

Quarter 2/2018



# STATE OF TRADE REPORT

INTERNATIONAL TEXTILE MANUFACTURERS FEDERATION  
FÉDÉRATION INTERNATIONALE DES INDUSTRIES TEXTILES  
INTERNATIONALE VEREINIGUNG DER TEXTILINDUSTRIE



ITMF is an international association for the world's textile industries, dedicated to keeping its worldwide membership constantly informed through surveys, studies and publications and through the organisation of annual conferences, participating in the evolution of the industry's value chain, and publishing considered opinions on future trends and international developments.

released December 2018

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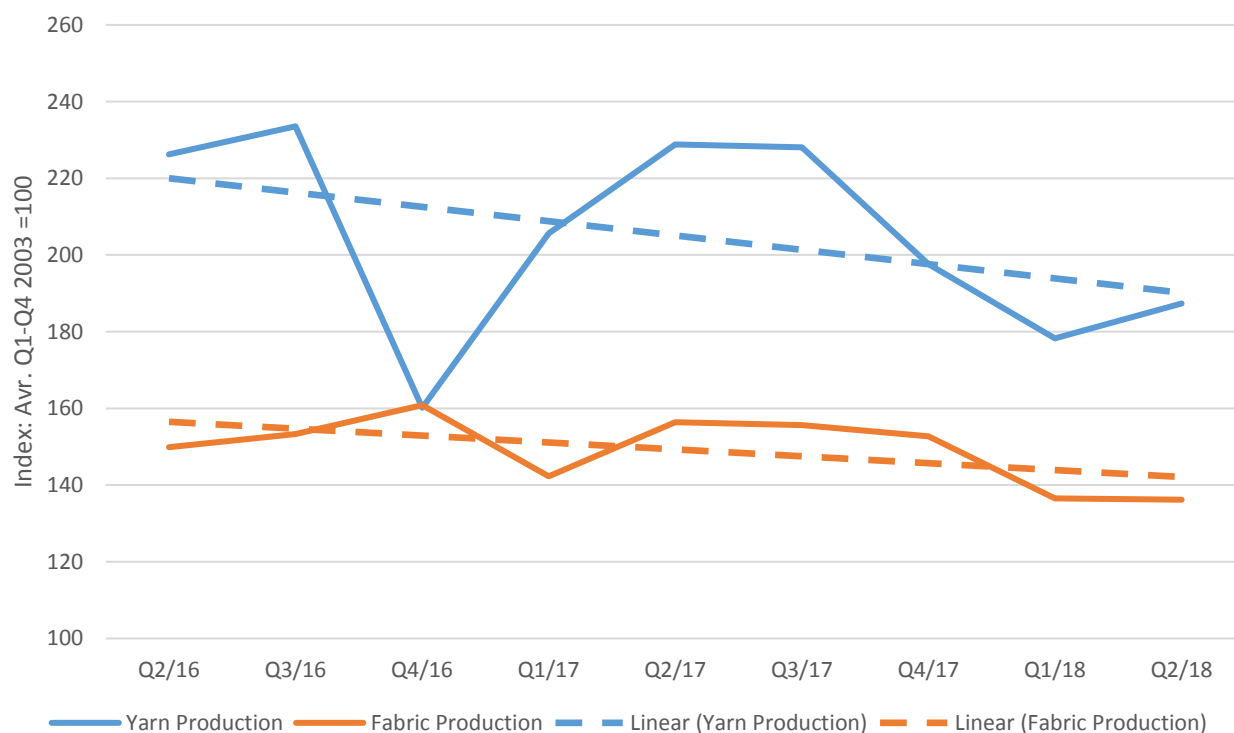
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## Yarn production increased in Q2/18 and fabric production slightly shrunk

**Global yarn production** increased by +5% between Q1/18 and Q2/18. Higher output where observed in Egypt (+1.4%), the U.S.A. (+3.2%), South Africa (+3.3%), and globally in Asia where the overall +5.7% increase was led by Chinese Taipei and Korea, Rep. (respective growth rates of +8.1% and +8.8). An opposite trend has been observed in all surveyed European countries, Brazil and Japan. Forecasts for Q3/18 are only optimistic in Africa but the Q4/18 previsions turn positive in all regions except Brazil where stability is expected. **Global yarn stocks** decreased globally by -4.75%. This is the effect of small contractions in Asia and Europe (between -3% and -4%), an +18% increase in Brazil, and a -20% average decrease in the African countries surveyed. Altogether, yarn stocks reached 85% of their previous year's level for the same quarter. **Global yarn orders** decreased by -6% led by a strong reduction in the Brazilian market (-28%). Yarn orders however increased in Africa and Europe by +5.7% and +7.5%, respectively.

