



China Sourcing Update

April 20, 2018

Prices of Chemical Textile Materials

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

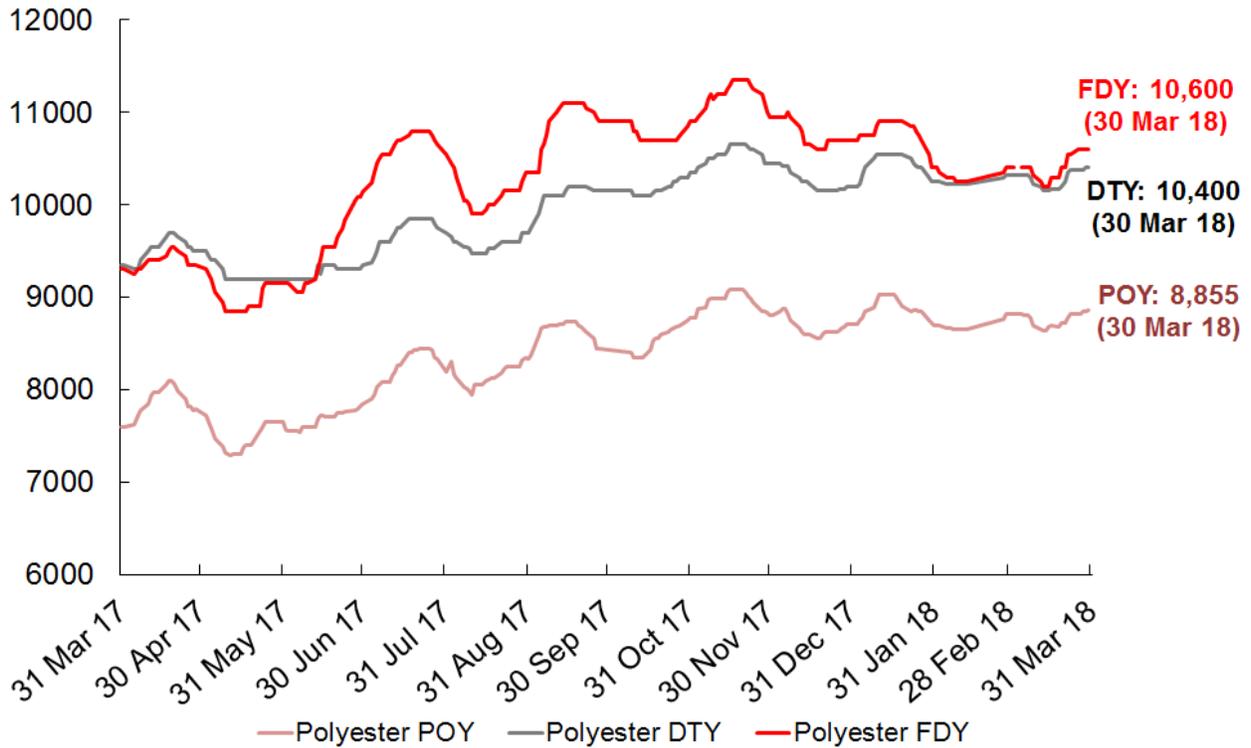
The price indices of polyester¹ went down during early to mid-March and rose in the second half of the month. For example, after dropping from 10,325 on 28 February to 10,150 on 13 March, the price index of polyester DTY climbed to 10,400 on 30 March (see exhibit 1).

The main reasons for the decline in the prices of polyester in the first half of March were soft upstream prices and a weak downstream demand. Afterwards, the prices of polyester increased as upstream costs rebounded and restocking demand from downstream manufacturers improved.

Looking ahead, we expect that the prices of polyester will go up further in the near future as the downstream demand is expected to remain strong.

