

## STATE OF TRADE REPORT 4Q/2011

### **Global Yarn and Fabric Output Increased in Q4/2011**

#### **Estimates for Global Yarn and Fabric Output in Q1/2012 Negative Outlook for Q2/2012 Positive**

Output of global yarn production increased in Q4/2011 as a result of higher output in Asia – especially in China – and Europe and in spite lower production in North and South America. Also year-on-year global yarn production was up due to higher output in Asia and in spite of lower output in Europe, South and North America. Global fabric production rose in the 4<sup>th</sup> quarter with Asia and Europe recording higher output, while North and South America registered a reduction. Compared to last year's 4<sup>th</sup> quarter global fabric output decreased with all regions suffering declines. Global yarn stocks were slightly higher in Q4/2011 compared with the previous one which was especially due to higher stocks in Europe and South America, while stocks in Asia fell. Year-on-year global yarn inventories increased as a result of higher stocks in all regions. In comparison to the previous quarter fabric stocks were up in Europe and South America in the 4<sup>th</sup> quarter, but down in Asia and North America. On an annual basis fabric stocks soared in South America with weaker increases recorded in North America and Asia, whereas stocks decreased slightly in Europe. Yarn and fabric orders fell in Q4/2011 in Brazil both compared to the previous and last year's quarter. Europe's yarn order increased in comparison to the previous quarter but fell on a yearly basis. Fabric orders on the other hand fell slightly compared to the previous one and also year-on-year.

The estimates for global yarn and fabric production in the 1<sup>st</sup> quarter of 2012 compared to the last quarter of 2011 are negative. As far as yarn production is concerned this is mainly due to lower output in Asia in general and China in particular, whereas output is estimated to increase in North and South America with Europe remaining unchanged. In global fabric production both Asia and Europe are expecting lower output in the first quarter, whereas South America is estimating an increased production level. The general outlook for the 2<sup>nd</sup> quarter 2012 is positive both for global yarn and fabric production.

In comparison with the previous quarter, world yarn production increased in Q4/2011 by +6.5%. While North and South America recorded a drop of -16.4% and -1.5%, respectively, Europe and Asia recorded increases of +14.7% and +7.0%, respectively. Year-on-year global yarn production rose by +8.5% due to higher output in Asia (+9.8%), and despite lower output levels in North America (-20.4%), Europe (-1.4%) and South America (-0.4%).

Compared with the previous quarter global fabric production increased in Q4/2011 by +0.7%. Fabric production rose in Europe and Asia by +9.0% and +1.9%, respectively, but fell in South and North America by -18.2% and -8.3%, respectively. In comparison to last year's 4<sup>th</sup> quarter global fabric production was down by -1.8%. In all regions production was down, in South America by -7.5%, in North America by -2.2%, in Europe by -1.9% and in Asia by -1.3%.

Yarn inventories rose only slightly worldwide by +0.4% in Q4/2011 compared to the previous one. In South America and Europe they were up by +1.0% and +0.4%, respectively, but fell in Asia by -1.3%. On an annual basis global yarn stocks increases by +4.8%. In South America yarn inventories jumped by +24.7%, in Asia by +4.5% and in Europe by +0.7%.

Global fabric inventories rose in Q4/2011 by +1.5% as compared to the previous one. In South America they rose by +6.7% and in Europe by +0.1%, while they decreased slightly in Asia by -0.6% and in North America by -0.5%. Year-on-year, global fabric inventories increased by +16.1%. In South America they soared by +75.0% and also rose by +9.0% in North America, and by +2.4% in Asia, but were reduced in Europe by -0.6%.

Yarn and fabric orders in Brazil dropped by -3.6% and -18.2%, respectively, in Q4/2011 compared to the previous one. Also year-on-year yarn and fabric orders in Brazil plummeted by -28.3% and -19.4%, respectively. In Europe yarn orders were up by +0.6% in the 4<sup>th</sup> quarter compared to previous one but down on an annual basis by -0.7%. Fabric orders in Europe fell by -0.5% in comparison to the previous quarter and also by -0.5% year-on-year.

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