

**IBTEX No. 135 of 2018**

**June 30, 2018**

USD 68.45 | EUR 80.10 | GBP 90.41 | JPY 0.62

<b>Cotton Market (29-06-2018)</b>		
<b>Spot Price ( Ex. Gin), 28.50-29 mm</b>		
<b>Rs./Bale</b>	<b>Rs./Candy</b>	<b>USD Cent/lb</b>
22063	46150	85.77
<b>Domestic Futures Price (Ex. Gin), June</b>		
<b>Rs./Bale</b>	<b>Rs./Candy</b>	<b>USD Cent/lb</b>
22260	46563	86.53
<b>International Futures Price</b>		
NY ICE USD Cents/lb ( Dec 2018)		83.55
ZCE Cotton: Yuan/MT ( Jan 2019)		15,965
ZCE Cotton: USD Cents/lb		<b>93.15</b>
<b>Cotlook A Index - Physical</b>		<b>93.4</b>
<p><b>Cotton guide:</b> Cotton market posted a sharp drop in the price on Thursday. December settled lower at 83.55 cents down by 132 from previous close. This is the lowest settlement in last 6 weeks and the June month loss is now around 9 cents.</p> <p>No major reason for price drop except that US- China trade worries continue to weigh on market. Cash sales have been low and activities are sluggish both at cash and derivatives market.</p> <p>Trading volumes are less than 20K contracts since last 20 days and the aggregate open interests are reducing on a daily basis from 0.325 million contracts to around 0.560 million bales. This is the clear evidence of long liquidation out of fear while bulls are still away from the market.</p> <p>The major concern is price has breached 50-day moving average after several weeks is now becoming challenge for the bulls to come back to the market so quickly.</p>		

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Another negative close below 50 day moving average shall confirm a fresh bear move towards 80 cents. The same view can now be sensed at ZCE cotton which is also suggesting price could drop by another few percent in the near term.

Further on the fundamental front USDA US Weekly Export Report was pretty good released last evening, other than it had cancelations of 128,300 bales. For the week ended June 21st, combined net sales for 2017-18 and 2018-19 were 236,500 bales (upland 177,300 & pima 58,700). Vietnam was the biggest buyer with 143,100 bales. However this data had no effect on price on Cotton per se.

Post the market closed (ICE) the weekly CFTC on call purchase/ sale report was released. Total unfixed on-call sales were down 15,586 contracts to 140,899 contracts, the smallest since the week ended February 16th. The Weekly CFTC On-Call Cotton Report for the week ended June 22nd was released after the close. Total unfixed on-call sales were down 15,586 contracts to 140,899 contracts, the smallest since the week ended February 16th.

Coming to domestic market in India the spot price for S6 improved marginally this week and traded around Rs. 45900 to Rs. 46K per candy ex-gin. The both domestic and export demand is keeping cotton price firm. The daily arrivals have dropped below 17K bales on Thursday.

However the cotton future has been majorly moving online with the ICE future and on Thursday it settled at 22260 per bale. For the day market might remain sideways and the trading range should be 21070 to 22390 per bale.

**Indian rupee-** Indian rupee has appreciated by 0.2% to trade near 68.66 levels against the US dollar. Rupee has gained some ground after hitting record low level of 69.095 in intraday trade yesterday. A general correction in US dollar against major currencies has benefitted rupee as well. The US dollar index has come off 1-year high on disappointing GDP data. Euro has benefitted from reports of agreement over immigration issues.

Reflecting optimism about Indian economy, global rating firm Moody's has said India is among the least vulnerable to currency pressures because of its low reliance on external capital inflows. However, weighing on rupee is firmness in crude oil price, concerns about US led global trade war and general upbeat outlook for US dollar on Fed's rate hike expectations. Rupee has fallen sharply in last few days and some rebound is possible however weakness will continue unless we see significant correction in crude oil or improvement in risk sentiment. USDINR may trade in a range of 68.35-68.9 and bias may be on the upside.

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

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## INTERNATIONAL NEWS

### **RCEP a show of commitment to open trade: Heng**

Finance Minister Heng Swee Keat said Singapore looked forward to working closely with India to conclude negotiations for the Regional Comprehensive Economic Partnership (RCEP), noting that it would be a concrete show of commitment to open trade at a time of growing protectionism.

RCEP is a free trade agreement being negotiated between the 10 members of the Association of South-east Asian Nations (Asean) grouping and India, China, Australia, New Zealand, South Korea and Japan.

While India has been hesitant about opening its market further, Prime Minister Narendra Modi said recently that the country was committed to concluding the negotiations.

For India, RCEP creates a pathway for "Make in India" products to the regional market and beyond.

"And this will create much needed jobs for India's youths... So we look forward to working closely with India to conclude RCEP negotiations, hopefully by the end of this year," said Mr Heng at The Singapore Symposium, a signature event of the Institute of South Asian Studies.

