



# China Sourcing Update

September 30, 2019

## Prices of Chemical Textile Materials

### 1. Price indices of polyester fall and then rebound in August

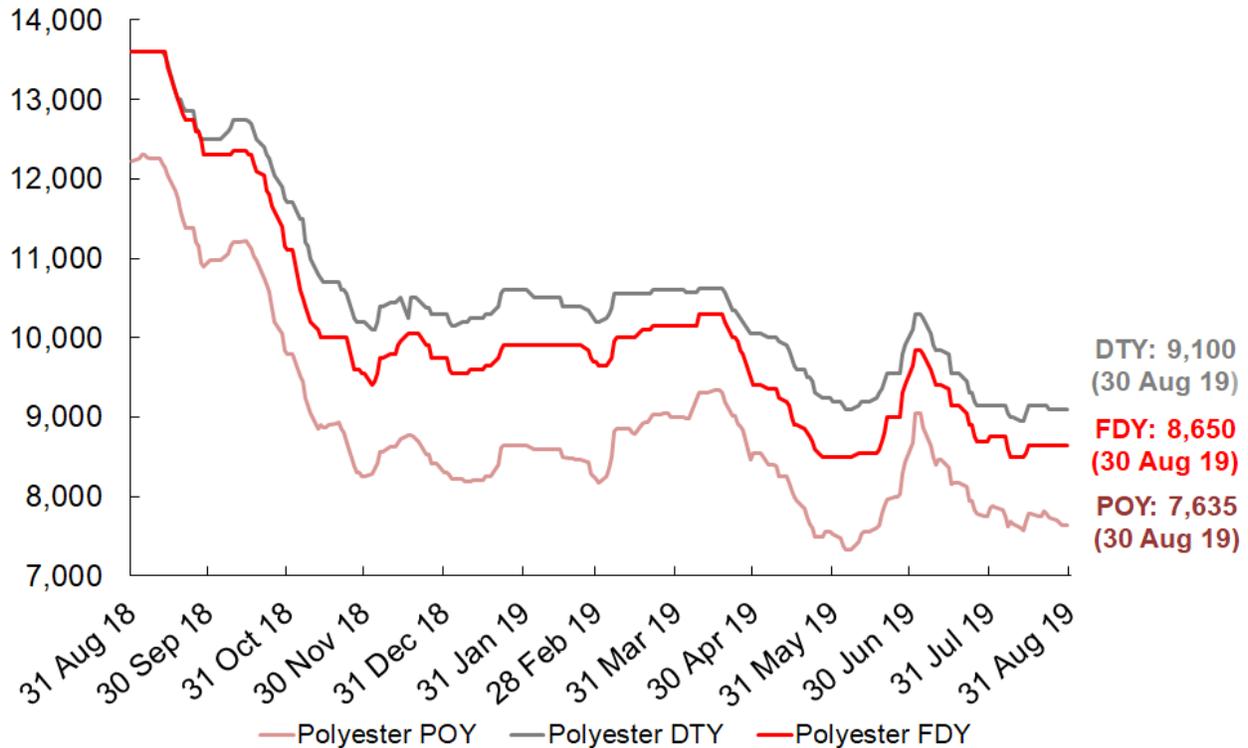
The price indices of polyester<sup>1</sup> fell in the first half of August but picked up afterwards. The price index of polyester DTY, for example, went down from 9,150 on 31 July to 8,950 on 12 August, before rebounding to 9,100 on 30 August (see exhibit 1).

The decline in polyester prices in the first half of August was due mainly to a drop in the price of PTA, a major upstream material for polyester. Polyester prices started to rebound in mid-August as market sentiments improved on the US announcement that the 10% additional tariffs on around US\$156 billion worth of Chinese products will be postponed to 15 December.

Looking ahead, we predict that polyester prices will go up further, as the downstream demand is likely to improve during the current high season in September and October.

