



China Sourcing Update

June 7, 2016

Prices of Chemical Textile Materials

1. Price indices of polyester fall

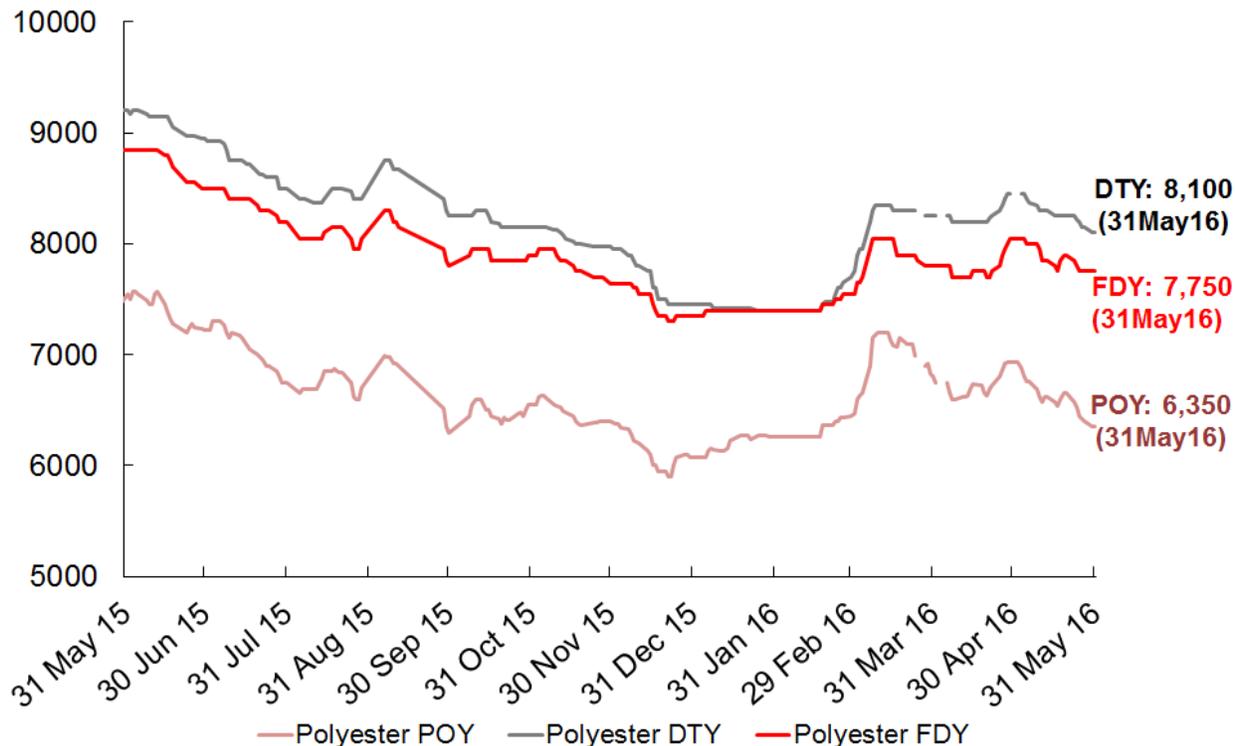
The price indices of polyester¹ went down during May (see *exhibit 1*). For example, the price indices of polyester DTY fell to 8,100 on 31 May from 8,450 on 29 April.

The main reason for the falling polyester prices was the weak downstream demand. According to the local media, as sales of various kinds of fabrics slowed in May, the operating rates of many downstream manufacturers dropped, and downstream manufacturers were cautious about placing orders.

Going forward, according to media reports, both the upstream prices and the downstream demand for polyester are expected to remain weak in the near term. Therefore, we expect the prices of polyester to stay at low levels in the coming months.

