



China Sourcing Update

August 9, 2017

Prices of Chemical Textile Materials

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

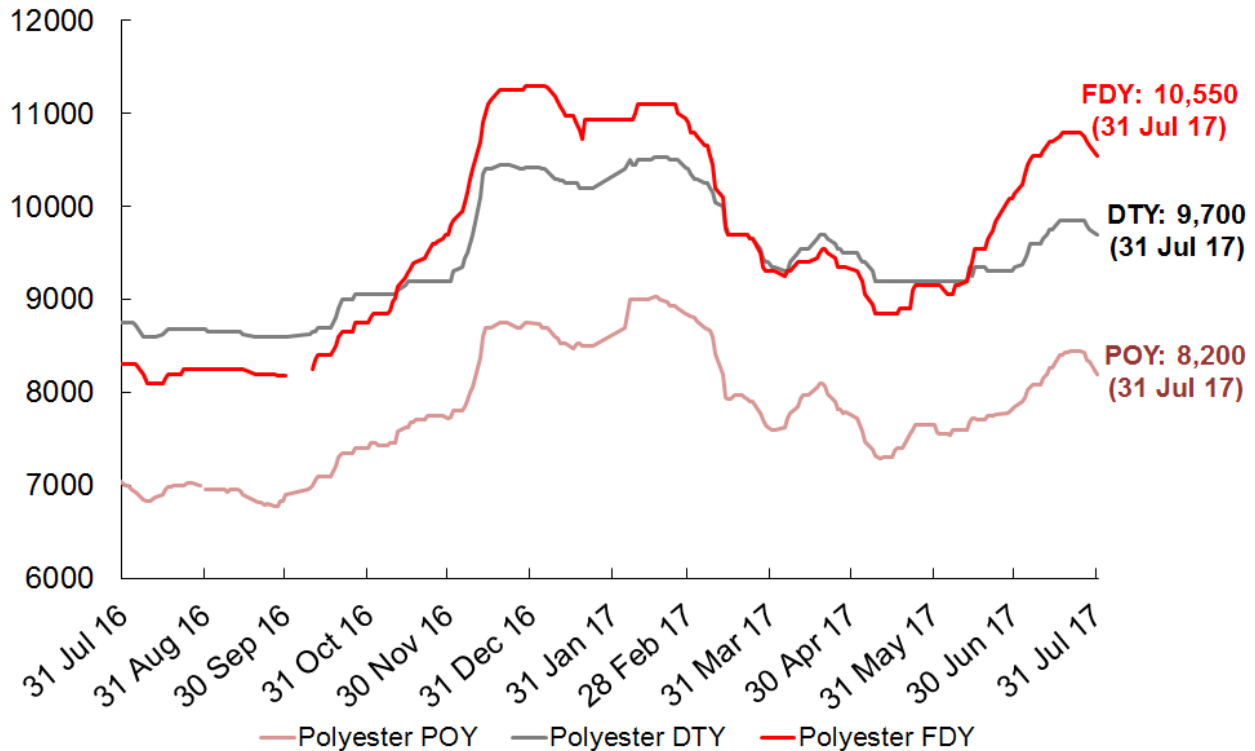
The price indices of polyester¹ went up during early to mid-July and then dropped in late July (see *exhibit 1*). For example, after rising from 9,350 on 30 June to 9,850 on 17 July, the price index of polyester DTY declined to 9,700 on 31 July.

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 soared during early to mid-July and then fell in late July.

Looking ahead, we expect the prices of polyester to fluctuate around the current levels in the near term, as the prices of PTA have stabilized lately.

