

Yarn Market Weekly

May 15

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HIGHLIGHT

China yarn

Cotton yarn price inched down as well as rayon yarn and polyester/cotton yarn prices. Polyester yarn price moved up, and polyester/rayon yarn and cotton/rayon yarn prices kept stable.

International yarn

Cotton yarn market in Pakistan remains stagnant and yarn stocks are mounting. Export demand failed to improve. Chinese cotton yarn inventories rose further last month. US imports of cotton apparel fell 12 percent by value in the first quarter of this year. Those from China decreased by 50 percent.

	15-May	W-o-w change %
Cotton type 3128	11920	-0.25%
32S carded yarn	18720	-0.05%
Cotton grey fabric	4.56	0%
PSF 1.4D*38mm	5640	-0.97%
Polyester yarn 32S	9650	0.52%
Polyester/cotton grey fabric	4.52	0%
VSF 1.5*38mm	8900	1.71%
Rayon yarn 30S	12300	0%
Rayon grey fabric	3.44	-0.29%

Source: CCFGroup.com

Note: Unit: yuan/mt for cotton and cotton yarn, and yuan/meter for grey fabric

Operating rates and inventory		
% & Day	15-May	w-o-w change
Yarn Inventory	29	-3.01
Yarn Spinning mills O/R	50.4	4.35
Grey fabric inventory	30.9	-1.59
Grey fabric Loom O/R	49.7	4.41

RMB Exchange rate

Currency Name	Selling Rate
USD	7.12
EUR	7.71
AUD	4.58
GBP	8.63
100 JPY	6.65
100 ZAR	38.35
100 THB	22.24

Source: BOC, May 15, 2019



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Overseas yarn market
Price

Variety (US dollar per kilo FOB)		Average weekly	W-o-w change
Pakistan	20S	1.98	0
India	20S	2.05	-0.05
Turkey	20S	2.6	-0.05
Indonesia	20S	2.56	0
China	21S	2.53	-0.05
Uzbekistan	20S	2.1	0
Pakistan	30S	2.4	0
India	30S	2.3	-0.05
Turkey	30S	2.85	-0.05
Indonesia	30S	2.85	0
China	32S	2.65	-0.01
Uzbekistan	30s	2.2	0

Market roundup

Cotton yarn market in Pakistan remains stagnant and yarn stocks are mounting. Export demand failed to improve. Chinese cotton yarn inventories rose further last month. US imports of cotton apparel fell 12 percent by value in the first quarter of this year. Those from China decreased by 50 percent.

In Pakistan, the country's textile value chain remains in a state of crisis. Spinners reported no improvement in local yarn enquiry or offtake from weavers and knitters. Orders from Western retailers are not yet picking up, and those spinners that are working are accumulating unsold yarn stocks, which are now abundant. Meanwhile, buyers' yarn price ideas were moving down.

In Bangladesh, asking prices for the standard carded 30s yarn counts are typically quoted unchanged this week at around US\$ 2.70/2.80 per kg.

In far eastern markets, generally, there has been a dearth of buying interest from spinners, many of whom are faced with Covid-19 counter measures at home, or struggling with the indirect effects of those in place in value-added consuming markets. Some markets are also subject to holiday influences.

In Egypt, market activity slowed further in the month of Ramadan. The quantity of cotton registered for export by Alcotexa advanced by only five tonnes in week 36 of the marketing season (May 3-9): the single sale involved Giza 45 at 820 cents per lb. Shipments, too, came to an almost complete standstill, as just 66 tonnes were dispatched.

