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INTERNATIONAL NEWS

COVID restrictions affecting confidence of US businesses in China

While most American businesses in China remain profitable, the impact of ongoing COVID-related restrictions is affecting business confidence and leading to lower investment, according to the China Business Report released by AmCham Shanghai recently. Recovery from the original 2020 shutdown has been stifled by the lockdowns earlier this year.

Amid deteriorating US-China relations and macroeconomic pressures, members are reporting record-low optimism for revenue and the business environment, the report says.

Three-fourths of respondents reported profits in 2021, marginally below rates from the past several years, and 47 per cent of companies projected year-on-year (YoY) revenue growth in 2022, a 29 percentage point (pp) drop from the reported rate of YoY increases in 2021 and the lowest expectation in at least 10 years.

Over the next three to five years, 47 per cent of respondents expect revenue growth in China to outpace their companies' worldwide growth, a 22 pp drop from last year.

Fifty-two per cent of respondents reported that their headquarters' confidence in China's economic management worsened in the past year. Accordingly, just 18 per cent of companies ranked China as number one in their company's global investment plans, down from 27 per cent in 2021.

The percentage of companies describing themselves as optimistic or slightly optimistic about the five-year business outlook fell to 55 per cent, the lowest in the survey's history and a 23 pp drop from 2021.

Nineteen per cent of respondents are decreasing investment in China this year compared to 2021, with the top reasons all related to the zero-COVID policy.

Although an increasing number of members are looking to other markets, the majority are keeping their footprint and operations in China and focusing on localisation strategies.

For the 30 per cent of companies increasing investment this year compared to last year, the top reason was growth potential of the Chinese market.

A third of respondents have redirected planned China investments to other destinations in the past year, almost double the number of companies that did so in 2021.

Only 53 companies (17 per cent) indicated that they are considering moving operations or footprint out of China in the next one to three years, with just 19 per cent of those planning to reshore to US locations.

With zero-Covid weighing heavily on operations and confidence, improvements to the business environment are more important than ever. But this year's data shows trends in the opposite direction, according to the chamber report produced in conjunction with PwC.

Only 17 per cent of respondents said government policies and regulations towards foreign companies had improved in the past year, down 19 pp from 2021, while the rate of those reporting worsening rose 14 pp to 36 per cent.

Only 37 per cent described the regulatory environment in their industry as transparent, a 10 pp drop from last year and the lowest in recent years.

Source: fibre2fashion.com- Nov 01, 2022

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EU's rail freight grows by 8.7% in 2021: Eurostat

The European Union's (EU) rail freight transport seems to be on the way to recovery after it went up by 8.7 per cent in 2021, reaching almost the high level of 2018, at 399 billion tonne-kilometres (tkm). The rise in rail freight transport came after decreases of 2.2 per cent and 6.1 per cent in 2019 and 2020 (compared with the previous year), as per Eurostat, the statistical office of the EU.

The first signs of recovery were observed in the fourth quarter of 2020 when data pointed to a 5.1 per cent increase compared with the same quarter of the previous year. This trend gradually continued in all quarters of 2021. The highest growth rate in rail freight transport was recorded in the second quarter of 2021, with a 20.5 per cent boost, followed by the third quarter (+8.0 per cent). The first and fourth quarters increased by 3.4 per cent each, compared with the same quarters in 2020.

Germany was the largest contributor to the rail freight transport performance in the EU, with 123 billion tkm in 2021, representing around 31 per cent of the EU total. Poland and France followed with 54 and 36 billion tkm, respectively. At the other end of the scale, Greece, Luxembourg, and Ireland registered less than 1 billion tkm in 2021. In seven EU member states, rail freight transport decreased between 2020 and 2021: Denmark (-18.9 per cent), Portugal (-18.3 per cent), Lithuania (-8.2 per cent), Latvia (-7.7 per cent), Ireland (-5.2 per cent), Croatia (-3.3 per cent), and Hungary (-2.1 per cent).

In the remaining member states, rail transport performance grew in the same period. The highest increase was observed in Estonia (+22.9 per cent), followed by Spain (+20.3 per cent), Slovakia (+18.6 per cent), Italy (+15.0 per cent), Germany (+13.5 per cent), France (+13.3 per cent), and Romania (+10.9 per cent), according to Eurostat. In absolute terms, Germany was the member state with the highest increase: +14.7 billion tkm between 2020 and 2021. France followed with a growth of 4.2 billion tkm over the same period.

To prevent the spread of the COVID-19 pandemic, member states put in place restrictive measures that had a significant impact on rail freight transport, although rail passenger transport was more affected.

Source: fibre2fashion.com- Nov 01, 2022

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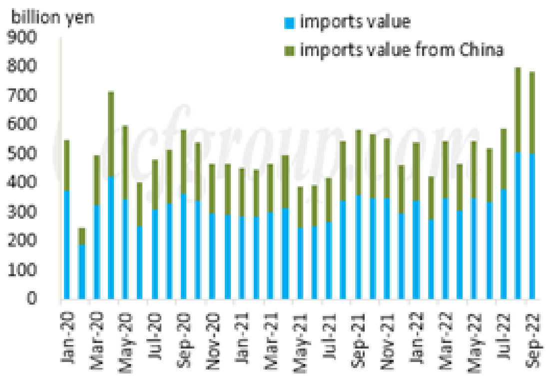
Japan's textile and apparel import volume in Sep increases slightly year-on-year

The latest data show that Japan's imports of textile and apparel in September were 254kt, an increase of 5.1% year-on-year and a decrease of 5.1% month-on-month, and hit the second highest in recent years. However, the volume from China decreased by 1.9% year-on-year and 5.5% month-on-month.

