WTiN Textile Economics

# Executive Market Report Summary 11 March 2019

| Cost summary | 08-Mar-19 | |
|---|---|---|
| | US$/kg | Change on Week |
| **Polyester** | | |
| China PSF 1.4 den | 1.33 | 1.72% |
| China FDY 50 den/24f | 1.47 | 1.81% |
| China DTY 150den/48f | 1.71 | 0.88% |
| **Viscose** | | |
| China VSF 1.5 den, 38mm | 1.97 | -1.50% |
| **Polyamide** | | |
| China FDY 70 den/24f | 2.91 | 0.00% |
| **Cotton** | | |
| Cotlook A Index | 1.79 | 0.49% |
| **Wool** | | |
| AWEX EMI | 14.13 | -1.83% |
| **Yarn** | | |
| China Cotton combed 32s (weaving) | 3.52 | 0.30% |
| China Cotton combed 40s (weaving) | 3.93 | -0.12% |
| Indian cotton carded 30s (weaving)* | 3.10 | -0.64% |
| Indian cotton combed 40s (weaving)* | 3.21 | -0.31% |
| Taiwan p/c 45s* | 4.65 | 0.00% |
| **WTI Oil $ per Barrel** | | |
| WTI Crude Oil Price- 08-Feb | 52.75 | |
| WTI Crude Oil Price- 15-Feb | 55.58 | |
| WTI Crude Oil Price- 22-Feb | 57.01 | |
| WTI Crude Oil Price- 01-Mar | 55.76 | -2.19% |

## MMF market

- Polyester fibre up on cost support but viscose gets cheaper

## Cotton market

- Cotton Futures down on demand concerns

## Fibre raw material market

- PTA moves sideways / MEG gains

## Filament market

- PFY offers hiked but downstream unwilling to follow-up

## Wool & Speciality Fibres

- Aussie market falls for second week as Merino types decline
- NZ Coarse Crossbred Indicator climbs by 2%
- Good competition lifts SA market by 1.9%
- Weaker rand and good demand boost mohair market

## Trade

- WASDE March report keeps US cotton balance unchanged

## Weekly Market Review – from the analyst desk

**China targets slower GDP growth in 2019**

China has targeted a GDP growth of 6.0-6.5% in 2019, down from the 6.6% recorded in 2018, stated Premier Li Keqiang on 5 March. Last year's growth was the lowest in 28 years. However, it aims to contain consumer inflation levels of around 3% and generate more than 11 million new urban jobs during the year. Li, in his report at the second session of the 13th National People's Congress said: "The projected targets represent our aim of promoting high-quality development and are in aligned with our current realities. Hard work is need for achieving those goals."

There will be further cuts on taxes this year. Value added tax on manufacturing will be reduced to 13% from the present 16%, and the rates for transportation and construction will be lowered to 9% from 10%. "We will ensure that all industries will see lower tax burdens," Li added. China, the world's second-biggest economy, is in the midst of a trade war with the US and has been since July 2018.

China will be unable to stimulate the economy to the same rate as it did in 2009-2017 because of the extent of existing bad debts. Its total household debt was US$6.58tn at the end of June 2018 – 50.3% of GDP, according to the Bank for International Settlements. But this is still a long way behind 76.6% in the US.

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Price movement key: Increase Unchanged Decrease

# MMF market

| Man-Made Fibre Prices (ex-works) in Eastern China | | | | | | |
|---|---|---|---|---|---|---|
| Date | | 8-Mar | | 1-Mar | | |
| **Intermediates** | yuan/tonne | US$/Kilogram | yuan/tonne | US$/Kilogram | Yuan Price change (%) | US Dollar Price Change (%) |
| PX (FOB South Korea) | | 1.114 | | 1.120 | | -0.54 |
| PTA | 6,680 | 0.998 | 6,410 | 0.957 | 4.21 | 4.21 |
| MEG | 5,240 | 0.783 | 5,075 | 0.758 | 3.25 | 3.25 |
| Caprolactam | 13,900 | 2.076 | 13,900 | 2.076 | 0.00 | 0.00 |
| Acrylonitrile | 12,600 | 1.882 | 12,400 | 1.852 | 1.61 | 1.61 |
| PET | 8,025 | 1.199 | 7,750 | 1.157 | 3.55 | 3.55 |
| **Polyester filament** | | | | | | |
| FDY 50 den/24f | 9,825 | 1.467 | 9,650 | 1.441 | 1.81 | 1.81 |
| DTY 50 den/72f | 9,225 | 1.378 | 9,050 | 1.352 | 1.93 | 1.93 |
| DTY 150 den/48f | 11,450 | 1.710 | 11,350 | 1.695 | 0.88 | 0.88 |
| POY 150 den/48f | 9,125 | 1.363 | 8,950 | 1.337 | 1.96 | 1.96 |
| FDY 150 den/96f | 9,850 | 1.471 | 9,750 | 1.456 | 1.03 | 1.03 |
| **Polyamide 6 filament** | | | | | | |
| FDY 70 den/24f | 19,500 | 2.912 | 19,500 | 2.912 | 0.00 | 0.00 |
| **Staple fibre** | | | | | | |
| Polyester 1.4 denier 38 mm | 8,875 | 1.325 | 8,725 | 1.303 | 1.72 | 1.72 |
| Viscose 1.5 denier, 38mm | 13,205 | 1.972 | 13,406 | 2.002 | -1.50 | -1.50 |
| Acrylic 1.5 denier, 38 mm | 16,000 | 2.390 | 15,700 | 2.345 | 1.91 | 1.91 |

| 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 |
| 13-Feb-19 | 1.25 | 1.60 | 1.75 | 2.00 |
| 20-Feb-19 | 1.25 | 1.60 | 1.75 | 2.00 |
| 27-Feb-19 | 1.25 | 1.60 | 1.75 | 2.00 |
| 6-Mar-19 | 1.25 | 1.60 | 1.75 | 2.00 |

