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IBTEX No. 139 of 2018 July 05, 2018

USD 68.82| EUR 80.23 | GBP 91.04 | JPY 0.62

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21991	46000	**85.28**
Domestic Futures Price (Ex. Gin), June		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22280	46605	**86.40**

International Futures Price

NY ICE USD Cents/lb (Dec 2018)	82.81
ZCE Cotton: Yuan/MT (Jan 2019)	15,800
ZCE Cotton: USD Cents/lb	**91.36**
Cotlook A Index – Physical	**93.95**

Cotton guide: After a day break the ICE cotton has opened this morning in Asian session and the most active December future is seen trading lower by half per cent at 82.43 cents per pound. The bearish trend that has begun for the past one fortnight is seen continuing and we expect the price might extend the fall towards the key support level of 81 cents. ZCE future has opened with another big loss day today. The most active January future is seen trading down by 345 points and trading at 16250 Yuan/MT.

We believe broad based sell off, exiting longs and speculators adding up fresh shorts are the key reasons for cotton price to decline. In the meanwhile, improve rainfall pattern in India this week and Texas's favoring since last week are also two key fundamental factors supporting cotton price to decline. We think the euphoria might continue and it should soon hit 81 cent initially and then 80 cents.

The near term view is perceived as bearish for cotton while 84.50/85 cent is to be termed as good resistance level for the market in the near term. For detailed report please get in touch with Kotak Commodities Research Desk.

Currency Guide: Indian rupee has depreciated by 0.13% to trade near 68.83 levels against the US dollar. Weighing on rupee are concerns about impact of government decision to raise Minimum Support Price (MSP) on inflation and budget deficit. Indian government on Wednesday hiked MSP paid to farmers for paddy by a record Rs 200 per quintal and by up to 52% in other Kharif crops.

The move would cost an additional Rs 15,000 crore to the exchequer. Union Minister Arun Jaitley said the government's fiscal deficit target would not be breached on account of higher MSP for 14 crops as large provisioning for food subsidy has already been made in the Budget for current fiscal.

Also weighing on rupee is weakness in equity market and higher crude oil price. Market players are positioning for July 6 when US-China import tariffs on $34 billion goods will become applicable. Brent crude is holding near $78 per barrel as supply worries persist despite US pressure on OPEC to lower prices.

Rupee may remain under pressure unless we see significant correction in crude oil or recovery in equity market. USDINR may trade in a range of 68.6-69 and bias may be on the upside.

Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com, Source: Reuters, MCX, Market source

NEWS CLIPPINGS

INTERNATIONAL NEWS

China: How much room for cotton yarn price to decline

Cotton yarn price shows downward trend of late as cotton price tumbles and downstream demand weakens. So far, its decrement stands less than that of cotton, but downstream demand can lend limited support to cotton yarn price in traditional slack season in Jul, so it has large potential to tail off further. We will talk about it in terms of profits and imported yarn.

1. Profits

Profits of cotton yarn by varities			
Unit: Yuan/mt	Quality grade	Price	Profit
OEC10S	Quality air-jet	15,600	-30
OEC21S	Quality air-jet	17,700	-334
Carded 21S	High-grade	23,000	1336
Carded 32S	Rapier	23,500	366
	High-grade	24,700	726
	Bleachable	25,700	862
Carded 40S	Rapier	24,000	-350
	High-grade	25,700	400
	Bleachable	26,700	520
Compact-spun carded 32S	High-grade	25,500	1026
Compact-spun carded 40S	High-grade	26,800	1326
Combed 32s	Knitting	26,700	185
Combed 40S	Knitting	27,700	145
Compact-spun combed 60S	For home textiles	34,300	750
	100% bleachable	36,700	1327

At present, cotton inventory in spinners stayed at 1-2 months by and large. The above profit was calculated on basis of average cotton price in one and a half months and actual cotton content in cotton yarn production.

Currently, most varieties enjoy good profit with some low-end and open-end ones lower or even suffering losses. The market experiences obvious divergences. In short run, if cotton yarn inventory keeps accumulating, the discounts of conventional products will be within 500-800yuan/mt, providing no large change in cotton and downstream demand.

In other situation, such as unfavorable market environment, the mills do not have to sacrifice their profits. Extremely, they may operate at a loss. Here, we only discuss the decline room on current market. For example, unit profit of compact-spun combed 60S performs well, but its output stays low.

The daily profit conversed into 10,000 spindles is not as good as conventional products. Additionally, the downstream demand was unabated and spinners' inventory shows tightness, so the price is and will keep stable. Now what we talk about is how far to get the break-even bottom line of cotton yarn.

2. Imported yarn

Recently, price of forward imported yarn falls, but as Chinese Yuan against US dollar depreciates, settlement cost of traders continues rising. During Jun 14-29, Chinese Yuan against US dollar depreciated by 3.43% and cost of cotton yarn carded 32S increases about 800yuan/mt, offsetting the profit expansion brought by previous price rise. Therefore, price of imported cotton yarn moves up by around 300yuan/mt.

Arrival cost and ordering cost of imported cotton yarn			
Unit: Yuan/mt	Arrival cost (based on 2-month forward exchange rate)	Arrival cost (based on spot exchange rate)	Ordering cost
Imported Vietnamese carded 32S for air-jet	23,800	24,900	26,200
Imported Indian carded 32S for air-jet	23,200	24,300	25,100

If arrival cost is calculated on basis of two-month locked foreign exchange rate, the traders will share considerable profit and cotton yarn price will have room to decrease. But most traders settle by spot exchange rate on current market, so they are hard to profit and even suffer slight losses. In terms of prompt ordering cost, price of forward imported cotton yarn is up to 1,000yuan/mt higher than spot one, and even much higher than domestic one. To gain profit, the first choice for traders is to reduce cost.

