



China Sourcing Update

May 14, 2018

Prices of Chemical Textile Materials

1. Price indices of polyester rise in April

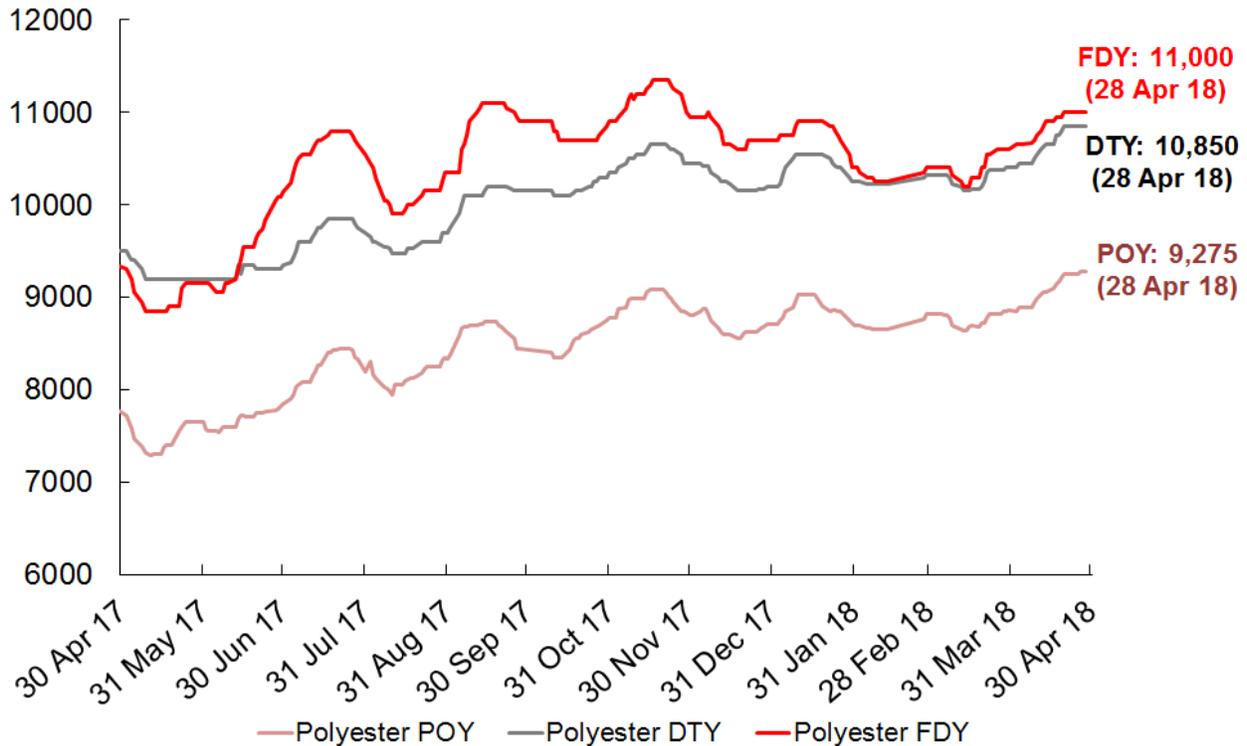
The price indices of polyester¹ went up in April. For example, the price index of polyester DTY climbed from 10,400 on 30 March to 10,850 on 28 April, the highest level since October 2014 (see *exhibit 1*).

The increase in the prices of polyester in April was mainly triggered by a rise in upstream costs: the prices of purified terephthalic acid (PTA), a major raw material of polyester, went up in the month. A strong downstream demand for polyester from textiles manufacturers also supported polyester prices.

Looking ahead, we expect that the prices of polyester will stay high in the coming months, given a further jump in upstream costs in early to mid-May and a stable downstream demand.

