TEXTILE INTELLIGENCE CENTRE
iBtex.
INFORMATION BUREAU
TEXPROCIL

TEXPROCIL
NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 98 of 2017 May 17, 2017

USD 64.02 | EUR 71.16 | GBP 82.80 | JPY 0.57

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20127	42100	**83.87**
Domestic Futures Price (Ex. Gin), May		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21330	44617	**88.88**
International Futures Price		
NY ICE USD Cents/lb (May 2017)		81.32
ZCE Cotton: Yuan/MT (July 2017)		15,625
ZCE Cotton: USD Cents/lb		**87.44**
Cotlook A Index – Physical		**94.9**

Cotton guide:

The excessive rate of change in price with respect to change in normal time makes any underlying asset volatile. The recent action in cotton movement from 76 cents to 87 cents in less than three trading sessions has created mayhem in the market. Post the cotton price broke 2014 high it sharply corrected this Tuesday to settle the session limit down at 81.32 cents per pound. However, this morning while writing the report at 9 AM IST the same underlying is seen again trading positive over 1% at 82.14. This indicates market is certainly likely to remain unstable in the near term.

From the technical perspective we expect now 80 cents mark would be termed as a new base level for cotton (where the price broke past the key resistance level) while 85 would be a critical resistance levels. We expect market to continue to swing in the given band in the near term. Likewise, the new crop contract December also traded mostly down to end the session at 74.34 cents.
Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com, **Source: Reuters, MCX, Market source**

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Vietnam textiles to attend globe's largest B2B event in India
2	Pakistan: After 4 months, govt withdraws some incentives from textile package
3	Dawn 'leak' on China-Pakistan Economic Corridor draws Nawaz Sharif government's ire
4	U.S. retailers urge trade envoy to save NAFTA
5	Bangladesh may achieve 7.24% GDP growth in FY 2017
6	Sri Lanka gets back EU tariff concessions
7	US cotton production projected to increase 12% in 2017
	NATIONAL NEWS
1	Smriti Irani takes to Twitter to promote cotton clothes
2	ITF seeks uniform rate for textiles under GST
3	Cotton Update: e excessive rate of change in price with respect to change in normal time makes any underlying asset volatile.
4	FICCI survey pegs India's 2017-18 GDP growth at 7.4%
5	Chinese cloth for school uniforms, while Handloom industry in Kerala is crisis-ridden'
6	Global cotton rally may spur cultivation

INTERNATIONAL NEWS

Vietnam textiles to attend globe's largest B2B event in India

The Vietnam Textile and Apparel Association has unveiled plans to send a delegation of representatives to showcase the country's prowess at a major business-to-business (B2B) event for the textiles segment in India.

Textiles India 2017, which takes place this coming June 30 through July 2, promises to be a landmark trade event for the textiles and apparel industry at the global level, said Nguyen Thi Tuyet Mai of the Association.

At the event, exhibitors from all around the globe are expected to display their wares in more than a thousand stalls, Mr Mai noted.
In addition, a record setting 2,500 international buyers, agents, designers, retail chains from across the globe, and 15,000 domestic buyers have already signed up to attend, he added, noting that this is an event Vietnam textiles can't afford to miss.