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

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



Source: China Chemical & Fiber Economic Information Network

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

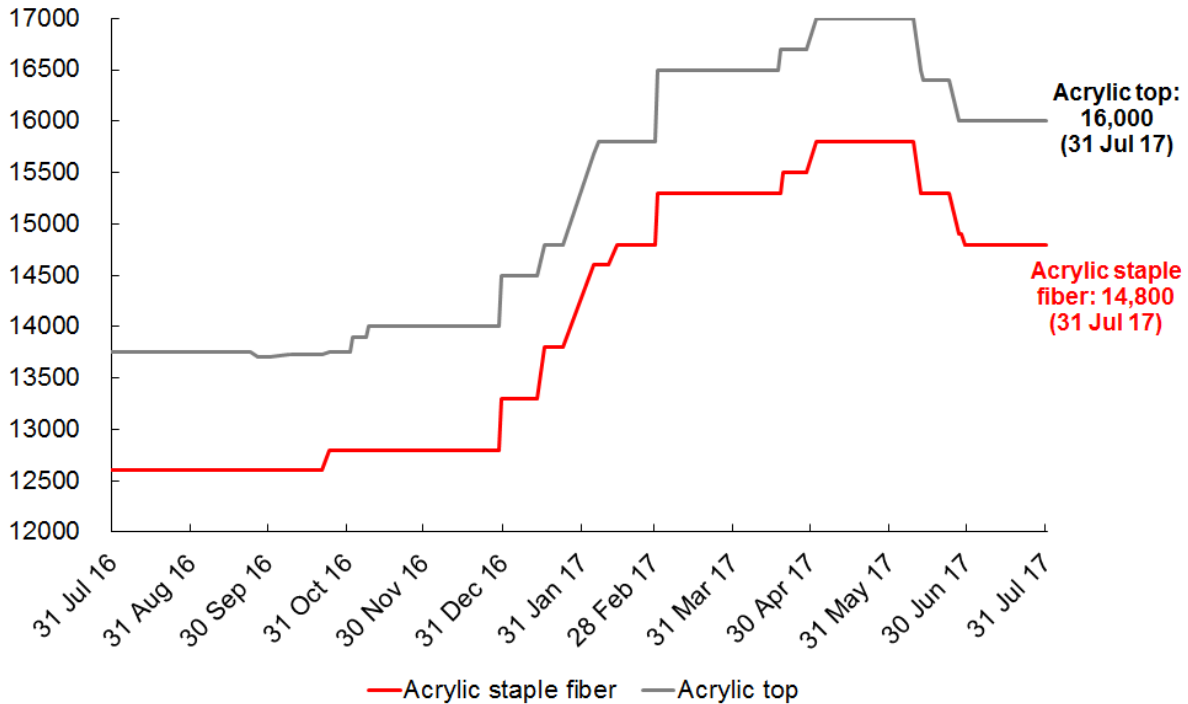
The price index of acrylic staple fiber² stayed flat at 14,800 throughout July (see exhibit 2).

According to the local media, the demand for acrylic staple fiber was soft in the month as downstream manufacturers only made hand-to-mouth purchases. Meanwhile, a rise in upstream prices since mid-July helped support the prices of the fiber.

Going forward, the upstream costs of acrylic staple fiber are likely to stay high in the near term, which will continue to lend support to the prices of the fiber.

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

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



Source: China Chemical & Fiber Economic Information Network

3. Price indices of nylon soar in July

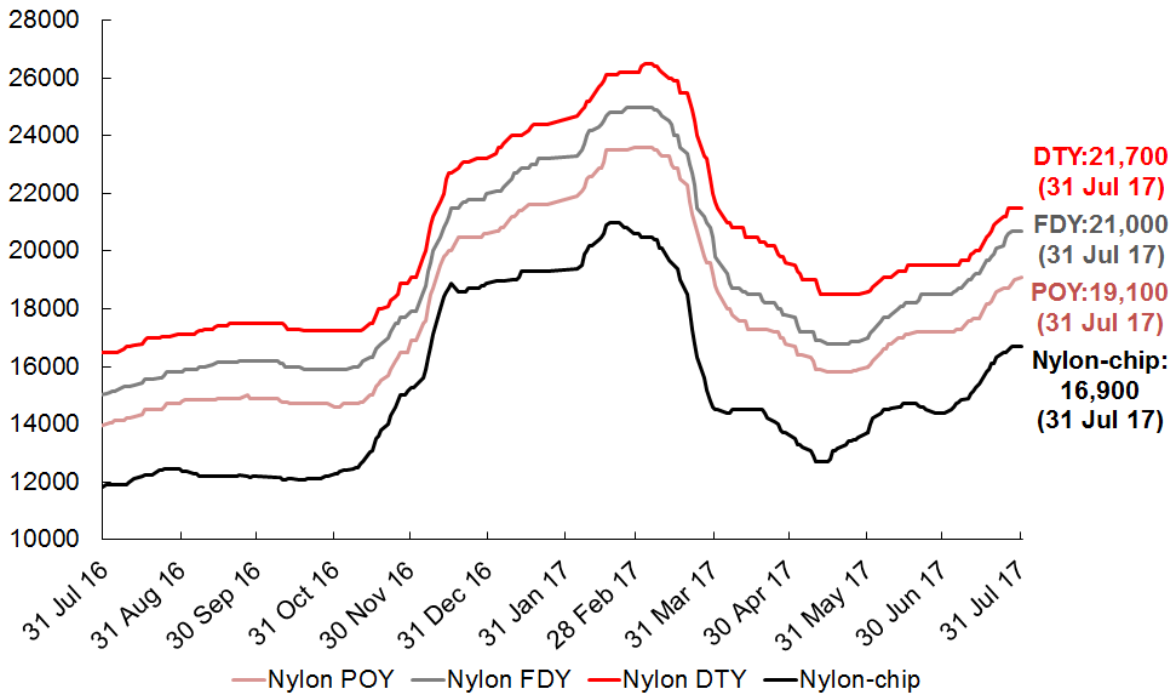
The price indices of nylon³ went up sharply in July. For example, the price index of nylon DTY surged from 19,500 on 30 June to 21,700 on 31 July (see exhibit 3).

