



China Sourcing Update

February 22, 2018

Prices of Chemical Textile Materials

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

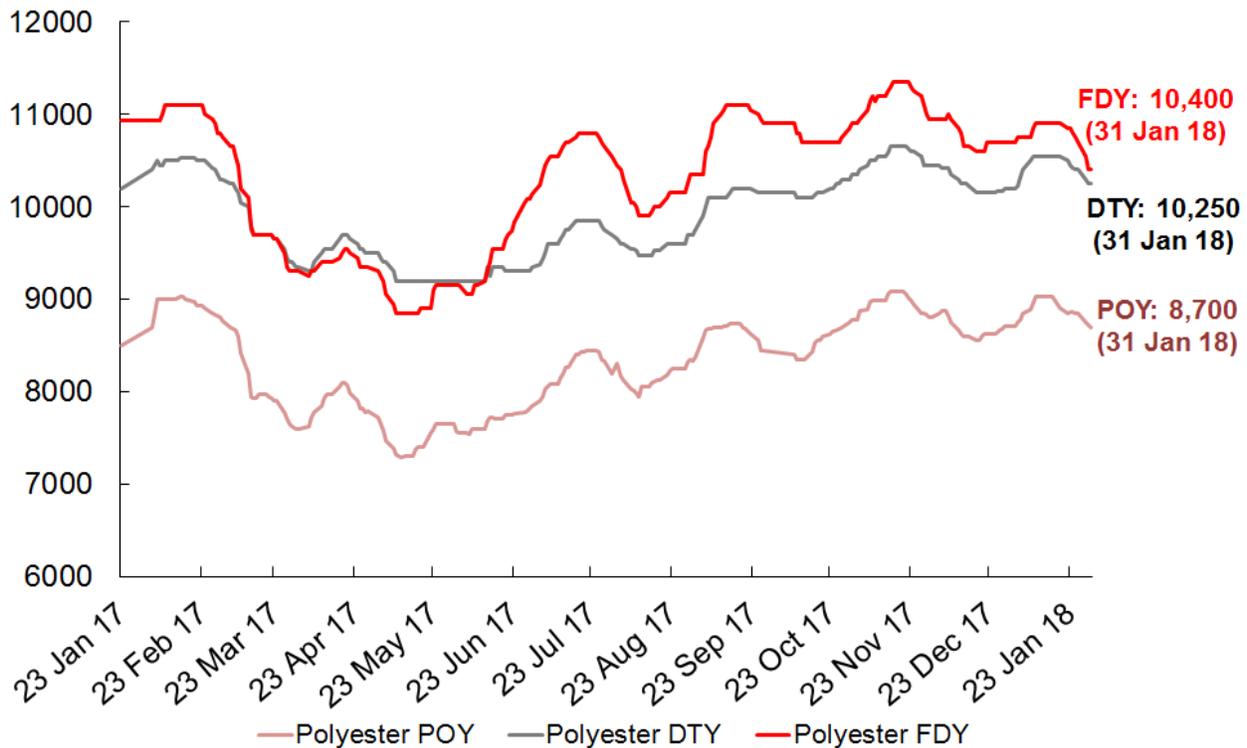
The price indices of polyester¹ went up in early January and declined afterwards. For example, the price index of polyester DTY climbed from 10,200 on 29 December 2017 to 10,550 on 9 January 2018, before retreating to 10,250 on 31 January 2018 (see *exhibit 1*).

The main reasons for the rise in the prices of polyester in early January were an increase in the prices of purified terephthalic acid (PTA), a major raw material of polyester; and an improvement in the downstream demand for polyester. The prices of polyester dropped during mid- to late January as the prices of PTA fell and the downstream demand softened.

Looking ahead, we believe that the prices of polyester will stabilize in the near term as upstream costs have rebounded since early February.