But China-US trade fraction intensifies and Chinese Yuan is likely to further depreciate, so the ordering cost will be hard to retreat. Another choice for traders is to raise selling price sharply.

Thus, downstream demand will largely shift to domestic cotton yarn, underpinning domestic cotton yarn price. However, amid slack season, it is difficult and even impossible to raise offer largely with stocks of imported cotton yarn mounting, which will result in losses to traders.

As a consequence, traders will be less active in ordering and imports reduce. At last, less arrivals will promote demand to shift to domestic cotton yarn, lending support to domestic cotton yarn price further.

In conclusion, domestic cotton yarn price will gain much support in terms of imported cotton yarn.

3. Conclusion and outlook

From the perspective of profits, prices of most cotton yarn have wide room to reduce.

On the other hand, imported cotton yarn provides strong support to improve cotton yarn price recently.

However, the pressure from demand on domestic cotton yarn price is more than the support it gets, while the profits cannot be offset completely. Cotton yarn price is predicted to keep dipping.

Source: ccfgroup.com- July 04, 2018

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US wants Bangladesh to diversify export base: Envoy

The United States wants to see Bangladesh diversify its export base and capture more global market share, said US ambassador to the latter Marcia Bernicat.

Urging Dhaka to boost the agri-business, pharmaceuticals and information technology sectors, she said no economy should depend on one commodity.

She was interacting with diplomatic correspondents in Dhaka.

To tap the potential, Bangladesh needs capital and people willing to invest, a news agency quoted her as saying. Bangladeshis will have to invest first to attract foreign investors, she said.

US exports to Bangladesh in 2017 grew by 61 per cent to reach $1.47 billion, and two-way trade between both the nations has reached over $7 billion, which is quite an increase over the 1992 figure of just over $1 billion, she noted.

Source: fibre2fashion.com- July 04, 2018

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China to become the largest apparel market by 2019

As per a Euromonitor forecast, China is expected to overtake United States to become the largest apparel market by 2019 globally.

Keeping pace with this, Bangladesh has been making steady inroads into China.

In 2016-17, the country's apparel export to China witnessed a significant rise of around 14.77 per cent Y-o-Y to reach around $400 million.

However, from July to March 2018, earnings slipped marginally by 5.65 per cent to touch $269 million, compared to what was $285 million in the corresponding period of previous year.

China slashing tariffs on imports from five Asian countries is seen as a move to strengthen its defence in the ongoing 'trade war' with the United States.

But Beijing's move has opened up a new window of opportunity for Bangladesh. While Macro Style has prominently included China in its future scheme, BGMEA hopes to find some space in the Chinese market.

Source: fashionatingworld.com- July 04, 2018

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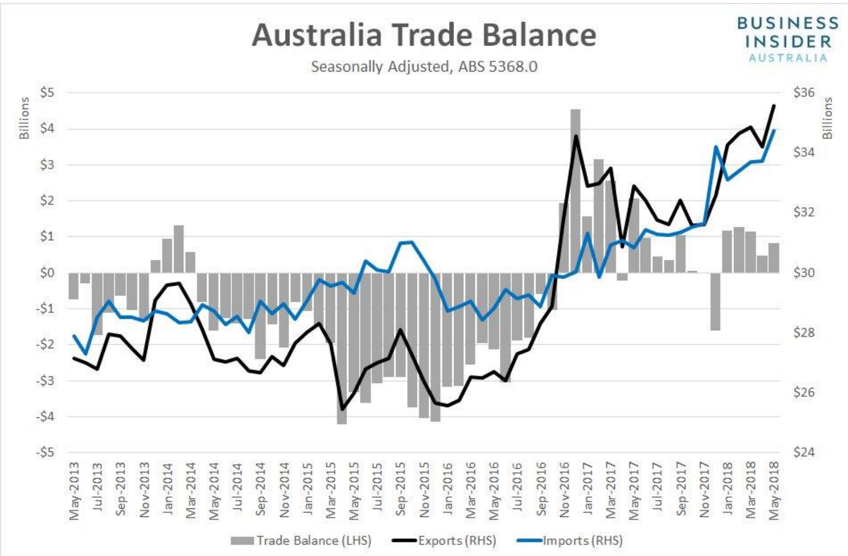
It looks like trade won't deliver the same boost to Australian GDP as it did earlier in the year

- Australia's trade surplus fell short of expectations in May, printing at \$827 million compared to forecasts for an increase to \$1.2 billion.
- Exports grew by 0.4% during the month, faster than the 0.3% lift in imports.
- Economists believe trade is unlikely to deliver the same tailwinds for GDP in the June quarter as it did earlier in the year.

Australia's trade surplus expanded in May, if only because of a substantial downward revision to the prior month's data.

According to the Australian Bureau of Statistics (ABS), a trade surplus of \$827 million was reported in seasonally adjusted terms, higher than the downwardly-revised \$472 million surplus reported in April.



The latter was originally reported at \$977 million.

Despite the widening in the surplus in May, it still fell short of expectations for an increase to \$1.2 billion.

Helping to explain the result, the ABS said that exports grew faster than imports during the month, lifting 4% and 3% respectively.

Indeed, both rose to the highest level on record.

After seasonal adjustments, the ABS said exports jumped to \$35.562 billion, driven by strong growth in non-rural goods and non-monetary gold exports.

