*Textile Beacon*

# GLOBAL NYLON PRICE FORECAST

## SAMPLE-FEBRUARY 2017



TEXTILEBEACON

ALL ABOUT GLOBAL TEXTILES

TEXTILEBEACON

ALL ABOUT GLOBAL TEXTILES

## NYLON IN ASIA

**Benzene prices will settle steady to low in February**

For February, benzene after a surprisingly strong performance in December and January, prices will roll over or tad down on sustained demand. On the supply side new capacities are planned, especially in Asia from Q3, and many announced turnarounds (fewer than 2016). Strong Chinese demand and positive spreads in downstream products such as caprolactam, will maintain spot at four-digit levels.

Caprolactam prices remain high in Asia after soaring dramatically in January, driven by a combination of supply shortages and Chinese New Year inventory planning actions. However, spot market will become less active going into February with raw material shortages (cyclohexanone) easing and air pollution levels decreasing.

Nylon chip will ease in line with that of caprolactum. High speed spinning chip demand from China will be strong, but Taiwanese producers will operate at full capacity due to ample raw material supply and cost. Taiwanese polymer producers will run at 75% of capacity. Smog which had forced major caprolactum plants supplying general speed spinning polymer will not remain a constrain for production in February. Consequently, the price of polymer will remain stable. Prices for nylon filament yarn will continue to remain firm, having risen astonishingly in previous two months on cost support. This was caused by the firm feedstock prices, especially caprolactum, where manufacturers have controlled production since Q3 2016 to hold prices. Thus, the gap between polyester and nylon have increased sharply which is a great concern for the nylon market in the coming months. Apparel companies may choose to use other fibres when planning designs for next season.

**Trends in January**

Asian benzene prices rose in January on thin supply and few trades. The FOB Korea marker rose 11% to average US$937-938 a ton. Downstream caprolactum prices inched up on the back of moderate demand and recovering benzene amid tight supply. In China, both liquid and solid goods prices moved up. Spot prices averaged US$1,943-2008 a ton in January, up 7% from last month. Sinopec settled its January contract at US$2,590 a ton and Fibrant at US$2,600 a ton. Nylon chip prices were hiked on support of surging raw material benzene and caprolactum prices during the month. Offers for Taiwan-origin chips averaged US$2,269-2,319 a ton, up 7% from last month. NFY offers in January headed north on cost push as caprolactum and nylon chip prices surged on cost push and supply constraints while demand remained lusterless as converters cut production. In China, SD FDY70D/24F was traded at US$3.29-3.36 a kg, up US cents 28 on the month while FDY40D were at US$3.50-3.65 a kg, up US cents 23 on the month.

## NYLON IN USA

**Nylon filament may rise on cost support**

US February benzene contract prices settled at a US$3.32-3.34 per gallon split, up US cents 65 on January numbers. January had witnessed surprisingly strong performance as 2017 started with the promise of sustained demand. Spot may see a roll over in February as after gaining US cents 86 in December and January. Downstream demand will remain modest while arbitrage window to Asian market will remain closed.

Demand for caprolactum in US will remain firm with a supply that is balanced to short. AdvanSix announced even heftier price increases for February of US$265 a ton for CPL and PA6 resins starting 30 January. BASF also increased prices for caprolactum and PA6 effective February 1 or as contracts allow. Nylon chip producers will simply apply the change in caprolactum prices at PA6 level and will have no difficulty in passing the increase along to their clients since demand is strong and supply limited.

Nylon filament yarn market in February will see further improvement but It will behave as per inventory pipeline levels and buyers ordering for replenishment. One area that does appear to be seeing better business is in military applications where the market has been very poor for many months. The election of President Trump has given the military sector reason for optimism and this will reflect in ordering patterns. Prices are likely to increase at filament level as raw materials have sharply risen on a quarter basis. Heavy denier nylon industrial filament will start at an improved rate. Cap ply demand for tyres is good and agricultural tyre demand will show more activity after a very slow year in 2016.

**Trends in January**

In US, benzene spot rallied to another 25-month high as upward momentum resumed amid renewed buying interest and still tight supply surging 17% to US cents 318.20-318.30 per gallon FOB USG. Caprolactum demand remained firm with balanced supply. AdvanSix and BASF, the two remaining US caprolacum producers after Fibrant's exit, will take the opportunity to recoup past lost margin. Nylon chip producers simply applied rise in raw material prices. The announced increases for January were: BASF US$177 a ton, DSM US$180 a ton for their unfilled resins and AdvanSix US$132 a ton. The January price was settled at US$150 a ton. Nylon textile filament market in January started with some improvement over the last few months. No price increases have been made yet for filament.