Source: english.vov.vn- May 15, 2017

HOME

****

Pakistan: After 4 months, govt withdraws some incentives from textile package

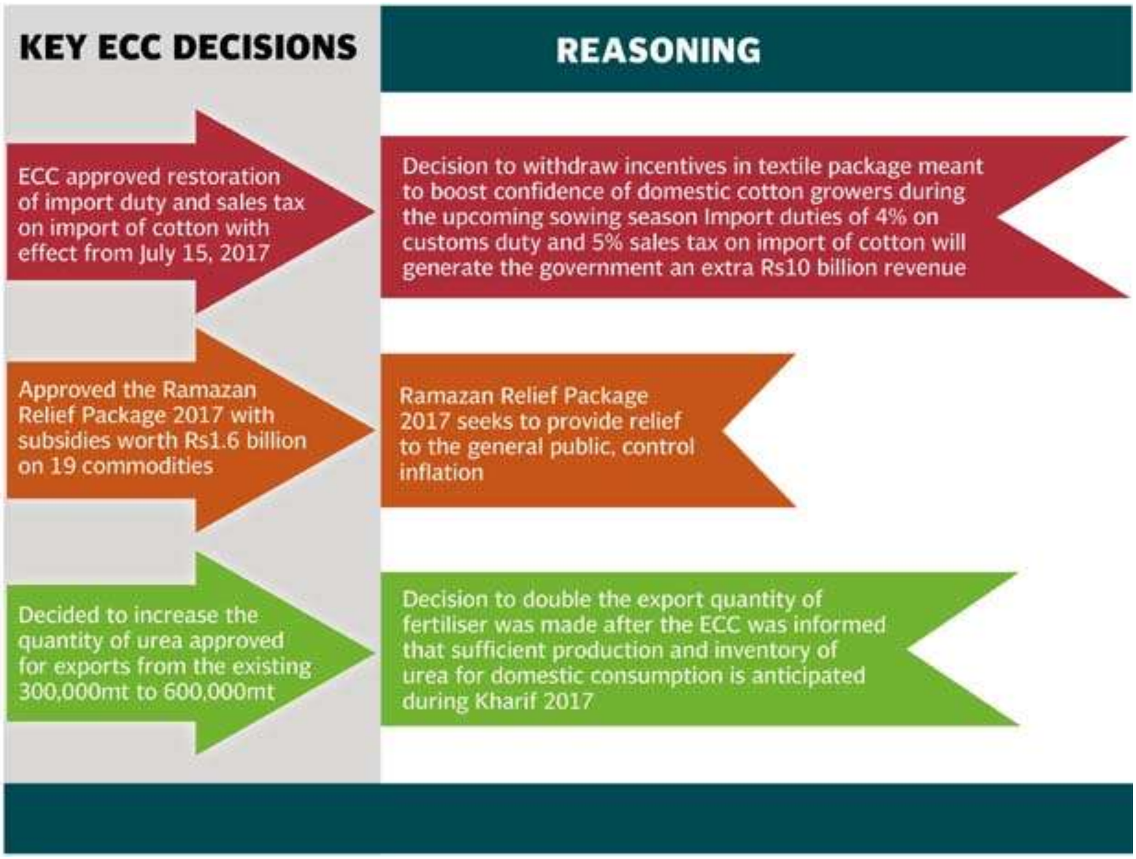
ISLAMABAD: The government partially withdrew the textile package, announced just four months ago to boost exports, and imposed taxes and duties on import of cotton from July to generate Rs10 billion in revenue, highlighting inconsistencies in its economic policies.

On a proposal by the Finance Division, the Economic Coordination Committee of the Cabinet (ECC) approved the restoration of import duty and sales tax on import of cotton with effect from July 15, 2017. The ECC also approved to double the export quantity of fertiliser to

600,000 metric tons in order to clear glut of the commodity caused by manufacturing and excess imports. It also approved a Ramazan package to provide subsidy on 19 essential commodities.

Awaited: Rs180 billion package still not implemented

The ECC took the decision to impose duties on import of cotton despite the country facing a shortfall in production this year against the annual target. Pakistan has been a net importer of cotton since 1998 and yet the government has been charging taxes under one pretext or the other.



The decision has been made to boost the confidence of domestic cotton growers during the upcoming sowing season, according to a handout issued by the finance ministry after the ECC meeting.

The Ministry of Finance requested the ECC that the government should restore 4% customs duty and 5% sales tax on import of cotton. With the restoration of duties and taxes, the government will be able to generate an extra Rs10 billion in revenue; by charging total 9% duties and taxes on imported cotton. The industry is compelled to import cotton due to shortfall of the commodity in the domestic market.

Pakistan does not produce long staple cotton, which is an important component of value-added textile products.

The decision to restore duties and taxes would encourage growers to cultivate cotton in the current season, said Hasan Iqbal, Secretary Textile Division. He said that his division managed to delay the restoration of the duties and taxes till mid-July to facilitate industries to import cotton as per their requirements. Iqbal said that the government has to watch the interests of both the farmers and industrialists.

On January 10 this year, Prime Minister Nawaz Sharif had announced the textile package in an attempt to boost exports that have been declining for the last four years. Under the package, sales tax, customs duty on import of textile machinery and cotton had been abolished.

However, the government's decision to partially withdraw these incentives within four months indicates growing fiscal constraints and inconsistency in policies.

The decision has been taken at a time when the textile industry is facing huge challenges to enhance its exports. The exports plunged 2.3% to only $16.9 billion during July-April period of this year, according to the Pakistan Bureau of Statistics.

During the ongoing fiscal year, cotton production stood at only 10.54 million bales – which was 25% less than 14.1 million target set for this fiscal year. There is a minimum of 3 million bales' shortfall that the industry will have to meet by importing cotton. The industry needs imported cotton until the next crop arrives.

Business confidence in Pakistan declines, says OICCI survey

In the last fiscal year, the industry had imported 2.6 million bales while the local production had been estimated at 9.7 million bales.
However, the finance ministry moved the summary on the plea that the agriculture sector has started reviving therefore; there was a need to support it by making imports expensive.