They increased by \$938 million and \$343 million respectively, accounting for the bulk of the \$1.353 billion headline increase.

GOODS AND SERVICES SUMMARY(a), Seasonally Adjusted and Trend

	Mar 2018 $m	Apr 2018 $m	May 2018 $m	Change in: May 2018 $m	Change in: May 2018 %
Seasonally Adjusted					
BALANCE on goods and services	**1 141**	**472**	**827**	**355**	**75**
CREDITS					
Total goods and services	34 853	34 209	35 562	1 353	4
Total goods	27 719	27 020	28 298	1 278	5
Rural goods(b)	3 968	3 998	3 994	-4	-
Non-rural goods(b)	21 926	21 489	22 427	938	4
Net exports of goods under merchanting(c)	1	4	4	-	-
Non-monetary gold(c)	1 824	1 530	1 873	343	22
Total services	7 134	7 189	7 264	75	1
DEBITS					
Total goods and services	-33 712	-33 737	-34 735	998	3
Total goods	-25 919	-25 906	-26 881	975	4
Consumption goods	-8 704	-8 480	-8 951	471	6
Capital goods	-6 097	-6 219	-6 121	-98	-2
Intermediate and other merchandise goods	-10 406	-10 599	-11 058	459	4
Non-monetary gold(c)	-712	-608	-750	142	23
Total services	-7 792	-7 831	-7 854	23	-

The substantial increase in non-rural exports — the largest category by dollar value — was driven by a solid lift in the value of Australia's three main commodity exports, iron ore, coal and LNG.

Exports of metal ores and minerals, predominantly iron ore, increased by $322 million from April. LNG and coal also chimed in nicely, lifting by $325 million and $298 million respectively.
Services exports also improved, lifting by $75 million from a month earlier. Tourism exports — including in this category — rose by $65 million from April.

The movements in other categories, including rural exports, were negligible from a month earlier. On the other side of the trade ledger, the ABS said imports rose to $34.735 billion in seasonally adjusted terms, up $998 million from a month earlier.

Imports of consumption goods, intermediate and other merchandise goods and non-monetary gold all rose strongly, lifting by $471 million, $459 million and $142 million respectively.

The strength in consumption imports was driven by an increase in textiles, clothing and footwear, as well as solid gains across all other categories.

As an indicator on household spending, this is encouraging.

The strength in intermediate and other merchandise goods imported largely reflected higher fuel prices and an increase in parts for transport equipment with imports of both lifting $139 million and $125 million respectively.

Services imports also rose by a modest $23 million from a month earlier.

Capital goods import bucked the trend, falling by $98 million. This was largely down to a drop in equipment imports from Australia's armed forces.

Tom Kennedy, economist at JP Morgan, said that looking through the noise that is a feature of the report, Australia's trade performance still looks good.

"The recovery in Australia's external sector so far this year has broadly played out as expected, and owes mostly to the anticipated rise in LNG export volumes following the completion of the last of the major investment projects," he says.

"Looking ahead, the bulk of these projects will hit production capacity in coming months, meaning the impulse from real exports to GDP will also fade."

Kennedy suggests that despite the string of recent surpluses that have been recorded, trade is unlikely to deliver the same windfall to economic growth in the June quarter compared to what it did in the first three months this year.

"The revision-prone nature of the data makes it difficult to draw any definitive conclusion on the quarterly trajectory until all the monthly data is at hand, though on current tracking it appears Australia's traded sector is moderating from the stellar performance in Q1," he says.

David de Garis, economist at the National Australia Bank, agrees that the trade tailwinds are unlikely to be as strong in the June quarter.

"Australia is still notching up trade surpluses this quarter, though at a lower level and thus potentially less growth supportive than evident in Q1," he says.

Source: businessinsider.com.au- July 04, 2018

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Sri Lanka strengthening its presence in global luxury fashion

Sri Lanka has created a niche in luxury fashion and increasingly top global fashion houses are expanding their bases in the country. Jude Gayantha Perera, Chief Curator, Stylist.lk, points out Sri Lanka's market for international luxury fashion brands is on the cusp of a renaissance. And it has moved its way up evading all the hardships it was facing for close to three decades.

During those years, Sri Lanka's international reputation as a market diminished and international operations opted out of the country. Therefore, the market was left untouched until it started gaining stability amidst post-war developments.

High literacy rates a major boost

Sri Lankans' ability to read and interact via digital channels has led to a much higher tendency to read and watch international fashion content, from magazines, online shows and digital screenings. This has given rise to consumers who have relatively high awareness about value and appeal that international fashion brands hold.

For many Sri Lankan consumers, an opportunity to experience their favourite international brands on offline channels, at retail fronts as real, immersive experiences are highly desirable. This is one of the major reasons why brands are planning their entry in this growing market.

Sri Lanka is strategically well-placed in international sea and air routes and this has made the island extremely receptive to new ideas. Sri Lankan marketsSri Lanka strengthening its presence in global luxury fashion 001 are surprisingly receptive to foreign products, brands and retail fronts, making it a welcoming place for business.

And there is a growing explosion of upper-middle classes, owing to increasing incomes and accessibility to products and services. Sri Lanka has been experiencing this shift leading to a greater interest in designer products, lifestyle purchases, luxury spends and unusual retail experiences.

1. Physical stores score over e-commerce

While e-commerce is on the rise, Sri Lanka's import regulations, and lack of last-mile-delivery setups mean most consumers still prefer cash on delivery or straight up retail—especially for fashion where fit and look are of paramount importance.

