WTiN Textile Economics

Executive Market Report Summary 29 January 2018

Cost summary	26-Jan-18	
	US$/kg	Change on Week
Polyester		
China PSF 1.4 den	1.46	1.24%
China FDY 50 den/24f	1.79	-0.57%
China DTY 150den/48f	1.70	0.63%
Viscose		
China VSF 1.5 den, 38mm	2.32	1.33%
Polyamide		
China FDY 70 den/24f	3.51	2.11%
Cotton		
Cotlook A Index	2.04	-1.02%
Wool		
AWEX EMI	13.98	-2.51%
Yarn		
China Cotton combed 32s (weaving)	3.98	1.19%
China Cotton combed 40s (weaving)	4.19	1.19%
Indian cotton carded 30s (weaving)	2.82	-2.42%
Indian cotton combed 40s (weaving)	3.53	-3.02%
Taiwan p/c 45s	4.65	0.00%
WTI Oil $ per Barrel		
WTI Crude Oil Price- 01-Jan	60.46	
WTI Crude Oil Price- 08-Jan	61.73	
WTI Crude Oil Price- 15-Jan	64.22	
WTI Crude Oil Price- 22-Jan	63.66	-0.87%

Manmade Fibres

- US: Countervailing duties for polyester staple fibre imports benefit US producers

Cotton

- Pakistan: Karachi cotton prices positive YoY but stable WoW

Yarns

- Indian cotton prices dip marginally / Exported yarn prices stable WoW

Wool & Speciality Fibres

- EMI suffers biggest weekly fall in 2.5 years
- Coarse Crossbred Indicator up 2.9% at combined sale
- SA wool market 3.3% lower as all types ease
- British wool stays firm with 86.5% clearance

Fabrics

- China: YTD cloth production down in 2017 up to November

Weekly Market Review

The US dollar dropped further against the Chinese yuan by 1.2% this week, relative to the week before, and continued to place upward pressure on the dollar value of Chinese staple fibres, yarns and fabrics.

YTD figures provided by China's National Bureau Statistics show that cloth production in China dropped year-on-year in 2017 up to November. The difference in accumulated profits in November and October suggests recorded cloth production dropped steeply in November year-on-year, and relative to the previous month.

Pakistan cotton prices have moved positively due to tight supply in the market since early December, despite withdrawing tariffs on Indian imports. The cotton market in Pakistan faced a lot of challenges in addition to its devaluation of currency against the US dollar, but this week Karachi cotton prices remained stable relative to the week before, as prices stabilised.

India's cotton output was attacked by bollworms in Maharashtra, leading to a downward revision in available supply. India was expected to account for 25% of global cotton production, according to the United States Department of Agriculture. According to the Cotton Association of India, more than a quarter of its production came from Maharashtra in the previous market year, so pest attacks and weak yields in the area could lead to upward pressure in global cotton prices.

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Price movement key: Increase Unchanged Decrease

Manmade Fibres

Man-Made Fibre Prices (ex-works) in Eastern China						
Date	26-Jan		19-Jan			
Intermediates	yuan/tonne	US$/Kilogram	yuan/tonne	US$/Kilogram	Yuan Price change (%)	US Dollar Price Change (%)
PX (FOB South Korea)		0.980		0.967		1.34
PTA	5,670	0.896	5,640	0.881	0.53	1.73
MEG	7,860	1.242	7,960	1.243	-1.26	-0.08
Caprolactam	16,000	2.529	16,100	2.515	-0.62	0.56
Acrylonitrile	14,750	2.332	14,200	2.218	3.87	5.11
PET	8,778	1.388	8772	1.370	0.07	1.26
Polyester filament						
FDY 50 den/24f	11,300	1.786	11,500	1.796	-1.74	-0.57
DTY 50 den/72f	15,700	2.482	15,800	2.468	-0.63	0.55
DTY 150 den/48f	10,740	1.698	10,800	1.687	-0.56	0.63
POY 150 den/48f	8,880	1.404	8,920	1.393	-0.45	0.74
FDY 150 den/96f	9,470	1.497	9,530	1.489	-0.63	0.55
Polyamide 6 filament						
FDY 70 den/24f	22,200	3.509	22,000	3.437	0.91	2.11
Staple fibre						
Polyester 1.4 denier 38 mm	9,235	1.460	9,230	1.442	0.05	1.24
Viscose 1.5 denier, 38mm	14,700	2.324	14,680	2.293	0.14	1.33
Acrylic 1.5 denier, 38 mm	15,620	2.469	15,620	2.440	0.00	1.19