He described the RCEP as a game-changer and said: "The completion of the RCEP will be a concrete show of our commitment to open trade and investment, and to the continued growth and development of our economies and provide more opportunities for our people."

Mr Heng also said Asia is the "bright spot in the global economy".

"This is part of a broader shift of the economic centre of gravity back to this region. Against a backdrop of slower growth in the developed economies, India is expected to grow by 7.8 per cent in 2019 while Asean is projected to grow by 5.3 per cent," he said.

India shares close ties with Singapore, one of its top foreign investors.

Total bilateral trade grew from S\$16.6 billion in 2005 to S\$25.2 billion last year.

The two countries also collaborate in a variety of areas including in skills training and the creation of smart cities.

India has tapped Singapore for solutions on urban renewal, for instance involving Singapore companies in building Andhra Pradesh's new capital city of Amaravati from scratch.

Mr Heng said India and Singapore could work on the four connectivities of trade, infrastructure, air and digital technology.

Singapore has been pushing for closer aviation links between India and South-east Asia.

Mr Heng also noted there was potential to do much more between India and Asean and that Singapore would continue to serve as a good gateway for Indian companies to access Asean markets.

But India needs to continue on the path of reforms, said Mr Heng, noting that the goods and services tax, introduced last year, is expected to enhance growth.

"India needs to continue implementing such reforms to boost overall competitiveness and growth prospects," he said.

Mr Heng also noted that Singapore supported Mr Modi's commitment towards a rules-based order for the region which upholds the sovereignty and equality of all nations.

"We must strengthen our collaboration, under an open, balanced and inclusive regional architecture, so that we can complement one another and progress together," he said.

Mr Heng had also attended the Asian Infrastructure Investment Bank annual meeting in Mumbai on June 25 and 26.

Source: [straitstimes.com](http://straitstimes.com)- June 28, 2018

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## **Canada Finalizes Tariffs on US Goods**

Justin Trudeau's government finalized tariffs on C\$16.6 billion (\$12.6 billion) of American goods and pledged money to support companies and workers hurt by U.S. levies on Canadian steel and aluminum exports.

Foreign Minister Chrystia Freeland announced final measures Friday that take effect on Canada's July 1 national holiday. Products like beer kegs, mustard and certain jams were removed from the final list, which otherwise doesn't stray far from an earlier proposal.

The tariffs mirror the value of those imposed by President Donald Trump's administration. Canada will apply a 25 percent tariff on steel products, and 10 percent on aluminum and consumer goods. The levies will remain in effect until the U.S. eliminates its tariffs on Canadian steel and aluminum.

"We will not escalate, and we will not back down," Freeland told reporters at a steel mill in Hamilton, Ontario. "We are acting in very close collaboration with our like-minded partners in the European Union and Mexico." She also reiterated the U.S. measures are "illegal" and America has a trade surplus with Canada on iron and steel.

Canada will provide as much as C\$2 billion in assistance for affected workers, including plans to expand a work-sharing program and enhancements to a corporate innovation fund, similar to steps the government took to cushion the impact of a softwood lumber spat.

### **Quotas coming?**

The country is also said to be preparing a further set of quotas and tariffs on steel from other countries, to prevent dumping or diversion after the U.S. tariffs kicked in. Innovation Minister Navdeep Bains said Friday alongside Freeland that he will act soon on that file, while declining to provide details of how it would work.

The tariff response is the latest development in an escalating spat between the two countries, which trade more than \$500 billion in goods annually. The U.S. and Canada are also in talks to update the North American Free Trade Agreement, which includes Mexico.

The Americans have applied tariffs to Canadian softwood lumber, and are threatening to do so on autos. The latter move is seen as a major threat to Canadian growth and to the North American auto sector, since U.S. carmakers rely heavily on supply chains that include its two neighbors.

Source: sourcingjournal.com- June 29, 2018

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## **USA: Why Apparel Should Be Taking a Page from the Automotive Industry**

The apparel manufacturing industry is at a crossroads in its digital evolution. Many manufacturing sectors, including automotive and furniture, have adopted next-gen technologies like artificial intelligence (AI) and machine learning (ML). Conversely, apparel manufacturing has been slow to embrace change, even with the increased pressure for speed and personalization.

To keep costs low, apparel brands have historically chased low labor costs and tax havens, rather than automating and streamlining the supply chain to bring their companies into the 21st century.

So what will motivate manufacturers to incorporate new technology innovations? Primarily it's survival as the shift in consumer buying habits demand transparency, speed, sustainability and value.

A recent survey from CGS found that consumers want to know how a product is made, including whether it's eco-friendly, and what the cost for sustainable products would be. And with consumers in the driver's seat, apparel brands must modernize their technology and processes.

