



Managing Expectations: Mills Are Wary

By Alfred Dockery, Technical Editor

Spinners describe running conditions all the way from full tilt to moderate and strengthening. As usual, there is variation among the different end-use markets and spinning technologies. A ring spinner notes he has been running full blast for a while.

A multisystem spinner has had to adjust capacity downward. "We scaled back our operations somewhat last year," he said. "We are running reasonably well with this new level of production. One plant could use some more business, but it's seasonably awkward for that plant to be full at this time. We don't want to bring the price down just to generate business."

An open-end (OE) spinner is running at about 85-percent capacity versus running flat out this time a year ago. A specialty ring spinner reports strengthening demand, and is adding capacity and a new state-of-the-art Murata winder.

Pima In Demand

A ring spinner with significant Pima cotton production is enjoying excellent fiber quality and powerful demand. "The cotton crop is probably the best I've

seen in Pima," he said. "The pricing is probably below where we were a year ago, but it is starting to come back. Up until recently, no retailer would even talk to you about increasing prices, but the yarn market is tight. We are getting inquiries from people who haven't called us in a long time."

Another spinner is mildly optimistic. "We see enough business for us to make budget this year, but that doesn't mean it will be easy," he said. "It will be a continual struggle on prices. So we have to be circumspect about the market as we try to achieve our goals on pricing and product simplification."

A third spinner is seeing a slowdown in the upholstery fabric segment. "The housing market is down; fewer homes are being bought and decorated," he said. "Plus, consumers have to spend more on their heating bills and gasoline. So, there is less money for apparel or towels."

The Fiber Nickel And The Yarn Dime

Both man-made and cotton fiber prices are moving upward once more, putting the squeeze on spinners. There appears to be no end to upward price

pressure on the man-made side. Cotton has been up and down — mostly up.

"The price of polyester is about to move up," said one spinner. "Producers have been kind of flaky in the last six months or so. They created a surcharge mechanism and adjusted it on a monthly basis. Now they're having a pure fiber price increase. We just lost a major acrylic producer — Solutia. I see what is going on with the price of natural gas, oil and other inputs. I'm a little concerned about inflation."

"Cotton is up from 51 cents per pound three months ago to 56 cents now," said the OE spinner. "It's another nickel, and we can't pass it on either. It's a lot of pressure. The other side is that people are wondering why the demand is as weak as it is."

On the other side of the equation — yarn prices — spinners report mixed success in passing rising costs along to retail. "We moved our prices up over the past several months," said the multisystem spinner. "We are working on a partnership basis with our vendors and customers more than ever before. We are trying to understand each other's pricing levels."

"Yarn prices, you can't raise them," said the specialty ring spinner. "The customers are still not ready for a price increase. We are suffering with this cotton cost. I could overcome it with better running conditions. I don't want to scare people away with higher prices."

Under Armour® Model

Perhaps there is a way to escape the crushing price pressure of the yarn market. One mill executive lauded Baltimore-based apparel maker Under Armour® for its branding, performance and marketing savvy, to say nothing of its impressive share of shelf space in almost every US sporting goods store.

"[C]ertain innovative manufacturers are managing to separate themselves from the pack by having a different brand identity, a different product-development cycle or a different mentality," he said. "They are companies like Under Armour that have a product with benefits they can translate in a few talking points. The only way the industry can grow is by being incredibly innovative. Perhaps we can get a little more juice out of this orange." **TW**