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

**Exhibit 1: Price indices of polyester, August 2018 to August 2019**



Source: China Chemical & Fiber Economic Information Network

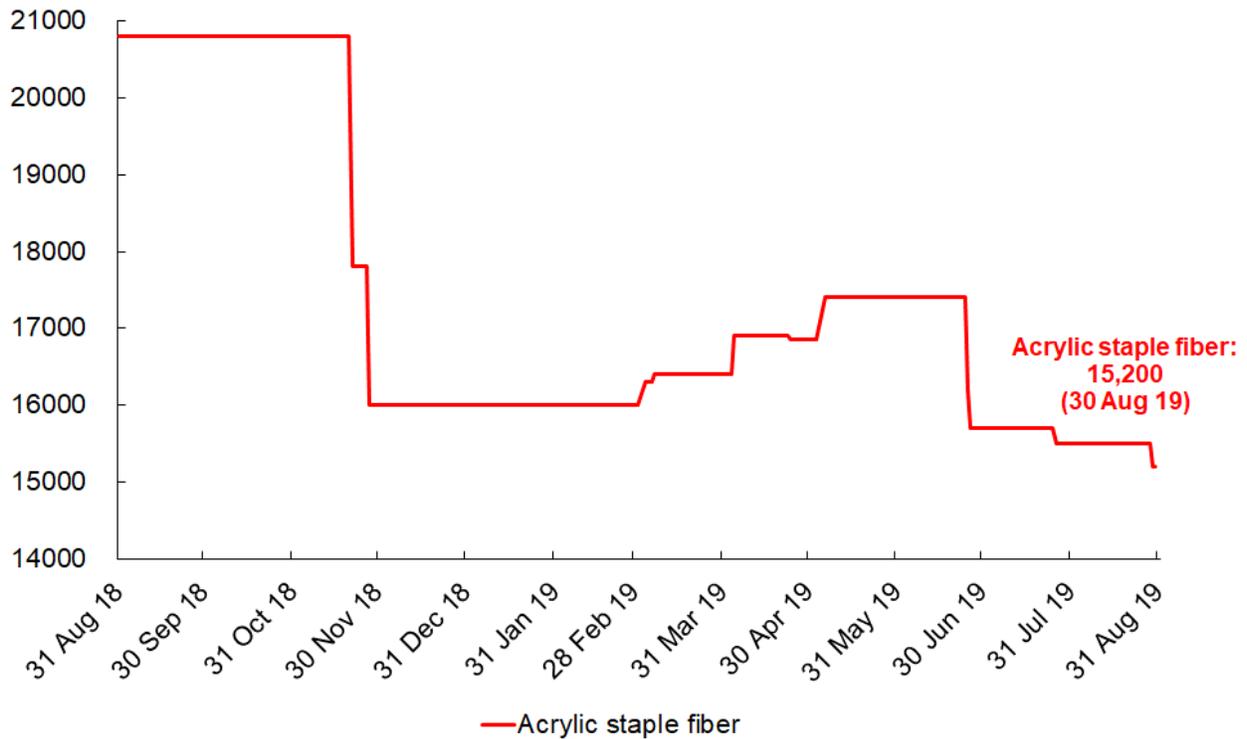
## 2. Price index of acrylic staple fiber declines in August

The price index of acrylic staple fiber<sup>2</sup> went down in late August. After staying at 15,500 from late July to 28 August, the price index fell to 15,200 on 29 August, the lowest level since January 2018. (see exhibit 2).

Going forward, the prices of acrylic staple fiber are unlikely to drop further in the near term, as the prices of acrylonitrile, a major upstream material of acrylic staple fiber, picked up in early September.

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

**Exhibit 2: Price index of acrylic staple fiber, August 2018 to August 2019**



Source: China Chemical & Fiber Economic Information Network

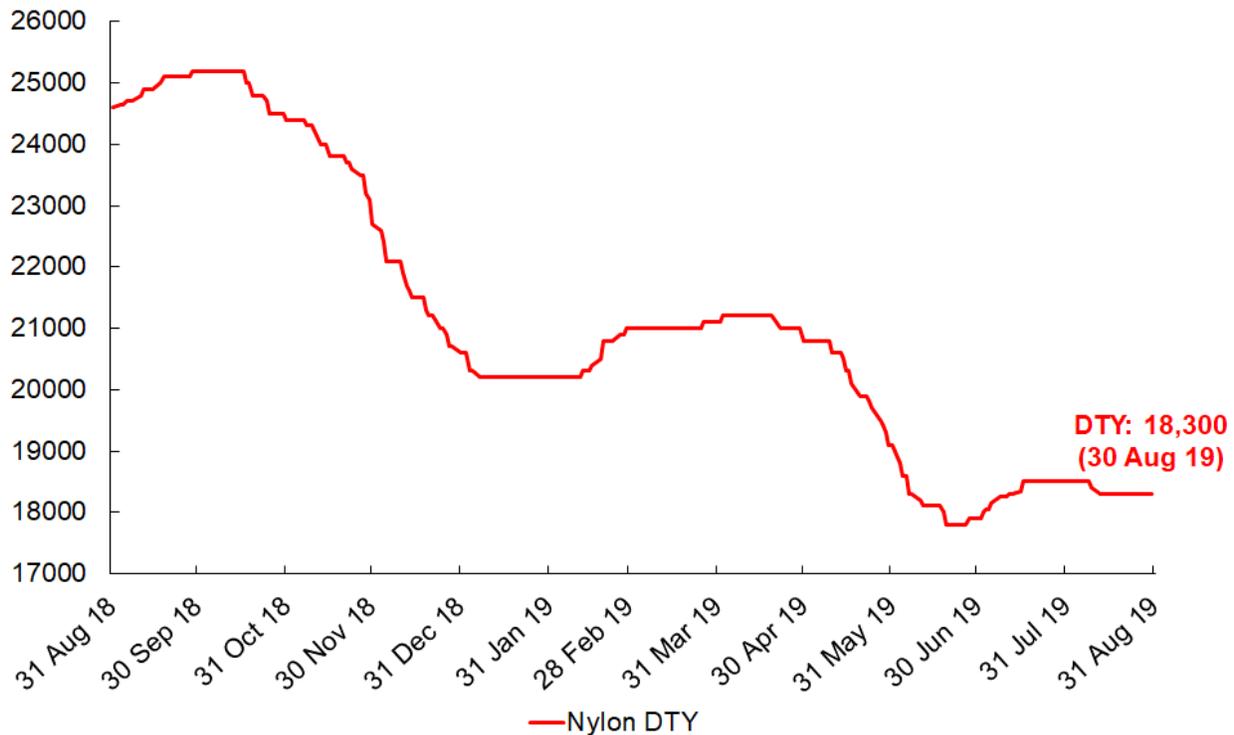
### 3. Price index of nylon goes down in August