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

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



Source: China Chemical & Fiber Economic Information Network

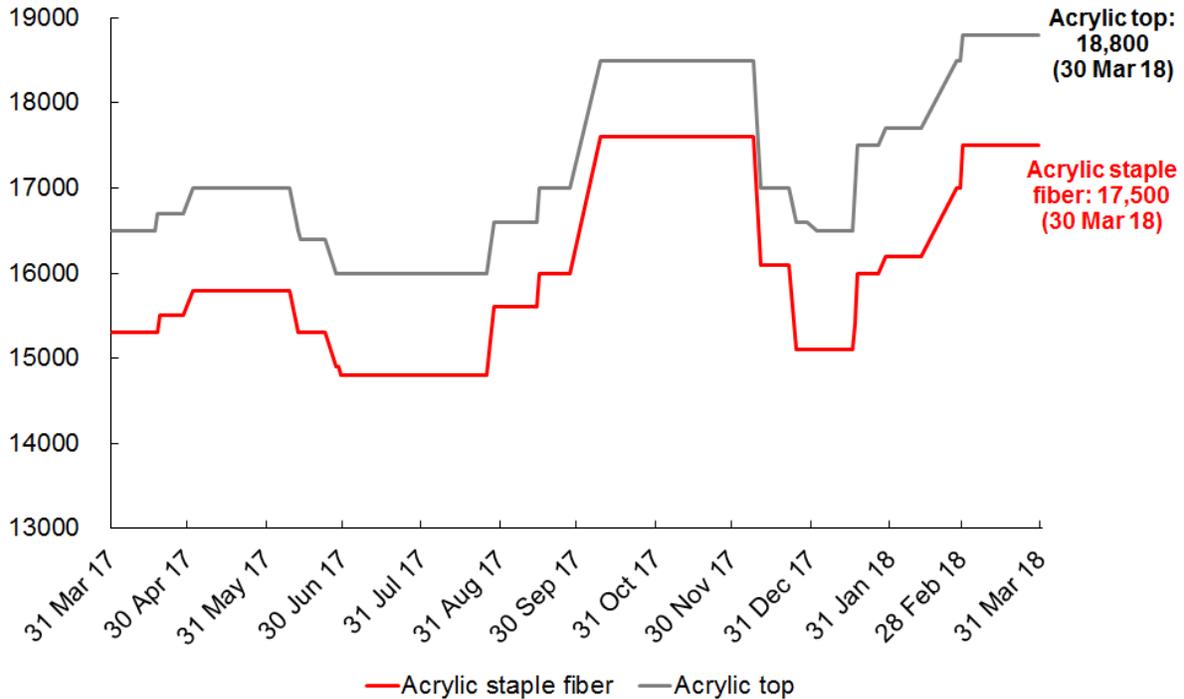
2. Price index of acrylic staple fiber stays stable in March

The price index of acrylic staple fiber² stayed flat at 17,500 throughout March, despite a drop in the prices of acrylonitrile, the major upstream material of the fiber, in the month (see exhibit 2).

Looking ahead, we expect the prices of acrylic staple fiber to rise in the near term, as the prices of acrylonitrile surged during late March to mid-April.

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

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



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon rise in March

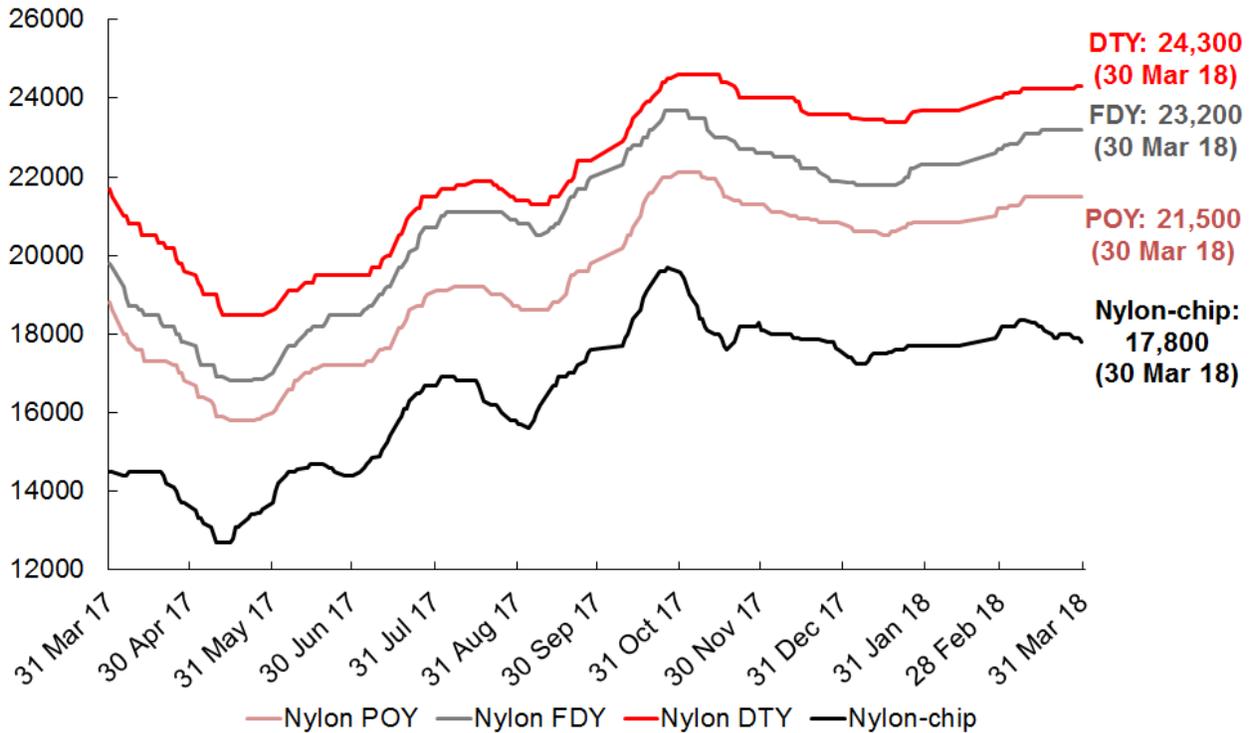
The price indices of nylon³ went up in March. For example, the price index of nylon DTY climbed from 24,000 on 28 February to 24,300 on 30 March (see exhibit 3).

