WTiN Textile Economics

Executive Market Report Summary 20 August 2018

Cost summary	17-Aug-18	
	US$/kg	Change on Week
Polyester		
China PSF 1.4 den	1.54	7.77%
China FDY 50 den/24f	2.00	6.19%
China DTY 150den/48f	1.94	6.00%
Viscose		
China VSF 1.5 den, 38mm	2.07	0.18%
Polyamide		
China FDY 70 den/24f	3.47	-0.37%
Cotton		
Cotlook A Index	2.02	1.10%
Wool		
AWEX EMI	15.38	4.23%
Yarn		
China Cotton combed 32s (weaving)	3.51	0.04%
China Cotton combed 40s (weaving)	3.93	-0.00%
Indian cotton carded 30s (weaving)*	3.15	-1.25%
Indian cotton combed 40s (weaving)*	3.61	-1.10%
Taiwan p/c 45s*	4.65	0.00%
WTI Oil $ per Barrel		
WTI Crude Oil Price- 20-Jul	70.31	
WTI Crude Oil Price- 27-Jul	68.66	
WTI Crude Oil Price- 03-Aug	68.49	
WTI Crude Oil Price- 10-Aug	67.61	-1.28%

Weekly Market Review

Freight rates on shipping routes in Asia were under pressure due to abundant tonnage space available, amid trades slowing down with the typhoon season in the region. Rates were stable to soft, with those from Korea to Chinas Ningbo, Tianjin and Zhuhai ports down US$1 a ton at the lower end of the previous week. Most enquiries were for prompt spaces for mid-August to early September loading, while interest in September was thin. Fixtures were few due to bad weather – which meant charters had to wait before committing. Bad weather caused by typhoons such as Ampil and Shanshan have disrupted several ports in China and Japan since late July.

In Europe shipping activity was slowing down with limited signs of picking up. Intra-European chemical tanker shipping activity was low due to the holidays, with talks of a possible pick-up in activity limited. Shipping activity within Europe was limited due to the absence of several players during the main holidays. However, there has been some slight pick-up in activity over the past week. Typical products were being shipped across the intra-European routes, with no major change this week. Freight rates in Europe appear to have stabilised for the time being. However, there was also talk of pulls in either direction in certain cases.

China's hunger for petrochemical imports was waning on rising costs emerging from the continued depreciation of the yuan, while the consequent surge in domestic demand was fueling prices in the local markets. With the yuan losing more than 10% in the last four months to the US dollar, importers have turned to local supply, boosting domestic prices.

Nitin Madkaikar
Price Analyst

Manmade

- Polyester prices pushed by rising costs, demand still moderate
- India's manmade fibre production down for sixth month in a row

Cotton

- Cotton down on surprising USDA report and strong US$

Wool & Speciality Fibres

- Currency and supply the key factors as EMI reaches new high
- Coarse Crossbred Indicator up on weaker NZ dollar
- SA wool market opens new season with 12% increase
- Steady start to winter mohair season with 98% clearance
- Mixed market sees British Wool index fall by 1.1%

Yarns

- Nylon filament yarn prices flat but firm on rising cost despite lull season

Trade

- USDA's weekly export sales report of week ending 9 August

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Price movement key: Increase Unchanged Decrease

Manmade Fibres

Man-Made Fibre Prices (ex-works) in Eastern China						
Date		17-Aug		10-Aug		
Intermediates	yuan/tonne	US$/Kilogram	yuan/tonne	US$/Kilogram	Yuan Price change (%)	US Dollar Price Change (%)
PX (FOB South Korea)		1.199		1.129		6.18
PTA	8,325	1.211	7,375	1.077	12.88	12.46
MEG	6,895	1.003	7,095	1.036	-2.82	-3.18
Caprolactam	16,950	2.466	16,850	2.460	0.59	0.22
Acrylonitrile	18,200	2.647	18,450	2.694	-1.36	-1.72
PET	12,470	1.814	11,795	1.722	5.72	5.33
Polyester filament						
FDY 50 den/24f	13,750	2.000	12,900	1.883	6.59	6.19
DTY 50 den/72f	18,550	2.698	17,850	2.606	3.92	3.54
DTY 150 den/48f	13,305	1.935	12,505	1.826	6.40	6.00
POY 150 den/48f	11,730	1.706	10,930	1.596	7.32	6.92
FDY 150 den/96f	11,760	1.711	10,860	1.586	8.29	7.89
Polyamide 6 filament						
FDY 70 den/24f	23,850	3.469	23,850	3.482	0.00	-0.37
Staple fibre						
Polyester 1.4 denier 38 mm	10,595	1.541	9,795	1.430	8.17	7.77
Viscose 1.5 denier, 38mm	14,224	2.069	14,146	2.065	0.55	0.18
Acrylic 1.5 denier, 38 mm	20,500	2.982	20,500	2.993	0.00	-0.37

