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Global Yarn Output Up in Q2/2012

Estimates for Global Yarn and Fabric Output in Q3/2012 Positive Outlook for Q4/2012 Unchanged/Positive

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.

World **fabric production** increased in Q2/2012 due to higher output in South America, Europe and Asia. Year-on-year global fabric production was down; while it increased in Europe, it decreased both in Asia and South America. Global **fabric stocks** fell slightly in in comparison to Q1/2012 as a consequence of lower inventories in North America, South America and Europe, while they remained practically unchanged in Asia. Year-on-year fabric stocks rose due to higher stocks in South America and Asia and despite lower ones in North America and Europe. **Fabric orders** in Brazil increased in Q2/2012 compared to the previous one and jumped year-on-year. In Europe they were level as compared to the previous quarter but down on an annual basis.

The **estimates for global yarn and fabric production** in the 3rd compared to the 2nd 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%).

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Compared with the previous quarter global **fabric production** rose by +3.5% in Q2/2012 as a consequence of higher output in South America (+7.1%), Europe (+5.0%) and Asia (+3.1%), where especially China recorded an higher output (+4.7%) due to the Chinese New Year holidays. In comparison to Q2/2011 world fabric production was down by -2.7% with Asia and South America reporting decreases of -3.2% and -2.1%, respectively. In Europe on the other hand output rose by +1.0% on an annual basis.

Global **yarn inventories** rose by +0.9% in Q2/2012 compared to the previous one with Asia (+1.5%) and Europe (+0.1%) recording higher inventories, while stocks fell in South America (-2.4%). On an annual basis global yarn stocks dropped by -21.5%, a consequence of lower stocks in Asia (-30.4%) and South America (-23.6%) and despite slightly higher stocks in Europe (+0.1%).

Global **fabric stocks** fell by -0.9% due to lower inventories in North America (-4.4%), South America (-1.3%) and Europe (-0.9%), while inventories in Asia remained practically unchanged (+0.1%). Year-on-year, global fabric inventories increased by +4.5%. This was mainly due to soaring fabric stocks in South America (+20.9%). Fabric stocks in Asia rose only slightly (+0.1%), while Europe and North America recorded lower fabric stocks (-0.7% and -6.6%, respectively).

Yarn orders in Europe were up by +0.9% in Q2/2012 compared to the previous one but down -3.6% in Brazil. Year-on-year yarn orders rose both in Europe and Brazil by +0.3% and +23.1%, respectively.

Fabric orders were unchanged in Europe (0.0%) in Q2/2012 in comparison to the previous one but up in Brazil (+6.9%). On an annual basis fabric orders fell in Europe by -2.6% and jumped in Brazil by +20.0%.

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