

## ITMF STATE OF TRADE REPORT

Output of global yarn production rose in the Q2/2012 in comparison to the previous one due to higher output in Asia, Europe and South America while production in North America was reduced. It has to be pointed out here that Asia's production is traditional significantly higher in the second quarter compared to the first one as a result of fewer working days in China in the first quarter due to the Chinese New Year holidays. Also in comparison to last year's second quarter global yarn production rose in all regions apart from North America.

Global yarn stocks rose slightly in Q2/2012 in comparison to the previous quarter mainly due to somewhat higher stocks in China, but plummeted significantly on an annual basis, especially in Asia and South America while remaining almost unchanged in Europe. Yarn orders were up in Europe but decreased in Brazil comparing to the Q1/2012. On an annual basis yarn orders were up strongly in Brazil and remained almost unchanged in Europe.



The estimates for global yarn and fabric production in the 3<sup>rd</sup> compared to the 2<sup>nd</sup> quarter of 2012 are positive. As far as yarn production is concerned, Asia, North and South America are expecting an increase in output while estimates for Europe are negative. Also global fabric production is expected to expand in Q3/2012 as a result of higher output in all regions, except Europe. The outlook for Q4/2012 remains stable both for global yarn and fabric production. Regional-wise only in Europe fabric production is expected to fall further.

In comparison with the previous quarter, world yarn output rose in Q2/2012 by +7.4% as a result of high production in Asia (+8.1%), especially in China (+9.5%), where as a consequence of the Chinese New Year holidays Q1/2012 had less working days. Nevertheless, also in Chinese Taipei (+6.7%), India (+4.5%), Japan (+2.3%), and Korea (+0.3%) output rose, whereas in Pakistan (-1.2%) production decreased. Also in Europe and South America yarn production increased in Q2/2012 by +2.9% and +1.4%, respectively. But yarn output fell significantly in North America (-7.7%). Year-on-year global yarn production rose by +7.7% with output up in South America (+20.8%), Europe (+12.4%) and Asia (+7.6%) and down in North America (-12.1%).

Source: ITMF Extract