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IBTEX No. 5 of 2018 January 06, 2018

USD 63.34 | EUR 76.20 | GBP 85.95 | JPY 0.56

Cotton Market (4-01-2018)

Spot Price (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
19123	40000	**80.37**

Domestic Futures Price (Ex. Gin), January

Rs./Bale	Rs./Candy	USD Cent/lb
20090	42024	**84.44**

International Futures Price

NY ICE USD Cents/lb (March 2018)	78.11
ZCE Cotton: Yuan/MT (Jan 2018)	14,675
ZCE Cotton: USD Cents/lb	**87.14**
Cotlook A Index – Physical	**89.6**

Cotton & currency guide: Cotton is swinging between thin ranges of 77.50 to 78.50 cents per pound in this week. Market is bit jittery about the fresh triggers no major buyers in the market while there is restrain in selling. Mills have booked their positions which pushed price a tad higher on Wednesday during US session. The most active March future ended the session at 78.11 cents while May contract posted a close at 78.26 cents. This morning both the contracts are trading higher by quarter per cent at 78.30 and 78.40 cents per pound respectively.

This week's USDA weekly export sale data and CFTC on calls figure would be released by a day late on Friday and believe these data may have some trigger in the market and until then price may continue to trade in the aforementioned trading range while the bias may be on the positive tone.

On the trading front the trading volumes are relatively thin. Volume was 23,676 contracts. Cleared Tuesday were 34,288 contracts. Open interest on Wednesday was at 283,001 contracts, up 312 contracts from previous day. That was the highest open interest since February 9th (283,418). The 2017 open interest high was 288,081 contracts on February 6th. While certified stocks in ICE were down by 4 bales to stand at 47,597 bales.

More on the price front based on technical analysis we expect 79 cents remain a key resistance level and breach of which market may test the psychological level of 80+ cents. While on the lower side we have 76 as key support level. Unless there is strong change in the market development the market would continue to swing in the same trading band.

Coming to domestic market price for Shankar-6 variety has declined to an average price of Rs. 40,850 per candy down by Rs. 150 from previous close which equivalent 82.10 cents per pound. The Punjab J-34 variety is quoted at Rs. 4230 per maund approximately 81 cents per pound. On the supply front there has been slight decline in the arrivals which stood at 158,500 bales. This figure includes 38,000 registered in Maharashtra, 37,000 in Gujarat, and 35,000 in Andhra Pradesh/Telangana. The total figure is lower than of late due to disruptions in supply in Maharashtra caused by local political protests and cold weather in the Northern Zone.

However, we believe the January would be the month the arrivals should increase in this season as peak month and the effect on the price is gradually seen. A week earlier S-6 price had reached to almost Rs. 42,000 per candy which has now softened to Rs. 40850 level. We believe there is more room for the price correct down side. Nonetheless we have to see how the ICE Cotton futures perform in the next few trading session.

Lastly on the domestic futures front the most active January future on Wednesday witnessed volatility the price initially had declined to Rs. 19950 per bale which posted a higher close at Rs. 20130 per bale. There is no change in the recent bearish corrective direction while 19900 are seen to have strong support level. Likewise, 20300 are to be measured as strong resistance level.

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

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INTERNATIONAL NEWS

China: Polyester yarn increases while polyester/cotton yarn stabilizes

Polyester yarn made of close virgin PSF stabilizes. In Hebei, polyester yarn 45S made of close virgin PSF for weaving is mainly offered at 12,300-12,500yuan/mt, after-tax, ex-works.

Polyester yarn price increases in Fujian and Guangdong. Polyester yarn 32S is mainly quoted at 13,700yuan/mt in the former place, after-tax, short-distance delivered, and 13,600-13,700yuan/mt, after-tax, ex-works in the latter. Polyester/cotton yarn plants stabilize offers in Shandong.

Bleachable CVC 60/40 32S is mainly quoted at 21,000yuan/mt, after-tax, ex-works.

Source: ccfgroup.com- Jan 05, 2018

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Cotton Production Seen Growing, Prices Seen Rising

The recovery in cotton production for 2017-18 will continue, and growth is projected at 11 percent as planting area is expected to increase, yielding a projected 25.4 million tons, the International Cotton Advisory Committee reported.

Following the sharp drop in production in 2015-16, production in 2016-17 recovered 7 percent to 23 million tons. Production in the U.S. for the current season is expected to increase 25 percent to 4.7 million tons, ICAC said.

India remains the world's largest producer, with 2017-18 production expected to grow 8.7% to 6.2 million tons.

The second largest producer, China, has production currently projected at 5.2 million tons, representing a 7.1% increase.

Pakistan's production projections for 2017-18 show an 11.5% increase to 1.9 million tons, while production in Turkey is estimated to grow 18 percent to 829,000 tons. Other major cotton producing countries are expected to have positive growth attributed to increased area and yields.

International cotton prices have continued to move upward over the last few months as the season has been underway, ICAC noted. From the season low of 77 cents per pound at the start of season, prices were at a season high of 88 cents per pound at the end of this calendar year.

The current season average of 80 cents per pound compares to the 2016-17 average of 83 cents per pound. With a lower international price from the previous season and the rising price of competing fibers, global consumption is expected to grow, ICAC said.

ICAC forecast cotton prices at 74 cents a pound as measured by the Cotlook A index of average prices on the international raw cotton market. That represented an upgrade of 2 cents a pound on the previous forecast, and reflected a downgrade to the forecast for world cotton stocks, on a lower estimate for output from Pakistan.

The forecast signals an expectation that prices will fall from current levels, with the Cotlook A Index ending the day on Thursday at 88.8 cents a pound, and having averaged about 83 cents a pound so far in 2017-18.

Cotton prices proved one of the top performers among agricultural commodities last year, with New York cotton futures rising 11 percent thanks to strong U.S. export sales.

