



China Sourcing Update

October 12, 2017

Prices of Chemical Textile Materials

1. Price indices of polyester rise and then retreat in September

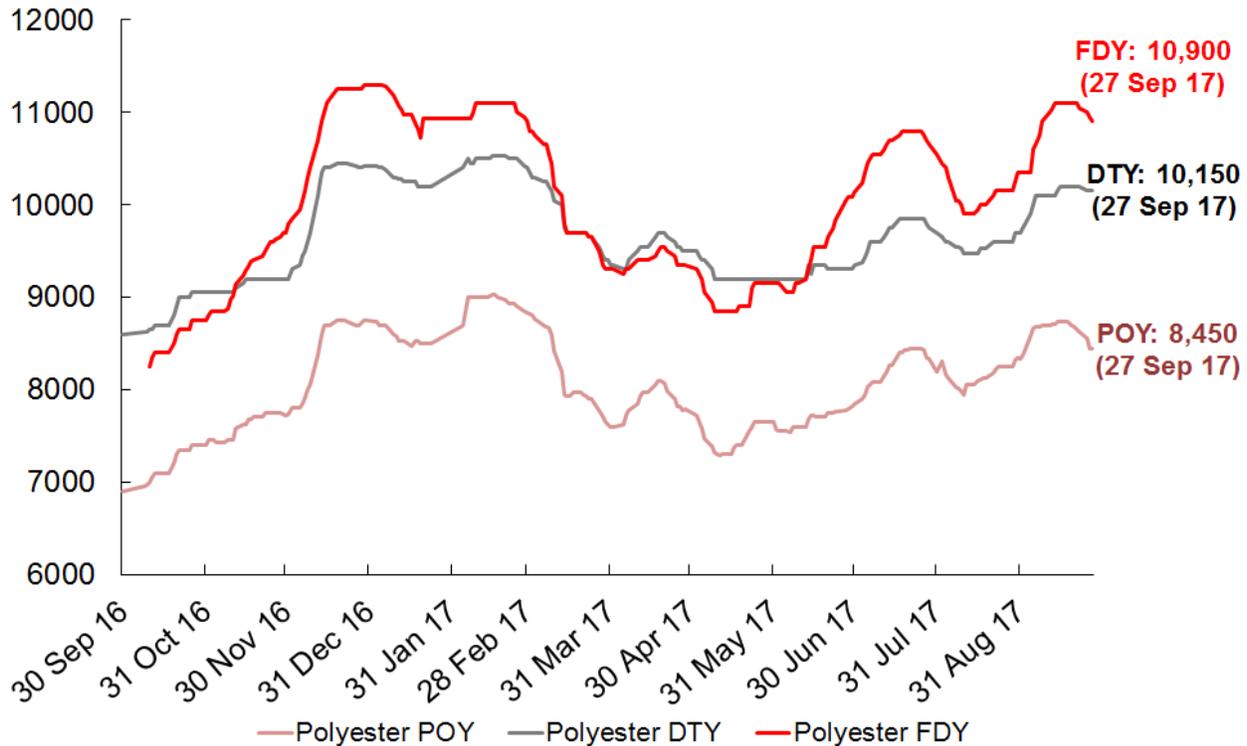
The price indices of polyester¹ went up during early to mid-September and then dropped a bit in late September (see *exhibit 1*). For example, the price index of polyester DTY climbed from 9,700 on 31 August to a seven-month high of 10,200 on 15 September, before easing to 10,150 on 27 September.

In our view, the rise in the prices of polyester during early to mid-September was due largely to high upstream costs and a strong restocking demand from downstream manufacturers as the industry entered high season.

Looking ahead, we believe that the prices of polyester will stay high in the near future as the prices of purified terephthalic acid (PTA), a major raw material of polyester, are likely to remain high; and the downstream demand for polyester is expected to remain strong in the current high season.

