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INTERNATIONAL NEWS

EU trade deficit drops to €2 bn in Q1 2023 amid lower energy prices

Driven to a large extent by the decrease of energy prices, the European Union (EU) trade balance displayed a deficit of just €2 billion in the first quarter (Q1) of 2023, following deficits of €150 billion in Q3 2022 and €78 billion in Q4 2022. These developments follow four quarters of increasing deficits.

Between Q4 2021 and Q3 2022, there was a significant increase in extra-EU trade, mainly caused by rising commodity prices, particularly for imports of energy, as the Russian invasion of Ukraine put additional upward pressure on these products. However, in Q4 2022, exports grew only by 1.5 per cent compared with the previous quarter, while imports fell by 7.7 per cent due to decreasing prices of energy products, Eurostat said in a press release.

In Q1 2023, both exports at -1.4 per cent and imports at -11.5 per cent fell compared with the previous quarter, totalling €656 billion and €658 billion, respectively.

However, rising prices of energy products increased the deficit for energy so much that the overall surplus turned into a deficit. In the last two quarters, declining energy prices allowed the trade deficit to return to almost zero.

Although in Q1 2023, the trade balance for machinery and vehicles at €47 billion was still not close to the high value registered in Q1 2019 at €60 billion, data show that the trade balance for these products almost doubled compared with Q2 and Q3 2022 at €25 billion in each quarter.

In the first three months of 2023, the EU trade balance for energy products was -€114 billion and -€9 billion in raw materials.

Source: fibre2fashion.com– May 26, 2023

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Despite Q1 dip, China retains lead as top US apparel supplier

China remains the top apparel supplier to the US in the first quarter (Q1) of the current year, despite a steep decline in imports. Of the total import worth $19.522 billion, China's share accounted for 18.11 per cent, equating to approximately $3.53 billion. The remaining leading suppliers include Vietnam, Bangladesh, India, and Indonesia, collectively accounting for more than 56 per cent of the total apparel imports into the US.

According to the most recent trade data available on Fibre2Fashion's market insight tool TexPro, the US saw a 34.27 per cent year-on-year decrease in apparel imports from China in the first quarter of 2023. Imports from China totalled $5.377 billion in Q1 2022, $4.122 billion in Q1 2021, $3.406 billion in Q1 2020, $5.846 billion in Q1 2019, and $5.860 billion in Q1 2018.

The US imported $3.288 billion worth of apparel from Vietnam in the first quarter of this year, which accounted for 16.84 per cent of total imports. Bangladesh followed with $2 billion (10.25 per cent), India with $1.339 billion (6.86 per cent), and Indonesia with $1.197 billion (6.13 per cent). Other major suppliers include Mexico (3.83 per cent), Cambodia (3.81 per cent), Honduras (3.02 per cent), Italy (2.81 per cent), and Nicaragua (2.74 per cent).

US apparel import values have been decreasing on a quarterly basis. In Q3 2022, imports were valued at $29.389 billion, dropping to $21.146 billion in Q4 2022, and further to $19.525 billion in Q1 2023. This downward trend was also evident in Q1 2022, with imports totalling $24.368 billion, as per TexPro.

The US placed restrictions on garments made from cotton produced in China's Xinjiang region in June 2022.

Source: fibre2fashion.com– May 26, 2023

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Poland's retail sales decline by 4.8 YoY in Jan-Apr 2023

In April 2023, Poland's retail sales at constant prices were lower by 7.3 per cent year-on-year (YoY). Compared with March 2023, an increase of 0.1 per cent in retail sales was recorded. During January-April 2023, sales decreased by 4.8 per cent YoY.

The largest decrease in the country's retail sales at constant prices in April 2023 compared with the corresponding period of 2022 was reported by products from the group called 'others'—by 17.3 per cent against an increase of 21.2 per cent the year before.

Among the presented groups, a slight increase in sales was reported only by the textiles, clothing, and footwear category at 0.6 per cent, Statistics Poland said in a press release.