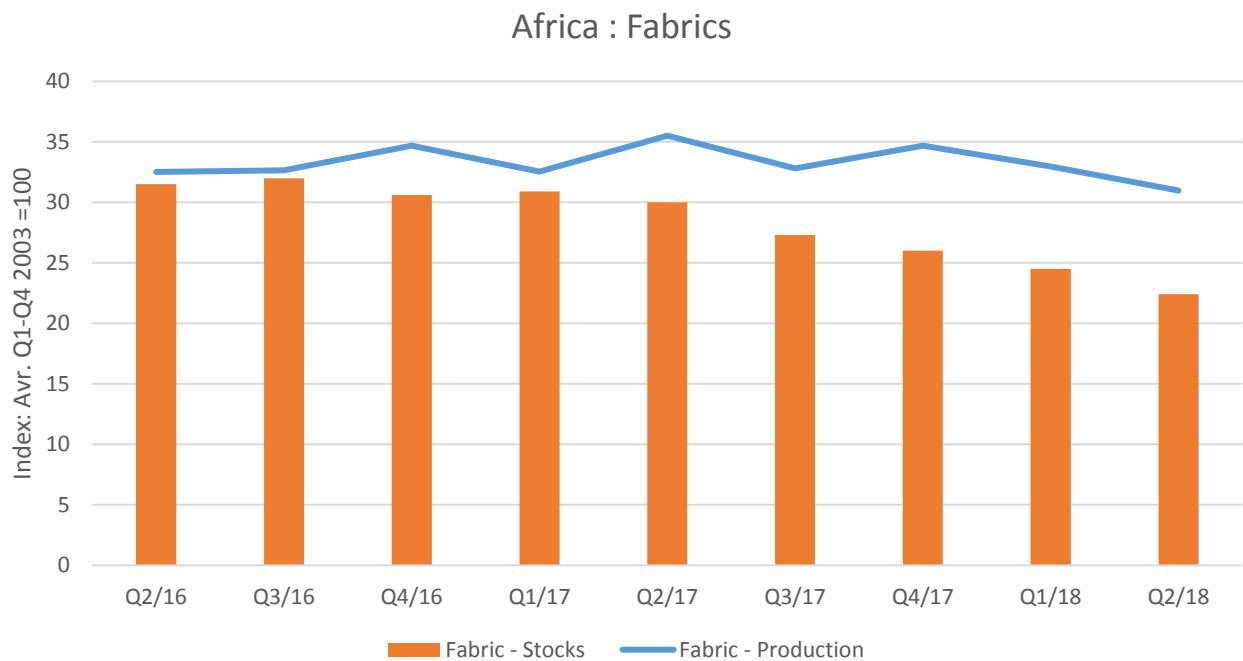
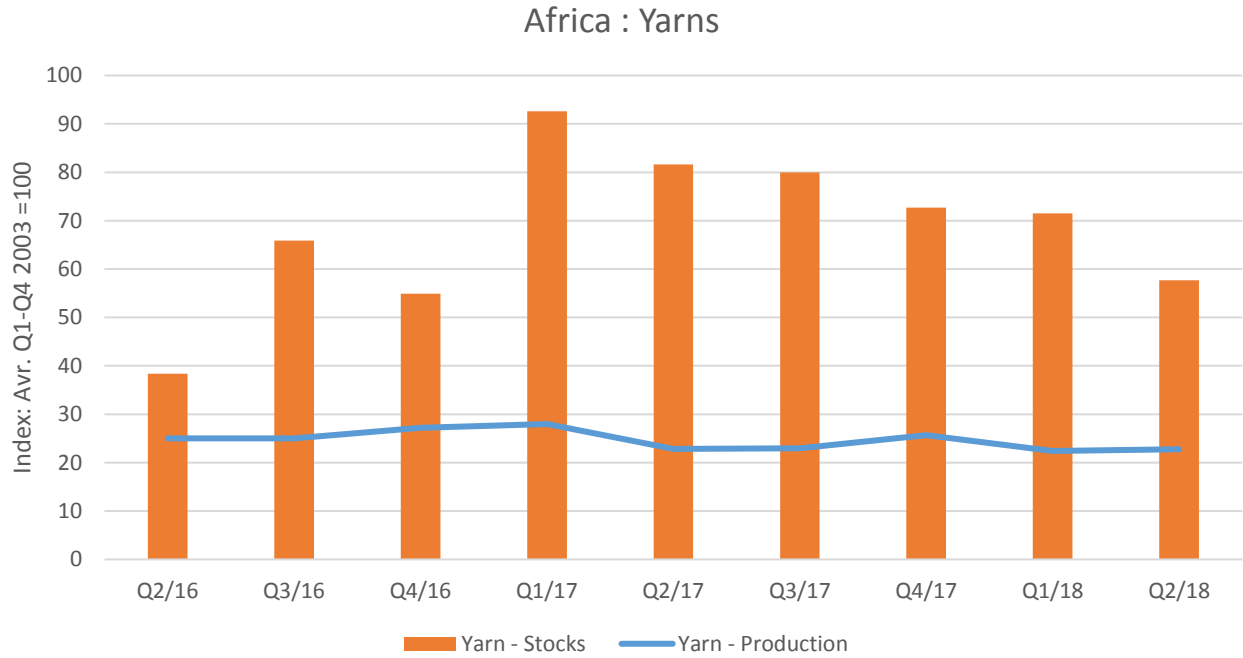
**Global fabric production** slightly decreased from Q1/18 to Q2/18. The +0.25% contraction reflects a -6% output reduction in Africa, a decrease of -0.5% in Asia, a +1.6% increase in Europe, and a +3.7% jump in Brazil. The world output level now reaches 87% of its Q2/17 level. Fabric production in all regions is expected to decrease in Q3/18 except in Brazil where stability is foreseen. Q4/18 should see improvements in all regions. In Q2/18, the **global fabric stock** level grew by almost +2%. It was driven by Brazil's stock increase of +7%, which brought global fabrics stocks 11% above their Q2/17 level. Stocks remain stable in Asia, Europe, and the U.S.A. They continue to steadily drop in Egypt. **Global fabric orders** have risen by +43% at world level in Q2/18, led by a +65% increase in Brazil that followed an unusually low first quarter. Orders in Asia and Europe have stagnated and contracted in Egypt, respectively. Global fabric orders are now 16% above their level observed in Q2/17.

World Production of Yarn and Fabric



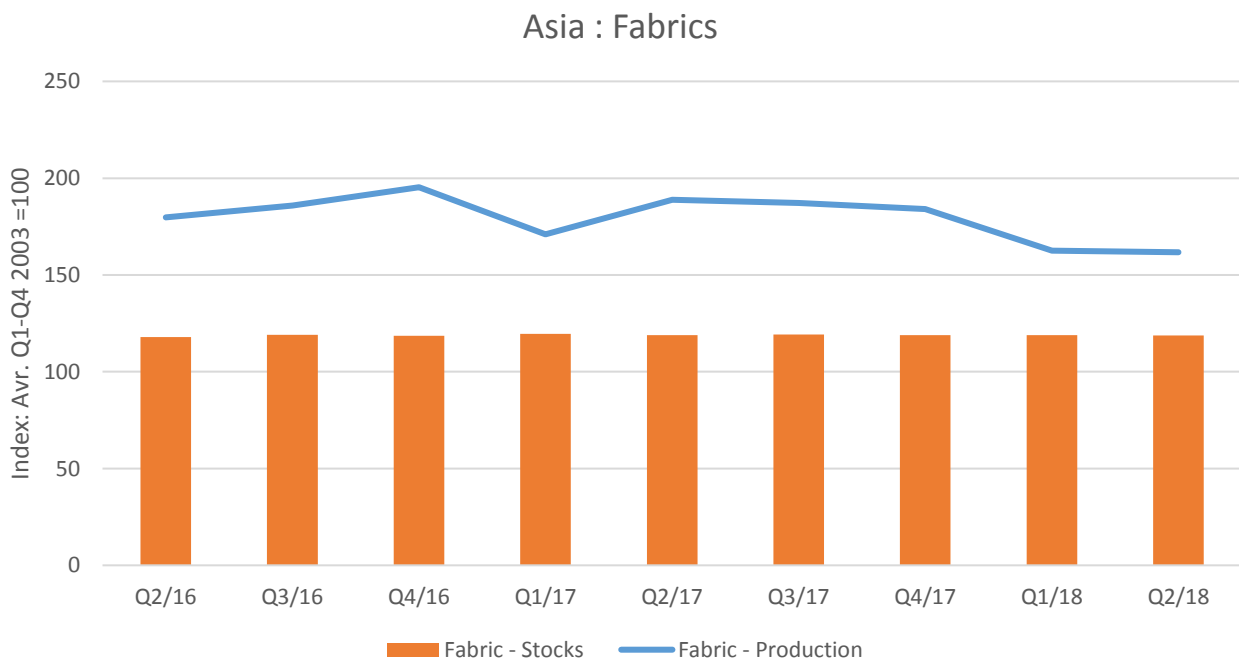
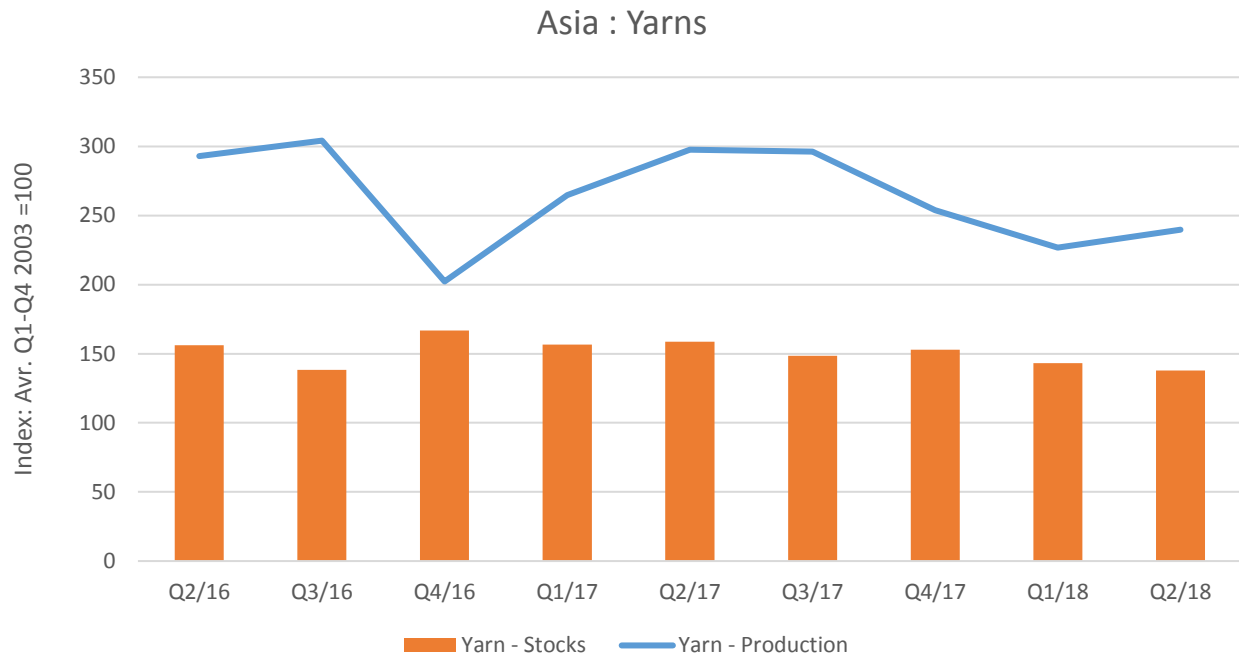
# Africa

