



China Sourcing Update

March 8, 2018

Prices of Chemical Textile Materials

1. Price indices of polyester fall and then rise in February

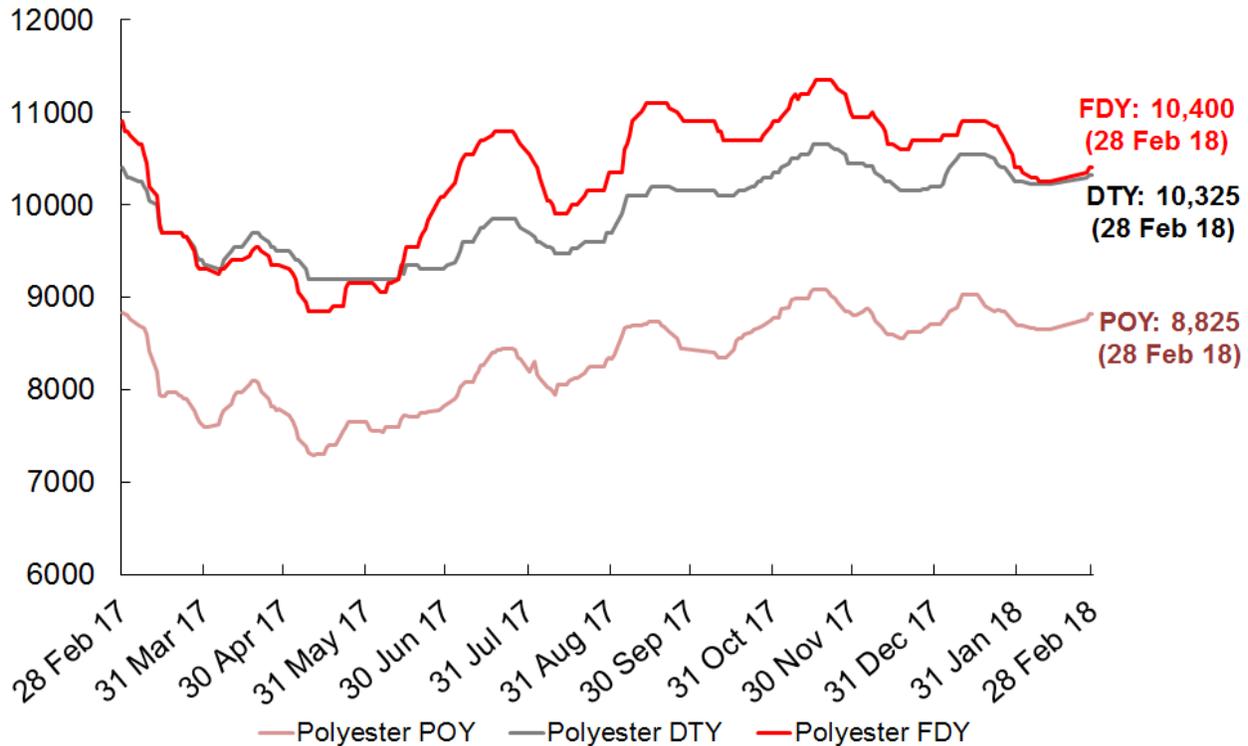
The price indices of polyester¹ dropped in early February and then rose in late February. For example, after edging down from 10,250 on 31 January to 10,225 on 5 February, the price index of polyester DTY climbed to 10,325 on 28 February (see *exhibit 1*).

The increase in the prices of polyester in late February was triggered by a rise in the prices of purified terephthalic acid (PTA), the major raw material of polyester.

Looking ahead, we expect that the prices of polyester will fluctuate around the current high levels in the near term as upstream costs are likely to stay high.

