



China Sourcing Update

June 9, 2017

Prices of Chemical Textile Materials

1. Price indices of polyester fall and then rebound in May

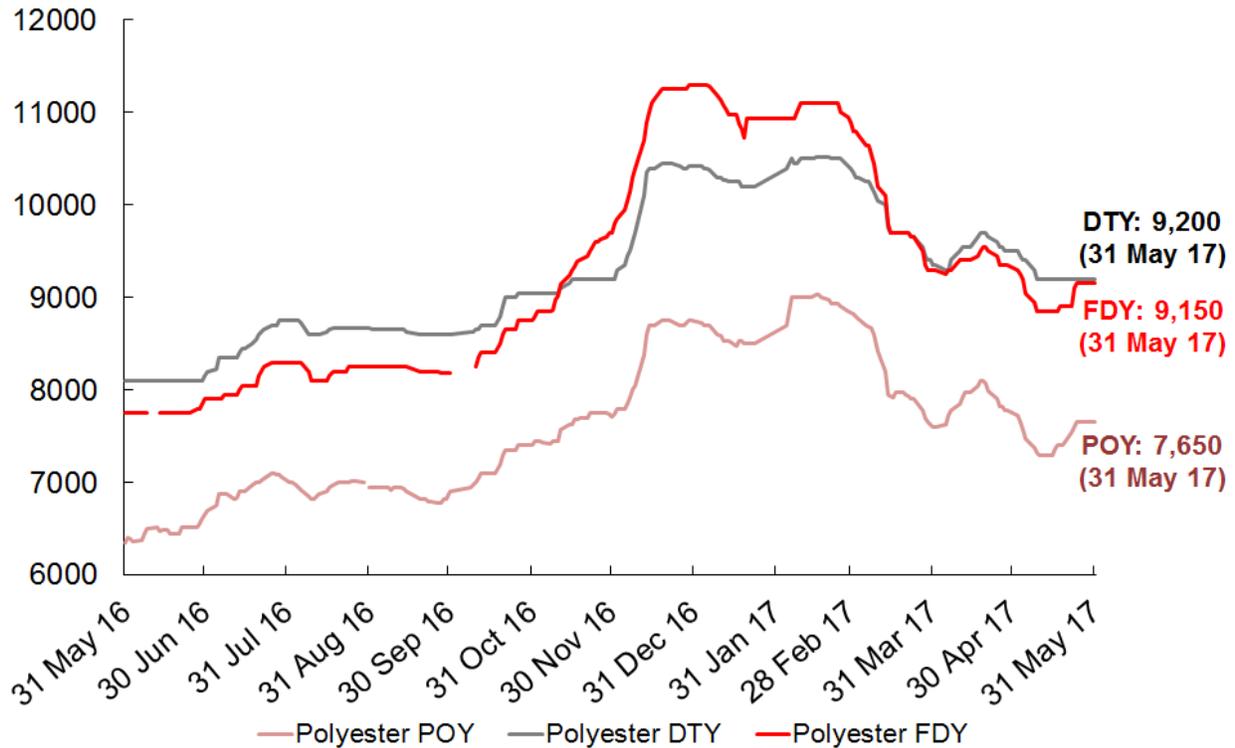
The price indices of polyester¹ went down during early to mid-May and rebounded afterwards (see exhibit 1). For example, after dropping from 7,785 on 28 April to 7,290 on 11 May, the price index of polyester POY picked up to 7,650 on 31 May.

In our view, the fluctuation in the prices of polyester in the month was largely influenced by the movement of the prices of purified terephthalic acid (PTA), a major raw material of polyester. The prices of PTA declined during early to mid-May and rose during mid- to late May.

Going forward, we expect the prices of polyester to fall again in the near future, as the prices of PTA have dropped since late May.

