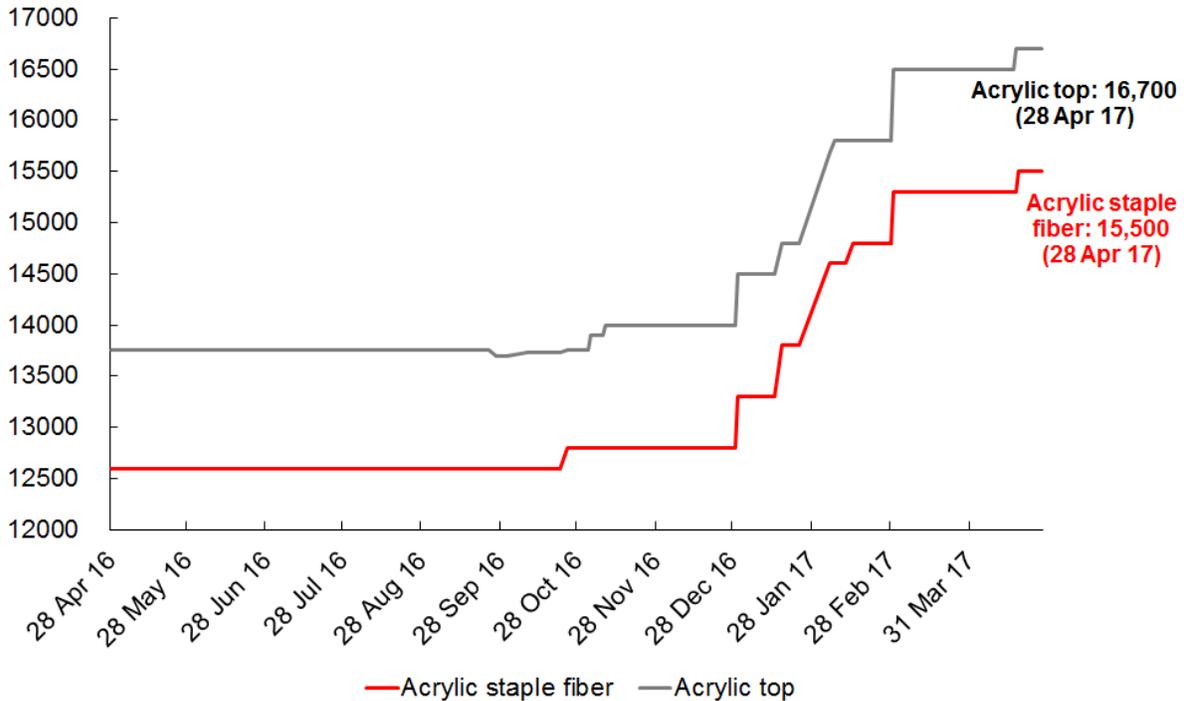
The price index of acrylic staple fiber² rose from 15,300 on 18 April to 15,500 on 19 April and then stayed at the same level till the end of the month (see exhibit 2).

According to the local media, the rise in the prices of acrylic staple fiber in mid-April was due largely to the higher prices of acrylonitrile, a major upstream material of acrylic staple fiber.

Going forward, we expect the prices of acrylic staple fiber to peak soon, as the prices of acrylonitrile have declined since late April.

² The index is compiled by the China Chemical & Fiber Economic Information Network (CCFEI).

Exhibit 2: Price indices of acrylic, April 2016 to April 2017



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon continue to tumble in April

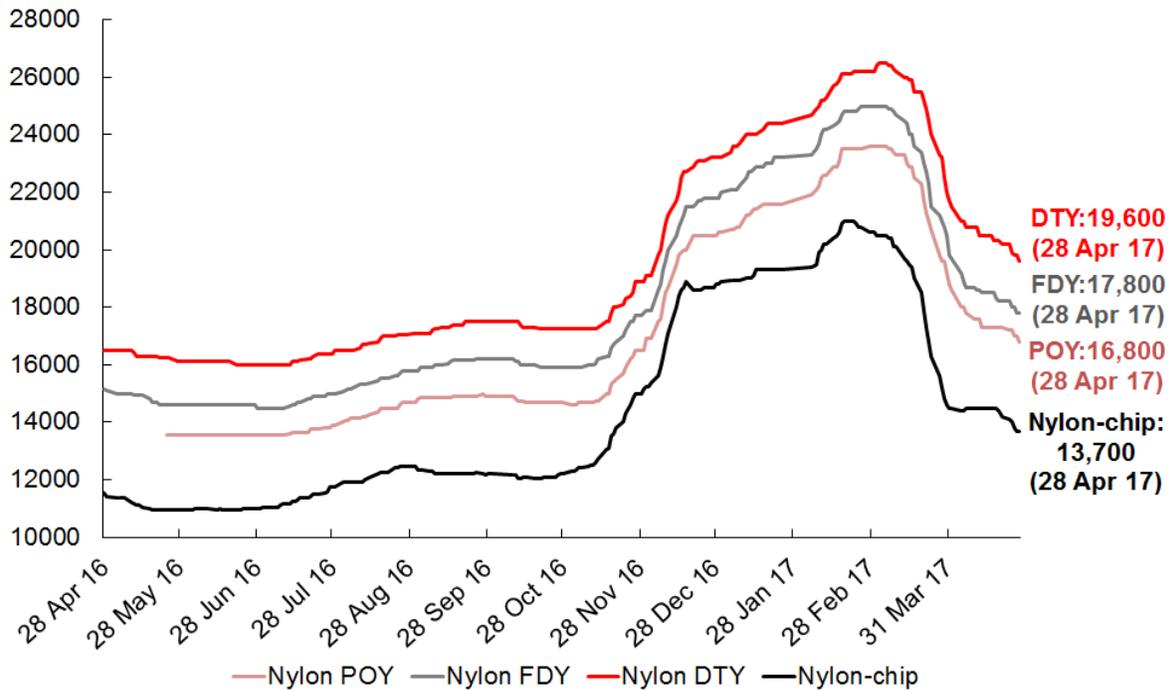
The price indices of nylon³ slumped further in April. For example, the price index of nylon DTY fell from 21,700 on 31 March to 19,600 on 28 April, the lowest level since early December 2016 (see exhibit 3).