Urea export

The ECC also decided to increase the quantity of urea approved for exports from the existing 300,000 metric tons to 600,000 metric tons, said the finance ministry. The cabinet body also extended the deadline for export of urea from April 28, 2017 to October 31, 2017.

These decisions were made by the ECC after considering the proposal of the Ministry of Commerce, based on the recommendations of the Fertilizer Review Committee. The ECC was informed that sufficient production and inventory of urea of domestic consumption is anticipated during Kharif 2017 for allowing export.

Source: tribune.com.pk- May 17, 2017

HOME

****

Dawn 'leak' on China-Pakistan Economic Corridor draws Nawaz Sharif government's ire

A Pakistani newspaper report on the broad contours of the China Pakistan Economic Corridor (CPEC) implementation plan till 2030 has attracted criticism from the government, which said the details were quoted from one of the working papers among many prepared to be discussed with the Chinese leadership at the One Belt One Road Summit.

The *Dawn* said it had acquired exclusive access to the original document that discloses for the first time what the Chinese intentions and priorities in Pakistan are for the next decade and three years.

Opposition parties have called for making the details of the plan public before finalising the projects. Nafisa Shah, an MP from the Pakistan People's Party, said the government must come clean on the long term plan published by *Dawn*, which has huge implications for the Pakistan economy.

Asad Umar, economic expert and leader of Imran Khan's Pakistan Tehree-e-Insaf, alleged that lack of government's seriousness may affect this project. "This is the kind of lack of seriousness, which has resulted in Pakistan losing rather than gaining from all free trade agreements we have signed, " he said.

Planning Minister Ahsan Iqbal said he was appalled at the *Dawn* report and called it factually incorrect. “We couldn’t release the Long Term Plan without final consultation with the Chinese side which was done yesterday,” he tweeted.

The newspaper reacted sharply to the Minister's remarks on the report in its editorial on Tuesday. “The general sentiment is pro-CPEC; and this newspaper also supports the project. But that does not mean the government has carte blanche to negotiate the terms of this massive enterprise entirely in secret. The people have a right to know what exactly is being negotiated; this is especially crucial given the scale of the joint enterprise," *Dawn* wrote .

The newspaper report noted that much-trumpeted Gwadar Port in the long term plan has no mention of China’s external trade being routed through Gwadar. “Judging from their conversations with the government, it appears that the Pakistanis are pushing the Chinese to begin work on the Gwadar International Airport, whereas the Chinese are pushing for early completion of the Eastbay Expressway,” the report said.

While unveiling the plan, the report said it was drawn up by the China Development Bank and National Development Reform Commission of China goes beyond the scope of CPEC, which initially was considered as a trade route from Kashgar China to the Gwadar Port in Balochistan Province. Although it envisaged industrial zones and power plants, the plan now includes leasing out thousands of acres of agricultural land to Chinese enterprises to set up demonstration projects in areas ranging from seed varieties to irrigation technology.

The plan includes penetration of most sectors of Pakistan’s economy as well as its society by Chinese enterprises and culture. “In other cases, such as textiles and garments, cement and building materials, fertilizer and agricultural technologies it calls for building the infrastructure and a supporting policy environment to facilitate fresh entry. A key element in this is the creation of industrial parks, or special economic zones, which “must meet specified conditions, including availability of water…perfect infrastructure, sufficient supply of energy and the capacity of self service power”, says the plan.

The report stated that Chinese enterprises will also operate their own farms, processing facilities for fruits and vegetables and grain, while logistics companies will operate a large storage and transportation system for agrarian produce. Due to lack of cold-chain logistics and processing facilities, 50% of agricultural products go bad during harvesting and transport", it noted.

The plan includes the construction of one fertilizer plant by Chinese company NPK as a starting point with an annual output of 800,000 tonnes. "Enterprises will be inducted to lease farm implements like tractors, efficient plant protection machinery, efficient energy saving pump equipment, precision fertilization drip irrigation equipment and planting and harvesting machinery," it added.

Meat processing plants in Sindh Province are planned with an annual output of 200,000 tonnes per year and two demonstration plants processing 200,000 tonnes of milk a year. In crops, demonstration projects of more than 6,500 acres will be set up for high yield seeds and irrigation, mostly in Punjab. In transport and storage, the plan aims to build a nationwide logistics network, and enlarge the warehousing and distribution network between major cities of Pakistan with a focus on grains, vegetables and fruits. "Storage bases will be built first in Islamabad and Gwadar in the first phase, then Karachi, Lahore and another in Gwadar in the second phase, and between 2026-2030, Karachi, Lahore and Peshawar will each see another storage base."