Turning 'data dilemma' into data delivery

There's an abundance of statistics available to manufacturers today, but too much data can be overwhelming rather than actionable.

Apparel manufacturers need a true data-driven strategy to turn this information into predictive analytics; this will ultimately help them execute on such tasks as streamlining R&D processes and offering on-demand manufacturing.

Data-driven companies, like Google, Facebook and Amazon, leverage predictive analytics to forecast consumer habits. Amazon, for example, plans to store products in regional locations near customers, based on a predictive inventory model. If predictive analytics determine that a consumer may buy an item, Amazon will allocate the inventory near that consumer for same day pickup or delivery.

While the use of predictive analytics increases, so does the data for personalization.

Stitch Fix is one of many companies using predictive analytics, true fit technology and personalized data to create unique options for consumers. This type of data-driven analysis is expected to become the norm, accelerating apparel companies' need to make this the core of their supply chain strategies.

### **Giving your supply chain a next-gen tech makeover**

There are tremendous use cases for AI and other next-gen technologies within the supply chain that apparel manufacturers can emulate. For example, footwear companies like Nike are testing robotics and 3-D printing for further opportunities to personalize and customize products.

For decades, the automotive industry has successfully integrated robotics and automated the supply chain, touching processes from welding to upholstering. Companies see the value of this technology for streamlining and automating the process.

Sarah Krasley, founder of cloud-based AI platform Shimmy, for one, came from the automobile engineering industry. Taking what she'd learned and tapping into IBM Watson, Krasley launched Shimmy, which uses predictive analytics, artificial intelligence, 3-D design and augmented reality to fast-track workflows, setting the stage for the next-generation of automated apparel manufacturing.

### **Deepening customer connections with connected platforms**

The Internet of Things (IoT) and the Industrial Internet of Things (IIoT) are prime examples for igniting change. Connected devices and platforms are

derived from the connected world and affect the supply chain, from the manufacturing floor to the customer experience.

Today's smart factories encompass the digital manufacturing process, allowing for sensors to be used to further automate processes with little human intervention. On the floor, the IoT can help gather data from connected sewing machines, which can report on usage and maintenance, all while motivating the operator to continuously improve productivity.

The changing roles in the apparel workforce

According to the Bureau of Labor Statistics, U.S. apparel manufacturing jobs have decreased precipitously over the last 25 years, and only a small percentage of organizations have completely aligned their talent strategies with their digital roadmap. Now is the time to prepare for the next wave of change to encourage growth.

It's not solely about factory employment. Manufacturers must think beyond traditional jobs and prepare the new roles that come with new technology. This includes engineers, business analysts and data scientists, who can collect and derive value from data, assisting with predictive analytics and robotics experts to help with automating sewing and other labor-intensive processes.

Creating a culture that supports next-gen technology careers in apparel will be led by manufacturing advocates and evangelicals. Embracing data and technology will help improve margins, without sacrificing quality or delaying processes. By eliminating the need to only look toward low-cost labor, it ushers in the next wave of apparel manufacturing careers in the U.S.

Learning the ABCs of technology can improve the bottom line

Given the rise of fast-fashion, apparel manufacturers must adapt to survive. For the U.S.-based apparel giant General Sportswear, leveraging technology to support its supply chain was "a game-changer." The availability of real-time information allowed operators to earn more, while enabling supervisors to track and streamline production on a moment-by-moment basis.

From C-level to laborers, technology is positively changing the way business gets done. Organizations can now use data to see how to improve the process from the machine to the operator to increase productivity and profitability. They must use this data to train employees and help improve their skills.

## Why change now?

The old adage, ‘give the customers what they want, when they want it and at the right value,’ has stood the test of time despite how consumer expectations have evolved. Customers want more personalization, speed and value. Adoption of technologies that can expedite this process—along with the re-skilling of the workforce—must go hand-in-hand to ensure continued growth in the full ecosystem of apparel manufacturing. From the top down, a willingness to embrace new technology and processes will be crucial to the industry’s success or failure.

Source: sourcingjournal.com- June 29, 2018

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## Value of UK fashion falls 0.4 per cent, it’s the eighth consecutive dip

The UK fashion market has fallen in value terms by 0.4 per cent. This marks the eighth consecutive period of flat or negative growth.

The last time the British fashion market – covering clothing, footwear and accessories – experienced more than one month of growth in a row was two years ago, in June 2016.

Shopping frequency is down by one trip per year, which makes a significant difference across the whole population. Turning this around will be the next big test for retailers. Unless things change, current market projections suggest a one per cent decline in the market this time next year.

Two-thirds of clothing, footwear and accessories sold in the past year were at full price, though the value of these sales fell by 443 million pounds.