*Summary*
*MMF market*
*Cotton market*
*Fibre raw material market*
*Filament market*
*Wool & Speciality Fibres*
*Trade*



Price movement key: Increase Unchanged Decrease

# Polyester fibre up on cost support but viscose gets cheaper

## POLYESTER

Polyester staple fibre prices were hiked in China, boosted by rising feedstock cost and a warmer trading atmosphere, with converters following up. Suppliers offloaded goods actively at rising levels in Jiangsu and Zhejiang. In Shandong and Hebei, prices firmed up, while in Fujian makers headed north amid slightly higher offers and warmer sentiment. However, downstream mills made normal purchases to replenish inventories. In Pakistan, polyester fibre prices in Karachi were basically kept stable as producers kept offers unchanged and tried to issue new offers. In India, polyester fibre producers' offers were steady for March, as they took the opportunity to offload goods on rising offers in China.

In China, offers for 1.4D direct-melt PSF inched up to 8.80-8.95 Yuan a kg (US$1.31-1.33 a kg, up US cents 2) in Jiangsu and Zhejiang while the same in Fujian and Shandong were at US$1.32-1.34 a kg, also up US cents 2. Export offers were stable at US$1.15 a kg CFR CMP, from US$1.16-1.17 a kg two weeks ago. In Pakistan, 1.4D PSF producers' offers remained unchanged at PakRs193-195 a kg (US$1.38-1.40 a kg). In India, PSF offers were kept stable for March with 1.2D at INR85.25 a kg (US$1.23 a kg) and 1.4-2D at INR85.50 a kg (US$1.22 a kg) both up US cents 2 due to weak currency.

## NYLON

Offers for nylon-6 staple high-end fibre for wool-like product were stable, while those used in core-spinning traded lower. Suppliers stuck to offers given a thin margin. In China, nylon staple fibre 1.5D prices fell at the lower end to 16.50-17.80 Yuan a kg (US$2.45-2.65 a kg, down cents 8).

## ACRYLIC

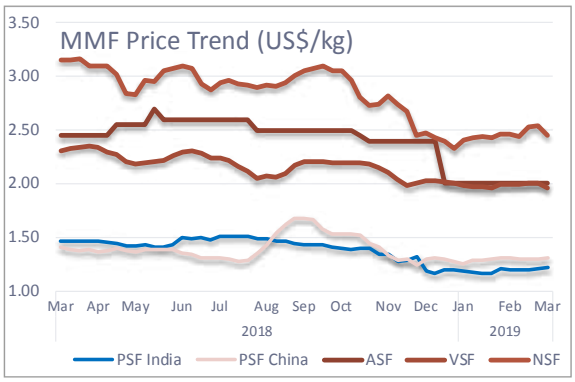
Acrylic staple fibre markets in Asia resumed quietness, with limited room for overall price adjustment despite the sharp rising raw material cost. In China, acrylic fibre producers mainly followed the price movement of raw material in upstream, as they surged across global markets, with potentials of further uptrend. Meanwhile, acrylic industry run rate remained at 62% during the week, implying stable supply, although some units were still idle. Demand was moderate, as downstream yarn markers saw no obvious pickup in yarn prices. In India, acrylic fibre producers refrained from revising their offers for March, given the continuous hike in raw material cost. In Pakistan, too, producers held on to their offers for acrylic fibre at the moment. Overall, acrylic fibre markets are expected to remain stable in coming weeks, with players keeping track of feedstock movement.

Taiwan origin 3D bright acrylic fibre tow offers remained unchanged on the week at US$2.00-2.10 a kg, marking the 12 weeks of flat run. In China, medium-length and cotton-type acrylic fibre prices rolled over at 15.85-16.70 Yuan a kg (US$2.36-2.48 a kg, but down US cent 1 due to weak Yuan). In Pakistan, 1.2D ASF prices were steady in Karachi market at PakRs.345 a kg (US$2.47 a kg). In India, producers maintained offers at the moment at INR153-164.50 a kg (US$2.18-2.35 a kg, up US cents 3 due to weak US$).

## VISCOSE

Viscose staple fibre markets in China saw prices touching lower levels frequently during the week as inventory level were extremely high. Producers actively liquidated volumes midweek as prices touched the trough, while others traded on monthly settlement prices. Thus, actual trading prices declined rapidly, while transaction from some new lines in slightly increased. However, enquiring atmosphere picked up, seeing both parties generally detecting the floor prices of the other. In Pakistan, viscose fibre prices were stable but buying mood did not change since cotton prices rebounded to earlier levels. In India, no change was seen in viscose fibre prices since export price realization had improved despite decline in export volume.

In China, producers' traded medium and high end goods at 12.60-12.70 Yuan a kg (US$1.87-1.89 a kg), as buying interest was seen improving when prices were near the 12.50 a kg (US$1.86 a kg) mark. In spot, prices edged down for 1.5D VSF to 13.21 Yuan a kg (US$1.96 a kg) and for 1.2D to 13.46 Yuan a kg (US$2.00 a kg), both down US cents 4, also due to weak Yuan. In India, prices rolled over with 1.2-2.0D at INR147-197 a kg (US$2.10-2.81 a kg, up US cents 3 due to weak US$). In Pakistan, offers for 1.5D VSF rolled over at PakRs270-273 a kg (US$1.93-1.95 a kg) in Karachi.