This has led to more room for traditional retail even within at the thick of the digital revolution, especially for those carrying the appeal of international brands.

What's more Sri Lanka has a growing community of creative practitioners giving rise to a leading group of consumers who fuel a new visual culture. This means a growing number of designers, photographers, stylists, curators, artists, etc, who have an intrinsic interest and unusual viewpoints on style and fashion.

Sri Lanka is seeing the beginning of strong trends, visual subcultures and Instagram-worthy portrayals of creative lifestyles. This is a strong influencer for consumer directions and buying patterns, often inspiring new interest in lifestyle purchases.

2. Major travellers' influx

Sri Lanka has been topping travel lists since 2012 with high-spending travellers on the rise. The number of inbound travellers is always on the rise, and a niche that every brand is trying to get in on is travel retail. Fashion retail for travellers is not the same as those targeting domestic markets.

But, Sri Lanka's constant flux of globetrotters is an excellent opportunity for luxury brands to target their destination collections, travel wardrobes and seasonless looks that work with the island's forever-summer tropical appeal.

Source: fashionatingworld.com- July 04, 2018

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Cotton prices drop 3.9% in Brazilian market in June

Cautious purchasers and beginning of arrival of cotton from the new season led to decrease in cotton prices in the Brazilian market in June. Between May 30 and June 29, the Center for Advanced Studies on Applied Economics (CEPEA)/ Luiz de Queiroz College of Agriculture (ESALQ) cotton index decreased 3.9 per cent, closing at 3.6032 BRL per pound on June 29.

“Some processors have been working with stocked cotton and/or below capacity and, thus, made purchases in small volumes in the spot market to replenish their inventories,” CEPEA said in its latest fortnightly report on Brazilian cotton market.

During the fortnight, trading companies were not very active, even for future delivery. One of the reasons for that is the uncertainty regarding freight prices in the future.

On the supply front, it was still low in the spot market, since the 2017-18 harvesting was slow in late June.

In general, agents expect cotton availability to increase in July, based on harvesting advances in Mato Grosso, the biggest cotton-producing state in Brazil.

Cold weather in early June delayed the development of part of the crop. According to a report from Mato Grosso Association of Cotton Producers (Ampa), until June 23, harvesting was completed only on 0.88 per cent of the area sown (782,900 hectares) in the state.

Source: fibre2fashion.com- July 04, 2018

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US Functional Fabric Fair attracts global companies

The inaugural US Functional Fabric Fair by Performance Days, which will be held on July 23 and 24, 2018, in New York, has attracted global exhibitors and visitors.

Top textile manufacturers and service providers, along with sports fashion designers, product managers, purchasing agents, representing functional wear manufacturers, will be seen at the expo.

One month prior to the event, some 70 companies are exhibiting and more than 400 attendees from 12 countries have registered to attend the Functional Fabric Fair powered by Performance Days.

The event will showcase the latest trends in fabric development for the functional textile industry and offer a sourcing marketplace for high performance functional fabrics and accessories.

Functional Fabric Fair powered by Performance Days staged during New York Market Week and co-located with multiple fashion market events at the Javits Centre.

Exhibiting companies will present functional fabrics, branded technologies, treatments, laminates, paddings, finishes, and accessories such as yarns, tapes, prints, buttons, and zippers.

The inaugural event also includes complimentary workshops, industry presentations and professional networking and matchmaking programmes. Additional event details and event registration are available at FunctionalFabricFair.com.

Registered attendees represent influential industry functions such as brand manager, buyer, CEO, creative director, designer, fabric manager, materials sourcing, merchandiser, owner, president, product development, production executive, research & design, sales, stylist, sustainability, textiles designer, and more.

Steve McCullough of Reed Exhibitions said, “We are especially pleased with the strong representation of the textile industry’s top brands to build a wide-ranging marketplace at the first US Functional Fabric Fair powered by

Performance Days. A wide scope of textile providers, a comprehensive education programme, and strong networking opportunities have combined with ideal timing and location during fashion market events to attract a powerhouse of influential attendees."

Source: fibre2fashion.com- July 04, 2018

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Bangladeshi apparel exports to Japan on the rise

Bangladeshi apparel exports to Japan have been increasing over the years, thanks to entrepreneurs' relentless efforts to meet buyers' quality requirements and policy support from the government. Another reason for the rise in exports is 'China-plus policy' and relaxation of rules of origin.

Locally-made knitted items have been enjoying duty-free entry in Japanese market since April, 2015 and woven items since April 2011, even though raw materials are imported.

As per Export Promotion Bureau (EPB) data, the country exported apparel items worth $787.13 million during July-May of fiscal year (FY) 2017-18, a 13.04 per cent growth over the corresponding period of previous fiscal.

Apparel exports fetched $744.48 million in FY 2016-17, up from $572.27 million in FY 2013-14. RMG export was only $74.33 million in FY 2008-09.

Overall exports reached a billion-dollar mark in FY 2015-16 for the first time and maintained the same trend during the last two fiscal years.

Source: fashionatingworld.com- July 04, 2018

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Vietnam's textile sector is 5th in world: VCOSA

The Vietnam Cotton and Spinning Association (VCOSA) recently said the textile sector has the second highest export turnover and occupies fifth position in the world.

Vietnam exported textile items worth more than $31 billion last year, representing an annual rise of 10.23 per cent. The growth is expected to continue this year with an estimated revenue of $33 billion.

