



China Sourcing Update

March 8, 2016

Prices of Chemical Textile Materials

1. Price indices of polyester rise

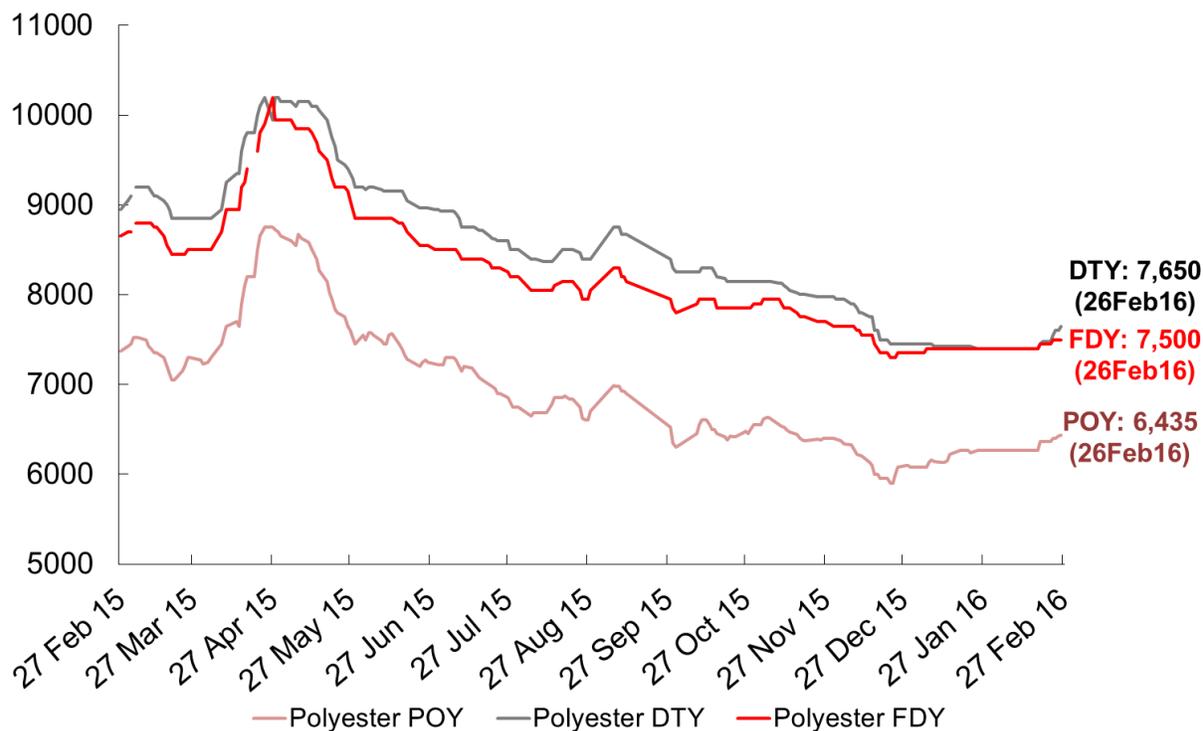
The price indices of polyester¹ went up during February (*see exhibit 1*). For example, the price indices of polyester POY rose from 6,265 on 1 February to 6,435 on 26 February.

According to the local media, as the operating rates of downstream manufacturers went up, polyester consumption by downstream manufacturers increased during February. Due to the restocking demand from the downstream manufacturers, purchases of polyester showed significant increase.

Going forward, in our view, the downstream demand will improve in the coming high season, which may lead to a further rise in the prices of polyester over the near term.

