



China Sourcing Update

August 29, 2019

Prices of Chemical Textile Materials

1. Price indices of polyester drop in July

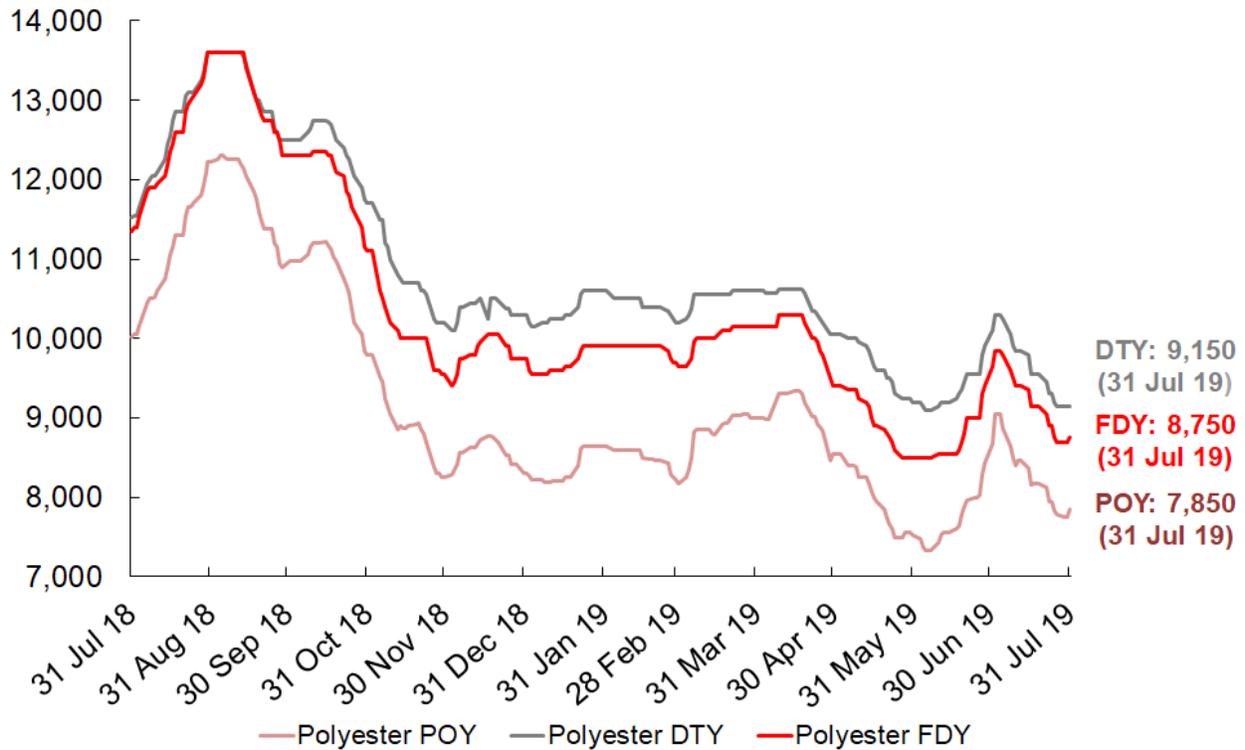
The price indices of polyester¹ fell in July. The price index of polyester DTY, for example, went down from 9,900 on 28 June to 9,150 on 31 July (see *exhibit 1*).

In our view, the prices of polyester declined in July for two reasons. First, the price of PTA, a major upstream material for polyester, plunged in the month. Second, the downstream demand was weak.

Looking ahead, we predict that polyester prices will go down further in the near future, given soft material prices and a sluggish downstream demand amid uncertainties arising from China-US trade tensions.

