



China Sourcing Update

February 25, 2019

Prices of Chemical Textile Materials

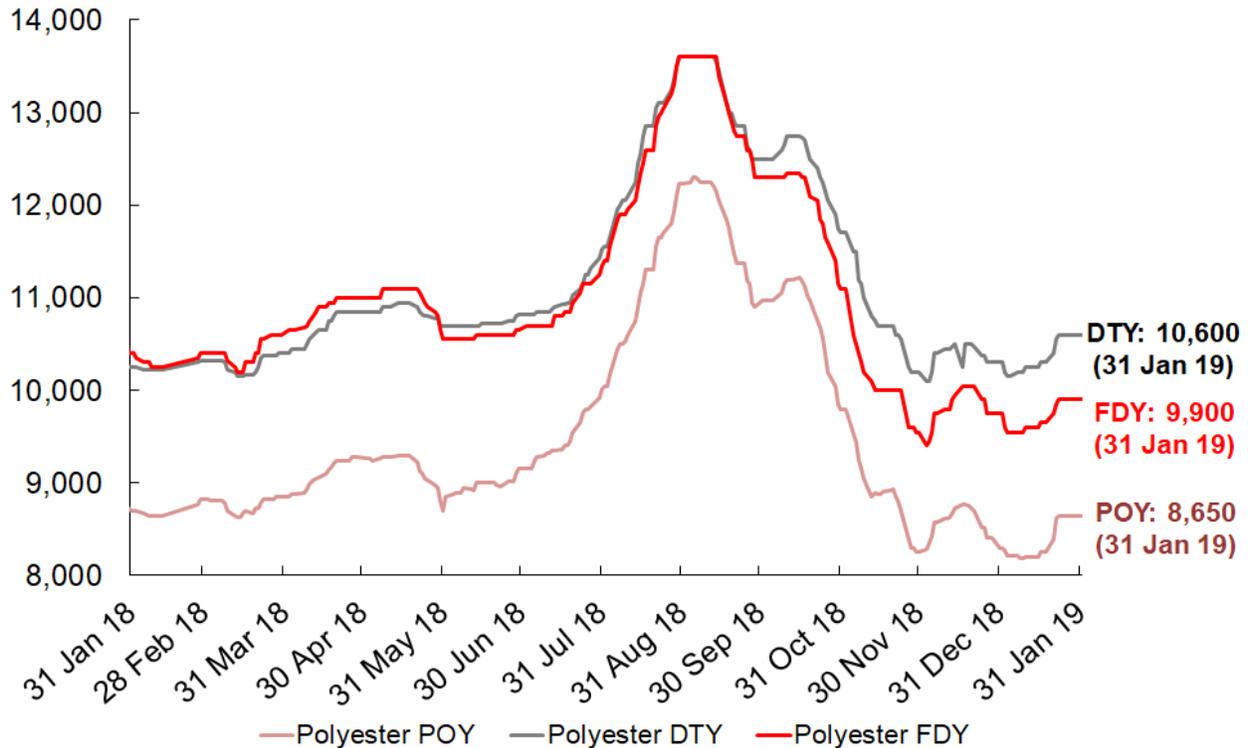
1. Price indices of polyester rise in January

The price indices of polyester¹ rose in January. For example, the price index of polyester DTY went up from 10,300 on 31 December to 10,600 on 23 January, and then stayed at the same level till the end of January (see *exhibit 1*). The rise in the prices of polyester was due mainly to a pick-up in the prices of purified terephthalic acid (PTA), a major raw material of polyester.

The demand for polyester weakened in the second half of January as more and more downstream manufacturers suspended their production ahead of the Chinese New Year holidays. Looking forward, the demand for polyester is likely to stay weak in February as very few manufacturers would operate in the month. Therefore, we expect that polyester prices will start to fall in the near future.