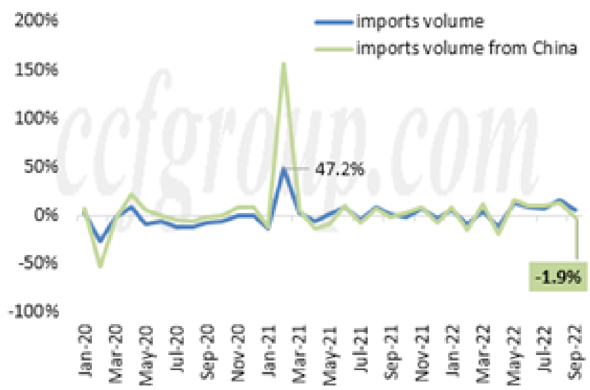
From January to September, Japan's total textile and apparel imports toppled 2.007 million tons, up by 4% year-on-year, yet down 0.8% from the same period in 2019.

Japan's textile and apparel imports volume

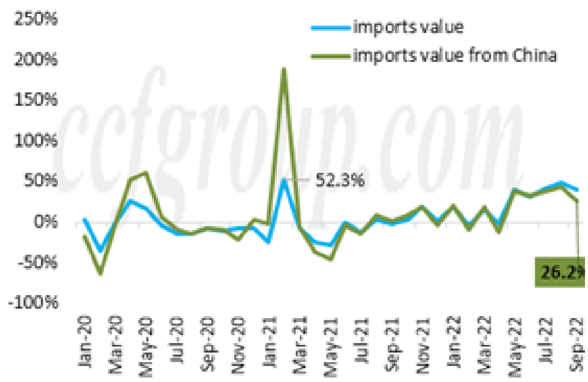
Japan's textile and apparel imports value



Yearly changes in the imports volume



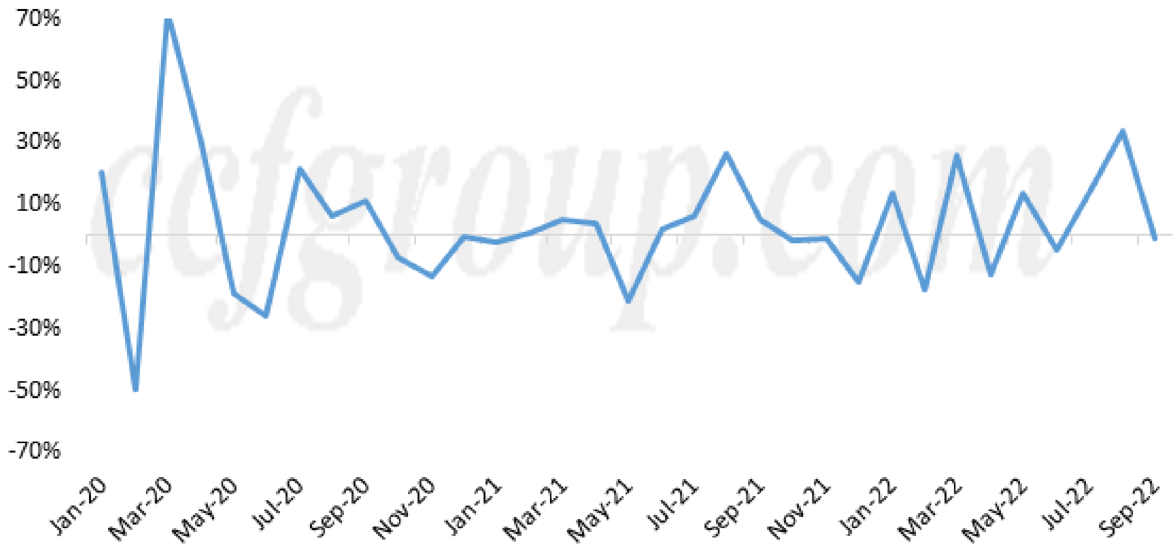
Yearly changes in the imports value



In terms of import value, the import value in September reached 500.405 billion yen, up 40% year-on-year.

Of which the import value of garment was 384.1 billion yen, up 41.7% from the same period last year. The growth rate of textile and apparel imports declined slightly in September.

Monthly changes in Japan's textile and apparel imports



Source: ccfgroup.com- Nov 01, 2022

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Cotton Price Forecast Blurred By Drought and Economics

Riding a volatile wave in the first half of 2022 and adding to inflationary woes, cotton prices eased this summer. But the outlook is cautionary, as an uncertain economic picture and weather conditions paint a cloudy forecast.

“As we open the 2022-23 season, the cotton market is looking at a very uncertain future over the next few months,” the International Cotton Advisory Committee (ICAC) said in its outlook report.

“The first issue is the collapse of the crop in West Texas, which produces the majority of cotton for the United States, the world’s largest exporter,” the ICAC added. “Drought has prompted farmers to abandon virtually all non-irrigated cotton and now they’re beginning to walk away from the irrigated crop, too. It’s possible the deficit could be mitigated by good crops in the world’s other top-producing countries but there’s no guarantee that will happen.”

Making the situation even more volatile, jittery speculators and investment firms concerned about a global recession are driving prices down, ICAC said.

“This is an especially dangerous development because we don’t need to go into a global recession to cause problems;” it said. “Fear that we might go into a recession is sufficient to wreak havoc in cotton markets. Buckle yourself in because 2022-23 looks like it’s going to be a bumpy ride.”

A quarterly report from CoBank’s Knowledge Exchange echoed that feeling, noting that fears that the rapidly decelerating global economy stifled cotton demand have led December 2022 cotton futures to plummet 35 percent from their mid-May highs. However, CoBank economists believe the fears of plunging cotton demand may be overblown.