Between 2018 and 2022, the export tax on certain products will be reduced to zero, creating new opportunities for the country to promote economic growth, Tran Thanh Hai, deputy head of the department of export and import under the ministry of industry and trade, said at the 4th Vietnam Textile Summit 2018 organised in Hanoi on June 27 by the ECV International and VCOSA.

Competitive labour costs and preferential policies will continue to help Vietnam become one of the ideal destinations for investors in the sector, a Vietnamese newspaper quoted Hai as saying.

Source: fibre2fashion.com- July 05, 2018

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Bangladesh: Export fetches $36.66bn in FY18

The country’s earnings from export exceeded the target by nearly 6 percent to reach $36.66 billion during the July-Jun period of the outgoing 2017-2018 fiscal, according to an Export Promotion Bureau data released on Wednesday.

Bangladesh maintains the growth momentum largely on the back of garments, jute, jute goods, agricultural products, furniture, home textile and building materials.

In June alone, export receipts stood at $3.03 billion, 3.08 percent less than the corresponding period in the last fiscal. The monthly target, however, decreased by 18.87 percent.

Garments, which account for more than 83 percent of the total exports, logged in $30.61 billion in the last fiscal year, 8.76 percent more than the 2016-2017 fiscal.

Knitwear exports went up 10.40 percent year-on-year to $15.19 billion in July-Jun while shipment of woven garments raised 7.18 percent to $15.42 billion.

Home textiles brought in $878.68 million, growing 9.95 percent year-on-year.

Exports of leather and leather goods, the second largest export earning sector after garments, dropped 12.03 percent year-on-year to $1.08 billion in the period. The segment dealt with a blow by a decline in leather shipment which shed 21.28 percent. Within the same category, exports of leather footwear grew 5.33 percent and leather products fell 27.48 percent.

Export of cotton & cotton increased 14.03 percent year-on-year to $124.85 million from the same period a year ago.

Export of jute and jute goods, another top earner, jumped 6.56 percent to $1.03 billion. In the category, jute yarn and twine saw their earnings rise 6.55 percent while shipment of raw jute decreased 7.24 percent and those of jute sacks and bags declined 3.69 percent.

Export of frozen fish, live fish and shrimp decreased 3.42 percent to $508.43 million in the July-Jun of 2017-18.

Export of building materials increased 233.90 percent to $1.97 million in the July-June period.

Pharmaceuticals raked in $103.46 million in the July-June period, up 16.03 percent from the last fiscal.

Furniture shipment grew 20.27 percent to $63.18 million.

Agricultural products fetched $673.70 million, up 21.79 percent over the last fiscal, according to EPB data.

Spices export increased 22.80 percent to $42.92 million.

Vegetable exports decreased 3.76 percent to $77.98 million while tobacco exports increased 20.96 percent to $56.39 million in the July-Jun period.

The government expects to bring in more than $60 billion from exports by 2021.

Garment manufacturers say apparel shipments should grow 12-15 percent a year to hit the $50 billion export target by 2021.

Source: thebangladeshpost.com - July 04, 2018

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Egypt's cotton exports up nearly 37 pct as crop quality improves

- Exports of long-staple cotton seen at 52,000 T in 2017/2018
- Traders see exports rising 45 pct in 2018/2019 season
- Authorities strictly enforce quality rules to help demand

Egyptian cotton production is on course to rebound with help from a devalued currency and bigger cultivation area, recovering from a slide in exports of the world-famous crop since 2011 that was caused by a drop in quality.

Cotton exports are expected to reach about 52,000 tonnes in the 2017/2018 season that ends in August, up nearly 37 percent from the previous year, Nabil al-Santaricy, head of the Alexandria Cotton Exporters Association, told Reuters.

"Next year we expect to yield approximately 120,000 tonnes overall, so we expect exports to rise by approximately 40-45 percent if we export around 75,000 tonnes," he said.

Output fell drastically in 2011, when political upheaval meant regulations to maintain quality were not enforced.

But demand for the Egyptian product, known locally as “white gold”, has picked up as rules to ensure quality have been strictly imposed again since 2016.

Egypt is the world’s second largest exporter of long-staple cotton, used mainly to make luxury linens, behind the United States, said Ahmed Elbosaty, chairman of Modern Nile Cotton, Egypt’s largest cotton trading company.

“This time we are coming back with a volume the market is used to and was in desperate need for ... Now the quality is back and the quantity is going up,” he said.

The Agriculture Ministry has boosted the cultivation area in 2018/2019 to lift exports from Egypt, where sunny skies and superior seed produce a cotton with unusually long fibres used to make light and durable fabrics with a sheen and soft touch.

Egypt planted 336,000 feddans (141,120 hectares) of long-staple cotton in 2018, up from 220,000 feddans (92,400 hectares) in 2017, the ministry spokesman said this week.

Cotton cultivation could expand further as the authorities push farmers to avoid water intensive crops, such as rice, to prevent shortages as Ethiopia prepares to start filling a huge dam on the Nile, considered Egypt’s lifeline.

Egyptian cotton has received a further boost with the 2016 devaluation of the pound, which lost roughly half its value against the dollar, making exports more competitive globally.

There has also been renewed interest in pure Egyptian cotton following a 2016 scandal in which Indian textile manufacturer Welspun India falsely passed off some of its cheap sheets as premium Egyptian cotton products, driving off some U.S. buyers.

The company said at the time it was addressing the issue and blamed it on a “complex supply chain”.

Source: af.reuters.com- July 04, 2018

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Vietnam: Garment-textile sector raises export target to 35 billion USD

The garment-textile sector expects to gross 35 billion USD in export turnover in 2018, higher than the target set at the beginning of the year, thanks to a large number of orders from foreign partners and bright prospects of the world and domestic economies.