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Cotton market
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Filament market
Wool & Speciality Fibres
Trade



Price movement key: Increase Unchanged Decrease

# Cotton market

| ICE futures (New York) | | | |
|---|---|---|---|
| No.2 contract (US cents/lb) | | | |
| | 1-Mar | 22-Feb | Change |
| May | 73.49 | 73.85 | -0.36 |
| Jul | 74.63 | 74.85 | -0.22 |
| Oct | 73.99 | 74.52 | -0.53 |
| Dec | 73.50 | 73.78 | -0.28 |
| Mar | 74.40 | 74.89 | -0.49 |
| May | 74.82 | | |

| ZCE futures | | | |
|---|---|---|---|
| No. 1 contract (RMB/tonne) | | | |
| | 1-Mar | 22-Feb | Change |
| Jan | 16,100 | 16,170 | -70 |
| Mar | 14,435 | 14,750 | -315 |
| May | 15,265 | 15,280 | -15 |
| Jul | 15,380 | 15,445 | -65 |
| Sep | 15,710 | 15,740 | -30 |
| Nov | 15,890 | 15,895 | -5 |

| Cotlook A Index (US cents per lb) | | |
|---|---|---|
| Midd., 1-3/32" (CFR Far Eastern Ports) | | |
| 1-Mar | 22-Feb | Change |
| 81.25 | 80.85 | 0.40 |

| Pakistan Spot Rate (Rs/maund) | | |
|---|---|---|
| Grade 3, 1-1/16" (ex-gin) | | |
| 1-Mar | 22-Feb | Change |
| 8,600 | 8,600 | 0 |

| China Cotton Index | | |
|---|---|---|
| Type 3128B (delivered mill, China) | | |
| 1-Mar | 22-Feb | Change |
| 15,548 | 15,512 | 36 |

| Cotton Association of India (Rs/Candy) | | |
|---|---|---|
| Delivery at upcountry Spot markets ex-gin, 29mm Gujurat (Rs/Candy) | | |
| 1-Mar | 22-Feb | Change |
| 42,200 | 41,700 | 500 |

| 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) | | |
| 1-Mar | 22-Feb | Change |
| 74.79 | 76.66 | -1.87 |

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 Yarn export quotations (week ended 8 March ) | | | | | | | | % change on Week | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | India | | Bangladesh | | Pakistan | | India | | Bangladesh | | Pakistan | | | |
| | | Weaving | Knitting | Weaving | Knitting | Weaving | Knitting | Weaving | Knitting | Weaving | Knitting | Weaving | Knitting | | |
| Open-end | 10s | | | 1.94 | | 1.88 | | | | 3.7 | | 5.0 | | | |
| | 12s | | | 2.00 | | 1.95 | | | | 3.6 | | 5.4 | | | |
| | 16s | 1.95 | | 2.11 | | 2.05 | | 0.0 | | 2.9 | | 3.5 | | | |
| | 21s | 2.07 | | | | | | 0.0 | | | | | | | |
| Carded | 20s | 2.52 | 2.53 | | | | | 0.0 | 0.0 | | | | | | |
| | 30s | 2.75 | 2.73 | | 2.86 | 2.79 | | 0.0 | 0.0 | | 2.1 | 1.5 | | | |
| | 40s | 2.99 | | | | | | 0.0 | | | | | | | |
| Combed | 20s | | 2.75 | | 2.90 | | | | 0.0 | | 2.1 | | | | |
| | 26s | | 2.85 | | 3.00 | | | | 0.0 | | 1.4 | | | | |
| | 30s | | 2.90 | | 3.06 | | | | 0.0 | | 1.3 | | | | |
| | 34s | | 3.05 | | 3.20 | | | | 0.0 | | 1.6 | | | | |
| | 40s | | 3.25 | | 3.38 | | | | 0.0 | | 1.5 | | | | |
| Compact combed | 30s | 3.06 | | 3.16 | 3.10 | | | 0.0 | | 1.3 | 1.3 | | | | |
| | 40s | 3.37 | | 3.47 | | 3.40 | | 0.0 | | 1.5 | | 1.5 | | | |
| | 60s | 3.98 | | 4.25 | 4.25 | 4.20 | | 0.0 | | 1.2 | 1.2 | 1.2 | | | |
| | 80s | | | 5.62 | 5.62 | 5.55 | | | | 0.7 | 0.7 | 0.9 | | | |

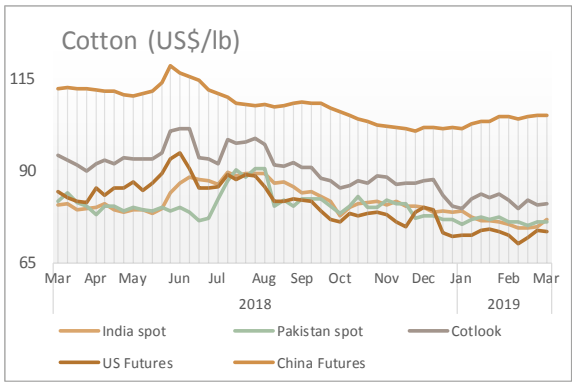
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Price movement key: Increase Unchanged Decrease

# Cotton Futures down on demand concerns

Cotton Futures were lower this week as demand concerns gripped the markets. The USDA weekly export sales report was not strong enough and reports from India stated a big sale of cotton to China. Some Indian cotton will be diverted from shipments to Pakistan because of the current political tensions. Futures trends are still mostly down but are trying to turn sideways to up as the market holds each support zone. There were talks of lesser production from exporter countries such as India and Pakistan, while sources continued to insist that output was less than projected by the USDA. Meanwhile, the US weather continued to feature lots of precipitation in the south, and fieldwork and initial planting in far southern areas was mostly delayed. The USDA average price was US cents 67.50 per pound at the moment. ICE reports showed certified stocks at 128,668 bales.