Discounted clothing grew by 303 million pounds in the same period though both full price and discount items saw declines in the number of units sold – down by one million and 31 million respectively, showing that discounting is not increasing the amount that shoppers buy.

Heavy discounting favored by many high street retailers still isn't having the desired effect in terms of driving spends or footfalls.

Shoppers today are buying in the moment and retailers have to be much more flexible and fleet of foot to accommodate this.

Source: fashionatingworld.com- June 29, 2018

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## **UK says exports to India growing faster than to EU**

Brexit-bound Britain has seen exports to India grow faster than those to the European Union, based on the latest balance of payments statistics released by the Office for National Statistics on Friday, which showed exports of UK goods and services rising to a record £620.2 billion.

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India is among key countries the Theresa May government is keen to enhance trade with and enter into a free trade agreement after taking the UK out of the European bloc on March 29, 2019, in order to partly compensate for the economic losses that will follow the exit from the European Single Market.

The Department for International Trade said the ONS figures for the year to March 2018 showed exports grew faster to India (31.8%), Canada (12.7%) and China (15.3%) than to the EU (10%).

India and non-EU countries were the main destination for services exports (£167.4 billion), making up 60.4% of all services exports.

The department said 2,072 projects by international investors, including Indians, were recorded during the year. New jobs in the UK from Indian investments increased from 3,999 to 5,659.

Liam Fox, a leading Brexiteer and secretary for international trade, said: “Demand for quality British products remained strong from countries outside the EU, including China, India and Canada and I’m putting companies in position to benefit from the growing global opportunities.

“Far from the negative forecasts after the EU referendum, there is every reason to be optimistic. Our trade deficit narrowed and UK business is delivering for Britain and succeeding on the world stage, and as an international economic department we are banging the drum for the growing demand for our goods and services.”

The department cited research from Barclays Corporate Banking that 64% of consumers in India, 57% in China, and 48% in the UAE were prepared to pay more for goods made in the UK, because they perceive the quality as higher.

Source: hindustantimes.com- June 29, 2018

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## **Turkey’s EU exports, imports grow in first five months of 2018**

Turkey’s exports to the European Union in January-May 2018 surged 21 percent year-on-year, the Turkish Statistical Institute (TÜİK) announced on June 29.

However the country’s overall trade gap kept growing.

According to TÜİK, exports to the 28-member EU bloc account for some 51.4 percent of Turkey’s overall exports in the five-month period – totaling \$35.6 billion – while imports from the EU were \$39 billion, up 22 percent on a yearly basis.

Over the same period, Turkey’s overall exports totaled \$69.3 billion, a 7.9 percent annual hike, and imports reached \$104.5 billion with a 17.2 percent increase.

The country’s foreign trade balance ran a \$35.2 billion deficit from January to May, marking a year-on-year rise of 41.4 percent.

Turkey's largest export markets were Germany with \$6.9 billion, the United Kingdom (\$4.3 billion) and Italy (\$4.2 billion) in the same period.

China (\$9.9 billion), Russia (\$9.6 billion), and Germany (\$9.4 billion) stood as Turkey's top three import sources.

The country's top export item was vehicles and their parts — excluding railway or tramway rolling-stock — valuing some \$11.6 billion.

Mineral fuels, mineral oils, and their derivative products topped the list of imported items, amounting to \$17.1 billion.

The institute also said that the share of manufacturing industries products in overall exports was 93.8 — some \$65 billion — in January-May 2018, and intermediate goods claimed the top spot with 76.1 percent in Turkey's overall imports.

In 2014, Turkey's exports hit an all-time high of \$157.6 billion while the figure was nearly \$157 billion last year.

Over the past five years, the highest export-to-import ratio was recorded in 2016 with 71.8 percent, while the country's foreign trade deficit has fallen from \$99.8 billion in 2013 to \$76.8 billion in 2017.

In May 2018, exports were \$14.3 billion — up 5.3 percent — and imports were \$22.6 billion — up 5.5 percent — over the same month last year, the institute noted. The foreign trade deficit reached \$7.7 billion, with a 5.7 percent yearly increase.

It said export to import ratio was 64.8 percent, while it was 64.9 percent in May 2017. Exports of intermediate goods surged 8.2 percent annually — the biggest rise among broad economic categories — while the country's imports for consumption goods fell 9.6 percent over May 2017.

In terms of economic activity fields, exports in agriculture, hunting and forestry recorded the best performance in May — a 35 percent yearly hike — while imports in the manufacturing sector saw the biggest increase, up 6.9 percent year-on-year.

“As compared with the same month last year, exports to the EU-28 increased by 19.3 percent from \$6.1 billion to \$7.3 billion,” TÜİK said.

“The proportion of the EU countries was 50.9 percent in May 2018 while it was 45 percent in May 2017.”