## Egypt, South Africa



# Asia

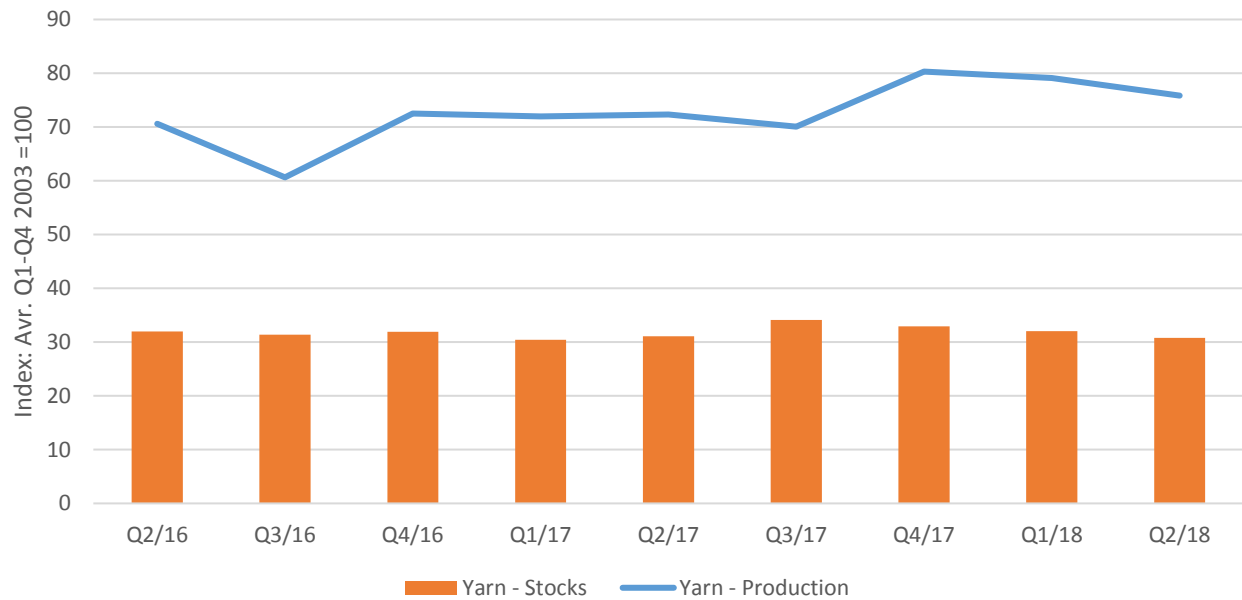
China, India, Japan, Korea Rep., Pakistan, Chinese Taipei