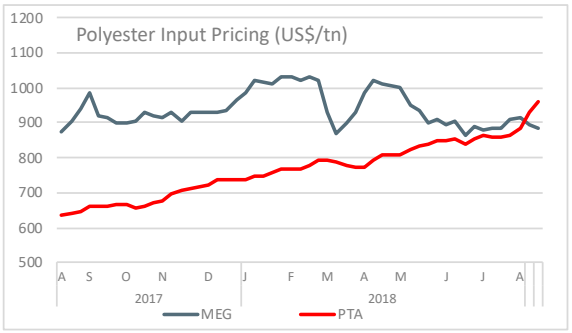
Man-Made Fibre Prices (ex-works) in Taiwan				
US$/kg, FOB. L/C sight	Polyester			Viscose
	Staple	Filament		Staple
	1.4D x 38 mm semi-dull for spinning	150D/48F FDY	150D/48F DTY	1.5 denier x 38 mm bright for spinning
25-Jul	1.30	1.65	1.80	1.90
1-Aug	1.30	1.65	1.80	1.90
8-Aug	1.30	1.65	1.80	1.90
15-Aug	1.30	1.65	1.80	1.90

Polyester prices pushed by rising costs, demand still moderate

The crude oil market was subject to oversupply worries, trade disputes and slowing global economy dampening demand for oil. US crude declined for the seventh consecutive week, while global benchmark European Brent was down for a third week. However, price fall was limited by US sanctions on Iran, which target the financial sector from August and will include petroleum exports from November.

This week had negligible impact of oil markets on the polyester chain, but prices were driven by prevailing maintenance shutdowns and planned in the coming period. I understand this as a regular or seasonal period and situation that will go back to normal with peak demand season on the anvil. Prices may tend to moderate in coming weeks, as the current built up is temporary.

PTA prices were on a four-year high in China and will fluctuate at that level in September and October supported by heathy demand, tight supply and firm feedstock



paraxylene prices. On 15 August spot prices in China reached a new high when they were last seen around January 2015. Another major factor supporting PTA prices was the depreciating yuan. The PTA market relies on imported paraxylene and depreciation in currency implies increased production cost. Further, several big PTA

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plants, involving around 7.55 million ton capacity, were heard to have turnaround plans in the short run, which will aggravate the supply situation. Asian markers surged US$32 on the week with CFR China at US$945-947 a ton and offers from Taiwan/Korea surging to US$962-964 a ton. In India, prices were at US$915 a ton CIF. In China, offers for bonded goods picked up to US$1,000-1,010 a ton, and nearby-month cargoes also surged to US$1,000-1,010 a ton.

In Europe, the PTA August contract increased, moving alongside August paraxylene reference contract. The market was also affected by recent startup of Indorama's PTA plant in Portugal. However, downstream demand was weak as the peak season for PET ended. August PTA contract price was up Euro 40 to reach Euro 763-797 a ton FD NWE. In the US, June contracts rolled over at US cents 50.21 per pound (US$1,107 a ton).

Paraxylene spot prices hit their highest in more than three years in Asia, driven by strong downstream markets and despite softer energy and naphtha prices. Tight supply for prompt cargoes further supported uptrend as unstable operations at two new facilities resulted in tight supply. The strong trend is likely to continue as several producers in Asia with a total capacity of 4.7 million ton a year are planning plant turnarounds. Asian markers jumped US$70 on the week with CFR Taiwan/China at US$1,199-1,200 a ton and FOB Korea at US$1,180-1,181 a ton.

In Europe, spot paraxylene prices sat at four-year highs, driven by high Asian prices, while the contract for August was agreed at an increase. Supply also tightened, affected by production issues including BP's recently lifted force majeure, while demand increased with the recent startup of Indorama's purified terephthalic acid plant in Portugal. Spot prices also soared US$44 on the week to US$1,092 a ton FOB Rotterdam. August contract reference price were raised Euro 60 to Euro 950 a ton FD NWE.

In the US, paraxylene spot export prices continued to rise, tracking gains in Asia. The soaring of prices in Asia also opened US-to-Asia arbitrage window. The Gulf spot paraxylene prices were US$1,060-1,070 a ton FOB, up from US$1,000-1,045 a ton last week, based on bids and offers.