The plan also included a vegetable processing plant with annual output of 20,000 tonnes, fruit juice and jam plant of 10,000 tonnes and grain processing of 1 million tonnes. A cotton processing plant is also planned initially, with output of 100,000 tonnes a year.

The plan said that China plans to gradually create a favourable industry image and reputation for Pakistan by relying on domestic demand.

The plan for western and northwestern zones covering most of Balochistan and Khyber Pakhtunkhwa Provinces is marked for mineral extraction, with potential in chrome ore and gold reserves and diamonds. China is Pakistan's largest buyer of processed marble, at almost 80,000 tonnes per year. The plan looks to add 12 marble and granite processing sites in locations ranging from northern areas of Gilgit and Kohistan and Khuzdar in Baluchistan.

While the central zone marked for textiles, household appliances and cement in Punjab cities of Daudkhel, Khushab, Esakhel and Mianwali.

Some Chinese enterprises have started investment and construction in Gwadar taking advantage of its superior geographical position and cheap shipping costs to import crude oil from the Middle East, iron ore and coking coal resources from South Africa and New Zealand for onward supply to the local market as well as South Asia and Middle East after processing at port.

The plan shows great interest in the textiles industry with the interest focused largely on yarn and coarse cloth to benefit Xinjiang where the textile industry has already attained higher levels of productivity. "China can make the most of the Pakistani market in cheap raw materials to develop the textiles & garments industry and help soak up surplus labor forces in Kashgar," it noted.

A full system of monitoring and surveillance will be built in cities from Peshawar to Karachi, with 24 hour video recordings on roads and busy marketplaces for law and order. A national fibre-optic backbone will be built for the country not only for Internet traffic, but also terrestrial distribution of broadcast TV, which will cooperate with Chinese media in the dissemination of Chinese culture. "There is a plan to build a pilot safe city in Peshawar, which faces a fairly severe security situation in northwestern Pakistan following which the program will be extended to major cities such as Islamabad, Lahore and Karachi," according to the plan.

The plan also focuses on promoting tourism and speaks of a long belt of coastal enjoyment industry that includes yacht wharfs, cruise home ports, night-life, city parks, public squares, theatres, golf courses and spas, hot spring hotels and water sports. The plan also recommends visa-free tourism possible with China to provide more convenient policy support for Chinese tourists to Pakistan.

But the plan also underlined the risks involved in the project stating that competing political parties, religion, tribes, terrorists, and Western intervention as the possible risks. On top of it all the security situation is the worst in recent years according to the report. On the economic side rising inflation can see a decline in profits.

The plan recommends Pakistan's federal and local governments should also bear part of the responsibility for financing through issuing sovereign guarantee bonds, meanwhile protecting and improving the proportion and scale of the government funds invested in corridor construction in the financial budget.

Source: thehindu.com - May 16, 2017

HOME

****

U.S. retailers urge trade envoy to save NAFTA

The largest U.S. retail associations called on new Trade Representative Robert Lighthizer to support the North American Free Trade Agreement, aiming to salvage an accord that has come under fire from his boss.

Leaders of the American Apparel & Footwear Association, the National Retail Federation, Retail Industry Leaders Association and U.S. Fashion Industry Association sent a letter to Lighthizer on Tuesday urging him to tread lightly on the 23-year-old pact. Nafta supports hundreds of thousands of U.S. textile and clothing jobs, along with retail operations in all 50 states, the organizations said.

"We agree that the agreement should be updated to reflect today's business reality and better prepare for future trade patterns," the groups said in the letter. "However, we ask for support from the administration to ensure that renegotiation will 'do no harm' to the successful supply chains that we rely on today."

Lighthizer was sworn in Monday, clearing the way for the administration to seek an overhaul of Nafta. President Donald Trump called the treaty a “disaster” during the election campaign and has threatened to withdraw from the agreement with Mexico and Canada if renegotiated terms aren’t favorable enough.

In a draft letter circulated in March that laid out its goals, the administration told lawmakers it wanted to strengthen the U.S. manufacturing base and “level the playing field” with its Nafta trading partners on tax treatment. Retailers, which rely heavily on imports, have opposed any changes that would tax imports at a higher rate.

“Our approach is if you look across the textile, apparel and footwear industry, there’s a very broad consensus that Nafta works -- that it creates jobs, that there’s a supply chain that supports workers and communities on both sides of the border,” Steve Lamar, executive vice president of the AAFA, said in an earlier interview. “Perhaps it can be improved, but we don’t want to start the negotiations from the perspective that this is a bad agreement.”

Retail groups say Nafta could be updated to account for digital commerce, which was virtually nonexistent when the agreement was enacted in 1994.

