

STATE OF TRADE REPORT Q4 / 2008

Continued Decline of Global Yarn and Fabric Output

Weak Yarn and Fabric Orders

The 4th quarter in 2008 was marked by a continued decline of global textile production in comparison to the previous two quarters. Both global yarn and fabric output shrunk as a consequence of lower output in all regions. Global yarn stocks also continued their upward trend in the 4th quarter while fabric inventories remained stable. Unlike in the previous quarter yarn and fabric orders in Europe and Brazil were down.

On a global scale yarn production fell by -2.8% in the 4th quarter compared to the previous one with all regions recording declines: North America (-18.8%), South America (-15.0%), Europe (-2.6%) and Asia (-1.9%). On an annual basis, world yarn production was down as well by -0.9%. While South America's and Asia's production was still higher (+5.4% and +0.3%, respectively), Europe's and North America's output plummeted by -14.6% and -19.9%, respectively.

In comparison to the previous quarter, world fabric production fell in the 4th quarter by -1.2% due to lower output levels in all regions: North America (-20.2%), South America (-4.8%), Europe (-0.8%) and Asia (-0.4%). Despite lower output levels in North America and Europe (-31.4% and -11.7%, respectively) which were offset by increases in South America's and Asia's production (+10.3% and +5.1%, respectively) world fabric production rose by +3.0% year-on-year.

Global yarn inventories were up by +3.2% compared to the 3rd quarter. In South America they jumped by +14.9% while the increases recorded in Asia and Europe were lower with +3.2% and +2.5%, respectively. On an annual basis global yarn stocks fell in the 4th quarter by -2.1% as a consequence of significantly lower inventories in South America (-18.6%) and slightly lower ones in Asia (-2.0%). In Europe stocks were still higher (+2.4%).

Global fabric stocks remained unchanged in the 4th quarter. In Asia they were reduced by -0.3% and increased slightly in Europe (+1.0%) and North America (+0.3%). Year-on-year global fabric inventories dropped world wide by -36.1%. In Asia they plummeted by -50.3%, in South America by -11.1% and in North America by -9.9%. Only Europe experienced a slight increase of +2.2%.

Yarn orders fell in the 4th quarter in Europe and Brazil by -3.3% and -20.0%, respectively. Also fabric orders continued their downturn in Europe and Brazil in the 4th quarter (-4.2% and -4.7%, respectively). In comparison to the 4th quarter of 2007, yarn orders declined by -8.4% in Europe and -3.7% in Brazil. Year-on-year fabric orders fell in Europe by -9.6% but were still significantly higher in Brazil with +23.3%.