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

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



Source: China Chemical & Fiber Economic Information Network

2. Price index of acrylic staple fiber goes up in September

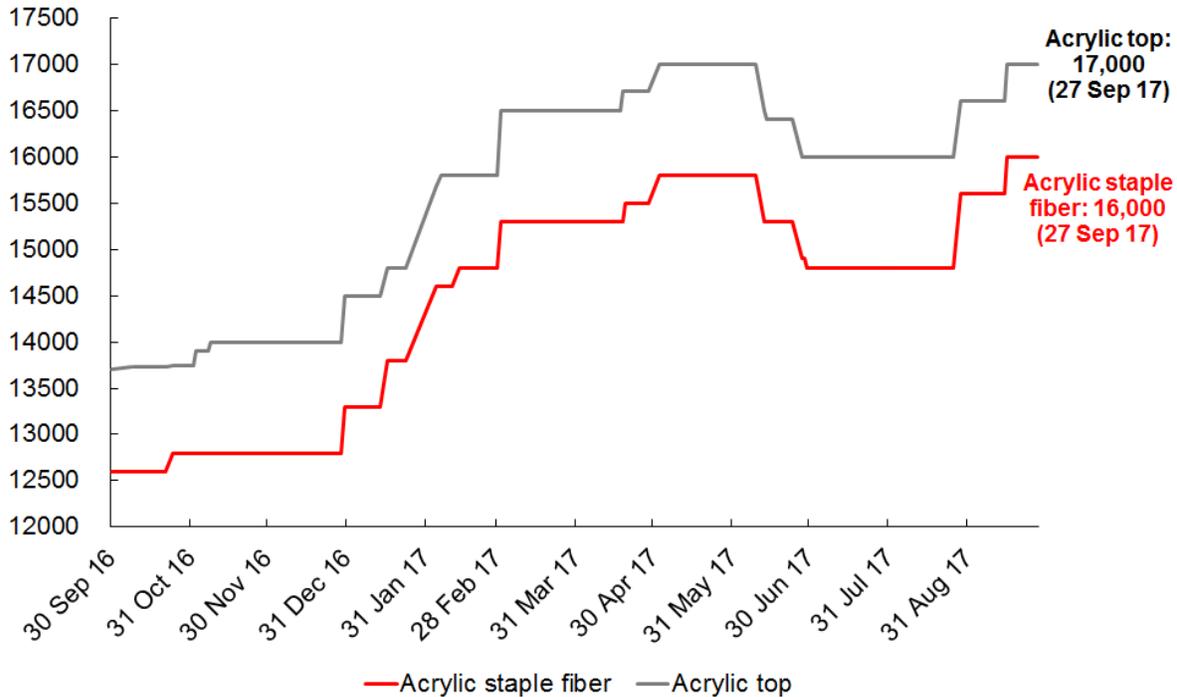
The price index of acrylic staple fiber² stayed flat at 15,600 during early to mid-September and then jumped to 16,000 on 15 September, before staying at the same level till the end of the month (see exhibit 2).

The main reason for the increase in the prices of acrylic staple fiber in mid-September was a surge in the prices of acrylonitrile, the major upstream material of acrylic staple fiber, in the month.

Going forward, the upstream costs of acrylic staple fiber are likely to continue to rise. Therefore, we expect the prices of the fiber to go up further in the near future.

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

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



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon bottom out in September

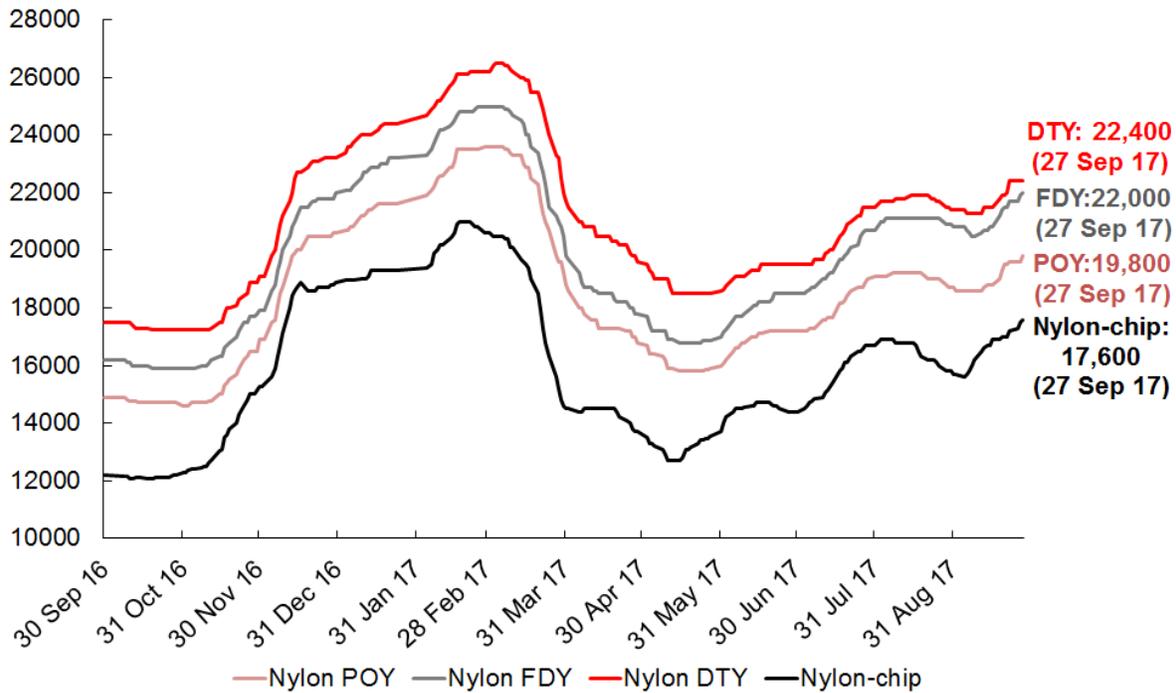
The price indices of nylon³ fell slightly in early September and rose afterwards. For example, the price index of nylon DTY declined from 21,400 on 31 August to 21,300 on 5 September, and then went up to 22,400 on 27 September (see exhibit 3).

