



China Sourcing Update

January 12, 2018

Prices of Chemical Textile Materials

1. Price indices of polyester drop and then rebound slightly in December

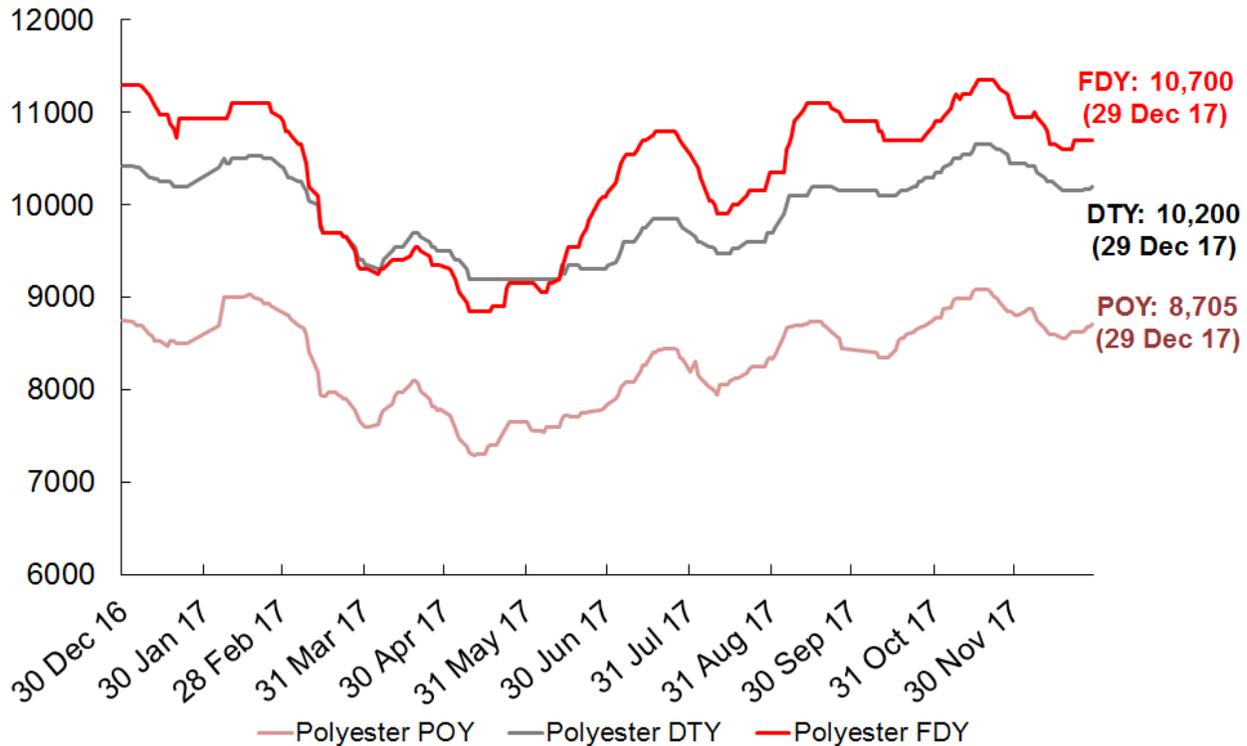
The price indices of polyester¹ went down during early to mid-December and picked up afterwards (see exhibit 1). For example, the price index of polyester DTY declined from 10,450 on 30 November to 10,150 on 18 December, and then edged up to 10,200 on 29 December.

The fall in the prices of polyester during early to mid-December was caused by a weak downstream demand. Afterwards, the slight rebound in the prices of polyester in late December was triggered by an increase in the prices of purified terephthalic acid (PTA), a major raw material of polyester.

Going forward, the upstream costs of polyester are likely to go up further in the near term. Thus, we expect that the prices of polyester will continue to rise.