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
3-Jan	1.2	1.55	1.7	1.85
10-Jan	1.2	1.55	1.7	1.85
17-Jan	1.2	1.55	1.7	1.85
24-Jan	1.2	1.55	1.7	1.85

US: Countervailing duties for polyester staple fibre imports benefit US producers

By Ralph A. Taylor-Smith

Two weeks ago, the US announced countervailing duty determinations on imported polyester from China and India to the benefit of producers in the US. Claims have been made for some time that China and India have been subsidising their polyester production – which has negatively affected the competitiveness of American producers in the American market.

Imports of polyester staple fibre from Chinese firms such as Jiangyin Hailun Chemical Fiber Co are expected to see their Countervailing Duty Rate at 38%, while Jiangyin Huahong Chemical Fiber Co is expected to see its duty rate at 47.57%. All other polyester staple fibres from China are expected to see their duty rate at 42.79%.

Bombay Dyeing and Manufacturing Co is expected to see its produce enter America with a duty rate of 13.38%, while Reliance Industry is expected to see its own produce enter America with a 27.36% duty rate. All other polyester staple fibres from India will have a rate of 24.80%.

Anti-dumping investigations into whether imported polyester staple fibres from India and China have had a negative effect on the US domestic industry were conducted by the US International Trade Commission. According to economic theory, US polyester producers can be negatively impacted from subsidied output from India and China, as Chinese and Indian producers would be in a better position to undercut the US and gain market share in the US market. American consumers, however, would benefit as its bargaining, and purchasing power rise from lowered prices and increased competition among producers. Such competition could prove to limit American domestic producers' ability to raise prices. Relatively inefficient firms may therefore lose out in the

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competition, thus leading to material injury in the industry.

Major US polyester fibre producers (DAK Americas LLC, America and Auriga Polymers Inc and Nan Ya Plastics Corporation) filed petitions with the ITC and the US Department of Commerce on 31 May 2017, alleging that China, India, Korea and Taiwan dumped polyester staple fibres into the US market, and subsidised imports from China and India are causing material injury to the domestic industry.

The rising competition as a result of such policies would be deemed unfair to American producers, because Chinese and Indian producers could be in a position to sell their produce at a loss and still make profits due to a portion of their finance coming directly from the government (dumping). The ITC's final decision will determine whether anti-dumping duties and countervailing duties are imposed.

Theoretically, from the perspective of China and India, subsidisation of polyester staple fibres is beneficial for their domestic market as both consumers and producers would benefit from the activity. Buyers of polyester staple fibres would be able to carry on with its buying activities at lower price levels, maximising their utility, while producers would be able to produce at a higher amount with guaranteed payment at the expense of taxpayers. Government revenue, and the taxpayers financing the scheme, would lose out unless the benefit of the subsidies outweighs the costs.

In the short-term, US rising import duties would benefit polyester producers at the expense of American buyers. Facing less competition from Chinese and Indian subsidised products could give them the flexibility to raise prices.

In the long-term, the US raising duties for polyester staple fibres could divert those primary products to other buyers and could lead to competitive prices for products further down the supply chain (yarns, fabrics and clothes).

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Cotton

ICE futures (New York)				ZCE futures (Zhengzhou)			
No.2 contract (US cents/lb)				No. 1 contract (RMB/tonne)			
	26-Jan	19-Jan	Change		26-Jan	19-Jan	Change
Mar	80.48	83.42	(2.94)	Mar	15,320	15,250	70
May	81.22	83.79	(2.57)	May	15,530	15,375	155
July	81.72	84.23	(2.51)	July	15,620	15,435	185
Oct	76.60	77.64	(1.04)	Sept	15,945	15,765	180
Dec	75.51	75.75	(0.24)	Nov	15,985	15,795	190
Mar	75.67	75.75	(0.08)	Jan	15,905	15840	65
May	75.53	75.49	0.04				

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)		
26-Jan	19-Jan	Change	26-Jan	19-Jan	Change
92.85	93.35	(0.50)	7500	7,500	0