However, Agrimoney.com noted that some commentators have forecast a weaker performance ahead, with Societe Generale on Tuesday rating cotton futures as "vulnerable to retracement" because of the extent to which the contract has been overbought.

The bank cautioned of pressure on prices once "the pace of U.S. exports slows and supply outside of the U.S. picks up."

After stagnating in 2016-17, global cotton demand is expected to increase 3 percent in 2017-18 to 25.2 million tons.

Chinese mill use is expected to remain stable at 8.1 million tons, while India and Pakistan are expected to increase 3 percent and 4 percent, respectively.

Consumption in Vietnam is expected to grow 12 percent to 1.3 million tons. Moderate growth of 2 percent to 3 percent is expected for other major consuming countries of Bangladesh, Turkey and the U.S.

Meanwhile, the ICAC stressed the boost to cotton demand expected from factors including rising prices of oil, which can affect synthetic fiber prices such as polyester and nylon.

The Bloomberg Commodities Spot Index, tracking the price of 22 raw materials, jumped to its highest since December 2014 on Thursday. The gauge has risen for a record 14 days in a row.

According to a September study by the International Monetary Fund, a 10 percent gain in the price of oil increases, on average, domestic inflation by about 0.4%, which could help push U.S. inflation back toward the Federal Reserve's 2 percent target, Bloomberg noted.

Source: sourcingjournalonline.com- Jan 05, 2018

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H&M Group Rumored To Debut New Digital Outlet This Year

E-commerce may be welcoming a new competitor this year—H&M Group—which is working to disrupt digital commerce with trendy and affordable fashion for consumers.

According to Swedish media outlet Breakit, H&M Group is developing a new e-commerce outlet platform dubbed "P12," where consumers can buy branded apparel at discounted prices.

The platform, which is set to launch in April, has reportedly signed up 63 brands, including Nordic e-commerce giant NA-KD. However, H&M Group has not confirmed which brands will be working with P12 in the coming months.

A source told Breakit that P12 could be a digital version of Galne Gunnar, H&M Group's low-price chain that closed down in the early 2000s. Similar to Galne Gunnar, P12 would purchase merchandise from participating e-commerce brands and sell them at more affordable prices on its website. This retail strategy may boost H&M Group's sales and enable it to reach more consumers worldwide in a digital environment.

Despite Breakit's media report, H&M Group declined to comment on P12 and its development plans. "What we can comment at this stage is that we are always working with lots of interesting ideas, but we can't comment on rumors," said H&M Group press officer Lena Enocson Almroth. "When we have something concrete to say, we will do so."

H&M Group's rumored project comes on the heels of other brand milestones. Last fall, H&M Group said it would launch a new brand this year, without comment on the brand's name or concept. In March 2017, H&M Group announced the debut of Arket, its modern-day market brand that sells children's, women's and men's products.

The brand, which is available online in 18 European countries and has multiple locations across the continent, aims to deliver functional and long-lasting products for consumers' wardrobes and homes. Previously, H&M Group also launched other in-house brands, including COS and & Other Stories, which target modern consumers.

In reporting third quarter results in September, H&M Group said an omnichannel approach that includes continued integration and development of its online and physical stores drove sales gains, and that it continues to improve its online store and is adding more and faster delivery options, while at the same time further broadening the range of products online.

H&M Group's sales for the third quarter ended Aug. 31 increased 5 percent to $7.3 billion and the company noted that rapid and profitable growth of the group's online sales, which in some established markets already account for 25 percent to 30 percent of total revenue, helped drive the gains.

Source: sourcingjournalonline.com- Jan 05, 2018

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U.S.-NAFTA freight up year-over-year for 12th straight month

U.S.-NAFTA freight totaled $100.6 billion as all five major transportation modes carried more freight by value with North American Free Trade Agreement (NAFTA) partners Canada and Mexico in October 2017 compared to October 2016, according to the TransBorder Freight Data released Thursday by the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS).

The 7.9 percent rise from October 2016 is the 12th consecutive month in which the year-over-year value of U.S.-NAFTA freight increased in current dollars from the same month of the previous year.

The value of commodities moving by vessel increased 32.6 percent, pipeline by 9.3 percent, air by 6.1 percent, truck by 5.7 percent, and rail by 3.3 percent. The large percentage increase in the value of goods moving by vessel is due in part to an increase in the unit value and an 18.0 percent increase in the tonnage of mineral fuels traded.

Trucks carried 64.0 percent of U.S.-NAFTA freight and continued to be the most utilized mode for moving goods to and from both Canada and Mexico. Trucks accounted for $33.4 billion of the $54.5 billion of imports (61.2 percent) and $31.0 billion of the $46.1 billion of exports (67.3 percent) (Table 2).

Rail remained the second largest mode by value, moving 15.1 percent of all U.S.-NAFTA freight, followed by vessel, 6.6 percent; pipeline, 5.0 percent; and air, 3.8 percent. The surface transportation modes of truck, rail and pipeline carried 84.1 percent of the total value of U.S.-NAFTA freight flows.

Comparing October 2016 to October 2017, the value of U.S.-Canada freight flows increased by 6.8 percent to $49.7 billion as the value of freight on all five major modes increased from a year earlier.

The value of freight carried on vessel increased by 61.9 percent due in part to an increase in the unit value and a 29.8 percent increase in the tonnage of mineral fuels traded. Pipeline increased by 11.6 percent, air by 8.9 percent, rail by 7.2 percent, and truck by 1.4 percent.

Trucks carried 57.7 percent of the value of the freight to and from Canada. Rail carried 16.2 percent followed by pipeline, 9.6 percent; air, 4.7 percent; and vessel, 4.4 percent. The surface transportation modes of truck, rail and pipeline carried 83.4 percent of the value of total U.S.-Canada freight flows. Comparing October 2016 to October 2017, the value of U.S.-Mexico freight flows increased by 9.0 percent to $50.8 billion as the value of freight on three major modes increased from a year earlier.