Cotton Incorporate senior economist Jon Devine noted in his August “Economic Letter” that most benchmark cotton prices rose over the previous month. After posting a series of solid increases, New York ICE December futures contracts rose 4 cents per pound to $1.09 on Aug. 12th following the release of the latest U.S. Department of Agriculture (USDA) supply and demand report.

This represented a sharp reversal relative to the collapse in June and July when values fell to 84 cents a pound from $1.20 a few months earlier. After dropping to $1.02 on July 15, values for the 2022-23 version of the A Index, a global average of spot cotton prices, moved steadily higher and reached $1.23 on Aug. 12.

U.S. spot cotton prices averaged $1.09 for the week ended Aug. 12. The weekly average was up from $1.06 the prior week and from 88.35 cents reported the corresponding period a year earlier, according to USDA data.

The latest USDA report featured decreases in global production and mill-use forecasts for 2022-23. The current projection calls for 82.8 million bales of ending stocks in 2022-23—the lowest volume since 2018-19, when global ending stocks were 81.5 million bales and the A Index averaged 84 cents per pound.

The U.S. forecast plummeted 2.9 million bales to 12.6 million. Devine said if realized, this would be the smallest U.S. crop since 2009-10. With this reduction, the U.S. dropped to the fourth position in the rankings of the world's largest cotton producers behind China, India and Brazil.

The U.S. still ranks as the world's largest exporter, with 12 million bales forecast ahead of Brazil's expected exports of 9.3 million bales in 2022-23.

"Cotton prices continue to be caught between the two competing storylines that have been in play for the past several months," Devine said. "On one side, there is the deteriorating global macroeconomic situation. The International Monetary Fund (IMF) lowered its projection for global economic growth in both 2022 (3.2 percent) and 2023 (2.9 percent) in the updates released in late July. Current IMF forecasts are significantly beneath those from January and April."

Devine said the evolution in the macroeconomy was a likely factor contributing to the shift in investors' outlook on the commodity sector, which led to a collapse in prices for cotton and a range of other commodities in June and July. There also could be factors associated with cotton supply chains that could affect demand during the current crop year.

“Downstream consumer markets for cotton can be viewed as more discretionary than other spending categories such as food, energy and lodging that experienced some of the sharpest effects of inflation,” Devine said. “Given price increases for necessities, consumers may have less income to devote to apparel and home furnishings.”

Tight U.S. supply is on the other side of price direction arguments, he noted. Cotton is drought tolerant and that is why it can be viably grown in perennially dry locations like West Texas. However, cotton requires some moisture to germinate and generate healthy yields and West Texas has had little rain over the past year and drought conditions have been extreme.

As a result, abandonment is forecast to be widespread. It remains to be seen exactly how small the U.S. crop will be, but the current USDA forecast predicts only 12.6 million bales in 2022-23, 5 million fewer bales than in 2021-22, Devine noted.

“Meanwhile, demand for U.S. cotton has been relatively consistent, near 18 million bales over the past five crop years,” he said. “A harvest of only 12.6 million falls well short of the recent average for exports alone and U.S. stocks were near multi-decade lows coming into 2022-23. All these statistics suggest shipments from the world’s largest exporter may have to be rationed in 2022-23.”

“If cotton is not readily available from other sources, the scarcity of supply from the U.S. could support prices globally,” Devine added. “Simultaneously, there is weakness from the demand side. The market has struggled to find the balance between the weakened demand environment and limited exportable supply in recent months. The conflict between these two influences makes it difficult to discern a clear direction for prices and suggests continued volatility.”

Source: sourcingjournal.com- Nov 01, 2022

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Türkiye apparel industry is the reliable supplier of Europe

Türkiye's İstanbul Apparel Exporters' Association (IHKIB) reveals why the country is so highly regarded as a nearsourcing apparel supplier to Europe and refutes the allegations made in a recent report on modern slavery.

Türkiye, being the sixth largest supplier of the world and third largest supplier of the EU, is one of the most important and leading actors in the global apparel industry. The deep integration between the Turkish apparel industry and the EU apparel industry developed organically with Europe and global buyers and brands over the years and the industry follows the same priorities and principles that shape the global value chain.

In 2021, US$31.2bn exports were realised by the Turkish apparel industry, together with the textile industry. The textile and apparel industries employ more than 1.2 million production workers that operate in a modern and safe working environment. Together with the retail industry, more than 2 million workers are employed by these industries in Türkiye, and with their families, about 10 to 15 million people get their income from Türkiye's textile and apparel industry.

How Türkiye has overcome geopolitical challenges

On the other hand, geopolitical issues surrounding Türkiye has led to a number of immigrants being hosted by the country. In the last decade, Türkiye welcomed, hosted and provided the essentials for millions of immigrants who fled to Türkiye. There are 3.6 million registered Syrian refugees and together with other nationals, Türkiye hosted between 7 and 8 million immigrants, most of which are refugees that had to escape from war.

Istanbul Apparel Exporters Association (İHKİB), as a leading representative organisation of the industry, regrets to hear the recent alleged statements on Türkiye's apparel industry concerning immigrants' labour rights.

Türkiye's textile and apparel industries make almost 70% of its exports to the EU market under the strict regular auditing of Western brands and are inspected under EU level national labour laws, so the sector does not exploit Syrian immigrants and children as cheap labour and, there is not any unregistered Syrian or other immigrant workers or child labour within the Turkish textile and apparel industry.

Türkiye's apparel industry uses legislation based on European standards
It is one of the key advantages and strengths of Türkiye's apparel industry that it has a deep experience and know-how in making the highest quality apparel for leading markets of Europe and employs a young, dynamic, and well-educated workforce.