MEG markets in Asia were under pressure from a weakness in Chinese yuan and softer crude oil prices. Trading activity was thinner this week, as buying appetite from China tapered off amid sharp depreciation of the yuan against the US$. Market sentiment was also hit by falling crude oil prices. Meanwhile, MEG inventories in east China increased 5.2% to 544 kilo ton, further adding to the price downtrend. Spot prices declined US$9 on the week with CFR China at US$895-900 a ton and CFR South East Asia to US$884-886 a ton. MEGlobal nominated September Asian contract price at US$1,100 a ton CFR Asia, US$20 lower from its August nomination. SABIC listed its September MEG Asian contract price at US$1,110 a ton CFR Asia, up US$30 from August.

In Europe, July and August contracts for MEG are not yet agreed.

In the US, players were contemplating long-term impact of China's tariffs on MEG, especially when new capacity is slated to come online in 2019. China will impose 25% tariffs on US goods starting 23 August, including MEG. However, the imposition will have limited impact on MEG exports to China since they account for just 2.1% of total MEG imported by China. July contract prices were stable at US cents 41.5-47.5 per pound FOB USG.

Polyester staple fibre makers faced strong cost pressures from surging prices of PTA because of tight supply. This led to an increase in selling indications as makers looked to maintain margins. In China, demand remained healthy, with plants running at relatively high levels. Prices were seen rising in China and Pakistan amid higher cost pressure. However, trades were difficult to conclude as it was still not seasonal peak demand period. Buyers were also resisting the hikes in view of the lackluster demand and persistently stronger US dollar causing prices in US$ term to fall.

In Jiangsu and Zhejiang, offers for 1.4D direct-melt PSF were raised to 10.65-10.85 a kg (US$1.55-1.57 a kg) while the same in Fujian and Shandong were in the range of US$1.54-1.57 a kg, up US cents 8-11 on the week. Export offers were also higher at US$1.32 a kg FOB China, as against US$1.30 a kg, a week ago. In Pakistan, 1.4D PSF offers were hiked PakRs5 prices rolled over to PakRs.185-187 a kg (US$1.50-1.52 a kg, up US cents 4).

Polyester spun yarn prices moved up in China and Pakistan this week in line with the rising cost of polyester staple fibre. However, the rise in yarn prices were not in line with the increment in cost, thus implying that spinners are unable to pass on the entire cost but taking hit on their margins as this being a dull season period. It is expected that the polyester yarn markets will be strong in the near future as demand will improve in the traditional peak season beginning September.

32s polyester yarn offers were hiked to 15.70 yuan a kg (US$2.28 a kg) and 45s to 16.80 a kg (US$2.44 a kg), both up US cents 3. 60s were flat at 16.20 yuan a kg (US$2.35 a kg). In Pakistan, polyester yarn prices gained PakRs2 in Karachi with 30s at PakRs145 per pound (US$2.60 a kg) and 60s to PakRs165 per pound (US$2.95 a kg), both up US cents 3.

For more Manmade Fibres stories click below...

India's manmade fibre production down for sixth month in a row

By Nitin Madkaikar

Manmade fibre production, as per India's Office of Textile Commissioner, continued to decline for the sixth consecutive month in May 2018, this month by 4.2% year-on-year to 109 million kg. More

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Cotton

ICE futures (New York)				ZCE futures			
No.2 contract (US cents/lb)				No. 1 contract (RMB/tonne)			
	17-Aug	10-Aug	Change		17-Aug	10-Aug	Change
Oct	81.75	85.86	(4.11)	Sept	15,705	16,365	-660
Dec	81.39	85.23	(3.84)	Nov	16,195	16,860	-665
Mar	81.71	85.71	(4.00)	Jan	16,610	17,305	-695
May	82.10	86.17	(4.07)	Mar	16,935	17,640	-705
Jul	82.48	86.37	(3.89)	May	17,390	18,105	-715
Dec	77.38	80.00	(2.62)	Jul	17,595	18,345	-750

Cotlook A Index (US cents per lb)			Pakistan Spot Rate (Rs/maund)		
Midd., 1-3/32" (CFR Far Eastern Ports)			Grade 3, 1-1/16" (ex-gin)		
17-Aug	10-Aug	Change	17-Aug	10-Aug	Change
91.75	97.30	(5.55)	8,000	9,000	(1,000)

China Cotton Index			Cotton Association of India (Rs/Candy)		
Type 3128B (delivered mill, China)			Delivery at upcountry Spot markets ex-gin, 29mm Gujurat (Rs/Candy)		
17-Aug	10-Aug	Change	17-Aug	10-Aug	Change
16,291	16,293	-2	47,700	48,300	(600)