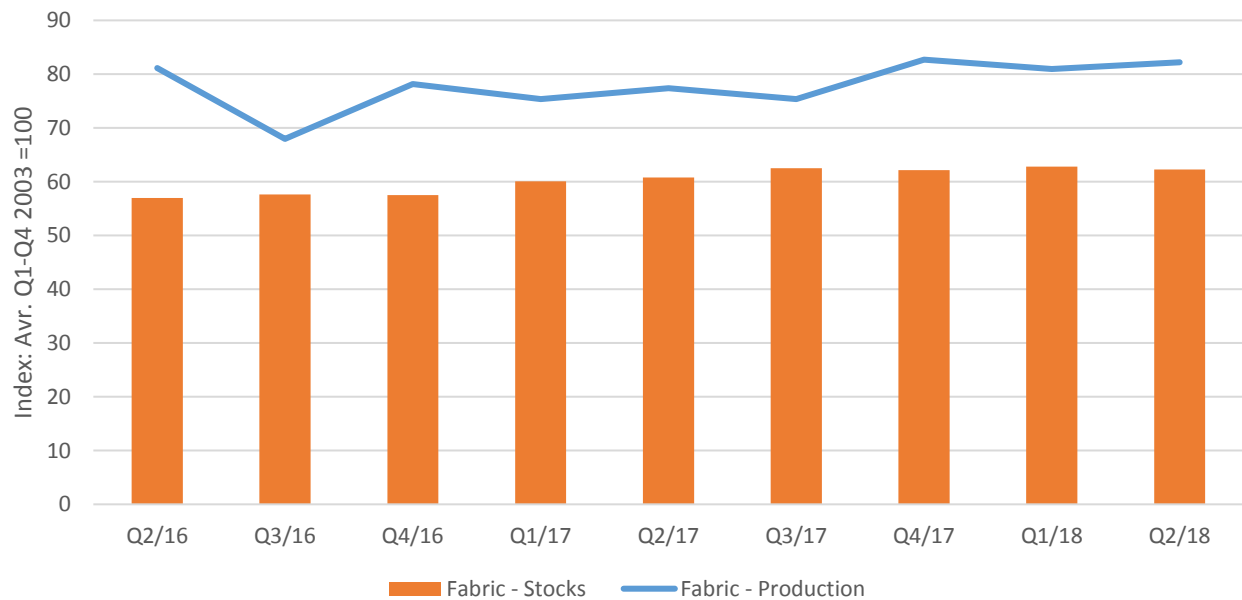
# Europe

Austria, Belgium, France, Germany, Italy, Spain, Switzerland, Turkey

## Europe : Yarns



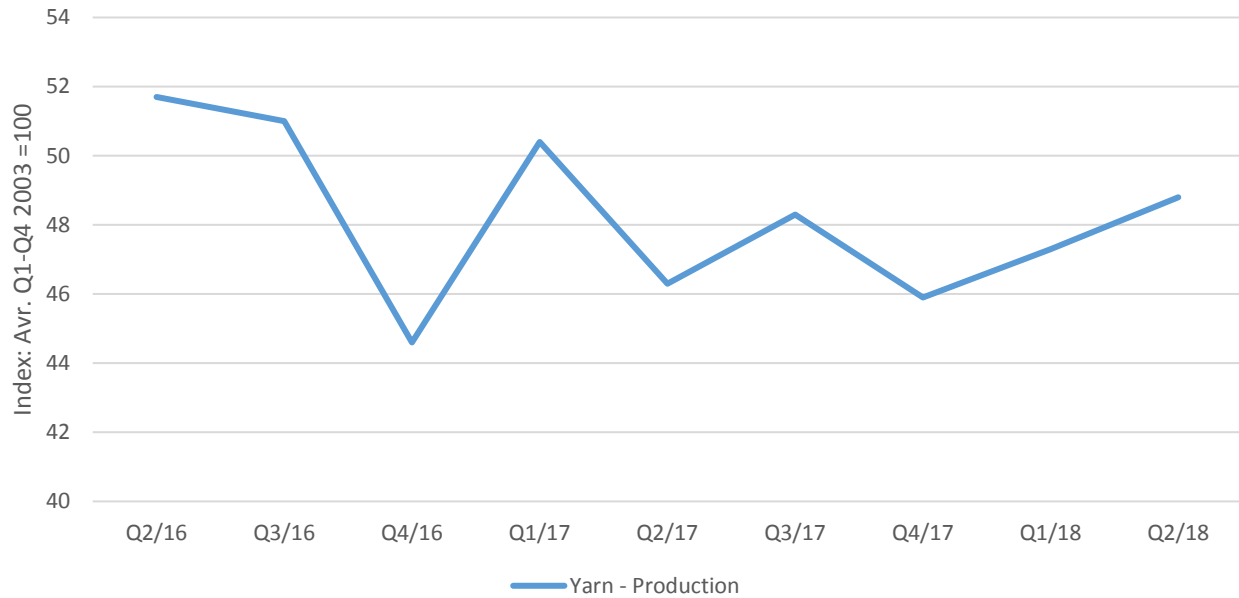
## Europe : Fabrics



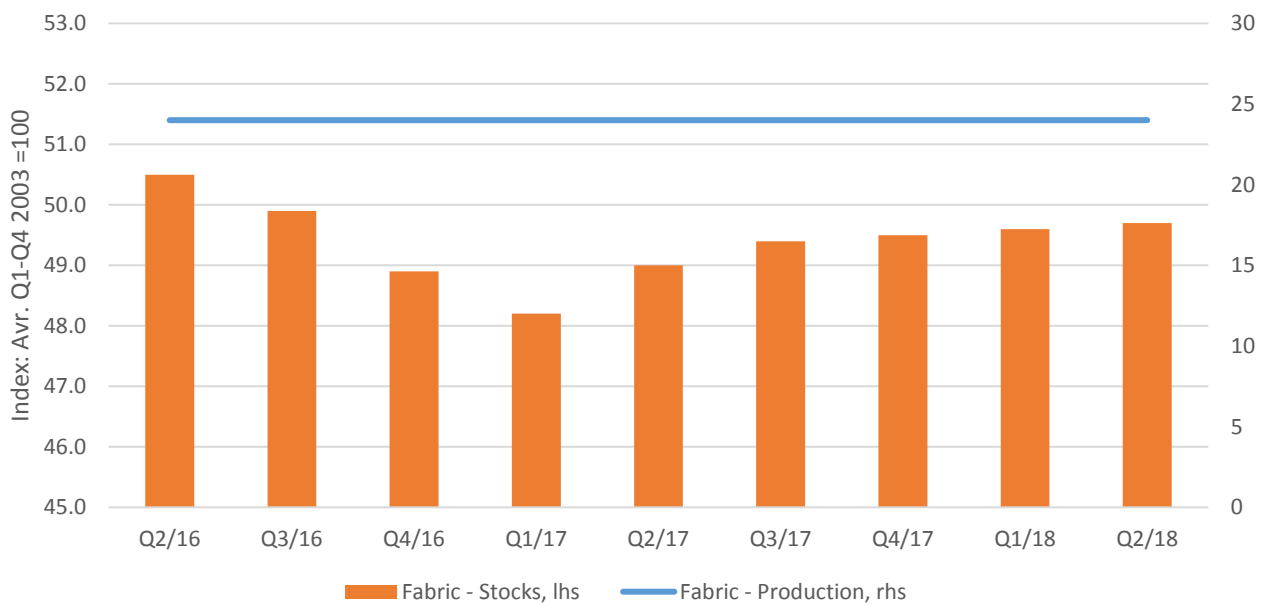
