



## China Sourcing Update

March 21, 2017

### Prices of Chemical Textile Materials

#### 1. Price indices of polyester rise and then retreat in February

The price indices of polyester<sup>1</sup> went up during early to mid-February and then dropped in late February (*see exhibit 1*). For example, the price index of polyester DTY rose from 10,200 on 23 January to a two-year high of 10,525 on 15 February, before falling to 10,400 on 28 February.

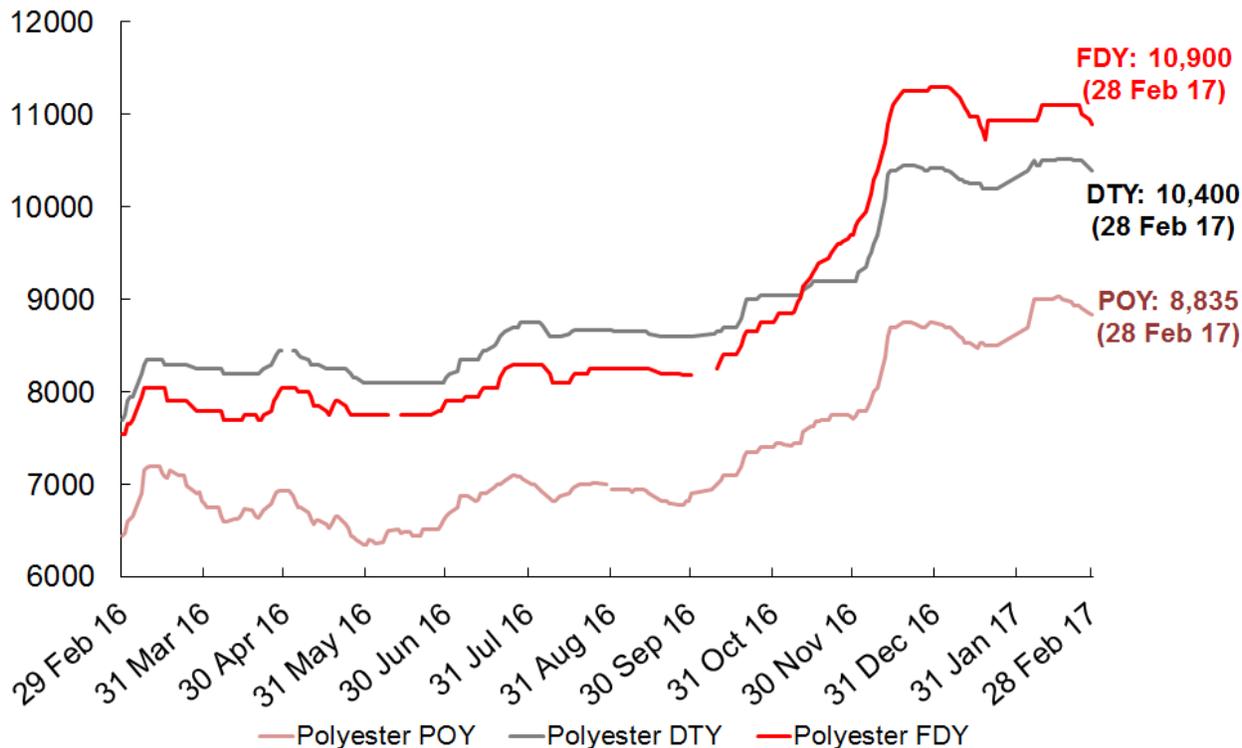
According to media reports, the fluctuation in the prices of polyester in the month was mainly attributable to the rise and fall in the prices of purified terephthalic acid (PTA), a major raw material of polyester. The prices of PTA rose markedly during early to mid-February and declined afterwards.

Going forward, we expect the prices of polyester to drop further in the foreseeable future, as the prices of PTA continued to fall during late February to early March.

