

Fiber Intermediate Prices Rose at Slower pace - March Synopsis

YarnsandFibers Weekly PriceWatch Report contains global trends of fibers and intermediates. The Report tracks prices of fibers and intermediates. The report contains price updates of 22 products in the textile value chain.

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Crude oil prices increased at a slower pace during March. Averaging US\$60.26 a barrel the WTI Spot was 1.7% higher than February numbers. However, compared to a year ago, it was down 4%. The last week of March witnessed sharp volatility in oil prices due to geopolitical issues in the Middle East following Iran's detention of 15 British sailors. On the output front, OPEC had cut its production by 200,000 barrels a day in March from the February levels. OPEC was also determined to ensure that member producers adhere to the planned cut, to ensure there is no overproduction. The sluggish oil movement adversely impacted naphtha prices. The CFR Japan naphtha was up 11% in March (over February 2007) averaging US\$646 per ton. The rise was over the 10% of February. Thus, in the first 3 months of 2007 saw naphtha prices spurred by 6% over the corresponding period of 2006. Nevertheless, the firmness in naphtha prices did not have major impact on the fiber intermediate prices during March. *YarnsandFibers* is of the opinion that oil prices would continue to remain volatile hovering between US\$62-67 per barrel mark in April 2007. **Polyester Chain**

Paraxylene and ethylene prices declined in Asia during March from their February levels. Ethylene was cheaper further by 13% averaging US\$940 a ton CFR Southeast Asia. Paraxylene prices fell marginally by 0.5% to average at US\$1,119 a ton for the month. The softening of ethylene and paraxylene prices was well reflected in PTA and MEG values. They were up by just 0.3% and 0.4% during March. PTA averaged US\$863 a ton FOB Korea and Taiwan. MEG prices averaged US\$880 a ton FOB Taiwan/Korea. PSF and PFY prices too declined in March after gaining some strength in the previous month. The 1.5D/38mm PSF was traded 4 cents lower at US\$1.21 per kg CIF China of goods originating from Southeast and Korea. Semi-dull 150D/48F DTY was quoted at US\$1.42 per kg FOB Malaysia and Indonesia, down 3 cents from February values. **Acrylic Chain**

The acrylic chain gained some strength in March on rising oil prices and shortages in ACN supplies. Propylene prices gained 3% during the month averaging US\$1,085 per ton CFR Southeast Asia. Downstream acrylonitrile prices were up 1% at US\$1,590 a ton CFR Southeast Asia. With strong support from ACN values and it being in short supply in Asia, ASF turned a bit dearer in March. At US\$2 a kg CIF China, 1.5D 38mm ASF prices were 1 cent higher than February number. **Nylon Chain**

In the nylon chain gained strength in rising benzene values in Asia. Downstream caprolactum was dearer which support nylon chip and filament values. Benzene prices were firm at US\$1,005 a FOB Southeast Asia, up 4% compared to February numbers. Caprolactum prices averaged US\$2,333 a ton CFR Southeast Asia and were 1.5% higher than January average. Nylon chips and nylon filament yarns also saw their prices increase by 2-3% during March. Nylon filament yarn prices averaged US\$3.15 per kg, up 8 cents over February values. Similarly nylon chips gained US\$50 at US\$2,500 a ton. **Cotton**

Cotton prices increased 1.5% in March in comparison with February. The Cotlook A index averaged 58.54 cents per pound during the month. In China, the Cotton Index gained RMB 33 a ton at the

average of RMB13,057 for March. In Pakistan, cotton prices averaged Pak Rs.2,575 per maund (37.32 kg) while Indian cotton was up INR 850 per candy at INR19,300 per candy (Shankar 6-A variety).

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