MADE IN CHINA

China Sourcing Update

Prices of Chemical Textile Materials

### 1. Price indices of polyester rebound in December

The price indices of polyester[1] rebounded in December. The price index of polyester DTY, for example, rose from 8,600 on 29 November to 8,850 on 31 December. Compared to the end of 2018, the price indices of polyester POY and polyester DTY fell by 14.5% and 14.1% respectively *(see exhibit 1)*.

The rebound in polyester prices in December was attributed to the dip in supply of PTA, a major raw material for polyester, as major suppliers were temporarily closed for maintenance. This in turn led to increase in the price of PTA.

Looking ahead, we predict that polyester prices will stay soft, downstream demand is likely to drop as factory production generally falls toward the Chinese New Year holiday.

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

Exhibit 1: Price indices of polyester, December 2018 to December 2019
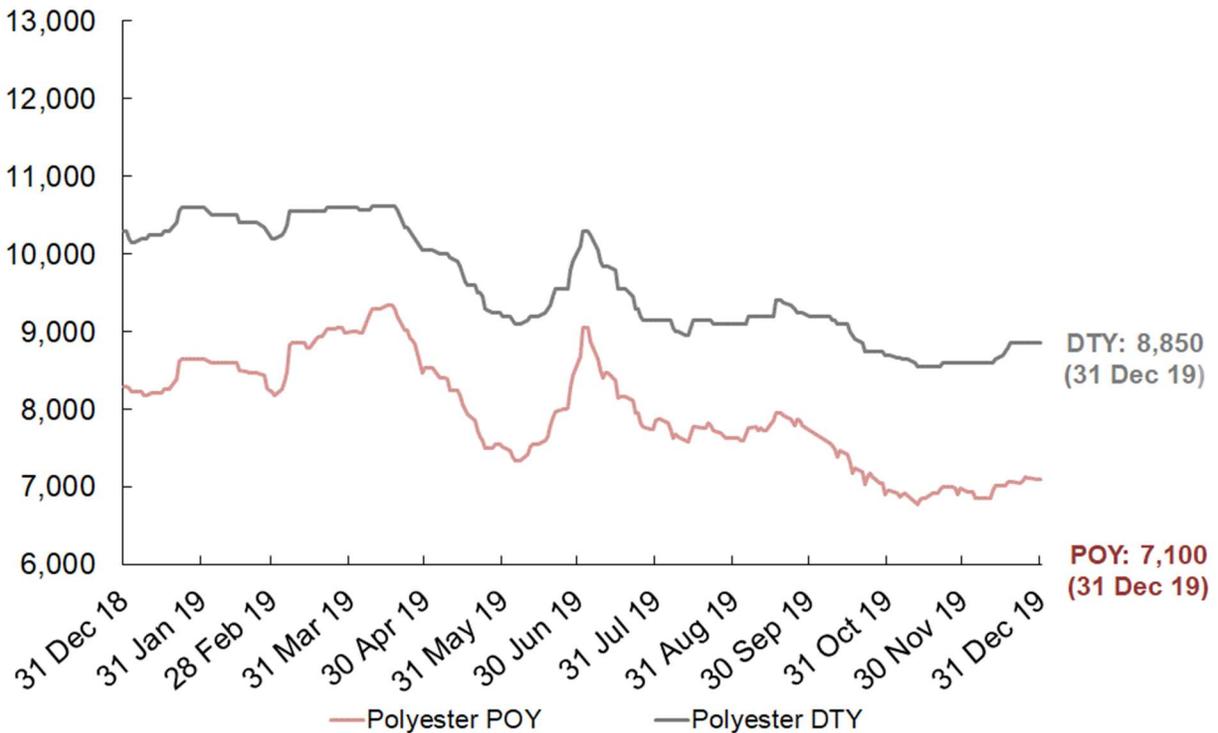
Source: China Chemical & Fiber Economic Information Network

2. Price index of acrylic staple fiber stays flat in December

The price index of acrylic staple fiber[2] stayed flat at 14,200 from end-November to 31 December *(see exhibit 2)*. The index dropped 11.3% in 2019.

Going forward, we expect the prices of acrylic staple fiber to fall as the decline in prices of acrylonitrile, a major upstream material of acrylic staple fiber, is forecast to continue, while downstream demand is likely to remain sluggish in the near future.

