

## STATE OF TRADE REPORT 1Q 2011

### **Reduced Global Yarn and Fabric Production in Q 1/2011 Higher Yarn and Fabric Stocks**

In the 1<sup>st</sup> quarter of 2011 global yarn and fabric production fell compared to the previous quarter but rose in comparison to the 1<sup>st</sup> quarter of 2010. The decrease in global yarn production resulted from lower outputs in Asia, Europe and South America. It has to be noticed here that the reduction of yarn production in Asia in the 1<sup>st</sup> quarter 2010 is mainly a consequence of lower output in China. Production in the 1<sup>st</sup> quarter in China is traditionally lower compared to any other quarter as a result of fewer working days due to the Chinese New Year. It is therefore important to note that compared to the 1<sup>st</sup> quarter of 2010 China's yarn production increased in the 1<sup>st</sup> quarter of 2011. Only North America recorded an absolute increase in yarn production in the 1<sup>st</sup> quarter of 2011. Global fabric production was down too due to lower output levels in Asia and Europe which could not be offset by higher production in North and South America. Year-on-year global yarn and fabric production continued to grow globally. Only South America recorded lower yarn production in comparison to the 1<sup>st</sup> quarter 2010. Global yarn stocks increased in the 1<sup>st</sup> quarter of 2011 as compared to the previous one due to higher stocks in South America and Asia. Only in Europe yarn stocks were slightly lower. Year-on-year yarn stocks were up in all regions except Europe where they fell slightly. Global fabric inventories were also up worldwide in the 1<sup>st</sup> quarter of 2011 which was a consequence of higher fabric inventories in Asia, while those in South America, North America and Europe were down. On an annual basis Asia, North America and Europe recorded higher fabric stocks, but dropped in South America. Yarn and fabric orders in Europe were higher in the 1<sup>st</sup> quarter 2011 compared to the previous one, while they were down in Brazil. Also in comparison to last year's 1<sup>st</sup> quarter yarn and fabric orders increased in Europe but dropped in Brazil.

World yarn production dropped by -11.3% in the 1<sup>st</sup> quarter of 2011 in comparison to the previous one. In Asia, Europe and South America yarn output fell by -12.2, -2.6 and -0.1%, respectively and rose by +5.1% in North America. Year-on-year yarn production was higher in North America (+10.2%), Asia (+6.6%) and Europe (+1.3%) but fell in South America (-0.6%).

Like global yarn also worldwide fabric production dropped by -11.8% due to reduced output levels in Asia and Europe (-14.3 and -2.0%, respectively) which could not be offset by increased production in North and South America (+13.3 and +5.9%, respectively). In comparison to the 1<sup>st</sup> quarter of 2010 fabric production rose in all regions. With a jump of +15.7% South America recorded the strongest increase, followed by Europe (+3.8%), Asia (+3.7%) and North America (+3.7%).

Yarn inventories increased worldwide by +2.0% in the 1<sup>st</sup> quarter of 2011 compared to the previous one. In North America they rose by +11.1% and in Asia by +2.0%, but fell slightly in Europe by -0.3%. On an annual basis global yarn stocks were +7.4% higher. Especially South America's yarn stocks soared by +83.0%, while Asia's rose by +5.3% and Europe's remained almost unchanged (-0.1%).

Yarn and fabric order in Europe were up by +0.3 and +2.8%, respectively in the 1<sup>st</sup> quarter of 2011 compared to the previous one. Also year-on-year yarn and fabric orders increased in Europe: +1.1 and +2.0%, respectively. In Brazil the situation was different. Yarn and fabric orders plummeted by 13.4 and -4.7%, respectively in the 1<sup>st</sup> quarter 2011. On an annual basis, yarn and fabric orders dropped in Brazil by -25.3 and -13.2%, respectively.

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