



China Sourcing Update

March 15, 2019

Prices of Chemical Textile Materials

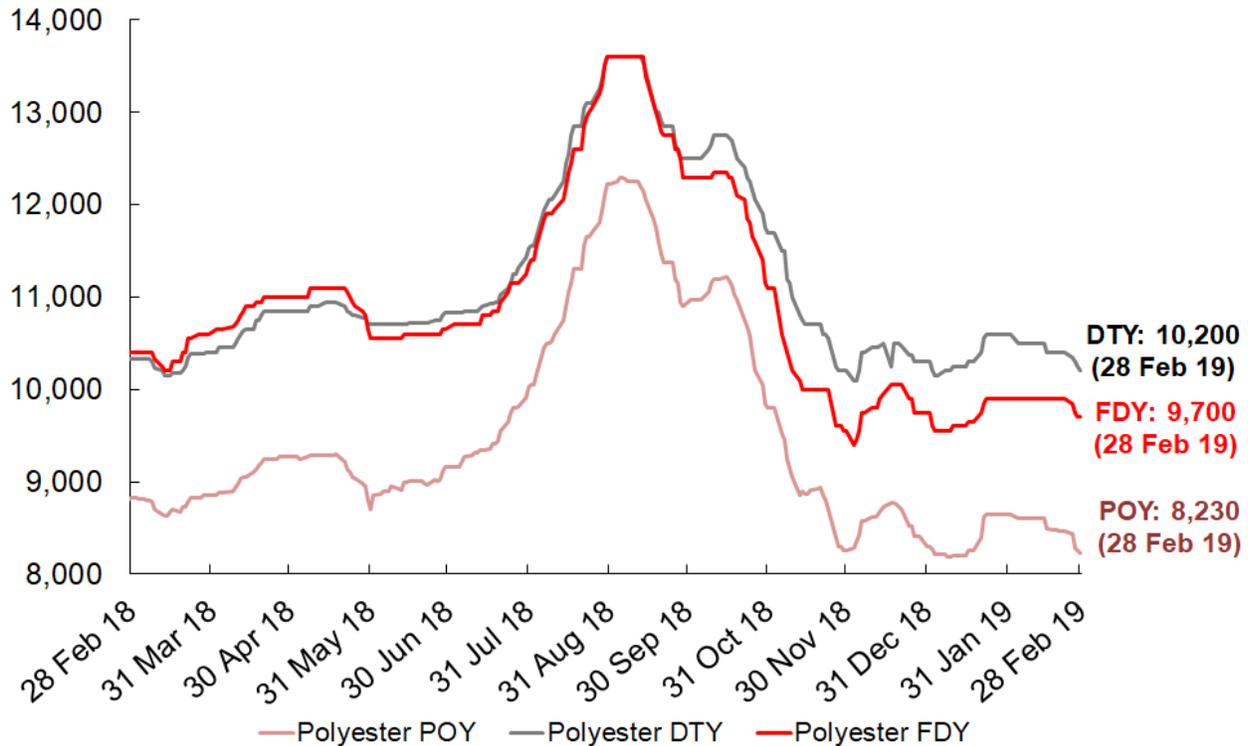
1. Price indices of polyester fall in February

The price indices of polyester¹ fell in February. For example, the price index of polyester DTY went down from 10,600 on 31 January to 10,200 on 28 February (*see exhibit 1*). The drop in the prices of polyester in February was due mainly to a fall in the prices of purified terephthalic acid (PTA), a major raw material of polyester, and the weak downstream demand for polyester during the period.

Looking ahead, more and more downstream manufacturers are expected to resume production in March, which would, in turn, improve the downstream demand for polyester. Therefore, we predict that polyester prices will bottom out in the near term.