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

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



Source: China Chemical & Fiber Economic Information Network

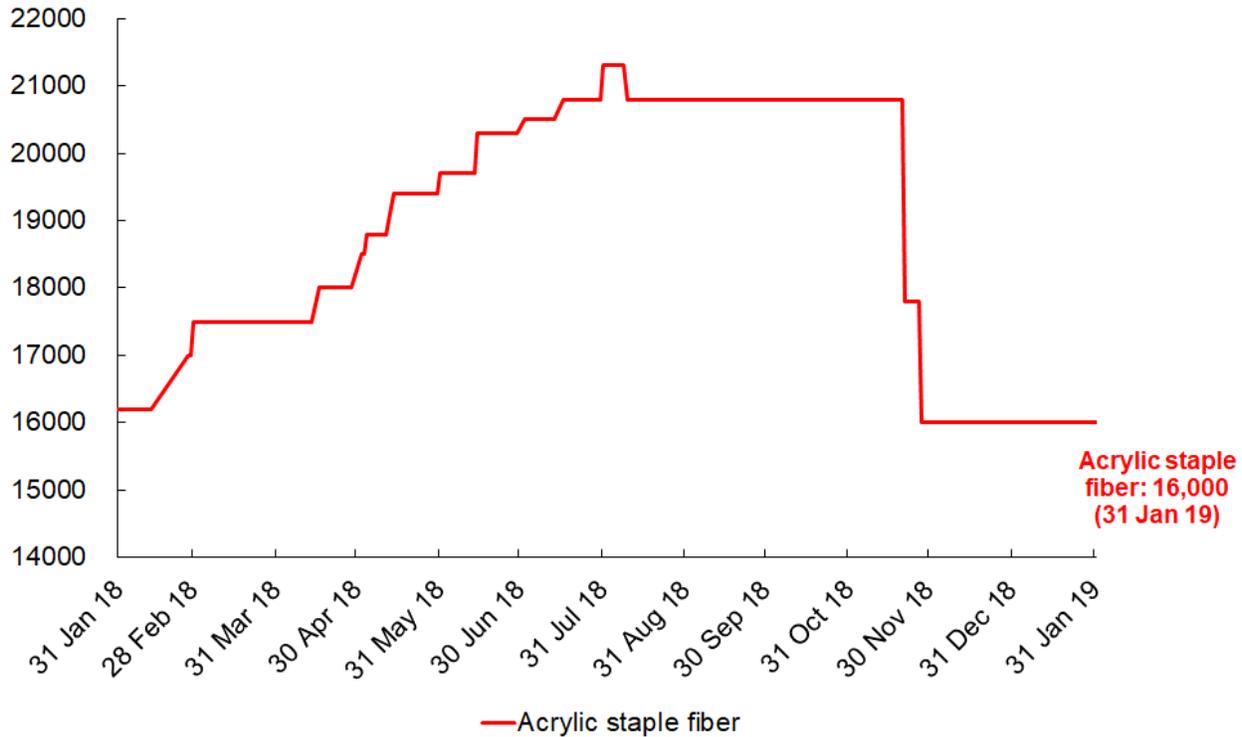
2. Price index of acrylic staple fiber stays stable in January

The price index of acrylic staple fiber² stayed stable at 16,000 throughout 31 December to 31 January (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, January 2018 to January 2019



Source: China Chemical & Fiber Economic Information Network

3. Price index of nylon drops in January

The price index of nylon DTY³ dropped from 20,600 on 31 December to 20,200 on 7 January, and then stayed at 20,200 until the end of January (see exhibit 3).

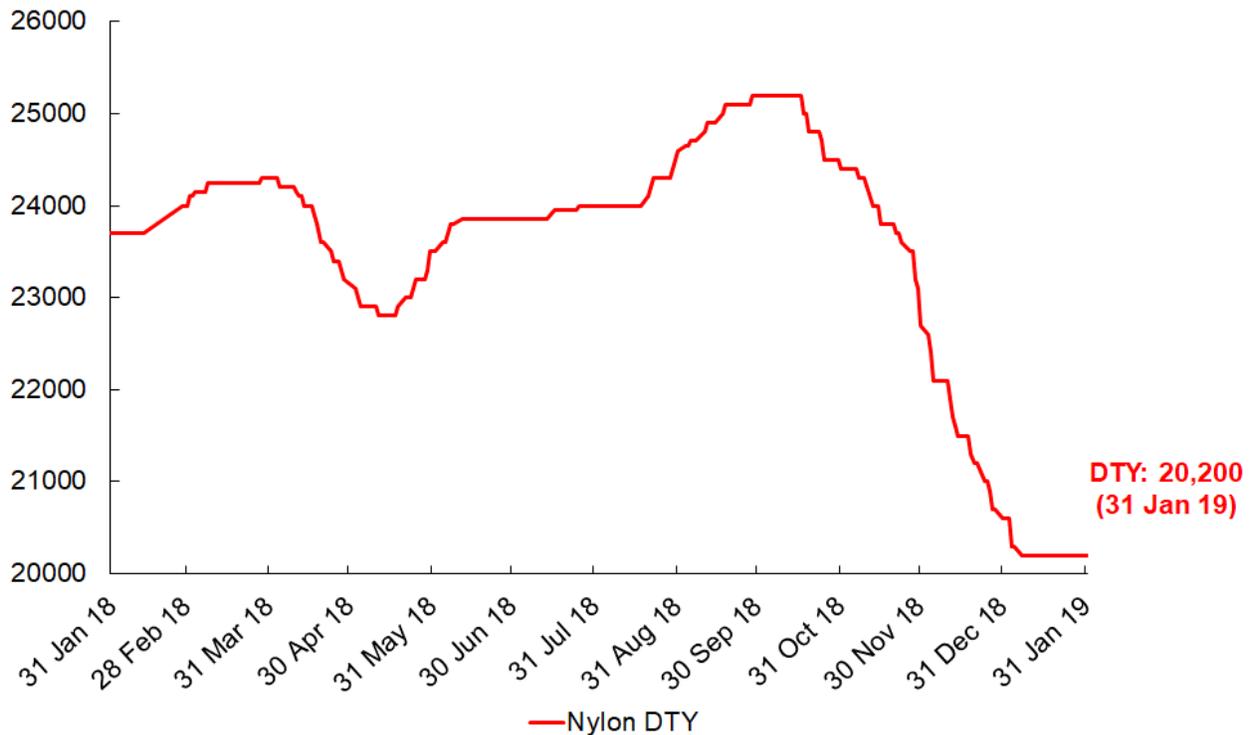
After stabilising in late December to early January, the prices of caprolactam, the major raw material of nylon, rebounded in the second and the third week of January.

