



China Sourcing Update

December 13, 2017

Prices of Chemical Textile Materials

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

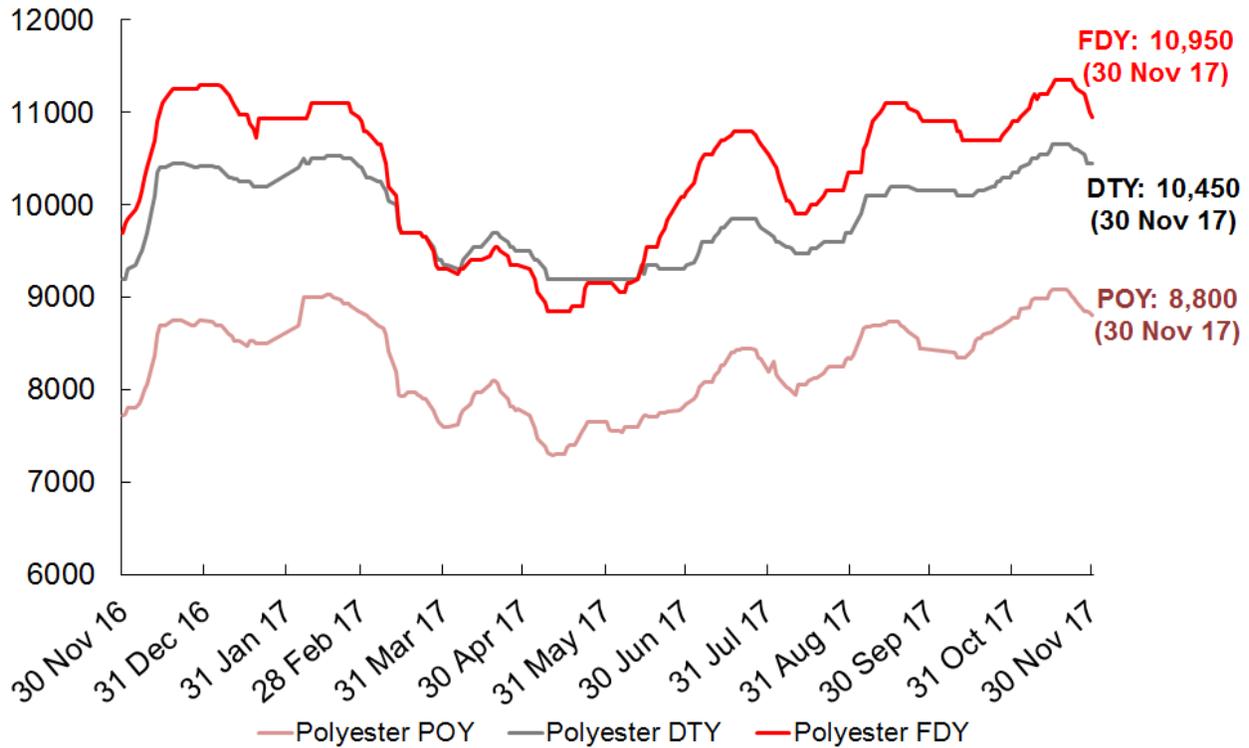
The price indices of polyester¹ went up during early to mid-November and declined afterwards (see exhibit 1). For example, the price index of polyester DTY climbed from 10,350 on 31 October to a three-year high of 10,650 on 15 November, before retreating to 10,450 on 30 November.

The main reasons for the rise in the prices of polyester in the first half of November were an increase in the prices of purified terephthalic acid (PTA), a major raw material of polyester; and an improvement in the restocking demand from downstream manufacturers. The prices of polyester dropped in the second half of the month as the prices of PTA fell and the downstream demand softened.

Going forward, we believe that the prices of polyester will start to stabilize in the near term as upstream costs rebounded in early December.

