



# China Sourcing Update

April 16, 2020

## Prices of Chemical Textile Materials

### 1. Price indices of polyester plunge in February and March

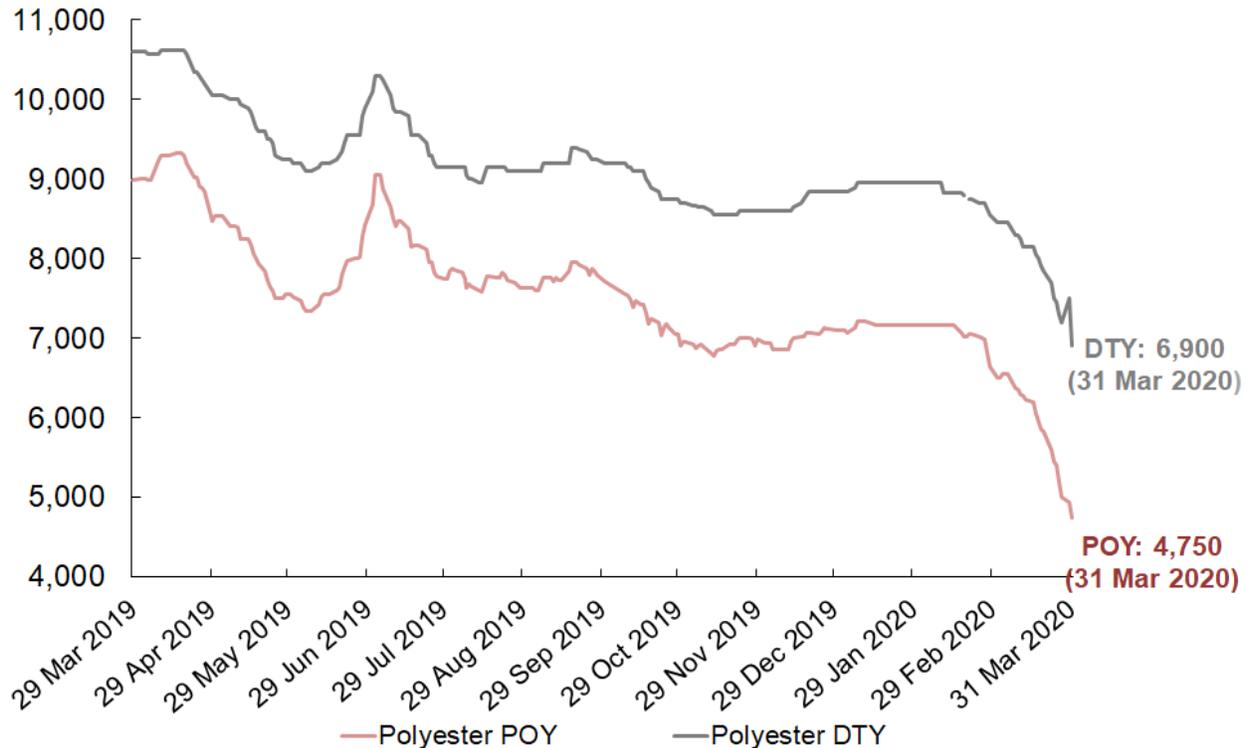
The price indices of polyester<sup>1</sup> saw a sharp decline in February and March. The price index of polyester DTY, for example, dropped from 8,950 on 21 January to 8,550 as of 28 February and fell further to 6,900 as of 31 March (*see exhibit 1*).

Both upstream prices and downstream demand contributed to the plunge in polyester prices in February and March. The prices of PTA, a major raw material for polyester, dropped by almost 50% compared to a year ago. Furthermore, downstream demand shrank as consumer markets were hit hard by the COVID-19 pandemic.

Looking ahead, downstream demand is likely to remain sluggish as overseas retailers and brands are reducing, pausing or even cancelling factory orders amid the pandemic. High inventory levels of PTA as well as dwindling oil prices will continue to put downward pressure on PTA prices. We thus predict that polyester prices will stay soft in the near future.