Imported yarn market in China

Spot yarns

Price					
Mainstream markets	Descriptions	Average weekly prices last week (Unit: yuan/mt)	Average weekly prices this week (Unit: yuan/mt)	Forecast	
Guangdong	Siro-spun 10S	15,500	15,200		→
	C20S for knitting	20,300	20,300		→
Zhejiang and Jiangsu	C21S for weaving	18,500	18,500		→
	C32S for weaving	18,500	18,200		→
	Combed C32S for knitting	20,700	20,400		→
Shandong	C21S for weaving	17,400	17,400		→
	C32S for weaving	18,200	18,000		→

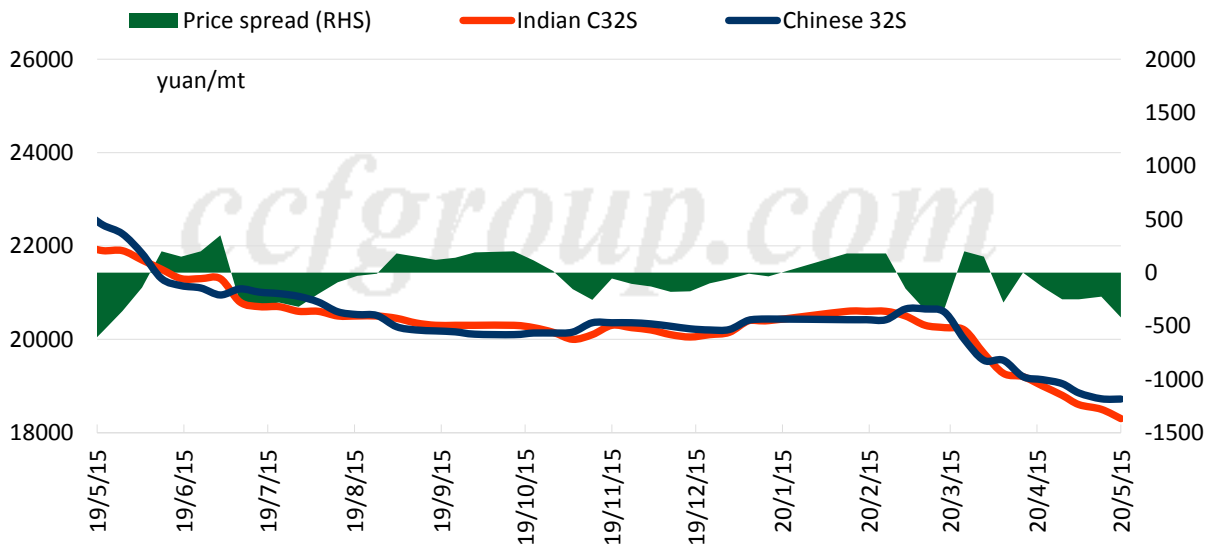
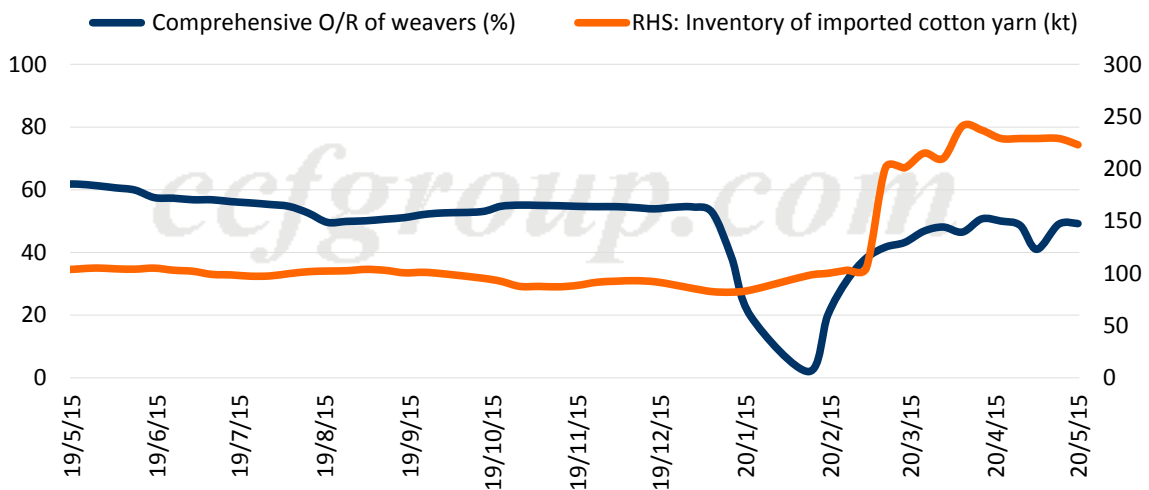
Market roundup