Source: hurriyetdailynews.com- June 29, 2018

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## **Indonesia textile exports up six per cent**

Indonesia’s exports of textile products from January to May 2018 rose 6.16 per cent while imports jumped 28.02 per cent.

In the first quarter of 2018, exports of manufactured products grew only 3.2 per cent while imports jumped 23.5 per cent.

Textile and textile exports in the first quarter of 2018 rose 7.9 per cent while imports jumped 19.5 per cent. Imports of electronics, steel, pulp/paper, rubber products, footwear and furniture grew by 29.9 per cent, 33.9 per cent, 32.5 per cent, 82.1 per cent, 30 per cent and 46 per cent and other sectors experienced an average surge above 20 per cent.

The domestic market is flooded with imported products. The surge in imports is increasingly troubling producers, including textile producers. The trade deficit continues to affect the exchange rate.

Sales in the upstream sector in May-June 2018 fell by 15 per cent. The utilization of fabrics by manufacturers is currently below 50 per cent so that all raw materials can be supplied by local producers.

In 2016, apparel exports from the Southeast Asian nation decreased 3.2 per cent due to several challenges including high logistics costs and gas and power tariffs being higher than other competitor countries’.

Source: fashionatingworld.com- June 29, 2018

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## **Pakistan: Exports expected to reach \$23.4 billion**

The declining trend of exports has been reversed and exports are expected to increase by 14 to 15 percent, rising up to around \$23.4 billion by year-end, Secretary Commerce Younus Dagher said while talking to local industrialists on Friday.

Speaking at SITE Association of Industry, Dagher informed that several initiatives were being taken, including three-year extension of export package on the ratio of 50 percent on regular exports and 50 percent on condition of incremental exports, while duty had been revised down on raw materials.

“For the first time Pakistan’s National Tariff Policy has been drafted which will be tabled before the upcoming government. Suggestions from industrialists are required on National Tariff Policy 2018-23 which is available on the Ministry’s website,” he added.

The secretary commerce said under the emerging Pakistan initiative, several image building measures had been taken to improve the country’s image worldwide and boost confidence of the local industry.

Talking about the utility tariff, Dagher said new hydropower projects had been launched and very soon industrial tariff would appropriately be dropped down from Rs16 to Rs9.5/unit.

Trade-related investment policy was under compilation, which focused on import substitution, value-addition and brand development, he added.

SITE Association of Industry President Muhammad Javed Bilwani appreciated the efforts of the secretary commerce in resolving the issues being faced by the industrialists.

Source: thenews.com.pk- June 30, 2018

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## **Ethiopia ranks up in textile manufacturing index**

In order to boost its economy by 2025, Ethiopia has devised a well-crafted strategy where textile forms one of the crucial components of the economy. These efforts seemed to have paid off well with Ethiopia ranking seventh most attractive African country for investors as per Africa Investment Index (AII) 2018.

Backed by a rapidly growing economy, a huge population of over hundred million, proximity to major international markets, conducive policy environment and a rapidly improving infrastructure, it has become a favorable destination for foreign investors.

In fact, many companies have shifted their manufacturing units from countries such as Turkey, India and China to Ethiopia over the past decade. Moreover, many European and American companies are expanding their presence in the region.

Political stability a big plus

With IMF forecasting economic growth at 8.5 per cent for the next year, Ethiopia is expected to consolidate its Ethiopia ranks up in textile manufacturing index 001 position as the fastest growing economy in Africa.

As per IMF, the country also had an average of 10 per cent economic growth over the past few years. Various factors are aiding growth. One, is the political stability. The popularity of new prime minister, Abiy Ahmed and the sense of unity he has stimulated among people has given a boost to growth.

A recent CNN report states, Ethiopia is now Africa's fastest growing economy. Vijaya Ramachandran, Economist, Center for Global Development (CGD), credits Ethiopia's growth to government efforts to boost industrial production and manufacturing.

The report mentions Ethiopia can follow China's footsteps, and become a destination for low-wage manufacturing jobs. Categorising African states into three in terms of their income levels, the first group consists of solidly middle-income countries. This group includes South Africa and Botswana, which are characterised by very high labour costs and capital intensive industries.

The second group includes leading low and lower-middle lower-income African countries like Kenya, Tanzania and Senegal – coastal, relatively stable, and with a strong business sector.

These countries have relatively costly labour compared to countries like Bangladesh. The third group consists of countries at the very low end of the income spectrum, so poor that there are almost no real comparators.

Though landlocked, Ethiopia is making efforts to work on logistics constraints through road and rail connections; it also has good air connections.

It has a stable administration that sees the manufacturing as a central part of its growth strategy. It also benefits from generally low costs. As measured by Purchasing-Power Parity, the general level of prices in Ethiopia is below the level in India and comparable to that of in Bangladesh.