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

Exhibit 1: Price indices of polyester, April 2017 to April 2018



Source: China Chemical & Fiber Economic Information Network

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

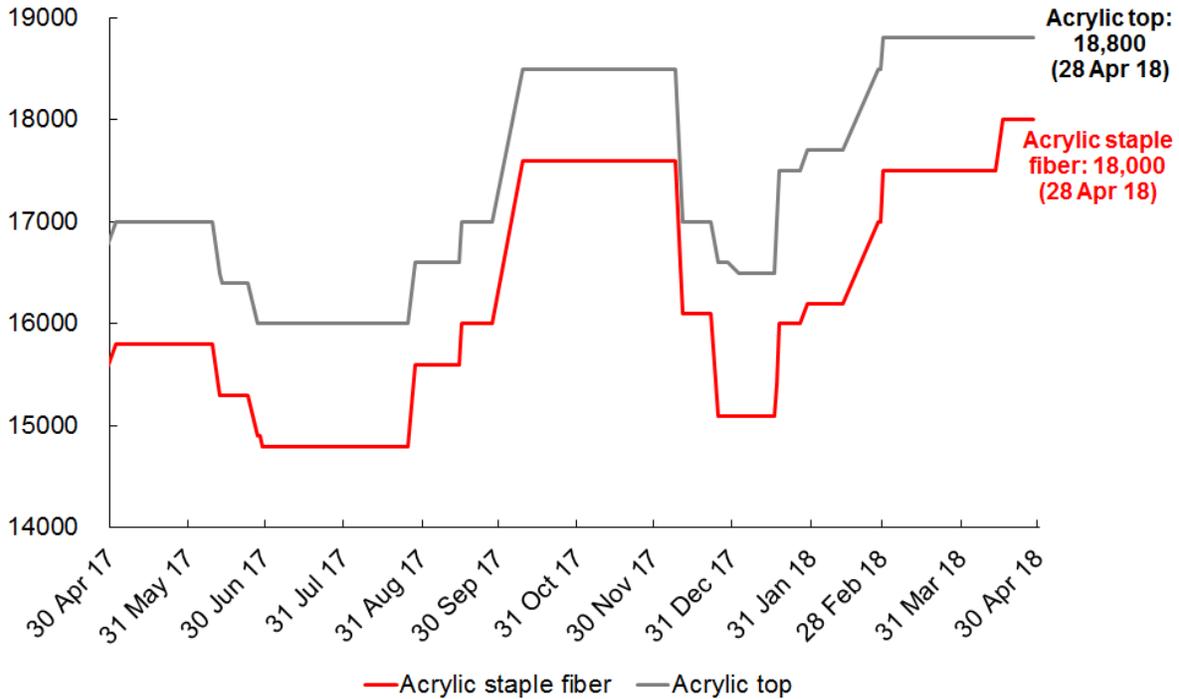
The price index of acrylic staple fiber² stayed flat at 17,500 throughout early to mid-April. The price index then jumped to 18,000 on 16 April, the highest level since November 2014, before staying at the same level till the end of the month (see exhibit 2).

In our view, the increase in the prices of acrylic staple fiber was due largely to a rise in the prices of acrylonitrile, a major upstream material of acrylic staple fiber.

Looking ahead, we expect that the prices of acrylic staple fiber will continue to go up in the near future, as the prices of acrylonitrile rose further during mid-April to early May.

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

Exhibit 2: Price indices of acrylic, April 2017 to April 2018



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon fall in April

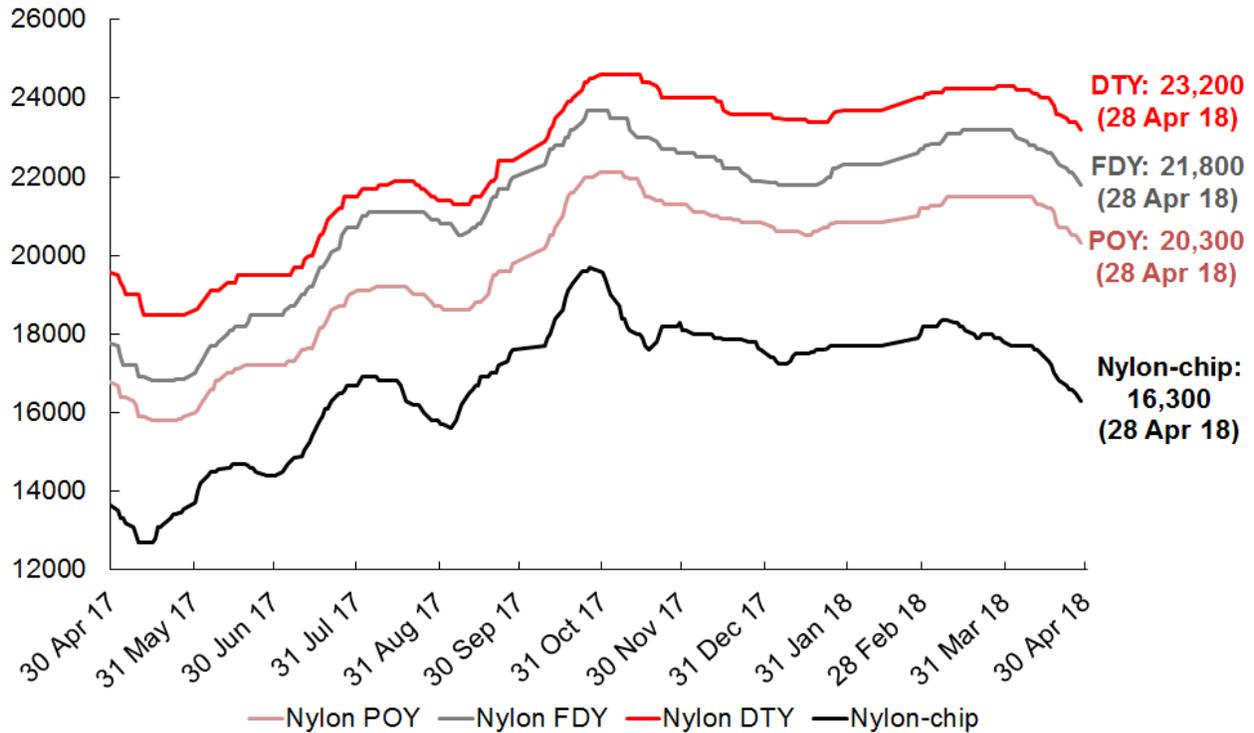
The price indices of nylon³ went down in April. For example, the price index of nylon DTY dropped from 24,300 on 30 March to 23,200 on 28 April (see exhibit 3).