# North America

## USA

### North America : Yarns

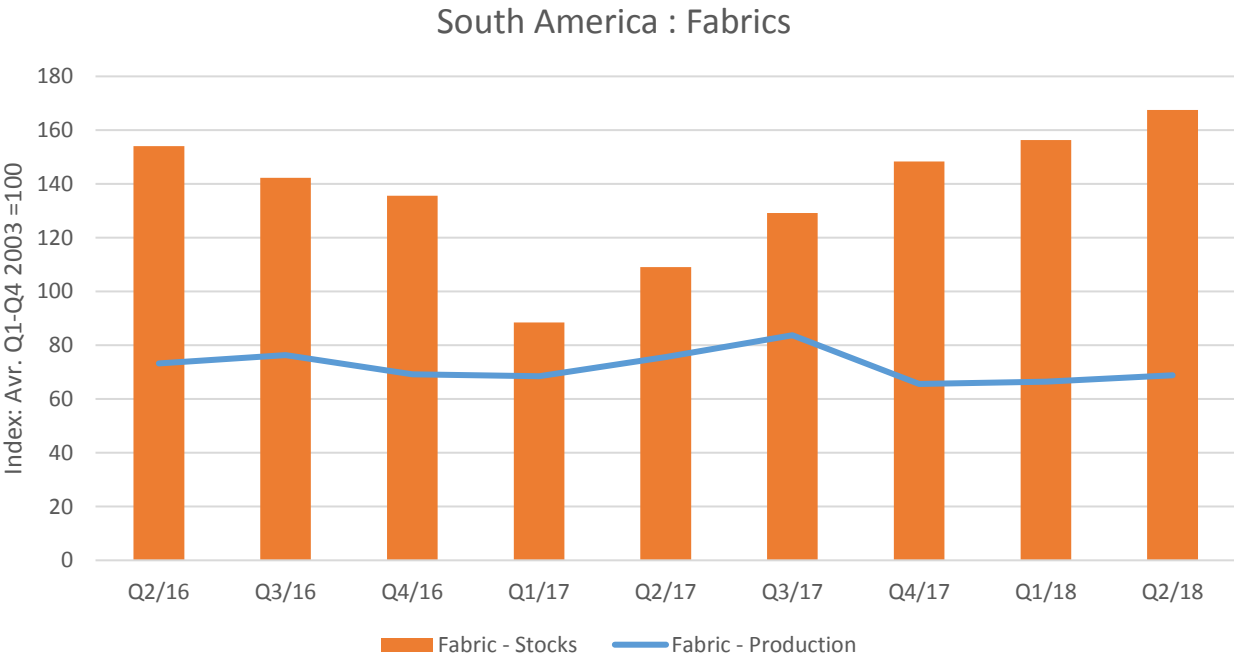
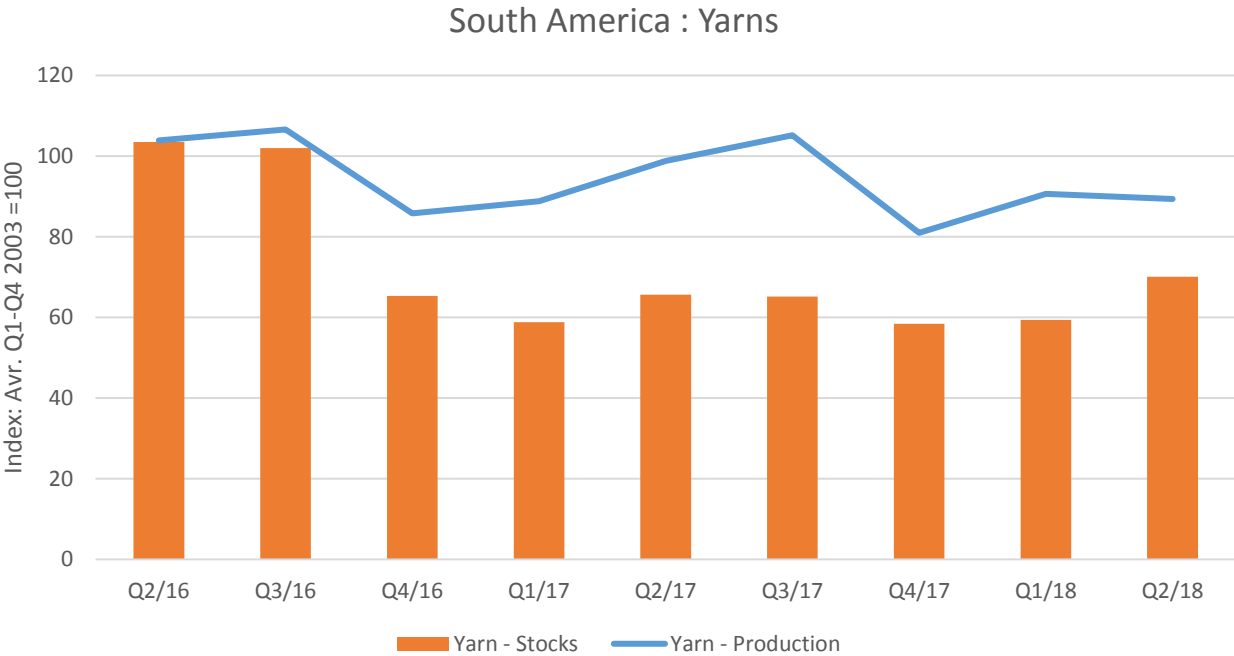


### North America : Fabrics



# South America

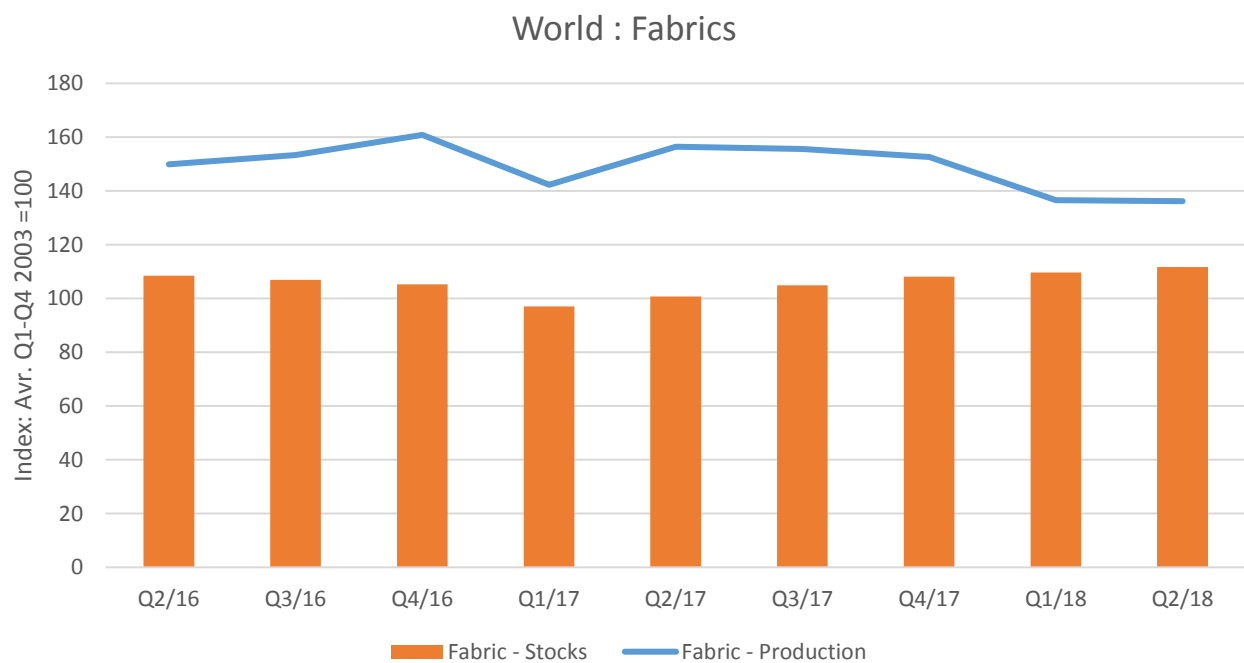
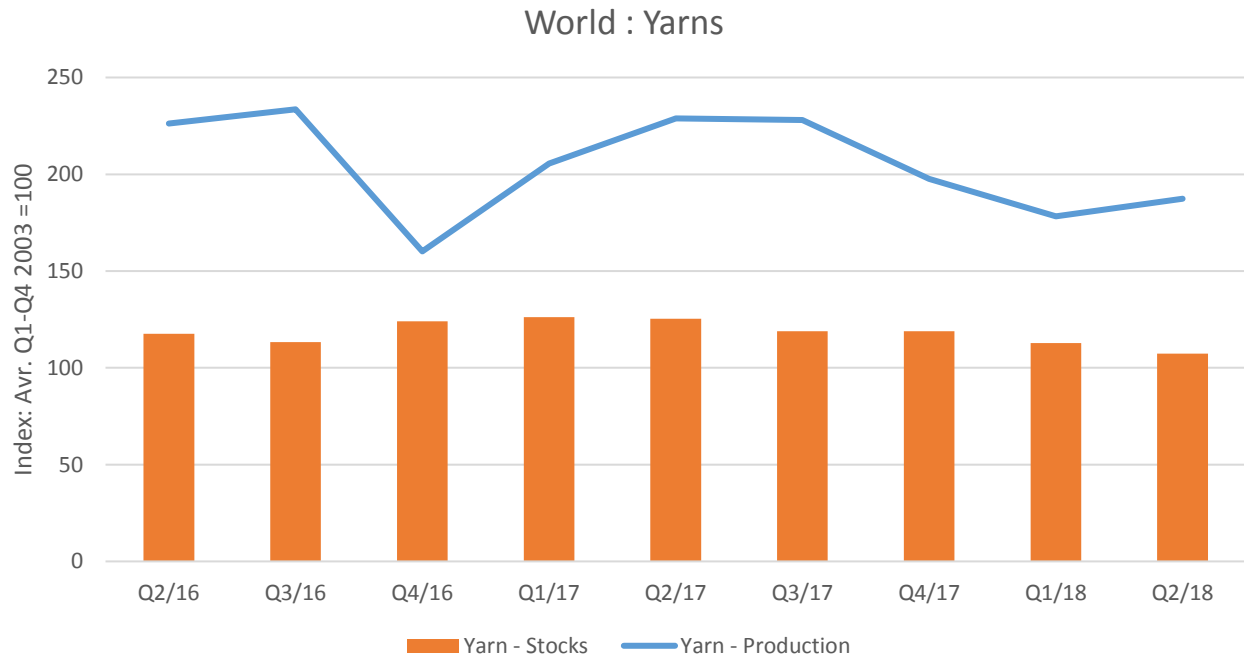
## Brazil