CEPEA/ESALQ Cotton Price Index (Brazil US Cents per lb)		
Type 6 Fiber 30/32mm (trades in Brazilian Markets, Prompt delivery prices paid to producer)		
17-Aug	10-Aug	Change
81.80	84.15	-2.35

NQ = not quoted N = nominal Sources: InterContinental Exchange (ICE), Zhengzhou Commodity Exchange (ZCE), Cotlook Ltd, WTiN, Karachi Cotton Association, Beijing Cotton Outlook,CEPEA/ESALQ

Cotton down on surprising USDA report and strong US$

US cotton futures were sharply down midweek as the market reacted to the bearish USDA reports, which caught the market by surprise showing increased supplies for the coming year. The carry-over stock was higher, and production was estimated higher at 19.24 million bales. US ending stocks were raised from 4.0 million bales to 4.6 million bales. Speculators were the biggest sellers on that day and might need to sell more later. US weather was good in the Delta and Southeast, but it was still hot and dry from West Texas to the west. By the weekend, cotton markets saw some relief on news that China and the US will meet end of the month in attempt to get trade talks restarted.

US cotton in the December contract shed US cents 3.84 week-on-week to close the week at US cents 81.39 per pound. March settled at US cents 81.71 per pound down from US cents 85.71 last week. Nearby October contract settled at US cents 81.75 per pound, down US cents 4.11 on the week.

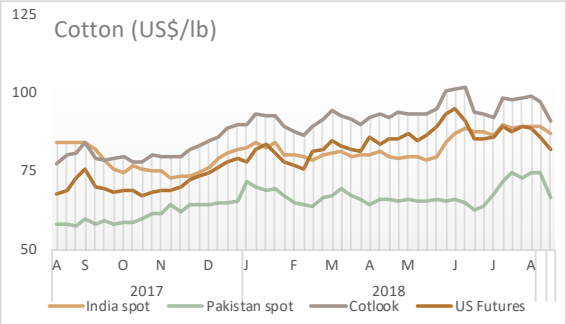
Global spot benchmark, the Cotlook A Index, continued to give back for the third consecutive week. The Index rolled back US cent 5.55 on the week to close at US cents 91.75 per pound, despite gaining US cent 1 at the end of the week.

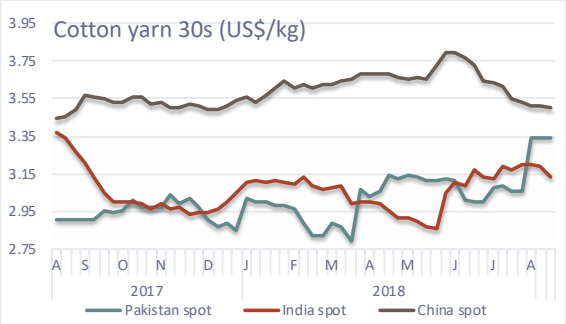
In China, cotton futures on Zhengzhou Commodity Futures were weak, but on-call discussions and trades increased. Producers mainly focused on sales while spot premium to futures were unchanged. Xinjiang-origin cotton from Jiangsu warehouses were at 16.20-16.30 yuan a kg (US cents 107 per pound). Meanwhile, the China Cotton Index edged down 2 Yuan, to close at 16,291 a ton (US cents 107 a pound).

In Pakistan, cotton markets remained under pressure this week in line with world markets, while Karachi Cotton Association spot rates declined PakRs1,000 week-on-week to close at PakRs8,160 per maund ex-Karachi. Prices plunged sharply in the opening the week due to PakRe-US$ exchange rate volatility forcing exporters to stay out of the trading ring. Cotton experts were of the view that prices will remain under

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pressure for a few more weeks; however, they will stop falling rapidly due to the demand and supply gap. According to Pakistan Central Cotton Committee data, cotton sowing target of 2.95 million hectares were missed by around 10% as only 2.66 hectares could be utilised under cotton. At the weekend, buyers were at the forefront, actively replenishing their inventories. However, short supply of quality lint coupled with reluctance on part of ginners to sell their stocks kept trading restricted.

In India, cotton prices moved down further with coarser varieties falling INR100-200 per candy and finer cotton cheaper by INR600-1,700 a candy. Benchmark Gujarat Shankar-6 was traded at INR47,700 a candy, down INR600 from last week. World markets were watching India as there were questions developing about the Indian monsoon. The rains were below normal, but generally good enough to support crops. However, reports indicate that August was much drier, and that was not good for the agricultural producers.