The price index of nylon<sup>3</sup> dropped from 18,500 on 31 July to 18,300 on 12 August (see exhibit 3). The fall in nylon prices in August was attributed to the decline in the prices of caprolactam, a major input material of nylon, during late July to early August.

Looking ahead, we expect nylon prices to go up in the near future, as the price of caprolactam has rebounded since late July.

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

**Exhibit 3: Price index of nylon, August 2018 to August 2019**



Source: China Chemical & Fiber Economic Information Network

#### 4. Price index of viscose drops to lowest level in more than ten years

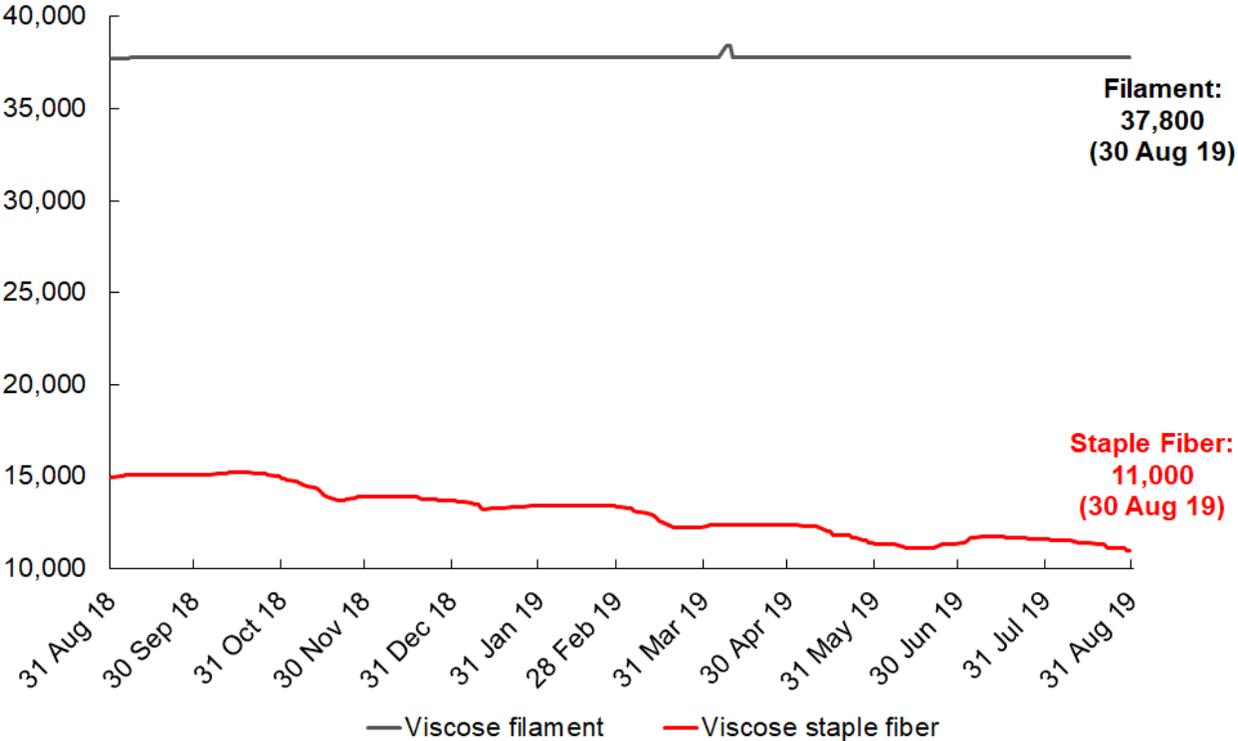
The price index of viscose staple fiber<sup>4</sup> fell from 11,600 on 31 July to 11,000 on 30 August, the lowest level in more than ten years (see exhibit 4).

The main reasons for the drop in the prices of viscose staple fiber were a weak downstream demand for the fiber and high inventory levels held by viscose producers.

Looking ahead, we predict that the prices of viscose staple fiber will bottom out in the near future, as the downstream demand is likely to improve during the current high season in September and October.

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

Exhibit 4: Price indices of viscose, August 2018 to August 2019



Source: China Chemical & Fiber Economic Information Network

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