# World

## Summary of Graphics pp. 3 - 7



# Yarn Production

Index: Avr. Q1-Q4 2003 =100

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18
Egypt	24.5	24.5	26.8	27.6	22.3	22.4	25.2	21.9	22.2	↗	
South Africa	44.3	44.5	43.9	42.7	43.4	44.3	44.1	42.4	43.8	↗	↗
Africa	25.0	25.0	27.2	28.0	22.8	22.9	25.7	22.4	22.7	↗	↗
China	364.9	382.0	231.3	325.3	372.7	371.2	307.2	268.5	286.1		
India	180.3	178.3	177.3	170.7	175.6	171.8	181.6	175.5	182.3		
Japan	32.7	31.7	30.4	31.5	31.5	30.5	30.0	31.8	30.9	↘	
Korea Rep.	75.9	71.1	75.5	71.3	71.4	61.3	63.8	57.3	62.3	↘	
Pakistan	130.6	130.8	131.5	131.7	131.2	134.3	130.7	131.7	131.4	↘	↗
Chinese Taipei	48.1	46.0	45.6	40.9	42.1	41.6	44.6	41.8	45.2	↘	↗
Asia	293.0	304.2	202.2	264.8	297.5	296.1	253.9	226.8	239.8	↘	↗
Austria	37.3	29.3	35.8	34.7	34.7	27.8	23.6	27.3	21.2	↘	↘
Belgium	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0		
France	24.0	24.0	24.5	25.0	26.0	26.0	26.0	26.5	26.5		
Germany	35.0	36.7	37.1	37.3	39.1	37.0	37.3	36.4	34.5	→	→
Italy	41.5	44.4	54.4	45.2	41.7	43.1	55.2	44.9	43.0	→	↗
Spain	52.2	44.3	58.1	61.2	62.8	52.1	70.8	71.8	57.5	→	
Turkey	82.3	68.5	82.4	82.9	83.7	81.2	92.5	92.4	89.2	↘	
Europe	70.6	60.6	72.5	72.0	72.4	70.1	80.3	79.1	75.8	↘	↗
North America (USA)	51.7	51.0	44.6	50.4	46.3	48.3	45.9	47.3	48.8		
South America (Brazil)	103.9	106.6	85.8	88.8	98.8	105.2	81.0	90.6	89.4	→	
World (above countries)	226.2	233.6	160.2	205.6	228.8	228.1	197.6	178.2	187.4		

# Fabric Production

Index: Avr. Q1-Q4 2003 =100

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18
Egypt	21.4	21.5	27.0	22.8	27.6	22.0	26.5	24.8	20.0	↘	
South Africa	46.4	46.6	44.3	44.7	45.4	46.3	44.9	43.2	44.7	↗	↗
Africa	32.5	32.7	34.7	32.5	35.5	32.8	34.7	33.0	31.0	↘	↗
China	224.1	237.0	264.3	204.4	242.7	240.8	230.2	184.1	183.6		
India	150.4	149.8	137.1	148.7	153.2	148.4	156.0	152.8	152.0		
Japan	23.9	23.5	21.8	20.2	23.5	22.5	22.8	21.4	21.8	↘	
Korea Rep.	13.8	12.0	12.3	13.5	12.6						
Pakistan	153.1	154.5	154.1	154.8	153.1	154.4	154.3	155.0	153.1	↘	↗
Chinese Taipei	32.7	38.2	41.4	34.3	34.0	38.3	35.7	33.1	33.9	↗	↘
Asia	179.7	185.9	195.3	170.9	188.8	187.2	184.1	162.6	161.7	↘	↗
Austria	70.0	64.6	76.4	86.2	86.3	78.8	91.2	90.7	95.8	→	→
Belgium	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0		
France	43.0	42.0	43.0	43.0	42.0	42.0	42.0	42.0	42.0		
Germany	49.6	49.6	49.4	49.1	49.8	50.6	51.9	50.4	48.9	→	→
Italy	62.6	57.3	66.4	70.7	61.5	60.0	68.8	73.0	63.7	↘	↗
Spain	68.1	57.9	65.4	70.8	74.1	61.5	73.7	76.1	77.0	→	
Turkey	100.0	79.1	93.6	86.4	92.3	90.6	99.3	94.9	100.0	↘	
Europe	81.1	68.0	78.1	75.4	77.4	75.3	82.7	80.9	82.2	↘	↗
North America (USA)	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0		
South America (Brazil)	73.2	76.4	69.2	68.5	75.6	83.7	65.6	66.4	68.9	→	
World (above countries)	149.8	153.3	160.8	142.3	156.4	155.6	152.7	136.5	136.2		

# Yarn Stocks

Index: Avr. Q1-Q4 2003 =100

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Africa (Egypt)	38.4	65.9	54.9	92.6	81.6	80.0	72.7	71.5	57.7
India	209.0	169.7	231.7	207.7	209.4	188.6	199.5	180.2	168.4
Japan	31.5	30.2	29.3	29.1	27.0	28.4	28.8	29.3	28.3
Korea Rep.	61.4	60.8	71.3	77.3	99.5	88.2	76.7	68.3	70.4
Pakistan	129.5	129.7	130.3	130.6	130.1	130.2	131.1	130.2	130.5
Chinese Taipei	85.1	81.1	82.4	83.0	83.4	78.9	74.6	69.9	67.6
Asia	156.1	138.4	166.9	156.7	158.6	148.5	152.8	143.1	137.9
Austria	46.7	40.9	46.8	33.5	40.0	69.9	58.3	49.1	37.0
Belgium	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5
France	38.0	38.0	37.5	37.0	37.0	37.0	37.0	37.0	37.0
Germany	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5
Spain	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5
Europe	32.0	31.4	31.9	30.5	31.1	34.1	33.0	32.0	30.8
South America (Brazil)	103.5	102.0	65.4	58.8	65.6	65.2	58.4	59.3	70.1
World (above countries)	117.6	113.2	124.0	126.1	125.4	118.8	118.9	112.8	107.4