Modest trading emerged in spot imported cotton yarn market this week and speculative demand restored in some region from Friday until Sunday. The second-hand traders and fabric mills purchased more stocks. The traders also increased their purchases from factories in China, India, and Uzbekistan. The cotton yarn market sentiment improved. Last week, when the deal was good, the price went down and traders received more goods at a low price. This week, the market calmed down, negotiation room for cotton yarn narrowed, and the market price stabilized. In terms of actual orders, there was little recovery in the downstream. Traders' confidence restored somewhat and more speculative demand was heard in some region, but they still acted cautiously. The traders suffered a serious loss. The stocks was around 223kt at major China ports, around 86.9kt in Zhejiang and Jiangsu, 83kt in Guangdong and Fujian and around 35kt in North China.

Vietnamese carded 32S contamination controlled for air-jet was around 18,500yuan/mt, after-tax and OEC21S for air-jet dyed was around 13,500yuan/mt. Common-quality Indian combed 32S dyes were around 19,500-21,500yuan/mt in Guangdong. Mainstream Vietnamese carded 32S for knitting was offered around 18,500yuan/mt and carded 10S was around 15,000-15,300yuan/mt. Vietnamese carded 32S contamination controlled for rapier was around 18,000-18,700yuan/mt after-tax in Shandong. Uzbekistani carded 32S for weaving was around 18,000yuan/mt after-tax in Gaoyang. Port sources were basically the pre-holiday orders. Cost of new arrivals of Vietnamese carded 32S for air-jet weaving was around 19,500yuan/mt, with losses around 1,000yuan/mt. In the later stage, the cost of the arrivals decreased, and the cost gradually reduced to about 18,300yuan/mt, which was the same as the spot. Indian yarn sources were limited. Cost of new arrivals of Indian carded 32S for weaving was around 19,500yuan/mt, with losses around 1,000yuan/mt. Cost of new arrivals of second-lined Indian combed 32S for weaving was around 23,000yuan/mt, with losses around 2,500yuan/mt. Then the cost of arrivals has decreased significantly. The cost of carded 32S gradually decreased to 17,800yuan/mt, and the cost of combed 32S decreased to about 19,800yuan/mt. Cost of new arrivals of second-lined brand Pakistani siro-spun carded 10S was around 17,000yuan/mt, with losses around 2,000yuan/mt.

Market outlook

Sales ratio of both yarn and fabric industry are weak, and the fabric market is difficult to improve in short. If the epidemic is not over, downstream operating rate will maintain 30-50% for a long time. Eyes are suggested to orders recovery.

Price, O/R and inventory
Price of Indian and Chinese cotton yarn 32S and price spread

Operating rate and inventory of weavers using imported cotton yarn

Forward yarns
Price /CIF major China ports

Descriptions	Nations	Average weekly prices last week (Unit:\$/kg)	Average weekly prices this week	Forecast
Siro-spun C10S	Pakistan	2.26	2.26	→
OEC 10S	India	1.65	1.65	→
C21S for air-jet, grade-A	India	1.57	1.55	→
C32S for air-jet	India	2.21	2.13	→
	Vietnam for air-jet	2.35	2.35	↘
Combed C32S for knitting, , grade-A	India	1.91	1.91	↘
Indonesian combed C32S bleachable	India	2.32	2.32	↘

Market roundup

In the first half of this week, inquiries from Vietnam, Pakistan and India increased. On the whole, since May, the market activity has increased, local transactions have continued and defaults have occurred at the same time. In the second half, there was a significant increase in the volume of foreign trade, mainly in Indian combed yarn of and Vietnamese open-end yarn. This week, the cargos price was weak, forward imported yarn mills sold stocks at low level in better China cotton yarn procurement demand. This week, Indian yarn prices were stable and weak, and the deal significantly improved. Combed yarn was still in good condition, and the inquiry of carded yarn continued. The bid was relatively low, and there was a deal in some parts. There were some defaults in open-end and carded yarns, so the buyer and the seller negotiated again. New orders in India this week were mainly replenished by domestic traders. Compact siro-spun carded 26S was discussed at \$2.35-2.4/kg, equal to 19,900-20,300yuan/mt after-tax with tolerable trades. Carded 32S for air-jet reached \$2.15/kg, equal to 18,200yuan/mt after-tax with thin trades.