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

Exhibit 1: Price indices of polyester, February 2017 to February 2018



Source: China Chemical & Fiber Economic Information Network

2. Price index of acrylic staple fiber jumps in February

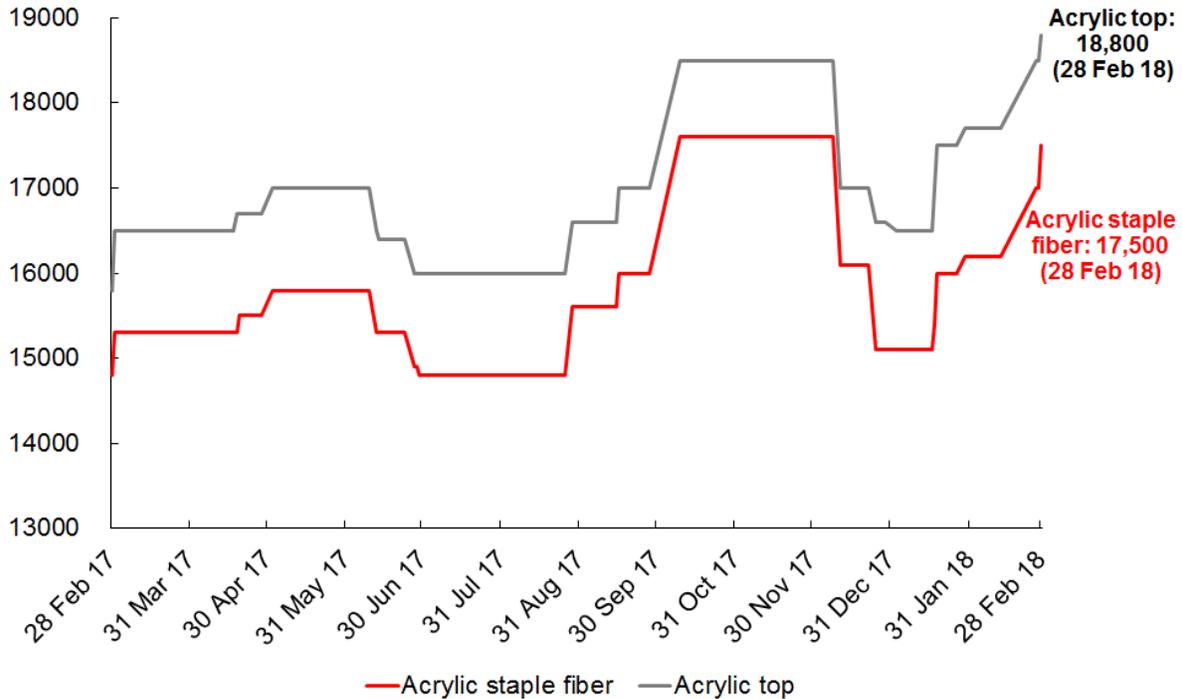
The price index of acrylic staple fiber² went up from 16,200 on 31 January to 17,500 on 28 February (see exhibit 2).

The main reason for the rise in the prices of acrylic staple fiber in the month was an increase in the prices of acrylonitrile, the major upstream material of the fiber.

Looking ahead, we expect the prices of acrylic staple fiber to fall in the near term, as the prices of acrylonitrile retreated during late February to early March.

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

Exhibit 2: Price indices of acrylic, February 2017 to February 2018



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon go up in February

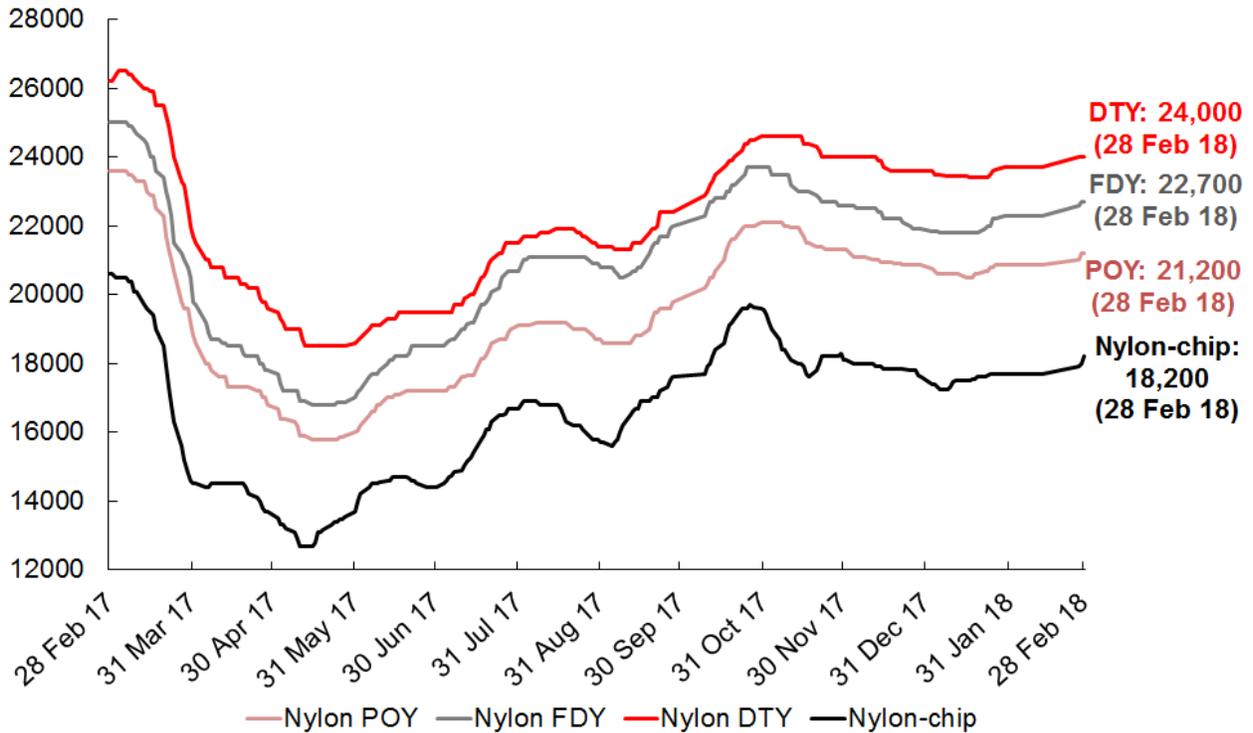
The price indices of nylon³ increased in February. For example, the price index of nylon DTY climbed from 23,700 on 31 January to 24,000 on 28 February (see exhibit 3).

