

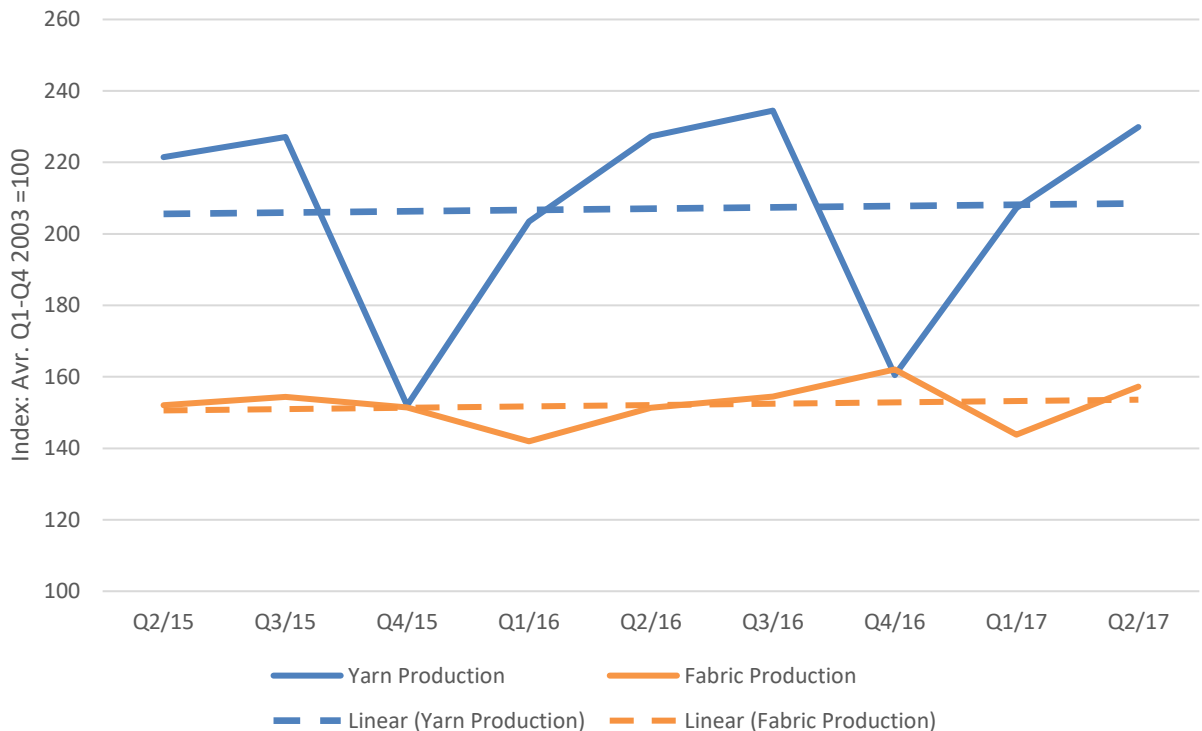
Global yarn production and fabric output increased in Q2/17

Global yarn and fabric production are expected to stay stable in Q3/17 and increase in Q4/17.

The global **yarn production** improved in Q2/17. It increased in Asia, Europe, and Brazil and slightly declined in the USA. The combined effect brings the global yarn production to a level slightly higher than it was in Q2/16. The apparent stability of global **yarn stocks** between Q1/17 and Q2/17 is the composite result of a strong increase Brazil and a strong decrease in Egypt. Global yarn stocks have also improved compared to the same quarter a year earlier. Global **yarn orders** have fell in all regions in Q2/17.

Global **fabric production** increased in Q2/17. The output in Asia, Africa, and Brazil improved while it was stable in the USA and Europe. In Q2/17, worldwide **fabric stocks** slightly increased, with the most significant change observed in Brazil for the second quarter in a row. The fabric stocks, however, haven't reached their Q2/16 level yet. Asian and European **fabric orders** remained stable in Q2/17 and rose in Brazil and Africa. In comparison to the second quarter of last year, the Asian and Brazilian fabric orders declined significantly, while they slightly increased in Europe and Africa.

World Production of Yarn and Fabric



For Q3/17, estimates indicate a stable trend in both global yarn and fabric production.

For Q4/17, the global outlook for both yarn production and fabric output signal further rise.

In Q2/17, global yarn production rose by 11%, a lower rate of growth compared to the last quarter. The drivers of the Q2/17 growth level are Asia and Brazil with their respective 12% and 11% increases. Yarn production has decreased of 10% in the USA and 18% in Africa since Q1/17.

Global fabric production improved by almost 9% in Q2/17, with the most significant increase in Brazil, Asia, and Africa (10.4%, 9.8%, 9.2% respectively). The situation has improved compared to Q2/2016 with an increase of global fabric output of almost 4%.

Global yarn stocks decreased by 1% in Q2/17. Asia, Europe, and Brazil saw their yarn inventories increased by 0,7%, 2.3%, and 11.5% but the world average is driven down by a 12% decrease of yarn stocks in Egypt. The stocks improvement of 13% in comparison to Q2/16 is a composite effect of relatively slight variations in Europe and Asia (-3% and +10%), a sharp decrease of nearly 40% in Brazil, and a strong increase of 112% in Egypt.

Worldwide fabric stocks rose by 3.3% in Q2/2017. Brazil experienced a strong increase of 23%, while variations in all other regions ranged within the +/- 3% margin. Global fabric inventories in Q2/17 decreased by 8% compared to Q2/16. The strongest decrease is observed in Brazil (-30%). Asia and the USA are fairly stable and Europe's stocks raised by 7%.

In Q2/17, European yarn orders decrease by almost 7%. Reductions of 6% and 4% were recorded in Brazil and Asia, respectively. Compared to Q2/16, yarn orders in Europe were stable. They decreased in Brazil and Asia by 17% and 14%, respectively.

The 9% increase in global fabric orders in Q2/17 is driven by Brazil and Egypt (+13% and +16% respectively). During the quarter, fabric orders have been stable in Asia and slightly decreased in Europe. They, however, show a relatively strong decrease with respect to the same quarter a year before (21%). This is mainly due to falling orders in Brazil and Asia (-27% and -17%).

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