The most active cotton contract on ICE Futures US, May settled down US cents 0.36 at US cents 73.49 per pound from last week, while December settled at US cents 73.50 per pound, down US cents 0.28 week on week.

Global spot benchmark, the Cotlook A index, however, gained US cents 0.40 at US cents 81.25 per pound, having rebounded US cents 0.50 on weekend.

In China, spot cotton markets were range bound amid thin liquidity. Xinjiang-origin grade-3128 hand-picked was offered at 16.10 Yuan a kg (US cents 108.65 per pound), self-lifting. There were many selling interests heard in the market.

Offers for US-origin EMOT SM January-March loading cotton were at 14.97 Yuan a kg (US cents 101.01 per pound) and at 14.14 Yuan a kg (US cents 95.43 per pound) under 1% in-quota tariff. Meanwhile, the China Cotton Index gained 36 Yuan a ton this week, to close at 15,548 a ton (US cents 104.92 a pound).

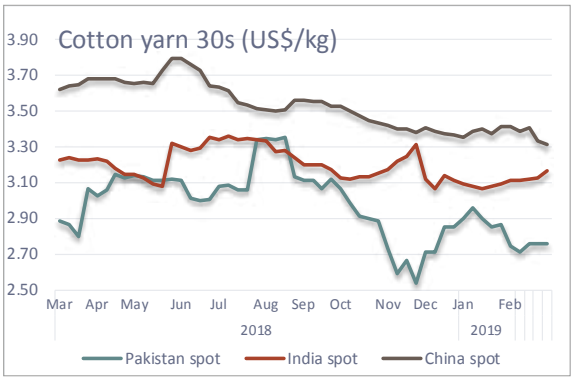
In Pakistan, cotton prices remained stable throughout the week, while brisk activity was witnessed on weekend as leading textile spinners sought big deals to cover their positions. Strong demand prevailed for quality cotton which is in short supply. According to reports stocks held by ginners were fast depleting as strong demand continued to emerge from big spinners who were earlier hoping to import the fibre from India. The Karachi Cotton Association spot rates were firm at Rs8,760 per maund ex-Karachi.

In India, benchmark Gujarat Shankar-6 was traded up on the week at INR42,200 per candy (US cents 76.81 per pound), while some finer varieties up INR500-1,000 per candy and coarser gaining INR400-600 per candy week on week. Indian traders have signed contracts to ship 8 lakh bales of cotton to China as demand surged due to a rally in local prices in China. The cotton was sold at around US cents 80-81 per pound on C&F basis, for shipments in March and April. India has shipped around 7.7 lakh bales to China in the first four months of 2018-19 marketing year worth US$235m. The benefit to India was mainly from China's imposition a 25% import duty on US cotton, in retaliation for tariffs enacted by the US. China has also been sourcing cotton from Brazil in the last few days due to depleting stocks. India's cotton export to Pakistan have slowed in the last few weeks due to rising tensions between the two nations.

## COTTON YARN

Cotton yarn prices were stable to up in China this week, with combed yarns of 21s and 32s seeing moderate sales volume, while sentiment of other specs was quiet. Overall, transactions were relatively moderate. Going ahead, cotton yarn markets will move up gradually in line with slow recovery in downstream weaving section. In Pakistan, the two cotton yarn markets of Karachi and Faisalabad showed diverge trend with prices rolling over in the former and moderating at the upper end in the latter. This was despite flat run on the cotton market. In India, cotton yarn prices were stable in Ludhiana and Bhiwandi markets as cotton prices moved up this week.

In China, cotton yarn prices moved up for 21s combed yarn to 22.00 Yuan a kg (US$3.27 a kg, up US cents 2), while 32s were up at 23.70 Yuan a kg (US$3.52 a kg, flat due to weak Yuan). Carded yarn prices of 32s were stable at 22.30 Yuan a kg (US$3.32 a kg) and 40s at 24 Yuan a kg (US$3.57 a kg), both down US cent 1 due to weak Yuan. In Pakistan, 30s carded prices in Karachi remained unchanged at PakRs175-180 per pound (US$2.76-2.84 a kg), while 32s cone in Faisalabad were PakRe 1 down at eh upper end at PakRs175-185 per pound (US$2.76-2.92 a kg, down US cents 2). In India, 30s combed cotton yarn for knitting were steady at INR222 a kg (US$3.17 a kg) in Ludhiana and 40s combed at INR240 a kg (US$3.42 a kg) in Bhiwandi, both up US cents 4 due to weak US$. Export offers were stable at US$2.90 a kg.




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# Fibre raw material market

## PTA moves sideways / MEG gains

**POLYESTER INPUT: MEG**

Mono ethylene glycol prices in Asia gained, with the intermonth spread nudging towards backwardation as China cuts value-added tax which bolstered buying. The market sentiment was bullish because downstream polyester sales and domestic MEG values in China were buoyed by expectations of improved demand in China. Prices were also underpinned by prospects of reduced supply in H2 March due to production cuts and turnarounds at many facilities. Meanwhile, inventories along east China rose 8% week on week to 1,220 kilo ton. In Europe, the spot price recovery continued after truck prices increased for a second week running. However, traders were concerned over the unhealthy spread between bulk and truck prices for some time. March contract discussions were ongoing, with sellers concerned about rising production costs and thin margins. Ethylene contract price was increased, which further added cost pressure to downstream. In the US, spot was quiet, and contracts rolled over.

