ITMF NEWS LETTER

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# EDITORIAL

By Dr Olivier Zieschank, economist, ITMF

ITMF's 4th Corona- survey on the impact of the pandemic on the global textile industry shows the extent of order cancellation around the world as well as the expected loss of turnover in 2020. The survey also shows that fiber, textile and garment manufacturers are slightly more impacted than integrated producers, pre-crisis production levels are expected in the first half of 2021, and order cancellations without warning / discussion were more frequent in spinning and weaving as well as in North America (see Article 1).

We now know that the global textile industry is vulnerable to unexpected supply and/or demand shocks. Sourcing and production strategies have to be adapted to reduce the risks and the costs of such unexpected events (see Article 2). Brands/retailers and producers alike will have to strengthen collaboration to nurture resilience. Better Buying shows how order cancellations / postponements jeopardize the suppliers' financial stability and create long-term damages to the value-chain in a special report (see Article 3). They call for redefining the rules of the game in a collaborative effort to strengthen the textile industry in the future.

Furthermore, there are reasons to believe that the future of the textile supply chains will be more demand driven. Customers behaviour are already evolving due to expected long-lasting effects of the crisis on one's financial power as described in a report by McKinsey (see Article 4). Customers tend to focus in essential products as their income has declined on average and their new habits adopted during the lockdown seems to accelerate the online trend. The textile and garment industry - as a whole - is in need to adapt and find new ways to buy, sell, interact, communicate.

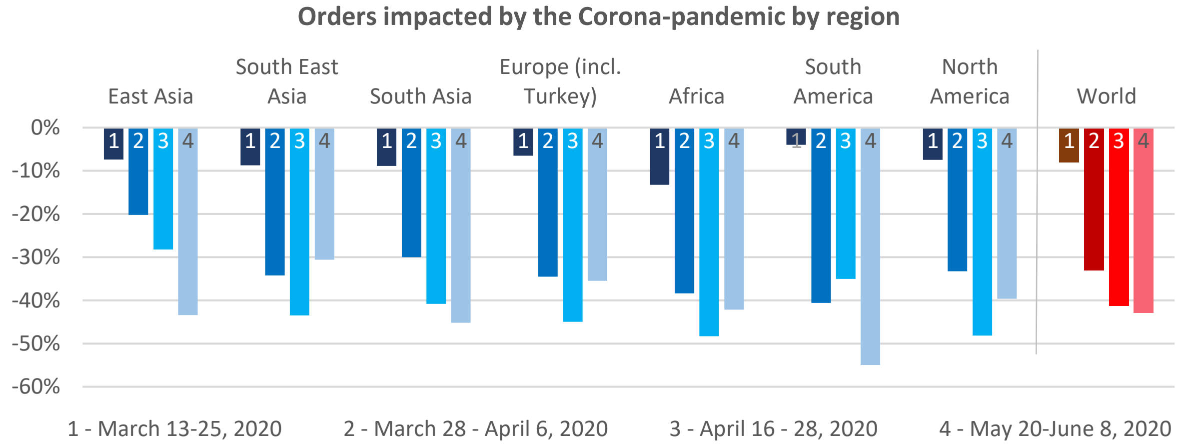
# 4TH ITMF-SURVEY ABOUT THE IMPACT OF THE CORONA-PANDEMIC ON THE GLOBAL TEXTILE INDUSTRY

by Dr Christian Schindler, general director, ITMF

Between May 20th and June 8th, 2020, ITMF has conducted its 4th ITMF Corona-Survey among ITMF members and affiliated companies and associations about the impact the Corona-pandemic had on the global textile value chain. In total around 600 companies from around the world participated.

On a global scale, current orders continue to be down on average by more than -40% (Graph 1). The range of cancellations and postponements was between -30% in South East Asia and -55% in South America.

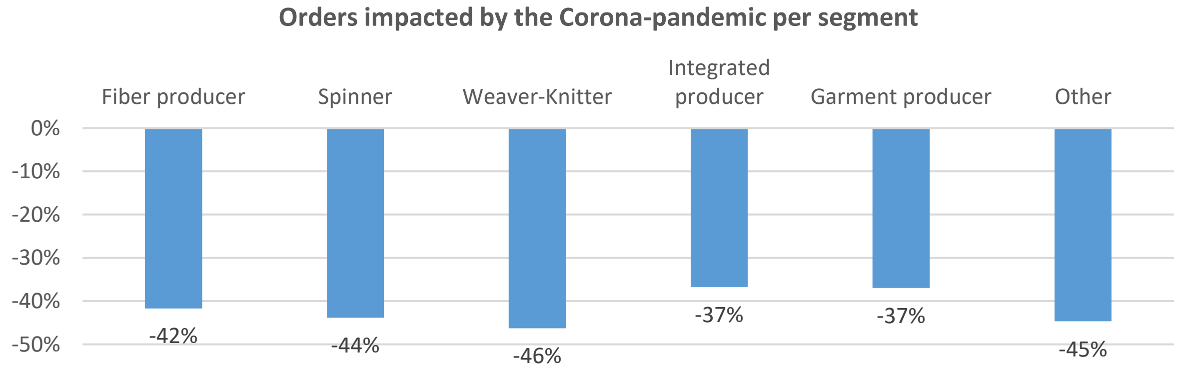
**Graph 1: Worldwide, current orders are down by -42% on average.**




Source: ITMF

When looking at the different segments in the textile value chain, all segments – from spinners to garment producers – recorded significant decreases in orders (Graph 2).

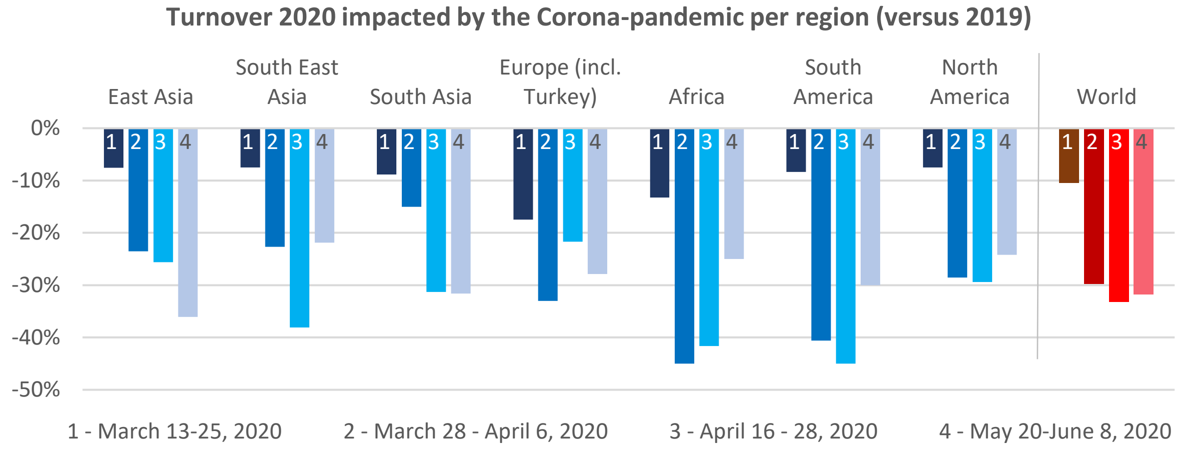
**Graph 2: Orders are down in the range of -37% and -46% in all segments of the global textile value chain.**




Source: ITMF

When looking at expected turnover in 2020 compared to 2019, the expectations remained unchanged since the 3rd ITMF Corona-Survey. On average, companies worldwide are expecting their turnover to plummet by -32% on average. The range between regions differs from -22% in South East Asia to -36% in East Asia (Graph 3).