In addition, Türkiye has extremely high standards in terms of human rights, working conditions and environment standards. Türkiye's legislation is based on European standards thanks to its 27-year-old Customs Union with the EU, the candidate status for membership to the EU and its labour laws are in compliance with EU legislation.

Source: just-style.com- Nov 01, 2022

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Global viscose fibre market to grow 6.2% annually by 2026

Global viscose fibre market is expected to grow at an average annual rate of 6.20 per cent between 2021-2026 to reach 8,016.75 KT (Thousand ton) by 2026. The Indian market is likely to have the highest growth of 8.90 per cent in this period, while China, the largest market with a share of over 60 per cent, will have a growth rate that is lower than India.

Viscose market size was estimated at 5,934.40 KT in 2021 which grew from 5,050.01 KT of 2015, according to Fibre2Fashion's market insight tool TexPro. The Viscose stable fibre market is expected to reach 6,290.45 KT in 2022, 6,683.60 KT in 2023, 7,111.34 KT in 2024, 7,555.83 KT in 2025 and 8,016.75 KT in 2026. In terms of market size, China will be the largest market with an annual growth of 6.79 per cent between 2021-2026 to reach 4,963.20 KT. Therefore, China will claim more than 60 per cent of the global market share.

Indian viscose market will grow at the highest pace of 8.90 per cent even though it is a smaller market in comparison with China. India's market size will grow from 471.77 KT in 2021 to 707.08 KT in 2026, as per TexPro.

Rest of Asia-Pacific (other than China, India, Indonesia, Taiwan and Russia) will grow more than the global market at 7.20 per cent to reach 556.70 KT, while Russia will claim a share of 6.21 per cent to reach 22.58 KT in the same period.

Source: fibre2fashion.com- Nov 01, 2022

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Cambodia to grow at 5.1% in 2022, 6.2% in 2023, 6.6% in 2024: IMF

Cambodia is set to report robust growth this year as well as the next few years, according to the International Monetary Fund (IMF), which recently projected that the country will grow at 5.1 per cent in 2022, 6.2 per cent in 2023 and 6.6 per cent in 2024 due to prudent trade promotion policies, including free trade agreements (FTAs) and high rate of vaccination against COVID-19.

In its 'Regional Economic Outlook Report for Asia and Pacific: Sailing into Headwinds', IMF noted that as of October 29 this year, the number of COVID-19 vaccination doses administered per 100 people in the country increased to 265, which was exceptional.

This makes Cambodia one of the most vaccinated countries in the Association of Southeast Asian Nations (ASEAN) as well as across the globe.

The country has reported strong consumption, growth of services and exports in the first half this year, the IMF report said.

IMF expects the recovery in the ASEAN region to be strong this year. Growth is projected at slightly more than 5 per cent in Cambodia, Indonesia and Malaysia, and 6.5 per cent in the Philippines, Cambodian media reported.

Vietnam is benefiting additionally from trade diversion from China and is expected to grow at 7 per cent. Myanmar is expected to begin a moderate recovery, with a growth of 2 per cent in 2022, the IMF report said.

The growth momentum is expected to moderate somewhat in 2023 for Indonesia, Malaysia, the Philippines, Singapore and Vietnam. Cambodia and Thailand will instead expand faster as the recovery in foreign tourism is now expected to be more vigorous.

Source: fibre2fashion.com- Nov 01, 2022

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Bangladesh: BGMEA inks deal with Korea Federation of Textile Industries

Bangladesh's apex garment makers' body – Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has recently signed a deal with the Korea Federation of Textile Industries (KOFOTI), aimed principally at promoting trade and investment, particularly in the apparel and textile sector, of the two countries.

According to reports, BGMEA President Faruque Hassan and KOFOTI Chairman Sang Woon Lee signed a memorandum of understanding (MoU) in this regard at Seoul recently even as the BGMEA Chair on his part underlined South Korea is one of the emerging markets for Bangladesh in the East Asian region while adding, "We have identified innovation, diversification and technological upgradation as the key strategic priorities for our future growth," even as he opined a collaboration between Bangladesh and South Korea is crucial as such.

The MoU includes more cooperation in the areas of exchange of information and discussion of trade issues between South Korea and Bangladesh, further maintained reports while also adding the collaboration also seeks to promote direct or joint venture investments from South Korea to Bangladesh in high-end garment items, non-cotton textiles, woven textiles and garments, and skills development and innovation.

Source: apparelresources.com- Nov 01, 2022

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NATIONAL NEWS

Shri Piyush Goyal chairs review meeting of PLI for textiles; interacts with beneficiaries

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today asked stakeholders of the textile industry to strive to move up the value chain and focus on products of high value. He was interacting with the beneficiaries of the Production Linked Incentive Scheme (PLI) for textiles at a review meeting in New Delhi.

He asked the beneficiaries to focus on improving the quality of textile products made in India to make them world-class. The USP of Indian textile industry must not be restricted to cheap labor, the Minister opined. He asked that textile sector workers be paid fairly, given social security and brought to the formal sector.

Shri Goyal acknowledged the textile sector's inherent capability to create employment and drive both growth and exports and said that textiles was one of the sectors identified by Prime Minister Shri Narendra Modi as an industry with immense potential.

The Minister said that the centre was looking at PLI 2.0 and instructed officials of the Ministry to undertake extensive and exhaustive stakeholder consultations before finalizing the contours of PLI 2.0. He asked them to make PLI 2.0 robust and emphasized that PLI 2.0 would empower the sector to compete globally with top exporting countries like China, Vietnam.

The review meeting under the Chairmanship of Hon'ble Minister was attended by representative of 49 companies and key dignitaries of Ministry of Textiles.