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

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



Source: China Chemical & Fiber Economic Information Network

2. Price index of acrylic staple fiber goes down in late July

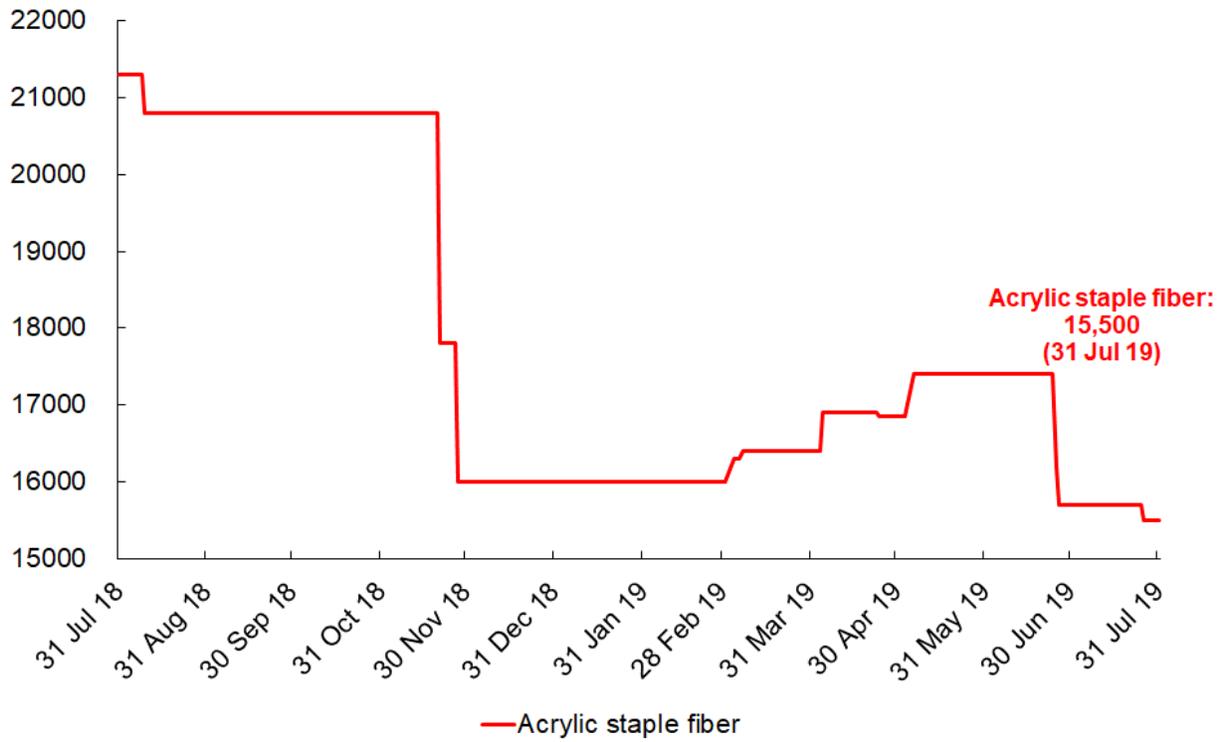
The price index of acrylic staple fiber² declined in late July. After staying at 15,700 from late June to 25 July, the price index dropped to 15,500 on 26 July. (see exhibit 2).

The main reasons for the fall in the prices of acrylic staple fiber in late July was a sluggish downstream demand and a drop in the prices of acrylonitrile, a major upstream material of acrylic staple fiber.

Looking ahead, we expect the prices of acrylic staple fiber to remain weak, as the downstream demand is unlikely to regain momentum in the near future.

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

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



Source: China Chemical & Fiber Economic Information Network

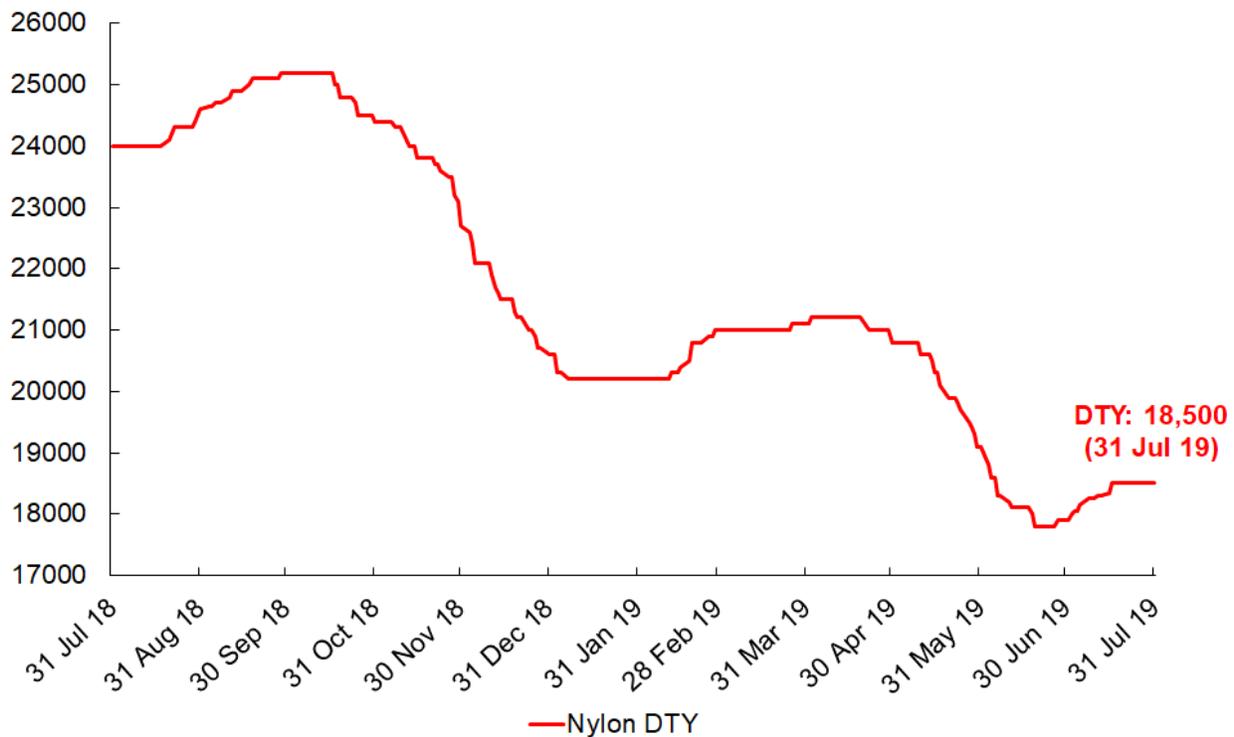
3. Price index of nylon rebounds in July