In April compared with March 2023, a decrease in online retail sales value at current prices was recorded at 6.1 per cent. The share of online sales in total sales decreased from 8.6 per cent in March to 8.1 per cent in April 2023.

Among the presented groups with a significant share of online sales, a decrease in share was reported by enterprises classified in the groups including textiles, clothing, and footwear—which went from 23.0 per cent to 20.0 per cent, respectively.

After eliminating the seasonal factors, retail sales at constant prices in April 2023 were higher by 1.1 per cent compared with March 2023.

A significant drop in sales was also recorded for solid, liquid, and gaseous fuels at -14.5 per cent.

Source: fibre2fashion.com – May 25, 2023

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US, Vietnam buy 50.2% of Jan-Apr exports

The US and Vietnam together held a 50.20 per cent market share of Cambodia's goods exports in the first four months of 2023, making them the Kingdom's top two destinations in that order for the fourth consecutive January-April period, according to Customs (GDCE) data compiled in "International Merchandise Trade Statistics" bulletins.

Although a slight dip from a 51.29 per cent market share a year earlier, this marks considerable jumps from the 30.95 per cent and 23.66 per cent recorded in the same periods of 2015 and 2017, respectively. According to the bulletins, which only cover 2015-2023, this is only the second January-April period where this percentage has exceeded 50 per cent.

In January-April 2023, Cambodia exported goods to the tune of $7.234 billion – down 4.89 per cent year-on-year from $7.606 billion – of which $3.631 billion went to the US or Vietnam, which was down 6.91 per cent on an annual basis from $3.901 billion.

Individually, Cambodia's exports to the US and Vietnam amounted to $2.450 billion and $1.181 billion, respectively, down 16.20 per cent and up 20.89 per cent year-on-year from $2.924 billion and $977.270 million. The US and Vietnam bought 33.87 per cent and 16.33 per cent of the Kingdom's total exports.

In April alone, exports to the two countries totalled $898.58 million – down 9.43 per cent year-on-year from $992.17 million – representing 48.78 per cent of the total $1.842 billion in exports for the month, which was down 2.51 per cent from $1.889 billion.

'Constant growth'

Cambodia Chamber of Commerce (CCC) vice-president Lim Heng commented to The Post on May 25 that the US and Vietnam have long been top Cambodian export targets, considerably contributing to economic growth.

The US is the largest market for Cambodian garments, footwear and travel goods, while Vietnam is a prominent buyer of the Kingdom's agricultural and unprocessed products, he said.

The world's largest economy "has long been a major market for Cambodian textiles, and exports there have essentially been growing constantly, till about a year ago.

"And due to its border with Cambodia and extensive processing industries, Vietnam consistently imports sizeable quantities of agricultural goods from Cambodia each year," Heng said.

The volume of trade between Cambodia and these two countries is projected to rise, especially as the global economy improves, he noted.

Although the volume of merchandise exchanged between the Kingdom and the other two nations fell 7.04 per cent on-year in January-April 2023, trade rocketed from $3.480 billion in full-year 2015 to $15.417 billion in 2022, growing at a compound annual growth rate (CAGR) of 23.69 per cent, according to the GDCE.

Royal Academy of Cambodia economics researcher Ky Sereyvath stated that the Kingdom's imports and exports, especially those involving the US, Vietnam or other major trading partners, should rise if the global political climate improves and the world economy stabilises and recovers.

The US and Vietnam are primary import and export markets, he said, highlighting that the former provides Cambodia with preferential tariffs, and that the bordering country has had long-standing trade ties with the Kingdom.

"The US and Vietnam are Cambodia's main export markets, and trends will improve once the global economy is back on the road to recovery," Sereyvath said.

Regardless, he suggested the Kingdom strive to strengthen and expand its production and processing capacity and look into potential new target markets.