### **Labour costs**

Higher labour prices and problems of poor working conditions in Asian industrial locations are major pull factors for the region. Ethiopia has lower labour wages and better working conditions than the countries with reputation for poor working conditions. In the International Trade Union Global Rights Index, Ethiopia fared better than Mexico and Malaysia.

There have, however, been health and safety concerns in some instances. As per the report, there are no restrictive labour laws in Ethiopia, which is meant to show that companies have relatively bigger room to manipulate labour. These conditions need to be improved. With so many positives by its side, Ethiopia is sure to grab the global manufacturing attention.

Source: fashionatingworld.com - June 29, 2018

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## NATIONAL NEWS

### **Tight supply to keep cotton prices firm in FY19: report**

*Lower fibre production in the current season (October-September) owing to crop infestation and acreage drop in the coming season (2018-2019) as well as adverse weather conditions in other key cotton growing nations could pose supply constraints, India Ratings and Research (Ind-Ra) said in a report.*

India Ratings and Research (Ind-Ra) today said cotton prices are likely to stay firm during the next financial year following the tight demand-supply scenario, according to a report.

Lower fibre production in the current season (October-September) owing to crop infestation and acreage drop in the coming season (2018-2019) as well as adverse weather conditions in other key cotton growing nations could pose supply constraints, India Ratings and Research (Ind-Ra) said in a report.

However, the expectation of firming prices might encourage farmers to sow and arrest the acreage contraction. On the other hand, a robust domestic demand and rise in exports on account of the anticipated stock rebuilding by China are likely to keep the global consumption strong, the report said.

Minimum support prices (MSPs) for cotton are likely to be higher for the 2018-2019 season than for the previous season, it said.

However, given the tight demand-supply scenario, cotton prices might trade higher than MSP, limiting the government intervention, it added.

Despite the firm cotton prices, Ind-Ra expects margins across the cotton value chain to remain more or less stable. This is primarily because a sustained demand from the end-user segments will allow manufacturers to pass on the price rise, it said.

Meanwhile, synthetic textile players are likely to witness a material margin contraction during FY19, due to their inability to pass on the price rise of crude oil-based raw materials, owing to the prevailing overcapacity domestically.

This might become worse because of rupee depreciation as raw material is procured at the import parity price.

Within the synthetic segment, it said, exporters and integrated players will be better placed to absorb a higher input cost, while standalone spinning units might be the most impacted.

Moreover, textile dyes and chemical prices are likely to remain high, exerting margin pressure, it added.

Source: moneycontrol.com- June 29, 2018

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## **India, a potent market for technical textiles**

Touted as the sunrise segment for textile industry, technical textile has the potential to bring fortunes for Indian textile industry. Despite achieving high growth rate, the per capita consumption of technical textiles in India is 1.7 per kg vis-a-vis 10-12 kg in developed countries.

As per estimates, global market for technical textiles is estimated at \$145 billion in 2015 and is expected to grow at a CAGR of 4 per cent and reach \$170 billion by 2020. Demand for technical textiles will be driven by rapid industrialisation, robust growth in construction and infrastructure projects, increasing automobile production, and rising demand from the health care sector.

Global technical textile imports are dominated by the US with 17 per cent share; followed by China, Germany and UK with 10 per cent, 8 per cent and 4 per cent, share respectively. The rest of the world accounts for 40 per cent in technical textiles imports.

Emerging regions such as the Asia-Pacific and Latin America are presumed to witness rapid growth in multiple segments of technical textiles. China is the largest exporter of technical textile with a share of 24 per cent, followed by the US, Germany, and Republic of Korea with a share of 10 per cent, 9 per cent and 4 per cent respectively.

India story

Indian technical textile market is slated to grow till 2024 and the market is expected to reach Rs 1,16,217 crore (approx \$US 17 bn) till 2017-18, from Rs 65,920 crores (approx \$US 9.63 bn) in 2012-13 at a CAGR of 12 per cent. Packtech is the largest segment with 43 per cent share of the market, followed by Mobiltech, Indutech, and hometech with a share of 11 per cent, 10 per cent and 10 per cent, respectively.

Indutech, Packtech, and Hometech are the largest exported segments having a combined share of around 85 per cent in the total exports of technical textiles. Higher focus on these commodity products is due to the fact that these products require low investments and there is an absence of the required technology and specialty fibers which are required in the manufacturing of advanced technical textile products.

India has a greater scope of becoming a global hotspot for technical textiles. The reasons are many: Abundant availability of textile raw materials; technical textiles being labour-intensive industry, the presence of the large pool of labour at a comparatively low cost in India vis-à-vis other technical textile producing countries like China, US, EU etc. provides India a competitive standing; power costs in India are lower than countries like China & Germany and comparable to low-cost destinations like Bangladesh, Vietnam, Myanmar, Kenya, etc.; developing infrastructural for technical textiles in India, etc.

