

STATE OF TRADE REPORT Q1 / 2009

Accelerated Decline of Global Yarn and Fabric Output

Reduction in Global Yarn Stocks

In the 1st quarter of 2009 an accelerated decline in global textile production could be observed. Both global yarn and fabric production fell due to lower output levels in all regions. Global yarn stocks fell for the first time since the 2nd quarter 2008, while global fabric stocks saw a slight increase at a relative low level. Yarn and fabric orders decreased in Europe but remained unchanged in Brazil.

World yarn production plummeted in the 1st quarter by -14.4% compared to the previous quarter with all regions recording lower production levels. South America's output fell by -26.8%, Asia's by -14.5%, Europe's by -8.5% and North America's by -6.3%. On a year earlier global yarn production was down -4.3% with all regions recording declines: North America (-30.6%), Europe (-24.1%), South America (-20.6%) and Asia (-1.6%).

Fabric production shrank worldwide by -8.3% in comparison with the 4th quarter 2008. Europe's output dropped by -13.8%, Asia's by -8.4% and North America's by -6.9%, while South America's remained unchanged. In comparison to last year North America and Europe recorded significantly lower output levels (-32.9% and -24.9%, respectively). South America's and Asia's production on the other hand was somewhat higher (+5.2% and +2.3%, respectively).

Global yarn inventories fell by -1.5% in the 1st quarter 2009 compared to the previous quarter due to lower stocks in Asia (-2.9%) and Europe (-0.5%) and despite higher stocks in South America (+8.8%). Year-on-year yarn stocks fell also world wide by -1.7%. South America's yarn stocks decreased by -6.3% and Asia's by -2.3%, whereas Europe's increased slightly by +0.5%.

The level of fabric inventories rose world wide by +1.1% with Asia recording an increase of +2.2% and Europe one of +0.5%. North America on the other hand experienced a fall of -2.6% and South America's remained unchanged. On an annual basis global fabric stocks plummeted by -22.8% mainly as a result of Asia's fabric stocks having fallen by -34.3%. During the same time span fabric stocks were down by -6.0% in North America and by -1.1% in Europe.

In the 1st quarter 2009 yarn and fabric orders fell in Europe by -3.6% and -7.8%, respectively compared to the previous quarter. In Brazil they remained unchanged. On a year earlier yarn and fabric orders in Europe dropped by -18.5% and -17.9%, respectively; in Brazil yarn orders were down by -8.3%, while fabric orders were up by +6.4%.

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