

## STATE OF TRADE REPORT Q4 / 2008

# Continued Decline of Global Yarn and Fabric Output

## Weak Yarn and Fabric Orders

The 4<sup>th</sup> 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 4<sup>th</sup> 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 4<sup>th</sup> 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 4<sup>th</sup> 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 3<sup>rd</sup> 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 4<sup>th</sup> 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 4<sup>th</sup> 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 4<sup>th</sup> quarter in Europe and Brazil by -3.3% and -20.0%, respectively. Also fabric orders continued their downturn in Europe and Brazil in the 4<sup>th</sup> quarter (-4.2% and -4.7%, respectively). In comparison to the 4<sup>th</sup> 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%.