The segment needs work on issues such as absence of regulatory measures for technical textile usage in infrastructure, construction, etc.; dependence on import for technology and machinery; limited production of high-end products and specialized yarns and intricate duty structures.

Suggestive measures include: establishing regulatory norms for mandatory usage of technical textile items in specific industries to increase their consumption, developing exclusive HSN codes for identifying high growth products for further development, establishing and implementing Indian standards for developing high quality products of global acceptance, improvement of operational standards, focus on training and education and creating end user awareness for increasing domestic demand for high end technical textile products.

Additionally, partnerships with global players for acquiring technical know-how, the creation of mega parks to attract large-scale investments and focus on R&D initiatives will also bear fruit in the long run.

Source: fashionatingworld.com- June 30, 2018

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## **Textile sector on recovery path: CITI**

The textile sector has finally started showing some signs of recovery after a challenging period of demonetisation, the implementation of the goods and services tax (GST) and appreciation of rupee, coupled with high cotton prices.

Quoting the RBI Financial Stability Report, June 2018, the Confederation of Indian Textile Industry (CITI) said stressed advance ratio of the textile sub-sector had improved in March from the levels in September.

CITI Chairman Sanjay Jain on Friday said recovery was expected, owing to rupee depreciation, pick-up of domestic demand and progressive policies of the government.

The government's incentives, including `1,300-crore Samarth Scheme for skilling, `6,000-crore package for the apparel and made-ups, along with various state sops, are expected to turn around textiles & clothing sector and put it back on growth path.

The government had also been receptive in resolving many GST issues, though there were still a number of glitches which the industry was hopeful to find a solution shortly, he added.

In FY18 , textiles and apparel imports have touched \$7 billion, 16% higher than the previous financial year's value of \$6 billion. All the categories across the value chain have seen a drastic rise in imports. For example, fabric imports grew 27% in FY18 to `2,336 crore, against `1,834 crore in FY17.

Similarly, apparel imports grew 30% to `773 crore as compared to `595 crore in the FY17, he said.

The only urgently required and the missing piece in the jigsaw is government support for curbing excess imports and refund of all duties and taxes on exports across the value chain.

Moreover, the embedded duties, which are in the range of 4% to 6% across the value chain, are not getting refunded. This was one of the key factors for decline in exports, apart from blockade of funds due to delay in GST refunds and rupee appreciation, he added.

According to Jain, the biggest game changer that could transform the industry and put it at par with its competitors, such as Vietnam and Bangladesh, is Free Trade Agreement (FTA) with the European Union, Australia, Canada and Britain for made-ups and garments, and reduction of import duty on Indian cotton yarn and fabric by China.

The industry is optimistic that the government would intervene in the matter and continue to support.

Source: [financialexpress.com](http://financialexpress.com)- June 30, 2018

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## **25 Ludhiana textile bizmen to set up industries in state**

Around 25 textile and apparel manufacturers of Ludhiana will set up their units in Bihar. The state government will help them in identifying the land at Dehri-on-Sone for the purpose.

The proposal was agreed upon at the round-table meeting convened by the Confederation of Indian Industry in a session on 'Opportunities in Farm Machinery Manufacturing in Bihar' held on Thursday.

Industries department principal secretary S Siddharth, who led the state delegation, said 25 apparel and textile manufacturers from Ludhiana agreed and committed to investing in the high priority sector in the state.

"They will submit the corresponding proposals through State Investment Promotion Board (SIPB) in the coming month. The units, once set up, will generate about 25,000 jobs in Bihar," Siddharth said.

“The manufacturers have been explained about the Bihar Industrial Policy,” Siddharth said.

During the daylong session, Siddharth explained why textile industries have good options to invest in state. He spoke about the key policy reforms and business-friendly initiatives taken by the state government in terms of ease of doing business and enabling atmosphere for investors.

“Bihar offers comparative cost advantage in the farm machinery sector to set up and do business in the state,” said Siddharth. He also dwelt upon some recent policy reforms and how that is making businesses an easier proposition in the state. He also did a series of one-on-one meetings with leading industrialists from farm machinery groups such as Amar Agri, New Swan, Bhogal Sons and BCS India.

Siddharth, was accompanied by horticulture-cum-mission and department of agriculture’s director Arvinder Singh and director of technical development (industries department) Ravindra Prasad.

The delegates also interacted with the industrialists from garment and textile industry. They said the state had 2,210 acres of land available to set up industrial units.

Source: timesofindia.com- June 29, 2018

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## **HGH India presents fashion and lifestyle trends for 2018 – 2019**

HGH India 2018, India’s largest trade-show for home textiles, home décor, houseware and gifts – designed exclusively for the professional and trade visitors – presented latest trends in home fashion and lifestyle in Mumbai.