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

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



Source: China Chemical & Fiber Economic Information Network

2. Price index of acrylic staple fiber plunges in December

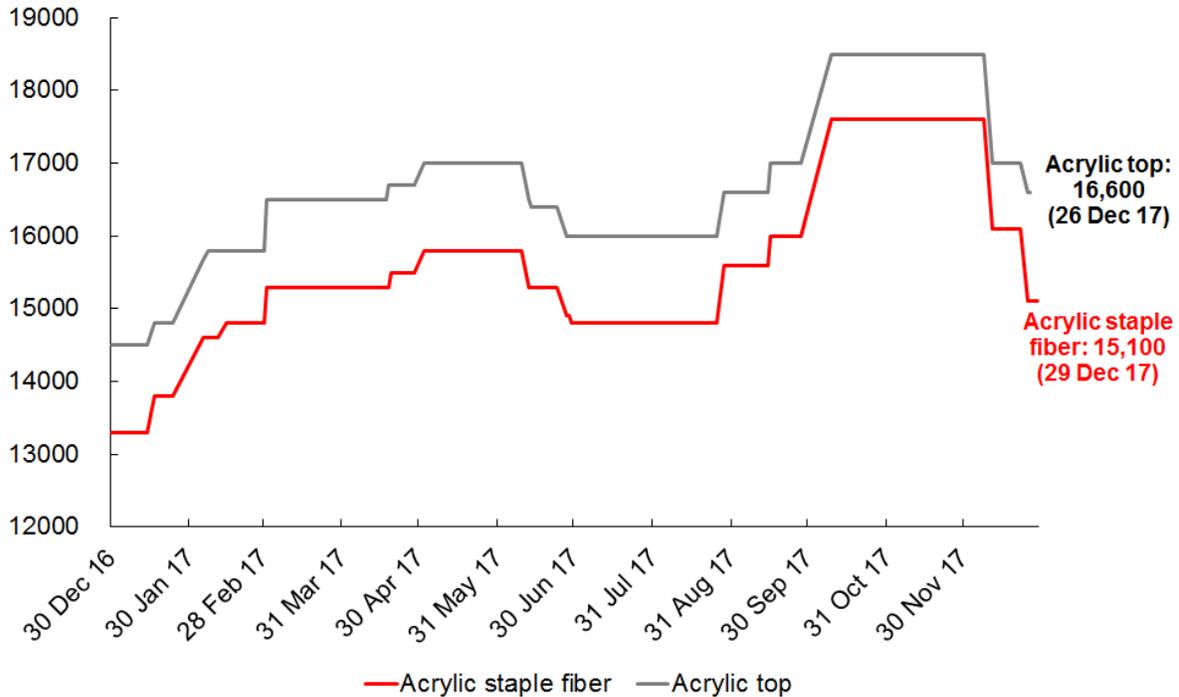
The price index of acrylic staple fiber² tumbled from 17,600 on 30 November to 15,100 on 29 December (see exhibit 2).

The slump in the prices of acrylic staple fiber in the month was mainly attributable to a sharp fall in the prices of acrylonitrile, the major upstream material of the fiber, during mid-October to late December.

Looking ahead, we expect the prices of acrylic staple fiber to stabilise in the near future, as the prices of acrylonitrile rebounded in early January 2018.

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

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



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon go down in December

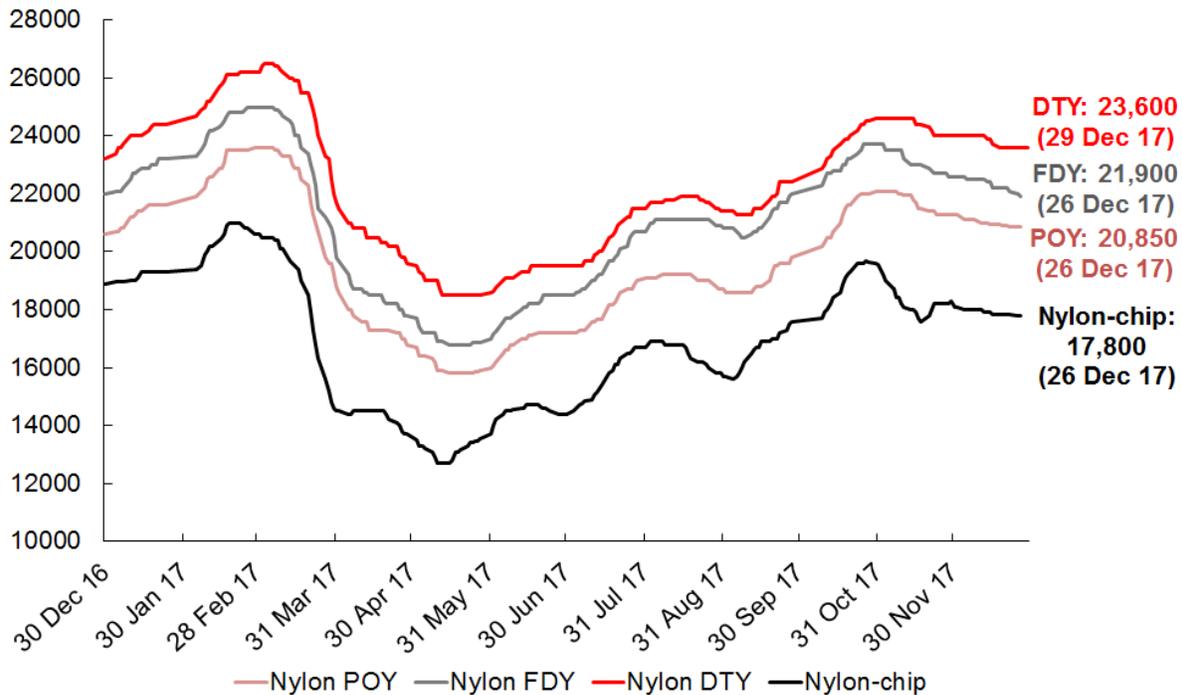
The price indices of nylon³ declined in December. For example, the price index of nylon DTY fell from 24,000 on 30 November to 23,600 on 29 December (see exhibit 3).