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

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



Source: China Chemical & Fiber Economic Information Network

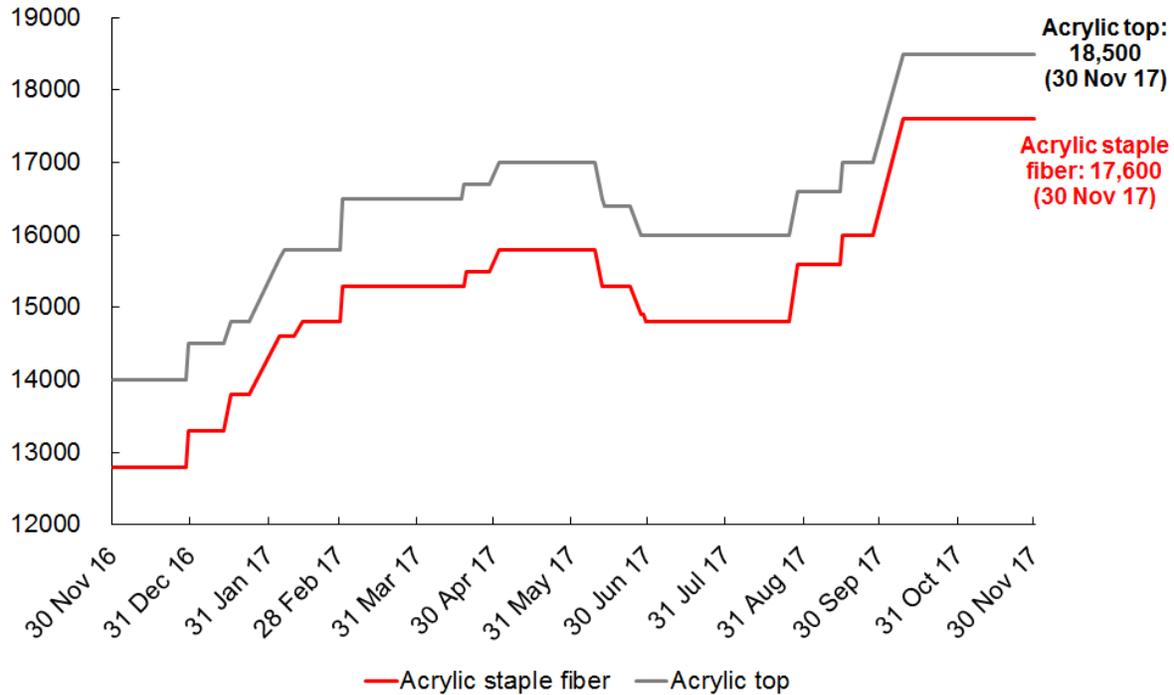
2. Price index of acrylic staple fiber stays stable in November

The price index of acrylic staple fiber² stayed flat at 17,600 throughout November (see exhibit 2), despite a sharp fall in the prices of acrylonitrile, the major upstream material of the fiber, in the month.

Going forward, we expect the prices of acrylic staple fiber to fall in the near future, given the plunge in the prices of acrylonitrile during mid-October to early December.

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

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



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon decline in November

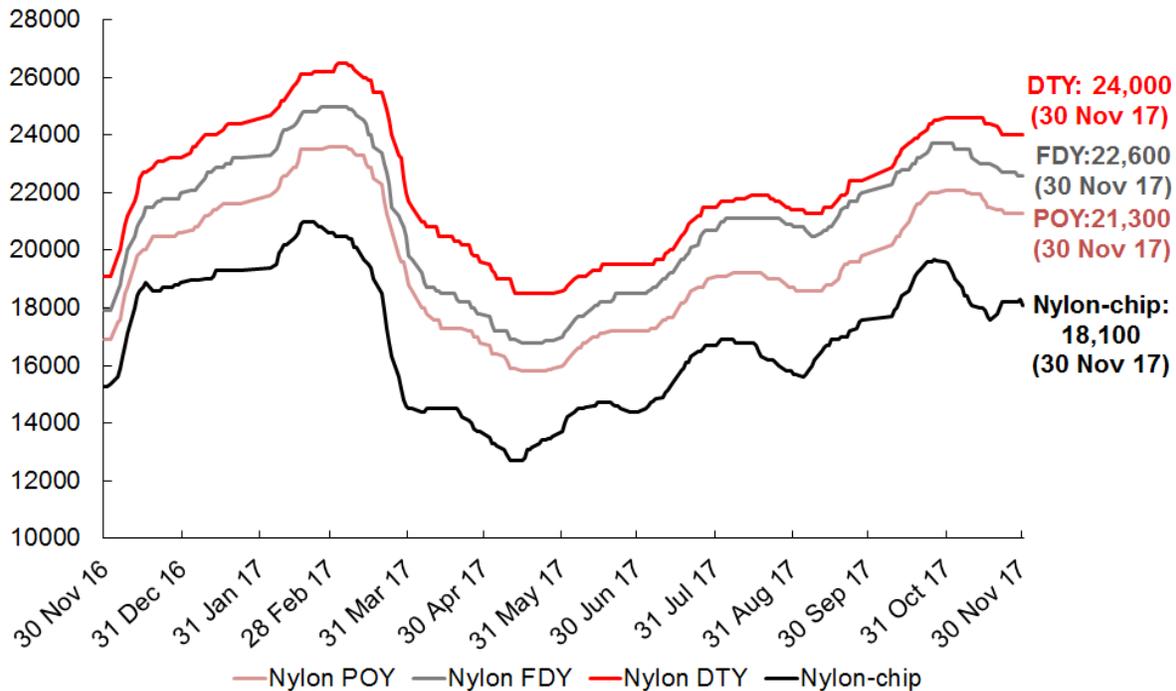
The price indices of nylon³ went down in November. For example, the price index of nylon DTY fell from 24,600 on 31 October to 24,000 on 30 November (see exhibit 3).