Conceptualised and implemented by the internationally renowned design office Sahn + Permantier, the trends, under the title ‘Transition’, reflect the influence of social, lifestyle and technological changes in the Indian home products market in 2018 – 19.

The trends are derived from intense research on colours, materials and patterns as well as on changing consumer values, lifestyle, evolving technology and attitudes. These help manufacturers, brands, retailers and professionals in home business to connect their products and innovations to the aspirational Indian consumers. The Four Trends for 2018-19 are: So Funky at Home, Soft shades of Nature, Collector's Chamber, Smart Bohemians

The trends forecasted in 'Transition' are also compiled in a trend book. They will be physically manifested at a generously dimensioned special area in HGH India 2018 named the Trends Pavilion in Hall 1. The pavilion will have applicable designs and colours which can be replicated.

The innovative and fashionable styles, textures and products used in the trends pavilion are sourced from exhibitors, who will showcase their products at the trade show, emphasising the utilitarian objective of the showcased trends.

HGH India 2018 is India's largest trade show for home textiles, home décor, houseware and gifts. The next edition will be held at the Bombay Exhibition Centre from July 3-5, 2018.

The trade show will house products from over 600 brands and manufacturers from 30 countries.

It expects a footfall of 30,000 serious trade visitors from over 475 cities and towns across India..

Source: fashionatingworld.com- June 29, 2018

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## **Lockout at Jaya Shree Textiles' factory likely to hit Linen Club supplies**

***Linen from the Rishra mill, which is under lockout, is supplied to exclusive Linen Club stores and other retail outlets***

The lockout at Aditya Birla Group-owned Jaya Shree Textiles' factory in West Bengal is taking a toll on the group's premium apparel and textile brand, Linen Club.

Linen from the Rishra mill, which is under lockout, is supplied to exclusive Linen Club stores and other retail outlets. There has been no production in the plant for over 20 days now.

The fabric and the apparel range in stores is expected to last till mid-July and the stock from various warehouse can supply till the end of August. After that, around 6,400 retail stores and another 172 exclusive Linen Club stores are expected to run out of stock.

This will affect sales mostly in the third quarter of the current financial year, especially around the festival season.

According to a senior company official, the fabric, blend and style for the festival season is manufactured during June-August and are made available in stores around September-October.

"Since there was no production since June 4, the fabric which would be rolled out during September-October could not be made. If the lockout continued, the entire festival season sales would be affected to a large extent," the company executive said.

Usually, Linen Club earns over 30 per cent of its annual revenue from festival season sales and another 30 per cent from summer sales.

The lockout is also likely to hit the company's expansion moves. Plans are on to open a new store in Guwahati on July 10 and another one in Abu Dhabi soon. Company executives are worried about meeting supplies.

The Aditya Birla Group firm plans to add 30 more stores in 2018-19.

Linen Club usually procures the finished fabric from Jaya Shree Textiles, amounting to Rs 5 billion. The brand has been a 10 per cent growth in the Rs 16 billion linen garment space, and has a market share of over 50 per cent. Fabric sales account for over 94 per cent of the company's topline, while the rest comes from the ready-to-wear range.

Jaya Shree Textiles procures the raw material for linen from France and Belgium, and processes it at its mill at Rishra. Besides being a prime supplier to Linen Club stores, it also sells linen to brands, including Marks & Spencer's and H&M.

CEO Satyaki Ghosh has been negotiating with trade unions, and is hopeful of "some positive developments", according to sources.

Source: business-standard.com- June 30, 2018

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## **Reliance Retail may enter apparel wholesale business: Report**

After setting its feet in fashion retail business, Reliance Retail, a unit of Mukesh Ambani-led Reliance Industries, now planning to venture into the wholesaling of fashion and lifestyle products through both offline and online channel, The Economic Times reported.

Reliance Retail, which runs one of the biggest networks of fashion stores in India through Reliance Trends, aims to tap the bulk business of garments and accessories, which is largely unorganised.

Through the wholesale business, it will target millions of small and medium retailers nationwide to supply products in bulk, including its own branded material, the ET report said citing sources. Reliance Retail plans to serve customers through a B2B portal, the ET report further said.

The ET report citing sources further went to add that the Mukesh Ambani-owned company has put together a team that is working on a raft of private labels specifically to sell to small and medium retailers. It is enrolling small and medium independent suppliers as well for the venture, another person told ET.

It may be noted that Reliance Retail is already operating a chain of cash-and-carry outlets called Reliance Market, which sells food products, FMCG, general merchandise as well as some amount of ready-made garments.

The new venture likely to focus on the growing fashion market in India, especially in small cities and towns.

Industry experts say it makes sense for Reliance to venture into wholesaling of fashion and lifestyle products given the nature of the unorganised wholesale market for such products.

Source: timesnownews.com- June 29, 2018

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