



# China Sourcing Update

July 11, 2017

## Prices of Chemical Textile Materials

### 1. Price indices of polyester rise in June

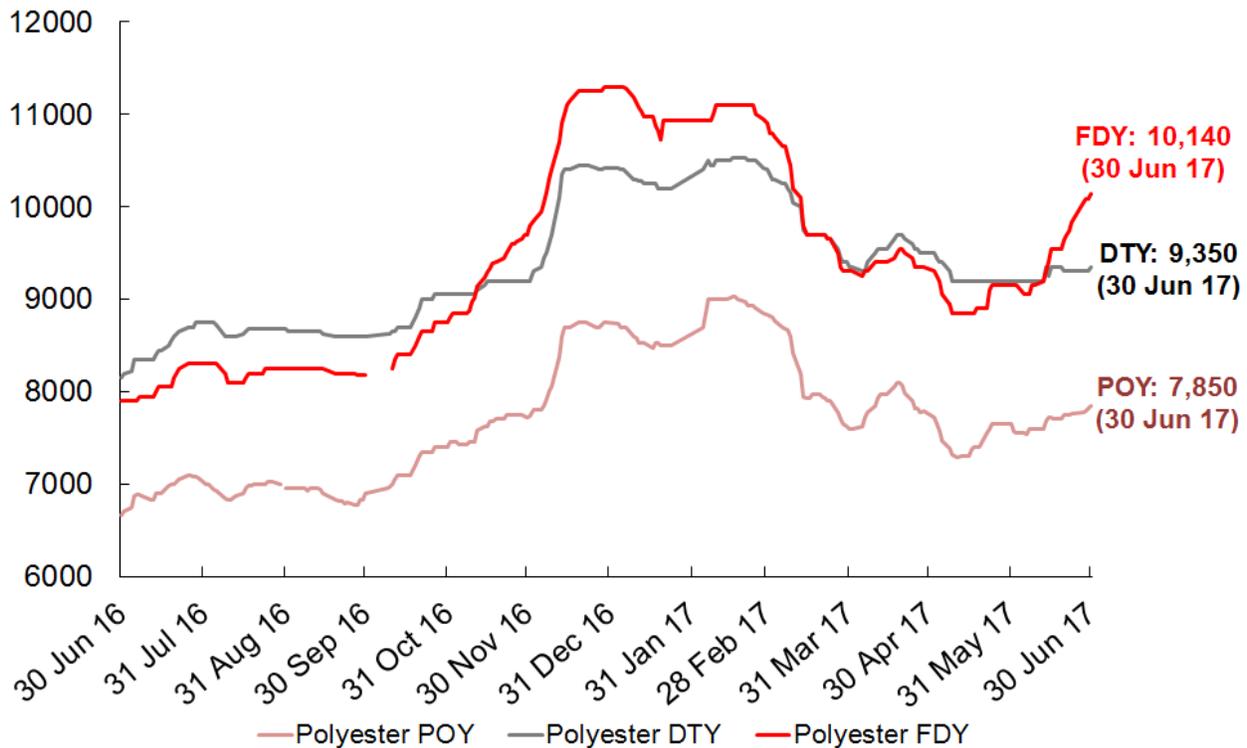
The price indices of polyester<sup>1</sup> fell in early June and rose afterwards (*see exhibit 1*). For example, after dropping from 7,650 on 31 May to 7,540 on 6 June, the price index of polyester POY went up to 7,850 on 30 June.

The increase in the prices of polyester during early to late June was due largely to an improvement in the downstream demand for polyester from textiles manufacturers, in our view.

Looking ahead, we expect the prices of polyester to go up further in the near term, as the downstream demand for polyester is likely to remain strong and the prices of purified terephthalic acid (PTA), a major raw material of polyester, have risen since late June.