Price of Vietnamese forward cotton yarn was stable and demand improved somewhat this week. Yarn mills speeded up shipment and fresh orders were mainly from pen-end yarn. Ring-spun yarn sales did not increase much. The price of OEC21S contamination free was offered at \$1.67/kg after-tax, equal to 13,700yuan/mt with tolerable trades. Pakistani forward yarn price remained stable and price could be discussed this week. No big changed occurred in Pakistani yarn and inquiries from China continued but the new orders were limited. Siro-spun yarn defaults continued. Second-lined siro-spun carded 10S was offered at \$350-355/bale, equal to 15,700-16,000yuan/mt with sporadic transactions.

Market outlook

Apparel foreign orders have not restored. Eyes are suggested to order cautiously, and keep eyes on exchange rate lock and hedging.

Price

Description	Unit	11-May	15-May	Weekly AVE	W-O-W change %	Forecast
Cotton type 3128	yuan/mt	11,920	11,920	11,853	-0.25	~
PSF 1.4D*38mm	yuan/mt	5,695	5,640	5,636	-0.97	↗
Medium-grade VSF	yuan/mt	8,800	8,900	8,820	1.71	↗
Open-end cotton yarn 10S	yuan/mt	11,840	11,820	11,826	-0.17	↘
Cotton yarn 32S	yuan/mt	18,725	18,720	18,723	-0.05	↘
Combed cotton yarn 40S	yuan/mt	22,025	22,010	22,017	-0.09	↘
Grey fabric OE10	yuan/meter	7.970	7.970	7.970	0.00	↘
Grey fabric C32S	yuan/meter	6.460	6.460	6.460	0.00	↘
Grey fabric combed C40	yuan/meter	6.600	6.600	6.600	0.00	↘
CY 2009	yuan/mt	18,930	18,970	18,878	0.11	~

Operating rate and inventory of cotton yarn plants

	Unit	11-May	15-May	Weekly AVE	W-o-w Change %	Forecast
Inventory	day	31.30	30.90	31.10	-1.28	↗
O/R	%	44.50	44.50	44.50	0.00	→

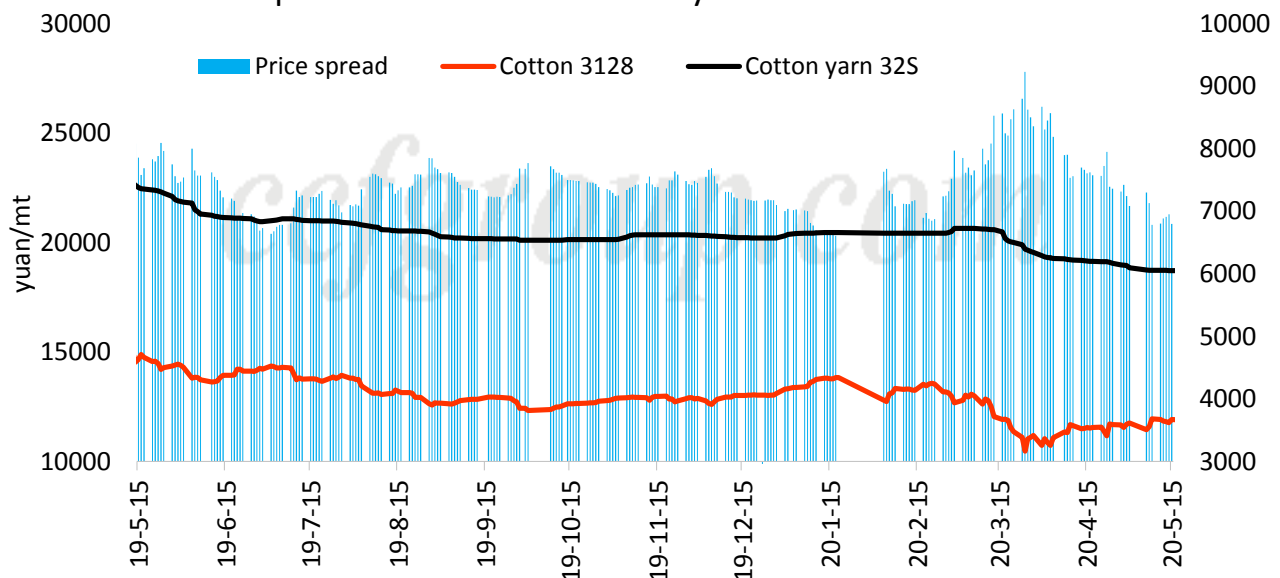
Import & Export (HS code: 5205)