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)		
26-Jan	19-Jan	Change	26-Jan	19-Jan	Change
15,703	15,660	43	41800	41,500	300

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)		
26-Jan	19-Jan	Change
89.77	88.2	1.57

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

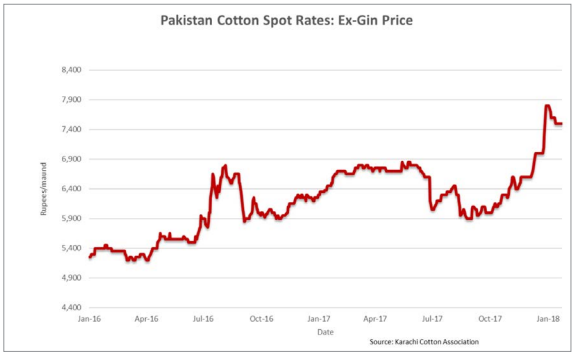
Pakistan: Karachi cotton prices positive YoY but stable WoW

By Ralph A. Taylor-Smith

At the beginning of December 2016, domestic mills in Pakistan started negotiations to import cotton from India at 79-79.50 cents per pound. This was expected to lead to greater supply in the domestic market and put downward pressure on cotton prices. Prices firmed up due to relatively stronger demand, but the increased imports in Pakistan from India looked economical due to the proximity of India and Pakistan allowing for cheaper freight rates and quicker deliveries.

The Pakistan Textile Mills Association (APTMA) urged the government to remove restrictions to import cotton from India to further improve margins among mills. Yarn prices improved and mills did well with reports of higher sales.

By mid-December, Pakistan's currency devaluation, coupled with downward revision in expected crop production this market year (August 2017/July 2018), led to upward pressure in prices. Cotton producers from India could not compensate for the rising prices in Pakistan due to their pink Bollworm attack, which was said to have reduced the size of their crop to a large extent. India is currently the biggest cotton producer in the world, accounting for more than a quarter of total cotton supply, according to USDA forecasted figures in December. According to Cotton Association of India, Maharashtra accounted for more than a quarter of India's total production in the previous market year (starting from October 2016). A reduction in cotton output in India led to



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higher prices globally.

Prices of cotton in Pakistan held firm towards the end of December, as fears were expressed that shipments of Indian cotton bought by spinners in Pakistan may not be shipped, as they had been bought at cheaper rates. The appreciation of the US dollar against the rupee may have caused little friction, however, as cotton from India arrived into Pakistan from 1 January.

By mid-January, there were reports that stated cotton cultivation was losing its acreage to sugar cultivation, leading to a drop in cotton production. Domestic mills were therefore compelled to import more, even in the face of rising prices in India and devaluation of the PKR. Pakistan is a net importer when it comes to cotton fibres, and shifting acreage from cotton could be detrimental to its textile industry, which is the largest exporting sector.

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Wool & Speciality Fibres

Wool							
Australia				**South Africa**			
AWEX EMI (cents/kg)				Cape Wools Merino Indicator (cents/kg)			
	24-Jan	18-Jan	change		24-Jan	17-Jan	change
A$	1,744	1,801	-3.16%	Rand	18,556	19,183	-3.27%
US$	1,400	1,434	-2.37%	US$	1,549	1,559	-0.64%
New Zealand				**United Kingdom**			
NZ Wool Services Indicators	Coarse Crossbred (cents/kg)			British Wool Fleece Indicator (clean)			
	25-Jan	18-Jan	change		23-Jan	9-Jan	change
NZ$	286	278	2.88%	pence/kg	151	145	4.14%
US$	211	203	3.94%	US cents/kg	216	196	10.20%
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		
	Jan-15	Jan-19
Chinese Cashmere (dehaired)		
White		
Hosiery 38mm	117.00	117.00
Weaving 32mm	112.00	112.00
Brown		
Hosiery 38mm	110.00	110.00
Weaving 32mm	105.00	105.00
Mongolian Cashmere (dehaired)		
Brown	90.00	91.00
Light Grey	89.00	90.00
Afghan/Iranian Cashmere (dehaired)		
White	80.00	80.00
Fawn	78.00	78.00
Dark Brown	78.00	78.00
Alpaca Tops		
White		
Baby (BL)	28.00	28.00
Fine Spinning (FS)	24.00	24.00
Adult (AG)	17.00	17.00
Camel Hair (dehaired)		
Super-baby	36.00	36.00
Medium baby	28.00	28.00
Adult	23.00	23.00
Silk		
Mulberry Sliver	47.50	47.50
Mulberry Noil	24.50	24.50
Tussah Sliver	35.00	35.00
Tussah Noil	22.00	22.00
Source: The Schneider Group		