Under the PLI Textile Part 1, 67 applicants had applied out of which 64 were selected and out of these 64 companies 55 companies have formed participant companies. The proposed investment during the entire tenure of the scheme is INR 19,789 Cr out of which INR 1,536 Cr. has been invested so far.

Review meeting was held to understand the implementation status of the projects under the Scheme and for resolving their issues. Companies complimented the Ministry for PLI scheme.

At the meeting, several procedural issues were clarified for the sake of easy understanding. NICDC shared the ready availability of land with plug and play facility at Dholera, Aurangabad, Greater NOIDA and Indore.

Minister also directed the Ministry team to actively engage with the participants and resolve state and administrative issues they faced. He urged textile industry players to work with a sense of duty, a 'kartavya bhavana', aim higher and dream bigger to take Indian textile industry to greater heights.

Source: pib.gov.in- Nov 01, 2022

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Australian Minister informs IndAus ECTA to be ratified shortly

Union Minister of Commerce & Industry Shri Piyush Goyal in a virtual meeting with H.E. Don Farrell, Minister of Trade and Tourism, Government of Australia noted that the early implementation of IndAus ECTA is in the best interest of both the countries. Meeting was held to discuss the status of ratification of IndAus ECTA (India-Australia Economic Cooperation and Trade Agreement), its early implementation and to deliberate upon way forward for a comprehensive IndAus ECTA.

During the meeting both the delegations reviewed and appreciated the progress made in ratification of the IndAus ECTA, which was signed on 22nd April, 2022. The Australian Minister informed that the IndAus ECTA as well as the amendments to the domestic regulation of Australia for resolving the issues related to Double Taxation Avoidance Agreement (DTAA) had been introduced in the Australia Parliament and likely to be ratified shortly after the Joint Standing Committee on Treaty submits its report to the Australian Parliament.

He further mentioned that the processes related to the ratification of the agreement will be completed in the following weeks. Both the parties acknowledged the importance of initiating discussions for the comprehensive IndAus ECTA, as agreed under IndAus ECTA signed on 2nd April, 2022. They agreed to hold the annual Joint Ministerial Commission (JMC) meeting sometime early next year. In the meantime, experts from both the sides will have their first round of discussions, which will lay a roadmap for the Joint Ministerial Commission meeting.

Delegations noted that both nations share a special partnership based on mutual values of pluralistic parliamentary democracies, expanding economic strategic engagement and long-standing people to people ties.

Meeting concluded with both the parties acknowledging the need to redefine their economic relations exploring the opportunities offered in trade and investment.

Source: pib.gov.in- Nov 01, 2022

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Indian Exim Bank inks pact with Southern Africa's leading bank to boost India-Africa trade

Export-Import Bank of India (India Exim Bank) has concluded a Master Risk Participation Agreement for supporting trade transactions with FirstRand Bank (FRB) Limited. The agreement was signed in Johannesburg on Monday on the sidelines of the India - Southern Africa Regional Conclave, in the presence of. Silvino Augusto Jose Moreno, Minister for Industry and Commerce, Mozambique, Jaideep Sarkar, High Commissioner of India to South Africa and Busi Mabuza, Board Chairperson, Industrial Development Corporation of South Africa Limited, and Chair, BRICS Business Council.

FRB has a presence in Botswana, Eswatini, Ghana, Lesotho, Mozambique, Namibia, Nigeria, South Africa, Tanzania and Zambia, besides a representative office in Mumbai. The agreement opens financing avenues to support trade between India and Africa, aiming to strengthen the growing economic engagement between India and African nations.

The agreement has been signed under India Exim Bank's latest trade facilitation initiative, the Trade Assistance Programme. Under this programme, India Exim Bank provides credit enhancement to trade instruments, thereby augmenting the capacity of commercial banks / financial institutions to undertake cross-border trade transactions involving markets where trade lines are constrained, or where the potential has not been harnessed.

Speaking on the occasion, India Exim Bank's Chief General Manager, Vikramaditya Ugra, highlighted, "Over the last few months, India Exim Bank has supported multiple trade transactions under the programme, covering a wide range of sectors including agriculture, automotive parts, capital and engineering goods, food, iron & steel and textiles."

India Exim Bank's publication 'Reinvigorating India's Economic Engagements with Southern Africa' was also released at the Conclave.

With the increasing diversification of India's global trade towards developing countries, Southern African countries have emerged as significant trade partners for India.

India Exim Bank finds substantial complementarity in India's exports and the Southern African Custom Union (SACU)'s imports over the last decade. The study identifies products with strong export potential from India to SACU.

A Preferential Trade Agreement is expected to ease the trade hurdles between India and SACU, leading to overall increase in India's trade and investment with SACU and with the broader region of the Southern African Development Community (SADC).

As new trade and investment partnerships are forming across the world, the study highlights the necessity of India and Southern African countries to forge mutually beneficial collaborations in several areas of interest.

Source: economictimes.com- Nov 01, 2022

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₹1,51,718 crore gross GST revenue collected for October 2022

The gross GST revenue collected in the month of October 2022 is ₹ 1,51,718 crore of which CGST is ₹ 26,039 crore, SGST is ₹ 33,396 crore, IGST is ₹ 81,778 crore (including ₹ 37,297 crore collected on import of goods) and Cess is ₹ 10,505 crore (including ₹ 825 crore collected on import of goods), which is second highest till date.

The government has settled ₹ 37,626 crore to CGST and ₹ 32,883 crore to SGST from IGST as regular settlement. In addition, Centre has also settled Rs 22,000 crore on adhoc basis in the ratio of 50:50 between Centre and States. The total revenue of Centre and the States after regular as well as adhoc settlements in the month of October 2022 is ₹74,665 crore for CGST and ₹ 77,279 crore for the SGST.

