



# China Sourcing Update

December 11, 2018

## Prices of Chemical Textile Materials

### 1. Price indices of polyester trend further downward in November

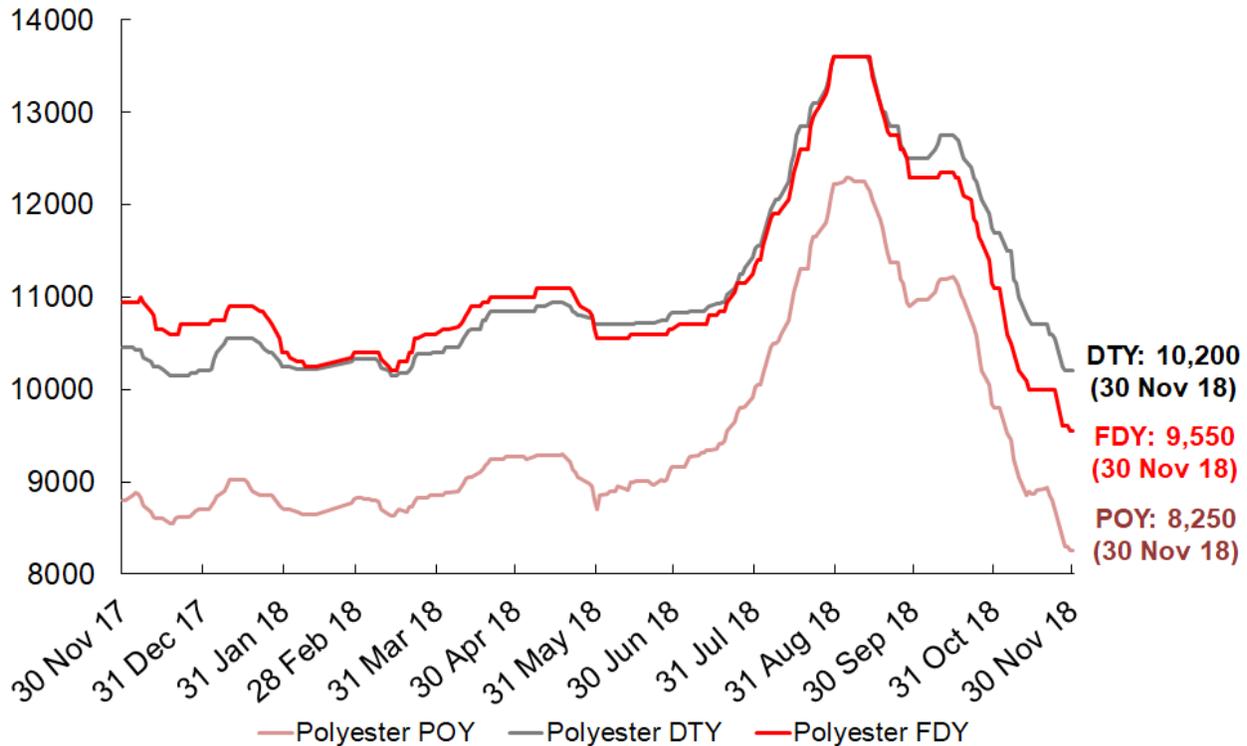
The price indices of polyester<sup>1</sup> trended further downward in November. For example, the price index of polyester DTY went down from 11,700 on 31 October to 10,200 on 30 November (see exhibit 1).

The marked fall in the prices of polyester in November was mainly caused by a plunge in upstream costs: triggered by a sharp drop in the global crude prices, the prices of purified terephthalic acid (PTA), a major raw material of polyester, went down considerably in November. Meanwhile, downstream demand was still weak during the period.

Recently, the PTA prices have rebounded amid the latest rise in the global crude prices. We therefore expect the prices of polyester to show a rebound soon.

