



China Sourcing Update

October 11, 2016

Prices of Chemical Textile Materials

1. Price indices of polyester fall slightly in September

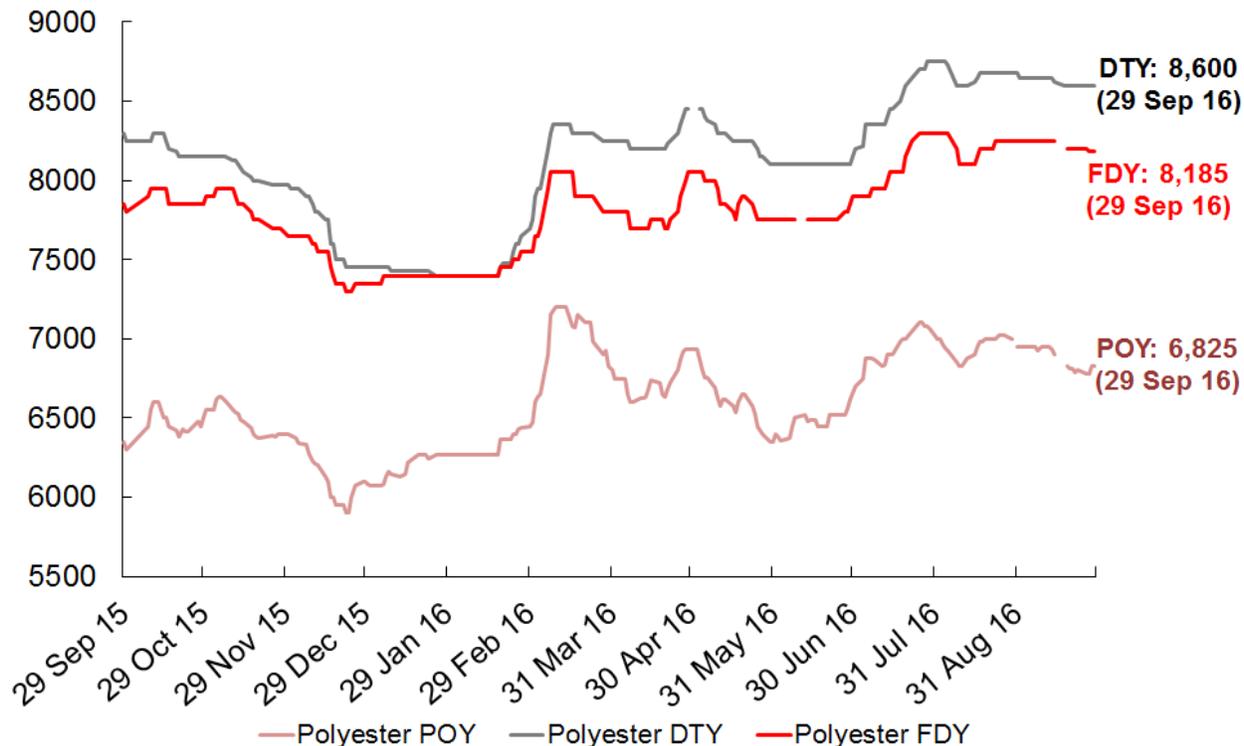
The price indices of polyester¹ trended downward in September (see exhibit 1). For example, the price index of polyester DTY dropped from 8,675 on 31 August to 8,600 on 29 September.

According to media reports, both the supply of and demand for polyester increased in the month, as both polyester producers and downstream manufacturers resumed production after the G20 Leaders Summit ended on 5 September. However, the high levels of inventories held by polyester manufacturers dragged down the prices of polyester.

Going forward, the inventory levels of polyester producers are expected to remain high. However, the demand for polyester from downstream textiles manufacturers is likely to stay strong in the current high season. All in all, we expect the prices of polyester to fluctuate around the current levels in the near future.

