

# ITMF Report Shows Year-on-Year Growth for Yarn Output



**International Textile  
Manufacturers Federation**

**A**s the dominant country both in the production of both cotton and yarn, China's upward or downward trends usually pull the global market in the same direction. However, global yarn production output was up in the first quarter of 2012 despite lower output in China (largely due to celebration of the Chinese New Year).

According to the just-released State of the Trade report from the International Textile Manufacturers Federation (ITMF), world yarn output in Q1 dropped 7.7% from the previous quarter, primarily due to a 9% drop in production in Asia -- led by China's 11.3% decrease.

"The STR 1Q/2012 shows that global yarn production continues its upward trend (year-on-year) while global fabric production was reduced. Destocking of yarn and fabric inventories underline the current uncertainty," Dr. Christian Schindler, ITMF director general, told *Cotton International*.

In Japan, Taiwan/China and Pakistan, production decreased 10.4%, 3.0% and 1.3%, respectively. In Europe, South and

North America yarn production increased in the first quarter by 0.7%, 10.7% and 19.6%, respectively. Year-on-year global yarn production rose 12.0% with output up in Europe (2.1%), South America (10.4%), and Asia (13.0%) but down 8.6% in North America.

However, this is not a surprise based on the current state of the global economy, small recession in the Euro-area and a less-than-expected growth rate in the U.S. and lower growth rates in China and India, Dr. Schindler said.

Global yarn inventories fell 1.7% in the first quarter of 2012 compared to the previous one with all regions reducing yarn inventories: Europe by 0.6%, South America by 2.5% and Asia by 5.4%. On an annual basis, global yarn stocks dropped significantly (10.1%), a consequence of an 18.6% drop in stocks in Asia and despite higher stocks in Europe and South America.



Schindler

In addition, global fabric production in the first quarter of 2012 fell in comparison to the previous as well as last year's quarter. In all regions, a reduction could be observed with the exception of South America.

Fabric stocks fell slightly compared to the 4th quarter 2011, but year-on-year they increased as a result of higher inventory in South and North America, despite lower stock levels in Europe and Asia.

Compared with the previous quarter, global fabric production dropped by 11.9% in Q1/2012 as a consequence of lower output in Asia (14.2%), especially China (20.2%) also due to the Chinese New Year. In comparison to the first quarter of 2011, world fabric production was down 1.8% with all regions reporting decreases.

Global fabric stocks decreased 0.4% due to lower inventories in Europe and North America. Inventories in Asia and South America remained unchanged. Year-on-year, global fabric inventories jumped 14.0%. This can be attributed to soaring fabric stocks in South America (up 92.1%) and higher stocks in North America (up 6.7%). Europe and Asia recorded lower fabric stocks.

"Nevertheless, both global yarn and fabric production are expected to increase in the following quarters according to our estimates and if the global economic conditions do not deteriorate but stabilize with global demand picking up again in the second half of 2012 and in the first half of 2013, global yarn and fabric production should continue to increase," Dr. Schindler said. 🌐