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

Exhibit 1: Price indices of polyester, May 2016 to May 2017



Source: China Chemical & Fiber Economic Information Network

2. Price index of acrylic staple fiber rises further in early May

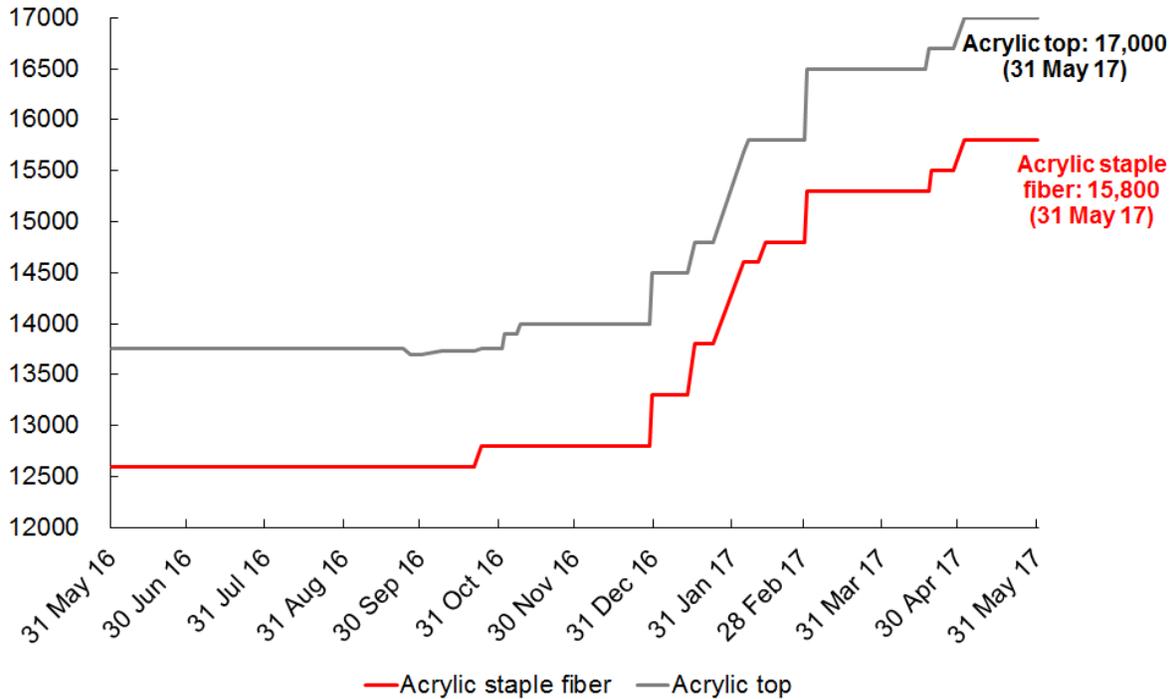
The price index of acrylic staple fiber² went up from 15,500 on 28 April to 15,800 on 2 May and then stayed at the same level till the end of the month (see exhibit 2).

According to media reports, the main reason for the rise in the prices of acrylic staple fiber in early May was a reduced supply of the fiber as some manufacturers shut down their plants for maintenance.

Looking ahead, we expect the prices of acrylic staple fiber to fall in the near future as the prices of acrylonitrile, a major upstream material of acrylic staple fiber, have been weak lately.

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

Exhibit 2: Price indices of acrylic, May 2016 to May 2017



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon bottom out in May

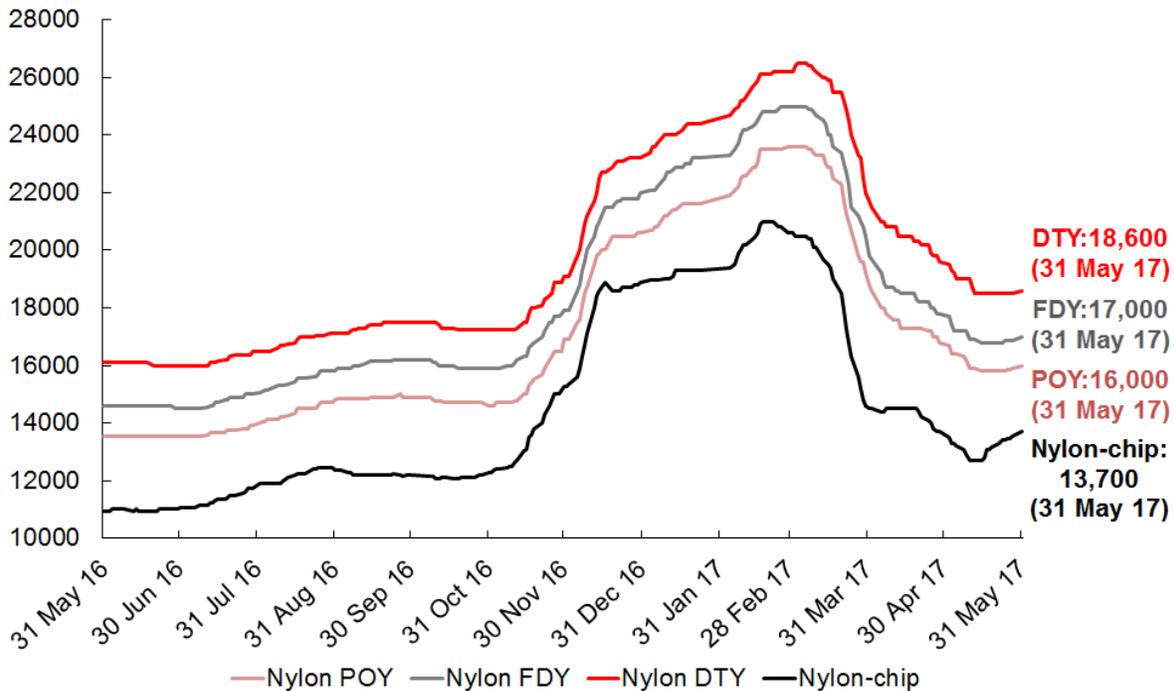
The price indices of nylon³ fell during early to mid-May and rebounded afterwards. For example, the price index of nylon DTY dropped from 19,600 on 28 April to a six-month low of 18,500 on 12 May, and then picked up to 18,600 on 31 May (see exhibit 3).