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

Exhibit 1: Price indices of polyester, May 2015 to May 2016



Source: China Chemical & Fiber Economic Information Network

2. Price index of acrylic staple fiber remains stable at low level

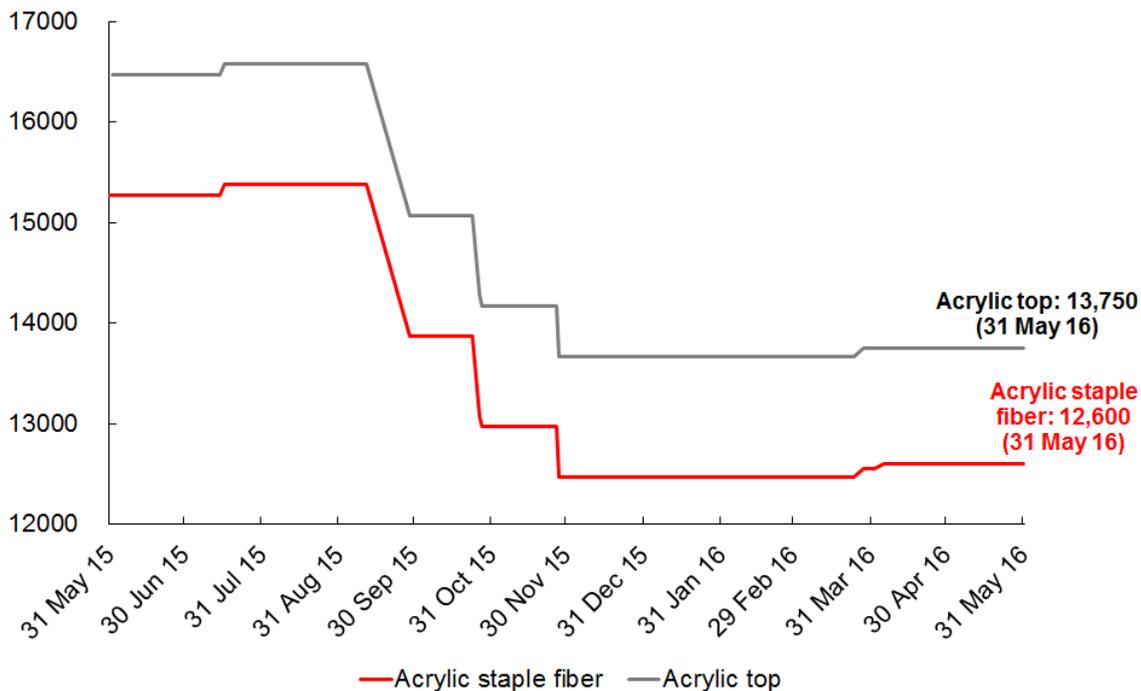
The price index of acrylic staple fiber² stayed flat at 12,600 throughout May (see exhibit 2).

According to the local media, the downstream demand for acrylic staple fiber was limited during May, due to a fall in the operating rates of downstream manufacturers and the high level of stocks of acrylic staple fiber held by them. On the other hand, the prices of acrylonitrile, a major upstream material of acrylic staple fiber, continued to rise in the month, which helped support the prices of acrylic staple fiber.

Looking forward, there are no signs showing a pickup in downstream demand. Thus, we expect the prices of acrylic staple fiber to stay at around the current low levels in the coming months.

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

Exhibit 2: Price indices of acrylic, May 2015 to May 2016



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon trend downward

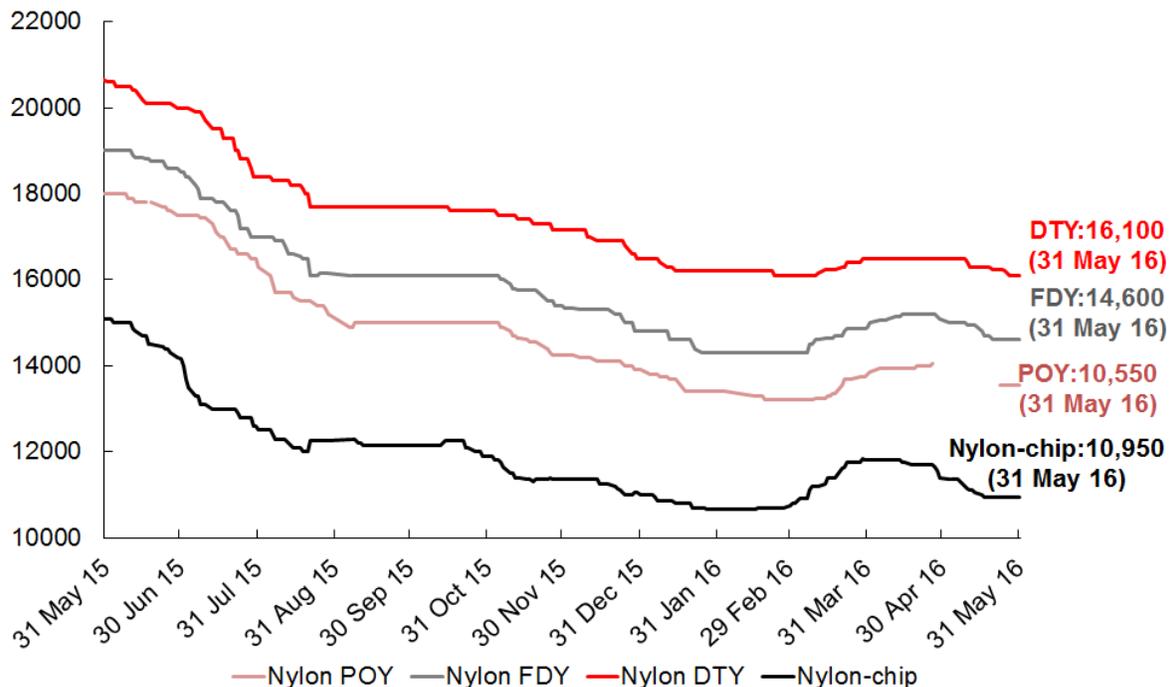
The price indices of nylon³ fell in May. For example, the price index of nylon DTY dropped from 16,500 on 9 May to 16,100 on 30 May (see *exhibit 3*).

