



China market 2023



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Wang Yong, Sourcing manager at DKSH China


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Agenda

- China CI Brush Shenzhen “The 3th International Brush Making Industry Exhibition”
- Market development
- Natural bristle
- China Real estate
- Outlook

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China CIBrush Shenzhen 13-15. Sept. 2023



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China

My Colleague Wang Yong our sourcing manager was just visiting the **CIBrush in Shenzhen** and found a very high attendance of all our suppliers. The question was to find out where does the shoe pinch. Unisono they were all complaining about the reduced business in 2023 compared with last year. All were trying to find new business fields where the “grass is greener” but they failed. All other business fields are even more stagnating.

Another remark he mentioned, despite the slowish business they all feel a slight recovery. I myself have similar feeling. Demand is slightly picking up. Paint brush business is carefully coming back.

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China Natural Bristle

Supply situation: With the reduced net sales in this field Wang Yong found that all our suppliers mentioned some doubts if and how the semidressers, the first step in the line of bristle production will continue. Some of our suppliers have even started to do the semi-dressing themselves inside their factories. The challenge is, as a bigger company they are under the supervisory of the environment police. Semi dressing is quite a dirty business. I would guess the farmers who usually do the first dressing step as a one-man-show do not know this environmental police problem due to their small size. They are flying under the environmental radar.

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China Market report Bristles WHITE

White Bristle

White raw material as such is plentiful availability but 80% comes from the slaughter house. The hair is greyish white and in short length and soft quality. Price for this low quality raw hair is nearly zero plus a bit for the transportation cost. Semi-dressers / suppliers must blend and mix it with better raw hair from the mountains which is much higher in price.

Prices

Market expectations, prices of white 64mm and 70mm will remain stable due to sufficient supply and less demand. Other sizes are rather firming due to increasing demand. Smartphone polishing demand is growing and the longer sizes of 76mm and up the availability is shrinking.


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Market for pig meat



Each animal reared on growth hormones and antibiotics, no fresh air or sunshine




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NATURAL BRISTLE



Meat production has become even more industrialized. You may remember my picture of a high-rise pigsty that I showed you at the last association meeting in Germany.

26 floors

25,000 pigs per floor


1.2 million pigs slaughtered per year

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China Market report Bristles BLACK

Black Bristle

For the black Wang Yong did not get such detailed raw material info. Seems the black market is too small. Only info he got about black was that sizes of black 44mm and 51mm and 57mm are firming. Prices of black 64/70/76/83 are still stable.

If we look at the demand this is understandable. Where is the worldwide demand in black, it is focused mainly on black 44mm and 51 and 57mm for the industrial rotating polishing brushes and for the black 102mm and up which are used in the high end top quality hair brushes.

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China Bristle market



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China Real estate



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China Real estate



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Real estate

China was said is stepping in deflation. It is different from most of western countries who are now fighting against the inflation. The phenomenon is price weakening instead of increasing, stores are offering rebates.

Second problem in China is currently the real estate bubble.

Our main focus is therefore not only in the checking of the quality before shipment but as well the financial stability of the producer. At the last real estate crisis in the years of 2005-2011 I have lost 3 suppliers. All 3 were speculating in the property business and failed. One bankrupted, second one the owner simply disappeared out of the country and third one shrunk to around 10% of his former importance. I regard this as my main challenge not to lose any of our prepayments.

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Outlook

My conclusion of the market, I would rather cover my demand for the near future and buy now. The chance of falling prices in natural Bristle is very minim. Also freight rates have bottomed out. Most shippers are taking out their vessels and put them on a shipyard to reduce price pressure and reduce capacity. I rather feel a risk of increasing prices or even worse of missing raw material in some items.

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Thank you for your attention



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