The value of freight carried on vessel increased by 21.8 percent due in part to an increase in the unit value and an 11.7 percent increase in the tonnage of mineral fuels traded. The value of commodities moved by truck increased by 9.5 percent, largely due to a 26.0 percent increase in the value of motor vehicles moved by truck. The value of goods moved by air increased by 1.9 percent. Rail decreased by 0.9 percent, and pipeline by 17.7 percent (Figure 4, Table 4).

Trucks carried 70.2 percent of the value of freight to and from Mexico. Rail carried 14.0 percent followed by vessel, 8.8 percent; air, 2.9 percent; and pipeline, 0.6 percent. The surface transportation modes of truck, rail and pipeline carried 84.7 percent of the value of total U.S.-Mexico freight flows.

In October 2017, the top commodity category transported between the U.S. and Canada was vehicles and parts, of which $4.7 billion, or 54.0 percent, moved by truck and $3.7 billion, or 43.1 percent by rail. The top commodity category transported between the U.S. and Mexico in October 2017 was vehicles and parts, of which $5.0 billion, or 49.6 percent, moved by truck and $4.0 billion, or 40.0 percent, moved by rail.

Source: thetrucker.com- Jan 04, 2018

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US apparel imports to increase 1.04 per cent in 2017

Apparel Resources' forecasts the US will significantly improve apparel imports in 2017, in terms of volumes. The country may record a 1.04 per cent rise in volume terms during the January to December 2017 period. The largest apparel importer in the world may import 27,164.17 million SME of apparels during the review period when compared to 26,927 million SME in the prior-year period.

In addition, the US is likely to put a hold on rising import values in 2017 and note a 0.68 per cent decline on Y-o-Y basis. The UVR for the said period is estimated to be US $ 2.95 as against US $ 3.00 in the same period of 2016.

China's a leader as the apparel powerhouse to the US is expected to see a drop from January to October period, China recorded a surge in volume of exports by 1.93 per cent; however, the country dropped the unit prices of apparel to enable it to stay competitive in international markets.

Apparel Resources' predictions indicate China's export of apparels to the US valued at $27.04 billion would drop by 3.14 per cent on the Y-o-Y basis in December 2017. India and Vietnam, on the other hand, are likely to gain in both volume and value terms to the US during January to December 2017 period. Vietnam is set to record $11.43 billion (up by 5.79 per cent) from its apparel exports in the year 2017 ending 31st December.

India is expected to see a marginal rise of 1.79 per cent (with an export value of $3.70 billion in 2017 as against $3.64 billion in 2016) in its apparel exports value to the US.

Through 2017, Bangladesh' apparel exporters faced many challenges such as the fluctuation in the currency value (appreciation of Taka against US dollar), longer shipping time, the rise in production cost and safety issues which pushed the country towards the declining trend in the US clothing market.

Source: fashionatingworld.com- Jan 05, 2018

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Indonesia to start trade talks to boost exports

Indonesia seeks to initiate negotiations on trade agreements under both bilateral and regional schemes this year to help jack up the country's exports.

Southeast Asia's largest economy will kick off talks with five partners, namely Peru, Kenya, Mozambique, South Africa and Morocco, and on a comprehensive economic partnership agreement (CEPA) with the Gulf Cooperation Council, according to a statement from the Trade Ministry.

In addition, it will also begin negotiating a free trade agreement (FTA) with Canada, along with fellow members of the Association of Southeast Asian Nations (ASEAN).

Trade Ministry Director General of Export Development Arlinda Imbang Jaya said on Thursday that the partners had been chosen based on their strategic importance to help boost Indonesia's exports. Kenya, for example, could become Indonesia's trading hub to other African countries thanks to its membership in the East African Community.

"The same goes for Peru. We already have an agreement with Chile, so we can further expand our markets in South America," said Arlinda.

Indonesia has ongoing trade negotiations with various partners, including Australia, Iran, the European Union (EU) and the European Free Trade Association (EFTA) countries.

The agreements are expected to boost particularly non-oil and gas exports. The ministry targets to increase non-oil and gas exports in 2018 by 5 to 7 percent from the estimated US$ 154.8 billion achieved in 2017.

From January to November, non-oil and gas exports reached $139.68 billion, up 16.89 percent from a year earlier.

Source: thejakartapost.com- Jan 05, 2018

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Bangladesh needs to work on RMG sector to boost exports

America holds the prime position for Bangladesh when it comes to textile exports but after the Rana Plaza tragedy, exports were greatly impacted. A look at the stats, in fiscal year 2016 reveals, $530.56 crore worth of RMG products were exported to the US and in 2015, $540 crore worth of clothing was exported from Bangladesh.

As a result, the rate of garment export to US decreased 1.7 per cent in 2016. China is the top garment exporter to the United States. China exported $2,316 crore worth of clothing in the first 10 months of current year (2017). This export was 3.64 per cent less than the same period of previous year. Vietnam is the second largest exporter to the US.

The country exported clothing worth $984 crore and registered 6.79 per cent growth. Holding the next respective positions are Bangladesh, Indonesia and India. From January to October 31, 2017 Indonesia exported $393 crore and marked 2.81 percent negative growth.

At the same time, India exported $321 crore achieving 2.6 percent growth. Bangladesh has exported US$ 435 crore worth of apparel items in the first 10 months of 2017 marking 4.93 per cent negative growth comparing to the same period of 2016.
Issues faced by Bangladesh

Besides lost faith owing to Rana Plaza incident, there are complexities of the Chittagong Port, which is increasing lead time. Besides, the industry people said some labour organizations and representatives of NGOs are spreading propaganda that Bangladesh does not have labour rights.