According to the media reports, the upstream prices of nylon stayed low in May. Also, the downstream demand for nylon stayed soft during the month, as downstream manufacturers were cautious about placing orders.

Looking ahead, with the arrival of the off-season, the downstream demand for nylon is likely to remain weak in the coming months. Thus, we expect the price indices of nylon to stay at low levels.

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

Exhibit 3: Price indices of nylon, May 2015 to May 2016



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber goes up

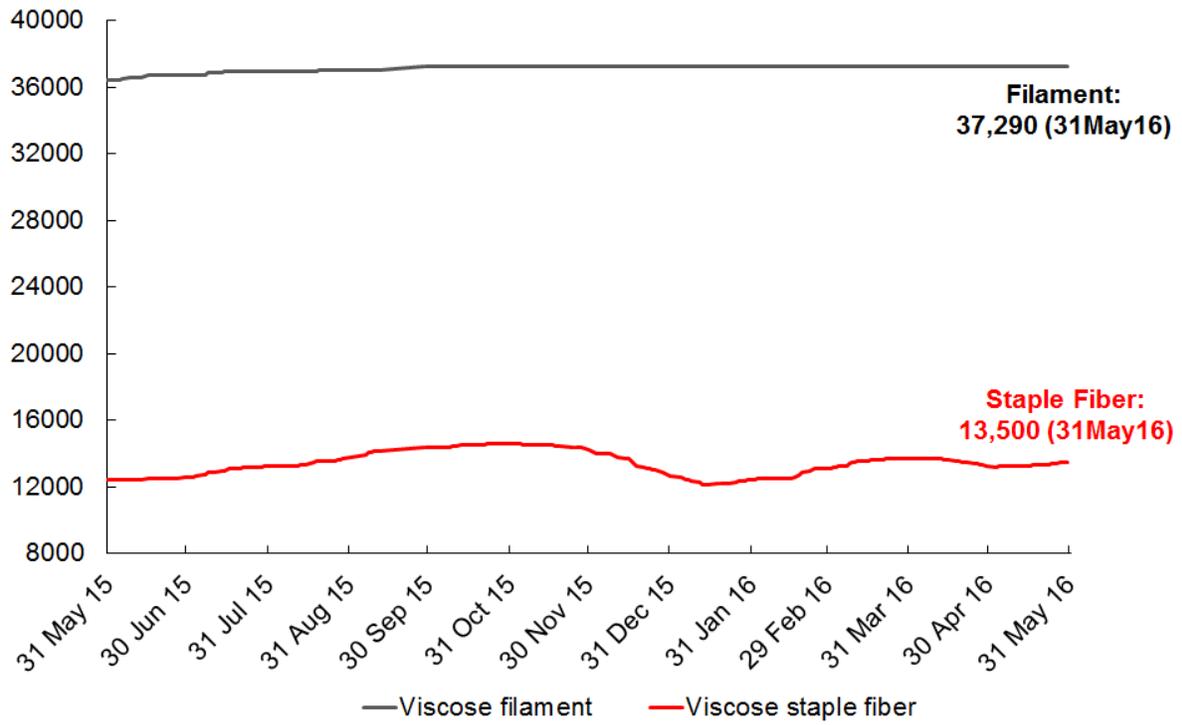
The price index of viscose staple fiber⁴ rebounded in May, rising from the recent low of 13,200 on 3 May to 13,500 on 31 May.

According to media reports, during the month of May, the downstream demand for viscose staple fiber remained stable; and the inventories held by viscose manufacturers stayed at low levels, resulting in a tight supply of viscose staple fiber.

Looking ahead, the price index of viscose staple fiber is likely to continue its upward trend in the near term, as a result of the tight supply and restocking demand from downstream rayon yarn manufacturers.

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

Exhibit 4: Price indices of viscose, May 2015 to May 2016



Source: China Chemical & Fiber Economic Information Network

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