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

Exhibit 1: Price indices of polyester, February 2015 to February 2016



Source: China Chemical & Fiber Economic Information Network

2. Price index of acrylic staple fiber remains stable at low level

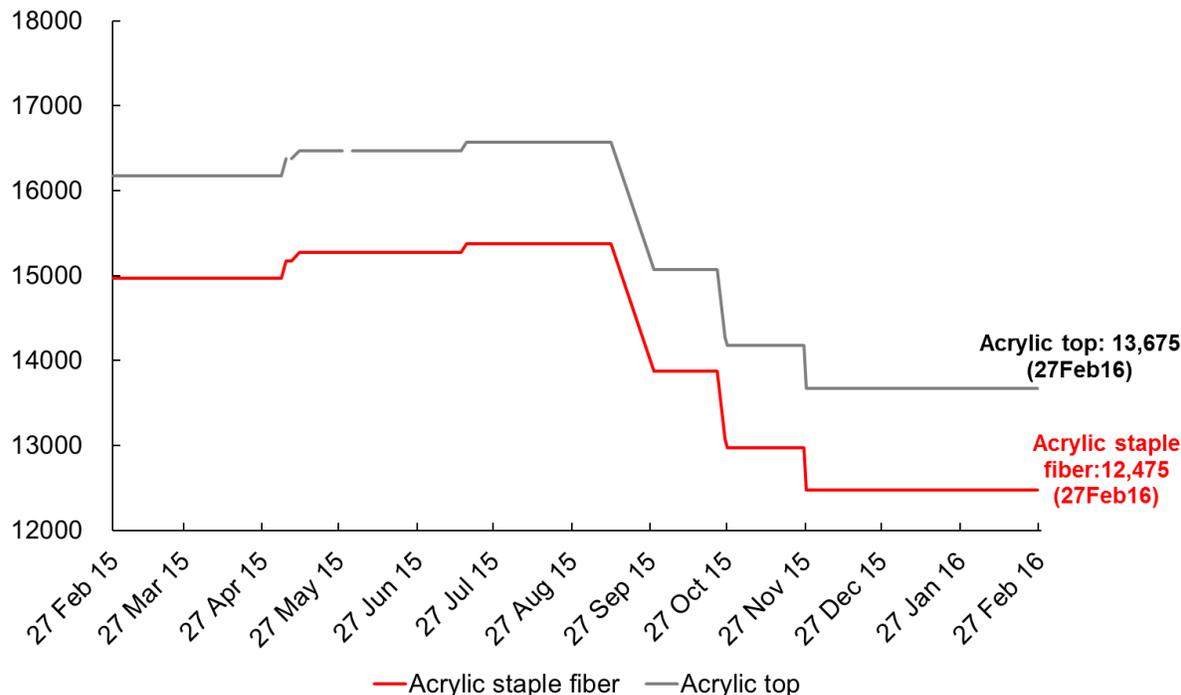
The price index of acrylic staple fiber² stayed flat at 12,475 throughout January and February, the lowest level since April 2009 (see exhibit 2).

According to the local media, the supply of acrylic staple fiber remained stable during February, and downstream purchases of acrylic staple fiber were limited. Also, the prices of acrylonitrile, a major upstream material of acrylic staple fiber, stayed at low levels during the month.

Looking forward, the prices of acrylonitrile is expected to stay low in the near term; and we expect the prices of acrylic staple fiber to stay at around the current low levels in the coming months.

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

Exhibit 2: Price indices of acrylic, February 2015 to February 2016



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon stay low

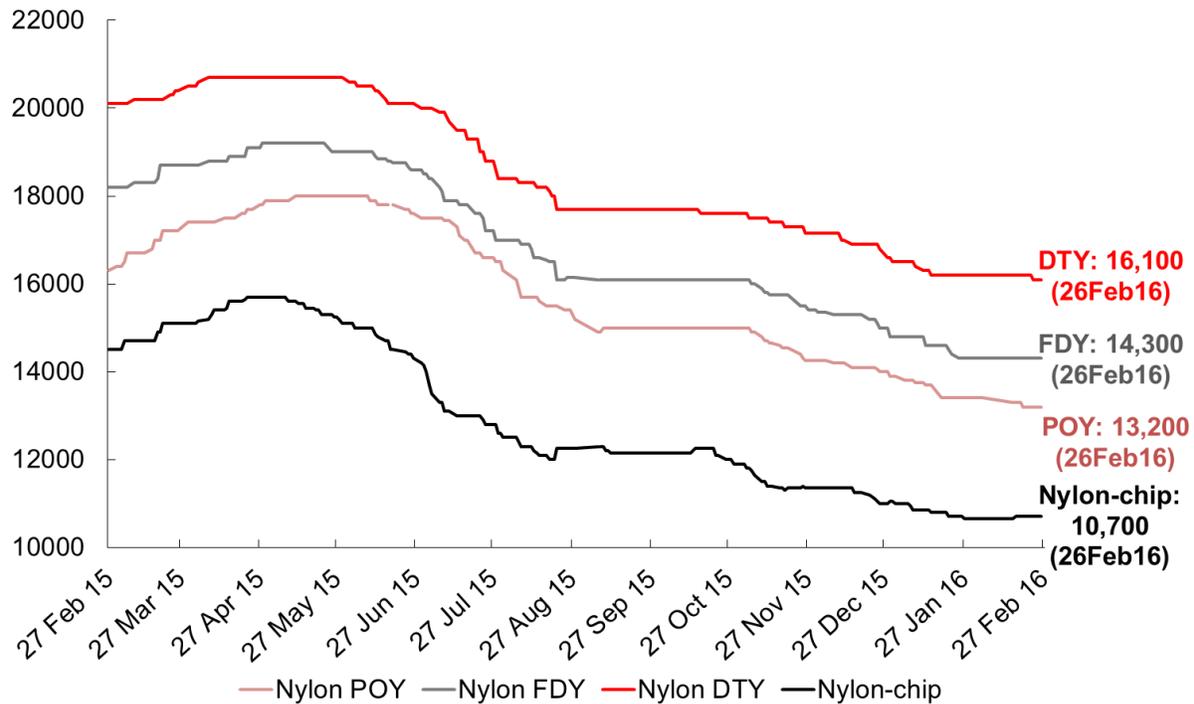
The price indices of nylon³ stayed low in February. For example, the price index of nylon POY dropped from 13,400 on 29 January to 13,200 on 26 February (see exhibit 3).