EMI suffers biggest weekly fall in 2.5 years

By Jonathan Dyson

The Australian wool market experienced further losses this week, following last week's correction. More

Coarse Crossbred Indicator up 2.9% at combined sale

By Jonathan Dyson

The New Zealand wool market saw an upturn this week despite a stronger local currency. More

SA wool market 3.3% lower as all types ease

By Jonathan Dyson

The South African wool market traded lower on 23-24 January, with the Cape Wools Merino Indicator decreasing by 627 points (3.3%) to close at a value of R185.56 (Clean). More

British wool stays firm with 86.5% clearance

By Jonathan Dyson

The British wool market stayed firm at the sale held on 23 January, compared with the previous sale held on 9 January. More

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Yarns

Yarn export quotations										USD % change on Week			
Indicative prices prevailing during week ended Jan 26 (previous week's values shown in parentheses)		India				Taiwan				India		Taiwan	
		Weaving		Knitting		Weaving		Knitting		Weaving	Knitting	Weaving	Knitting
Cotton													
Open-end	10s					2.10	(2.10)					0.00	
Carded	20s	2.66	(2.74)			3.15	(3.15)	3.10	(3.10)	-2.92		0.00	0.00
	30s	2.82	(2.89)	2.79	(2.86)	3.60	(3.60)	3.55	(3.55)	-2.42	-2.45	0.00	0.00
Combed	20s	2.99	(3.05)	2.94	(3.02)	3.60	(3.60)	3.55	(3.55)	-1.97	-2.65	0.00	0.00
	30s	3.17	(3.24)	3.13	(3.19)	4.20	(4.20)	4.15	(4.15)	-2.16	-1.88	0.00	0.00
	40s	3.53	(3.64)	3.41	(3.53)	4.65	(4.65)	4.60	(4.60)	-3.02	-3.40	0.00	0.00
P/C (65:35)													
	30s	3.10	(3.13)			4.20	(4.20)			-0.96		0.00	
	45s	3.72	(3.79)			4.65	(4.65)			-1.85		0.00	
Viscose													
	30s	3.07	(3.07)							0.00			
Prices expressed in US$/kg, FOB, cash against documents													
Source: WTiN													

Chinese Spun Yarn Prices (ex-warehouse terms)						
Qianqing Raw Materials Market					% Change in Yuan	% Change in US Dollar
	26-Jan		19-Jan			
	yuan/tonne	US$/kg	yuan/tonne	US$/kg		
Polyester 32s	13,900	2.20	13,900	2.17	0.00	1.19
Viscose 30s	19,300	3.05	19,300	3.01	0.00	1.19
Poly/cotton 32s	17,600	2.78	17,600	2.75	0.00	1.19
Poly/viscose 40s	18,250	2.88	18,250	2.85	0.00	1.19
Prices from Anhui					% Change in Yuan	% Change in US Dollar
	26-Jan		19-Jan			
		US$/kg	yuan/tonne	US$/kg		
Cotton carded 32s	23,000	3.64	23,000	3.59	0.00	1.19
Cotton combed 32s	25,200	3.98	25,200	3.94	0.00	1.19
Cotton carded 40s	24,700	3.90	24,700	3.86	0.00	1.19
Cotton combed 40s	26,500	4.19	26,500	4.14	0.00	1.19

Pakistan: Karachi Cone Cotton Yarn Market (Wholesale price)						
Cone	Friday, January 26, 2018		Friday, January 19, 2018		PKR % change	USD % change
	Mean PKR per 10lb	US$ per kg	Mean PKR per 10lb	US$/kg		
Carded 10/1	1,067	2.124	1,067	2.126	0.00	-0.09
Carded 40/1	1,800	3.585	1,800	3.588	0.00	-0.09
Carded 22/1	1,390	2.768	1,410	2.810	-1.42	-1.51
Carded 30/1	1,594	3.175	1,596	3.181	-0.09	-0.18
Combed 40/1	1,800	3.585	1,900	3.787	-5.26	-5.35
Source: Brecorder , X-Rates						