Asian benchmark, the CFR China, gained US$15 on the week at US$647-652 a ton, while CFR South East Asia jumped US$40 to US$660-665 a ton. In China, offers for nearby-month surged from US$640-645 a ton opening the week to US$650-665 a ton by midweek, and later dropped to US$650-655 a ton on the weekend. Sinopec raised its list prices for March by 300 Yuan to 5,600 Yuan a ton (US$830 a ton, up US$40). In Europe, truck spot range increased Euro5 at both ends, bringing prices to Euro645-660 a ton FCA NWE. In the US, February contracts were assessed at a decrease of US cents 4, at US cents 25.5-31.5 per pound FOB USG.

**POLYESTER INPUT: PTA**

Purified terephthalic acid prices rose midweek, tracking gains in the futures market in China, which saw its May contract higher 1.9% day on day. Improved sales in the downstream polyester markets further supported the rally, especially in the China markets. However, by the weekend, enthusiasm weakened, and prices declined. China government on 5 March announced that VAT on manufacturing will be reduced to 13% from 16% with no timeline provided. A three-percentage point cut in VAT would lead to improvement in margins by 150-160 Yuan a ton (US$22-23 a ton). Lower production cost would mean healthy margins, especially when demand is expected to improve, as the market enters peak demand season. In Europe, PTA demand was stable as downstream buyers were grappling with production issues. In the US, February contract prices were hiked on higher paraxylene contract prices.

Asian marker, the CFR China, was flat week on week at US$860-862 a ton after moving up and down late in the week. Offers from Taiwan and Korea were up US$20 at US$880-890 a ton. In China, offers for bonded goods were at US$880 a ton, while discussions for nearby-month cargoes were flat at US$860 a ton. Yisheng Petrochemical's daily prices were raised to US$890 a ton and that of Hengli Petrochemical's to US$880 a ton. In Europe, the February contract price was at Euro770-804 a ton FD NWE. In the US, February contract prices hiked from January to US cents 54.04 per pound (US$1,191 a ton, up US$95).

**NYLON INPUT: CAPROLACTAM**

Caprolactam prices remained unchanged in Asian markets amid balanced demand-supply fundamentals. Consumers in China preferred domestic supply at the moment since prices of imported caprolactam were higher, prompting an increase for local material instead. Contract nominations for March were hiked, and spot prices remained firmer as demand appeared to improve. Run rates of polymerization units were at 85% with inventory at three days' worth, while yarn makers operated at 90% with inventory worth 18 days. In Europe, after February caprolactam was settled down last week, the cyclohexane contract for March was hiked following the higher benzene settlement last week. In the US, too, the cyclohexane contract price for March was lifted on firmer benzene contracts. The cyclohexane contract price is based on monthly benzene contract and daily gas price.

Asian caprolactam prices were flat week on week, with SE and FE Asia markers at US$1,700-1,750 a ton. In China, spot prices for liquid goods rolled over at 13,900-14,100 Yuan a ton (US$2,070-2,100 a ton) while offers for flake goods were flat at 14,500-15,000 Yuan a ton (US$2,155-2,230 a ton). Sinopec raised its March caprolactam contract price to 14,500 Yuan a ton ex-works (US$2,155 a ton, up US$35), while Fibrant also nominated its March at 14,500 Yuan a ton (US$2,155 a ton), for liquid goods. In Europe, February contract prices were settled at Euro2,086-2,205 a ton FD NWE last week. Cyclohexane March contract increased Euro61 to Euro728 a ton ex-works NWE. In the US, cyclohexane March contract price settled at an increased of US cents 8 at US cents 226 per gallon FOB USG.

**ACRYLIC INPUT: ACRYLONITRILE**

Acrylonitrile market sentiment in Asia boosted further during the week, tracking higher deal as a result of the global tight supply. Overall supply shortened after global supplier INEOS Nitriles declared force majeure at its Green Lake plant in the US, and its Seal Sands plant in UK and Germany, including ongoing plant maintenance in Taiwan. Limited offers were available, while buyers whose contract supply was disrupted by INEOS' had to pay higher in a bid to secure cargoes. In China, it was heard to have exported some cargoes in line with rising prices. Meanwhile, domestic contract prices were lifted in tandem with higher spot prices. In Europe, acrylonitrile prices jumped sharply on global supply shortage due to force majeure in place. In the US, spot export prices increased on tight supply amid ongoing force majeure declarations at three of INEOS Nitriles' plants in the global market. Export availability was thus limited as producers focus on meeting contractual demand amid INEOS' ongoing sales allocations. Shipping constraints amid poor weather conditions along Mississippi River

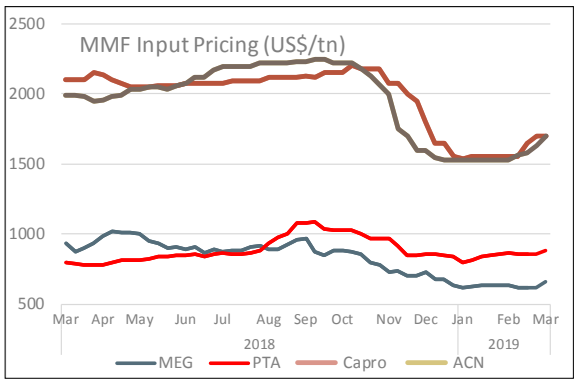
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Price movement key: Increase Unchanged Decrease

waterways and in the US Gulf also exacerbated concerns in domestic market.

Asian acrylonitrile Far East CFR marker surged US$70 on the week to US$1,699-1,701 a ton, while CFR China jumped US$100 to US$1,600-1,650 a ton. In China, self-lifting values at Lianyungang port were up US$20 to US$1,860-1,890 a ton. Sinopec raised its contract and spot offers for March by US$29.8 to US$1,860 a ton ex-works. Shanghai SECCO also hiked its weekly price by US$60 from previous week, to US$1,890 a ton. In Europe, prices jumped US$100 to US$1,498-1,502 a ton CIF Mediterranean. In the US, spot export prices also surged US$65 to US$1,605-1,615 a ton FOB in the US Gulf.