“The ultimate concern for the business community at large is failure to come to a deal that ends in the U.S. pulling out of Nafta,” said Jonathan Gold, vice president of supply-chain and customs policy at the NRF. “We don’t think that should be on the table.”

An imperiled Nafta comes during a challenging time for apparel retailers. Falling prices, increased competition and a lack of style trends have made it harder for clothing companies to maintain sales and profit. Now they may lose access to Mexico, a country that supplies goods at prices Americans are willing to pay.

If the trade deal changes, apparel trade groups say the industry could be faced with rising costs and another blow to its already-fragile profit margins. Mexico is the largest Latin American supplier of apparel products to the U.S. and the fifth-biggest worldwide -- behind countries like China and Vietnam -- according to the U.S. Department of Commerce.

"A renegotiated Nafta needs to enhance the economic cooperation with these key trading partners," the retail groups said in Tuesday's letter. "Any improvements should provide for seamless integration with the existing Nafta agreement."

Source: bloomberg.com- May 16, 2017

HOME

****

Bangladesh may achieve 7.24% GDP growth in FY 2017

Bangladesh is expected to record gross domestic product (GDP) growth of 7.24 cent for the ongoing financial year that will end on June 30, 2017. With 7.11 per cent GDP in the fiscal year 2016, an increase is expected in the GDP for fiscal year 2017. However, over the last few years, Bangladesh has maintained a growth rate of around 6 per cent.

Bangladesh government aims to achieve 7.4 per cent GDP growth in the FY18, while the target for FY20 is set at 8 per cent, Bangladesh planning minister AHM Mustafa Kamal said while addressing the media. There has been an increase in the growth rate due to significant exports and positive agriculture result, said the minister. The per capita income also rose to $1,602 in the outgoing fiscal year which was $ 1,465 in the previous financial year. Bangladesh economy of over $200 billion has significant contribution from remittances and exports of apparels.

Since few years, Bangladesh has been putting in efforts to revive the GDP growth rate although some economists were skeptical about achieving the 7 per cent growth rate. "But, like the previous year, the GDP growth in this year exceeded the 7 per cent mark," he added.

Speaking about World Bank's growth projection of 6.8 per cent for FY 2017, the minister said, "There's no engineering about the country's growth estimation, and we never changed the methodology of GDP growth estimation. The World Bank had always been very conservative about our growth projection."

The minister said that the investment ratio to GDP was 30.27 per cent in the FY 2017 as against the previous year's investment of 29.65 per cent.

Asked about the growth of three major sectors, he said the industrial sector has obtained highest growth of 10.50 per cent in the outgoing fiscal year followed by 6.50 per cent by the services sector while 3.40 per cent by the agriculture sector.

Source: fibre2fashion.com- May 16, 2017

HOME

****

Sri Lanka gets back EU tariff concessions

The European Union's import tariff concession GSP+ would be made available to Sri Lanka with effect from May 19 despite the country's lack of progress in meeting criteria in some areas of focus, EU Ambassador to Sri Lanka Tung-Lai Margue said today.

"The removal of duties on Sri Lankan exports to the EU will come into force this Friday after publication in the EU s official journal," Margue said.

This would mean full removal of duties on 66 per cent of tariff lines covering a range of products from textile to fisheries.

The EU denied the facility to Sri Lanka in 2010 due to the country s failure to implement 27 international conventions on human rights, labour conditions, protection of environment and good governance.

Margue said Sri Lanka still needed improvement in many areas of criteria and the EU will keep on monitoring the process for further improvement.

For example the EU awaits to see the final draft of Sri Lanka's new Counter Terrorism Act which is to replace the existing Prevention of Terrorism Act.

"Granting of good governance (GSP+) facility does not mean that situation in Sri Lanka with regard to progress is fully satisfactory. International Human Rights groups have described PTA as draconian which allows indefinite detention of people," Margue said.

Margue said torture and forced child marriages and labor rights violations are being still reported from Sri Lanka.

He said the GSP+ restoration will provide Sri Lanka with immediate benefits worth in excess of 300 million Euro annually.

In 2016, Sri Lanka exported 2.6 billion Euro worth of goods to EU countries.

Source: business-standard.com- May 16, 2017

HOME

****

US cotton production projected to increase 12% in 2017

US cotton output this year is forecast at 19.2 million bales, nearly 12 per cent above the final 2016 estimate, according to USDA's initial projection for the 2017 crop. Based on the Prospective Plantings report, 2017 cotton area is estimated at 12.23 million acres, 2.2 million acres above 2016, due to higher prices of cotton relative to competing crops.