The revenue for October 2022 is second highest monthly collection, next only to the collection in April 2022 and it is for the second time the gross GST collection has crossed Rs. 1.50 lakh crore mark. October also saw the second highest collection from domestic transactions, next only to April 2022.

This is the ninth month and for eight months in a row now, that the monthly GST revenues have been more than the ₹ 1.4 lakh crore mark. During the month of September 2022, 8.3 crore e-way bills were generated, which was significantly higher than 7.7 crore e-way bills generated in August 2022.

The chart below shows trends in monthly gross GST revenues during the current year. The table shows the state-wise figures of GST collected in each State during the month of October 2022 as compared to October 2021.

Click here for more details

Source: pib.gov.in- Nov 01, 2022

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Manufacturing activity records strong growth in October: survey

The manufacturing sector in India showed strong growth in October as the Purchasing Managers' Index (PMI) moved to 55.3 in October, as against 55.1 in September. Importantly, this was accompanied by a good rise in employment.

PMI is prepared by S&P Global and released in advance to Government data. The latest number is above its long-run average (53.7) and indicates a strong improvement in the health of the sector. "The upward movement in the headline figure largely reflected strong," S&P Global said.

Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence, said the Indian manufacturing industry again showed signs of resilience in October, with factory orders and production rising strongly despite losing growth momentum.

"Manufacturers continued to loosen the purse strings as they expect demand buoyancy to be sustained in the coming months. There was a marked rise in input purchasing, with firms adding to their inventories to better align with client purchasing. Capacities were again expanded to accommodate improving sales," she said.

Manufacturing employment increased at a rate that was one of the strongest since data collection started in March 2005. The latest PMI results indicate that economic growth in the manufacturing industry remained robust, and price pressures were contained. October data showed historically marked expansions in factory orders and quantities of purchases, while production growth outpaced its long-run average despite softening to a four-month low.

De Lima said the Future Output Index component indicated robust business optimism towards the year-ahead outlook. "Consumer goods was the best-performing category in October, recording the greatest performances for output, total sales and exports.

Growth for all of the aforementioned areas were sustained in the intermediate and investment goods sub-sectors, albeit with slowdowns since September," she said.

The report accompanying PMI highlighted that firms were again able to secure additional work in October, taking the current sequence of growth to 16 months. Overall, factory orders increased at an above-trend pace that was nonetheless the weakest since June. New export orders also rose markedly, with the pace of expansion ticking higher. Production, likewise, expanded at a slower rate at the start of the third fiscal quarter, the slowest since June, albeit one that surpassed its long-run average.

Growth was linked to ongoing improvements in demand and enhanced technology. Indian manufacturing companies bought additional inputs in October, amid efforts to rebuild stocks and fulfil greater sales. Overall, input buying rose solidly, but at the slowest pace in 14 months, the agency added.

Manufacturing PMI is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month.

A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Source: thehindubusinessline.com- Nov 01, 2022

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Special mechanism for sharing trade data in the works

The revenue and commerce departments are working on developing a special mechanism for sharing crucial export-import statistics, following instances of data leak putting businesses into jeopardy.

"The revenue department will be putting in place a mechanism that will allow 'encrypted access' to trade data that will be shared in a secure manner," a senior government official told Business Standard. The departments were at odds over data sharing and a delay in compiling daily and weekly trade data. While data sharing resu-med last week, the departments are try-ing to have a strict mechanism on the extent to which data will be shared.

The delay in sharing data came to light after the Central Board of Indirect Taxes and Customs (CBIC) came upon at least 12 cases where the confidential data of entities/individuals such as the volume of items imported/exported, prices of commodities traded, and quality and quantity of goods were disseminated within the "dark web", compromising business secrecy, another official with direct knowledge of the matter said.

The dark web is a term used for parts of the internet that cannot be accessed using regular browsers. Websites on the dark web cannot be crawled by search engines like Google, Yahoo, and Bing.

The CBIC's investigation team has initiated the probe and is trying to locate the people who sold the trade data, he said. Last month, the electronic portal of Customs — the Indian Customs Electronic Gateway (ICEGATE) — had stopped sharing key information such as shipping bill numbers and dates, and bills of entry number in the daily trade returns.

As a result, the Directorate General of Commercial Intelligence and Statistics (DGCIS), which compiles and publishes trade statistics and comes under the commerce department, was not able to process and validate the crucial daily and weekly trade data for over two weeks.

As part of its measures to curb such leaks, both departments are even monitoring internally, ensuring checks on data usage, one of the officials said.

Compilation of daily and weekly foreign trade data is crucial because it is regularly analysed by various departments and ministries, including the department of commerce, the Prime Minister's Office, and the inter-ministerial committee for monitoring export and import.

It is particularly important, considering the need for timely data for mapping exports and imports of essential commodities as well as the progress and groundwork needed for handling FTAs.

Source: business-standard.com- Nov 01, 2022

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How long can India defy slowing Asian exports?

Business activity in India's manufacturing sector held up in October, amid easing pricing pressures. The seasonally adjusted S&P Global manufacturing Purchasing Managers' Index (PMI) rose slightly to 55.3 in October from 55.1 in September. A reading above 50 indicates expansion.

The October PMI readings from some other key Asian countries reflect the continued weakening of global demand. As such, India's PMI shows that the country has been on a better footing. However, the improvement in India's headline manufacturing PMI was largely driven by the unusual jump in the sub-index measuring employment. According to the PMI survey report, manufacturing employment increased at a rate that was one of the strongest since data collection started in March 2005.

