



# Fine Cotton Textiles

Dear Evan,

Hope you're keeping well.

I write this to you at a very troubled time. In the past few months yarn prices have escalated more than 25% and since the fabric make up for 80% of the cost of the garment, we are forced to increase our prices by at least 15%.

I know this is a huge increase, but my hands are tied at the moment. However, rest assured if and when the yarn prices come down to the level they were before, I'd lower the prices.

Looking forward to your co-operation in this regard and thank you for working with us like a true partner.

Thank you,

# HOLLYWOOD SOX & UNDERGARMENTS

4629- SOUTH ALAMEDA STREET LOS ANGELES, CA 90058 (USA)

TEL: 323-325-7370

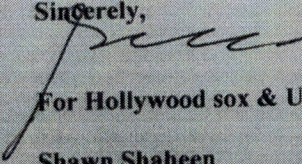
FAX: 323-325-7386

March 18, 2021

## TO WHOM IT MAY CONCERN

This is to certify /verify that Victory supply prices were increased by 15% on all socks effective November 8th, 2020. This is due to increase in yarns and all raw materials used to produce socks. In addition to that there is \$0.21/dozen increase in shipping cost due to increase in container rates.

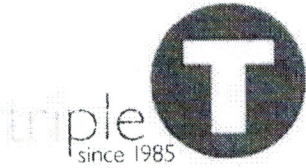
Sincerely,



For Hollywood sox & Undergarments

Shawn Shaheen

Triple T Trading  
DBA Triple T Footwear  
4025 152<sup>nd</sup> St. N.E.  
Marysville, WA. 98271  
(360) 658-4277



## Triple T Trading

March 15, 2021

To: Victory Supply, Inc.

Re: Price Increase

This has been a challenging past 12 months. The factory that we have worked with for many years had to close its doors because the property where the factory is located was purchased by the government via eminent domain in order to build apartment buildings. We have been working to find another stable factory to work with but have not been able negotiate the same costs we were receiving prior to the factory shutting down. We have also seen increased costs in transportation, increased material costs (Oil/Cotton) and increased labor costs. We have no choice but to increase our costs 20-25% on all canvas shoes. We understand this is a competitive market and have done what we can to absorb as much of the increases as possible. Thank you for your understanding.

Sincerely,

Scott Carpenter  
Purchasing Manager  
Triple T Trading

# **CARDINAL APPARELS LTD.**



Date: 11.03.2021

To  
Mr. Evan Trommer  
Victory Supply Inc  
USA.

Dear Sir,

Thanking you for lasting business relation with us. We are considering your reputed company VSI as our one of the valued business partner and putting our maximum efforts in supplying RMG as per your requirements particularly in maintaining quality and shipment dateline. I am sure you are well-informed that during on-going global endemic, global economy to health, social order to individual life, everyone is facing enormous challenges.

Bangladesh RMG industry and Textile sector is also facing tougher situation in matching with global supply chain following irregular vessel and container movement, serious scarcity of raw materials particularly of yarn and fabrics which have already causes a serious negative impact resulted in significant price soaring in every sphere of manufacturing process.

For example, recently yarn and fabrics supply chain has been disrupted seriously both in local and foreign markets which causes 45% to 60% rise of their prices. In some cases, local yarn manufacturers are unwilling to accept LCs or purchase order in cash payment. Even in few months back, 30'S cotton yarn quoted price was \$ 2.60 - \$ 2.70. But present price is \$ 4.20. Which is now upto 22% to 25%. In this situation we can't continue the production after next 2 shipment. In the middle of the situation we had requested you earlier to increase price 12% but you have increased only 5%.

Taking into accounts the entire situation, we have no other alternatives rather than price revision to keep continues the shipment schedule and ensuring quality of goods. We are requesting you to increase the FOB price minimum 22% from earlier approved price.

Thanks.

B/Rgds

Md. Shahnawaz

**Mohammad Shah Nowaz**  
Company Advisor  
CARDINAL APPARELS LTD.



## AMERICAN SHIPPING & LOGISTICS INC

16920 HILLSIDE AVE., 2<sup>ND</sup> FLOOR, SUITE.01

JAMAICA, NY 11432

TEL: 929-335-0112, FAX: 929-335-0113

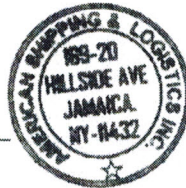
EMAIL: [INFO@AMERICANSHIPPINGLOGISTICSINC.COM](mailto:INFO@AMERICANSHIPPINGLOGISTICSINC.COM)

DATE: MARCH 04.2021

This is to inform you that the ocean freight transportation has drastically increased since June of 2020. It has been increased by 80% more than the previous rate with any carrier at any route. This 80% increase in ocean freight transportation may remain the same in the foreseeable future.

If you have any questions or concerns regarding this increase, kindly contact us.

Kazi Mobassher Ahmed Hashemi  
President  
American Shipping & Logistics Inc





# UNDERSTANDING THE CURRENT GLOBAL SUPPLY CRISIS

WHAT GLOBAL INFLATION MEANS FOR THE WHOLESALE MARKET AND OUR VALUED CUSTOMERS



# Understanding The Current Crisis And The Factors At Play

We are respectfully providing this data to support our request for price increases as well as your general edification. On the following pages you will find helpful information that may bring to light important points to consider.