# Fabric Stocks

Index: Avr. Q1-Q4 2003 =100

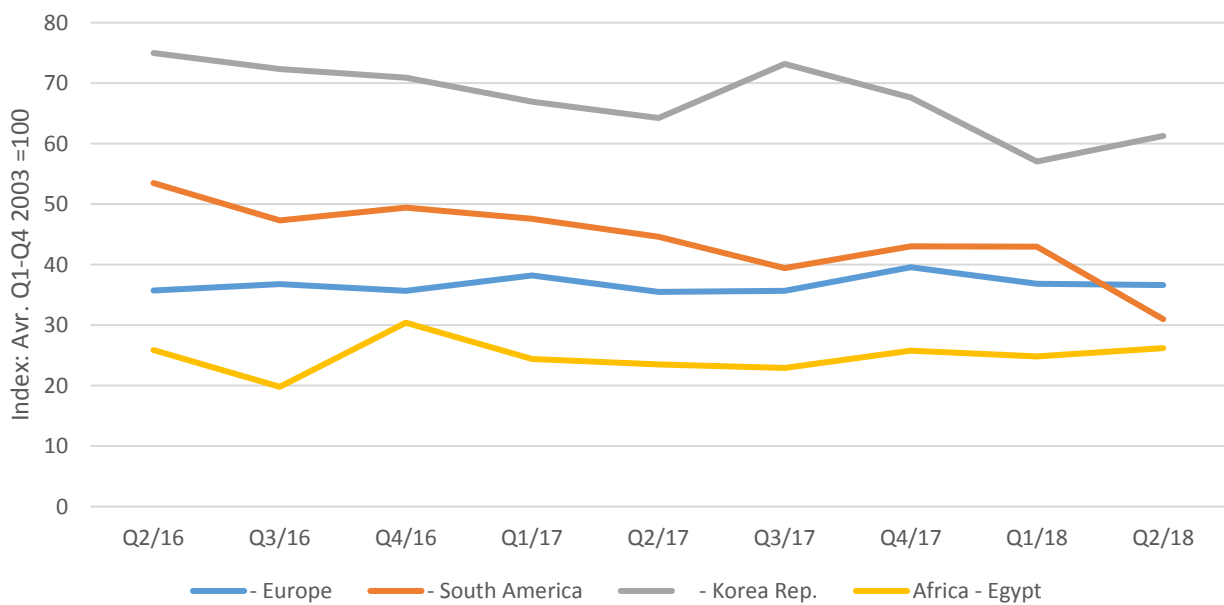
	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Africa (Egypt)	31.5	32.0	30.6	30.9	30.0	27.3	26.0	24.5	22.4
Japan	42.4	43.2	38.6	43.0	45.0	50.2	46.2	45.3	42.5
Korea Rep.	11.3	12.5	12.3	10.8	11.5				
Pakistan	127.4	128.6	128.3	129.0	128.3	128.7	128.5	128.4	128.5
Chinese Taipei	64.2	64.2	64.9	65.2	64.5	64.5	63.5	64.7	64.5
Asia	118.0	119.1	118.6	119.5	118.9	119.3	118.9	118.8	118.8
Austria	81.7	91.1	89.3	128.5	122.3	151.2	145.3	155.4	147.0
Belgium	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5
France	70.0	70.0	70.0	70.0	76.0	75.0	75.0	75.0	75.0
Germany	63.7	63.7	63.7	63.7	63.7	63.7	63.7	63.7	63.7
Spain	27.8	27.8	27.8	27.8	27.8	27.8	27.8	27.8	27.8
Europe	57.0	57.6	57.5	60.1	60.8	62.5	62.1	62.8	62.2
North America (USA)	50.5	49.9	48.9	48.2	49.0	49.4	49.5	49.6	49.7
South America (Brazil)	154.1	142.3	135.6	88.5	109.1	129.2	148.4	156.3	167.5
World (above countries)	108.5	106.9	105.3	97.1	100.7	104.9	108.1	109.7	111.6

# Yarn Orders

Index: Avr. Q1-Q4 2003 =100

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Africa (Egypt)	25.9	19.8	30.4	24.4	23.5	22.9	25.8	24.8	26.2
Austria	31.4	36.6	32.7	47.2	13.4	13.9	40.5	19.8	17.2
Belgium	48.5	48.5	48.5	48.5	48.5	48.5	48.5	48.5	48.5
France	3.6	3.5	3.7	3.8	3.8	3.7	3.7	3.7	3.7
Germany	25.6	27.3	25.1	28.2	30.2	30.6	34.3	32.3	32.5
Spain	73.4	73.4	73.4	73.4	73.4	73.4	73.4	73.4	73.4
Europe	35.7	36.8	35.7	38.2	35.5	35.6	39.6	36.8	36.6
South America (Brazil)	53.5	47.3	49.4	47.6	44.6	39.4	43.0	43.0	31.0
Asia (Korea Rep.)	75.0	72.3	70.9	66.9	64.2	73.2	67.6	57.0	61.3