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

**Exhibit 1: Price indices of polyester, November 2017 to November 2018**



Source: China Chemical & Fiber Economic Information Network

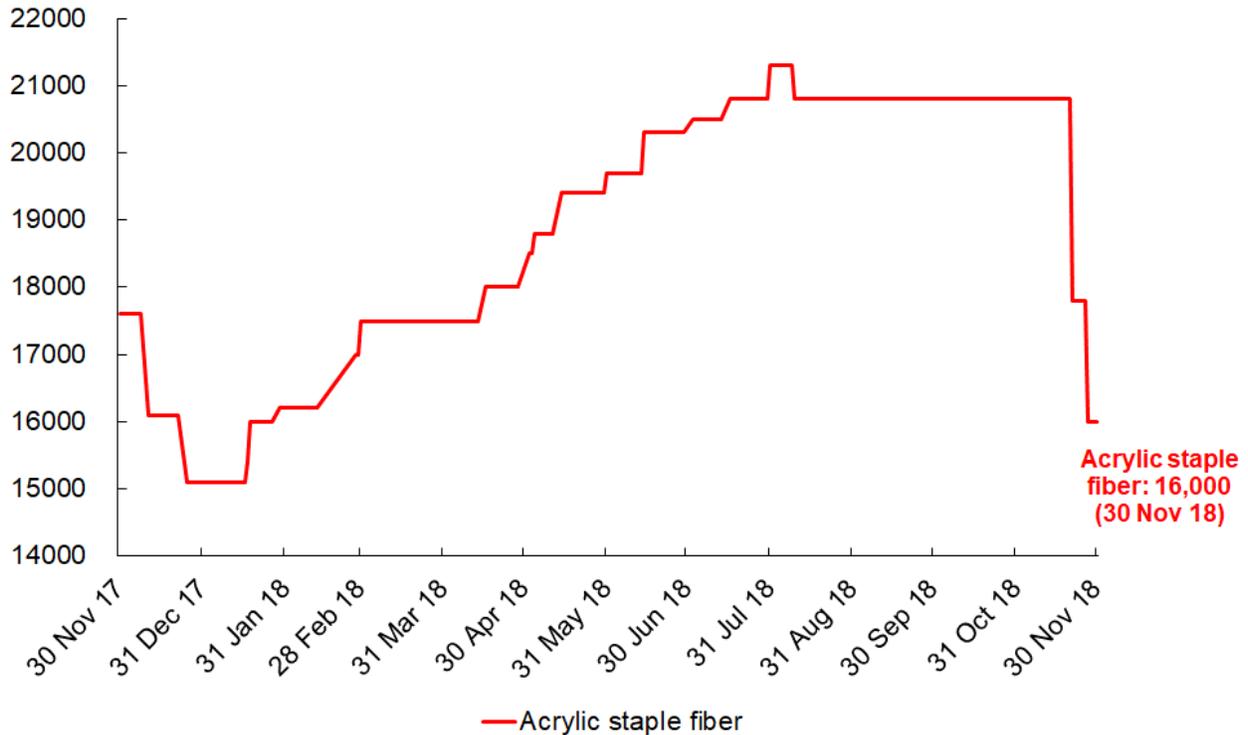
## 2. Price index of acrylic staple fiber drops sharply in November

Driven by a marked fall in the prices of acrylonitrile, a major upstream material of acrylic staple fiber, during late October to early November, the price index of acrylic staple fiber<sup>2</sup> dropped sharply to 16,000 on 30 November from 20,800 on 31 October (see exhibit 2).

Nevertheless, we expect that the prices of acrylic staple fiber will stabilize soon, as the prices of acrylonitrile have stayed flat since mid-November.