The fall in nylon prices during early to mid-May was mainly caused by a decline in upstream prices and a sluggish downstream demand for nylon. Nylon prices picked up during mid- to late May amid a rebound in the prices of caprolactam, a major raw material of nylon.

Looking ahead, we believe that nylon prices will go up further in the near term as the prices of caprolactam have continued to rise lately.

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

Exhibit 3: Price indices of nylon, May 2016 to May 2017



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber drops further

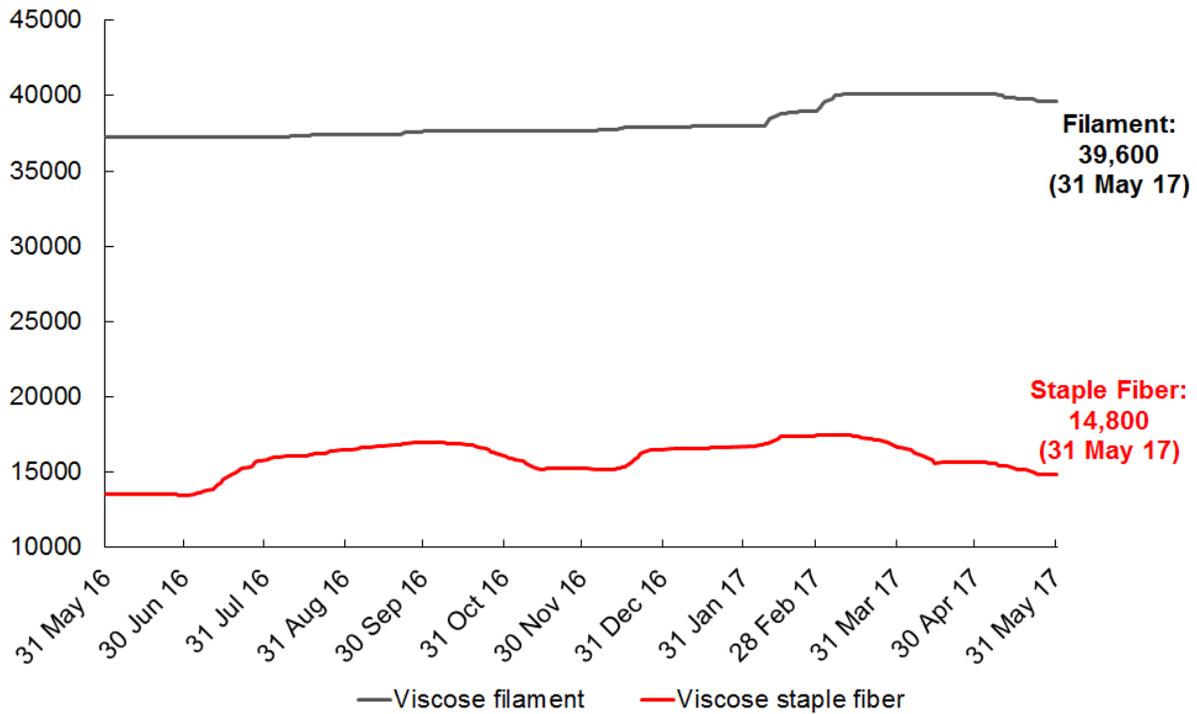
The price index of viscose staple fiber⁴ went down in May, falling from 15,630 on 28 April to 14,800 on 24 May, the lowest level since July 2016, before staying at the same level till the end of the month (see exhibit 4).

The main reasons for the decline in the prices of viscose staple fiber in the month were that a number of domestic producers of viscose staple fiber lowered the prices of their products due to high levels of inventories, and that the downstream demand from rayon yarn manufacturers for the fiber remained weak.

Looking ahead, we predict that the prices of viscose staple fiber will stabilize in the near term as the downstream demand for the fiber is expected to improve.

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

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



Source: China Chemical & Fiber Economic Information Network

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