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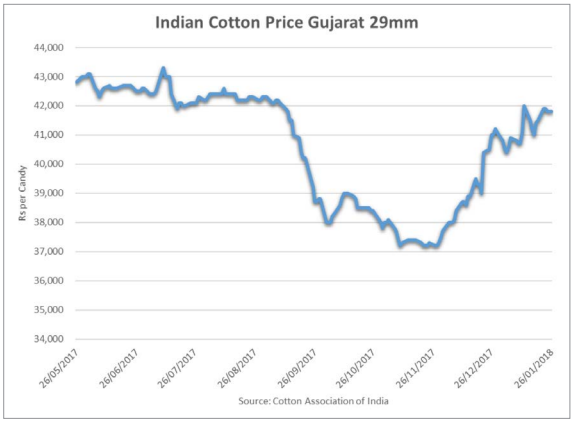
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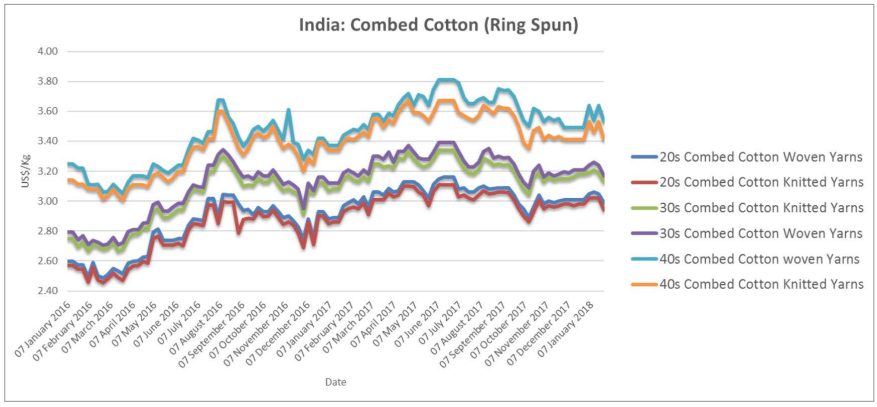
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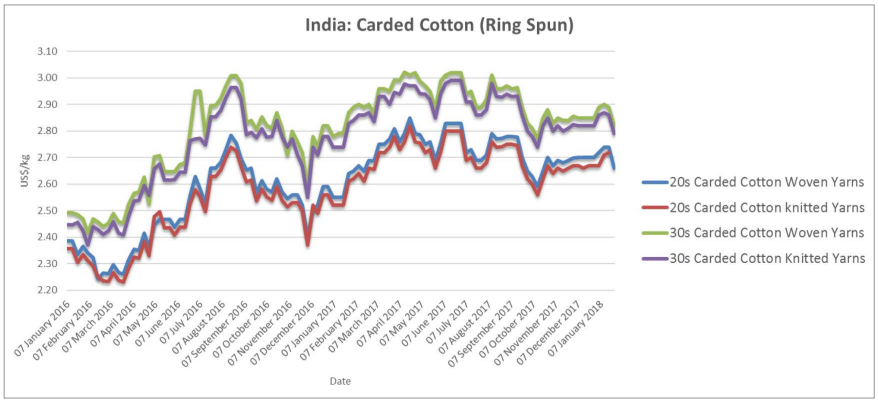
Cotton prices dipped marginally and have now stabilised after price volatility in the month prior. Yarn prices quietly inched up and spinners reported improved margins with stable supply of cotton. Despite the cotton index being higher, export prices remained the same week-on-week.

Reports from Maharashtra claim that expected yields were revised downwards in the region, as a result of pest attacks from bollworms, which started to negatively impact supply since early December. Negative supply shocks, coupled with increased exposure to markets in Pakistan, helped appreciate the value of Indian cotton in the long-term.

The INR hardened against the US dollar, placing downward pressure on the dollar value of cotton yarn exports.