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

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



Source: China Chemical & Fiber Economic Information Network

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

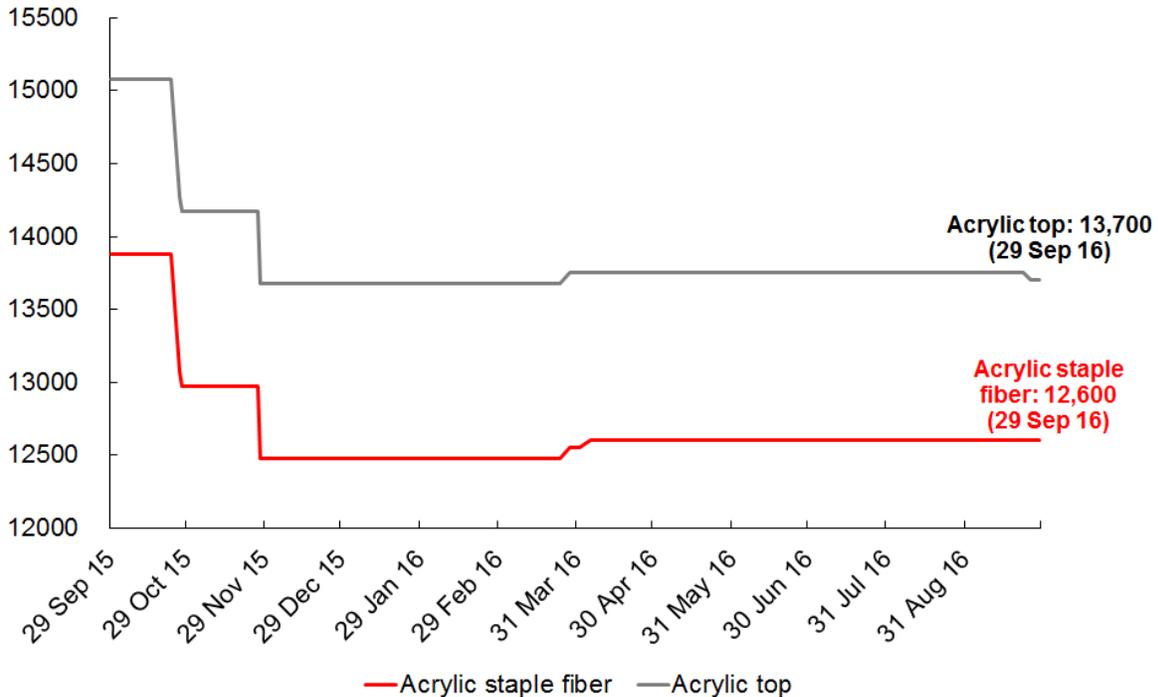
The price index of acrylic staple fiber² stayed flat at 12,600 throughout September (see exhibit 2).

According to the local media, the downstream demand for acrylic staple fiber was soft in September; however, the prices of acrylonitrile, a major upstream material of acrylic staple fiber, rose markedly during the month, which helped support the price of acrylic staple fiber.

Looking ahead, there are no signs of a pickup in the downstream demand. Thus, we expect the prices of acrylic staple fiber to stay at low levels.

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

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



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon go up further

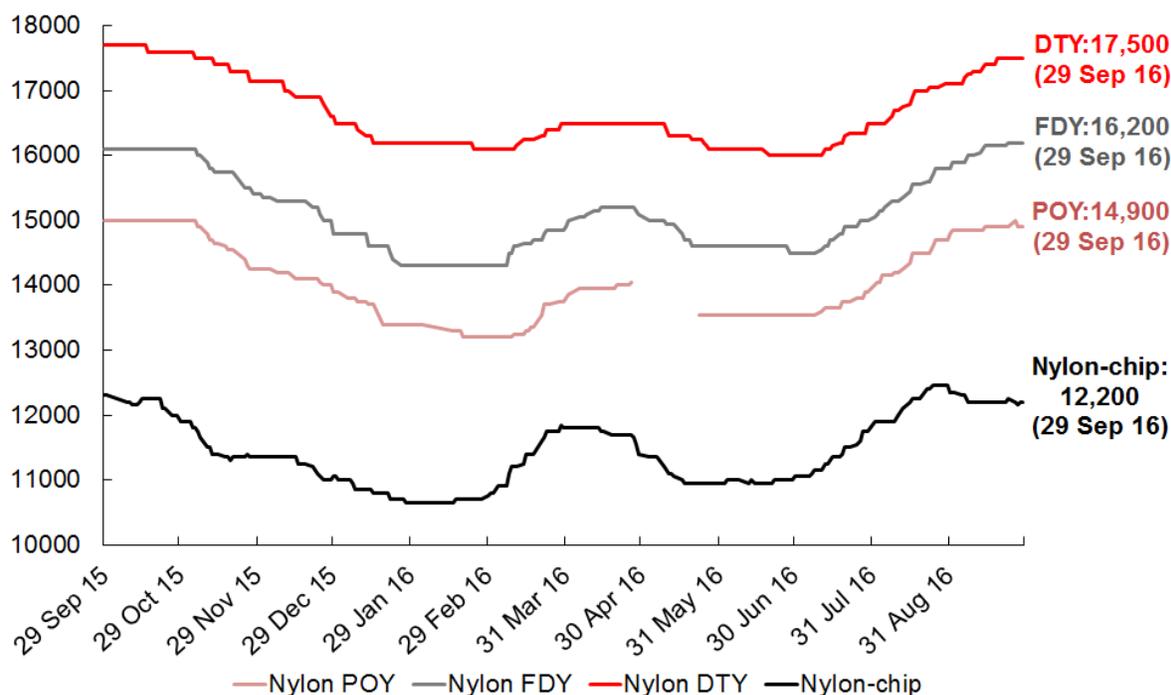
The price indices of nylon³ went up in September. For example, the price index of nylon DTY rose from 17,100 on 31 August to 17,500 on 29 September (see exhibit 3).