COTTON FIBER (BASE GRADE)	Color 41, Leaf 4, Staple 34, SLM, I 1/16 inch, Micronaire 3.5 to 4.9			
	Spot Market, ¢/lb.	CURRENT	6 MO. AGO	1 YR. AGO
	Landed Mill, ¢/lb.	51.46	47.42	42.89
		58.50	54.75	51.88
CARDED COTTON	Ring-Spun 100% Carded Cotton			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	10/1	1.35	1.35	1.35
	18/1	1.45	1.45	1.45
	24/1	1.66	1.66	1.66
	30/1	1.78	1.78	1.78
	12/2	1.88	1.88	1.88
	20/2	2.04	2.04	2.04
COMBED COTTON	Open-End Spun 100% Carded Cotton			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	4/1	0.80	0.83	0.82
	10/1	0.82	0.85	0.84
	16/1	0.85	0.93	0.92
	18/1	0.88	0.96	0.95
	20/1	0.91	0.99	0.98
POLYESTER/ CARDED COTTON	Ring-Spun 100% Combed Cotton			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	18/1	1.55	1.55	1.55
	26/1	1.70	1.70	1.70
	30/1	1.75	1.75	1.75
	38/1	2.21	2.21	2.21
POLYESTER/ CARDED COTTON	Ring-Spun 50/50% Polyester/Combed Cotton			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	20/1	1.78	1.78	1.78
	30/1	1.91	1.91	1.91
ACRYLIC & RAYON	Open-End Spun 50/50% Polyester/Carded Cotton			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	12/1	0.90	0.92	0.93
	14/1	0.92	0.94	0.95
	18/1	0.99	1.01	1.01
	24/1	1.09	1.11	1.12
	28/1	1.20	1.22	1.23
SPUN POLYESTER	Open-End Spun 100% Acrylic (worsted count)			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	1/12	1.55	1.55	1.55
	1/18	1.64	1.64	1.64
	1/24	1.68	1.68	1.68
	1/28	1.72	1.72	1.72
	1/32	1.90	1.90	1.90
SPUN POLYESTER	Open-End Spun 100% 1.2 Denier Rayon			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	20/1	1.80	1.80	1.85
	30/1	2.00	2.00	2.08
MAN-MADE FIBERS/ FILAMENTS	Ring-Spun 100% Polyester (whites only)			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	8/1	1.56-1.58	1.44	1.44
	16/1	1.66-1.68	1.54	1.54
	20/1	1.68-1.70	1.56	1.56
	22/1	1.73-1.75	1.61	1.61
	30/1	1.93-1.95	1.81	1.81
MAN-MADE FIBERS/ FILAMENTS	Ring-Spun 100% Polyester (dyed)			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	8/1	1.64-1.66	1.49	1.49
	16/1	1.72-1.74	1.57	1.57
	20/1	1.79-1.81	1.64	1.64
	22/1	1.82-1.84	1.67	1.67
	30/1	2.08-2.10	1.93	1.93
MAN-MADE FIBERS/ FILAMENTS	Textured Nylon			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	70/2	2.90	2.90	2.90
	100/2	2.80	2.80	2.80
MAN-MADE FIBERS/ FILAMENTS	Filament Polyester Partially Oriented Yarn (POY)			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	70 denier	0.95-1.05	0.84-0.94	0.77-0.87
	100 denier	0.93-1.03	0.82-0.92	0.82-0.88
	150 denier	0.81-0.91	0.70-0.80	0.66-0.75
MAN-MADE FIBERS/ FILAMENTS	Textured Polyester (knits)			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	70 denier (dyeable)	1.28-1.40	1.21-1.33	1.21-1.33
	70 denier (whites)	1.06-1.19	1.08-1.21	1.08-1.21
	100 denier (dyeable or whites)	1.21-1.31	1.16-1.28	1.16-1.28
	150 den. (dyeable)	0.94-1.16	0.97-1.20	0.97-1.20
	150 den. (whites)	0.92-1.06	0.92-1.10	0.92-1.10
MAN-MADE FIBERS/ FILAMENTS	Man-Made Staple Fiber			
	YARN TYPE	CURRENT	6 MO. AGO	1 YR. AGO
	Polyester (1.5 denier)	0.60-0.65	0.60-0.68	0.60-0.68
	Acrylic (3.0 denier)	0.85-0.86	0.85-0.86	0.85-0.86
	Rayon (regular tenacity)	1.07-1.13	1.05-1.10	1.12-1.18

All yarn prices in US dollars per pound & asking prices only. Prices compiled from 03/06/06. See www.TextileWorld.com for archived Yarn Market data.