<sup>1</sup> The index is quoted from [tnc.com.cn](http://tnc.com.cn), the online information platform of Global Textile City Group.

**Exhibit 1: Price indices of polyester, March 2019 to March 2020**



Source: China Textile City Group

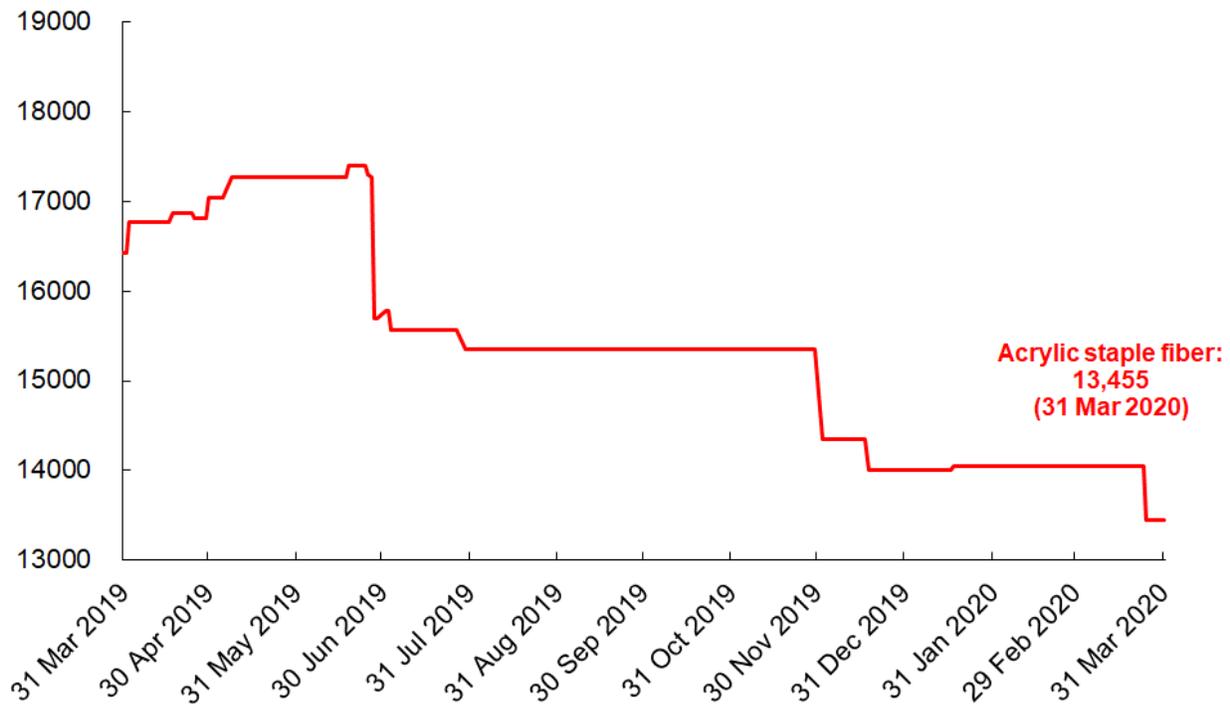
## 2. Price index of acrylic staple fiber falls in March

After staying flat at 14,050 from 17 January to 24 March, the price index of acrylic staple fiber<sup>2</sup> dropped to 13,455 on 25 March and closed at the same price on 31 March (see exhibit 2).

The fall in acrylic staple fiber prices in March was driven by a decline in downstream demand amid the COVID-19 outbreak. Going forward, we expect the prices of acrylic staple fiber to remain weak as downstream demand is likely to remain sluggish in the near future.

<sup>2</sup> The index is quoted from [tnc.com.cn](http://tnc.com.cn), the online information platform of Global Textile City Group.