- In regard to container vessel shipping, the price to ship a 40 ft container to the United States has increased 300% in the last 9 months, therefore increasing the transportation cost of every product by 3 times.
- Securing space aboard the limited amount of ocean vessels has become nearly impossible. Delays at foreign ports, domestic ports and railroad ramps can now exceed six to eight weeks longer than a year ago.
- Yarn prices in several regions around the world including the Indian region and China have increased 20-30% in the last six months.
- Petroleum (the cost of oil) has risen over 35% in the last seven months.

**The bottom line is that all sectors whether retail or wholesale have seen unprecedented price increases and general challenges not experienced in the last fifty years.**

**We are asking our customers to understand that this situation is far beyond our control and was not a scenario that could reasonably be foreseen nor accounted for in past pricing.**

Below are excerpts from two of hundreds of articles that can be researched on line.

New Economy Daily

## China Threatens to Export Inflation

By *Malcolm Scott*

May 12, 2021, 6:00 AM EDT

"Everything has gone up in price," says Bryant Chan, whose factory in China's Guangdong province turns out Nerf guns, LeapPad toy tablets, and other playthings for major American brands.

Manufacturers like Chan have been absorbing some of the rising costs of things like paint, screws, metal and packaging for months, providing a buffer for global inflation. But as Enda Curran writes, some are now starting to pass on their rising input costs to overseas customers.

**Bloomberg**

## A \$4,749 Bike Hints at Inflation Peril Looming for U.S. Economy

Justin Blum · 1 day ago

Looking for a Santa Cruz Hightower C R, a full-suspension carbon mountain bike? It'll cost \$4,749, up 10% from earlier this year. But with stocks depleted, buyers probably will be told to wait for the next model, due out this summer, at a higher price.

A hobby that's enjoying a new wave of popularity illustrates the inflationary pressures rippling through the wider U.S. economy — and bringing political risks for President Joe Biden — amid supply bottlenecks and worldwide surges in demand.

Prices for all kinds of products, from lumber to diapers, have been climbing this year. The headline measure of consumer prices rose 4.2% in the 12 months through April, the most since 2008. The numbers for May are due to be published on Thursday.

# An Explanation Of Why CPI and PPI Indexes Do Not Capture The Current State Of Our Industry.

Government entities have long used the CPI and PPI index as gauges for allowing raises on contracted pricing. While you can expect to see those indexes start to move up as well, they do not capture the story of textiles, linens and shoe-wear made overseas. **Here is why:**

While PPI and CPI are both effective methods for the calculation of inflation, neither has any bearing on foreign inflation or prices. **PPI only deals with domestic producers** and **CPI only measures prices at the retail level**, domestically and globally. Neither of these has any affect on our pricing. **When dealing with goods from outside the United States, the Wholesale Price Index (WPI) of the producing country as well as the inflation rate of those countries must be considered**

## For your knowledge here are the definitions of PPI, CPI and WPI:

### What Is the Producer Price Index (PPI)?

The producer price index (PPI), published by the Bureau of Labor Statistics (BLS), is a group of indexes that calculates and represents the average movement in selling prices from domestic production over time. **The producer price index focuses on the whole output of producers in the United States.**

### What is Consumer Price Index (CPI)?

The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. The consumer price index targets goods and services bought for consumption by urban U.S. residents. **The CPI includes imports; the PPI does not. CPI, indicates the average change in the prices of commodities, at a retail level only.**

**Wholesale Price Index (WPI)** is an indicator of price changes in the wholesale market. WPI calculates the price paid by the manufacturers and wholesalers in the market. WPI measures the changes in commodity price at selected stages before goods reach the retail level. **WPI is used in production oriented countries such as India, Pakistan and China.**

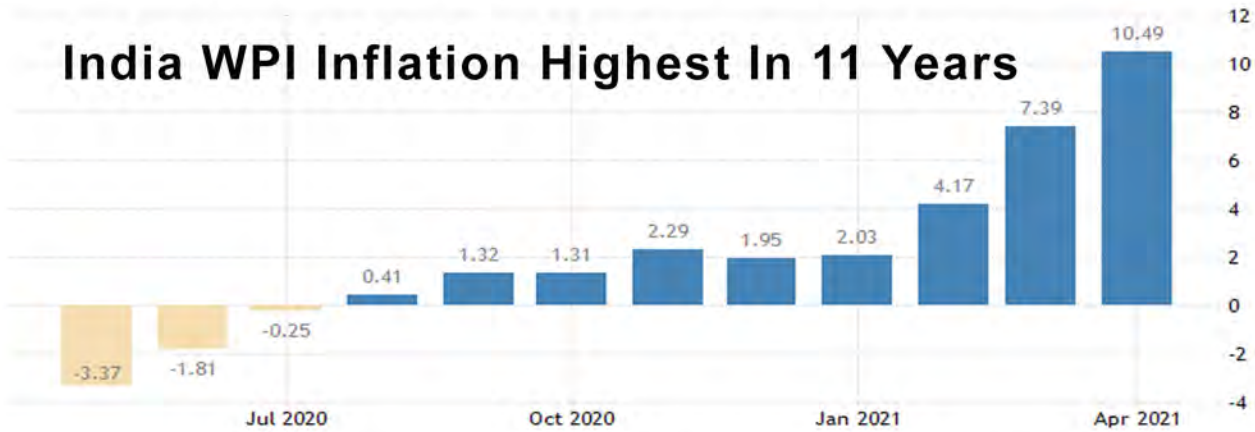
**We respectfully ask you to consider basing your evaluation of our contracts on the WPI of different world wide regions where our product is produced. Additionally, in instances where your contract language does not allow for an increase, we ask you to take into consideration the fact that never before have shipping costs and product costs ever seen such unprecedented raises in this short of time.**