President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Md Siddiqur Rahman says the lack of efficiency in Bangladesh's ports is largely responsible for the decline in earnings from the RMG export to the US.

During a recent meeting with US Ambassador to Bangladesh Marcia Stephens Bloom Bernicat, said that the great problem facing Bangladesh's RMG sector lies with lead time. In today's competitive markets, buyers want their goods delivered within a very short time.

But manufacturers in Bangladesh require unreasonably longer lead time compared to other countries. As a result, exports to the US have declined. In order to reduce the lead time, it was necessary to improve the efficiency in the ports to make sure products are delivered on time. Additionally, there is a need to establish more textile mills to meet the local demands to reduce the lead time.

US Ambassador Marcia Bernicat also emphasised on enhancing the capacity of the country's existing ports. If Bangladesh does not make the ports more efficient, it will fall behind other competitors.

The RMG sector would remain an important part of Bangladesh's economy for years to come, it is a crucial period for the sector for which the US wants to work together as a partner of Bangladesh to make sure the industry is strong and that both labour rights and safety of RMG workers are ensured.

Source: fashionatingworld.com- Jan 05, 2018

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Pakistan: First five-year trade policy likely to be implemented in July

Pakistan's first comprehensive five years trade policy targeting 10 percent export growth target will be ready by March for final review and would be enforced in July this year, Commerce Secretary Younus Dagha, said Friday.

The secretary commerce was speaking at the first consultative session jointly organised by the Ministry of Commerce and Textile, Trade Development Authority of Pakistan and USAID for formulating Strategic Trade Policy Framework 2018-23with stakeholders.

Dagha said that Pakistan will achieve $23 billion export mark in the backdrop of incentive given by the government to export sector as the exports for last seven months have depicted modest growth of 12 percent.

"The imports would continue to increase mainly due to the import of machinery meant for production purposes in the country which would ultimately lead to export growth. Trade policy would focus on the exploration of non-traditional markets and products so that the balance of payments issue is minimised," Dagha noted.

The government is specially focusing on non-traditional sectors including meat production and agro production. “There is huge demand of Halal meat in middle east which at present is largely being met by other countries,” he noted.

He said that government will announced special incentive package for the poultry sector shortly.

The secretary commerce also informed that the federal government will hold conference for buyers for the first time, in Islamabad, next month to listen to the buyers about their preferences.

Pakistan was negotiating with some African and south American country for Free Trade Agreements FTAs. The secretary also invited stakeholders, including Federation of Pakistan Chambers of Commerce and Industry to give their input for FTAs, he said.

He said that the prime minister has approved Rs 13 billion for the construction of effluent treatment plants that would be set up in seven industrial zones of Karachi. The project would be implemented in coordination with the Sindh government, he added.

Source: dailytimes.com.pk- Jan 06, 2018

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Bangladesh: An elusive quest to revive muslin

Researchers claim to be close to finding the exact genus of cotton used in producing the fabled muslin cloth.

A 10-member team of Bangladeshi researchers have been working with the government, in an effort to revive the production of muslin by using source cotton and redeveloping spinning techniques.

Team leader, Professor Dr M Monzur Hossain, director of Institute of Biological Sciences from Rajshahi University (RU) told the Dhaka Tribune: “We have the cotton, we have the unique craft. While the product was lost from the region in the past, we are certain that Phuti Karpas (Gossypium arboreum var neglecta) still exists in Bangladesh.”

This particular variant of cotton plant however is hard to find as it only grew on a short stretch on the banks of the Meghna river in Dhaka. Ever since the then British Empire started industrializing, they began to push their own cotton onto the sub-continent, forcing many of the weavers out of business.

The level of their cruelty in eliminating the fabric was documented by William Bolts a Dutch merchant in his memoir, Considerations on India Affairs, where he described how the British Raj, created a level of pressure no weaver could live under and destroyed their looms and in extreme cases broke their fingers.

Then a famine followed that wiped out the cultivation of the crop entirely. The team of researchers have been looking everywhere for the muslin cotton. Professor Mustafizur said: "We have surveyed various regions of Bangladesh for Phuti Karpas. We also asked people for samples of the original muslin cloth to study them. We have received samples from Barguna and Brahmanbaria."

There are some particular areas in the country the team is focusing on. Dr M Firoz Alam, another researcher from RU said: "Currently, we are experimenting with the samples that we have on hand. We will advertise in newspapers and radio channels about buying muslin to match with what we have developed and to make sure we are on the right track."

What led to this research?

On October 2014, Prime Minister Sheikh Hasina, asked officials to work on reviving muslin during a visit to Textile and Jute Ministry. Since then, the government has allocated Tk13crore for a project called:

"Restoring the technology of creating muslin clothing to create golden yarn and reviving muslin production." However, Bangladesh Handloom Board (BHB) website says the cost of the project is estimated to be at Tk14.50crore.

The ministry aims to implement this initiative through a project that has been on its course since January this year and is expected to reach its target by December 2019. Currently, the project is awaiting approval from Executive Committee of the National Economic Council (ECNEC).

Where does the project stand?

With an allocation of Tk35lakh for the project, the team began their work two years ago and has been on the hunt for Phuti Karpas, in remote areas like Langadu in Rangamati.

So far, they have successfully collected various samples but the team did not want to disclose their exact location. Monzur said: “We are collecting samples of cotton from different areas and testing to see if they match the characteristics with the pattern of Phuti Karpas. We are very hopeful.”

The samples are currently undergoing testing in various laboratories.

Researchers have said it will take three years from 2017 to 2019 for them to complete their project and if there is a success, they will begin the second phase that will last for an additional three years.

Professor Mustafizur Rahman from Agronomy and Agricultural Extension Department (AAED) at RU feels it is not easy to find muslin in a country where it has been lost for 400 years.