He also remarked that the US and Vietnam are leading import sources for the Kingdom, notably its neighbour.

According to the GDCE, Cambodia imported $1.324 billion worth of goods from the two countries in the first four months of 2023 – down 7.39 per cent year-on-year from $1.430 billion – comprising 16.70 per cent of total imports for the period.

Individually, imports from the US and Vietnam clocked in at $75.004 million and $1.249 billion, down 28.14 per cent and down 5.76 per cent year-on-year from $104.380 million and $1.325 billion. Vietnam was the Kingdom's second largest import source for the period, after mainland China ($3.454 billion).

The breakdown

No breakdown was immediately available of the specific items traded between Cambodia and the other two countries at any point during 2022-2023.

However, Trading Economics statistics show that, out of Cambodia's $7.49 billion worth of goods exports to the US in 2021, "articles of apparel, knit or crocheted" accounted for the lion's share at $2.21 billion (versus $1.75B in 2020), followed by "articles of leather, animal gut, harness, travel goods" ($1.26B; vs $773.97M), "furniture, lighting signs, prefabricated buildings" ($832.76M; vs $611.96M), and "articles of apparel, not knit or crocheted" ($773.97M; vs $677.20M).

The next eight items were: "electrical, electronic equipment" ($548.03M; vs $281.26M in 2020), "footwear, gaiters and the like" ($498.98M; vs $300.95M), "plastics" ($356.73M; vs $274.92M), "wood and articles of wood, wood charcoal" ($310.75M; vs $203.81M), "vehicles other than railway, tramway" ($271.19M; vs $153.21M), "other made textile articles, sets, worn clothing" ($88.91M; vs $60.00M), "toys, games, sports

requisites" ($55.55M; vs $47.95M), and "residues, wastes of food industry, animal fodder" ($39.39M; vs $19.93M).

For reference, the 12 categories respectively correspond to chapters 61, 42, 94, 62, 85, 64, 39, 44, 87, 63, 95 and 23 of the Harmonised System (HS) of Tariff Nomenclature.

Similarly, out of the Kingdom's $507.65 million worth of goods exports to Vietnam in 2021, "rubbers" accounted for the most at $289.02 million (versus $202.80M in 2020), followed by "sugars and sugar confectionery" ($48.90M; vs $52.49M), "knitted or crocheted fabric" ($25.94M; vs $17.95M), and "electrical, electronic equipment" ($22.09M; vs $19.05M).

The next eight items were: “articles of apparel, knit or crocheted” ($20.35M; vs $33.83M in 2020), “coffee, tea, mate and spices” ($17.89M; vs $3.26M), “footwear, gaiters and the like” ($6.87M; vs $7.90M), “ships, boats, and other floating structures” ($6.24M), “lead” ($5.97M), “clocks and watches” ($5.95M; vs $5.83M), “tobacco and manufactures tobacco substitutes” ($5.95M; vs $5.67M), and “salt, sulphur, earth, stone, plaster, lime and cement” ($5.58M; vs $882.55K).

These 12 categories respectively correspond to chapters 40, 17, 60, 85, 61, 09, 64, 89, 78, 91, 24 and 25 of the HS.

The economic data provider notes that its figures are sourced from the UN Commodity Trade Statistics Database (UN COMTRADE).

Source: phnompenhpost.com – May 26, 2023

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Cambodia's Apparel Exports Decline Amid Global Challenges

In the first four months of 2023, Cambodia's export earnings from "articles of apparel and clothing accessories, knitted or crocheted" reached $1.395 billion, reflecting a 28.49% year-on-year decrease and a 40.80% decline compared to the July-October 2022 period. This category accounted for 19.28% of the country's total merchandise exports during this period, down from 25.64% in the same period last year. Despite the decline, the current export levels are still higher than during the Covid-19 lows.