According to the media reports, the downstream demand for nylon stayed soft in February. A number of downstream manufacturers did not resume production after the Chinese New Year holidays; and the stock levels of some manufacturers were high.

Looking ahead, the downstream demand for nylon is likely to remain weak in the coming months, and we expect the price indices of nylon to stay at low levels.

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

Exhibit 3: Price indices of nylon, February 2015 to February 2016



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber goes up

The price index of viscose staple fiber⁴ was on an upward trend during February. For example, the price index went up from 12,430 on 29 January to 13,120 on 26 February.

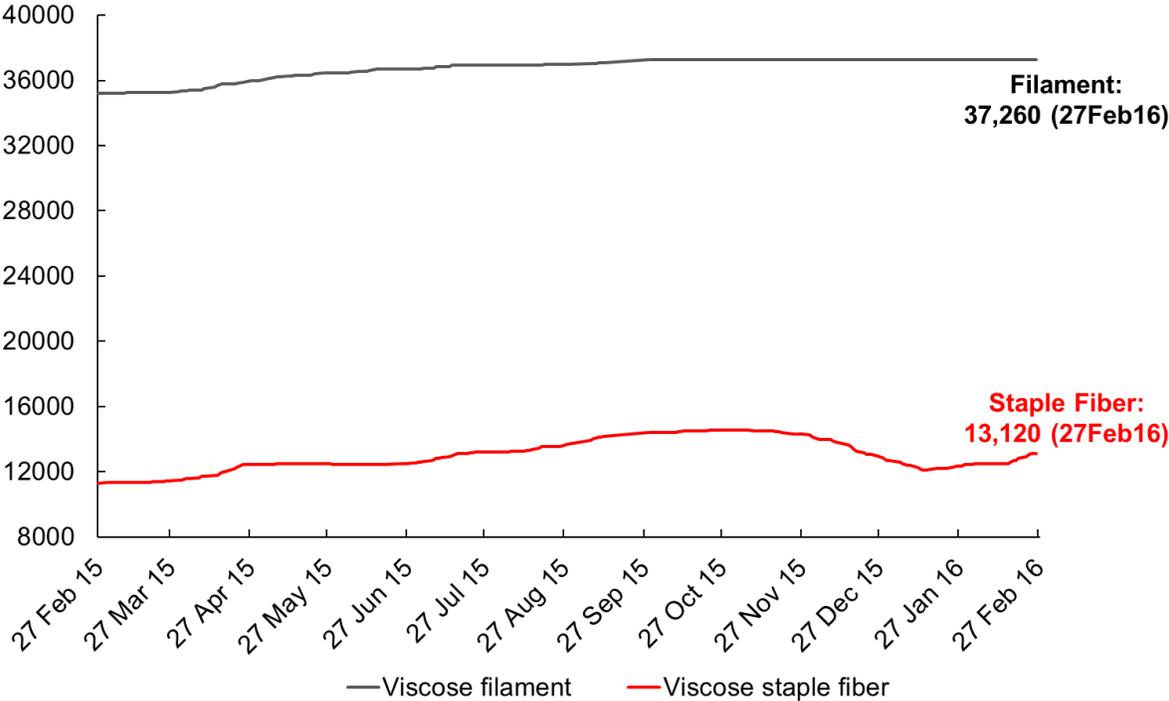
According to media reports, during the month of February, the downstream demand for viscose staple fiber stayed strong; and the stock of viscose manufacturers stayed at low level.⁵

Looking ahead, the demand from downstream rayon yarn manufacturers is expected to stay strong in the coming high season. Thus, the price index of viscose staple fiber is likely to continue its upward trend in the near term.

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

⁵ <http://www.100ppi.com/forecast/detail-2016-02-26-95024.html>

Exhibit 4: Price indices of viscose, February 2015 to February 2016



Source: China Chemical & Fiber Economic Information Network

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