The researchers however said they have been requesting the Bangladesh National Museum in Dhaka to help them study the muslin kept in the museum. It appears the museum is unwilling to cooperate and has rejected the researchers’ requests.

Director General of Bangladesh National Museum Faizul Latif Chowdhury says they cannot handover the treasure to anyone. Adding: “We only have two samples and the risk of damage is too high. This is why I have declined to hand them over.”

Faizul explained it isn’t normal for the government to ask for materials from the museum and said: “If required, the government can buy them from other countries.”

The research team has already visited the Victoria and Albert Museum in UK that has a collection of over 300 muslin clothing. The museum not only helped the Bangladeshi researchers but also assured that they will sign a Memorandum of Understanding (MoU) to support their research if needed.

Muslin is tricky to make since it requires specific fibers and the use of small hands for weaving, Monzur said, adding: “If we can find the cotton, we will need do a DNA profiling that might cost around Tk4crore.

“We have the support for this study, but the funding has not been approved yet which is why we cannot move forward with our research.”

Researchers said they will try both the old method of weaving muslin by hand and try and use a machine to achieve the same result.

The success of weaving muslin depends 50% on the cotton and 50% on the weaver. It requires both dry and wet seasons for production.

“Muslin will not shrink in water. It is a stronger fabric. A high quality weaving muslin requires nimble fingers which young girls have. As we do not have any expert weavers left, we are training weavers under this project”, said Mustafizur.

Despite the fact that India failed to revive muslin after the formation of a commission in 1956, the researchers remain hopeful.

Mustafizur said: “We hope it is possible. We will require chemicals, salaries for scientists, technical training, use of new devices, in addition to hosting trials in multiple locations. All of this is not possible with the block fund allocated to us. We will need more funds soon and we require the ECNEC approval as soon as possible.”

There are some doubts on whether the team of researchers will be able to find the muslin cotton in Bangladesh anymore. In 2016 February, a month-long Muslin Festival was held at the National Museum co-organized by Drik’s Bengal muslin team and Aarong.

Saiful Islam, CEO of Bengal muslin, said he was not very optimistic about this team of researchers being able to find the exact strain of muslin cotton in Bangladesh anymore. “We have been researching since 2014. We were unable to find the exact strain of muslin cotton in Bangladesh.

“We have a few samples from abroad that we are trying to duplicate in Bangladesh,” he told the Dhaka Tribune.

Source: dhakatribune.com- Jan 05, 2018

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Pakistan: Sales tax, duties on import of cotton waived

The Economic Coordination Committee (ECC) of the cabinet approved on Friday a waiver of sales tax and customs duty on the import of cotton.

The ECC meeting, headed by Prime Minister Shahid Khaqan Abbasi, decided that the waiver will take effect from Jan 8. Demand for cotton in the textile supply chain has increased over the past few months because of growing yarn requirements.

The ECC also approved the financing plan for a new gas pipeline between Lahore and Karachi. The pipeline will be used for the transmission of 1.2 billion cubic feet per day re-gasified liquefied natural gas (RLNG).

Two public-sector utilities – Sui Southern Gas Company (SSGC) and Sui Northern Gas Pipelines (SNGP) – will undertake the RLNG-III project.

It directed the Petroleum Division to examine the possibility of public-private partnership for the project.

The committee also approved the proposal to allocate 10 million cubic feet per day (mmcfd) of gas from Adam X-1 and 18mmcfd from Adam West X-1 to SSGC.

The price of gas will be determined as per the applicable petroleum policy.
The ECC also granted approval for the issuance of sovereign guarantee of Rs39bn for the construction of two 660-megawatt coal power projects at Jamshoro.

The approval has been granted after the third-party evaluation of the project and authentication of demand and supply data submitted by National Transmission and Dispatch Company.

Source: dawn.com- Jan 06, 2018

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NATIONAL NEWS

Indian yarn spinners to see gradual recovery in FY18: ICRA

Indian spinners are likely to see a gradual performance recovery beginning 2017-18 last quarter after facing multiple problems over the last several quarters that resulted in their profitability touching six-year lows in the previous two quarters, according to a report by credit rating agency ICRA. Cotton yarn demand is also expected to gather strength.

The performance improvement is expected to be aided by a downward bias in cotton prices amid healthy cotton crop and an upward bias in yarn realisations due to demand restoration, said Jayanta Roy, senior vice president and group head, corporate sector ratings, ICRA.

ICRA believes the uptick in cotton prices in recent weeks to be an aberration in light of slower-than-usual arrivals in the leading cotton producing state Gujarat owing to elections and pest attack-related concerns.

These concerns are unlikely to considerably affect crop quantity and quality and the arrivals are likely to pick up in the fourth quarter of the current fiscal. Domestic prices are likely to remain 10 to 12 per cent lower than average cotton price during the twelve month period ending September 2017, a leading Indian business daily reported citing the ICRA report.

Better clarity on export incentives for textile goods in recent weeks is likely to support India's overall textile exports and demand restoration from the fourth quarter onwards, Roy said.

The cotton yarn demand is also likely to gather strength from restoration of domestic demand following the temporary disruption caused by the transition to the goods and services tax (GST) regime, and higher exports to one of India's key export markets, China, before re-launch of its cotton auctions in March 2018. However, credit profiles of spinners remain stable despite the weak performance, the report added.

Source: fibre2fashion.com- Jan 06, 2018

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Why industry experts say that textiles export target of $45 bn is unachievable

The textiles industry, which has been struggling due to increasing competition from the neighbouring countries like Bangladesh, Indonesia and Vietnam, coupled with rising imports into India and other domestic issues like GST, is now feeling the pinch of a strengthening rupee.

