



China Sourcing Update

September 20, 2017

Prices of Chemical Textile Materials

1. Price indices of polyester drop and then rebound in August

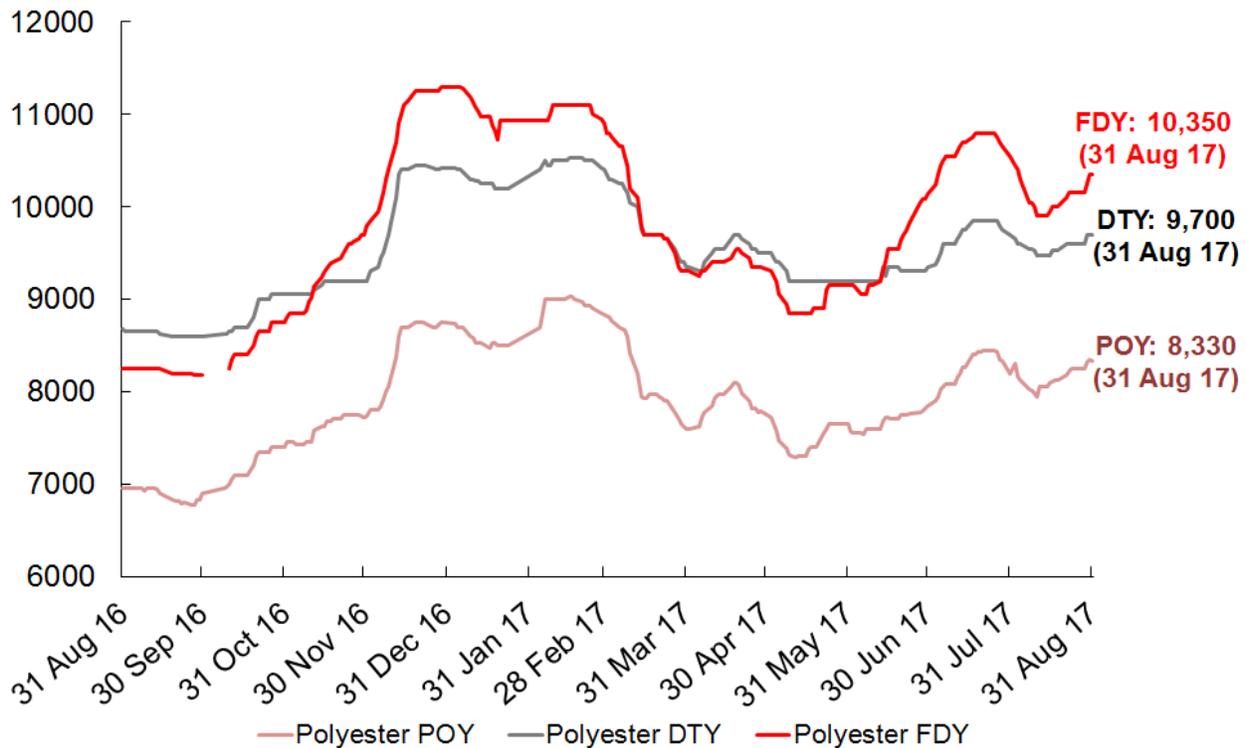
The price indices of polyester¹ went down in early August and then picked up during mid- to late August (see *exhibit 1*). For example, after falling from 9,700 on 31 July to 9,475 on 10 August, the price index of polyester DTY rebounded to 9,700 on 31 August.

According to the local media, in early August, the prices of polyester declined on soft upstream costs. However, a rise in the restocking demand from downstream manufacturers has pushed up the prices of polyester since mid-August.

Going forward, the downstream demand for polyester is likely to remain strong in the current high season. Thus, we expect the prices of polyester to go up further in the near future.