According to the local media, the increase in nylon prices in the month was mainly attributable to a rise in upstream costs.

Going forward, the upstream costs of nylon are likely to go up further in the near term; meanwhile, the downstream demand for nylon is expected to gradually recover. All in all, we expect that nylon prices will continue to rise in the foreseeable future.

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

Exhibit 3: Price indices of nylon, February 2017 to February 2018



Source: China Chemical & Fiber Economic Information Network

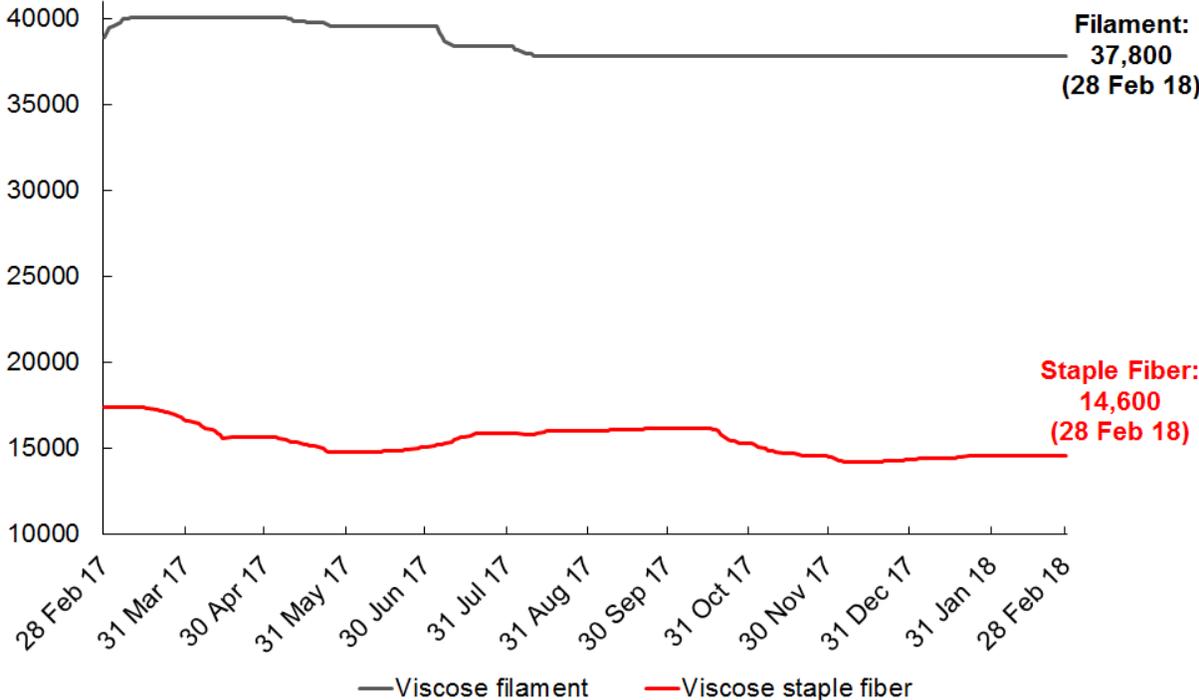
4. Price index of viscose staple fiber stays stable in February

The price index of viscose staple fiber⁴ stayed flat at 14,600 throughout February (see exhibit 4).

Looking ahead, the supply of viscose staple fiber is expected to remain abundant, and the downstream demand for the fiber shows no signs of recovery in the near future. Therefore, we expect the prices of viscose staple fiber to stay low in the coming months.

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

Exhibit 4: Price indices of viscose, February 2017 to February 2018



Source: China Chemical & Fiber Economic Information Network

FUNG BUSINESS INTELLIGENCE

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

Headquartered in Hong Kong, it leverages unique relationships and information networks to track and report on these issues with a particular focus on business trends and developments in China and other Asian countries. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments around the world through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consultancy services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.

The **Fung Group** is a privately held multinational group of companies headquartered in Hong Kong whose core businesses are trading, logistics, distribution and retailing. The Fung Group employs 39,900 people across 40 economies worldwide, generating total revenue of over US\$22.5 billion in 2016. Fung Holdings (1937) Limited, a privately held business entity headquartered in Hong Kong, is the major shareholder of the Fung group of companies.

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>



© Copyright 2018 Fung Business Intelligence. All rights reserved.

Though Fung Business Intelligence endeavours to ensure the information provided in this publication is accurate and updated, no legal liability can be attached as to the contents hereof. Reproduction or redistribution of this material without prior written consent of Fung Business Intelligence is prohibited.