The industry is almost ruling out the possibility of achieving its total export target of $45 billion in the current fiscal. Speaking to FE, Sanjay Kumar Jain, chairman, Confederation of Indian Textile Industry (CITI), said:

"The exports were down 40% in October, followed by 13% in November. In December too, the exports came down sharply. If the trend continues, the projected textile export target of $45 billion in the current fiscal will be clearly unachievable. The industry may even find it difficult to attain last fiscal's export of $40 billion."

According to him, "While rupee appreciation is one major factor, another threat looming is a further rise in cotton prices, which has gone up from Rs 37,500 a candy in November to Rs 41,500 now.

Given the fluctuation in both the rupee and cotton prices, exporters are unable to take orders or fix any price point to do jobs." Textile exports from India include ready-made and knitwear garments, cotton yarn, fabrics, made-ups, handicraft items, man-made yarns, fabrics and jute products, among other items.

S Sakthivel, former president of Tirupur Exporters' Association and chairman of Poppys Knitwear, said, "We are suffering. The rupee appreciation over the last few months will certainly impact our exports as well as bargaining power.

Though orders are flowing in, exporters are not able to fix an exact rate due to rupee appreciation. With severe competition from neighbouring countries on prices, the rupee appreciation will leave us in the lurch." The industry is already burdened with issues such as duty-drawback and GST rates, he added.

A senior official of TEA told FE: “An appreciation of every one rupee against dollar will see Tirupur exporters losing Rs 35 crore a month on their total monthly exports of about Rs 2,300 crore. When it comes to all-India level, the loss is estimated to be around Rs 150 crore a month.”

According to the TEA official, it is estimated that total ready-made garment exports from India has declined to Rs 78,966 crore in the April-December 2017 period as compared to Rs 83,430 crore in the same period of last fiscal. Of the total exports, exports in dollar terms are estimated at 55%, in Euro at 30% and in Pound Sterling at 12%.

The official further said that out of total exports from Tirupur, nearly 10% of the big exporters garner 50% of total export value while 90% of small scale exporters account for the remaining 50%, and the impact of rupee appreciation will be more severe on the SMEs.

Source: financialexpress.com- Jan 06, 2018

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India ASEAN group to focus on connectivity boost

India and the 10-member Asean group are hoping to strengthen ties with physical connectivity playing a bigger role in linking the regions, and enhancing opportunities for bilateral trade and travel, when they meet in New Delhi on January 25. On the agenda for discussions with leaders of the Asean will also be strategic issues such as revival of the quadrilateral cooperation among US, Japan and Australia, and deeper security cooperation in the Indo-Pacific region.

The forthcoming commemorative summit on the theme ‘Shared Values, Common Destiny’ later this month in New Delhi will discuss the progress achieved so far in some of the crucial projects, such as the Kaladan multi-modal transit transport corridor and the 3,200-km India-Myanmar-Thailand Trilateral Highway, which have been moving very slowly for more than a decade now. The 3,200 km-long road begins at the India-Myanmar border town of Moreh (in Manipur) and passes through several Myanmarese towns including, Tamu, Kalewa, Yargyi, Monya, Mandalay, Meiktila, Myawaddy and finally reaches Mae Sot in Thailand.

The four-lane highway is part of the proposed Asean East-West Corridor. According to officials, there is also a plan to link this road with the Trans Asian Highway-1 that runs from Japan (via ferry) to Turkey, where it connects the European highway after traversing through the Asian continent.

Speaking to FE former secretary (east), MEA, Anil Wadhwa, said, "We need to align ourselves with the master plan of Asean connectivity quickly. Connectivity is vital for increased commerce contact and cooperation between India and Asean." "Asean wants extension of trilateral highway to Laos, Cambodia and Vietnam. With the Chinese moving fast, we are nowhere there," Wadhwa added.

According to the former ambassador to Thailand, "We want the highway to be a busy one, so that trade to Myanmar, Laos and Cambodia keeps increasing. We need economic activity on the highway to sustain it, for trucks to go through." The government recently approved an agreement to facilitate border crossing between India and Myanmar. The pact will facilitate regulation and harmonisation of already existing free movement rights for people residing in the border areas of both countries.

Also on the agenda would be the Rs 500-crore project development fund announced by India to start investments in Cambodia, Laos, Myanmar and Vietnam (also known as CLMV countries).

The CLMV countries cover 32% of the geographical area of the Asean region and account for about 9% of Asean's GDP. According to a source, the summit will also seek to address the most contentious part of the relationship, which is bilateral trade between India and Asean.

While the free trade agreement on goods have been in place since 2010, the pact on services trade have not yet been ratified by the Philippines, Laos and Cambodia. It was signed in 2014. "Yes, the pact on services trade has not yet been implemented as it awaits ratification from some of the countries.

But it is hoped that it will be ratified soon and we will be able to implement it," the source said. Asean is India's fourth largest trading partner. Bilateral trade between India and Asean reached $70 billion in 2016-17, up from $65 billion in 2015-16.

India will be hosting leaders from Asean comprising Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Ahead of the Asean -India Commemorative Summit, a two-day Asean-India Business and Investment meet in New Delhi during January 22-23, an expo will be held, which would be the biggest Asean-focused event that India has ever organised.

Source: financialexpress.com - Jan 06, 2018

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Major ports record 3.6% volume growth in April-Dec 2017

The major ports, which are under the aegis of Indian government, have recorded a growth of 3.64 per cent and together handled 499.41 million tonnes (mt) of cargo during the period April to December 2017 against 481.87 mt handled during the corresponding period of previous year.

The growth rate is marginally higher than that for the April-September 2017, when the major ports in India have recorded a growth of 3.24 per cent.

For the period from April-December 2017, eight ports (Kolkata - including Haldia, Paradip, Visakhapatnam, Chennai, Cochin, New Mangalore, JNPT and Kandla) have registered positive growth in traffic.