"The sudden improvement in labour demand probably won't last, though it makes sense in the context of rising backlog of work," said Miguel Chanco, chief emerging Asia economist at Pantheon Macroeconomics. The improvement in the headline number masks a continued softening in the new orders sub-index and its output counterpart, he added.

India's seasonally adjusted New Export Orders Index also rose to its highest level since May. This is a steep contrast to what some other Asian economies are experiencing amid fears of a global recession. Nomura's leading index of Asia's (ex-Japan) aggregate exports is signalling a deepening downturn in Asia's export growth. In a report dated 31 October, economists at Nomura Singapore Ltd said that its latest reading plunged from 89.9 to 85.7. This is the largest drop in five months and the lowest reading since August 2020. Weakness in China's imports and a steeper decline in Shanghai's Shipping Exchange Freight Index were among the key drivers, it said.

For the seventh month in a row, India's New Export Orders Index was in the expansion zone in October. "So far, the weakening trend in Asian exports appears to have had limited impact on India's export orders. At the margin, some commodities that India exports, such as gems and jewellery, may still have a price advantage versus Asian peers and that could be aiding here," said Rahul Bajoria, chief India economist at Barclays.

The moot question is for how long India can stay immune to the trend of slowing Asian exports. India's exports will soon start to feel the heat and the upcoming official exports data is likely to show a negative growth on a year-on-year basis, Bajoria said.

Meanwhile, Indian manufacturers remained confident of a rise in production volumes by October 2023, said the PMI survey report. The overall level of business optimism among Indian manufacturers was higher than historical standards, but it fell to a three-month low in October.

This is not entirely surprising, considering that India's retail inflation is hovering above the Reserve Bank of India's (RBI) comfort zone and remains sticky. India's manufacturing activity may have got a boost during the festive season, but demand, especially for discretionary items, may come under pressure because of inflation. Also, the spectre of more interest rate hikes, though of smaller quantum, still looms large.

The RBI is scheduled to meet on 3 November to discuss an explanation on why it has not been able to keep retail inflation within its 2-6% target band for three consecutive quarters. Nobody expects the central bank to pull a rabbit out of the hat by hiking interest rates at this meeting. Even so, another 25 basis points rate hike, cannot be ruled out going ahead, as the central bank continues its fight to tame inflation.

Source: livemint.com- Nov 01, 2022

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Trade data from China, India shows gaping hole of $12 billion: Report

According to China's data, its trade with India touched $103 billion in the first 9 months of 2022. On the other hand, according to India's data, the bilateral trade stood at $91 billion, according to a report in Mint. Under-invoicing of shipments by Indian importers is believed to be the main reason behind the gap in figures. Underreporting is often done to evade taxes. The latest figures reveal that despite government's monitoring, the gap is higher than usually anticipated.

"To reap maximum benefits, traders manipulate the values on invoices submitted to the customs authorities to avoid tariffs that should be levied. Empirical studies also show that when the tariffs are high, firms tend to under-report imports," the Mint report quoted Biswajit Dhar, a professor at the Jawaharlal Nehru University, as saying. Data from China's General Administration of Customs showed that the country's exports to India stood at $89.99 billion till September. According to India's figure, the imports from China were worth $79.16 billion. This shows a gap of over $10 billion.

Similarly, a gap of $2 billion was noted in the data on exports from India. India's data showed exports to China worth $12 billion, while China's respective data showed a figure of $13.97 billion. According to Mint, the trade deficit between the two countries, according to China was $75.67 billion. According to India, it was $67.17 billion, bringing the difference to over $8 billion. "Exporters would choose to misreport if the exchange rate is overvalued. Similarly, an importer would under-invoice if the tariffs are higher than the market exchange rate. Trade mis-invoicing may be driven by a desire to bypass administrative hurdles instead of tariff avoidance," Dhar added.

However, on being asked about the gap, the Ministry of Commerce and Industry told Mint, "India is a sovereign country and our numbers are quite solid, based on data collected from various sources, including ports. We cannot comment on how other countries gather their data, particularly countries that are very opaque. India abides by international norms and UN conventions for maintaining robust data."

Source: business-standard.com- Nov 01, 2022

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SIMA welcomes decision to not levy duty on MEG

The Southern India Mills' Association has welcomed the decision of the Directorate General of Trade Remedies (DGTR), rejecting a proposal to levy anti-dumping duty on Monoethylene Glycol, which is a main raw material used in the production of polyester staple fibre.

Ravi Sam, chairman of the Association, said in a press release on Tuesday that in a notification dated October 27, the DGTR rejected the proposed levy.

The Union government had been taking several measures to address structural issues related to raw materials used to make manmade fibre and filament yarn. MMF raw materials were expensive up to 23% in India.

The MMF textiles, particularly polyester, would be the growth engine and job creating sector in the country.

Adequate availability of polyester staple fibre at internationally competitive rate would fuel the growth of emerging technical textiles segment in the country.

The SIMA chairman said when the domestic textile industry faced shortage of cotton in 2021-22 cotton season (October to September), several textile mills, weaving units and garment manufacturing units switched over to polyester textiles.

Source: thehindu.com- Nov 01, 2022

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Setback for India's cotton yarn export in April to August period!

FY '22 proved to be a great one for Indian cotton yarn exporters as they managed to tap 92.32 per cent growth on yearly basis.

However, the start of FY '23 remains dismal as India's cotton yarn exports declined by 42.82 per cent to US $ 1.14 billion in April to August period, as per official data released by Ministry of Commerce and Industry, India.

The decline was majorly contributed by the top export destinations Bangladesh and China where exporters saw a drop of 36.14 per cent and 93.14 per cent respectively!