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

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Exhibit 2: Price index of acrylic staple fiber, December 2018 to December 2019
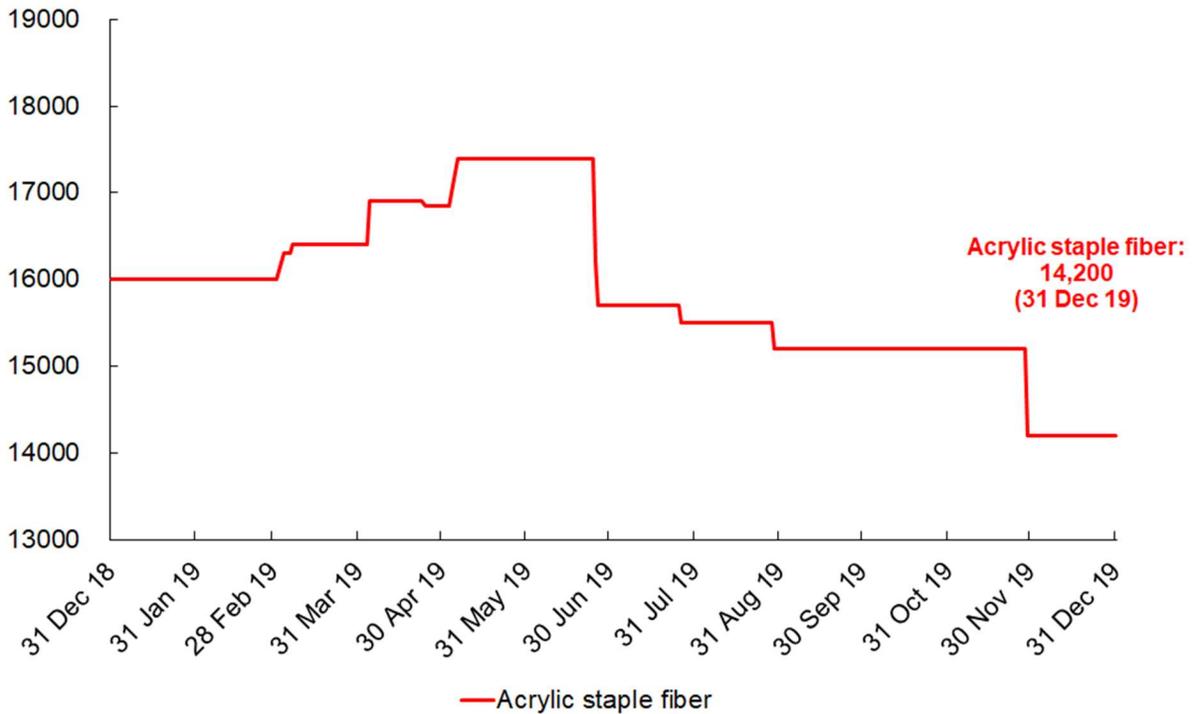
Source: China Chemical & Fiber Economic Information Network

## 3. Price index of nylon edges down in December

The price index of nylon[3] edged down from 16,700 on 29 November to 16,600 on 31 December *(see exhibit 3)*. The index dropped 19.4% during the full year of 2019.

Nylon prices dipped in December as slowdown in factories' purchasing activities before Chinese New Year offset the impact of the rise in prices of crude oil, raw material of caprolactam, a major input material of nylon.

Looking ahead, we expect that nylon prices will stay soft in the near future, but will likely rebound after the Chinese New Year as driven by input prices.

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

Exhibit 3: Price index of nylon, December 2018 to December 2019
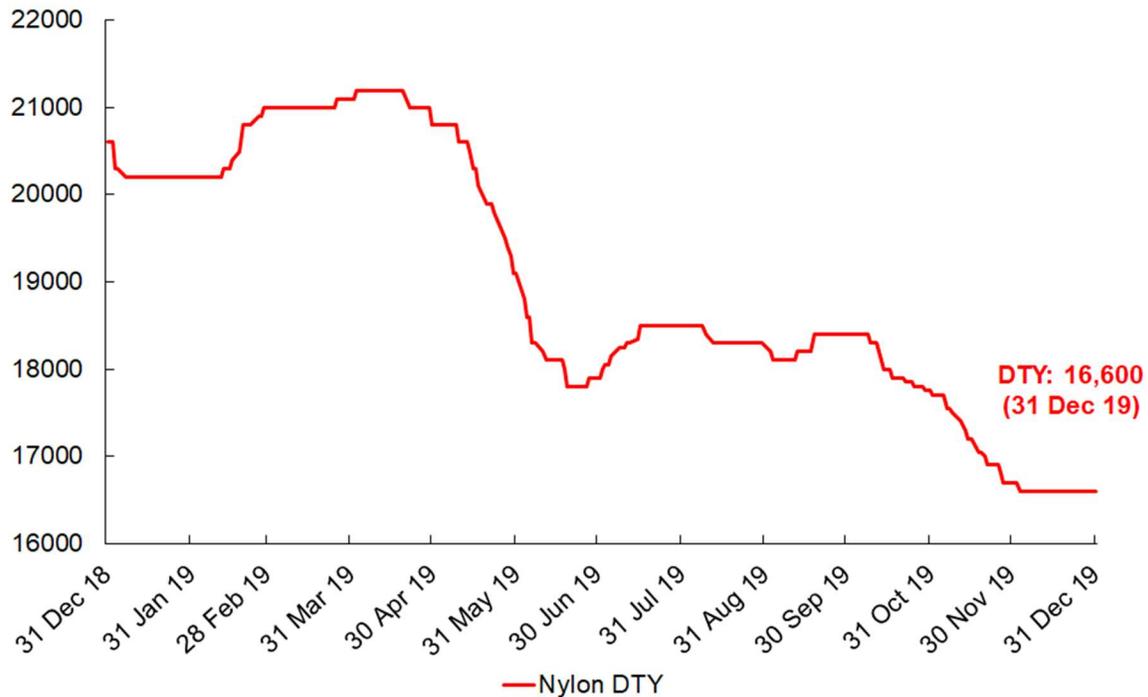
Source: China Chemical & Fiber Economic Information Network