The highest growth was registered by Cochin Port (17.27 per cent), followed by Paradip (14.59 per cent), Kolkata [including Haldia] (12.45 per cent), New Mangalore (6.6 per cent) and Jawaharlal Nehru Port Trust (5.94 per cent).

Source: thehindubusinessline.com- Jan 06, 2018

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GDP growth to hit four-year-low at 6.5%: Govt forecast

The country's gross domestic product (GDP) is estimated to grow at 6.5 per cent during 2017-18 — a four year low. Data released Friday by the Central Statistics Office (CSO) showed growth was lower than the 7.1 per cent GDP growth in the previous financial year on account of slowdown in the agricultural and manufacturing output. The advance estimate for Gross Value Added (GVA), the more closely watched indicator for growth, is estimated at 6.1 per cent for 2017-18, down from 6.6 per cent in the previous financial year.

While part of the blame for the slowdown, especially in the manufacturing sector, can be directed at the adverse impact of demonetisation and initial glitches in implementation of Goods and Services Tax (GST), the positives from the data is that both gross fixed capital formation — a proxy for investment — and private final consumption expenditure, despite inching down, are still holding.

GDP GROWTH

YEAR	GROWTH (in per cent)
2014-15	7.5
2015-16	8
2016-17	7.1
2017-18	6.5

Source: CSO (Central Statistics Office)

Worrying still is the fact that the GVA advance estimate for 2017-18 is much lower than the GVA growth 6.7 per cent estimated by the Reserve Bank of India (RBI) for 2017-18. The nominal GDP growth rate for 2017-18, estimated at 9.5 per cent, is also sharply lower than 11.75 per cent estimated in the Union Budget for this financial year. As per the new methodology followed by the CSO, the GDP is calculated by adding product taxes to the GVA at basic prices and removing subsidies.

While the industry cited uptick in gross fixed capital formation as a sign of a turnaround in investments for sustained recovery to take hold, economists blamed the slowdown on the lingering impact of demonetisation and GST, which was introduced in July last year.

Sunil Kumar Sinha, Principal Economist, India Ratings & Research, said, "Instead of accelerating from 7.1 per cent (GDP growth witnessed in FY17), the GDP growth is likely to slip by 60 basis points in the current fiscal. The predominant narrative would be to attribute this slowdown to the adverse impact of demonetisation and implementation of GST.

No doubt both these measures have had adverse impact on the GDP growth and were more pronounced in case of manufacturing sector. However, the encouraging feature is that gross fixed capital formation has shown some improvement and private final consumption expenditure, though lower, is still holding. Another component that supported the GDP growth from the demand side was Government Final Consumption Expenditure which grew 8.5% despite a very high base of FY17."

The GDP growth rate, however, is expected to improve in the second half of this financial year, benefitting from a favourable base effect. An estimate of 6.5 per cent GDP growth rate for the full year implies estimation of 7 per cent growth rate for October-March, the second half of this financial year, given that the first half had clocked a GDP growth rate of 6 per cent.

GROWTH TABLE (SECTORAL GVA, OVERALL GDP)

First advance estimates of GVA by economic activity (2011-12 prices, %)

INDUSTRY	2016-17	2017-18
Agriculture, forestry & fishing	4.9	2.1
Mining & quarrying	1.8	2.9
Manufacturing	7.9	4.6
Electricity, gas, water supply	7.2	7.5
Construction	1.7	3.6
Trade, hotels, transport, communication	7.8	8.7
Financial, real estate & professional services	5.7	7.3
Public administration, defence & other services	11.3	9.4
GVA	6.6	6.1

The advance estimates for 2017-18 are based on economic indicators for the first seven or eight months of this financial year, such as Index of Industrial Production of first seven months of the financial year, financial performance of listed companies in the private corporate sector available up July-September quarter, first advance estimates of crop production, accounts of central and state governments, information on indicators like deposits and credits, passenger and freight earnings of railways, passengers and cargo handled by civil aviation, cargo handled at major sea ports, sales of commercial vehicles etc. available for first eight months of the financial year, the CSO said. The GST revenue data till November has been included for the GDP's advance estimate compilation along with non-GST revenue, it said.

Chandrajit Banerjee, Director General, CII, said: "...It is heartening that gross fixed capital formation is on a recovery path, as a turnaround in investments is imperative for a sustained recovery to take hold."

Anis Chakravarty, Lead Economist, Deloitte, said, "The estimate for yearly GDP shows that the growth momentum is expected to improve in the coming quarters, in line with expectations and signals from leading indicators. That said, the impact of reforms in the taxation space continues to linger while rural economic activity still remains subdued.

The detailed print shows that manufacturing performance is likely to decelerate substantially from the previous year while there is some recovery in the mining and quarrying segment on the back of increases in some of their prices. There is likely to be an improvement in financial services growth as the impact of demonetisation continues to fade. On the demand side, growth is being supported by government expenditure as consumption is unlikely to pick up. Investment momentum is likely to remain muted and there seems to be some time before there is an investment recovery."

The 'agriculture, forestry and fishing' sector is estimated to record a GVA growth of 2.1 per cent during 2017-18 as against 4.9 per cent in the previous year, while manufacturing growth is estimated to be 4.6 per cent this financial year, down from 7.9 per cent last year. GVA growth for 'mining and quarrying' sector is estimated at 2.9 per cent as compared to growth of 1.8 percent in 2016-17.

India Ratings' Sinha said: "...accelerating the GDP growth from this level and maintaining it close to 8% will be a tough task even after the economy begins to reap the benefit of GST. The biggest clog in the wheel is the revival of private corporate investment. Despite the various effort being made which include resolution of stressed asset via IBC/NCLT, private corporate investment is unlikely to revive any time soon. Excess capacity in the manufacturing sector, coupled with stalled projects and banking sector NPAs for various reasons, will continue to be a drag on investment revival. Thus, GDP growth even in the coming years will improve only gradually, provided Indian economy does not witnesses more policy shocks."