## NYLON IN EUROPE

**Benzene will tend to remain firm to support nylon**

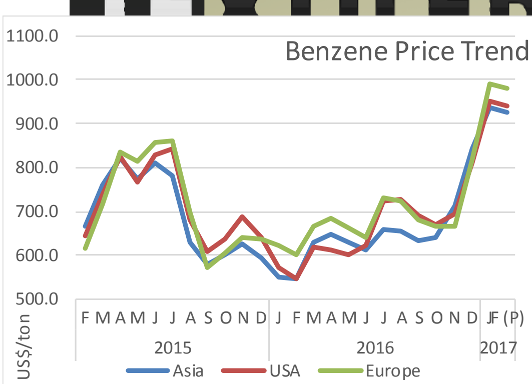
In Europe, February spot benzene will remain firm following a strong performance in December and January with the promise of sustained demand. The February benzene contract price is expected to rise on the back of tight fundamentals, as spot price surged to a fresh 26-month high at US$1,090 a ton CIF ARA in late January. Although the market will remain backwardated, February spot levels will trend flat.

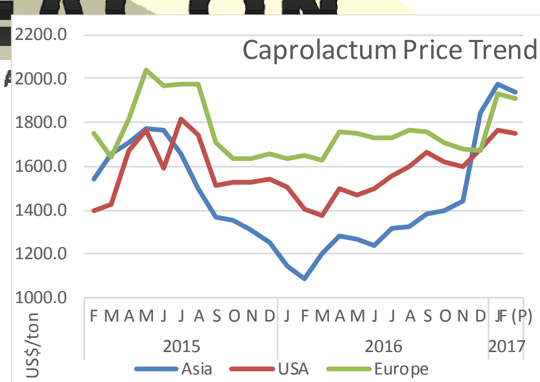
Caprolactum producers will intent to achieve the price increases announced in January increases of that magnitude is at present unattainable, even with Asian prices remaining high. Demand will be stable and there is even some optimism on this score for the coming month. Yet another increase in caprolactum in contemplated on top of an adjustment for the price of benzene being announced for February. Producers are confident that there is no other choice and they will continue this way asking in February also for the total benzene change on top of the January increase.

Demand for PA6 is quite good but whether this robust demand is genuine or attributable to pre-buying in anticipation of more price hikes in Europe in February and/or the apparent shortage in Asia. PA6 polymer prices will tend to gain Euro 100 a ton in February with some producers planning to announce deals slightly below Euro200 a to plus. There are no production issues for PA66, and plants seem to be operating at full capacity. This situation is expected to continue at least through Q1 2017, with suppliers already saying that their order books for February and March are filling up. Nylon filament yarn price increases will be minimal on the cost support.

**Trends in January**

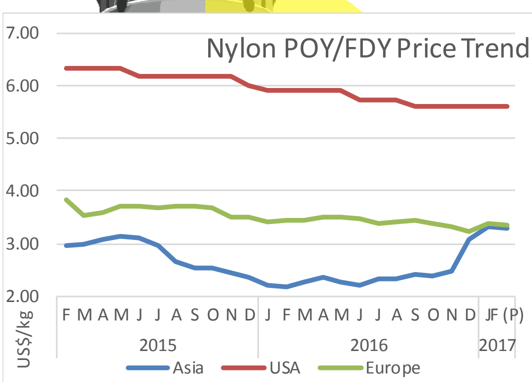
European benzene prompt fundamentals were extremely tight as February rose in line with January. Spot jumped 22% to average US$991.50-992.50 a ton CIF ARA and FOB Rotterdam. Contract for the January settled at Euro 806 a ton (US$842 a ton), which is an increase of Euro 175 a ton over December, more than was expected. Caprolactum producers started January with the firm intention of seeking price increases of around Euro325 a ton. Some producers even announced deals with increases slightly below Euro 200 a ton but also over US$325 a ton. PA6 prices were assessed Euro200-250 a ton higher in January while contract prices for PA66 increased to Euro125 a ton in January after a calm December, which was broadly in line with raw material price changes. Spot market price increases of Euro 150-250 a ton for PA66 were reported. 2017 has started with a rude awakening for nylon filament producers with explosive raw material price increases hitting the supply chain.

