

STATE OF TRADE REPORT Q2 / 2010

Higher Global Yarn and Fabric Production All Regions Contribute to the Continued Recovery

The strong global recovery in yarn and fabric production since their recent lows in the 1st quarter of 2009 continued also into the 2nd quarter of 2010. Both global yarn and fabric production rose significantly compared to the 1st quarter of 2010 as well as to last year's 2nd quarter. Output increases of yarns and fabrics could be observed in all regions. Asia's increases in the 2nd quarter are influenced especially by China's increases which are somewhat overstated since production in China in the 1st quarter is traditionally lower compared to the other ones as a result of fewer working days due to Chinese New Year. Global yarn and fabric stocks were slightly up in the 2nd quarter of 2010 as compared to the previous quarter. As compared to the 2nd of quarter 2009 yarn stocks worldwide fell slightly as a result of lower stocks in Asia and Europe while global inventories of fabrics jumped strongly mainly due to higher inventories in South America and Asia that offset drops in Europe and North America. Yarn and fabric orders increased both in Europe and South America in comparison to both the previous quarter and last year. On the other hand yarn and fabric orders in Brazil fell significantly compared to the previous quarter. In comparison to last year's 2nd quarter yarn orders in Brazil were down while fabric orders were up.

World yarn production jumped by +18.6% in the 2nd quarter in comparison to the 1st quarter of 2010. To this significant increase all regions contributed, especially Asia (+19.8%), South America (+10.1%), Europe (+5.3%) and North America (+4.7%). In comparison to last year's quarter all regions still recorded higher output levels. With a jump of +21.9%, especially South America's yarn production surged impressively. But also Europe (+20.3%), Asia (+11.1%) and North America (+4.7%) experienced higher output levels.

Worldwide fabric production in the 2nd quarter of 2010 also jumped by +16.2%. All regions recorded higher output levels, especially Asia (+17.5%) and South America (+11.2%) but also Europe (+7.1%) and North America (+6.9%). Global fabric production increased year-on-year by +10.4%. Only North America's fabric production declined during this period by -4.4%, whereas the other regions recorded higher output levels. Fabric production in Europe was up by +24.4%, South America's by +14.5% and Asia's by +9.3%.

World yarn inventories rose slightly in the 2nd quarter of 2010 by +1.4%. In South America they soared by +40.0% and remained almost unchanged in Europe (+0.3%) but fell slightly in Asia (-0.8%). On an annual basis world yarn stocks were down by -0.3% as inventories dropped in Europe and Asia by -4.0% and -0.7%, respectively. South America's yarn inventories were up by +13.4%.

Fabric stocks were up by +1.5% globally in the 2nd quarter of 2010 with Asia, North America and Europe recording increases of +2.4%, +0.8% and +0.7%, respectively. Only in South America fabric stocks fell slightly by -0.5%. In comparison to last year's 2nd quarter global fabric inventories skyrocketed in South America and Asia by +45.2% and +19.8%, respectively, while fabric stocks in North America and Europe fell by -9.9% and -0.2%, respectively.

In the 2nd quarter of 2010 yarn and fabric orders in Europe rose slightly by +0.6% and +1.0%, respectively. On the other hand yarn and fabric orders in Brazil dropped by -13.4% and -4.4%, respectively. On an annual basis yarn and fabric orders in Europe were up by +8.6% and +11.4%, respectively. In Brazil yarn orders fell by -3.1% while fabric order were up by +5.4%.