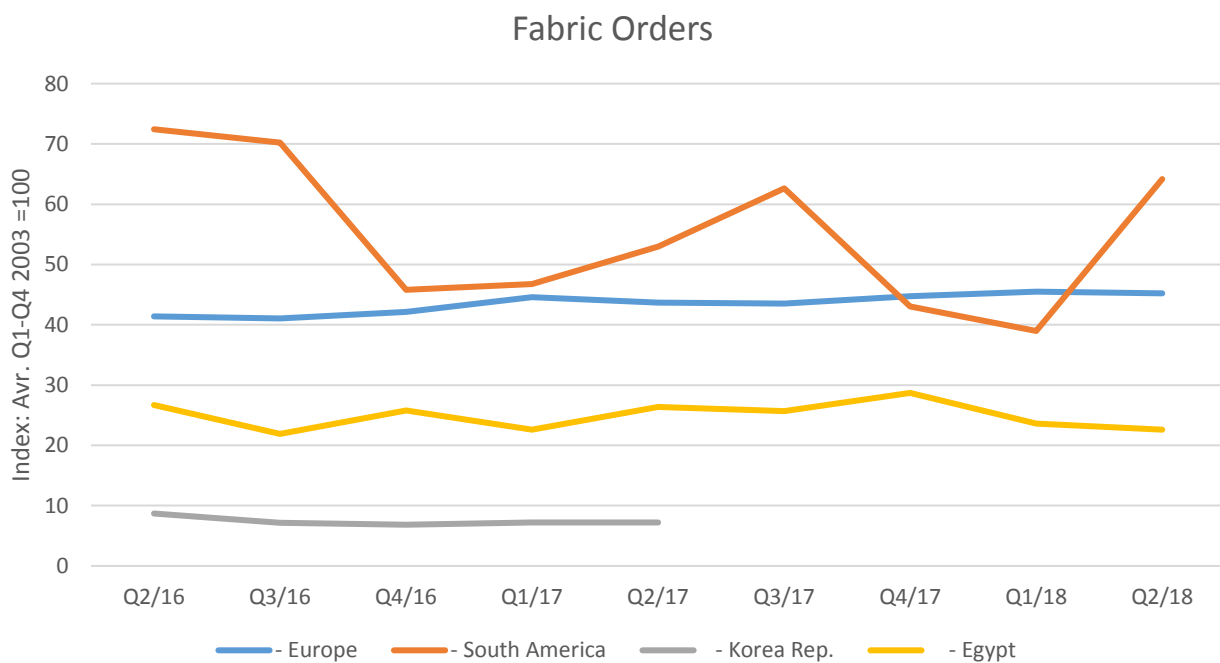
## Yarn orders



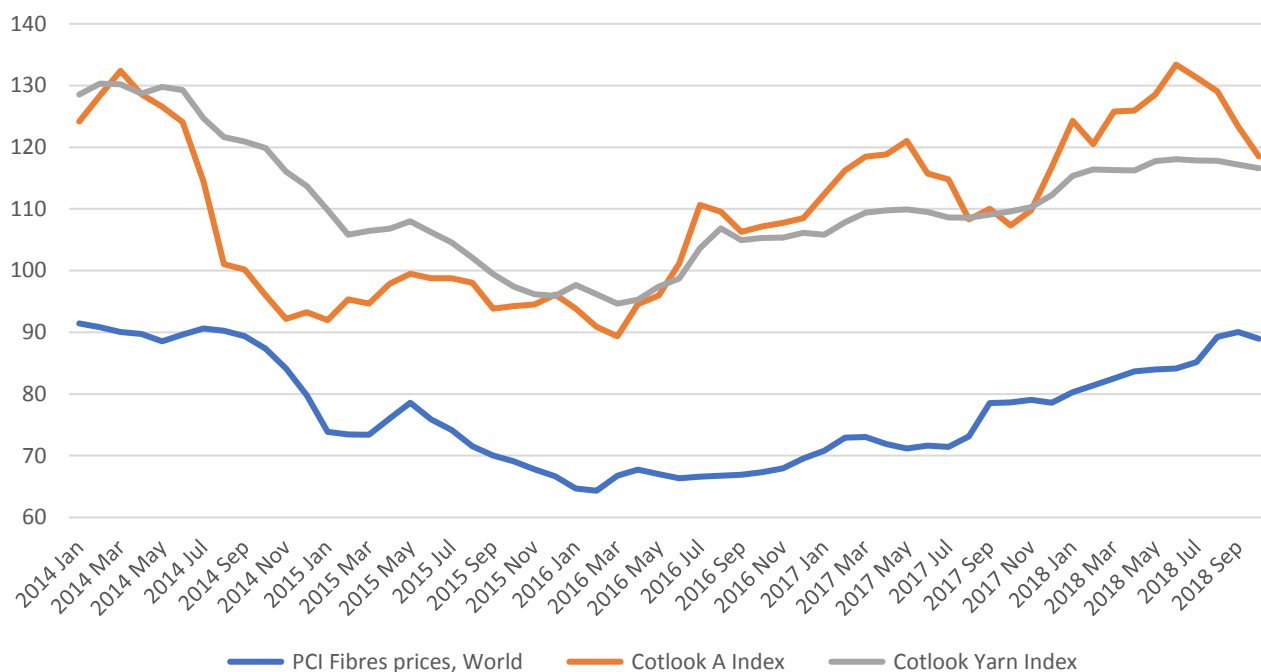
# Fabric Orders

Index: Avr. Q1-Q4 2003 =100

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Africa (Egypt)	26.7	21.9	25.8	22.6	26.4	25.7	28.7	23.6	22.6
Austria	69.0	64.2	75.4	92.9	85.1	78.3	90.0	97.7	94.5
Belgium	61.5	61.5	61.5	61.5	61.5	61.5	61.5	61.5	61.5
France	7.7	7.6	7.5	7.6	7.5	7.5	7.5	7.6	7.6
Germany	49.2	49.2	50.1	52.9	52.1	52.8	53.9	54.4	54.2
Spain	37.8	37.8	37.8	37.8	37.8	37.8	37.8	37.8	37.8
Europe	41.4	41.1	42.2	44.6	43.7	43.5	44.7	45.5	45.2
South America (Brazil)	72.4	70.2	45.8	46.8	52.9	62.6	43.0	39.0	64.1
Asia (Korea Rep.)	8.7	7.2	6.8	7.2	7.2				



# Cotton and Yarn Prices



Source: Cotlook

The **YarnPrice Index** is calculated from the average FOB quotation (in US dollars per kg) for ring spuncarded 20's and 30's in the following countries: India, Indonesia, Pakistan, Turkey and China. The Index base (=100) is the export-weighted average price prevailing in these markets over the year 2005. The **CotlookA Index** is calculated by taking a simple average of the day's cheapest five of Cotlook's Far Eastern quotations. The **PCI Synthetic Fibres Index** tracks the relative movement of prices for the major synthetic fibres by taking a weighted basket of prices for acrylic, nylon, polyester and polypropylene filament yarns and staple fibres for Asia/Far East on a CFR basis and the USA and West Europe on a delivered basis..

Quarterly average export prices (in USD dollars per kg FOB)										
	20's yarn					30's yarn				
	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
China	3.17	3.22	3.30	2.74	2.77	3.34	3.39	3.51	3.04	3.07
India	2.50	2.52	2.56	2.56	2.56	2.80	2.80	2.81	2.85	2.85
Indonesia	2.56	2.56	2.56	2.43	2.40	2.85	2.85	2.85	2.82	2.79
Pakistan	2.40	2.30	2.33	3.15	3.10	2.79	2.69	2.72	3.35	3.30
Turkey	2.92	2.95	3.12	3.56	3.70	3.12	3.15	3.32	3.35	3.30
Index Group	2.73	2.74	2.74	2.80	2.79	2.98	3.00	3.00	3.06	3.04



# Notes

Unless otherwise stated, the State of Trade Report reflects the activity level in the short-staple sector of the textile industry. The short-staple sector is meant to cover the spinning and weaving of cotton and man-made fibres. This would generally exclude wool and hard fibres. Further details relating to the data basis and methodological approach used for this report may be obtained from the ITMF Secretariat.

## Country specific notes:

Belgium: Data for the reference quarter are provisional. Fabric order data are based on value. Since Q2/2014 data are no longer available.

Brazil: ABIT, the Brazilian Textile and Apparel Industry Association, changed the survey sample for all the Brazilian data from Q1/2014 onwards. In addition, they introduced a new base year (2014 = 100). As ITMF's base year is 2003, Brazil's data were transformed to match with ITMF's base year.

China: Index for yarn production is based on cotton and cotton blended yarns only (excluding cotton type chemical fibre yarns).

France: Data since Q4/2017 are estimates.

Germany: All indices are based on data from the German statistical office (Statistisches Bundesamt). Data for stocks are no longer available.

India: Data for the weaving sector relate to the organized (mill-) sector only. Data for the reference quarter are provisional. Fabric Production Q2/2018 is an estimate.

Italy: Data for orders and stocks are no longer available. Yarn and fabric production data from Q3/2009 onwards refer to total production, since data for yarn and fabric production on the cotton system are no longer available.

Korea Rep.: Data for fabric production, stocks and order are no longer available since since Q3/2017.

USA: Total yarn production data from Q3/2009 onwards are revised and based on cotton yarn only. Data for fabric production are no longer available. Yarn Production Q2/2018 is an estimate.

Cotlook A Index and Cotlook Yarn Index: The cotton and yarn prices on which the Cotlook A Index and the Cotlook Yarn Index are based are collected from sources which Cotlook Ltd. believe to be accurate. The indexes have been interpreted in a manner which Cotlook Ltd. trusts to be a true reflection of market levels. However, Cotlook Ltd. and ITMF accept no legal responsibility for any inaccuracy or misinterpretation published herewith, even if caused by negligence by them, their employees or agents.

PCI Fibres Index: The PCI Synthetic Fibres Index is an index produced every month by PCI Fibres. It tracks the relative movement of prices for the major synthetic fibres by taking a weighted basket of prices for acrylic, nylon, polyester and polypropylene filament yarns and staple fibres for Asia/Far East on a CFR basis and the USA and West Europe on a delivered basis.