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

Exhibit 1: Price indices of polyester, February 2018 to February 2019



Source: China Chemical & Fiber Economic Information Network

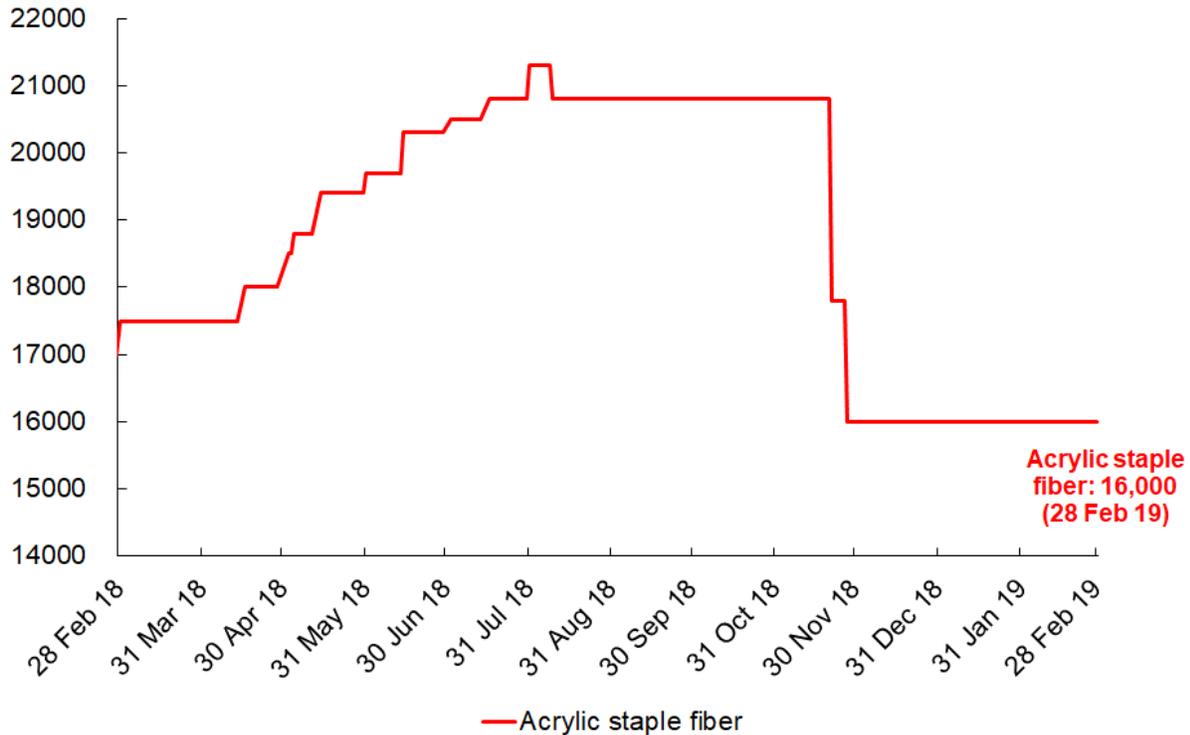
2. Price index of acrylic staple fiber stays stable in February

The price index of acrylic staple fiber² stayed stable at 16,000 throughout 31 January to 28 February (see exhibit 2).

Going forward, it is likely that the prices of acrylic staple fiber will pick up in the near term. An important reason is that the prices of acrylonitrile, a major upstream material of acrylic staple fiber, have been on an upward trend since early January.

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

Exhibit 2: Price index of acrylic staple fiber, February 2018 to February 2019



Source: China Chemical & Fiber Economic Information Network

3. Price index of nylon rises in February

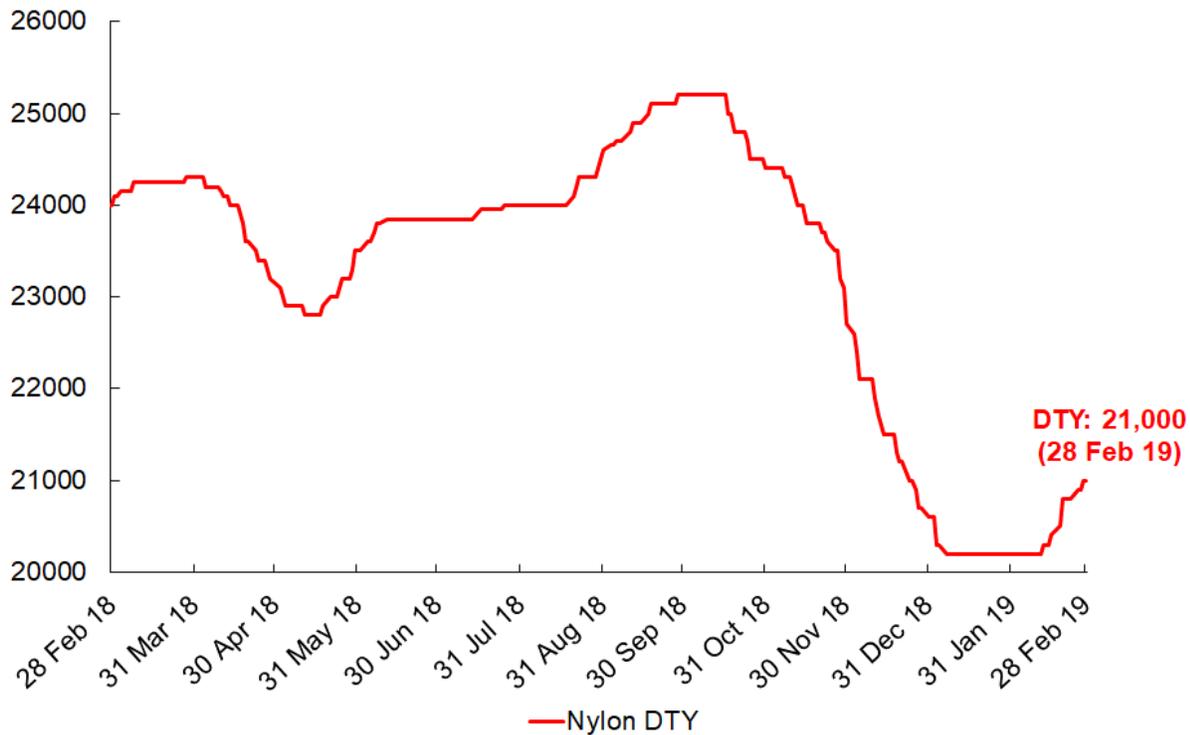
After staying at 20,200 from 7 January to 11 February, the price index of nylon DTY³ trended upward in the following weeks. The price index went up to 21,000 on 28 February (see exhibit 3).