The main reasons for the plunge in nylon prices in the month were a fall in the prices of caprolactam, a major raw material of nylon; a rise in inventory levels held by nylon manufacturers; and a sluggish downstream demand for nylon.

Looking ahead, the negative factors mentioned above are expected to persist in the foreseeable future. Therefore, we believe that nylon prices will stay low in the near term.

³ The index is compiled by the China Chemical & Fiber Economic Information Network (CCFEI).

Exhibit 3: Price indices of nylon, April 2016 to April 2017



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber drops

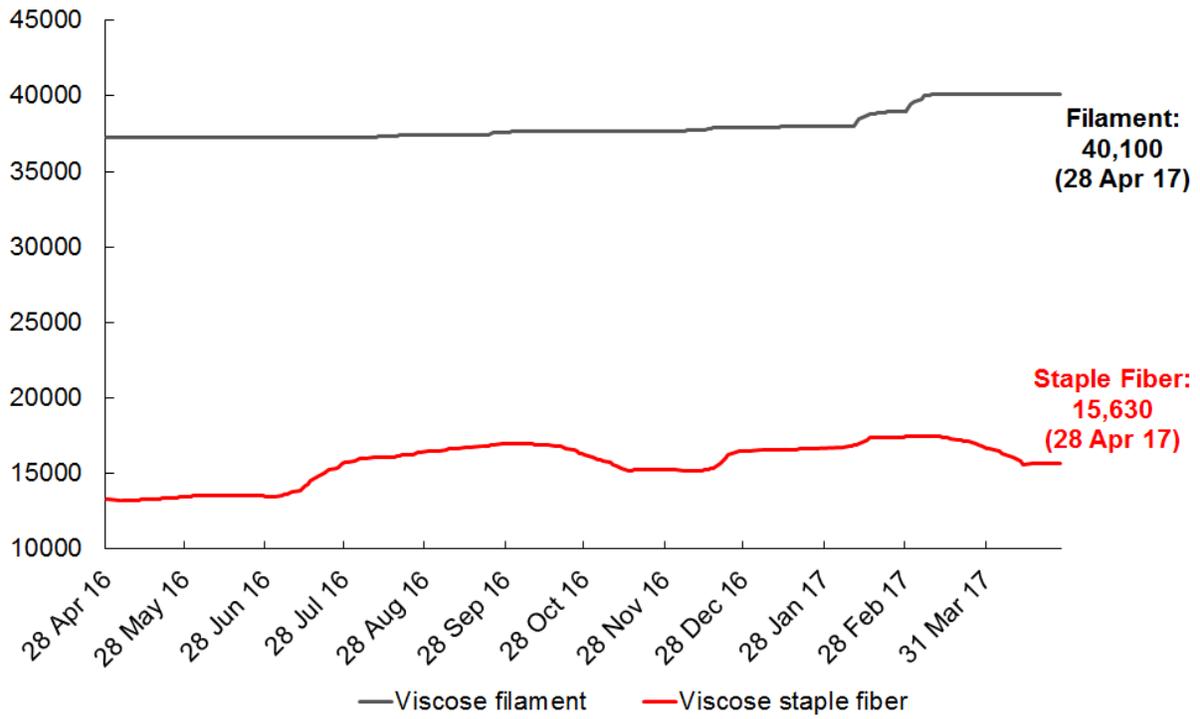
The price index of viscose staple fiber⁴ went down in April, falling from 16,600 on 31 March to a four-month low of 15,600 on 14 April, before closing at 15,630 on 28 April (see exhibit 4).

The main reasons for the decline in the prices of viscose staple fiber during early to mid-April were that a price cut by the largest producer of viscose staple fiber in China led to industry-wide price reductions, and that the downstream demand for the fiber was weak.

Looking ahead, we expect the prices of viscose staple fiber to stay low in the near future as the downstream demand for the fiber is likely to remain soft.

⁴ The index is compiled by the China Chemical & Fiber Economic Information Network (CCFEI).

Exhibit 4: Price indices of viscose, April 2016 to April 2017



Source: China Chemical & Fiber Economic Information Network

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