GVA growth for construction is estimated at 3.6 per cent in 2017-18, up from 1.7 per cent a year ago, while the GVA growth for the trade, hotels, transport and communication and services related to broadcasting services is estimated at 8.7 per cent during 2017-18 as against 7.8 per cent growth rate in the previous year, the CSO's advance estimate showed. The GVA growth for 'financial, insurance, real estate and professional services' sector is estimated at 7.3 per cent this year as against 5.7 per cent last year.

Gross Fixed Capital Formation, an indicator for private investment, is estimated to grow at 29 per cent at constant prices during 2017-18 as against 29.5 per cent during the same period last year.

Source: indianexpress.com- Jan 06, 2018

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350 mills to stop purchase of cotton waste from TN

Condemning the abnormally high price of cotton waste fixed by spinning mill owners, more than 350 open end mills and regular buyers from the State have decided to totally boycott purchasing it in Tamil Nadu. With tonnes of cotton waste expected to be dumped everyday, the threat to pollution also increased substantially.

Open end (OE) mills manufacture yarn using cotton waste. There are more than 400 OE mills established in the State. Jeans, nighties, terry towels, bed spread, window screens, petticoats and various other products are manufactured using the yarn made in the OE mills.

Each day, on an average 20 lakh kilos of yarn is manufactured in OE mills in Tamil Nadu. Annually, yarn valued at `7,000 crore is manufactured in the OE mill sector. Though all types of cotton waste is purchased from the spinning mills, comber noil cotton waste is the one in demand. Recently, the price of all types of cotton waste has been increased.

Tamil Nadu Open End Mills Association president M Jayabal said, “Continuous price increase witnessed in the cotton waste is creating issues in the OE mills manufacturing. Today, one kilo comber noil cotton waste is priced at `92, which is very abnormal. The attitude of the spinning mill owners is the main reason for it. When cotton price is increased, it does not affect the weaving or dying, whereas if the cotton waste price is increased, it affects the entire textile value chain.”

“Price hike of raw material paves way for the price increase in yarn and entire manufacturing investment also increases. Condemning, the price hike of cotton waste, more than 350 OE mills have decided to boycott the total consumption of the cotton waste from Tamil Nadu spinning mills. We have decided to purchase it from Gujarat, Maharashtra, Telangana and Rajasthan.

Our Association has already taken steps to enter into agreements with the spinning mills in these states," he added.

"At present, OE mills purchase 90 percent of cotton waste from spinning mills across TN. If we start purchasing it from other States, then the spinning mill industrialists will have no other option, and price will be stable. OE mills play a huge role in saving the environment.

We recycle the cotton waste from the spinning mills and convert them into yarn. Since we have decided to stop the total purchase from Tamil Nadu, each day many tonnes of cotton wastes extracted from the spinning mills will be dumped at various places. This will cause environment pollution," he said.

Demand for comber noil

Though all types of cotton waste is purchased from spinning mills, comber noil cotton waste is the one in demand. Recently, the price of all types of cotton waste increased. Today, one-kg comber noil cotton waste is priced at `92, which is very high. The attitude of the mill owners is blamed for it.

Source: newindianexpress.com- Jan 06, 2018

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Power loom sector staring at cost escalation, job losses

The Federation of Indian Art Silk Weaving Industry (FIASWI) has expressed serious concerns for power loom weavers in Surat and other parts of the country because of huge escalation of cost at the fabric stage, increase in job losses and import of fabrics due to non-refund of accumulated tax credit under Goods and Services Tax.

FIASWI stated that central government was earning Rs 10,000 crore tax revenue from yarn spinners pre-GST. Post-GST, the estimated revenue has doubled at Rs 20,000 crore. It is only the man-made fibre (MMF) sector which is losing out on huge chunk of its capital due to non-refund of accumulated input tax credit.

"We are demanding natural justice for MMF sector. All other sectors are getting input tax credit refund, except for MMF sector.

The GST on yarn is at 12 per cent and that the fabric attracts 5 per cent, leaving out 7 per cent accumulated tax credit for power loom weavers. There is an estimated capital loss of Rs 7,000 per annum to power loom weavers alone," FIASWI chairman Bharat Gandhi said.

According to Gandhi, textile industry fears costs could escalate by anywhere between three per cent and five per cent, which could further impact capacity utilization.

The percentage share in cost escalation is proportionate to the range of accumulation of input tax credit on sale value, especially for sectors like power loom, handloom and processing.

The first ever 'baseline survey of power loom sector' conducted by AC Neilsen and ORG MARG for ministry of textiles in 2014 found Surat as the biggest centre for man-made fabrics. The survey found there were a total of 4,88,649 power looms in Gujarat with Surat having the maximum number of 4,70,496. There were only 14,364 shuttleless looms in Surat.

The annual polyester yarn consumption by power loom units in Surat was pegged at 40,610 lakh kilograms and annual fabric production at 91,871 lakh metres. The total fabric production in Gujarat was at 97,206 lakh metres, the survey state.

The FIASWI is holding its annual general meeting (AGM) in the city on January 6, where representatives from textile sectors from centres like Maharashtra, Salem, Tamil Nadu, Karnataka, Mumbai, Surat etc. will remain present.

The agenda in the AGM will be problems faced by the textile sector under GST. As per the industry, apart from avoiding cost escalation, a timely refund could avert high import of fabrics and fall in capacity utilization. The weaving industry in Surat has already scrapped over 1 lakh power loom machines and the losses are pegged at over Rs 3,000 crore.

Source: timesofindia.com- Jan 06, 2018

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