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

**Exhibit 2: Price index of acrylic staple fiber, November 2017 to November 2018**



Source: China Chemical & Fiber Economic Information Network

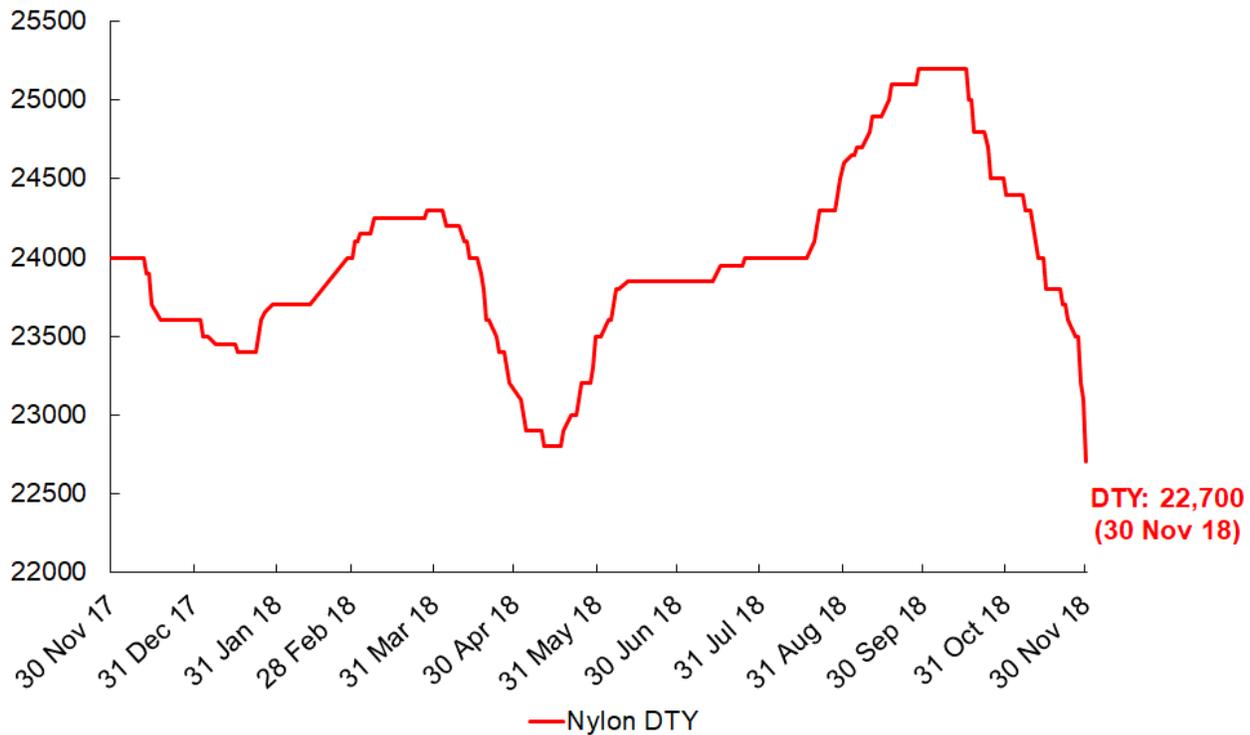
### 3. Price index of nylon plunges in November

The price index of nylon DTY<sup>3</sup> plunged from 24,400 on 31 October to 22,700 on 30 November (see exhibit 3). The fall in nylon prices in October was due mainly to a drop in upstream costs and a sluggish downstream demand for nylon in the month.

The prices of caprolactam, the major raw material of nylon, dropped again during late November to early December. This is likely to, in turn, put downward pressure on nylon prices in the near future.