	Dec-19	Jan-Feb	Mar
Import (Unit: kt)	160.48	268.55	182.04
Export (Unit: kt)	18.1	31.4	20.2

Market roundup

Cotton yarn price inched down as well as rayon yarn and polyester/cotton yarn prices. Polyester yarn price moved up, and polyester/rayon yarn and cotton/rayon yarn prices kept stable.

Price trend and spread of cotton and cotton yarn



Spot cotton price moved up after decline with small overall fluctuation. The transactions increased. Amid the slight decrease of ZCE cotton futures in May 12-14, trading sentiment of spot cotton was obviously better than that in Apr. After the futures increased on Friday, spot cotton trading weakened obviously.

Trading of cotton yarn quickened this week, mainly due to replenishment of traders. With weekends coming, the procurement cooled down. Cotton yarn price stayed weak and the mills gained thin profits in general. Open-end cotton yarn market improved slightly and cotton yarn mills mostly destocked with poor profit. OEC10S, OEC21S and OEC32S for air-jet prevailed at around 12,000yuan/mt, 14,000yuan/mt and 16,000yuan/mt.

Conventional cotton yarn was sold well. The inventory was tight and price kept stable. Demand for combed cotton yarn remained weak and negotiation room was large in some regions. High-grade carded 21S was mainly quoted at 18,000yuan/mt, carded 32S for rapier at 18,000yuan/mt with high-grade one at 18,500-19,000yuan/mt and bleachable one at around 19,500yuan/mt, carded 40S for rapier at 19,000yuan/mt with high-grade one at 19,500-20,000yuan/mt and bleachable one at around 20,500yuan/mt, high-grade compact-spun carded 32S and carded 40S at about 20,000yuan/mt and 21,000yuan/mt, combed 32S and combed 40S for knitting at 21,500yuan/mt and 22,500yuan/mt respectively.

Sales of high-count cotton yarn sustained dull and the inventory pressure existed. The price maintained weak. Compact-spun combed 60S for home textile ruled at 26,000-26,500yuan/mt with 100% bleachable one at 27,000-28,000yuan/mt.

Sales of cotton yarn accelerated and inventory of cotton yarn mills moved down slightly. The operating rate of mills recovered to the level before May Day holiday and then tended stable. Some weavers showed higher buying interest with low cotton yarn stocks and coming new orders, but most weavers still purchased cotton yarn on a hand-to-mouth basis.

Market outlook

Export orders have not improved much and the inventory pressure on cotton yarn mills still exist. In short run, cotton yarn price will keep dominated by bearish trend. If downstream orders do not turn better, cotton yarn mills may continue to suspend or cut production in late May.

