Textile and Apparel Weekly **March 20, 2008**

EXTRACT

Content:

Mill Inventories Continue to Decrease

DATE: 2008/03/20

The National Cotton Marketing Monitoring System (NCMMS) monthly survey of cotton mill inventories found that mill stocks, as of March 6, dropped 9 days from January 2008 to 34.4 days at the end of February. Total mill stocks are estimated to be 1.131 million tons. For most of the provinces, stocks on hand are lower than the national average; however, Hubei and Henan both have considerable inventories, ranging from 45 to 55 days, respectively. The survey also suggested that approximately 81 percent of the interviewees are making preparations to increase their cotton purchases. At the same time, roughly 80 percent of the participants said they would maintain cotton's inclusion rate while 13 percent said they would reduce this rate

Source: Globecotnews

Cotton Fabric Production Slows in February 2008

DATE: 2008/03/20

Data released by the NBS revealed that cotton fabric output in February 2008 slowed to 1.861 billion square meters, up 17 percent year-on-year but down 2.77 percent from January. This downturn occurred after several months of averaging more than 2.3 billion square meters per month. For the September 2007 through February 2008 period, China produced 13.926 billion square meters of cotton cloth, an increase of 1.854 billion square meters or 15.36 percent year-on-year.

Source: Globecotnews

February Yarn Output Sharply Down

DATE: 2008/03/20

China's yarn production fell for the third consecutive month, ending at 1.2865 million tons in February. The decrease was a gain of 9.95 percent year-on-year; but at the same time, it was a 234,900-ton, or 15.44 percent, drop from January. In fact, February's output was the lowest monthly production number since 1.068 million tons in February 2006. For the September 2007 to February 2008 period, cumulative yarn output now stands at 9.9769 million tons, up 10.93 percent versus the same time frame a year ago.

Source: Globecotnews

Techtextil North America To Go Annual

DATE: 2008/03/20

Techtextil North America (TTNA), the Atlanta-based biennial North American trade show for the technical textiles and nonwovens industry, will become an annual event with venues alternating between Atlanta in even-numbered years and a Western US region location in odd-numbered years, according to Atlanta-based show organizer, Messe Frankfurt Inc.

The 2008 show will take place April 1-3 at the Cobb Galleria Centre in Atlanta. The 2009 edition of TTNA is scheduled to be held April 21-23, 2009, at the Sands Expo and Convention Center in Las Vegas.

"The Western region features a significant concentration of manufacturers and customers in important growth markets," said David Audrain, president, Messe Frankfurt Inc., the US subsidiary of Frankfurt-based Messe Frankfurt GmbH, which organizes trade fairs - including other Techtextil events in Europe and Asia - serving a range of industries worldwide. "By offering Techtextil North America annually in two US regions, this event will be accessible and beneficial to significantly more buyers, and make it even more valuable for our exhibiting companies."

According to Messe Frankfurt, the Western region of the United States offers good opportunities for expanding the show's US presence. A recent analysis notes there are close to 90,000 companies in the region that are potential participants, with interest areas including general technical textiles as well as more specific agricultural, transportation, industrial and medical sectors. Agrotextiles are seen as having the greatest growth potential, with consumption projected to increase from nearly 1.4 million tons in 2000 to nearly 2.0 million tons in 2010. Transportation textiles currently represent the most valuable technical textiles market, worth $25.6 billion in 2000 and, while not as fast-growing as other sectors, are expected to remain the most valuable at $29.3 billion in 2010.

"We are continually looking for ways to enhance the experience and engage new participants in Techtextil North America," said Stephanie Everett, TTNA show manager. "TTNA 2009 promises to deliver a new mix of global decision makers and suppliers, more innovation and increased opportunities for all participants, and demonstrates Messe Frankfurt's continuing commitment to the growing technical textiles industry."

Source: Textile World

World cotton demand likely to go up by 1% in 2007/08

DATE: 2008/03/18

World cotton production in 2007/08 is estimated 2.6 percent lower than in 2006/07, at 119 million bales. Consumption is estimated 1 percent higher than 2006/07, at 124 million bales. Unaccounted cotton in 2007/08 is also estimated higher than in 2006/07. Combining production and unaccounted cotton gives a total estimated supply of new cotton of 122 million bales, down 1.5 percent from the year before.

Ending stocks are expected to fall about 2 million bales in 2007/08, to 59 million bales, or to 48 percent of consumption. This is down from 50 percent in 2006/07, and below the 53 percent average of the previous 10 years. If China¡¯s stocks are excluded from this calculation, ending stocks are forecast at 34 percent of consumption, unchanged from 2006/07, and slightly higher than the 33 percent average of the previous 10 years.

Cotton Prices Remain Low Versus a Wide Range of Commodities:

After a long period of relative stability, cotton prices have become more volatile. Cotton price volatility is in part a reflection of volatility in markets for other goods, and of the uncertainties of today¡¯s economy. Ultimately, only relative prices have economic significance, but changing technology, tastes, and other factors can make predicting relative prices difficult.

An examination of long term trends in the ratio of cotton prices to the prices of other products reveals that cotton prices have fallen significantly since the 1990s. Furthermore, while cottonprices have risen in 2008, they are little changed relative to most other commodities from the year before. Even the surge of the A-Index to 89 cents/pound on March 6th did little to alter this relative price weakness.
An important exception in this respect is synthetic fibers. Polyester prices have not exhibited the strength recently apparent in markets for agricultural commodities, metals, and petroleum. This divergence between synthetic fiber prices and other commodities is a recent development with important implications for cotton.

Cotton prices (A-Index, NE), lost about 40 percent of their value relative to the U.S. consumer price index (CPI) between the 1990s and 2000-05. Falling prices in real terms has long been the norm for unprocessed commodities, but cotton stands out. Between the 1990s and 2000-05, cotton prices declined about 20 percent relative to a large number of agricultural and non agricultural products.

In addition to wheat, corn, and soybeans, cotton prices fell 20 to 25 percent relative to spot prices for copper, gold, coal, bananas, and apparel. In other words, while all these products had prices that fell in inflation-adjusted terms, cotton prices fell twice as much in most cases. On the other hand, cotton prices fell only 15 percent relative to the prices of synthetic fibers, and fell by more than half relative to petroleum prices.

This pattern continued after 2005, and by 2007 the A-Index had fallen more than 40 percent in 20 years with respect to wheat, corn, and soybeans. In 2007, cotton prices were 60 percent lower relative to the U.S. CPI, 70 percent lower relative to petroleum than they were during the 1980s, and about 25 percent lower with respect to rice and synthetic fibers. The first 2 months of 2008 saw cotton again weaken compared with a number of commodities, including wheat, corn, soybeans, gold, rice, and petroleum.

Source: The Sub-Council of Textile Industry,CCPIT