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

**Exhibit 1: Price indices of polyester, February 2016 to February 2017**



Source: China Chemical & Fiber Economic Information Network

## 2. Price index of acrylic staple fiber continues to rise

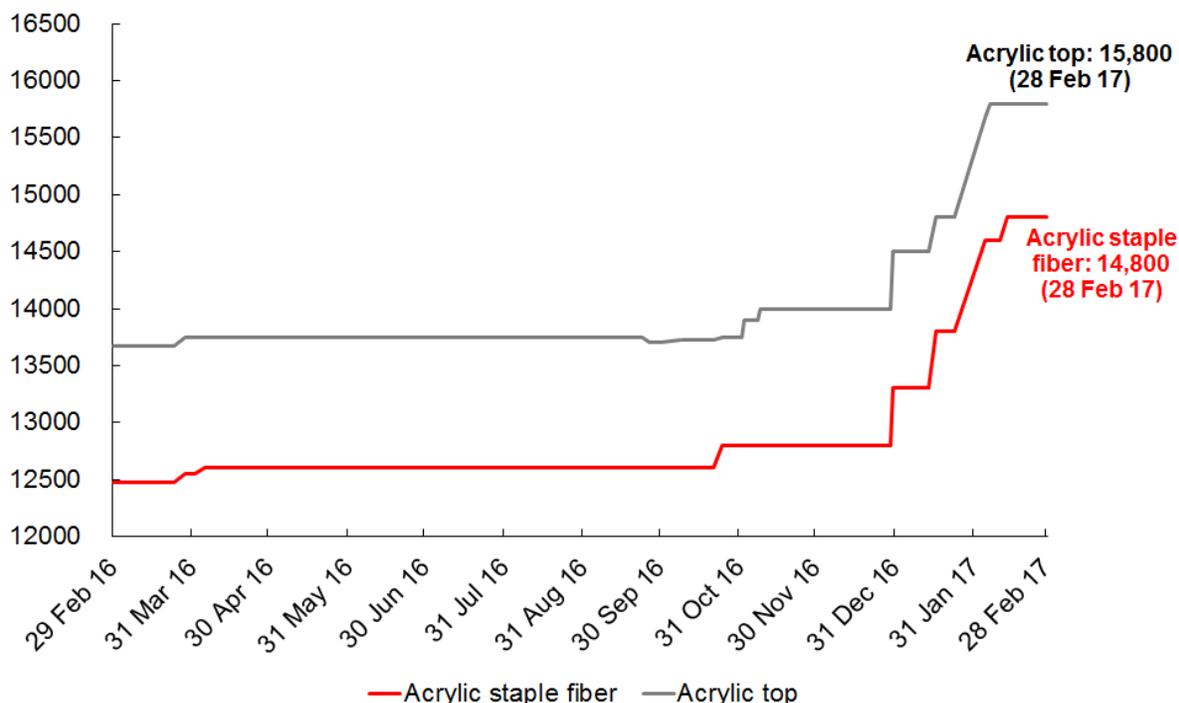
The price index of acrylic staple fiber<sup>2</sup> rose from 13,800 on 23 January to 14,800 on 13 February and then stayed at the same level till the end of February (see exhibit 2).

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

Going forward, we expect the prices of acrylic staple fiber to go up further in the foreseeable future, as the prices of acrylonitrile continued to rise during late February to early March.

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

**Exhibit 2: Price indices of acrylic, February 2016 to February 2017**



Source: China Chemical & Fiber Economic Information Network

### 3. Price indices of nylon go up further

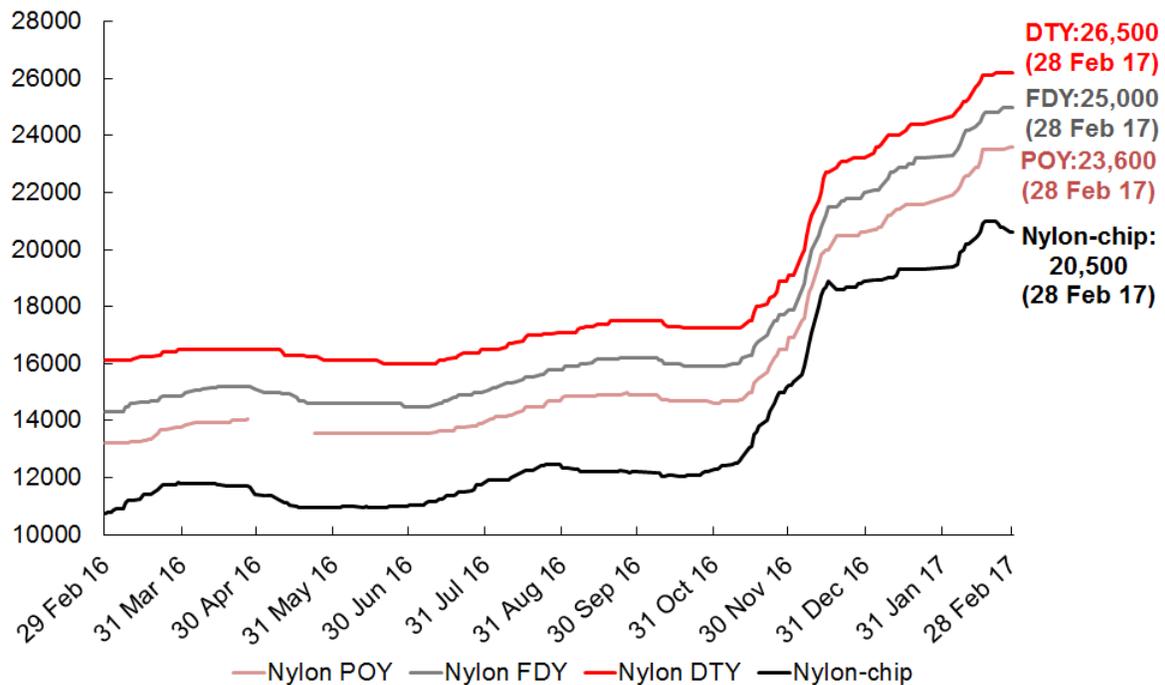
The price indices of nylon<sup>3</sup> trended upward in February. For example, the price index of nylon DTY went up from 24,400 on 23 January to 26,200 on 28 February, the highest level in more than three years (see exhibit 3).