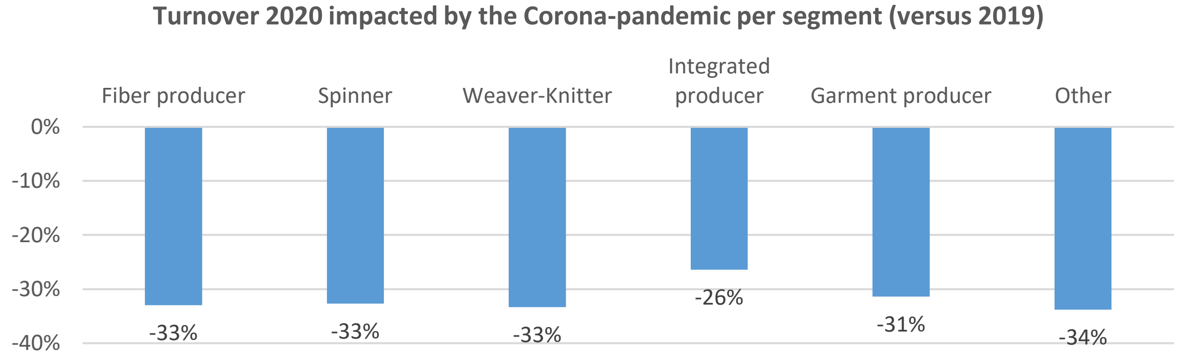
**Graph 3: Worldwide, expected turnover 2020 is down by -32% on average (versus 2019).**




Source: ITMF

With regard to expected turnover 2020, it seems that integrated producers have fared slightly better with turnover expected to fall by -26%, while the other segments expect turnover in 2020 to be falling in the range of -31% to -34% (Graph 4).

**Graph 4: Turnover 2020 is down in the range of -26% and -34% in all segments of the global textile value chain.**

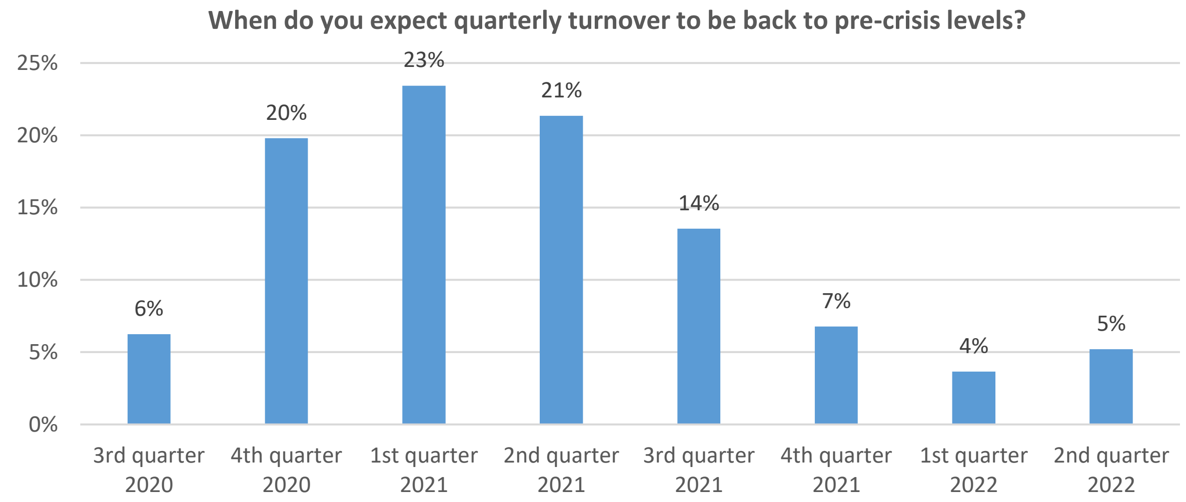



Source: ITMF

Asked when pre-crisis levels are reached again, the majority (23%) is expecting this to be in the 1st quarter of 2021, followed by 21% that are expecting this to be the case in the 2nd quarter of 2021. Another 14% have the expectations that this will be the case in the 3rd quarter of 2021. Nevertheless, 20% of companies are expecting a faster recovery in the 4th quarter 2020 (Graph 5).

The expectations about the speed of the recovery do not differ much between companies from different regions and segments. Most companies are expecting to reach pre-crisis levels in the 1st or 2nd quarter 2021.

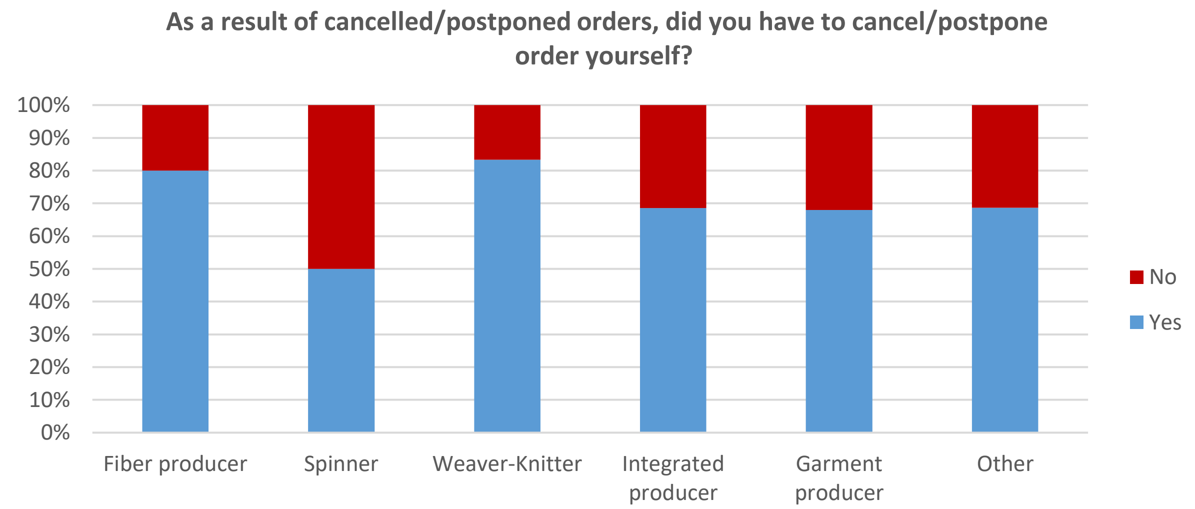
**Graph 5: 44% expect that pre crisis levels are reached again in the 1st or 2nd quarter 2021.**




Source: ITMF

The survey showed also that a majority of companies in the various segments along the textile value chain had to cancel/postpone orders themselves since the start of the crisis. In the segment of spinning, 50% of companies cancelled/postponed orders, whereas in the segment of weavers/knitters, this number reached even 83% (Graph 6).

