



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

Press Release - State of Trade Report 4Q 2007

Higher Global Yarn but Lower Fabric Production

Yarn and Fabric Stocks on the Rise

Once more global yarn production rose in the 4th quarter of 2007 as a result of higher output levels in Asia and South America, whereas Europe and North America recorded lower ones. Fabric production on the other hand was down in all regions with the exception of Europe. Yarn inventories increased in all regions, whereas fabric stocks were up only in Asia but down everywhere else. Yarn and fabric orders in Europe were lower, while Brazil recorded higher yarn but lower fabric orders.

Global yarn production increased in the 4th quarter by +2.7% as a consequence of higher production levels in Asia (+3.7%) and South America (+8.1%) and despite significant lower output in Europe (-10.1%) and North America (-9.1%). Compared to the 4th quarter 2006 global yarn output was up by +9.2% owing to the fact that output jumped in Asia by +11.7%, whereas all other regions recorded lower output levels with Europe being down by -11.9%, South America by -8.0% and North America by -5.1%.

From a record high fabric production fell on a global scale by -4.3% with all regions contributing to this decline except Europe (+1.8%). Fabric production in North America, Asia and South America fell by -16.5%, -4.9% and -0.2%, respectively. On an annual basis world fabric output was up by +5.9% resulting from higher levels in Asia (+8.6%) and South America (+0.8%) more than offsetting the drop in North America (-12.3%) and the significant reduction in Europe (-6.0%).

Global yarn stocks reached the highest level in the past three years and were up by +3.4% in the 4th quarter of 2007 with all regions contributing to this increase. Yarn inventories jumped in South America (+31.5%) and rose slightly in Europe and Asia by +3.4% and +2.4%, respectively. Year on year global yarn stocks were higher as well (+3.6%). While Europe and Asia reported higher inventories (+14.1% and +5.7%, respectively), South America's decreased by -19.0%.

Also global fabric inventories rose slightly in the 4th quarter (+1.3%) compared to the previous one as a result of higher inventories in Asia only (+3.5%). Fabric stocks in Europe, South and North America came down by -5.5%, -1.6% and -0.9%, respectively. Compared with previous year's 4th quarter fabric stocks worldwide dropped by -28.3%. With -35.3% Asia experienced the strongest decline followed by Europe, North America and South America with -7.1%, -7.1% and -4.3%, respectively.

In the 4th quarter yarn and fabric orders in Europe decreased by -2.8% and -2.0%, respectively. On an annual basis these orders fell by -6.7% and -2.7%, respectively. In Brazil the picture was slightly different with yarn orders up by +8.3% compared to the 3rd quarter and up by +2.3% year on year. Fabric orders on the other hand were down both compared to the previous and to the 4th quarter of 2006 (-15.6% and -8.4%, respectively).

June 2008