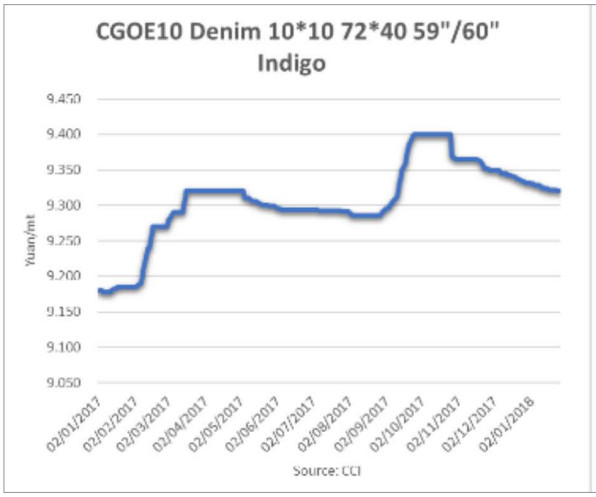


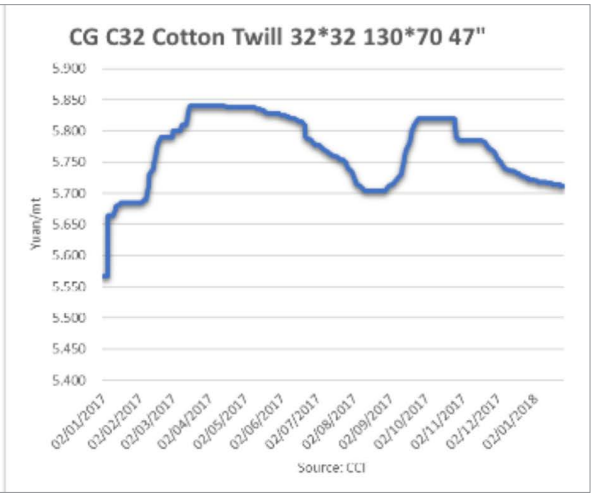
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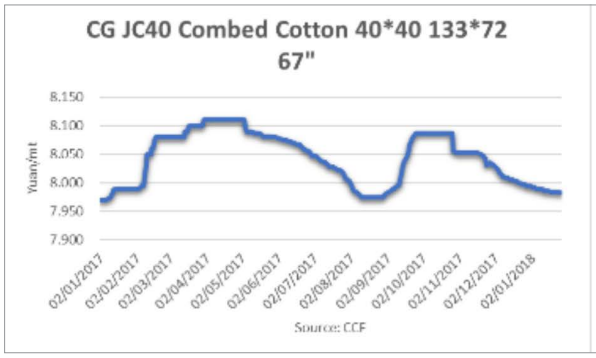
Price movement key: Increase Unchanged Decrease