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# Filament market

| Chinese Spun Yarn Prices (ex-warehouse terms) | | | | | | |
|---|---|---|---|---|---|---|
| Qianqing Raw Materials Market | | | | | % Change in Yuan | % Change in US Dollar |
| | 8-Mar | | 1-Mar | | | |
| | yuan/tonne | US$/kg | yuan/tonne | US$/kg | | |
| Polyester 32s | 13,500 | 2.008 | 13,450 | 2.003 | 0.37 | 0.25 |
| Viscose 30s | 18,200 | 2.707 | 18,400 | 2.740 | -1.09 | -1.21 |
| Poly/cotton 32s | 17,200 | 2.558 | 17,100 | 2.546 | 0.58 | 0.46 |
| Poly/viscose 40s | 20,200 | 3.004 | 20,200 | 3.008 | 0.00 | -0.12 |
| **Prices from Anhui** | | | | | % Change in Yuan | % Change in US Dollar |
| | 8-Mar | | 1-Mar | | | |
| | yuan/tonne | US$/kg | yuan/tonne | US$/kg | | |
| Cotton carded 32s | 22,300 | 3.317 | 22,300 | 3.321 | 0.00 | -0.12 |
| Cotton combed 32s | 23,700 | 3.525 | 23,600 | 3.514 | 0.42 | 0.30 |
| Cotton carded 40s | 24,000 | 3.570 | 24,000 | 3.574 | 0.00 | -0.12 |
| Cotton combed 40s | 26,450 | 3.934 | 26,450 | 3.939 | 0.00 | -0.12 |

| Pakistan: Karachi Cone Cotton Yarn Market (Wholesale price) | | | | | | |
|---|---|---|---|---|---|---|
| Cone | Friday, March 08, 2019 | | Friday, March 01, 2019 | | PKR % change | USD % change |
| | Mean PKR per 10lb | US$ per kg | Mean PKR per 10lb | US$/kg | | |
| Carded 10/1 | 1,320 | 2.082 | 1,320 | 2.102 | 0.00 | 0.38 |
| Carded 40/1 | 2,300 | 3.628 | 2,300 | 3.663 | 0.00 | 0.38 |
| Carded 22/1 | 1,550 | 2.445 | 1,550 | 2.468 | 0.00 | 0.38 |
| Carded 30/1 | 1,788 | 2.821 | 1,788 | 2.848 | 0.00 | 0.38 |
| Combed 20/1 | 1,633 | 2.575 | 1,633 | 2.600 | 0.00 | 0.38 |
| Combed 40/1 | 2,350 | 3.706 | 2,350 | 3.742 | 0.00 | 0.38 |
| Source: Brecorder , X-Rates | | | | | | |

## PFY offers hiked but downstream unwilling to follow-up

**POLYESTER**

Polyester filament yarn offers climbed late last week in China on the back of strengthening PTA futures. However, downstream mills were not willing to follow up, and in turn reduced their purchases. Although trading atmosphere remained passable, sale/production ratios softened somewhat. By weekend, offers mostly stood still, with sporadic price hikes, neglecting declines in raw material costs. Trading atmosphere also weakened, as downstream mills consumed their stocks instead of fresh buying. In Pakistan, local producers adjusted their pricing to remain at par with imported goods despite firm currency. Thus, selling indications for DTYs were down on the week. In India, producers' offers for POYs were rolled over, seeing raw material cost rising. However, downstream mills were less active in buying, due to ample stock in hand.

In China, PFY offers were hiked US cents 1-3 with POY 75/72 at US$1.35-1.39 a kg and 75/36 to US$1.34-1.38a kg in Shengze market. In India, POY offers rolled in INR terms but up US cents 2 in US$ terms, with 115/108 at INR100 a kg or US$1.43 a kg and 130/34 POY at INR92 a kg or US$1.31 a kg. In China, DTY prices were up US cent 1 with 75/72 intermingled DTY at US$1.84-1.86 a kg and 75/36 at US$1.83-1.84 a kg. In Pakistan, 300/96 DTY intermingled local goods were down PakRs 4 to PakRs108 a pound (US$1.70 a kg, down US cents 6), while imported goods were flat at PakRs109 per pound (US$1.72 a kg). 150/48 DTY intermingled local goods fell PakRs2 to PakRs112 a pound (US$1.77 a kg, down US cents 2) while imported were flat at PakRs114 a pound (US cents 1.80 a kg). In China, FDY offers also raised US cents 1-2 with 50/24 at US$1.53-1.55 a kg and 150/96 FDY at US$1.46-1.47 a kg.

**NYLON**

Nylon filament yarn prices were generally stable to firm on high raw material cost in Asian markets. In China, offers for nylon-6 semi-dull FDYs were rolled over as suppliers reported thin margin, while sellers rejected low prices due to high chip prices, but cautious downstream follow-up was somewhat curbed the upward movement. Nylon-6 POYs stayed firm on high chip offers, though trading prices were yet to follow up, given slow downstream demand. Cord fabric sentiment held firm on stable demand from tyre makers. Suppliers stuck to

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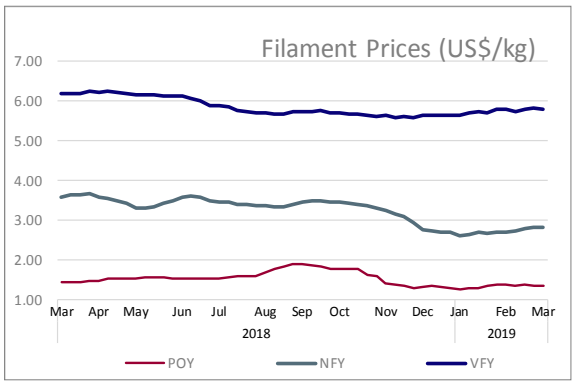
Price movement key: Increase Unchanged Decrease

offers on high chip costs, reporting decent order-intake. Monofilament market was on sound note, supported by stable nylon chip costs and sound demand. 30D prices were hiked as suppliers resumed normal production. In India, nylon yarn prices generally rolled over on stable raw material cost.