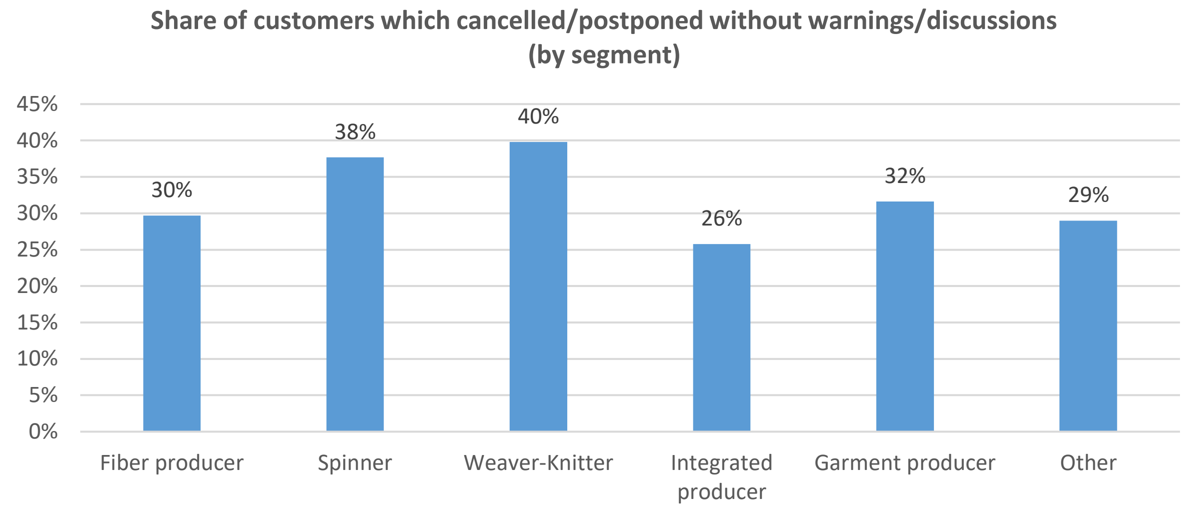
**Graph 6: Percentage of companies cancelling/postponing orders as a result of cancelled/postponed orders.**




Source: ITMF

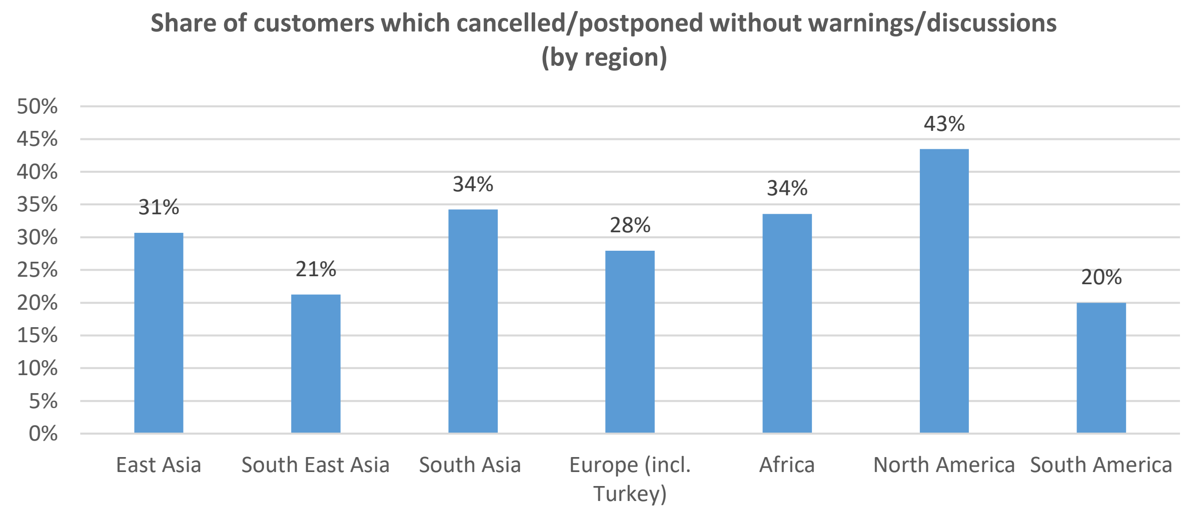
In this context, companies were also asked how orders were cancelled/postponed? Depending on the industry segment, between 26% and 40% of companies were not informed about cancellations/postponements of orders in a collaborative way. It is interesting to note that integrated producers (26%) were visibly less affected than the other segments (Graph 7).

**Graph 7: Which share of customers communicated order cancellations/postponements without warning/discussion?**




Source: ITMF

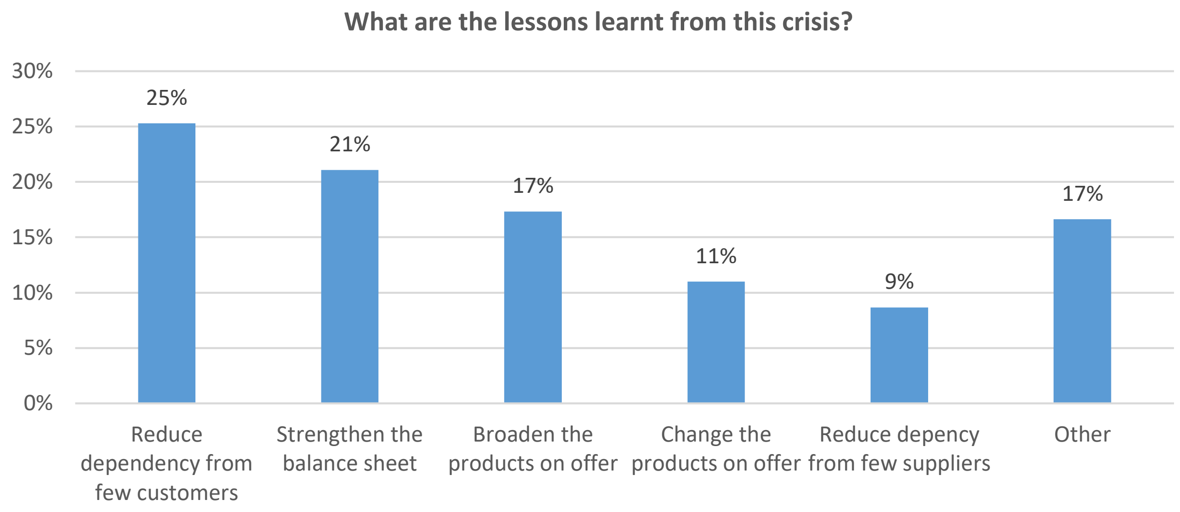
When it comes to regional differences, 43% of companies in North America were not warned about cancellations/postponements, whereas this share was only around 20% in South America and 21% in South East Asia (Graph 8).




Source: ITMF

When asked which lessons companies have learned from the crisis (Graph 8), the most important lesson is to "*Reduce the dependency from few customers*" (25%) followed by "*Strengthening the balance sheet*" (21%), "Broadening the products on offer" (17%), "Changing the products on offer" (11%) and "Reducing the dependency from few suppliers" (9%).

**Graph 8: Reducing dependency from few customers is the most important lesson learned during the crisis.**




In addition to the above listed lessons, participants of the survey also mentioned "Other" lessons such as:

- Higher degree of flexibility to cater for varying demand,
- Working together with reliable and sustainable partners,
- Developing more innovative products, or
- Improving risk management.