In our view, the rise in nylon prices in March was due largely to an increase in the prices of caprolactam, the major raw material of nylon, in the first half of the month.

Looking ahead, we expect that nylon prices will drop in the foreseeable future, as the upstream costs of nylon eased during mid-March to early April.

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

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



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber rises in March

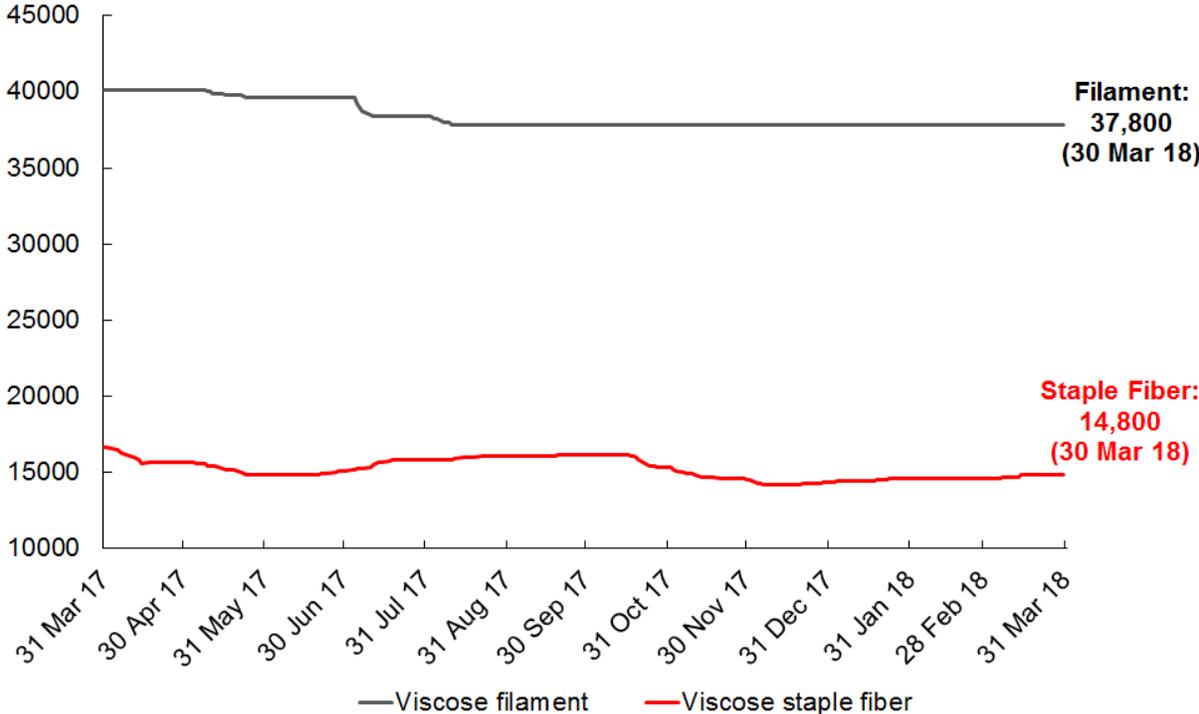
The price index of viscose staple fiber⁴ went up in March, rising from 14,600 on 28 February to 14,800 on 14 March, before staying at the same level till the end of the month (see exhibit 4).

The increase in the prices of viscose staple fiber was attributable to an improved restocking demand and higher upstream costs.

Going forward, as the improvement of restocking demand for viscose staple fiber is likely to be short-lived, we expect the prices of the fiber to go down in the coming months.

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

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



Source: China Chemical & Fiber Economic Information Network

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