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

**Exhibit 1: Price indices of polyester, June 2016 to June 2017**



Source: China Chemical & Fiber Economic Information Network

## 2. Price index of acrylic staple fiber falls in June

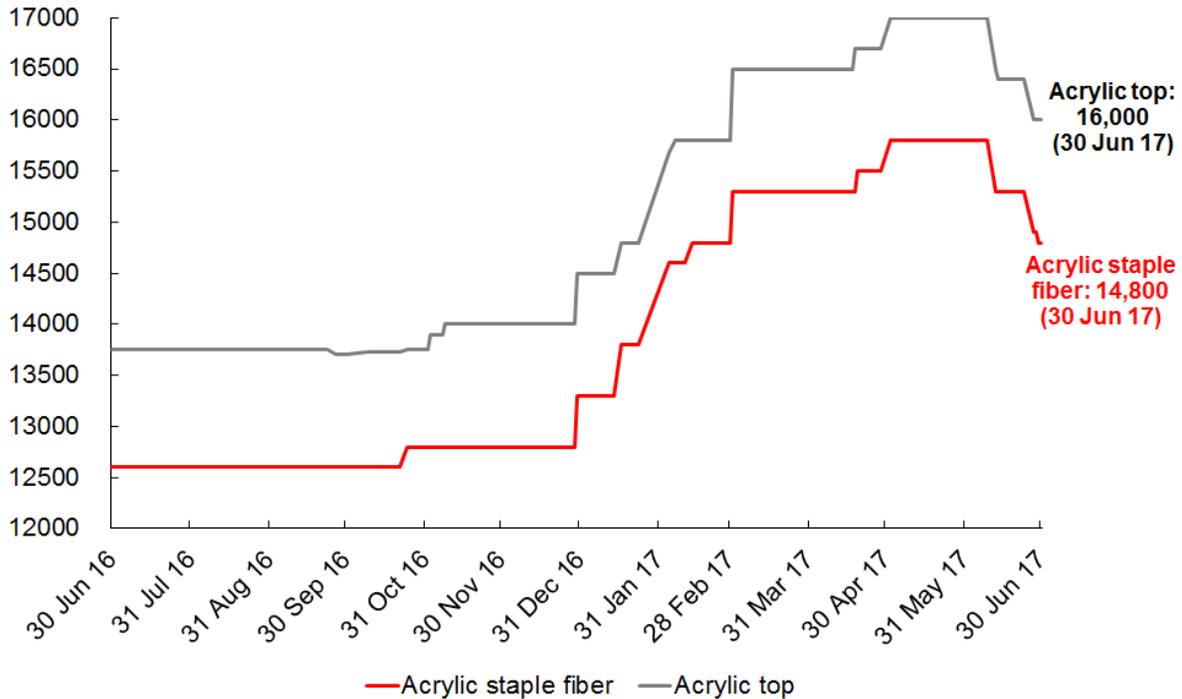
The price index of acrylic staple fiber<sup>2</sup> stayed flat at 15,800 in early June and then went down during mid- to late June to close at 14,800 on 30 June (see exhibit 2).

According to the local media, the fall in the prices of acrylic staple fiber in the month was mainly caused by a drop in the prices of acrylonitrile, the major upstream material of acrylic staple fiber.

Looking ahead, the upstream costs of acrylic staple fiber are likely to remain weak. Thus, we expect the prices of the fiber to stay low in the near term.

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

**Exhibit 2: Price indices of acrylic, June 2016 to June 2017**



Source: China Chemical & Fiber Economic Information Network

### 3. Price indices of nylon go up in June

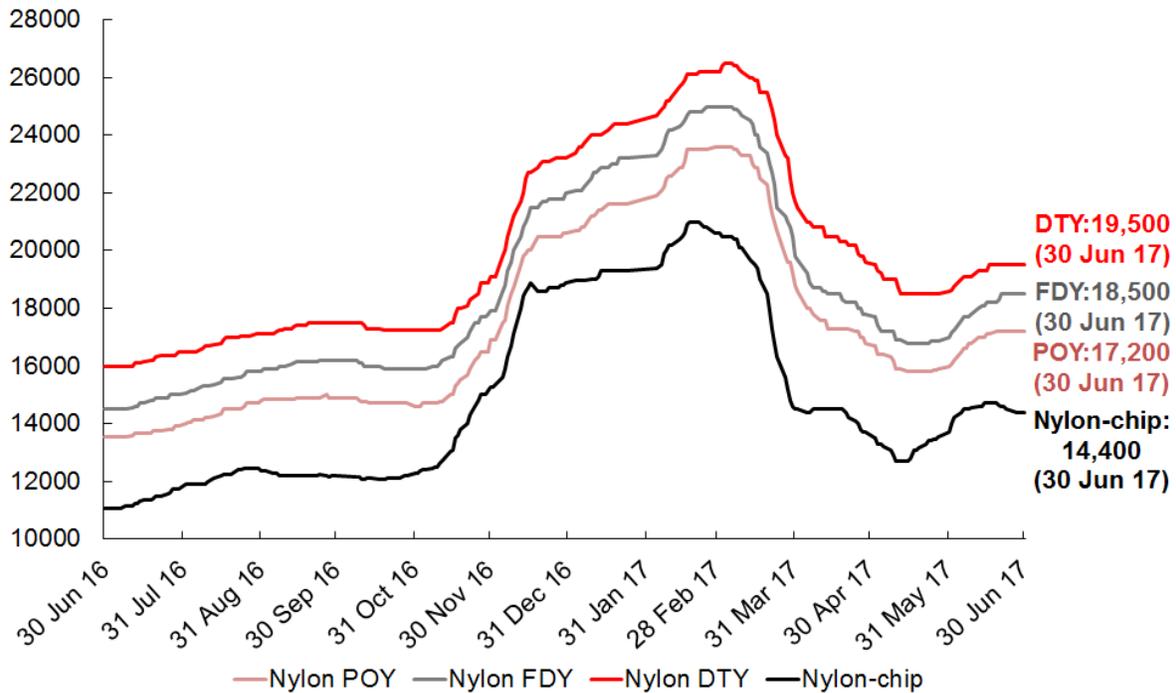
The price indices of nylon<sup>3</sup> rose during early to mid-June and stayed relatively stable afterwards. For example, the price index of nylon DTY went up from 18,600 on 31 May to 19,500 on 16 June, before staying at the same level till the end of the month (see exhibit 3).