According to the local media, the main reasons for the increase in nylon prices in the month were a tight supply of nylon; a strong restocking demand from downstream manufacturers; and a rise in the prices of caprolactam, a major raw material of nylon.

Looking ahead, according to the media, the upstream costs of nylon are expected to fall in the near term. Therefore, we believe that nylon prices will peak soon.

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

**Exhibit 3: Price indices of nylon, February 2016 to February 2017**



Source: China Chemical & Fiber Economic Information Network

#### 4. Price index of viscose staple fiber rises further

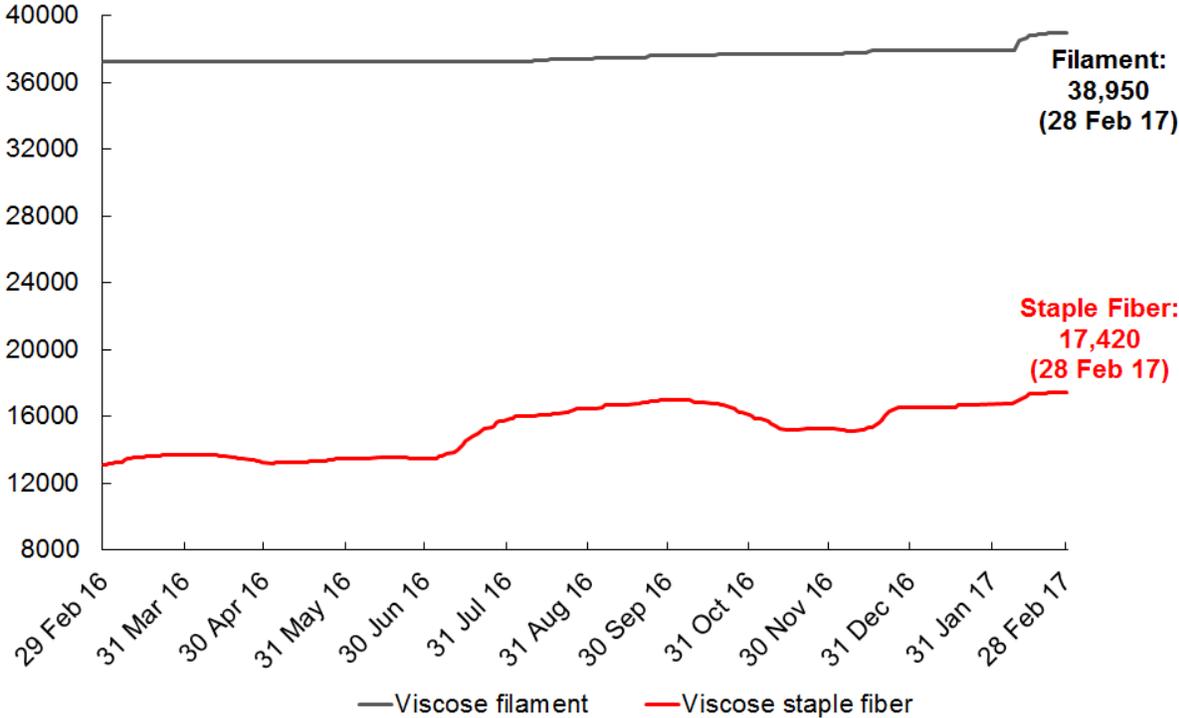
The price index of viscose staple fiber<sup>4</sup> went up in February, rising from 16,650 on 23 January to 17,420 on 28 February (see exhibit 4).

According to the local media, the increase in the prices of viscose staple fiber in the month was due largely to a tight supply of the fiber.

Looking ahead, the supply of viscose staple fiber is expected to remain tight in the near future. Thus, we expect the prices of viscose staple fiber to stay high in the coming months.

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

**Exhibit 4: Price indices of viscose, February 2016 to February 2017**



Source: China Chemical & Fiber Economic Information Network

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