**Exhibit 2: Price index of acrylic staple fiber, March 2019 to March 2020**



Source: China Textile City Group

### 3. Price index of nylon slumps in February and March

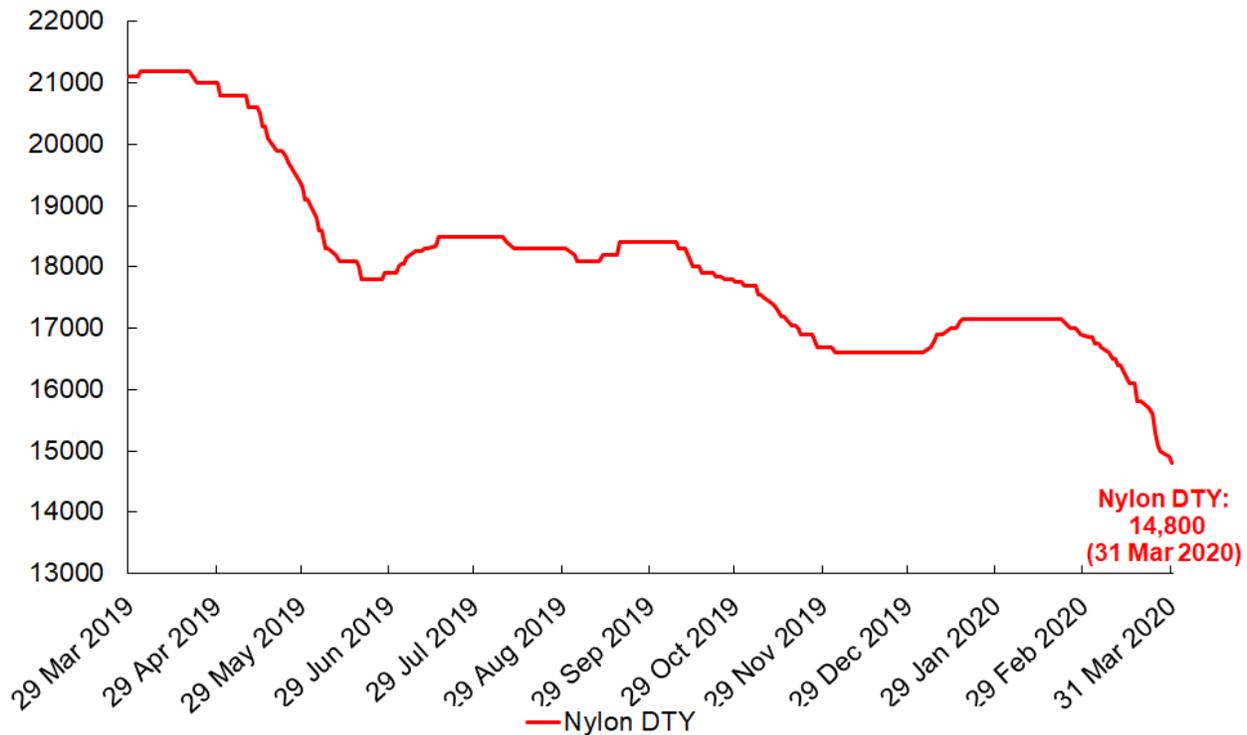
The price index of nylon<sup>3</sup> saw a sharp decline in February and March, falling from 17,150 on 21 January to 16,900 on 28 February and further to 14,800 on 31 March (see exhibit 3).

The slump in nylon prices February and March was attributed to a drop in downstream demand, as most Chinese factories had not resumed full operation, and a sharp plunge in the prices of caprolactam, a petroleum-derived product and a major input material of nylon.

Looking ahead, we expect that nylon prices will continue to fall in the near future, as low crude oil prices is likely to suppress the prices of caprolactam and poor consumer sentiment amid the COVID-19 pandemic is likely to keep downstream demand low.

<sup>3</sup> The index is quoted from [tnc.com.cn](http://tnc.com.cn), the online information platform of Global Textile City Group.