The main reason for the slight drop in nylon prices in the month was a weak restocking demand from downstream textile manufacturers.

Looking ahead, we expect nylon prices to trend slightly downward in the near future, as the downstream demand for nylon is likely to stay soft.

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

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



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber falls and then rebounds in December

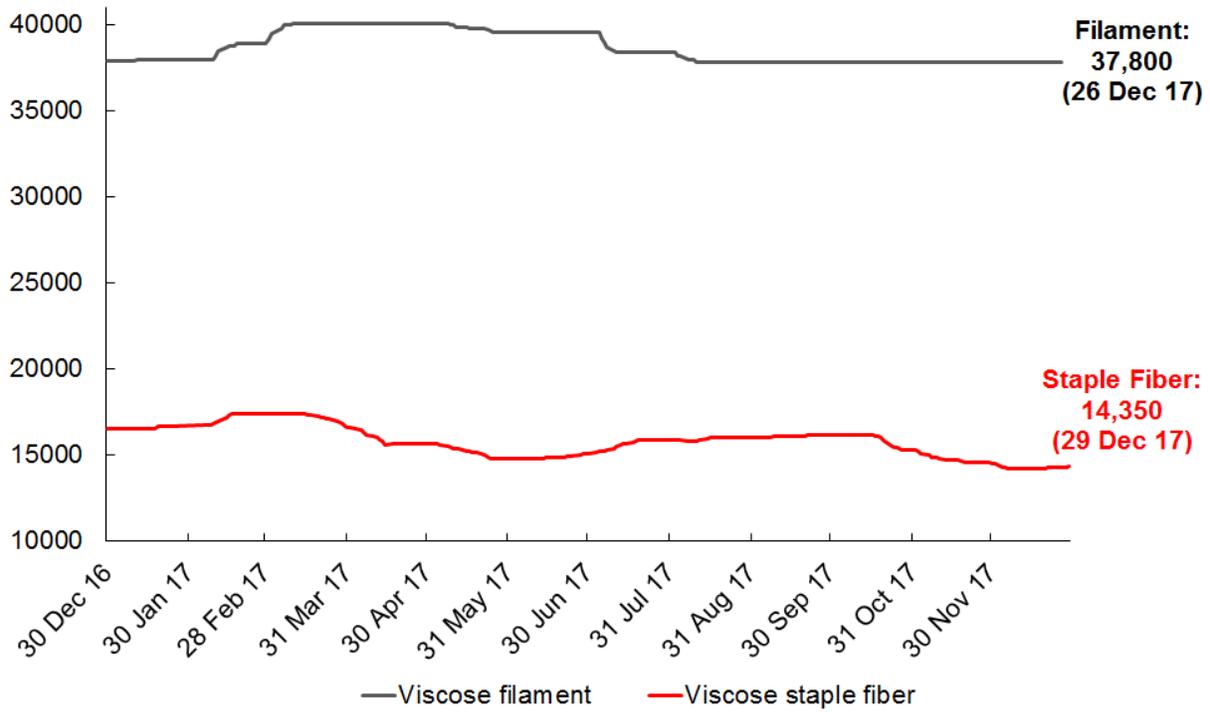
After dropping from 14,500 on 30 November to 14,200 on 6 December, the price index of viscose staple fiber⁴ picked up to 14,350 on 29 December (see exhibit 4).

The main reasons for the decline in the prices of viscose staple fiber in early December were a weak downstream demand and high levels of stocks held by manufacturers of the fiber. Afterwards, the prices of viscose staple fiber rebounded in late December amid an improved restocking demand and high material costs.

Looking ahead, we believe that the prices of viscose staple fiber will trend slightly upward in the foreseeable future, as the downstream demand for viscose staple fiber is expected to be stable and upstream costs are likely to stay high.

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

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



Source: China Chemical & Fiber Economic Information Network

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CONTACT

Helen Chin
Vice President
helenchin@fung1937.com
(852) 2300 2471

William Kong
Research Manager
williamkong@fung1937.com
(852) 2300 2404

Global Sourcing
Fung Business Intelligence
10/F LiFung Tower
888 Cheung Sha Wan Road
Kowloon, Hong Kong

T: (852) 2300 2470
F: (852) 2635 1598
E: fbicgroup@fung1937.com
W: <http://www.fbicgroup.com>



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