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

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



Source: China Chemical & Fiber Economic Information Network

2. Price index of acrylic staple fiber rebounds in January

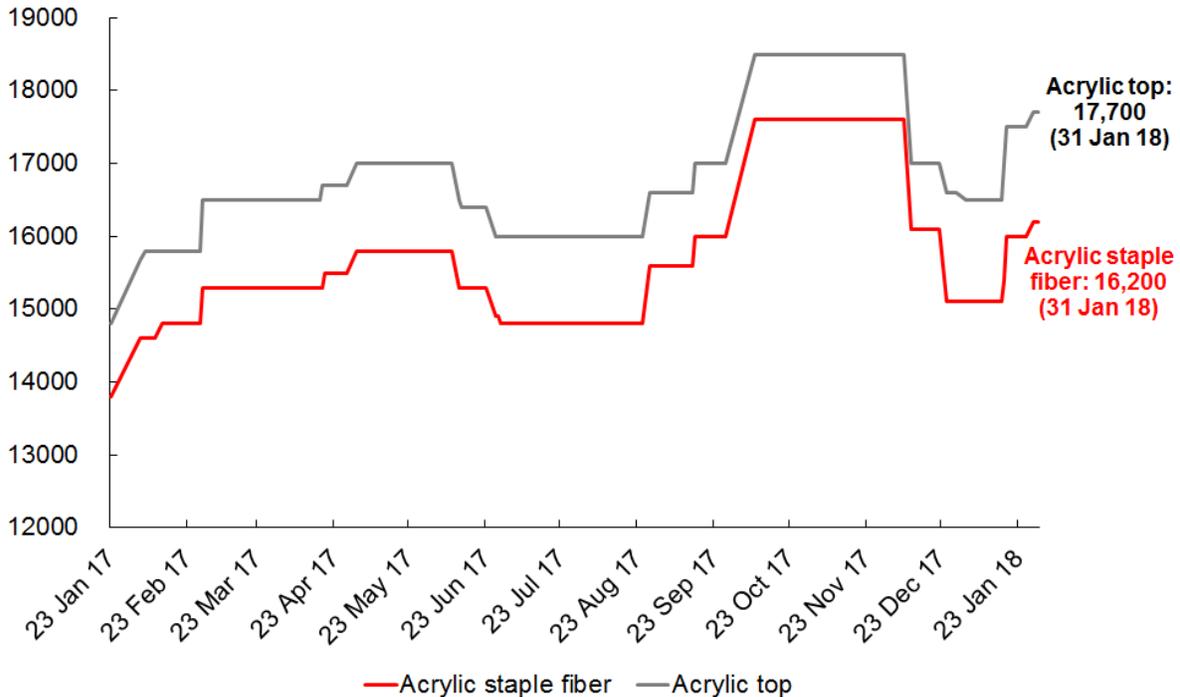
The price index of acrylic staple fiber² picked up from 15,100 on 29 December 2017 to 16,200 on 31 January 2018 (see exhibit 2).

The rise in the prices of acrylic staple fiber in the month was triggered by a surge in the prices of acrylonitrile, the major upstream material of the fiber.

Looking ahead, we expect the prices of acrylic staple fiber to go up further in the near term, as the prices of acrylonitrile continued to increase in early to mid-February.

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

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



Source: China Chemical & Fiber Economic Information Network

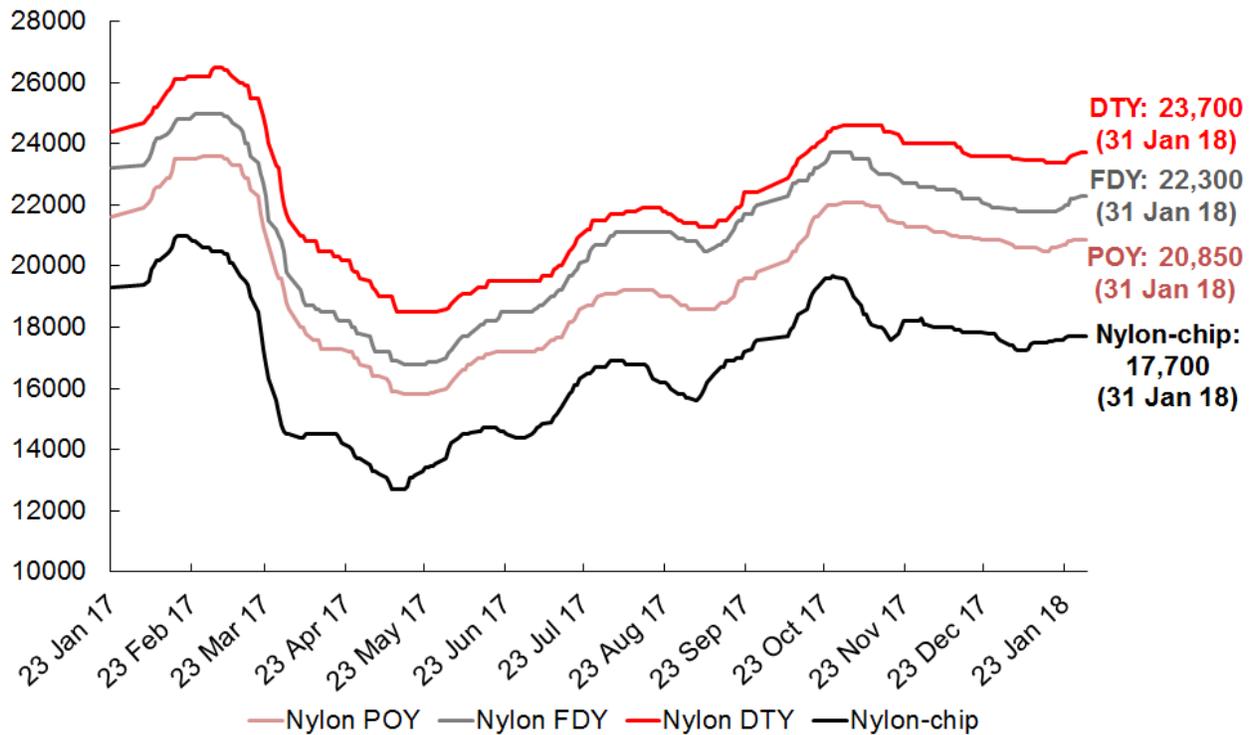
3. Price indices of nylon fluctuate within a narrow range in January