The price index of nylon³ picked up from 17,900 on 28 June to 18,500 on 31 July (see exhibit 3). The rebound in the prices of nylon in July was attributed to the rise in the prices of caprolactam, a major input material of nylon, in early July.

Going forward, nylon prices are unlikely to go up further, as the price of caprolactam retreated during late July to early August.

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

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



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose rises and then retreats in July

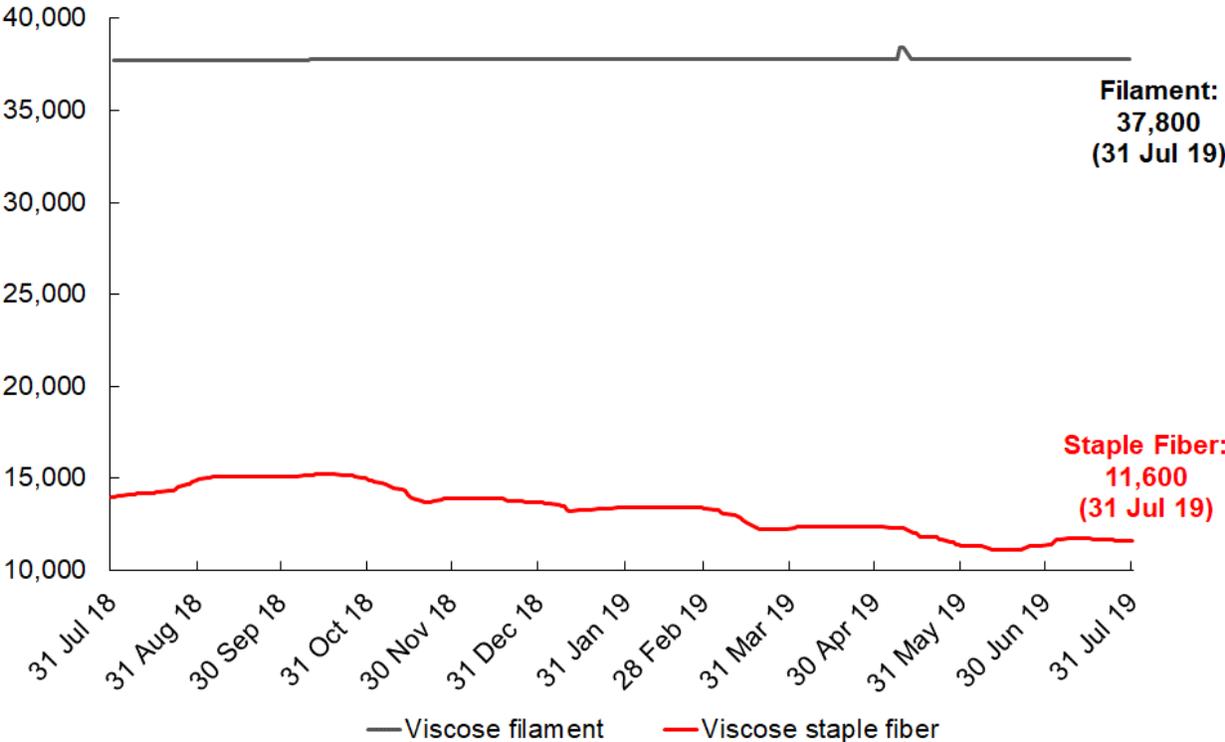
After rising from 11,300 on 28 June to 11,750 on 8 July, the price index of viscose staple fiber⁴ retreated in mid-to late July, falling to 11,600 on 31 July (see exhibit 4).

Prices of viscose staple fiber went up in early July as the supply of the fiber shrank after months of destocking. Viscose prices fell afterwards amid a weak downstream demand.

Looking ahead, we predict that the prices of viscose staple fiber will continue to decline in the near term, given a sluggish downstream demand.

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

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



Source: China Chemical & Fiber Economic Information Network

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