Price

Description	Unit	11-May	15-May	Weekly AVE	W-O-W change %	Forecast
Cotton type 3128	yuan/mt	11,920	11,920	11,853	-0.25	~
PSF 1.4D*38mm	yuan/mt	5,695	5,640	5,636	-0.97	↗
Medium-grade VSF	yuan/mt	8,800	8,900	8,820	1.71	↗
Polyester yarn 32S	yuan/mt	9,600	9,650	9,640	0.52	↘
Polyester/cotton yarn 45S	yuan/mt	15,300	15,000	15,060	-1.64	↗
Grey fabric T/C45	yuan/meter	4.52	4.52	4.52	0.00	→

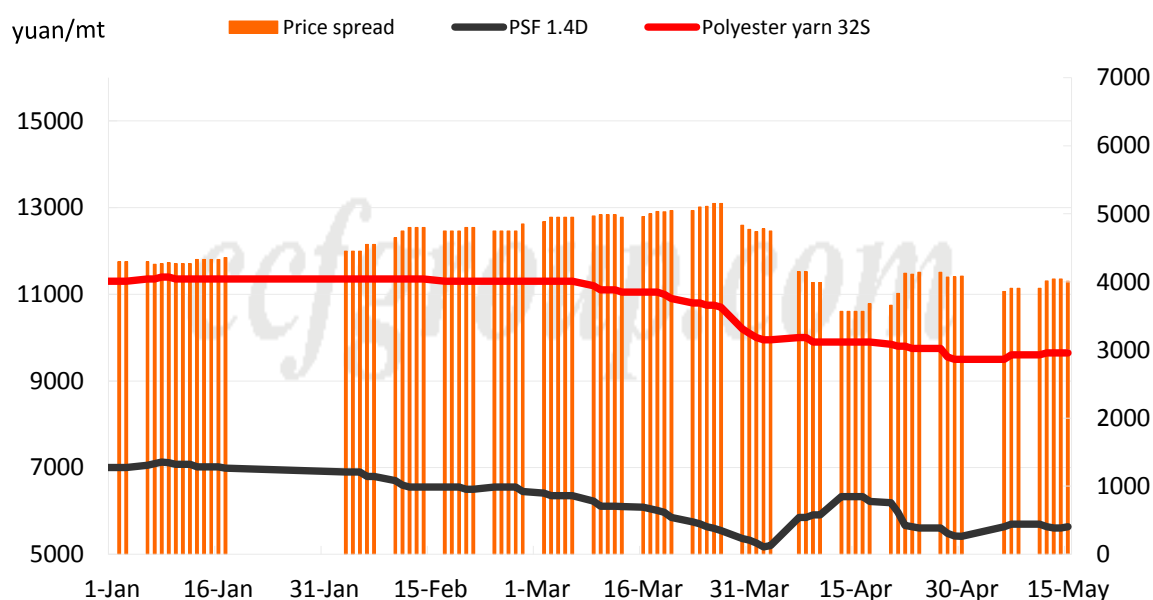
Operating rate and inventory of polyester yarn plants

	Unit	11-May	15-May	Weekly AVE	W-o-w Change %	Forecast
Inventory	day	19.40	20.40	19.96	4.08	↗
O/R	%	58.00	62.50	61.10	4.17	→

Market roundup

Cotton yarn price inched down as well as rayon yarn and polyester/cotton yarn prices. Polyester yarn price moved up, and polyester/rayon yarn and cotton/rayon yarn prices kept stable.