In China, offers for nylon FDY70D/24F SD were unchanged at 19.00-20.00 Yuan a kg (US$2.83-2.97 a kg), while DTY70D offers were flat at 20.00-21.90 Yuan a kg (US$2.97-3.26 a kg), both down US cent 1 due to weak Yuan. Cord fabric 1,260D offers also rolled over at 23.50-24.50 Yuan a kg (US$3.50-3.64 a kg, down US cent 1) while mono filament 30D prices were hiked to 21.50-22.50 Yuan a kg (US$3.20-3.35 a kg, up US cents 6). In India, 20 SD filament prices remained stable on the week at INR296 a kg (US$4.17 a kg) in Surat market.

**VISCOSE**

Viscose filament yarn producers in China intended to conclude deals at fresh prices this week, and trading activity of some specs were successfully achieved. However, sales of regular specs remained poor somewhat. Price-wise, offers for first-class, second-class and third-class VFY 120D were seen rolling over at firm levels week on week. Seeing firm deals gradually following up, viscose filament producers may try to conclude deals at fresh prices in the coming week. In India, viscose




filament yarn prices remained unchanged this week, given the stability in cost and stagnant demand.

In China, offers for viscose filament 120D bright stable at 39.00 Yuan a kg (US$5.80 a kg,), and dull at 38.75 Yuan a kg (US$5.76 a kg). 300D bright prices were at 29.40 Yuan a kg (US$4.37 a kg) and dull at 25.90 Yuan a kg (US$3.85 a kg). All quotes were down US cents 2, due to weak Yuan. In India, VFY prices rolled over, with 100D bright VFY at INR388 a kg (US$5.53 a kg) and 450D at INR 225 a kg (US$3.21 a kg), both up US cents 4-7 due to weak US$. Export price realization in January had averaged US$4.85 per kg as against US$4.18 per kg in December and US$4.34 a kg in January last year.

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# Wool & Speciality Fibres

| Wool | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Australia** | | | | **South Africa** | | | |
| AWEX EMI (cents/kg) | | | | Cape Wools Merino Indicator (cents/kg) | | | |
| | 7-Mar | 28-Feb | change | | 6-Mar | 27-Feb | change |
| A$ | 2,008 | 2,016 | -0.40% | Rand | 22,178 | 21,760 | 1.92% |
| US$ | 1,415 | 1,441 | -1.80% | US$ | 1,561 | 1,571 | -0.64% |
| **New Zealand** | | | | **United Kingdom** | | | |
| NZ Wool Services Indicators Coarse Crossbred (cents/kg) | | | | British Wool Fleece Indicator (clean) | | | |
| | 7-Mar | 28-Feb | change | | 26-Feb | 12-Feb | change |
| NZ$ | 298 | 292 | 2.05% | pence/kg | 147 | 149 | -1.34% |
| US$ | 202 | 200 | 1.00% | US cents/kg | 196 | 191 | 2.62% |
| 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 | | |
| | 8-Feb | 25-Feb |
| Chinese Cashmere (dehaired) | | |
| White | | |
| Hosiery 38mm | 142.00 | 141.00 |
| Weaving 32mm | 132.00 | 134.00 |
| Brown | | |
| Hosiery 38mm | 131.00 | 130.00 |
| Weaving 32mm | 127.00 | 123.00 |
| Mongolian Cashmere (dehaired) | | |
| Brown | 106.00 | 104.00 |
| Light Grey | 106.00 | 104.00 |
| Afghan/Iranian Cashmere (dehaired) | | |
| White | 100.00 | 100.00 |
| Fawn | 98.00 | 97.00 |
| Dark Brown | 98.00 | 97.00 |
| Alpaca Tops | | |
| White | | |
| Baby (BL) | NQ | NQ |
| Fine Spinning (FS) | NQ | NQ |
| Adult (AG) | NQ | NQ |
| Camel Hair (dehaired) | | |
| Super-baby | 50.00 | 49.00 |
| Medium baby | NQ | NQ |
| Adult | 48 | 47 |
| Silk | | |
| Mulberry Sliver | 47 | 47 |
| Mulberry Noil | 24 | 24 |
| Tussah Sliver | 33 | 33 |
| Tussah Noil | 22 | 22 |
| Source: The Schneider Group | | |

Aussie market falls for second week as Merino types decline

**By Jonathan Dyson**

The Australian wool market recorded losses for a second consecutive week, with falls across the Merino types, although prices for the crossbred wools continued to increase. More

NZ Coarse Crossbred Indicator climbs by 2%

**By Jonathan Dyson**

The New Zealand wool market experienced a significant uplift this week. More

Good competition lifts SA market by 1.9%

**By Jonathan Dyson**

The South African wool market ended higher at this week's auction, held on 5-6 March, with the Cape Wools Merino Indicator increasing by 418 points (1.9%) to close at a value of R221.78 (clean). More

Weaker rand and good demand boost mohair market

**By Jonathan Dyson**

The second South African mohair sale of the 2019 summer season took place on 5 March, with 105,013 kg on offer. More

