



## Forestry & Paper

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### Textiles Fibre Weekly Update

**Key message:** Further gains for VSF, while DWP prices hold tight ahead of the CNY. VSF stocks still tight at 10.5 days.

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- **Key w/w moves:** VSF +2%; polyester +4%; and high-quality cotton liner +5%.
- **VSF prints further gains, despite the onset of the CNY:** Despite increases going ahead, most spinners have built up sufficient inventory for now and post the holidays.
- **VSF operating rate drops to 79%:** This is on the back of maintenance of VSF plants in West China. VSF inventory days remains tight at 10.5 days. VSF market will be totally closed, lasting up to 10-15 days.
- **DWP supply tightness eases slightly:** Sun Paper continues to operate, while Hunan Juntai has converted to HW DWP.
- **DWP price flat w/w with no takers above USD 900/t:** With further VSF price momentum, DWP fundamentals remain strong.

### China Textiles – Key w/w price and operating changes

Price details (CNY/t)	31-Dec	29-Jan	05-Feb	w/w %/bps chg.	YTD %/bps chg.
Polyester	5 885	6 250	6 475	3.6%	10.0%
Cottonseed	2 800	3 040	3 033	-0.2%	8.3%
Cotton linter	2 670	2 800	2 850	1.8%	6.7%
High-quality cotton linter	3 790	3 960	4 150	4.8%	9.5%
Industry-grade refined cotton	7 890	7 920	7 900	-0.3%	0.1%
Food-grade refined cotton	8 790	8 820	8 800	-0.2%	0.1%
Hardwood DWP (USD)	730	895	895	0.0%	22.6%
Softwood DWP (USD)	780	915	915	0.0%	17.3%
China-origin hardwood DWP	6 000	6 800	6 800	0.0%	13.3%
China-origin hardwood DWP (USD)	917	1 053	1 049	-0.3%	14.4%
Hardwood DWP spread: origin less import (USD)	187	158	154	-2.1%	-17.4%
Medium-grade VSF	11 500	13 620	13 900	2.1%	20.9%
USD/t	1 758	2 108	2 145	1.7%	22.1%
Medium-grade VSF/HW DWP spread (USD/t)	1 028	1 213	1 250	3.0%	21.7%
High-end VSF	11 380	13 800	13 800	0.0%	21.3%
High whitness VSF	11 950	14 400	14 400	0.0%	20.5%
Rayon yarn	15 300	17 630	17 650	0.1%	15.4%
OER10S	12 300	14 150	14 200	0.4%	15.4%
MVSR40S	17 200	19 230	19 250	0.1%	11.9%
Bright filament yarn	35 400	35 900	35 900	0.0%	1.4%
Dull filament yarn	35 800	37 500	37 500	0.0%	4.7%
Bright filament yarn	25 400	26 000	26 000	0.0%	2.4%
<b>VSF plant operation</b>					
Operating rate (%)	77%	83%	79%	(400)	600
Physical inventory days	13.0	9.0	10.5	16.7%	-19.2%
<b>VSF plant operation</b>					
Operating rate (%)	85%	85%	85%	-	800
Inventory days	110.5	100.5	98.5	-2.0%	-10.9%
<b>FX</b>					
USD/RMB	6.54	6.46	6.48	0.3%	-1.0%

Source: CCF Group, Chronux Research

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