Finally, it was also pointed out by participants that with demand significantly lower than before the crisis, the industry finds itself in a situation of overcapacity and that therefore, a consolidation can be expected. Companies with sound balance sheets, innovative products, diversified and flexible operations, and with a variety of customers in different regional markets, are likely to emerge stronger from this crisis.

## The Global Textile Industry Will Be Different after the Corona-Crisis

by Dr Christian Schindler, general director, ITMF
Updated article, originally published in CITI's bi-monthly Textile Times, April-May 2020 Issue

In January and February 2020, the COVID-19-pandemic was still regarded as a regional epidemic in China and then possibly in Asia. It was hard to imagine that only a few weeks later all regions in the world would find themselves in some sort of lockdown and all sorts of restrictions with the primary objective to slow down the spread of the virus and thus to save lives. As a consequence, public life and large parts of the economy came to a standstill.

The textile industry is one of the industries that was affected by the crisis in two ways. First, all those companies in the global textile value chain that were sourcing in one way or another directly or indirectly from China were faced with enormous difficulties in the first phase of this crisis. When supply from China was interrupted or at least disrupted due restrictions in China, companies depending on Chinese raw materials, intermediate products or finished goods were struggling to meet customers' deadlines. This supply shock forced many companies to look for alternative sources which were difficult to identify, if at all. Second, this limited supply shock was suddenly developing into a global demand shock. Once governments in Europe and then later in North America eventually realized that it was too late to contain the virus with conventional means (testing, tracing, isolating), they had to apply measures like lockdowns and the closures of shops, restaurants, etc. Suddenly and for most people unexpectedly, offline demand of apparel and home textile products plummeted to zero. While online sales increased in many cases, they could not by far compensate for the loss in offline sales.

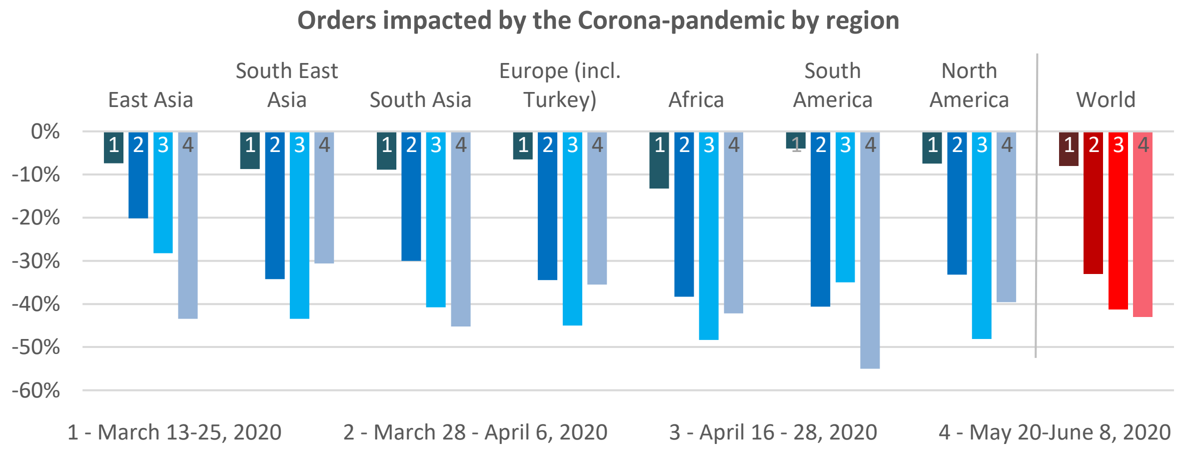
**1st ITMF Corona-Survey**

Just a few days before the lockdowns in Europe took effect, the ITMF started the 1st ITMF Corona-Survey on March 13th. This survey should be repeated three times in the coming weeks until the end of May. The questions referred to orders impacted by the pandemic and to the expected turnover 2020 compared to 2019. Most companies expected orders to be cancelled or postponed. Nevertheless, in some regions like South East Asia a few companies were not affected by the supply shock and not yet by the demand shock. Globally, on average due the Corona-crisis orders were cancelled and/or postponed by -8% and turnover 2020 was expected to fall on average by -10% compared to 2019 (see graphs 1 and 2).

**2nd, 3rd, and 4th ITMF Corona-Surveys**

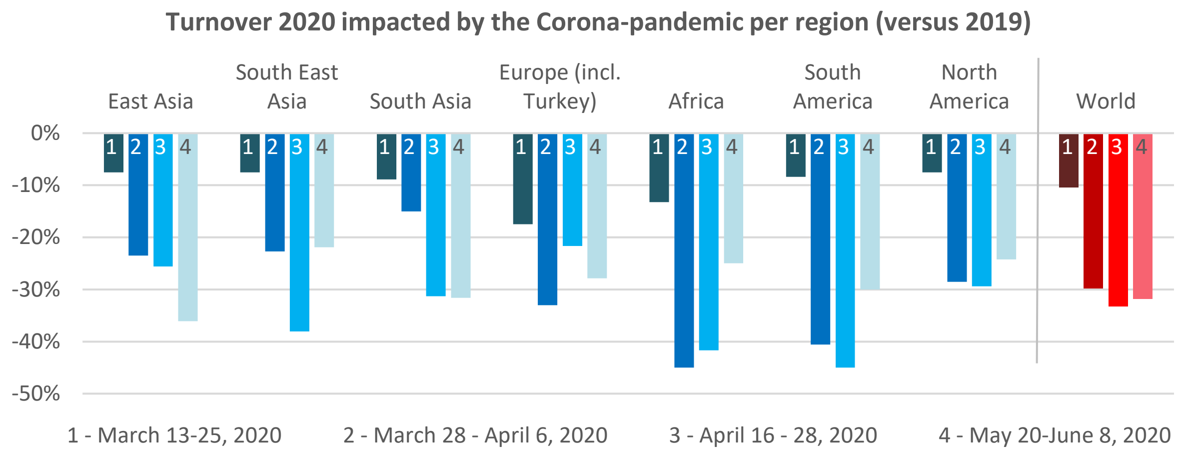
Only two weeks later, ITMF conducted the 2nd ITMF Corona-Survey. Compared to the results of the first survey, the percentage of cancelled/postponed orders surged from -8% to -33%. Likewise, expected turnover 2020 compared to 2019 fell from -10% to -30%. Another two weeks later, at the end of April, the results of the 3rd ITMF Corona-Survey confirmed the scale and depth of this crisis. On average the amount of cancelled/postponed orders had fallen by -41%, while expected turnover 2020 compared to 2019 decreased to -33%. The 4th ITMF Corona-Survey was conducted between May 20th and June 8th. Regarding orders and turnover, the results of the 3rd survey were confirmed in the 4th survey. Orders were down by -43% and expected turnover 2020 by -32%.