Area for both upland and extra-long staple (ELS) cotton is forecast to expand in 2017. For the upcoming season, upland acreage is projected higher in each of the Cotton Belt regions. Based on Prospective Plantings, the Southwest upland area is estimated at 7.4 million acres, above last year's six million acres and the second highest since the early 1980s. The Southwest is forecast to account for 62 per cent of the upland area in 2017, slightly above last season's 61 per cent. Cotton acreage in the Southeast is expected to approach 2.5 million acres in 2017, nearly 14 per cent above last season but equal to the 5-year average.

In the Delta, 2017 cotton area is forecast to increase for the second consecutive season to 1.8 million acres as acreage returns to near the 10-year average. The Delta is expected to account for 15 per cent of the US upland acreage in 2017, similar to the previous season. In the West, improved irrigation supplies for the 2017 spring-planted crops—in addition to favourable prices—are expected to boost cotton area there. ELS cotton remains concentrated in the West, where over 90 per cent of the 232,000-acre total is expected to be planted in 2017. California will continue as the dominant ELS-producing state, contributing 190,000 acres of the total.

As of early May, moisture conditions across the Cotton Belt are more favourable this season, although parts of the Southeast have experienced some dry conditions, the Economic Research Service of the US department of agriculture (USDA) said in its latest 'Cotton and Wool Outlook' report.

US cotton harvested area for 2017 is projected at nearly 11.4 million acres, 20 per cent above the 2016 estimate of 9.5 million acres. The national yield is projected at 810 pounds per harvested acre and is based on the 2012-16 crop average yields, weighted by region. The initial US yield estimate is below last season's final estimate due to the proportionally larger increase in lower-yielding Southwest acreage in 2017.

Meanwhile, US cotton demand (mill use plus exports) in 2017-18 is forecast 2 per cent lower at 17.4 million bales, as reduced exports account for the decline. US cotton mill use for 2017-18 is estimated above 2016-17 at 3.4 million bales, supported by demand for US cotton textile product exports.

Cotton stocks are forecast at 5.0 million bales on July 31, 2018, the highest since 2008-09. However, the 2017-18 stocks-to-use ratio (29 per cent) is forecast between last season's 18 per cent and 2015-16's 30 per cent. Based on these initial supply and demand projections, the 2017-18 US upland farm price is expected to range between 54 cents and 74 cents per pound. At the midpoint of the range, the farm price would be 5 cents below the 2016-17 estimate of 69 cents per pound.

Source: fibre2fashion.com- May 17, 2017

HOME

****

NATIONAL NEWS

Smriti Irani takes to Twitter to promote cotton clothes

New Delhi, May 16 (PTI) Union Textiles Minister Smriti Irani today started a campaign on Twitter to promote cotton clothing.

Irani posted a picture of herself in a cotton saree, on the social media site and captioned it: "I celebrate Indian summers and cotton industry with my #CottonIsCool look. What is your #CottonIsCool look?!"

People from all walks of life soon joined the campaign, posting pictures wearing clothes made from the fabric, including the likes of cricketers Virender Sehwag, Kapil Dev and actor Randeep Hooda.

Union ministers Piyush Goyal, Dharmendra Pradhan, Rajiv Pratap Rudy, Puducherry Governor Kiran Bedi, actress and Lok Sabha MP Hema Malini, among others, posted pictures of themselves wearing cotton clothes.

Source: india.com- May 16, 2017

HOME

****

ITF seeks uniform rate for textiles under GST

The Indian Texpreneurs Federation (ITF) has urged the State Government to ensure that textile industry gets uniform rate under Goods and Services Tax (GST).

In a memorandum to the State Government, secretary of the federation Prabhu Damodaran said a council meeting of the GST is to be held in the third week of May. Several suggestions given by the Government at the council meetings in the past have been accepted.

The proposed GST is expected to give a boost to the textile and clothing sector. But, for this, the GST should be uniform across the textile value chain, should be at 5 %, and all segments of the industry should be covered under GST, without any exception.

The Value Added Tax varies now in each State for textile products, the duties differ for cotton based and MMF-based products. The industry has been seeking uniform and lower GST for textiles to the Central Government. Further, the industry seeks coverage of all segments - from fibre to garments - in the GST net. This will ensure that there is no tax evasion, the federation said.

Source: thehindu.com- May 16, 2017

HOME

****

Cotton Update: e excessive rate of change in price with respect to change in normal time makes any underlying asset volatile.

The recent action in cotton movement from 76 cents to 87 cents in less than three trading sessions has created mayhem in the market. Post the cotton price broke 2014 high it sharply corrected this Tuesday to settle the session limit down at 81.32 cents per pound. However, this morning while writing the report at 9 AM IST the same underlying is seen again trading positive over 1% at 82.14. This indicates market is certainly likely to remain unstable in the near term.