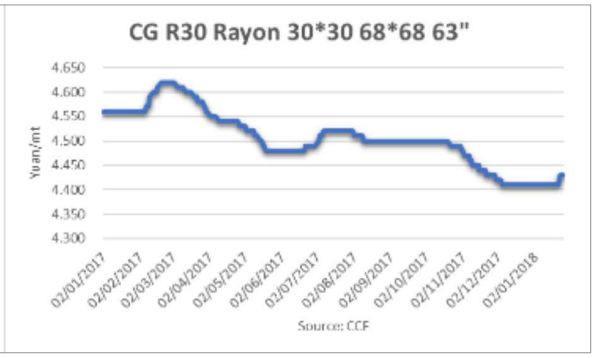
Fabrics

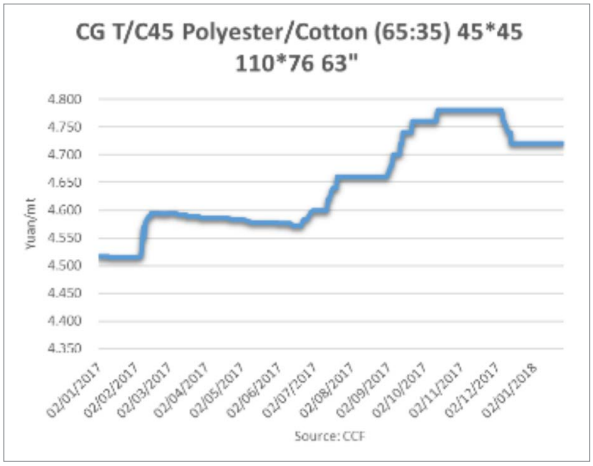
Yuan/mt	China Grey Fabric				
	CGOE10 Denim 10*10 72*40	CG C32 Cotton Twill 32*32 130*70	CG JC40 Combed Cotton 40*40	CG R30 Rayon	CG T/C45 Polyester/Cotton (65:35)
01/01/2018	9.332	5.722	7.994	4.410	4.720
02/01/2018	9.330	5.720	7.992	4.410	4.720
03/01/2018	9.330	5.720	7.992	4.410	4.720
04/01/2018	9.330	5.720	7.992	4.410	4.720
05/01/2018	9.328	5.718	7.990	4.410	4.720
08/01/2018	9.328	5.718	7.990	4.410	4.720
09/01/2018	9.328	5.718	7.990	4.410	4.720
10/01/2018	9.326	5.718	7.988	4.410	4.720
11/01/2018	9.326	5.718	7.988	4.410	4.720
12/01/2018	9.324	5.716	7.986	4.410	4.720
15/01/2018	9.324	5.716	7.986	4.410	4.720
16/01/2018	9.324	5.716	7.986	4.410	4.720
17/01/2018	9.322	5.714	7.984	4.410	4.720
18/01/2018	9.322	5.714	7.984	4.410	4.720
19/01/2018	9.322	5.714	7.984	4.410	4.720
22/01/2018	9.322	5.714	7.984	4.430	4.720
23/01/2018	9.322	5.714	7.984	4.430	4.720
24/01/2018	9.320	5.712	7.982	4.430	4.720
25/01/2018	9.320	5.712	7.982	4.430	4.720
26/01/2018	9.320	5.712	7.982	4.430	4.720











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China: YTD cloth production down in 2017 up to November

By Ralph A. Taylor-Smith

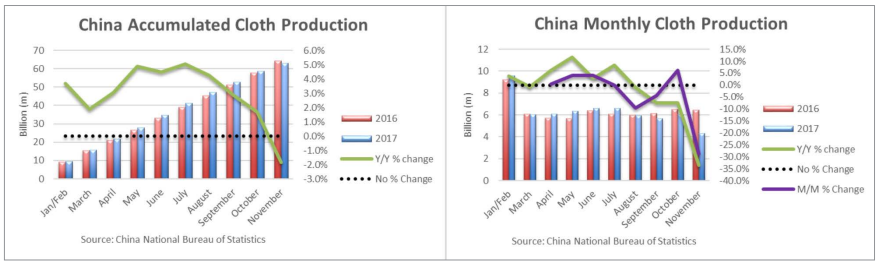
Figures provided by China's National Bureau of Statistics and CEIC show accumulated output of cloth in 2017 up to November dropped year-on-year due to low production in November. 63.1 billion metres were produced, down 1.9% relative to 64.29 billion metres the year before.

Within the month of November, cloth production underperformed both year-on-year and relative to the previous month. 4.29 billion metres were produced in China, down by more than a quarter relative to the same month previous year, and down by more than a third (33.6%) relative to the previous month.

China: Cloth Production (Billion m)							
					China Accumulated		
Month	2016	2017	Y/Y % change	M/M % Change	2016	2017	Y/Y % change
Jan/Feb	9.22	9.56	3.7%		9.22	9.56	3.7%
March	6.1	6.05	-0.8%		15.32	15.61	1.9%
April	5.72	6.07	6.1%	0.3%	21.04	21.68	3.0%
May	5.66	6.32	11.7%	4.1%	26.7	28	4.9%
June	6.4	6.58	2.8%	4.1%	33.1	34.58	4.5%
July	6.08	6.58	8.2%	0.0%	39.18	41.16	5.1%
August	6	5.94	-1.0%	-9.7%	45.18	47.1	4.2%
September	6.13	5.68	-7.3%	-4.4%	51.31	52.78	2.9%
October	6.52	6.03	-7.5%	6.2%	57.83	58.81	1.7%
November	6.46	4.29	-33.6%	-28.9%	64.29	63.1	-1.9%
December	7.16				71.45		
Source: WTiN					Source: China National Bureau of Statistics, CEIC		

*Cloth includes pure and blended cotton cloth, pure chemical-fibre cloth and canvas, but excludes substitute fibre cloth, hand-woven cloth and cord fabric

*Monthly Figures are determined by the difference between Accumulated output in the current month and Accumulated output previous month



Summary
Manmade Fibres
Cotton
Wool & Speciality Fibres
Yarns
Fabrics