The shipment to Bangladesh valued US $ 513 million dropping from US $ 803 million a year earlier, while shipment to China shrunk from a whopping US $ 409.44 million to just a meagre US $ 28.08 million in the said period.

Cotton yarn shipment from India to Portugal too came down drastically from US $ 93 million to US $ 40.81 million in the review period, noting 56 per cent yearly downfall.

On one hand, exports to Bangladesh, China and Portugal remained negative, while on the other hand, it increased in Egypt and Italy.

Cotton yarn exports to Egypt valued US $ 74.36 million (up by 5.47 per cent), while the exporters clocked US $ 36.93 million (up by 132 per cent) from the Italy market.

Source: apparelresources.com- Nov 01, 2022

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Cotton yarn prices down after Diwali in South India; traders hopeful

South India's cotton yarn prices decreased by ₹5-12 per kg after Diwali as demand remained weak amid seasonal decline in cotton prices. Buying activity by buyers in the textile value chain is limited, which is further dampening market sentiments. However, traders expect seasonal buying to pick soon as stocking is essential during cotton arrival.

The Mumbai market witnessed a downward trend and cotton yarn prices lost ₹5-12 per kg since Diwali. Reduced cotton prices and muted buying from mills are the causes of concern for the yarn market. Industrial and trading activities in many parts of Gujarat are still slow due to the extended Diwali holidays.

It is also dampening the sentiments in the yarn market in the western parts of the country. "Buyers remained silent even after Diwali. Slower demand from downstream industry and liquidity crunch are discouraging buyers. The market will see improved buying only when cotton and yarn prices stabilise," a trader from Mumbai market told Fibre2Fashion.

In Mumbai, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,620-1,650 and ₹1,530-1,550 per 5 kg (GST extra) respectively. 60 combed warp was priced at ₹350-355 per kg. 80 carded (weft) cotton yarn was sold at ₹1,450-1,480 per 4.5 kg. 44/46 count carded cotton yarn (warp) was priced at ₹300-307 per kg. 40/41 count carded cotton yarn (warp) was sold at ₹290-295 per kg and 40/41 count combed yarn (warp) was priced at ₹312-315 per kg, according to Fibre2Fashion's market insight tool TexPro.

In the Tiruppur market, the downward trend continued in cotton yarn prices even after Diwali. Spinning mills reduced cotton yarn prices by ₹20 per kg today. Market prices of cotton yarn also slipped by ₹5-7 per kg.

A trader from Tiruppur told Fibre2Fashion, "There was a lack of confidence amid sluggish demand from the downstream industry. Buyers are refraining from buying, so prices touch the bottom line. However, buyers will turn up in the market for seasonal purchases."

Today, 30 count combed cotton yarn was traded at ₹305-310 per kg (GST extra), 34 count combed at ₹315-320 per kg and 40 count combed at ₹320-325 per kg in the Tiruppur market. Cotton yarn of 30 count carded was sold at ₹275-280 per kg, 34 count carded at ₹282-285 per kg and 40 count carded at ₹292-295 per kg, as per TexPro.

In Gujarat, cotton prices dropped by ₹3,000 per candy of 356 kg since Diwali due to seasonal pressure and sluggish demand from spinning mills. According to market sources, spinning mills were slow in buying cotton as they are facing disparity at current cotton and yarn prices. Demand will pick up once the prices drop below ₹60,000 per candy of 356 kg. Cotton prices declined to ₹64,000-64,500 per candy in Gujarat.

Source: fibre2fashion.com- Nov 01, 2022

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Cotton picking gains steam in Telangana

Due to the near continuous rains this season, the pest attacks, mainly pink bollworm, on the cotton have been lower this year. Also, the TS Government officials ensured that use of herbicide tolerant cotton seeds (HrBt), which is not approved by the Government, is kept low compared to 15% to 16% of the acreage at the national level, said Ram Kaundinya, Director General of industry body Federation of Seed Industry of India.

The cotton sector needs new technology as the yields are stagnant, continue to suffer pest attacks and need weed management. Cotton cultivation using HtBt seeds is considered illegal as the Government has not approved its use yet.

Pickings have begun in Telangana and will start gaining steam this month. Cotton was taken up in about 52 lakh acre. The average yield expected is around 3.5-5 quintal per acre seed cotton (kapas) yield, he said, adding that single-pick cotton is on the rise but will take some more time to hit the 50,000 acre that the Telangana Government targeted, he said.

The single-pick variant offers better quality produce, higher price and needs fewer labour. About 25,000 plants can be accommodated in one acre compared to 8,000-9,000 regular variants, he said.

Traceability

Union Minister of Textiles, Commerce and Industry Piyush Goyal recently in Hyderabad asked the cotton industry stakeholders to work towards setting up a traceability system for cotton. He asked the industry to make efforts to brand Indian cotton on the lines of Australian cotton, which is considered the best.

“Focus should be on avoiding contamination and this means moving towards organic cultivation. Contamination will show up in later stages of processing and these strands will stand out.

As a result, the entire block gets a lower price. Telangana and a few other States produce quality cotton. Branding should be a continuous process,” said Sushil Sancheti, Managing Director, Sri Ram Spinning Mills.

“Recession fears in the key export markets like the US will hit the demand for cotton. Fashion segment will not be a priority when there is monetary tightening.

Fall in consumption is a cause of concern for the industry. We are witnessing demand that is the lowest in the last five to seven years but are hopeful that the demand will rebound from January.

The industry can hold stocks for some time but not the farmer,” he said, adding that the current prices, though about about 20% higher than the MSP, are significantly lower than the high prices fetched in recent times.

Source: telanganatoday.com- Nov 01, 2022

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