Cotton yarn see better sales in China

Cotton yarn markets were under adjustment in China as producers reported slightly better sales, with inventories at medium to lower positions. Conventional yarn sold well, and 32s continued to see the best sales. Prices moved up slightly for 21s and 40s count yarns amid adjustment. With the market gradually going into a traditional 'Golden September and silver October' season, sales will turn better as a whole. 32s cotton yarn prices inched up to 24.10 yuan a kg (US$3.50 a kg) while 40s were up at 25.10 yuan a kg (US$3.64 a kg), both down US cents 1-2 due to weak yuan.

In Pakistan, as many as 45 spinning mills in Punjab region will be closed for a week due to short arrival of cotton and instable prices. This will the first time that such a large number of mills will be closed for a long time. At the moment, deliveries will continue for some days as transportation will not be available to due to Eid ul Azha. Meanwhile, reports showed that cotton yarn exports have declined drastically up to 65% during the last one week.

30s carded prices in Karachi rolled over at PakRs180-190 per pound (US$3.22-3.40 a kg), while 32s combed in Faisalabad inched up PakRs1 at upper end to PakRs186.50-195.50 per pound (US$3.34-3.50 a kg, up US cent 1).

In India, 30s combed cotton yarn for knitting was flat at INR220 a kg (US$3.13 a kg) in Ludhiana, down US cents 6 due to a sharp fall in INR.

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Wool & Speciality Fibres

Wool							
Australia				**South Africa**			
AWEX EMI (cents/kg)				Cape Wools Merino Indicator (cents/kg)			
	16-Aug	9-Aug	change		15-Aug	6-Jun	change
A$	2,116	1,990	6.33%	Rand	23,829	21,199	12.41%
US$	1,537	1,480	3.85%	US$	1,639	1,661	-1.32%
New Zealand				**United Kingdom**			
NZ Wool Services Indicators	Coarse Crossbred (cents/kg)			British Wool Fleece Indicator (clean)			
	16-Aug	9-Aug	change		14-Aug	24-Jul	change
NZ$	319	310	2.90%	pence/kg	171	170	0.59%
US$	210	209	0.48%	US cents/kg	217	224	-3.13%
Dates shown represent the latest auction in each country versus week-earlier result. Sources: Australian Wool Exchange, Cape Wools SA, NZ Wool Services International, British Wool Marketing Board.							

Speciality Fibres		
Quotations for the following fibres and tops are average prices in US$/kg, FOB		
	6-Jul	30-Jul
Chinese Cashmere (dehaired)		
White		
Hosiery 38mm	140.00	140.00
Weaving 32mm	136.00	136.00
Brown		
Hosiery 38mm	132.00	131.00
Weaving 32mm	126.00	125.00
Mongolian Cashmere (dehaired)		
Brown	115.00	114.00
Light Grey	115.00	114.00
Afghan/Iranian Cashmere (dehaired)		
White	103.00	103.00
Fawn	101.00	101.00
Dark Brown	100.00	100.00
Alpaca Tops		
White		
Baby (BL)	NQ	NQ
Fine Spinning (FS)	NQ	NQ
Adult (AG)	NQ	NQ
Camel Hair (dehaired)		
Super-baby	43.00	43.00
Medium baby	36.00	36.00
Adult	30.50	30.50
Silk		
Mulberry Sliver	48.00	47.50
Mulberry Noil	25.00	24.50
Tussah Sliver	33.50	33.50
Tussah Noil	24.00	24.00
Source: The Schneider Group		

Currency and supply the key factors as EMI reaches new high

By Jonathan Dyson

The Australian wool market experienced a dramatic increase this week, with currency movement, a reduced offering, and buyer concern over upcoming supply all contributing factors. More

Coarse Crossbred Indicator up on weaker NZ dollar

By Jonathan Dyson

The New Zealand wool market experienced a significant upturn this week, thanks largely to a weaker local currency. More

SA wool market opens new season with 12% increase

By Jonathan Dyson

The South African wool market opened the new season with a brilliant start at the first sale on 15 August. More

Steady start to winter mohair season with 98% clearance

By Jonathan Dyson

The first sale of the 2018 winter mohair season took place in Port Elizabeth on 14 August, with 91,743 kg on offer, of which 98% was sold. More

Mixed market sees British Wool index fall by 1.1%

By Jonathan Dyson

The British Wool index was down 1.1% sale-on-sale at £1.646 clean at the sale held on 14 August. More