The main reason for the rise in nylon prices in July was an increase in upstream costs. Some producers of caprolactam, the major raw material of nylon, shut down their plants temporarily due to maintenance or environmental concerns in the month. Consequently, the prices of caprolactam surged on a reduced supply, pushing up nylon prices.

Looking ahead, we expect nylon prices to peak soon as upstream costs are likely to retreat after the inactive caprolactam plants resume production in the coming weeks.

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

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



Source: China Chemical & Fiber Economic Information Network

4. Price index of viscose staple fiber goes up further in July

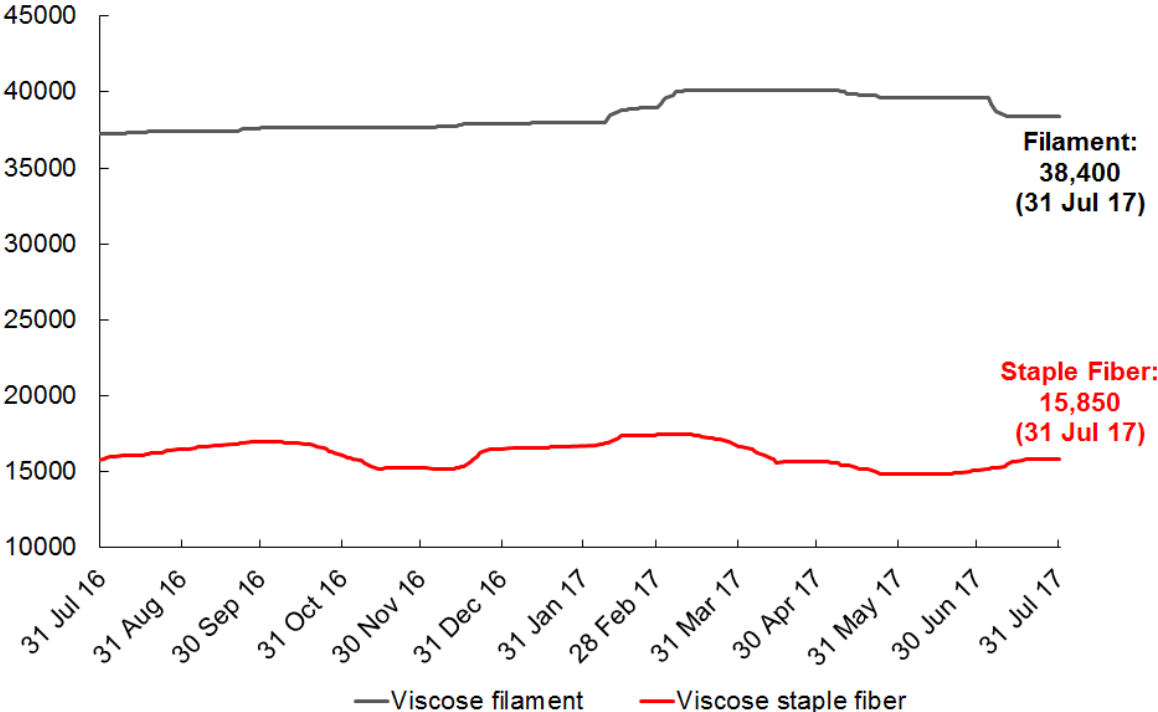
The price index of viscose staple fiber⁴ continued to increase in July, rising from 15,100 on 30 June to 15,850 on 19 July, before staying at the same level till the end of the month (see exhibit 4).

The rise in the prices of viscose staple fiber in the month was due largely to a stronger restocking demand for the fiber from downstream manufacturers.

Looking ahead, we expect that the prices of viscose staple fiber will stay high in the foreseeable future, as the downstream demand for the fiber is expected to remain strong.

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

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



Source: China Chemical & Fiber Economic Information Network

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CONTACT

Helen Chin
Vice President
helenchin@fung1937.com
(852) 2300 2471

William Kong
Research Manager
williamkong@fung1937.com
(852) 2300 2404

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
W: <http://www.fbicgroup.com>



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