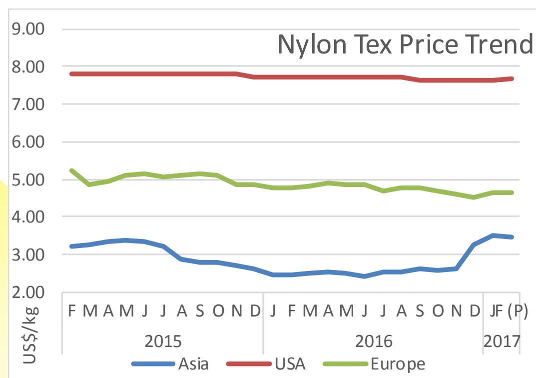


## Asian Nylon Chain Price Forecast

| Product / Specs | Market | | Jan-17 Actual | Feb-17 Forecast | % YoY | Jun-17 Most likely | % YoY | Dec-17 Tentative | % YoY |
|---|---|---|---|---|---|---|---|---|---|
| Naphtha | Japan CFR | US$/ton | 516 | 507 | 57.5 | 517 | 22.1 | 591 | 23.0 |
| Naphtha | US Gulf | US$/bl | 54 | 53 | 60.6 | 54 | 11.4 | 62 | 15.6 |
| Naphtha | Rotterdam | US$/bl | 50 | 49 | 52.7 | 51 | 14.7 | 59 | 16.6 |
| Benzene | Korea FOB | US$/ton | 937 | 926 | 69.5 | 949 | 55.0 | 1,072 | 27.3 |
| Benzene | US Gulf FOB | US$/ton | 319 | 314 | 71.9 | 323 | 55.1 | 366 | 35.0 |
| Benzene | Rotterdam FOB | US$/ton | 992 | 979 | 62.9 | 1,004 | 56.7 | 1,135 | 39.0 |
| Caprolactum | Asia CFR | US$/ton | 1,975 | 1,939 | 78.7 | 1,927 | 55.7 | 2,075 | 12.5 |
| Caprolactum | US Delivered | US$/ton | 1,765 | 1,753 | 24.9 | 1,774 | 18.2 | 1,889 | 12.7 |
| Caprolactum | Europe Del | US$/ton | 1,930 | 1,910 | 15.9 | 1,919 | 11.1 | 2,050 | 22.6 |
| Nylon chips SD | SE Asia CIF | US$/ton | 2,294 | 2,258 | 58.2 | 2,248 | 52.5 | 2,403 | 11.8 |
| NFY FDY 70D/24F SD | China spot | US$/kg | 3.33 | 3.28 | 50.2 | 3.27 | 48.3 | 3.49 | 13.3 |
| NFY 70-200D, weave | US Delivered | US$/kg | 2.55 | 2.55 | -4.6 | 2.59 | -0.4 | 2.69 | 5.6 |
| NFY POY 78dtex, (Ny,6) | Europe Delivered | US$/kg | 1.53 | 1.52 | -2.9 | 1.54 | -2.7 | 1.64 | 11.4 |
| NFY DTY 70D/24F SD | China spot | US$/kg | 3.53 | 3.48 | 40.7 | 3.47 | 42.9 | 3.69 | 13.5 |
| NFY Textured 70f68 (Ny, 66) | US Delivered | US$/kg | 3.48 | 3.48 | -0.7 | 3.51 | 0.1 | 3.58 | 2.9 |
| NFY Textured 78f68 (Ny, 6) | Europe Del | US$/kg | 2.12 | 2.10 | -3.3 | 2.12 | -3.7 | 2.23 | 8.4 |




TEXTILEBEACON
ALL ABOUT GLOBAL TEXTILES

# ABOUT TEXTILE BEACON GLOBAL INFO SERVICES

*We are young and vibrant with a distinct ability to fulfill your need for authentic, timely and value for money information backed by high value analysis, in real time. We have an intellectual capital of over 50 years that make it possible for us to understand market, players and Industry incisively. Our strength lies in being able to provide you relevant news updates, pricing information, forecast, industry statistics and highly analytical financial reports on various textile value chains that are most appropriate to you. We cover the length and breadth of the entire value chain of cotton, polyester, nylon, rayon and wool right from the energy complex to spun yarns, fabrics and apparels.*

***Kindly send your feedback and enquiries at sales.textilebeacon.com***

**Price List of Textile Beacon Reports**

| TexB Reports | INR | US$ | Euro |
|---|---|---|---|
| Global Markets Weekly Review | 52,000 | 795 | 755 |
| Global Markets Monthly Review | 24,000 | 365 | 350 |
| India Monthly Yarn Exports | 24,000 | 365 | 350 |
| India Monthly Fabric and Garment Exports | 24,000 | 365 | 350 |
| Global Polyester Price Forecast | 24,000 | 365 | 350 |
| Global Nylon Price Forecast | 24,000 | 365 | 350 |
| Global Acrylic Price Forecast | 24,000 | 365 | 350 |
| Global Cotton Price Forecast | 24,000 | 365 | 350 |
| Global Fibres - Annual report | 40,000 | 600 | 580 |
| Global Polyesters - Annual report | 25,000 | 380 | 365 |
| Global Nylons - Annual report | 20,000 | 305 | 290 |
| Global Acrylics - Annual report | 20,000 | 305 | 290 |
| Global Cotton - Annual report | 20,000 | 305 | 290 |

ALL ABOUT GLOBAL TEXTILES