The price indices of nylon³ fluctuated within a narrow range in January. For example, the price index of nylon DTY hovered between 23,400 and 23,700 throughout the month before closing at 23,700 on 31 January 2018, which was slightly higher than the index reading of 23,600 on 29 December 2017 (see exhibit 3).

Going forward, there will be little activity in the domestic nylon market around and during the Chinese New Year holidays. Therefore, we expect nylon prices to fluctuate around the current levels in February.

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

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



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber climbs in January

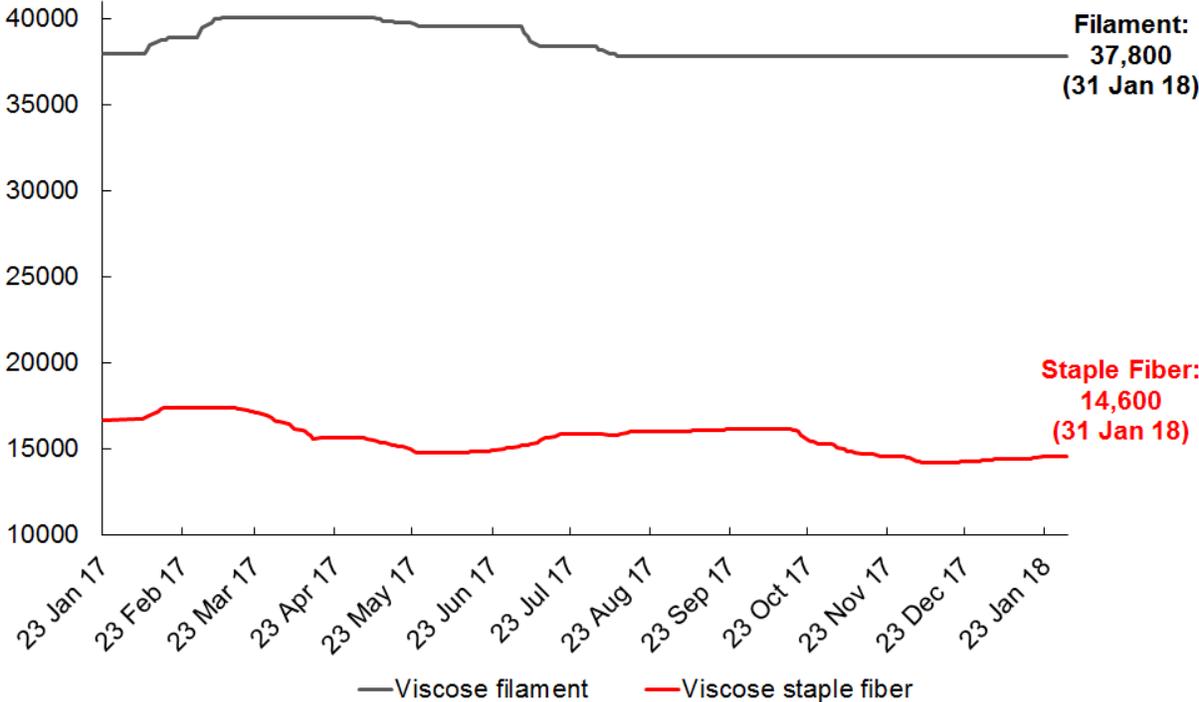
The price index of viscose staple fiber⁴ went up in January, rising from 14,350 on 29 December 2017 to 14,600 on 31 January 2018 (see exhibit 4).

The main reasons for the increase in the prices of viscose staple fiber in January were a tight supply of the fiber and an improved restocking demand from downstream manufacturers in the month.

Looking ahead, we expect that the prices of viscose staple fiber will hover around the current levels in February, as there will be little activity in the viscose market around and during the Chinese New Year holidays.

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

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



Source: China Chemical & Fiber Economic Information Network

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