Vice President of the Vietnam Textile and Apparel Association (VITAS) Truong Van Cam said domestic businesses have received full orders for the third quarter of this year and are negotiating to secure long-term contracts through 2019.

Many garment-textile firms in the southern economic hub of Ho Chi Minh City revealed that they have received orders until the end of this year, even for the first months of 2019.

“Though the prices are likely to decline, the number of orders has been surging this year, especially with large-scale enterprises”, Cam said.

According to Chairman of the HCM City Association of Garment, Textile, Embroidery and Knitting Pham Xuan Hong, there are numerous prospects for the garment-textile sector this year thanks to a certain number of orders.

However, there remain challenges facing local businesses ahead, including fiercer competition from regional countries such as China, Myanmar and Cambodia, he noted.

To realise the export goal, General Director of the Vietnam National Textile and Garment Group (Vinatex) Le Tien Truong said creating high-quality products with reasonable prices and ensuring on time delivery are the most fundamental solutions of the sector.

Vietnam’s garment-textile sector should not receive cheap orders instead of reasonable prices that require high skills and techniques, he said.

The solution to this matter is making appropriate investment in technologies to increase labour productivity not only through the skills of workers but also the production system, management and computerization in administration and automation in each stage, he recommended.

Truong unveiled that most of importers make big orders in Vietnam, and they have only shifted small orders to other countries like Myanmar and Cambodia, as Vietnamese firms are spending big on new technologies to increase productivity and competitiveness.

Furthermore, free trade agreements have helped Vietnam diversify its export markets and address the shortage of materials, he said.

From importing most of raw materials for production, the garment-textile industry now exports more than 3 billion USD worth of yarn, nearly 1 billion USD worth of fabric, and 400 million USD worth of garment accessories each year, Truong said.

Particularly, the fourth industrial revolution (Industry 4.0) has changed the mindset of businesses in regards to technology investment, the general director added.

Garment-textile companies have paid more attention to developing human resources and using technology to create quality products by selecting high value production segments such as Original Design Manufacturing (ODM) and Own Brand Manufacturing (OBM).

In 2017, the garment-textile sector raked in 31.2 billion USD from exports, a year-on-year rise of 10.23 percent.

In the year, Vietnam's garment-textile exports to major markets like the US, the EU, Japan, the Republic of Korea and Russia increased by 7.2 percent, 9.23 percent, 6.1 percent, 11.8 percent and 56 percent, respectively.

Source: vietnamnews.vn- July 04, 2018

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NATIONAL NEWS

Suresh Prabhu expects 20% export growth in June

Prabhu was addressing exporters on preparing a strategy to add 100 billion dollar to India's exports. The strategy is expected to be finalised by the end of this month.

India's exports are growing at a healthy rate and may record about 20 percent growth in June, Commerce and Industry Minister Suresh Prabhu said on Wednesday. He said the ministry is working on a detailed strategy to push the shipments.

"In May, our exports went up by almost 20 percent and it looks like in June also, it (rate of growth) will be close to 20 percent," he said here at an event of Federation of Indian Export Organisations (FIEO).

However, these are challenging times for global trade as countries are taking protectionist measures, he noted.

Countries are trying to put sanctions for their benefit but it would not give positive results as economic sanctions essentially mean "that you are cut-off from rest of the world", Prabhu said.

"We are working on a combined strategy about what could be done so that exports increase at a rapid rate," he added.

The minister was addressing exporters on preparing strategy to add 100 billion dollar to India's exports. The strategy is expected to be finalised by the end of this month.

The official figures for June will be released by Commerce Ministry on July 15.

The country's merchandise exports grew 201.8 percent, highest in six months, in May to USD 28.86 billion.

Prabhu also said banks should lend exporters as part of priority sector lending so that they do not face credit-related issues.

He said the government is providing support to boost exports and India will not be affected by the headwinds at global trade level.

"Exports should be treated as priority sector lending by the banking system. Soon we will be holding a meeting with Indian Bank Association to discuss the issue," he said.

Talking about US challenging India's export benefit schemes in the World Trade Organisation (WTO), he said the government is dealing with the matter as "we have to follow the rules of WTO".

FIEO President Ganesh Gupta outlined several challenges being faced by Indian exporters including delay in GST refund and high cost of credit.

The organisation has prepared a detailed plan to add 100 billion dollar to India's exports. In 2017-18, exports rose about 10 per cent to USD 303 billion.

Source: moneycontrol.com- July 05, 2018

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It's procurement, not price, that matters

The Centre has loosened its purse strings to please farmers. The increase in MSP for Kharif crops is, however, largely in line with our expectations.

In the BusinessLine article 'Why MSP at cost plus 50 is no big deal' dated April 22, 2018, it was indicated that a few crops such as jowar, ragi, sunflower seed, sesamum and nigerseed, where the MSP was just enough to cover cost, were likely to see a significant increase in the support price once the procurement price was hiked to give 50 per cent return on the cost of production.

On Wednesday, the Cabinet announced an increase of 30-50 per cent in MSP for these crops.

However, it was a surprise that some crops where the MSP was already 1.5 times or more relative to cost have also seen MSP go up, indicating that the cost of production has been reworked. These include bajra, arhar and urad.

The MSP in bajra last year, at ₹1,425/quintal, was already 1.5 times the cost (₹949/quintal). But now the MSP is jacked up to ₹1,950. If they had assumed a 5 per cent increase in cost of cultivation of bajra, the cost would have risen to ₹997. At 1.5 times the cost, the MSP should have been ₹1,495, much lower than what was announced.

