

The Effect of Rises in Cotton Fibre Prices on Textile and Apparel Prices in the Supply Chain

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Abstracts

The increases in cotton fibre prices which occurred between August 2010 and August 2011 were steeper than at any time since records began. As a result of these unprecedented movements, no one knew for certain how much -- or how quickly -- those increases would affect the prices of yarns, fabrics and apparel in the manufacturing supply chain, and the prices which consumers would have to pay for apparel items in retail stores. Although the price of cotton has now moderated, the market is set to remain volatile. This report provides strategic planners with a method for predicting the timing and extent to which future changes in the cotton fibre price are likely to affect their business. In addition, it contains a detailed case study of the 2010/11 cotton price spike so that predictions of supply chain prices resulting from future volatility in cotton fibre prices can be made.

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