

Increase of Global Yarn and Fabric Production

China with Record Yarn and Fabric Output

The 2nd quarter in 2008 saw a significant rebound in global textile production compared to the first quarter of 2008. Yarn output was higher in all regions except in North America. Especially China's production rose strongly. Fabric production increased in Asia and South America but fell in Europe and North America. Again China's output surged. The downward trend in yarn and fabric stocks came to a halt in the 2nd quarter of 2008, remaining at the lowest level since more than 3 years in the case of yarn and since two years in the case of fabric inventories. Yarn orders were slightly lower in Europe and slumped in Brazil, while fabric orders fell in Europe but increased in Brazil.

On a global scale yarn production surged in the 2nd quarter by +17.9% mainly as a result of higher yarn production in Asia (+20.0%), South America (+13.0%) and Europe (+0.4%) – with the exception of North America where a reduction of -5.8% was recorded. China's output alone jumped by +25.9%. On an annual basis, world yarn production was also up by +7.9% with Asia's and South America's production growing by +10.1% and +11.6%, respectively, and Europe's and North America's being down by -16.4% and -11.1%, respectively.

In comparison to the previous quarter, world fabric production rose by +9.6% due to higher output levels in Asia and South America (+11.7% and +7.9%, respectively). Again China was the dominant force with a surge in fabric production of +20.3%. Europe and North America, on the other hand, reported a decrease in production of -2.7% and -6.1%, respectively. Year-on-year world fabric production remained unchanged on a high level. While Asia's and South America's output rose by mere +1.5% and +0.5%, respectively, Europe's fell by -6.3% while North America's dropped by -22.6%.

Global yarn inventories went up slightly by +0.3% compared to the 1st quarter 2008. In Asia yarn stocks were higher (+0.9%); Europe reported lower ones (-0.7%); those in North and South America remained at the same level. On an annual basis global yarn stocks were significantly lower (-10.2%) with Asia and South America recording significant drops of -17.5% and -8.7%, respectively, whereas Europe's yarn inventories increased by +9.1%.

As a result of lower inventories in North America (-3.0%), Europe (-1.4%) and Asia (-0.2%) global fabric inventories were reduced slightly by -0.5%. Year-on-year fabric inventories dropped world wide by -16.4% with all regions reporting decreases: South America (-23.4%), Asia (-18.5%) and North America (-13.0%). Only Europe reported higher fabric inventories (+1.2%).

In the 2nd quarter of 2008 yarn orders fell in Brazil and Europe (-18.1% and -0.5%, respectively). On an annual basis yarn orders fell in Brazil and Europe by -9.5% and -4.4%, respectively. Fabric orders in Europe came down in the 2nd quarter by -0.7% but jumped by +9.0% in Brazil. In comparison to the 2nd quarter of 2007 fabric orders in Europe decreased by -3.0% but soared in Brazil by +10.2%.