Price Trend and Spread of PSF and Polyester Yarn

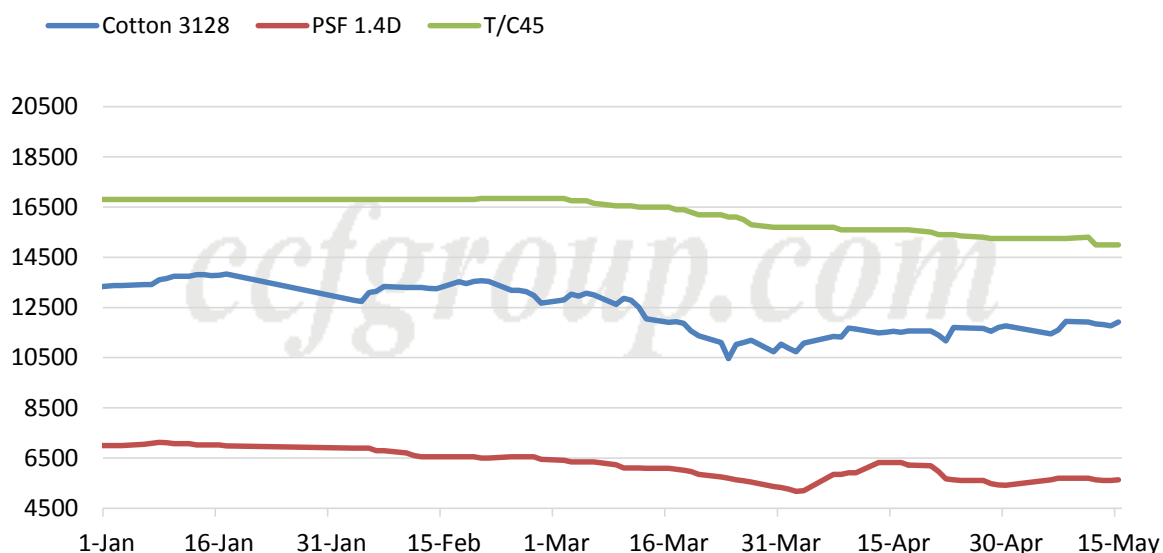


Direct-spun PSF price fluctuated downward, but the decrease was small as most plants had tight supply. The trading was slack in the first half week and later sales turned better with sales ratio reaching 200-400%. Semi-dull 1.4D was mainly traded at 5,600-5,800yuan/tm. Solid re-PSF sales were modest and the traded price declined.

Polyester yarn mills suffered losses due to fall of PSF price, so they adjusted up prices slightly, but the transactions were scarce. The sales of ring-spun polyester yarn mills got weaker than pre-holiday ones, but vortex-spun polyester yarn mills saw better sales after May Day holiday. Polyester/cotton yarn mills lowered prices and sold with discounts. Especially in Fujian, the sales improved and inventory pressure eased.

In Jiangsu, vortex-spun T30S was mainly offered at 10,200-10,500yuan/mt. In Fujian, TC65/32 32S was offered at 14,600-15,000yuan/mt.

Price of polyester/cotton yarn T/C65/35 45S and feedstock



Sales of polyester yarn were slack and the transactions were scarce at high price. Inventory pressure increased. Polyester/cotton yarn saw smooth sales after May Day holiday and the inventory pressure decreased. The mills paid attention to raw materials trend and downstream demand, and sold with discussions.

Market outlook

Eyes are suggested to the trend of raw materials and sales later.

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Price

Description	Unit	11-May	15-May	Change	Weekly AVE	Forecast
High-end VSF	yuan/mt	9,050	9,450	4.42%	9,156	→
Medium-grade VSF	yuan/mt	8,800	8,900	1.14%	8,820	→
R30S	yuan/mt	12,300	12,300	0.00%	12,300	↗
OER10S	yuan/mt	10,050	10,050	0.00%	10,050	↗
JSR40S	yuan/mt	15,300	15,300	0.00%	15,300	↗
R40(AA)	yuan/mt	14,300	14,300	0.00%	14,300	↗
MVSR30S	yuan/mt	11,500	11,400	-0.87%	11,440	↗
CGR30S	yuan/meter	3.44	3.44	0.00%	3.44	→
CGR60S	yuan/meter	4.04	4.04	0.00%	4.04	→