**Graph 1: Impact of the Corona-pandemic on orders**




Source: ITMF Corona Surveys 2020

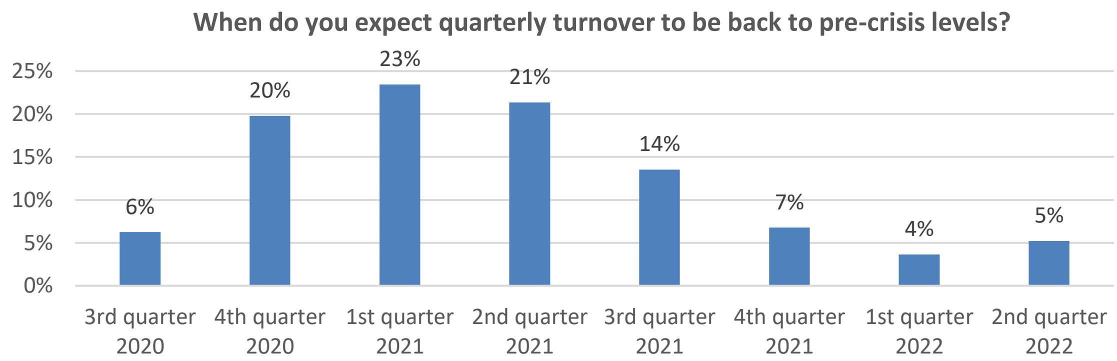
**<u>Graph 2</u>: Impact of Corona-pandemic on expected turnover 2020 vs. 2019**




Source: ITMF Corona-Surveys 2020

**When will pre-crisis level be reached again?**

The question about the recovery of the industry revealed that most companies are expecting to reach pre-crisis levels again in the 1st quarter 2021 (23%) and 2nd quarter 2021 (21%). Another 30% of the companies expect the recovery to happen in the second half of 2021 or in the 1st half of 2022. On the other hand, 6% of companies are expecting to back to pre-crisis levels already in the 3rd quarter 2020 and 20% in the 4th quarter 2020.




Source: 4th ITMF Corona-Survey 2020

It does not come as a surprise that fibre, textile and apparel companies are facing a lot of challenges. At the beginning of the crisis, the most pressing challenge was how to keep production afloat in connection with disrupted supply chains, while at the same time keeping the workplace safe for all employees. Once it became clear that demand was interrupted and orders started being cancelled and/or postponed, companies started focusing on managing liquidity, inventories, and operating costs. An obvious opportunity during this crisis was to shift production to protective personal equipment (PPE) like masks, gowns, and other medical textiles. Only very few companies were in the position to do so. Most companies concentrated to minimize losses and to prepare for the post-pandemic period.

**ITMF during the crisis**
On March 25th, Mr. Kihak Sung, President of ITMF had written a letter to all ITMF members in which he stated the following:

"*As ITMF President, but especially as a colleague and friend of you, I would like to encourage all of us to work together in the supply chain as much as possible. By working together in the supply chain, we can weather this hurricane much better as an industry than by looking only at ourselves. Of course, within each country, the respective national textile and apparel associations do their utmost to convince their respective governments that quick and strong financial support is crucial, if companies are to survive this demand and liquidity shock*."

In the same letter he stressed that "*the support of governments is paramount. But equally important in many cases can be the understanding and support of partners in the textile value chain. For example, companies could grant each other longer payment periods, discuss the scale and scope of cancellations of orders, renegotiate contracts, etc.*".

India's textile minister, Ms. Smriti Irani had published also on March 25th a video message in which she appealed to brands and retailers not to cancel any orders and instead work together and do "*commerce with compassion*".

After the results of the 2nd ITMF Corona-Survey had revealed the extent of cancellations/postponements around the world, ITMF published a public statement on April 7th with two main messages, first, "*ITMF urges governments across the globe to support their respective textile industry*" and second, that "*dialogue and close cooperation between stakeholders of the textile supply is paramount*".

**Joint Industry Statements demanding government support and responsible sourcing practices**
In the month of April ITMF has worked together with many national, international and intergovernmental organisations to formulate statements that underscore the importance of cooperation in the global textile value chain. The Joint Industry Statement coordinated by the American Apparel and Footwear Association (AAFA) for example was signed by more than 60 organisations representing the full spectrum of the textile, apparel, footwear, travel goods, and fashion industry across the globe. It emphasized the importance of government support measures and of all stakeholders in the supply chain to look for mutually acceptable solutions instead of unilateral and uncoordinated actions.

Similarly, the ITMF has published a joint statement with the Better Cotton Initiative (BCI), the Committee for International Co-operation Between Cotton Associations (CICCA), the International Cotton Association (ICA), and the International Cotton Advisory Committee (ICAC) in which it was emphasized that the industry "*must strive to find mutual agreements which keep in mind our shared commitment to the long-term health of the international cotton and textile trade, and to the principles of fair and equitable trading practices on which it is built*".

Furthermore, the ITMF has endorsed the joint statement "Covid-19: Action in the Global Garment Industry" which was negotiated by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL Global Union. The International Labour Organization (ILO) has provided technical support to all parties during this process. It aims to catalyse action from across the global garment industry to support manufacturers to survive the economic disruption caused by the COVID-19 pandemic and to protect garment workers' income, health and employment. Among other things it calls on governments and financial institutions to accelerate access to credit, unemployment benefits and income-support, no or low-interest short-term loans, tax abatement, duty deferral, fiscal stimulus, and others forms of support.

Public statements by organisations around the world emphasising the need of support by governments and international financial institutions helped to increase awareness and concrete support measures. Similarly, pointing out publicly the devastating effects cancellations/postponements of orders had on companies and their employees, helped, albeit to a limited extent, to make brands and retailers to reconsider their handling of cancellations/postponements.

**The global textile industry's new normal**
The Corona-crisis clearly showed that long and complex supply chains in the global textile industry that ignore the risks of unexpected events of what every nature – environmental, political or economic – are very vulnerable.

**China-plus strategy …**
Until now, companies had focused on efficiency by optimising logistical processes and minimising storage costs. In the future, companies will value production and storage in strategic places. It is very likely that the already existing trend of diversifying the supply chain will be accelerated in the future. More brands and retailers will not rely on one country even if this country offers the best productivity and product quality. Also, within textile supply chains, manufacturers will tend to diversify where they source their input materials from. Nevertheless, with the enormous textile base and an enormous consumer market, China will continue to play a very important role as a manufacturer and consumer of textiles and garments. ITMF's annual International Textile Machinery Shipment Statistics (ITMSS) illustrates the enormous amount of investments in new textile machinery in China since almost 20 years. But other textile and apparel producing countries in Asia have started to play a more important role. In the past 10 years, Vietnam and Bangladesh were the most visible examples of how other Asian countries can grow their textile industry successfully.

**… AND regional supply chains**
In addition, it can be expected that this crisis will lead to more independent regional supply chains in the Americas and in Europe/Africa. To be independent, more investments in textile and garment production in these regions are required. Until now cost differentials to Asian competitors and the lack of critical production mass in these regions have prevented these regions to be competitive. Furthermore, higher level of automation in textile production could help these regions to become more attractive. In future, the regional proximity of these countries, the higher level of automation and the consideration of unexpected risks in the cost calculation could change the competitive position of these countries. European and African countries could become more attractive investment destinations supplying the European and African markets. Likewise, Latin American countries could become more relevant suppliers of North American consumer markets. While a few month ago, this would not have seen as economical, the consideration of potential costs could change the calculation.