The main reason for the increase in nylon prices during the month was the improvement in the downstream demand for nylon, as the operating rates of downstream manufacturers increased.

Going forward, the downstream demand for nylon is likely to stay stable in the near term. Therefore, we expect the price indices of nylon to fluctuate around the current high levels in the coming months.

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

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



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber continues to rise

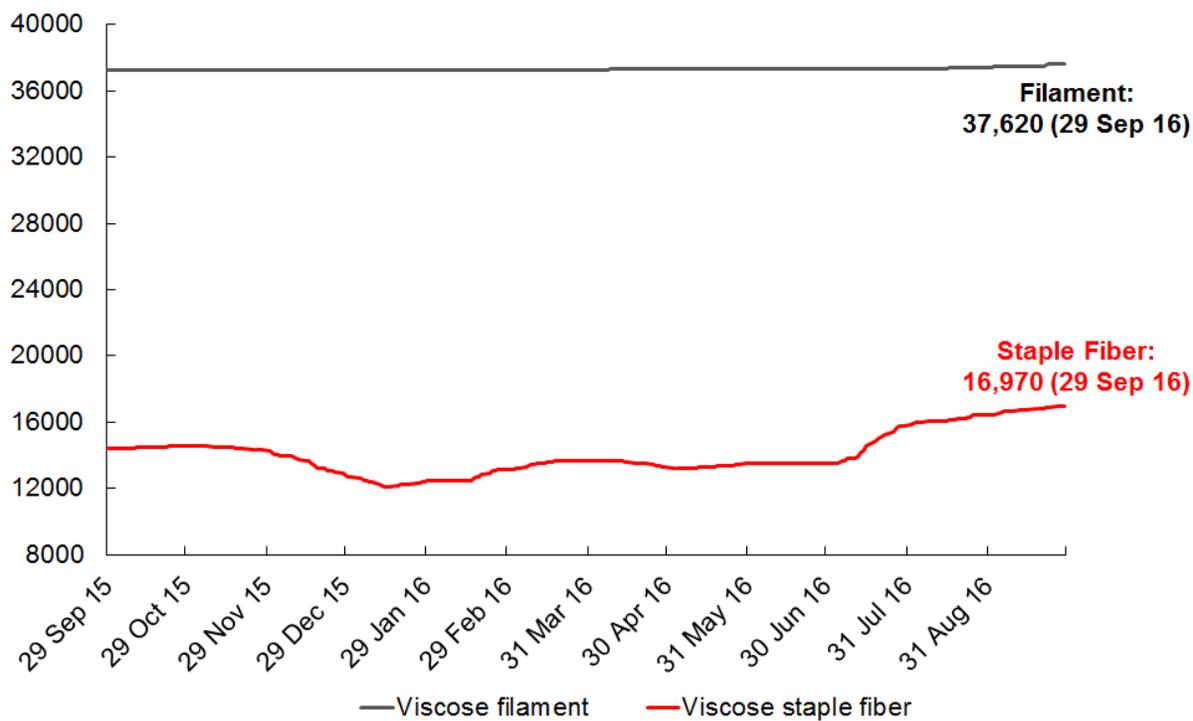
The price index of viscose staple fiber⁴ went up in September, rising from 16,450 on 31 August to a four-year high of 16,970 on 29 September.

According to media reports, the main reason for the increase in the prices of viscose staple fiber in the month was a tight supply of viscose staple fiber, in particular the high-grade fiber, as a number of viscose manufacturers suspended production for maintenance. Meanwhile, the restocking demand from downstream manufacturers for viscose staple fiber increased after the G20 Leaders Summit ended on 5 September.

Looking ahead, the supply of viscose staple fiber is expected to remain tight in the coming months; and the demand for viscose staple fiber from downstream manufacturers is likely to stay strong in October, traditionally a high season. Therefore, we expect the prices of viscose staple fiber to stay at high levels in the near future.

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

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



Source: China Chemical & Fiber Economic Information Network

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