Operating rate and inventory

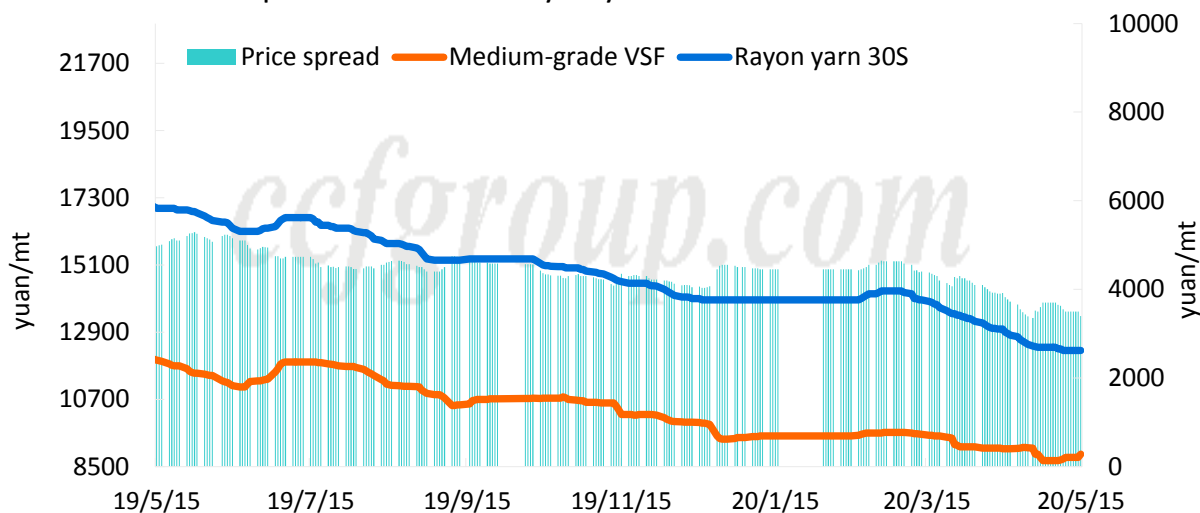
		11-May	15-May	Change	Average	Forecast
	O/R in plants (%)	44.5	49.5	5	46.20	↗
	Yarn inventory (day)	42	35	-7	38.30	↘
Rayon yarn	Feedstock physical inventory	20	20	0	20.00	→
	Feedstock logical inventory	57	54	-3	55.80	↘
Rayon grey fabric	O/R of looms	47.5	50.5	3	49.36	↗
	Inventory	31.1	30.3	-0.8	30.78	↘

Note: Statistics for grey fabric mainly includes cotton, polyester/cotton and rayon grey fabric.

Market roundup

Cotton yarn price inched down as well as rayon yarn and polyester/cotton yarn prices. Polyester yarn price moved up, and polyester/rayon yarn and cotton/rayon yarn prices kept stable.

Price trend and spread of VSF and rayon yarn



VSF plants quoted up and focused on fulfilling previous contracts this week. Since VSF was still signed at low price, the price slowly climbed up and increment speeded up slightly this week. On Friday, high-end VSF offer rose to 9,500yuan/mt while medium-grade one ranged within 9,300yuan/mt. Actual traded price was divided among different plants. As to sales ratio and inventory, new orders were limited and sales ratio dropped sharply amid ample pre-sales. Although pre-orders were abundant, the plants fulfilled contracts slowly and stocks also dropped. Finished products inventory could last for 42days, down a half day than that in early this week. Operating rate did not change much and there was maintenance of some small units.

Rayon yarn market sentiment warmed up and shipment speeded up this week. As to sales ratio and inventory, transaction of rayon yarn expanded rapidly after VSF stabilized and then moved up. Downstream fabric mills and spinners purchased low-priced sources, especially vortex-spun one, and other varieties were also boosted. The inventory moved down quickly and was available for 35days, down 7days than that last weekend. No movement was seen in the prices, and only some rose. Operating rate moved up further as spinners resumed operation after the long leave, and it reached 49.5%, up 8.5% than last weekend. Ring-spun R30S for knitting was traded at 12,200-12,500yuan/mt and that for weaving at 12,200-12,500yuan/mt. In North China, R45S for weaving was pegged at 13,800-14,300yuan/mt and warp R60S was at 18,300-18,800yuan/mt. Siro-spun R40S prevailed at 14,300-14,800yuan/mt and compact siro-spun R40S prevailed at 14,900-15,400yuan/mt. OER10S and OER30S was pegged at 10,000-10,500yuan/mt and 11,100-11,600yuan/mt respectively. MVSR30S now ruled at 11,300-11,700yuan/mt in Zhejiang and Jiangsu. R30S/2 was at 14,500-15,000yuan/mt. T/R 65/35 32S still ruled at 11,500-12,100yuan/mt.

Market outlook

Capital and inventory burden of rayon yarn mills eases somewhat amid more sales, but no large improvement in end-users demand still restricts the price rise. Now spinners focus on selling stocks and the price is predicted to be in range-bound at low level.

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