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Yarns

Cotton Yarn export quotations (week ended 17 August)								% change on Week					
		India		Bangladesh		Pakistan		India		Bangladesh		Pakistan	
		Weaving	Knitting	Weaving	Knitting	Weaving	Knitting	Weaving	Knitting	Weaving	Knitting	Weaving	Knitting
Open-end	10s			2.09		2.02				0.0		0.0	
	12s			2.16		2.10				0.0		0.0	
	16s	2.20		2.30		2.25		-1.3		0.0		0.0	
	21s	2.29						-1.3					
Carded	20s	2.74	2.74		2.85	2.78		-1.1	-1.1		0.0	0.0	
	30s	3.02	2.97		3.12	3.05		-1.0	-1.0		0.0	0.0	
	40s	3.22			3.40	3.35		-0.9			0.0	0.0	
Combed	20s		3.07		3.15				-1.0		0.0		
	26s		3.22		3.30				-0.9		0.0		
	30s		3.30		3.36				-0.9		0.0		
	34s		3.42		3.51				-0.9		0.0		
	40s		3.55		3.70				-0.8		0.0		
Compact combed	30s	3.37		3.48	3.39			-0.9		0.0	0.0		
	40s	3.64		3.80	3.74	3.70		-0.8		0.0	0.0	0.0	
	60s	4.19		4.80		4.72		-0.7		0.0		0.0	
	80s			5.37		5.85				0.0		0.0	

Chinese Spun Yarn Prices (ex-warehouse terms)						
Qianqing Raw Materials Market					% Change in Yuan	% Change in US Dollar
	17-Aug		10-Aug			
	yuan/tonne	US$/kg	yuan/tonne	US$/kg		
Polyester 32s	15,850	2.306	15,550	2.270	1.93	1.55
Viscose 30s	19,430	2.826	19,330	2.822	0.52	0.14
Poly/cotton 32s	18,700	2.720	18,400	2.687	1.63	1.25
Poly/viscose 40s	19,200	2.793	19,200	2.803	0.00	-0.37
Prices from Anhui					% Change in Yuan	% Change in US Dollar
	17-Aug		10-Aug			
	yuan/tonne	US$/kg	yuan/tonne	US$/kg		
Cotton carded 32s	24,150	3.513	24,050	3.511	0.42	0.04
Cotton combed 32s	24,200	3.520	24,100	3.519	0.41	0.04
Cotton carded 40s	25,600	3.724	25,700	3.752	-0.39	-0.76
Cotton combed 40s	27,000	3.928	26,900	3.928	0.37	0.00

Pakistan: Karachi Cone Cotton Yarn Market (Wholesale price)						
Cone	Friday, August 17, 2018		Friday, August 10, 2018		PKR % change	USD % change
	Mean PKR per 10lb	US$ per kg	Mean PKR per 10lb	US$/kg		
Carded 10/1	1,460	2.595	1,460	2.591	0.00	0.16
Carded 40/1	2,300	4.088	2,300	4.082	0.00	0.16
Carded 22/1	1,720	3.057	1,720	3.053	0.00	0.16
Carded 30/1	1,850	3.289	1,850	3.283	0.00	0.16
Combed 20/1	1,783	3.169	1,783	3.163	0.00	0.16
Combed 40/1	2,350	4.177	2,350	4.171	0.00	0.16
Source: Brecorder , X-Rates						

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Price movement key: Increase Unchanged Decrease

Nylon filament yarn prices flat but firm on rising cost despite lull season

Nylon filament yarn markets remained firm amid rising costs, and prices generally rolled over on the week. Nylon FDY prices held stable on the back of high chip prices but had thin demand, while nylon DTY prices were range bound on a stable note on high feedstock cost. Downstream demand was cautious. Demand remained flat as textile producers operated at stable rates with thin liquidity of FDY, DTY and POY. Warp knitting mills and covering mills were operating at 70% run rates, and circular knitting mills and lacing mills at 50%. Nylon FDY70D/24F SD prices were flat on the week at 23.00-23.50 yuan a kg (US$3.34-3.41 a kg), while DTY70D prices rolled over at 23.50-24.50 yuan a kg (US$3.41-3.56 a kg), both down US cents 2-3 due to weak yuan.

Demand for cord fabric was ideal, while that for fishing net yarn and staple fiber modest but tepid for monofilament. With stable demand in the downstream, nylon yarn market may go stable to firm in coming week. Cord fabric 1,260D prices offers were unchanged at 26.50-27.500 yuan a kg (US$3.85-3.99 a kg) while mono filament 30D prices were at 23.50-24.50 yuan a kg (US$3.41-3.56 a kg), down US cents 3. Nylon staple fibre 1.5D prices rolled over at 20.00-20.50 yuan a kg (US$2.90-2.98 a kg, down US cents 2).