**Exhibit 3: Price index of nylon, March 2019 to March 2020**



Source: China Textile City Group

#### 4. Price index of viscose falls in February and March

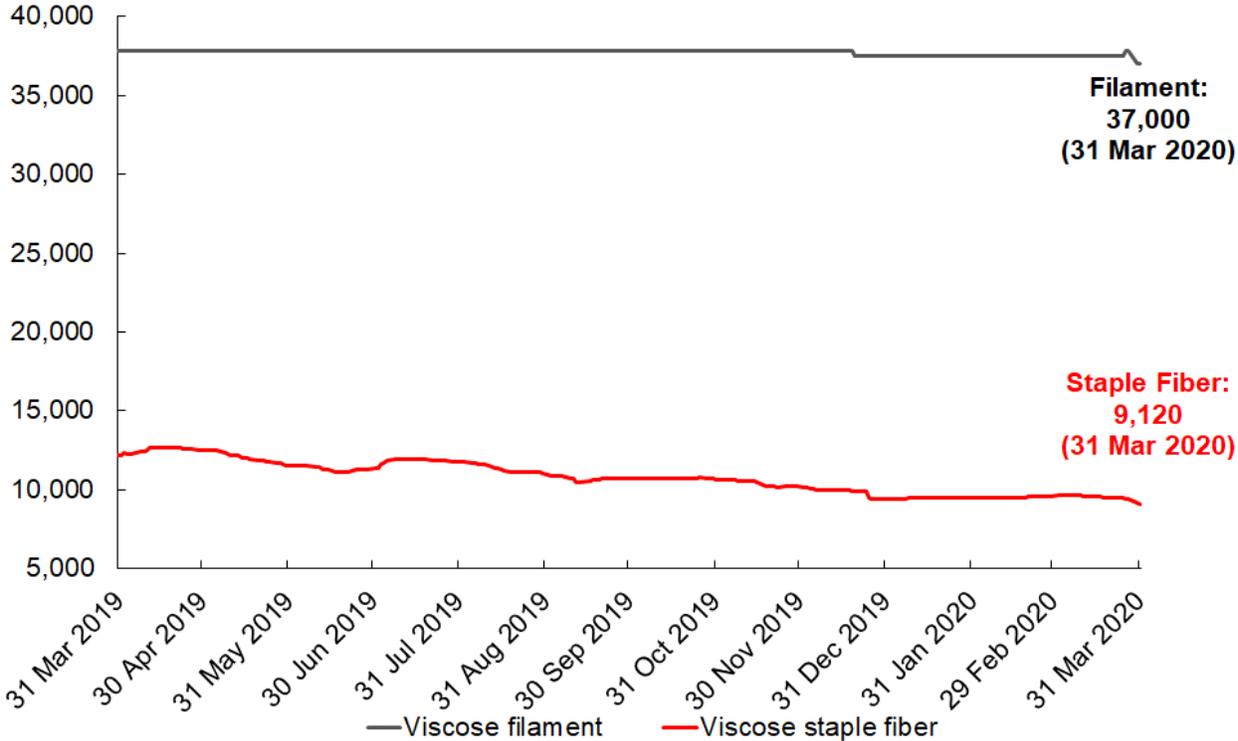
The price index of viscose staple fiber<sup>4</sup> edged up from 9,500 on 21 January to 9,600 on 28 February before falling to 9,120 as of 31 March (see exhibit 4).

The main reasons for the drop in the prices of viscose staple fiber was a weak downstream demand as domestic and overseas consumer markets were disrupted due to the COVID-19 outbreak.

Looking ahead, we predict that the prices of viscose staple fiber will stay soft in the near future, as downstream demand is likely to remain weak amid uncertainties in the global economy.

<sup>4</sup> The index is quoted from [tnc.com.cn](http://tnc.com.cn), the online information platform of Global Textile City Group.

Exhibit 4: Price indices of viscose, March 2019 to March 2020



Source: China Textile City Group

## FUNG BUSINESS INTELLIGENCE

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