The rise in the prices of nylon in February was mainly attributed to a pick-up in the prices of caprolactam, the major raw material of nylon, and an improvement in the downstream demand after the Chinese New Year holidays.

According to media reports, the downstream demand for nylon has been stable and upstream costs have stayed high lately. Looking ahead, we predict that nylon prices will remain at the current levels in the near future.

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

Exhibit 3: Price index of nylon, February 2018 to February 2019



Source: China Chemical & Fiber Economic Information Network

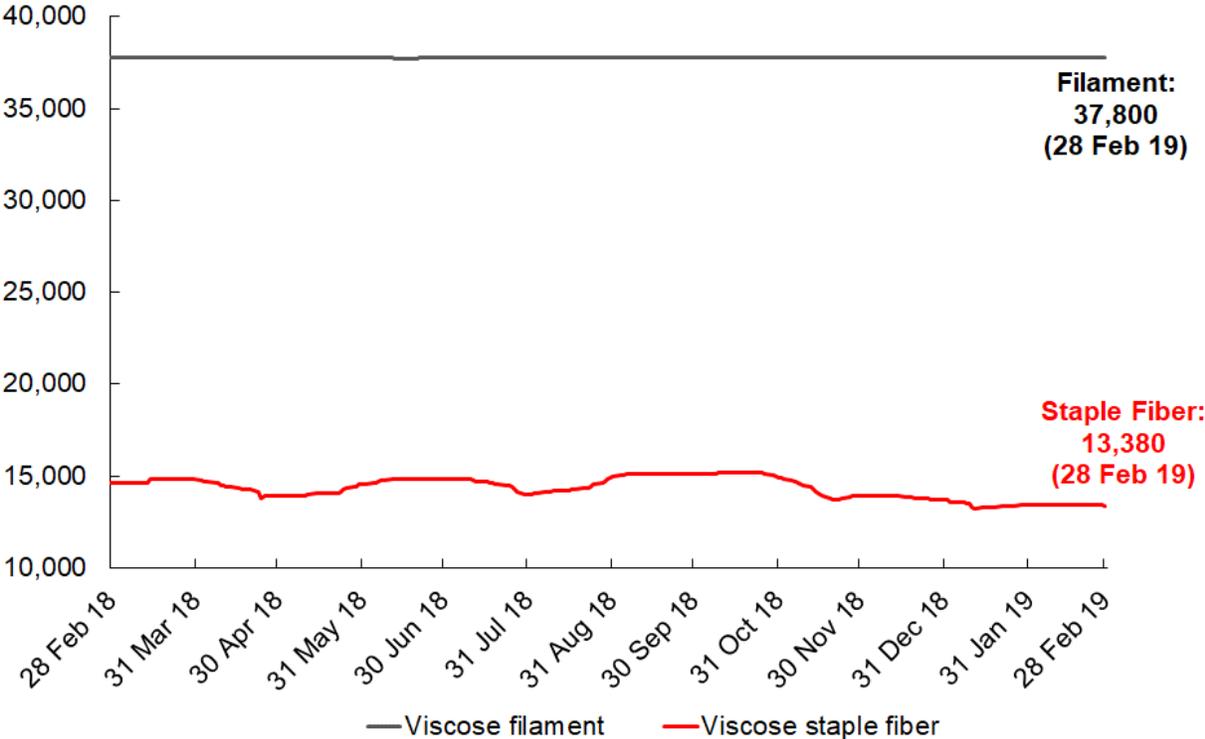
4. Price index of viscose staple fiber shows slight fluctuations in February

The price index of viscose staple fiber⁴ fluctuated within the range of 13,380 to 13,450 throughout February (see exhibit 4). According to media reports, the domestic demand for viscose staple fiber was sluggish during the period, due mainly to the market expectations of a drop in prices.

Looking ahead, the downstream demand for viscose staple fiber is likely to improve with the approach of the high season. Therefore, we expect that prices of viscose staple fiber will pick up soon.

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

Exhibit 4: Price indices of viscose, February 2018 to February 2019



Source: China Chemical & Fiber Economic Information Network

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