It needs to be noted that the Commission for Agricultural Costs & Prices (CACP)'s recommendation on MSP as approved by the Cabinet is based on 'A2+FL' costs that includes expenses on farm inputs — such as seeds, fertilisers, fuel and irrigation — and imputed value of Family Labour. The 'C2' costs which includes imputed rent and interest on owned land and capital has not been used for arriving at the MSP this year.

While higher MSPs are good news for farmers, it can add to their income only if the government is able to enforce it. Currently, though the MSP is announced for over 20 crops, procurement is effective in just two — paddy and wheat.

In most crops, procurement is either absent or very minimal. In 2016-17, Kharif procurement in groundnut by the National Agricultural Cooperative Marketing Federation of India was 1.8 lakh tonnes, versus the season's production of 60.5 lakh tonnes. Sunflower, procurement stood at 4,249 tonnes against the Kharif season production of 98,000 tonnes. In soyabean, it was practically nil.

The three crops which have seen the maximum increase in MSP this year — ragi, nigerseed and jowar — don't see any central procurement.

However, two crops where the higher MSP will make a difference is paddy and cotton.

In rice, about 40 per cent of the produce is procured from farmers by FCI and other central agencies, every year.

In cotton too, farmers may stand to benefit given the CAI (Cotton Association of India) plays a relatively more effective role in procurement. The MSP announced is ₹5,150/quintal, up 28 per cent over last year. As of the latest sowing report, cotton sowing has been done on 32.2 lakh hectares (versus last year's 46.1 lakh hectare).

Many farmers in Maharashtra and Gujarat are still awaiting more rounds of rainfall to start sowing. These farmers may now sow more cotton.

In case of other crops, however, without an effective procurement mechanism, MSP hike will only stoke retail inflation without the farmers' actually benefiting, say farm activists.

Source: thehindubusinessline.com- July 04, 2018

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MSP hike to increase global price of cotton, rice

The hike in the minimum support price (MSP) of kharif crops announced by the Narendra Modi-led government is all set to impact international price of rice and cotton—items topping list of agricultural commodities exported from the country. The hike is expected to firm up cotton prices in India, largest exporter of natural fibre, and reflect in global market soon, feel traders.

To fulfill its commitment of supplementing farmers' income and address rising distress among farmers, the government on Wednesday announced an increase in MSP of 14 crops sown in the summer season. Among these crops were paddy and cotton that saw a hike of 13 per cent and 28 per cent respectively.

MSP is a direct market intervention by the government to check distress sale by guaranteeing a fixed price in event of fall in price in open market. The prices are announced before each summer and winter cropping season.

The increase in common rice and grade-A quality of the cereal will impact international price before reflecting in the domestic prices, feel exporters.

"The MSP of paddy will show its impact on international price of non-basmati as well as basmati rice by the next month, when global export deals are struck," president All India Rice Exporters Association Vijay Sethia told ET.

India accounts for almost one-third of the global rice trade and so far, it has exported around 14 million tonnes of rice in the current year.

Although MSP covers just normal rice, it will push up price of basmati rice as well, exporters claim.

Sethia said that the higher assured price under MSP for paddy will encourage farmers to grow normal rice instead of basmati from next year in the country. “The price of basmati will have to increase or farmers will lose interest in growing the premium rice,” Sethia said.

Traders of cotton, another major export commodity, said that the MSP will check cotton exports from India and ensure domestic supply during current season.

“The substantial increase in the price of cotton is expected to activate multi-national companies in domestic market as exports of raw cotton will be unviable now,” cotton trader said.

India is leading global trader in rice with exports over 12 million tonnes including 4 million tonnes of basmati rice from the country. “With exports likely to dampen, the Cotton traders including multi-national firms are expected to remain active in domestic market,” an analyst said.

Exporters of cotton yarn and textile from India expressed concern over losing low cost advantage in raw cotton as cotton prices had remained subdued in the last few months compared to global market. “Government could benefit farmers by directly paying the difference of amount between MSP and market price,” IJ Dhuria, director, (raw materials) Vardhman Textiles said.He said that the hike would distort market for yarn and textile industry.

Farm activists find the MSP short of expectation. "The increase is highly inadequate and an eye wash as the increase in MSP will hardly improve income of farmers given the spike in price of diesel, higher taxes on fertilizers, farm equipment and rising cost of cultivation,” lamented president Bhartiya Kisan Union Balbir Singh Rajewal. He said that the MSP is calculated on basis of costs incurred in the previous year and fail to incorporate rise in expenditure in the current year.

Despite the higher MSP, the government need to strengthen the procurement infrastructure in states like Bihar and Uttar Pradesh where grain purchase is dominated by private players and remuneration is much less than the assured price.

"At present large quantity of food grain from UP and Bihar comes for public procurement in states like Haryana and Punjab," a trader said.

The increase in MSP will increase acreage under paddy, a crop that require substantial quantity of groundwater for irrigation. "Over 3,000 litre water is required to produce one kilogram of normal rice while basmati require less water," an agriculture scientist said.

Source: economictimes.com- July 04, 2018

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Higher cotton MSP worries textiles sector

The rise in cotton MSP may be good news for farmers, but raises concerns for the consuming industry, considering that the base price of the white fibre will go up in the next cotton year.

"Cotton acreage is bound to go up by 10-15 per cent in the next season," an industry source opined.