From the technical perspective we expect now 80 cents mark would be termed as a new base level for cotton (where the price broke past the key resistance level) while 85 would be a critical resistance levels. We expect market to continue to swing in the given band in the near term.
Likewise, the new crop contract December also traded mostly down to end the session at 74.34 cents.

Market action and volatility is clearly indicated with the spread performance of July/December. The spread has narrowed down to 6.98 compared to 10.26 in the previous session.

From the trading perspective the estimated volume in ICE was pegged at 47,400 contracts sharply lower than the previous day's volume of 109542 contract highest recorded volume on ICE cotton futures. Likewise, total OI increased by 6933 contracts to 262,033. However, July OI decreased by 1547 to 129909 contracts while December OI increased by 7717 contracts to 113115 contracts. The trading behavior also suggests market is shifting positions a bit from July to December or fresh speculative interest is moving into new crop contract. This also determines market is uncertain and movements of positions are very unpredictable causing price direction to remain volatile.

For the day we expect ICE cotton for July to trade in the range of 81.30 to 83.50 cents per pound.

Coming to domestic market S-6 variety remained mostly steady at Rs. 43,750 per candy ex-gin. Nationwide, daily seed cotton arrivals are estimated at below 49,000 lint equivalent bales (170 kgs), lowest in last one fortnight including 12,000 from Gujarat, 20,000 from Maharashtra and 11,000 from Andhra Pradesh.

However, May cotton future contract at MCX ended the session at Rs. 21130 down by Rs. 80 from the previous close. We believe on today's trading session MCX futures may initially open on a positive trend while recommend selling from higher levels.

The trading range for the day would be Rs. 21350 to Rs. 21K. Note, as stated earlier Rs. 21500 would continue to be a strong resistance in the near term.

FX Movement: Indian rupee trades marginally near 64.04 levels against the US dollar. The US dollar is under pressure amid mixed economic data and concerns about Trump administration post recent news of intelligence sharing with Russia and dropping of investigation against former National Security Adviser. However, weighing on rupee is sharp drop in bond yields and weakness in global equity market. Rupee may trade in a range of 63.9-64.1 and mixed trade is possible but overall bias may be on the upside.

Source: Kotak Commodities Services Pvt. Ltd- May 17, 2017

HOME

****

FICCI survey pegs India's 2017-18 GDP growth at 7.4%

A median GDP growth of 7.4 per cent is forecast for the fiscal year 2017-18, with a minimum and maximum level of 7.0 per cent and 7.6 per cent respectively, says the latest round of Economic Outlook Survey conducted by FICCI. The industry and services sectors are expected to grow by 6.9 per cent and 8.4 per cent, respectively, in 2017-18.

The survey was conducted during March and April 2017 amongst economists belonging to the industry, banking and financial services sector. The participants felt that with the process of remonetisation almost complete, consumption activity has witnessed an uptick and will further build up going ahead. Also, Indian Meteorological Department's latest forecast of monsoon arriving on time and being sufficient provides some reprieve amidst earlier reports of El Nino having a dampening effect this year.

Moreover, the outlook of economists with regard to prices remains benign and is in line with RBI's projection put out in the monetary policy statement announced in April this year. According to the Economic Outlook Survey results, Consumer Price Index has a median forecast of 4.8% for 2017-18 with a minimum and maximum level of 4.0% and 5.3% respectively.

Another area where the participating economists were asked to share their views was on the wave of protectionism engulfing the global economy. The respondents were asked to opine on how they see this development unfolding and what steps should India take to minimise the impact resulting from such moves.

Economists participating in the survey unanimously believed that protectionism is becoming a new normal led by certain advanced economies which are increasingly looking inwards to propel growth and increase employment. This could result in increased tension between nations which could lead to trade wars according to some of the respondents.

The economists felt that while protectionism is a challenge, India needs to keep its focus on implementing reforms. The situation calls for improving the investment climate in the country, enhancing hard and soft infrastructure and continuing the efforts on tackling the issue of non-performing assets. Economists felt that higher government and private investments towards infrastructure development and capacity expansion can play a pivotal role in revitalising domestic demand and would encourage the domestic industry.

Participating economists were of the view that strengthening the domestic economy, in terms of sustainable macroeconomic stability, enhancing skills among youth and the workforce and continuing on the reform path will help India manoeuvre the rough patches.

It was also suggested that India should look at signing preferential trade agreements with other emerging market economies.