**Demand-driven business models**
The trend of individualisation and mass customization is supporting the trend towards more specialized, more reactive and faster supply chains. Consumers around the world have become more demanding in the past two decades. An important factor in our lives is digitalization. The internet, smart phones and tablets have revolutionized the way we inform ourselves and how we shop. Products

are available and can be ordered 24/7 and consumers want these products tailored to their specific needs and as quickly as possible. Since offline shops were closed during the crisis, online business has seen an enormous boost. In future, more people are inclined to shop online as the online experience has become better, easier and safer. Fast fashion companies with much shorter fashion cycles are weathering the crisis much better that their competitors. Their challenge will be to identify a business model that will reconcile increased production with sustainability.

**Environmental and social sustainability**

The Corona-pandemic has shown that sustainability is important to consumers. Companies in the supply chain that are not acting sustainably regarding their employees, their suppliers or the environment will not appeal to consumers. To the contrary, if companies ignore their responsibilities, they risk severe reputational damage. In today's reality, non-governmental organisations (NGOs) in combination with (social) media can have an enormous impact on companies' bottom lines if their behaviours do not meet the standards of today's consumers.

In this vein, also climate change plays an ever more important role. Driven by consumers' concerns about climate change, brands and retailers are paying more attention to sourcing from producers whose carbon footprint is declining. Shorter supply chains together with the application of the latest technologies can make sourcing closer to the end consumer markets more attractive. This will require brands and retailers and their suppliers to work together more closely in the future. More transparency will be crucial in the future relation between buyers and suppliers. This will make cooperation even more important than it is already today.

**Summary**

The Corona-pandemic has laid bare the vulnerability of global textile industry to unexpected supply and/or demand shocks due to environmental, political or economic reasons. Brands/retailers and producers alike will have to consider the costs of such events. Sourcing and production strategies will have to be adapted to reduce the risks and the costs involved of such unexpected events. This means that future supply chains will be less concentrated as well as more regional. Consequently, supply chains will be less optimal but more robust but also more expensive compared to pre-crisis conditions. The applications of digital tools and solutions both at consumer and producer level have seen a boost during the pandemic. Furthermore, mass customization will play a bigger role. Consequently, the future textile supply chains will be more demand driven. This will require brands/retailers and producers to be more flexible and to cooperate more closely and transparently. Also, consumers have become more conscious about economic and social consequences of disrupted global supply chains. In combination with the challenges of climate change, sustainability will grow in importance with respect to both environmental and social issues.

## A New Vision for Standard Payment and Terms Practices

By Dr Olivier Zieschank, economist, ITMF

"Sixty percent of suppliers say workers' employment has been impacted by their customers' poor payment and terms practices. This impact falls disproportionately on women." This is one of the findings of Better Buying's special report on payment and terms practices published on June 1st, 2020.[1]

The report advocates for the collective discovery of a "new normal" for payment and terms practices that addresses economic, social, and environmental sustainability in the broader apparel, footwear, and household textiles industry. This call is a reaction to the industry's lack of preparation for the combined supply and demand shock that hit the world in the last few months. It resulted in:

- 66% of the surveyed suppliers reported 50% or more of accounts receivables being past due;
- 60% of the surveyed suppliers were required payment terms extensions for 45 days or more;
- 45% of the surveyed suppliers had to push back shipment dates for existing orders by 60 days or more;
- 35% of the surveyed suppliers lost 50% or more of their accounts receivable du to order cancellation[2];
- 45% of the surveyed suppliers were required to reduce their prices by 20% or more.[3]

Furthermore, "multiple suppliers highlighted an increase in single-handed directives from their customers without opportunities for negotiation or dialogue". This is always problematic but even worst when suppliers have already engaged in production activities and bear the cost of ongoing wages, social security contributions, benefits, maintenance of safe working conditions, and adherence to social and environmental compliance standards (as well as overhead and other operating expenses). Financial stress forces suppliers to cut costs by lay-offs and investment freeze. It puts employees in jeopardy, especially in countries with weak social security. It also limits suppliers' ability to absorb new orders when demand returns until production capacity is rebuilt, if this is even possible. Not to mention that it puts technological development to a break and thus slows down productivity growth.

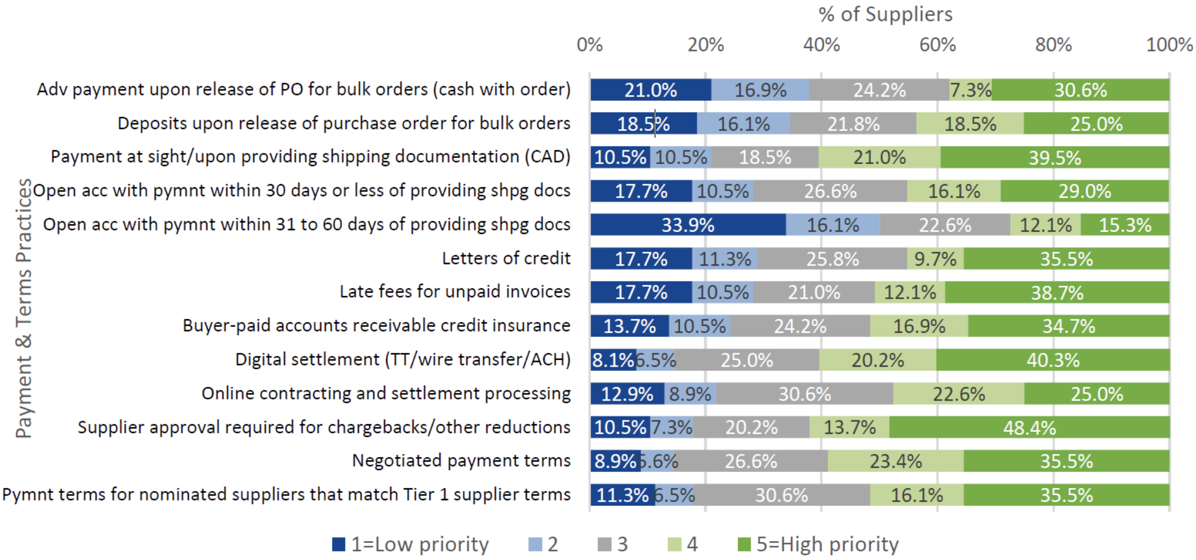
For the system to work without friction, "the industry needs to confront prevailing payment and terms practices that may no longer be fit for purpose". Suppliers are asking for true partnership with customers in solving these issues. They underline the need to work together with customers during crises, push for fair payment (including on-time payment, early payment, and payment to cover any outstanding debts), and ask to limit or completely avoid order cancelations.

It is believed that "[t]he elevated risk brought about by the multiple forms of payment delays and reductions buyers have used to cope with the impacts of COVID-19 will cripple supply chains well into the recovery phase." Better Buying listed "Best practices" which could improve the situation and asked the survey respondents to assign priorities to these measures (see Graph 1). The practice to implement with the highest priority is requiring supplier approval for chargebacks or other payment reductions (i.e. according to 48.4% of suppliers). It is followed by digital settlement (40.3%), payment at sight or upon providing shipping documentation (39.5%), and late fees for unpaid invoices (38.7%).

Find more in the report.

[1] 179 suppliers from 30 countries participated in the survey. You can find the report here.
[2] Suppliers reported about selected customers.