Prices may rise

J Thulasidharan, President of the Indian Cotton Federation (ICF), said the price of kapas (raw cotton) today was equal or more than the estimated revised MSP. "During the coming season, the impact (on cotton prices) is expected to be marginal. However, due to the rise in the price of other oilseeds, a corresponding increase in cottonseed prices cannot be ruled out," he said.

An industry source sowing in Maharashtra and Gujarat was not in full swing as yet, while it was almost over in Telangana.

"The industry has been expecting this announcement. In fact, we have been advising our members to import cotton at least for two months. This was not after hearing the rise in cotton MSP, well before this development," said Prabhu Damodharan, Secretary, Indian Texpreneurs Federation.

Traders are sure that the rise in cotton MSP will eventually result in a higher average price for the current 2018-19 season, which is likely to near ₹47,000 per candy (of 356 kg).

Arun Dalal, a cotton expert in Ahmedabad, noted that cotton prices have been on the rise due to multiple factors including export demand. "Last year, the average price for cotton hovered at ₹41-42,000 per candy, which was ₹39-41,000 in the previous year. This year, in 2018-19, we expect prices to make new highs and will maintain that level," he added.

A leading exporter from Ahmedabad informed that with stocks lying with the traders, prices may be jacked up. Possibly there may be a break in supply for a short duration as they wait for prices to go up.

"Those having cotton stocks will wait for the good prices now as the sentiment is upbeat about cotton prices. There is no possibility of sharp downside in the prices as our prices are competitive in the international market giving us an edge over the US cotton for Chinese market," said a senior official of a leading cotton exporting company.

International cotton prices hover around 83-84 cents on the ICE futures.

Source: thehindubusinessline.com- July 04, 2018

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Ongoing HGH in Mumbai wooing crowds with higher number of exhibitors

HGH India is on in Mumbai from July 3 to July 5. This is a trade show for home textiles, home décor, gifts and houseware. It offers an opportunity to source world-class merchandise.

The show is witnessing more than 550 brands and 100 exhibitors from 30 countries. They are showcasing their latest designs and product innovations. Approximately 35,000 buyers, specifiers and decision makers are expected.

HGH India has grown almost 40 per cent since last year with 600 manufacturers and brands.

India is in a position to promote the home textiles industry as tastes are evolving and becoming more trendy and fashionable.

The Trend Pavilion at HGH is particularly important as it sets the theme for home textile and décor trends for the Indian market. Under the theme Indian heritage, HGH India 2018 is promoting handicrafts, khadi, coir and jute products, all of which are a part of India's rich cultural heritage.

Export Promotion Council for Handicrafts, Handicrafts Mega Cluster Mission, Council of Handicrafts Development Corporation, Kashmir Chamber of Commerce and Ministry, National Jute Board and many more are present at HGH India 2018 to exhibit their high quality products.

This year's home trends are presented under the theme Transition, which forecasts the Indian domestic market for 2018-19.

Source: fashionatingworld.com- July 04, 2018

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Vibrant Gujarat Summit to shift focus to exports

In a departure from the previous Vibrant Gujarat Summits (VGS) which mostly focused on foreign investment, the Gujarat government this time is planning to lay emphasis on the exports, trade, commerce and services sectors for the VGS 2019.

The intention is to showcase, promote and create market for Gujarat-based companies and domestic products in the world market.

"After getting huge response in investment side, the state is now looking to provide a platform to domestic businesses and trade. Innovation, services, trade and exports will be the key areas where the VGS 2019 will focus," said Manoj Kumar Das, principal secretary to the chief minister and in-charge principal secretary of the industry and mines departments.

The state government will focus on facilitating meetings of local manufacturers and traders with foreign consumer chains or directly with markets. This platform will give better options to start-ups of the state to explore new markets, Das said.

“Gujarat is one of the big destinations of manufacturing and trade in India. Local businesses are doing well on the domestic front and we are going to offer better linkage with investors.

For start-ups, this platform will open up new markets. Also, we have ready investor base available for start-ups,” said Das.

The Gujarat government is planning to prepare sector-wise database of local manufacturers and that will be given to foreign delegates.

Source: financialexpress.com- July 05, 2018

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MSP hike: Cotton, oilseeds to take over pulses' acreage this kharif season

Cotton and oilseeds are likely to take over a significant part of pulses’ acreage this kharif season due to a sharp increase in their minimum support price (MSP) for the current season coupled with better price realisation last year.

As against the MSP of Rs 5,400 a quintal for 2017-18 kharif season, average urad price stood at Rs 4,720 a quintal for May 2017, which steadily declined further to stabilise at Rs 3018.5 a quintal towards the beginning of the current sowing season in May 2018.

Similarly, arhar and moong also traded substantially below the MSP throughout 2017-18 season.

By contrast, however, soybean and cotton prices traded substantially higher than their respective MSPs, barring a couple of occasions when they slipped marginally below the government’s threshold price.

Encouraged by the government’s timely interventions, spot prices of cotton and soybean along with other oilseeds moved higher.

“Sowing area and production of pulses are set to contract this kharif season due to lower realisation yielded by farmers last year.

By contrast, however, sowing area and production of oilseeds and cotton may rise this year," said Sanjay Kaul, managing director, National Collateral Management Services (NCML).

Based on lower acreage so far this season, NCML forecasts India's pulses production to decline by 7.7 per cent at 8.32 million tonnes (mt) this kharif season, second slump in a row, compared to 9.01 mt produced last year as per the third Advanced Estimates for 2017-18 from the Union Ministry of Agriculture.

Source: business-standard.com- July 05, 2018

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