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

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



Source: China Chemical & Fiber Economic Information Network

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

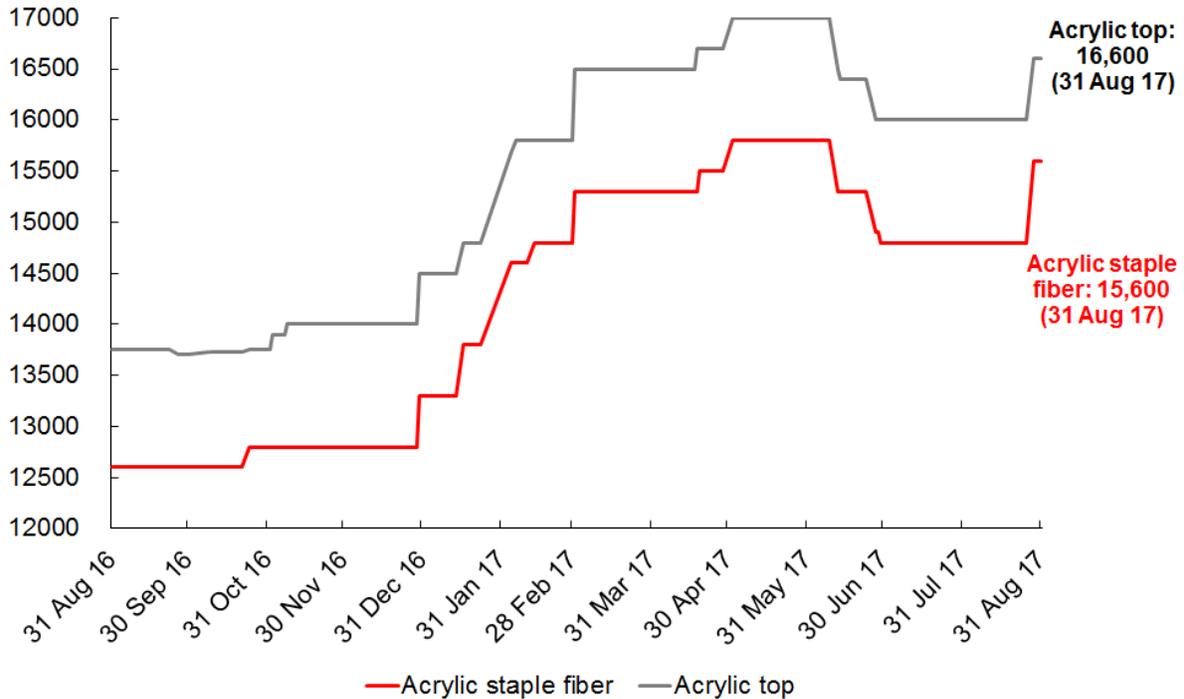
The price index of acrylic staple fiber² stayed flat at 14,800 for nearly the whole month until 28 August when the price index jumped to 15,600 (see exhibit 2).

In our view, the rise in the prices of acrylic staple fiber in late August was mainly caused by a surge in the prices of acrylonitrile, the major upstream material of acrylic staple fiber, in the month.

Going forward, the upstream costs of acrylic staple fiber are expected to stay high in the near term, which will continue to lend support to the prices of the fiber.

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

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



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon rise and then fall in August

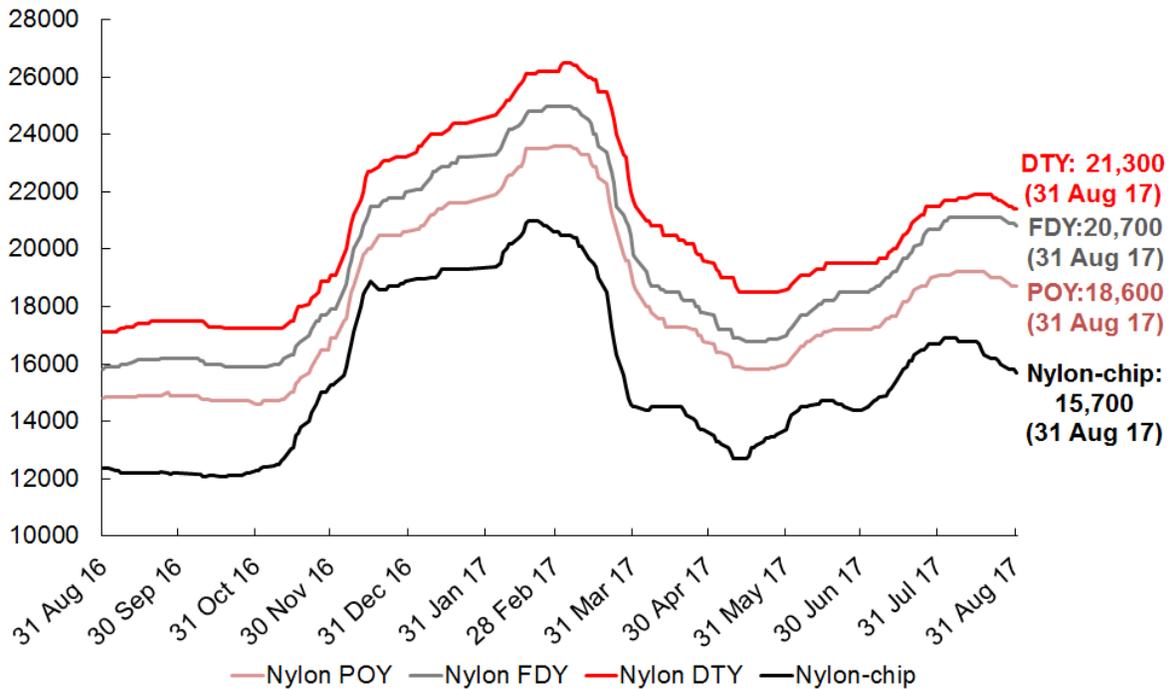
The price indices of nylon³ peaked in early to mid-August and declined afterwards. For example, the price index of nylon DTY went up from 21,500 on 31 July to 21,900 on 14 August, and then dropped to 21,400 on 31 August (see exhibit 3).