The drop in nylon prices in the month was due largely to a decline in the prices of caprolactam, the major raw material of nylon, during early to mid-November; and a soft downstream demand from textile manufacturers.

Going forward, we expect nylon prices to stabilize in the foreseeable future as upstream costs rebounded in late November.

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

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



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber drops in November

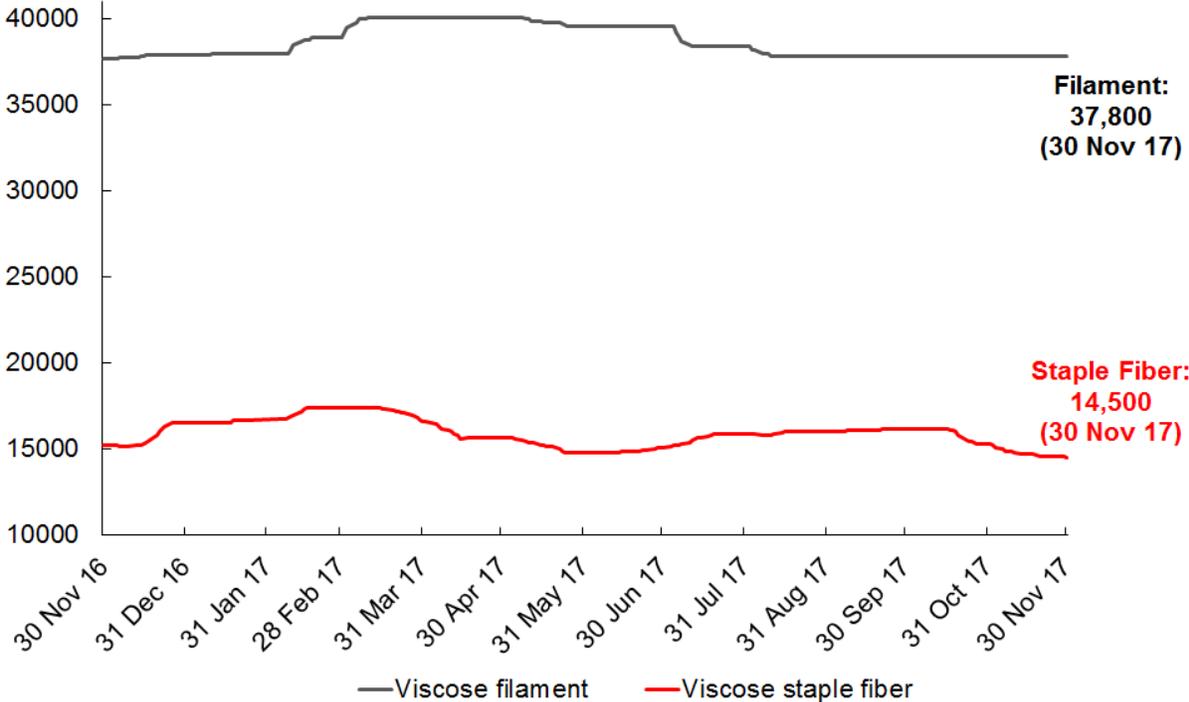
The price index of viscose staple fiber⁴ went down in November, falling from 15,300 on 31 October to 14,500 on 30 November (see exhibit 4).

The main reasons for the decline in the prices of viscose staple fiber in the month was an abundant supply of the fiber, as indicated by a high level of stock held by manufacturers of the fiber; and a weak downstream demand.

Looking ahead, the supply of viscose staple fiber is expected to remain abundant, and the downstream demand for the fiber shows no signs of recovery in the near term. Therefore, we believe that the prices of viscose staple fiber will stay low in the foreseeable future.

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

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



Source: China Chemical & Fiber Economic Information Network

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