

STATE OF TRADE REPORT 3Q/2011

Global Yarn and Fabric Production Up in Q 3/2011

Estimates for Global Yarn and Fabric Production in Q4/2011 Positive

Output of global yarn production increased in the 3rd quarter of 2011 as a result of higher output in Asia – in particular China – and South America and in spite lower production in Europe and North America. Year-on-year global yarn production was up slightly due to higher output in Asia and in spite of lower output in Europe, South and North America. Global fabric production rose in the 3rd quarter with Asia and South America recording higher output while Europe registered a reduction. Compared to last year's 3rd quarter global fabric production decreased with all regions suffering declines except for South America. Global yarn stocks dropped in the 3rd quarter of 2011 compared with the previous one which was especially due to lower stocks in South America and Asia, while stocks in Europe and North America remained practically unchanged. Year-on-year global yarn inventories increased as a result of higher stocks in Asia and in spite a drop in South America. In comparison to the previous quarter fabric stocks were up in all regions in the 3rd quarter, especially in South America. On an annual basis fabric stocks soared in South America with weaker increases recorded also in North America, Asia and Europe. Yarn and fabric orders fell in Europe both compared to the previous and last year's quarter. Brazil's yarn and fabric orders jumped in the 3rd quarter compared to the previous one but were significantly lower year-on-year.

The estimates for yarn and fabric production in the 4th quarter of 2011 in most countries are mixed. While the majority of producers in Asia are expecting increases, those in Europe (with the exception of Turkey), North and South America are more sceptical expecting lower output levels.

In comparison with the previous quarter, world yarn production increased in the 3rd quarter of 2011 by +2.5%. While South America and Asia recorded increases of +9.2% and +2.7%, respectively, North America and Europe recorded decreases of -4.9% and -4.8%, respectively. Year-on-year global yarn production rose slightly by +1.1% due to higher output in Asia by +1.6%, and despite lower output levels in North America (-8.5%), South America (-7.5%) and Europe (-2.6%).

Compared with the previous quarter global fabric production increased in the 3rd quarter of 2011 by +5.9%. Fabric production rose by +7.5% in Asia and by +3.1% in South America, but fell in Europe by -8.7%. In comparison to last year's 3rd quarter global fabric production was down by -2.3%. Looking at the various regions only South America recorded an increase (+4.6%), while in Europe, Asia and North America fabric production was reduced by -4.9%, -2.6% and -2.4%, respectively.

Yarn inventories dropped worldwide by -11.4% in the 3rd quarter of 2011 compared to the previous one. In South America and Asia they fell by -20.6% and -14.8%, respectively, but remained almost unchanged in Europe and North America. On an annual basis global yarn stocks were up by +2.0%. In South America yarn inventories fell by -9.5%, but rose in Asia and Europe by +4.8% and +0.3%, respectively.

Global fabric inventories rose in the 3rd quarter of 2011 by +4.4% as compared to the previous one. In South America they jumped by +14.9% and also increased in North America by +4.0%, in Asia by +0.6% and in Europe by +0.5%. In comparison to last year's 3rd quarter, global fabric inventories increased by +15.7%. In South America they soared by +64.0% and also rose by +12.3% in North America, by +4.1% in Asia and by +0.7% in Europe.

Yarn and fabric orders in Europe were slightly down by -0.4% and -1.5%, respectively, in the 3rd quarter of 2011 compared to the previous one. Year-on-year yarn and fabric orders in Europe decreased slightly by -0.1% and -1.5%, respectively. In Brazil yarn and fabric orders jumped compared to the previous quarter by +23.5% and +15.7%, respectively. On an annual basis yarn and fabric orders were down in Brazil by -19.9% and -10.0%, respectively.

February 2012