## 4. Price index of viscose continues to fall in December

The price index of viscose staple fiber[4] fell from 10,100 on 29 November to 9,500 on 31 December, down 30.6% from end-2018 *(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 the decrease in prices of rayon, a major raw material for viscose.

Looking ahead, we predict that the prices of viscose staple fiber will stay soft in the near future, as downstream demand is likely to remain weak amidst fierce competition against imported fibers and an uncertain global economic outlook.

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

Exhibit 4: Price indices of viscose, December 2018 to December 2019
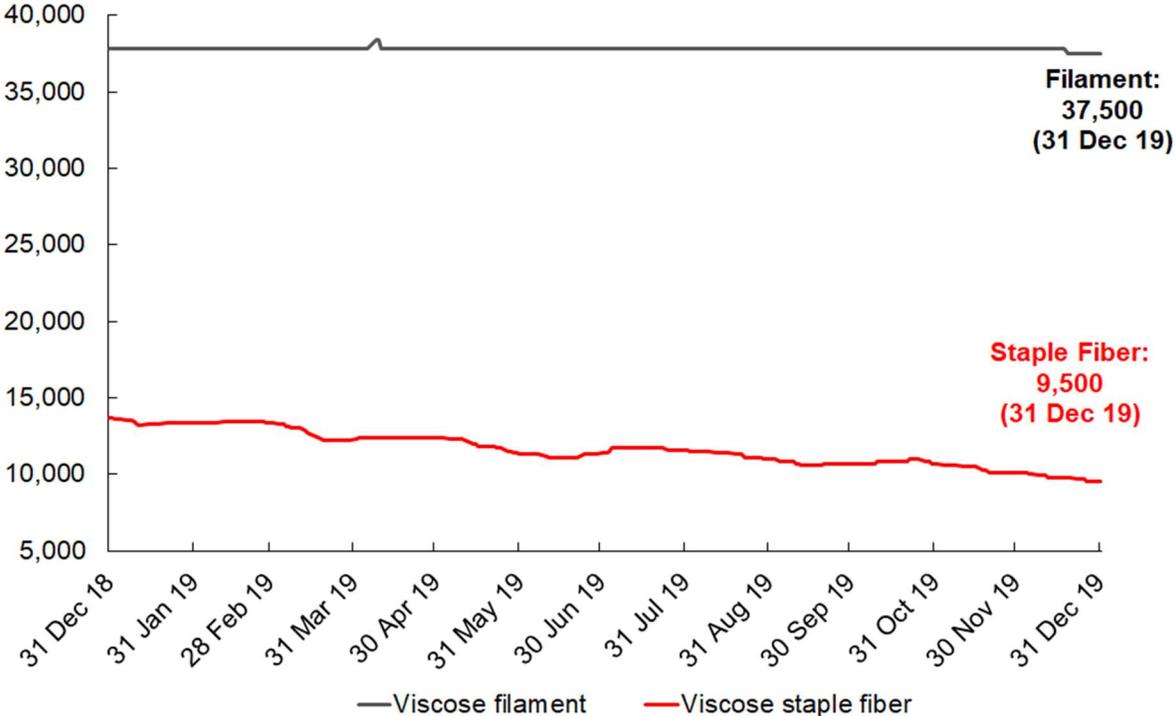
Source: China Chemical & Fiber Economic Information Network

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Fung Business Intelligence collects, analyses and interprets market data on global sourcing, supply chains, distribution, retail and technology.

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For more information, please visit www.funggroup.com.

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