In our view, the rebound in nylon prices during mid- to late September was caused mainly by a surge in the prices of caprolactam, the major raw material of nylon, during the period.

Looking ahead, we expect nylon prices to fluctuate around the current high levels as upstream costs are likely to stay high in the near term.

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

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



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber inches up in September

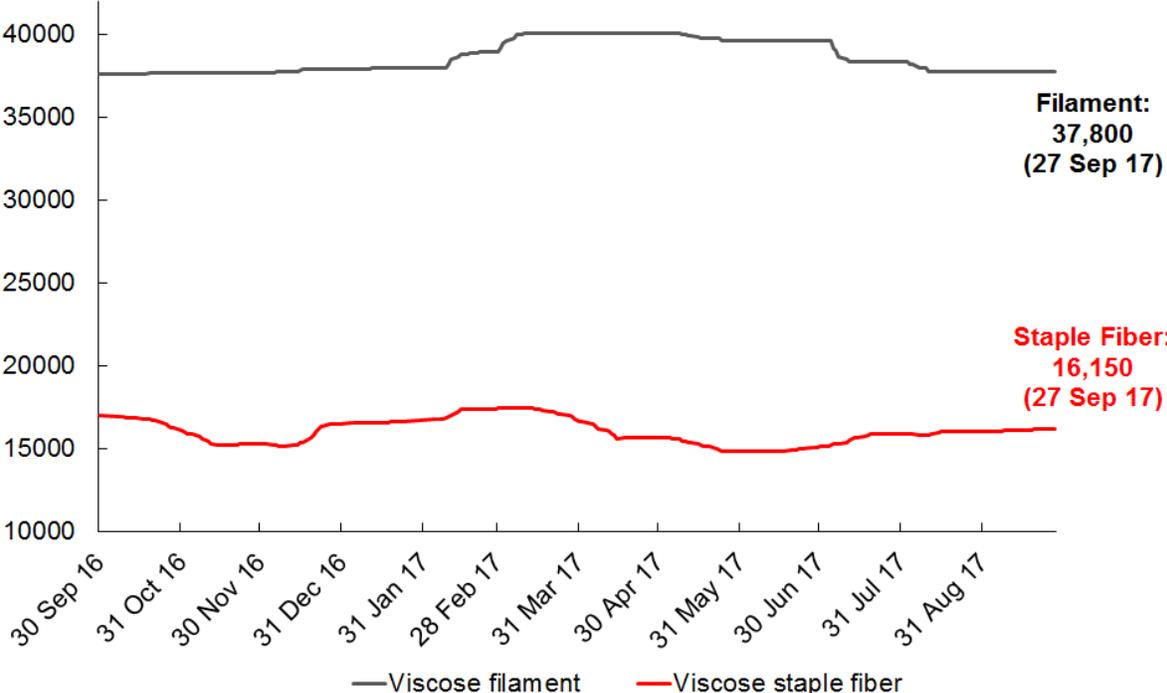
The price index of viscose staple fiber⁴ went up slightly in September, edging up from 16,050 on 31 August to 16,150 on 21 September, before staying at the same level till the end of the month (see exhibit 4).

The main reason for the rise in the prices of viscose staple fiber in the month was an improvement in the restocking demand for the fiber from downstream manufacturers.

Looking ahead, we expect the prices of viscose staple fiber to stay high in the near term, as the downstream demand from textile manufacturers for the fiber is expected to remain stable in the current high season.

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

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



Source: China Chemical & Fiber Economic Information Network

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