Nylon chip prices gained in Asian markets on rising feedstock cost. Producers had no choice but to increase offers in order to protect their margins. Thus, short feedstock supply further supported nylon chip market. Demand for chips was flat as downstream buying appetite was modest since terminal sector was sluggish. Chip buying was mainly for rigid demand. With caprolactam market likely to hold firm, chip prices may follow up under cost support. Thus, the trend may be strong in the coming weeks. Taiwan-origin SD high-speed nylon chip prices rolled over on the week at US$2,430-2,450 a ton. In China, prices rose US$10 with conventional nylon-6 chip offers at US$2,585-2,670 a ton, while SD high-speed chips offers up at US$2,630-2,715 a ton.

In Europe, early nylon 6 August contract agreements were heard at rollovers so far. Some contract discussions were ongoing, but the unchanged supply and demand conditions have kept things steady at the moment. Supply was ample and demand a bit lower, as expected in August, which is the peak summer period. July contracts for nylon 6 virgin polymer were assessed steady at Euro 2.28-2.43 a kg FD NWE and nylon 6,6 virgin polymer were in the range of Euro 3.93-4.34 a kg FD NWE.

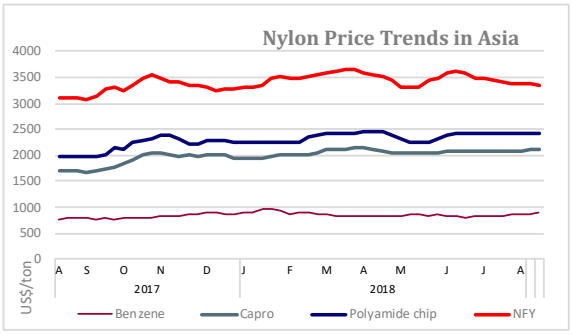
Caprolactam prices increased further on the back of rising benzene costs and supported by a short supply in Northeast Asia. In China, caprolactam spot and contract offers hiked up, although demand was termed modest. Run rates of polymerisation units were at 80%, while yarn makers were at 82%. The benzene market was favourable, so caprolactam prices may pick up further amid tight supply. Asian markers were flat on the week with SE and FE Asia at US$2,120-2,160 a ton. In China, spot prices for liquid goods were up at 16,800-17,200 yuan a ton (US$2,440-2,500 a ton, up US$25). Japan's Ube Inds released its August caprolactam contract price at US$2,155 a ton CFR NE Asia, up US$15 from July.

In Europe, caprolactam contract discussions were ongoing for August and some are yet to begin because of the summer holidays. There was some talk on the buy-side of sharing of benzene movement between buyers and sellers early this month. On the sell-side, there was mention of targets for stable pricing but so far, talks were yet to progress. Meanwhile, supply was ample, and demand mostly down due to the summer slowdown. A planned maintenance at Domo Caproleuna's facility is planned in September. In Europe, July contracts were assessed at Euro 2,282-2,443 a ton FD NWE.

Benzene prices continued to rally and bolster Asian markets amid the ongoing US-China trade war. Sinopec and PetroChina raised their benzene list prices early in the week to motivate cargo-holders to hike offers and buyers to make purchases. The weak yuan was dampening demand for imports of Chinese buyers, who increasingly turned to domestic cargoes to meet their requirements. However, as slumps in world stock and bulk commodities markets weighed down the economic outlook, benzene prices started to drop by weekend. Meanwhile, benzene inventories along east China fell 9% to 164 kilo ton this week. Prices inched up US$1 in China to US$892.50-893.50 a ton, while FOB Korea was up US$6.50 at US$880.67-881.67 a ton. PetroChina northwest branch raised its benzene list price to 7,400 yuan a ton (US$1,074 a ton). Sinopec also hiked its ex-tank benzene offer in East China to 7,250 yuan a ton (US$1,052 a ton).

In Europe, oversupply continued to rule the benzene market, but prices were supported by the open arbitrage to the US, which could divert some of the oversupply. Spot prices rose US$12.50 on the week, with both FOB Rotterdam and CIF values at US$867.50-868.50 a ton.

In the US, spot benzene prices were slightly higher as strong downstream demand for styrene and phenol counterbalanced the effect of lengthening supply arising from higher refinery operating rates. Prompt month spot prices were assessed US cents 2 up on the week at US cents 296.95-297.05 a gallon FOB USG.