**Graph 1: Suppliers' Priorities for Minimally Acceptable Payment and Terms Practices**




Source: Better Buying Institute, June 1, 2020, special report on Payment and Terms and the Need for New Practices

## WORLDWIDE CONSUMPTION STARTS ADAPTING TO THE "NEW NORMAL"

By Dr Olivier Zieschank, economist, ITMF

"As restrictions lift and pockets of spending return, consumer behavior begins to adapt to the next normal". These are the findings of the last McKinsey report on consumption behavior published on June 5th, 2020. The management consultant company conducted a survey in 42 countries around the world between March 15th and May 25th and highlight some trends in main consumer markets[3].

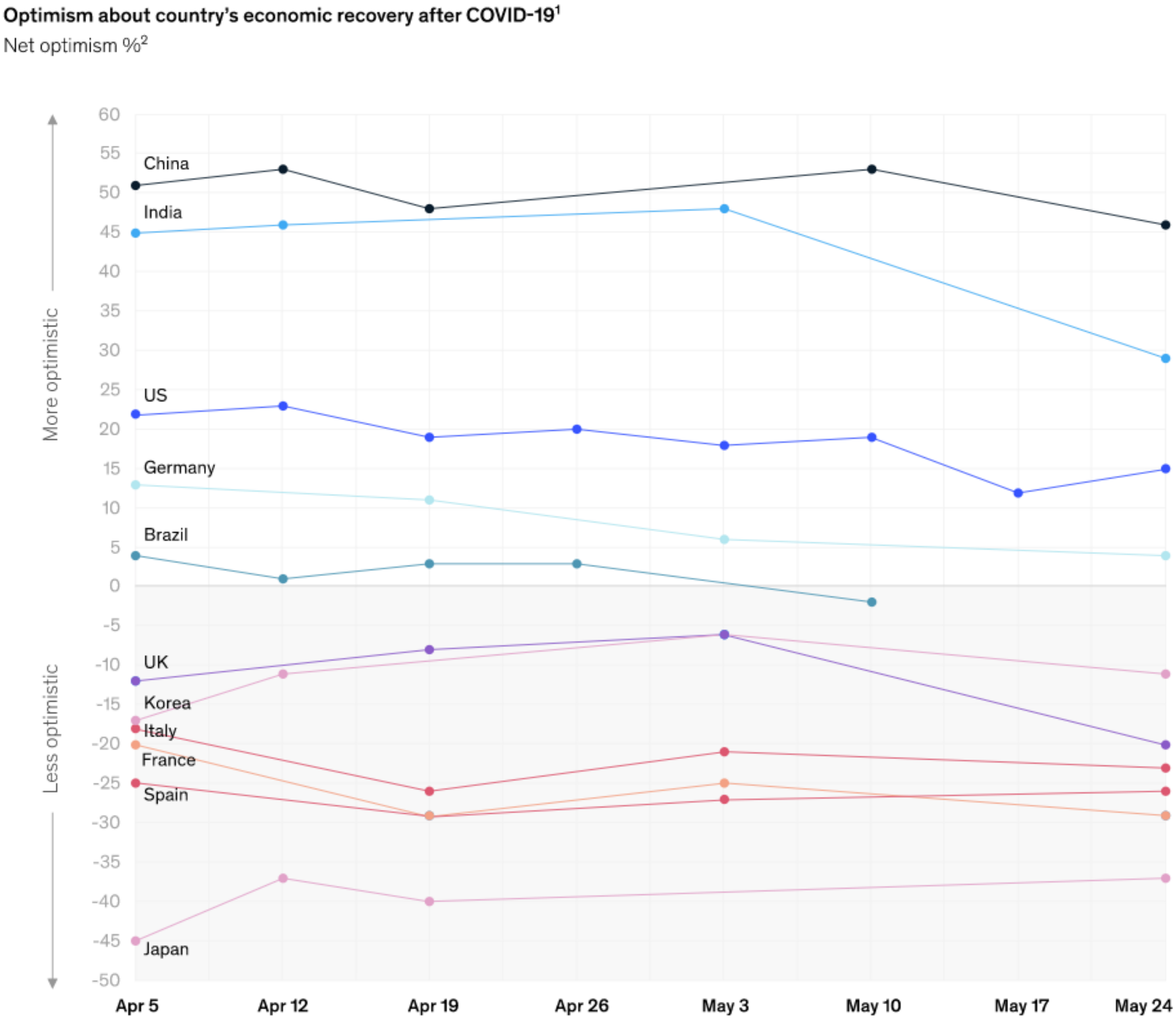
### 1. Consumers expect long-lasting effects of the COVID-19 crisis and the overall optimism about the aftermath of the crisis has decreased since the beginning of the survey

McKinsey asked respondents about their overall confidence level on economic conditions after the COVID-19 situation and compiled an indicator of net optimism (greater share of optimistic respondents in a county). The main results are the following (see Graph 1):

- China, India, the US and Germany are rather optimistic about the future
- UK, Korea, Italy, France, Spain and Japan are rather pessimistic about the future.
- Brazil started as a rather optimistic country but the latest results from May 10th have the country switch to a pessimistic mood (the only country showing this pattern).
- In May, Spain and Japan became slightly more optimistic while all other countries became more pessimistic. China, India and the UK registered the biggest decrease in optimism.

[3] The report can be found here. The trends are extracted from the analysis of a 12 countries sample: US, Brazil, South Africa, UK, France, Germany, Spain, Italy, India, Japan, Korea, China.

Graph 1: Consumer sentiment varies greatly across countries impacted by COVID-19




[1]Q: "How is your overall confidence level on economic conditions after the COVID-19 situation?" – Rated from 1 "very optimistic" to 6 "very pessimistic".

[2]Net optimism is calculated by subtracting the percent of respondents who answered 5 "pessimistic" and 6 "very pessimistic" from the percent of respondents who answered 1 "very optimistic" & 2 "optimistic".

Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between Mache 15 and May 25, 2020

Also, in general, consumers expect their financial situation and personal routines to be affected at least until September 2020. The only exception is China, where 58% of respondents expect their routines to come back to normal within 3 months even if their finances might take more time to improve.

**2. Income has declined and consumers focus on essential spending**

Between 30% (German average) and 73% (Brazilian average) of respondents in each country reported a decrease in income. Nevertheless, consumers in about 1/3 of the surveyed countries reported an intent to increase spending within the next 2 weeks after the survey. This tendency is only slightly correlated with the optimism level in the respective countries, because some of them (such as the UEA, Peru, Central America, and the US) refrain spending while being optimistic, a sign of prudence in an insecure economic situation.

It seems that any willingness to increase spending will focus on groceries (where an increase up to 30% ca be expected) because consumers globally reported a clear tendency to reduce spending on all other product categories in the next 2 weeks following the survey. Some goods might enjoy local growth prospects, such as non-food child products, household supplies, personal care products, and home entertainment in Asia for example, but all other product categories, including apparel, must expect lower demand (one exception in the apparel group is footwear in China).