In our view, the decline in nylon prices in the month was mainly caused by a fall in the upstream costs of nylon: the prices of caprolactam, the major raw material of nylon, went down throughout the month.

Looking ahead, we expect that nylon prices will bottom out in the near future, as the upstream costs of nylon started to rebound in early May.

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

Exhibit 3: Price indices of nylon, April 2017 to April 2018



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber falls in April

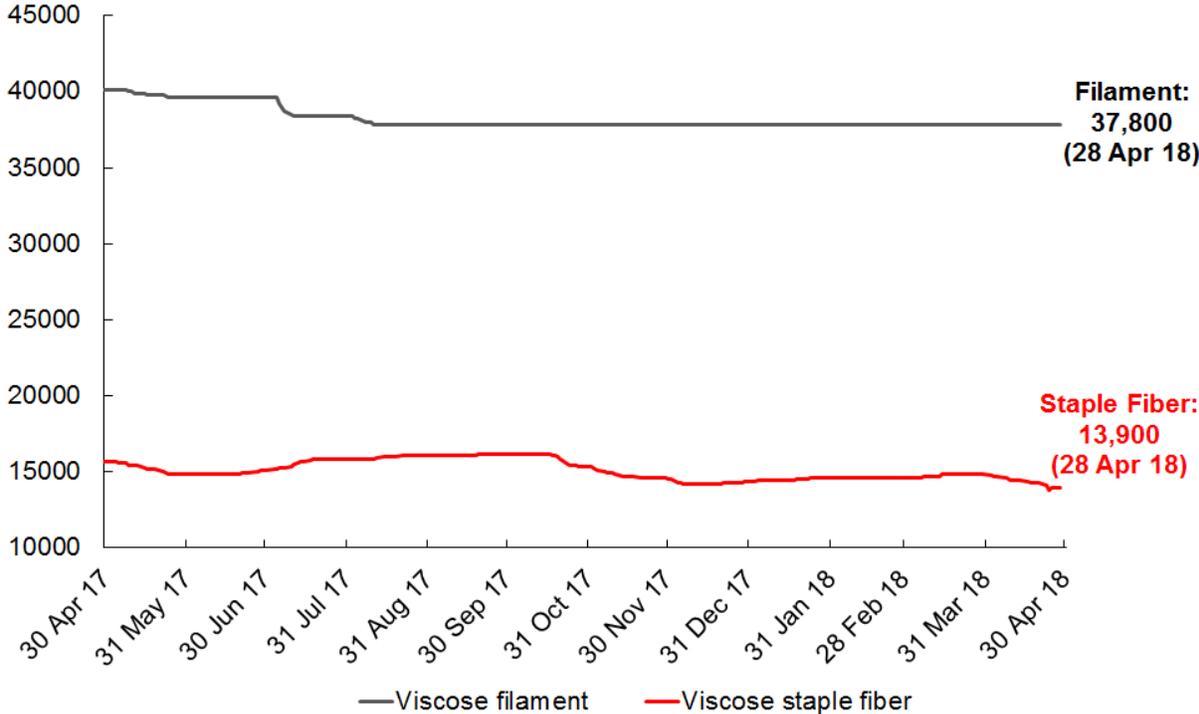
The price index of viscose staple fiber⁴ went down in April, dropping from 14,800 on 30 March to a nearly two-year low of 13,800 on 24 April, before picking up to 13,900 on 25 April (see exhibit 4).

The decline in the prices of viscose staple fiber was mainly attributable to a weak restocking demand and high levels of inventories held by viscose producers.

Looking ahead, we expect the prices of viscose staple fiber to stay low in the coming months, given a sluggish downstream demand and high stock levels of viscose.

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

Exhibit 4: Price indices of viscose, April 2017 to April 2018



Source: China Chemical & Fiber Economic Information Network

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