The main reason for the rise in nylon prices during early to mid-June was an increase in upstream costs, as the prices of caprolactam, the major raw material of nylon, surged in the period.

Looking ahead, we believe that nylon prices will go down in the near future as the prices of caprolactam declined in mid-June and have stayed low since then, and the downstream demand for nylon is expected to fall.

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

**Exhibit 3: Price indices of nylon, June 2016 to June 2017**



Source: China Chemical & Fiber Economic Information Network

#### 4. Price index of viscose staple fiber rises in June

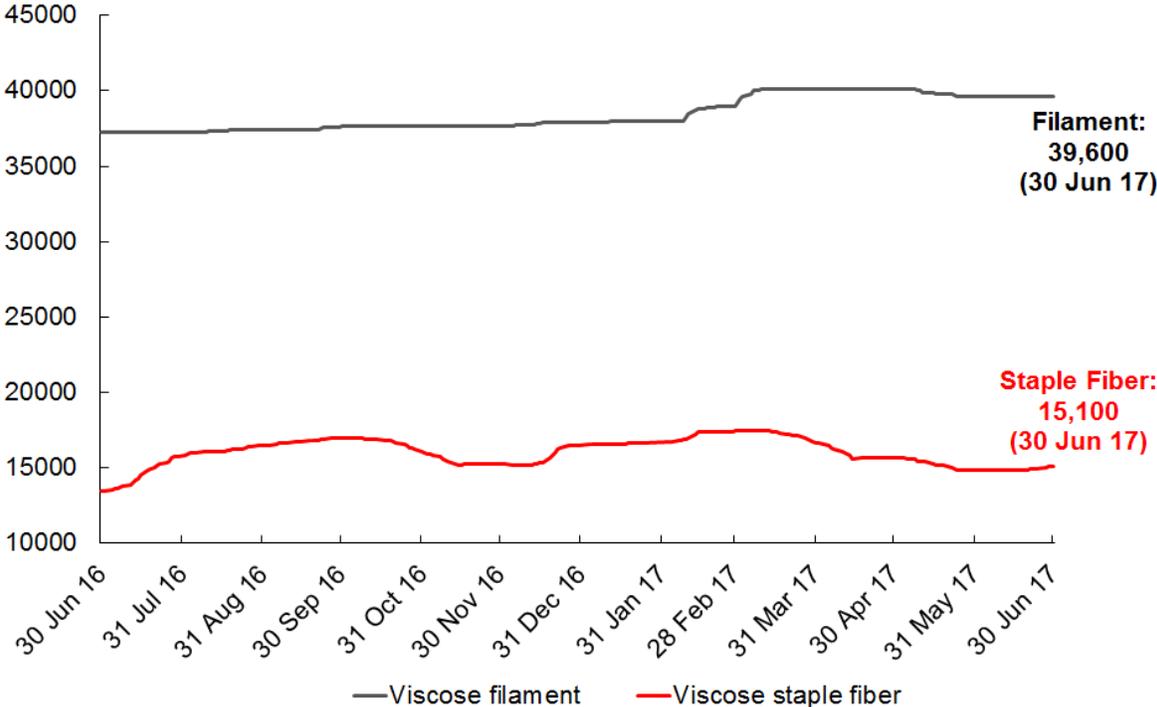
The price index of viscose staple fiber<sup>4</sup> stayed flat at 14,800 during early to mid-June and then went up during mid- to late June, closing at 15,100 on 30 June (see exhibit 4).

The increase in the prices of viscose staple fiber since mid-June was mainly attributable to a stronger restocking demand for the fiber from downstream manufacturers and low levels of inventories held by viscose producers.

Going forward, the downstream demand for viscose staple fiber is expected to improve, and the inventory levels of viscose manufacturers are likely to remain low. Therefore, we believe that the prices of viscose staple fiber will go up further in the foreseeable future.

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

Exhibit 4: Price indices of viscose, June 2016 to June 2017



Source: China Chemical & Fiber Economic Information Network

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