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# Fabric

| 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" |
| 18/01/2019 | 9.322 | 5.715 | 7.984 | 4.450 | 4.720 |
| 25/01/2019 | 9.322 | 5.715 | 7.984 | 4.450 | 4.720 |
| 01/02/2019 | 9.322 | 5.715 | 7.984 | 4.450 | 4.720 |
| 08/02/2019 | 9.322 | 5.715 | 7.984 | 4.450 | 4.720 |
| 15/02/2019 | 9.322 | 5.715 | 7.984 | 4.450 | 4.720 |
| 22/02/2019 | 9.322 | 5.715 | 7.984 | 4.450 | 4.720 |
| 01/03/2019 | 9.322 | 5.715 | 7.984 | 4.450 | 4.720 |
| 08/03/2019 | 9.322 | 5.715 | 7.984 | 4.450 | 4.720 |

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# Trade

## WASDE March report keeps US cotton balance unchanged

The WASDE report of March 2019 has kept the US 2018-19 cotton supply and demand estimates unchanged from last month.

The projected range for the marketing year average price received by producers of US cents 69-71 per pound is reduced US cents 2, as the reported average price for January fell below previous expectations.

This month's 2018-19 world cotton estimates showed higher production and ending stocks, and slightly lower trade.

Production is estimated up 350,000 bales in Brazil on higher area and 200,000 bales up in Pakistan based on arrivals at gins.

Production is 100,000 bales lower in Australia due to weather. World trade is forecast 140,000 bales lower with reductions for Brazil and Indonesia on the export and import sides based on activity to date.

World ending stocks for 2018-19 are forecast 590,000 bales higher this month, at 76.1 million bales. This would be 5.1 million bales below their revised 2017-18 level.

**World and U.S. Supply and Use for Cotton [1]**

**Million 480-lb Bales**

| | | | Opening stock | Output | Import | Domestic use | Export | Loss 2 | Ending stock |
|---|---|---|---|---|---|---|---|---|---|
| World | 2016-17 | | 90.34 | 106.66 | 37.70 | 116.18 | 37.91 | 0.21 | 80.40 |
| | 2017-18 (Est.) | | 80.40 | 123.78 | 40.93 | 122.58 | 40.92 | 0.47 | 81.14 |
| | 2018-19 (Proj.) | Feb | 81.05 | 118.45 | 42.31 | 123.64 | 42.32 | 0.36 | 75.50 |
| | | Mar | 81.14 | 118.89 | 42.18 | 123.59 | 42.18 | 0.36 | 76.09 |
| United States | 2016-17 | | 3.80 | 17.17 | 0.01 | 3.25 | 14.92 | 0.06 | 2.75 |
| | 2017-18 (Est.) | | 2.75 | 20.92 | 3/ | 3.23 | 15.85 | 0.30 | 4.30 |
| | 2018-19 (Proj.) | Feb | 4.30 | 18.39 | 0.01 | 3.20 | 15.00 | 0.20 | 4.30 |
| | | Mar | 4.30 | 18.39 | 0.01 | 3.20 | 15.00 | 0.20 | 4.30 |
| Other than US | 2016-17 | | 86.54 | 89.49 | 37.69 | 112.93 | 22.99 | 0.15 | 77.65 |
| | 2017-18 (Est.) | | 77.65 | 102.86 | 40.93 | 119.35 | 25.07 | 0.17 | 76.84 |
| | 2018-19 (Proj.) | Feb | 76.75 | 100.06 | 42.30 | 120.44 | 27.32 | 0.16 | 71.20 |
| | | Mar | 76.84 | 100.50 | 42.17 | 120.39 | 27.18 | 0.16 | 71.79 |

1/ Marketing year beginning August 1. Totals may not add exactly and trade may not balance due to rounding and other factors.
2/ Generally reflects cotton lost or destroyed in the marketing channel; for Australia, Brazil, China, and the United States, reflects the difference between implicit stocks based on supply less total use and indicated ending stocks.
3/ Less than 5,000 bales.

**U.S. Cotton Supply and Use [1/]**

| | 2016-17 | 2017-18 Est. | 2018-19 Proj. | 2018-19 Proj. |
|---|---|---|---|---|
| | | | Feb | Mar |
| | Million Acres | | | |
| Planted | 10.07 | 12.72 | 14.04 | 14.10 |
| Harvested | 9.51 | 11.10 | 10.37 | 10.53 |
| | | | | Pounds |
| Yield per Harvested Acre | 867.00 | 905.00 | 860.00 | 838.00 |
| | Million 480 Pound Bales | | | |
| Beginning Stocks | 3.80 | 2.75 | 4.30 | 4.30 |
| Production | 17.17 | 20.92 | 18.39 | 18.39 |
| Imports | 0.01 | - | 0.01 | 0.01 |
| Supply, Total | 20.98 | 23.68 | 22.70 | 22.70 |
| Domestic Use | 3.25 | 3.23 | 3.20 | 3.20 |
| Exports, Total | 14.92 | 15.85 | 15.00 | 15.00 |
| Use, Total | 18.17 | 19.07 | 18.20 | 18.20 |
| Unaccounted 2/ | 0.06 | 0.30 | 0.20 | 0.20 |
| Ending Stocks | 2.75 | 4.30 | 4.30 | 4.30 |
| Avg. Farm Price 3/ | 68.00 | 68.60 | 71.00 - 73.00 | 69.00 - 71.00 |

1/ Upland and extra-long staple; marketing year beginning August 1. Totals may not add due to rounding.
2/ Reflects the difference between the previous season's supply less total use and ending stocks.
3/ Cents per pound for upland cotton.

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