According to media reports, stockpiles of nylon decreased in late January as more and more manufacturers of nylon suspended their operation ahead of the Chinese New Year holidays.⁴ In view of a tightening supply of nylon and the bottoming out of prices of caprolactam, downstream manufacturers have started to increase their purchases of nylon. Looking ahead, we predict that nylon prices will trend upward in the coming future.

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

⁴ <http://myyj.168tex.com/2019-02-12/1001459.html>

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



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber drops and then rebounds in January

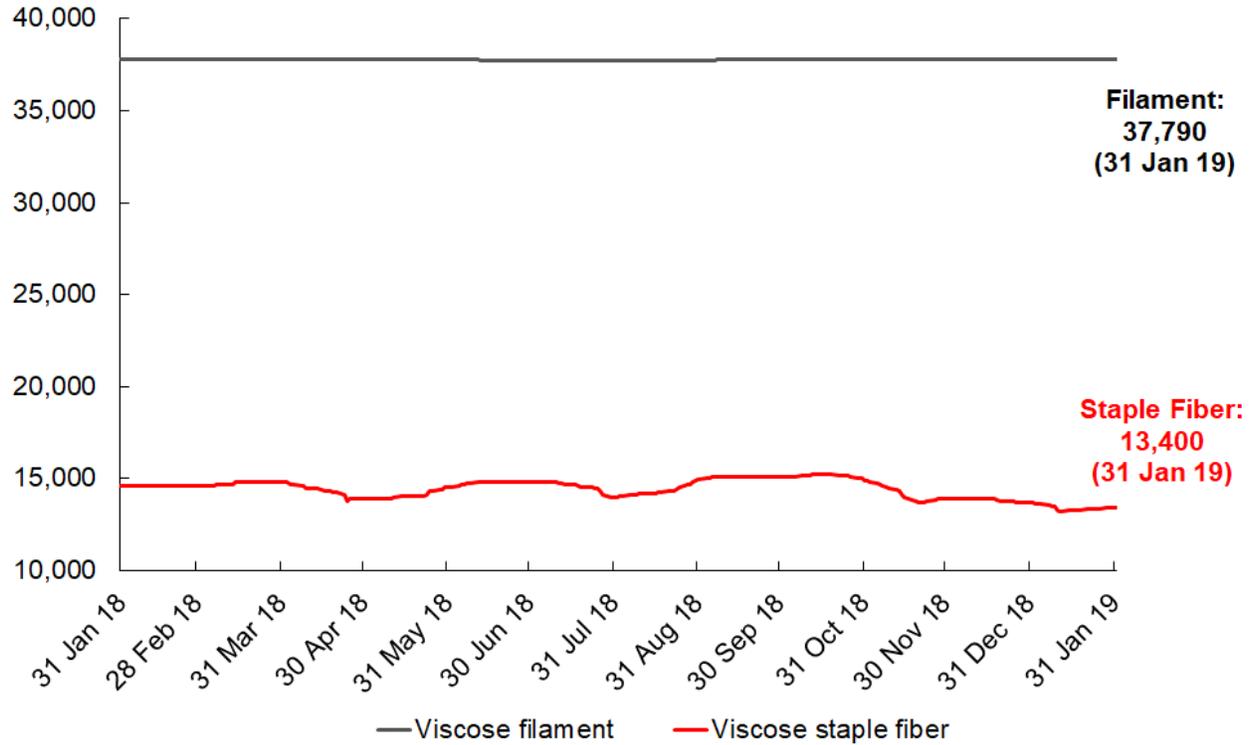
The price index of viscose staple fiber⁵ fell from 13,680 on 31 December to 13,200 on 11 January. Afterwards, the price index bottomed out and rebounded to 13,400 on 31 January (see exhibit 4).

The prices of viscose staple fiber dropped during late December to mid-January as manufacturers of viscose staple fiber lowered the prices of their products to stimulate sales. According to media reports, many downstream manufacturers took the opportunity to restock their production inputs during the period. Afterwards, in mid- to late January, manufacturers of viscose staple fiber increased the prices of their products and restocking activities slowed.

⁵ The index is compiled by the China Chemical & Fiber Economic Information Network (CCFEI).

As inventory levels of viscose staple fiber held by downstream manufacturers are relatively high, the demand for the material is likely to be weak in the coming future. We, therefore, expect the uptrend of prices of viscose staple fiber to reverse soon.

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



Source: China Chemical & Fiber Economic Information Network

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