The fall in nylon prices in late August was due largely to a drop in upstream costs. Prices of caprolactam, the major raw material of nylon, declined on an excess supply, thus putting downward pressure on nylon prices.

Looking ahead, we expect nylon prices to bottom out in the near future as the industry has entered high season in September.

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

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



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber continues to rise in August

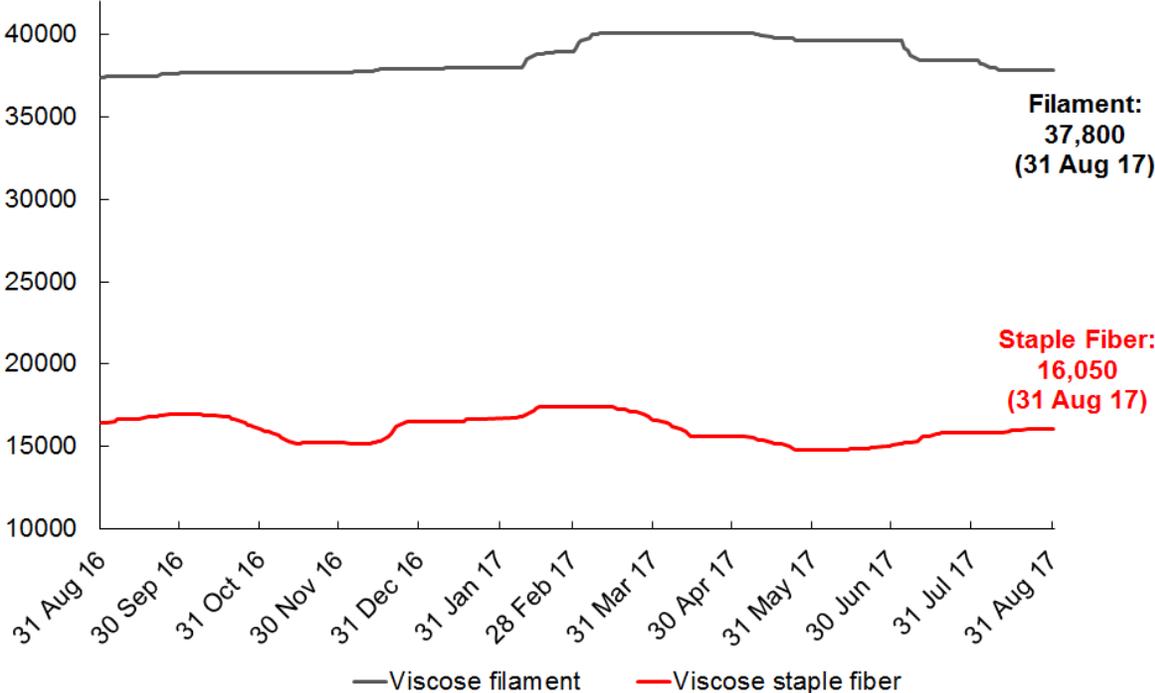
The price index of viscose staple fiber⁴ went up further in August, rising from 15,850 on 19 July to 16,050 on 21 August, before staying at the same level till the end of the month (see exhibit 4).

The main reason for the increase in the prices of viscose staple fiber in the month was a reduced supply of the fiber as a result of the environmental examinations conducted by the central government on production plants of viscose staple fiber.

Looking ahead, we expect the prices of viscose staple fiber to go up further in the near term, as the restocking demand from downstream manufacturers for the fiber is expected to improve in the current high season.

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

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



Source: China Chemical & Fiber Economic Information Network

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