

STATE OF TRADE REPORT 4Q 2010

Global Yarn and Fabric Production Stagnates

Yarn Stocks Are Down

In the 4th quarter of 2010 the strong global recovery in textile production since the lows observed in the 1st quarter of 2009 came to a halt in the case of yarn production and slowed in the case of fabric production. Reduced global production of yarns in the 4th quarter as compared to the previous one could be observed in South America, North America and Asia while production in Europe rose markedly. At the same time fabric production stagnated in the 4th quarter with Europe and Asia recording increases that were offset by reductions in North and South America. Year-on-year both global yarn and fabric production continued to increase significantly. Global yarn stocks were reduced in the 4th quarter of 2010 as compared to the previous one as a result of lower stocks in South America, Europe and Asia. In comparison to the 4th quarter of 2009 global yarn stocks worldwide increased as a result of much higher stocks in South America and Asia and despite lower stocks in Europe. Global fabric inventories increased in the 4th quarter as compared to the previous one with higher inventories in all regions. Yarn orders rose both in Europe and Brazil in comparison to the 3rd quarter of 2010. When compared to the 4th quarter of 2009 Europe's yarn orders were higher while those in Brazil were lower. Fabric orders in Europe and Brazil fell compared to the previous quarter. In comparison to previous year's 4th quarter yarn orders in Europe and Brazil were still higher, especially in Brazil.

World yarn production fell by -0.9% in the 4th quarter of 2010 in comparison to the previous one. This increase was the result of reductions in South America, North America and Asia (-8.5%, -4.1% and -1.1%, respectively, while yarn production rose in Europe (+12.7%). In comparison to last year's quarter all regions recorded higher output levels. With a jump of +16.8% South America's yarn production surged impressively followed by North America (+10.2%), Asia (+4.4%) and Europe's (+2.2%).

Also worldwide fabric production continued to increase slightly by +0.3% in the 4th quarter of 2010. Lower output levels in North America (-8.5%) and South America (-7.5%) were more than offset by increases in Europe (+7.7%) and Asia (+0.5%). Year-on-year global fabric production increased by +7.4%. With the exception of North America (-1.3%) all other regions recorded higher output levels: South America's fabric production was up by +15.1%, Asia's by +7.2% and Europe by +5.5%.

World yarn inventories fell in the 4th quarter of 2010 by -3.2%. In South America they dropped by -26.7% and remained almost unchanged in Europe (-0.2%) and in Asia (-0.1%). On an annual basis world yarn stocks were up by +4.8% due to soaring inventories in South America (+56.9%) and also higher stocks in Asia (+12.8%) while they fell slightly in Europe (-0.5%).

Fabric stocks were up by +1.1% globally in the 4th quarter of 2010 with North America, Europe and Asia recording increases of +2.5%, +1.4% and +1.1%, respectively. In comparison to previous year's 4th quarter, global fabric inventories increased by +3.5% due to increased stocks in all regions: fabric stocks went up in North America by +7.3%, in South America by +4.7%, in Europe by +2.9% and in Asia by +2.7%.

In the 4th quarter of 2010 yarn orders in Brazil and Europe were up by +7.7% and +1.1%, respectively. Year-on-year Europe's yarn orders increased by +0.9% while Brazil's dropped by -7.5%. Fabric orders in Brazil and Europe fell by -8.7% and -1.5%, respectively. On an annual basis fabric orders in Brazil and Europe were up by +25.2% and +0.8%, respectively.

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