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Fabrics

Yuan/mt	China Grey Fabric				
	CGOE10 Denim 10*10 72*40 59"/60" Indigo	CG C32 Cotton Twill 32*32 130*70 47"	CG JC40 Combed Cotton 40*40 133*72 67"	CG R30 Rayon 30*30 68*68 63"	CG T/C45 Polyester/Cotton (65:35) 45*45 110*76 63"
22/06/2018	9.322	5.715	7.984	4.450	4.720
29/06/2018	9.322	5.715	7.984	4.450	4.720
06/07/2018	9.322	5.715	7.984	4.450	4.720
13/07/2018	9.322	5.715	7.984	4.450	4.720
20/07/2018	9.322	5.715	7.984	4.450	4.720
27/07/2018	9.322	5.715	7.984	4.450	4.720
03/08/2018	9.322	5.715	7.984	4.450	4.720
10/08/2018	9.322	5.715	7.984	4.450	4.720
17/08/2018	9.322	5.715	7.984	4.450	4.720

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Trade

U.S. EXPORT SALES WEEK ENDING 9 August 2018								
	ALL UPLAND 1404				PIMA 1301			
	Current MY		Next MY		Current MY		Next MY	
	This week	Year ago	This week	Year ago	This week	Year ago	This week	Year ago
Outstanding Sales								
Known	8,039.4	5,815.3	1,316.3	531.9	219.5	185.4	24.9	1.1
Unknown								
Total	8,039.4	5,815.3	1,316.3	531.9	219.5	185.4	24.9	1.1
Optional Origin	6.2	7.9						
Accumulated Exports	283.4	314.3			10.2	9.3		
Exports For Own Acct	13.0	76.4			0.0	0.0		
Net Change In Sales	77.7	186.7	-11.7	66.0	2.8	3.7	0.0	1.1

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USDA's weekly export sales report of week ending 9 August

According to the latest USDA's weekly export sales report of week ending 9 August, net sales of 77,700 running bales for 2018-19 were reported for Vietnam (24,600 RB), Pakistan (16,900 RB), Indonesia (7,000 RB, including 1,100 RB switched from Japan), Bangladesh (6,100 RB), and Peru (4,600 RB). Reductions were reported for Japan (3,000 RB).

For 2019-20, net sales reductions of 11,700 RB resulted as increases for Mexico (3,500 RB) were more than offset by reductions for India (15,200 RB). Exports of 240,300 RB were primarily to Indonesia (42,700 RB), Vietnam (41,600 RB), China (34,400 RB), Bangladesh (24,700 RB), and Mexico (15,200 RB).

Net sales of Pima totaling 2,800 RB for 2018-19 reported for Vietnam (2,200 RB), India (400 RB, switched from Japan), and the UK (300 RB), were partially offset by reductions for Japan (300 RB). Exports of 4,600 RB were primarily to India (2,000 RB), Pakistan (1,400 RB), Indonesia (500 RB) and Thailand (300 RB).

Optional origin sales

For 2018-19, the current optional origin outstanding balance of 6,200 RB is for Indonesia (4,400 RB) and Vietnam (1,800 RB).

Exports for own account

New exports for own account totaling 6,800 RB were to China. Decreases totaling 6,800 RB were reported for Vietnam (6,300 RB) and Bangladesh (500 RB). The current outstanding balance is 13,000 RB, all China.

Country	ALL UPLAND 1404					PIMA 1301				
	Current MY				Next MY	Current MY				Next MY
	New sales	Dest.Chgs	Cancel	Exports	Sales (Net)	New sales	Dest.Chgs	Cancel	Exports	Sales (Net)
United Kingdom						0.3				
Turkey	4.0			13.8					0.1	
Japan	0.7	-1.8	1.9	2.4		0.2	-0.4		0.1	
Taiwan	1.5			5.4		0.1				
China	4.3		0.4	34.4						
India				3.5	-15.2		0.4		2.0	
Bangladesh	6.1			24.7						
Indonesia	5.9	1.1		42.7					0.5	
South Korea	0.4			10.7					0.2	
Malaysia				5.1						
Pakistan	16.9			5.5					1.4	
Philippines				0.9						
Thailand	3.0	0.8	0.3	11.7					0.3	
Vietnam	24.6			41.6		2.2				
Egypt				0.6						
Costa Rica				1.7						
Colombia	2.2			3.8						
Ecuador	2.9			2.0						
Guatemala				5.3						
Honduras				0.2						
Mexico	5.3		2.1	15.2	3.5					
Peru	4.6			8.2					0.1	
Salvador				0.9						
Total	82.4	0.0	4.7	240.3	-11.7	2.8	0.0	0.0	4.6	0.0

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