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

**Exhibit 3: Price index of nylon, November 2017 to November 2018**



Source: China Chemical & Fiber Economic Information Network

#### 4. Price index of viscose staple fiber goes down in November

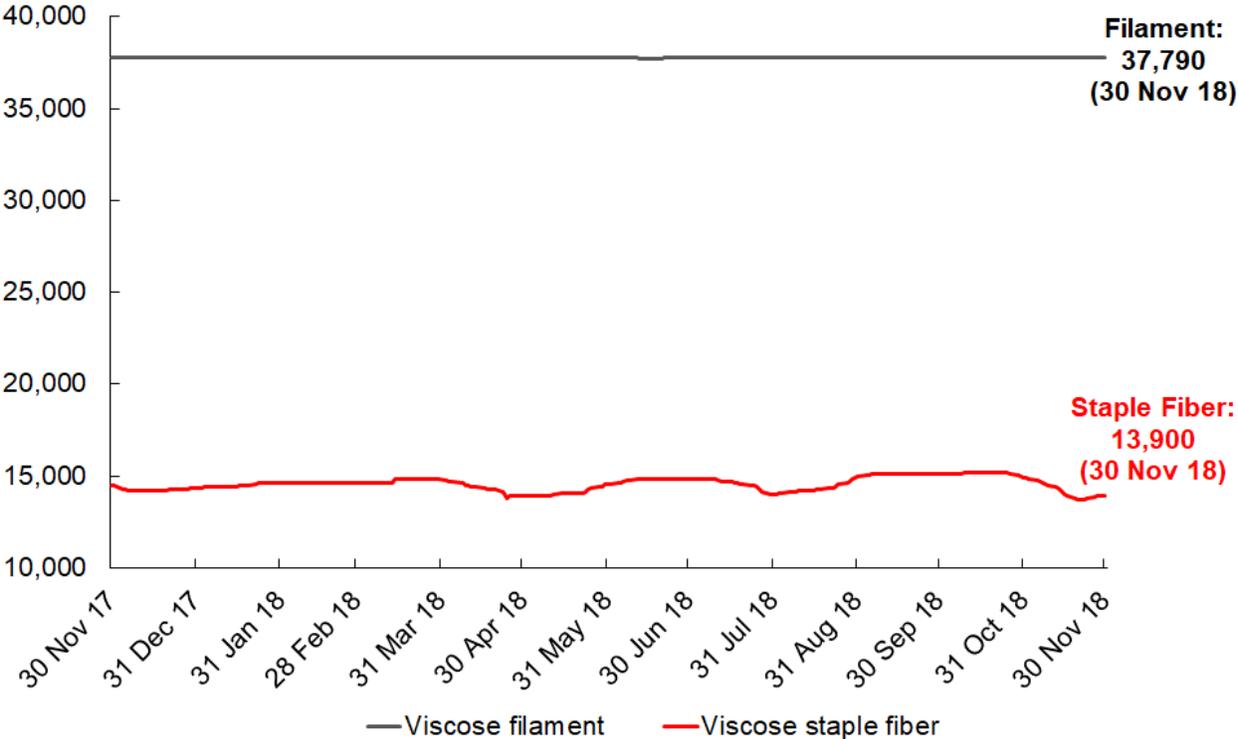
The price index of viscose staple fiber<sup>4</sup> dropped in the first three weeks of November, and then showed a slight rebound in late November. On 30 November, the price index was 13,900, still lower than the index reading of 14,900 on 31 October (see exhibit 4).

The fall in the prices of viscose staple fiber in November was highly associated with a weak downstream demand: manufacturers of rayon yarn, a major downstream product of viscose staple fiber, were cautious about placing orders of viscose staple fiber, as they expected rayon prices to drop further in the near term.

Going forward, we expect prices of viscose staple fiber to stay around the current levels in the near term, supported by relatively stable upstream costs and tighter supply of viscose staple fiber. According to media reports, to cut losses, some manufacturers of viscose staple fiber have reduced the output of their products lately.

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

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



Source: China Chemical & Fiber Economic Information Network

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## CONTACT

Helen Chin  
Vice President  
[helenchin@fung1937.com](mailto:helenchin@fung1937.com)  
(852) 2300 2471

Timothy Cheung  
Senior Research Manager  
[timothycheung@fung1937.com](mailto:timothycheung@fung1937.com)  
(852) 2300 2477

Global Sourcing  
Fung Business Intelligence  
10/F LiFung Tower  
888 Cheung Sha Wan Road  
Kowloon, Hong Kong

T: (852) 2300 2470  
F: (852) 2635 1598  
E: [fbicgroup@fung1937.com](mailto:fbicgroup@fung1937.com)  
W: <http://www.fbicgroup.com>



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