Source: fibre2fashion.com- May 16, 2017

HOME

****

Chinese cloth for school uniforms, while Handloom industry in Kerala is crisis-ridden'

THIRUVANANTHAPURAM: A single Afro-American designer gown woven in handloom and dyed with Ayurvedic medicinal plants, festooned to beads and pendants for the swirl effect is priced at Rs 3.5 lakh at Balaramapuram here. It is procured by fashion designers in the US and Italy for the ramp. Despite huge demand for value-added handloom products abroad, Kerala's traditional handloom sector is struggling for survival. Though the state had set aside Rs 300 crore for handloom promotion with a proposal for handloom made school uniforms, quacks claiming as weavers are set to supply uniforms with China-made cheap cloth instead of handloom, warn Kerala Handloom Protection Forum (KHPF) members.

"The state had planned to provide two pairs of uniforms to school students free of cost. For that, 6.5 crore meter cloth will be required and it will provide jobs to 2.5 lakh weavers' year long. It will also help re-open the 26 defunct spinning mills ensuring jobs for another 25,000 members. It will assure functioning of 600 dyeing units, offering permanent jobs for 1000 members and job security to over a lakh members in stitching the uniforms," KHPF member K Satheesh Kumar told TOI. With only few days to go for the new academic year, quacks are set to supply uniforms from Chinese made cloth at Rs 10 per meter, he says.

Termed as Ayurvastra or `Clothing for Health', a proposal to promote Ayurvedic brand handloom products submitted by KHPF to the State is still awaiting a nod. Even KHPF had submitted a proposal three years back to the Central government led by Prime Minister Narendra Modi to set up a `Ayurveda Handloom Village with a pilot project worth Rs 17 crore, which is yet to see the light of day. To realise such a village, 20 more spinning mills need to be set up with dyeing units, increase organic cotton yarn and medicinal herbs cultivation, ensuring support for the traditional weavers and the tribal traditional healers, he said.

The Centre led by the then Prime Minister AB Vajpayee had offered Rs 8 crore for handloom infrastructure. With that, a Dyeing house and spinning mills were set up at Balaramapuram, yet Rs 40 lakh is pending since 2003. Though sanctioned by the Centre, State is yet to release that, he said. About 20 lakh families spread across Kasaragod, Kannur, Thrissur, Kollam, Palakkad and Thiruvanthapuram are dependent on handloom sector for livelihood. Many handloom spinning mills are defunct, the weavers have left due to low wages and bad working conditions.

"We need the government support to revive handloom sector and to offer better wages to weavers. Value-added products such as Ayurvedic yoga mats are in demand in the US and Ayurvastra is sought after by the fashion designers from Italy, France, Germany and Japan. We have received Rs 100 crore worth dyeing work orders from various places," he said. Now a museum building for Ayurvedic handloom display at a cost of Rs 3 crore is being constructed with proceeds from KHPF which will be the first of its kind in the world, he said.

This eco-friendly medicinal clothing initiative was launched by State Handloom directorate under Industries department with Government Ayurveda College, a decade back. Ayurvastra is organic cotton fabric coloured with natural herbs which is of high demand in the export market. Evolved by traditional weavers with support of Ayurveda physicians at Balaramapuram-based Handloom Weavers' Development Society, Ayurvastra is also used in Ayurvedic treatment for paralysis, rheumatism, hypertension, diabetes, psoriasis and other skin diseases. This medicinal clothing is used as bed linens, mattresses, carpets, floors, ceilings, coir mats and with satin, linen and silk textiles, said Dr KG Rajan, an ayurvedic physician.

Source: timesofindia.indiatimes.com- May 16, 2017

HOME

****

Global cotton rally may spur cultivation

Ahmedabad: A sudden spurt in cotton futures in the international market over the last three days has left cotton traders perplexed in India. While the fundamentals support a possible bearish trend owing to wider sowing of the fibre crop, the recent rally in international markets is seen encouraging farmers towards further cotton cultivation.

On the Intercontinental Exchange (ICE) in the US, the Cotton futures for July 2017 contract rallied by about 12 per cent in just three sessions to hit a high of 85.32 cents per pound on Monday — a level not seen in more than two years. This prompted ICE to increase the margin requirements — thereby indicating speculators' play behind the sudden spurt.

On ICE the cotton July futures cooled off a bit to 83.99 cents on Tuesday.

This sent out a bullish sentiment in the global cotton markets including India, a key global cotton player. The spot rates on Indian markets rebounded by nearly ₹1,000 per candy (each of 356 kg) to trade at ₹42,700 on Tuesday.

On the MCX, Cotton futures for the immediate month contract quoted at ₹21,170 per bale after hitting a high of ₹21,260. In March, Cotton futures had quoted at ₹21,060.

Source: thehindubusinessline.com- May 16, 2017

HOME

****