# Here are relevant graphs, further explaining our position:

1Y 5Y 10Y 25Y MAX Chart Compare Export API Embed

## India WPI Inflation Highest In 11 Years



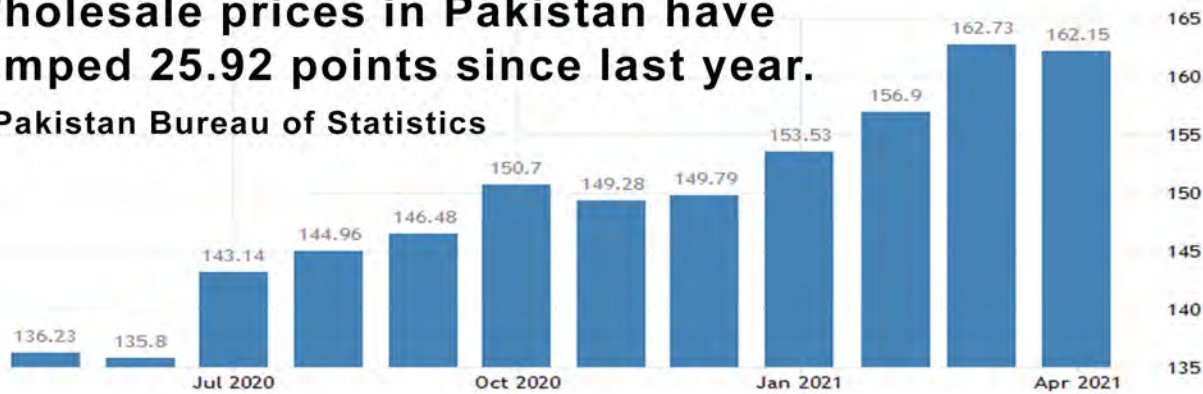
SOURCE: TRADINGECONOMICS.COM | OFFICE OF THE ECONOMIC ADVISOR, INDIA

Wholesale prices in India jumped 10.49 percent year-on-year in April of 2021, the highest rate since May of 2010 and well above market forecasts of 9.05 percent. *source: Office of the Economic Advisor, India.*

1Y 5Y 10Y 25Y MAX Chart Compare Export API Embed

## Wholesale prices in Pakistan have jumped 25.92 points since last year.

- Pakistan Bureau of Statistics



SOURCE: TRADINGECONOMICS.COM | PAKISTAN BUREAU OF STATISTICS

Crude Oil Brent (USD/Bbl) 71.6100

Crude oil prices climbed above 72.10 a barrel for the first time in over two years... -Trading Economics



# Additional Factors and Documentation

The information contained on the preceding pages do not factor in the largest threat to pricing stability. As explained in our introduction, container shipping prices have spiraled out of control.

Victory Supply is not passing on the total amount of increases that we have experienced. We have done everything that we can do to absorb as much of the price increase passed to us as possible. The amount of increase that we are requesting from our customers is being made after we have absorbed as much as we can.

Please find below additional links to articles that further explain the continued pressure on pricing that we are experiencing.

## Yarn

- [Cotton yarn prices gain sharply on surging cotton rates, demand - The Hindu Business Line](#)
- [Yarn Price Reports - Emerging Textiles - Textile Market Information](#)
- [Cotton prices continue to rise unabatedly \(thenews.com.pk\)](#)
- [Cotton exports likely to jump 40% in 2020-21 - The Financial Express](#)
- [Fabric, yarn: Exporters not accepting orders due to high price, short availability - Markets - Business Recorder \(brecorder.com\)](#)
- [Prices of polyester yarn raw material MEG and PTA on rise in domestic market | | YnFx \(yarnsandfibers.com\)](#)

## Container

- [Shipping container shortage is causing shipping costs to rise \(cnbc.com\)](#)
- [Shipping costs quadruple to record highs on China-Europe 'bottleneck' | Financial Times \(ft.com\)](#)
- [Shipping container shortage hits global trade – POLITICO](#)

## We're all in this together...

At Victory Supply we always do our best to offer the most competitive price in the industry while providing you with the best service and quality anywhere. We want you, our valued customers, to understand that while in this case we have no choice but to increase prices due to the factors we have explained, we will continue to make every effort to mitigate the increases as much as possible.

Thank you for your consideration.