**3. On-line rather than off-line**

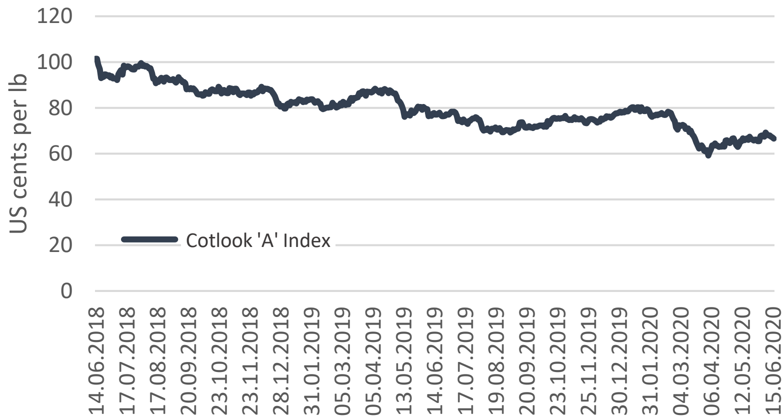
The trend toward online shopping is reinforced by the COVID-19 crisis. This trend is quite strong for most product categories in Asia while Europeans seem to be reticent to change their general offline buying habits (with exception for home entertainment products). The Americas show a mixed buying profiles with the US being more open to online purchases. According to the survey, the product categories which benefited the most from the lock-down are online streaming and paying games, grocery and food delivery, professional and personal video conferences/chat, and learning platforms.

Furthermore, the trend toward online channels might strengthen in the future because consumers are willing to further limit out-of-home activities. Exceptions would be made for shopping (necessities and non-necessities), work, and get together with family and friends. But people stay prudent with respect to accessing crowed spaces in general. A local exception with respect to travel seems to appear in France and Germany where consumers seem to be ready to move domestically as soon as the situation comes back to normal. Overall, however, the intent to go to the mall or travel internationally will probably be smaller than pre-crisis. Most consumers are waiting for their government to further lift restrictions, a vaccine to be found, or a safety message from medical authorities to resume to regular activities. Offline retailer might be able to mitigate this aspect by giving an image of cleanliness with the use of masks, barriers and sanitization as customers' preferred methods.

## MONTHLY CHART UPDATE



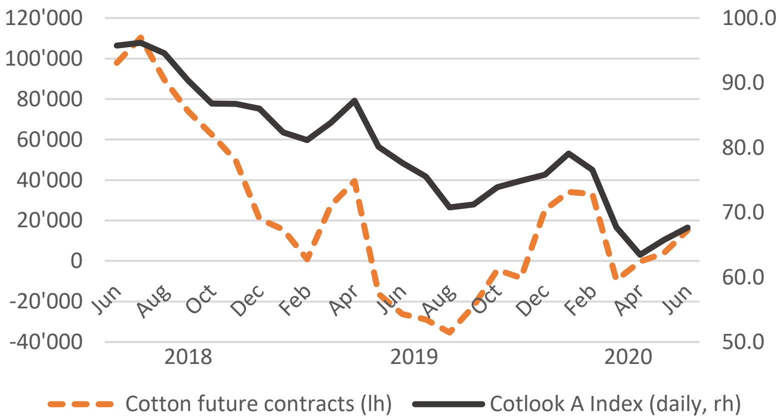
### Chart 1: Cotlook 'A' Index




Source: Cotton Outlook

The downward trend ot the Cotlook 'A' Index stopped at the end of March. The index stagnates since.

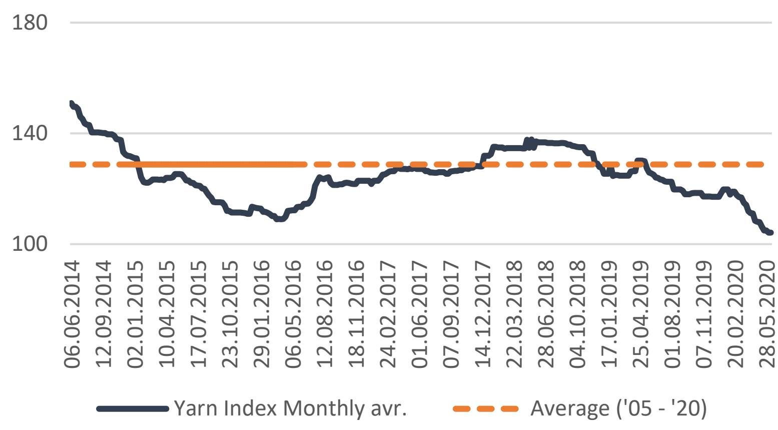
### Chart 2: Cotton price and future contracts




Sources: Cotton Outlook, Commodity Futures Trading Commission, and own calculations

The net-long positions of non-commercial traders and the Cotlook 'A' index are positively corelated since April and increase again.

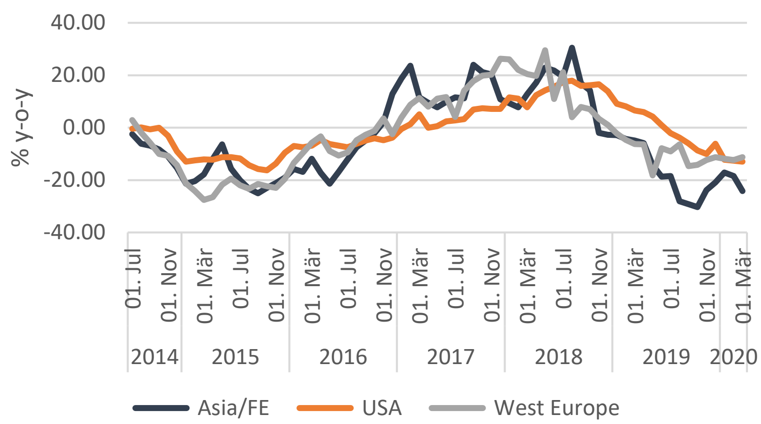
**Chart 3: Cotlook Yarn Index**




Source: Cotton Outlook

Cotlook Yarn Index was gently dropping in 2019, a trend which sharply accelerated in February 2020.

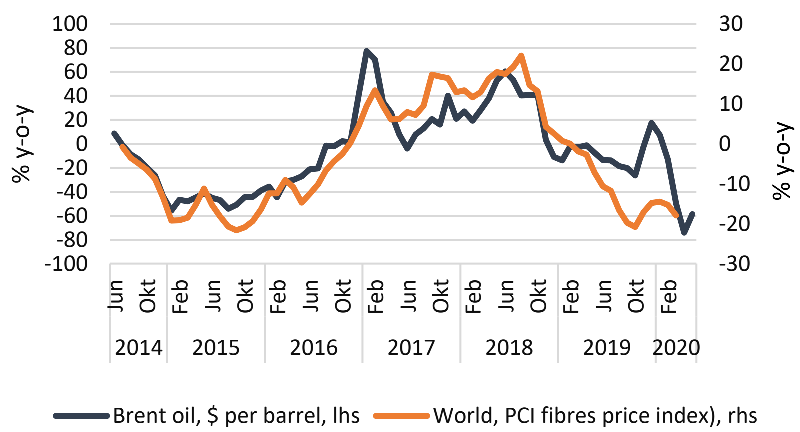
**Chart 4: PCI synthetic fibres indices**




Sources: PCI Fibres & own calculations

The fibre indices track the relative movement of prices for major synthetic fibres. Polyester prices have been decreasing – on average - since mid-2018 in all examined regions.

**Chart 5: Oil price and PCI fibres price index**




In 2020, oil prices decreased sharply year-on-year to a level of 18.38 USD per barrel in April. The price was up to 29.38 USD per barrel in May.