Reasons for the Decline

The drop in exports is attributed to economic hardships caused by the Russo-Ukrainian conflict, which disrupted raw material and energy supply chains globally, leading to increased production costs and inflation. The tightening of expenses by consumers in major markets for Cambodian apparel, such as the US and Europe, also contributed to the decline.

April Exports and Challenges Ahead

In April 2023, Cambodia exported $347.692 million worth of apparel, marking a decline of 31.83% compared to the previous year. Although this figure is down from the record high in July 2022, it remains higher than the lowest point in April 2020 when Covid-19 had a significant impact. However, the challenges persist as Chapter 61 items accounted for 18.87% of the country's total exports in April 2023, down from previous periods.

Industry Challenges and Export Destinations

The Textile, Apparel, Footwear & Travel Goods Association of Cambodia (TAFTAC) highlighted that the industry has been facing year-over-year export declines since August due to global economic uncertainty and the Ukrainian crisis.

The top export destinations for Cambodia's garment sector are the US, EU, Japan, Canada, and the UK, with the situation in the EU currently unfavorable. Despite a growth trend in recent years, the industry faces ongoing challenges amid global economic turbulence.

Export Performance

In 2022, Cambodia exported Chapter 61 items worth $6.367 billion, reflecting a 9.41% increase compared to the previous year but a 3.26% decrease from the record high in 2018.

Source: fashionatingworld.com – May 25, 2023

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Bad delivery experiences drive away over 80% Australian customers

New research reveals the extent of negative delivery experiences on customer loyalty, with 81.4 per cent of Australian consumers stating they are not likely to shop with a brand again following a below par experience. Around 71 per cent of Australian consumers rank 'high shipping costs' as the biggest barrier to becoming repeat customers.

Looking at customer loyalty drivers, 41 per cent of Australian consumers rank the quality of delivery experience as a key reason why they regularly buy online from the same brand. Furthermore, affordable prices and product quality rank as the first and second most important factors for consumers, according to a survey by cloud-based e-commerce shipping solution ShipStation.

Australian merchants agreed on the importance of product quality and delivery quality as customer retention drivers in line with consumer expectations, but disagree on the topic of affordability, with 46.6 per cent of respondents ranking it as a key retention driver.

As e-commerce habits have evolved, the majority of consumers now take a hybrid approach to shopping, with over 73 per cent of Australian consumers stating they shop both online and offline. The study highlighted that 66 per cent of Australian consumers report doing over a third of their shopping online.

Apparel comes out on top when looking at e-commerce purchases, with almost 74 per cent of Australian consumers having made an online purchase in this category over the past 12 months.

Over 90 per cent of Australian consumers state that a lack of adequate delivery options can influence whether they abandon their cart at the online checkout. Breaking this down, over 60 per cent of consumers state they will sometimes abandon their cart and 30 per cent indicate they will quite often or always abandon their cart if their desired delivery option is not offered.

In contrast, over 38 per cent of Australian merchants surveyed believe a lack of delivery options offered at the checkout 'never' prevents consumers from finalising their purchase.

Only 30 per cent of Australian consumers choose marketplaces as their preferred e-commerce channel. In fact, the majority of Australian consumers—56 per cent—report a preference to shop directly on a brand's website. Additionally, the research reveals that while social commerce is a growing industry, at present only 3 per cent of Australian consumers consider it their preferred e-commerce buying channel.

About 43 per cent of Australian consumers resell their old purchases/unused items on third party platforms.

"The e-commerce market today will favour merchants who understand the opportunities and make the necessary investments in areas such as their delivery experience, omnichannel proposition, and options. Those who don't, will find life very difficult," said David Boyer, VP, head of Australia and New Zealand at Auctane, ShipStation's operating group.

Source: fibre2fashion.com – May 26, 2023

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Pakistan Can Boost Apparel Exports Using Bangladesh Model: Experts

Pakistani textile industry can enhance its apparel exports on a sustainable basis by following the model adopted by Bangladesh which significantly boosted its exports of readymade textile products.

According to research published by the State Bank of Pakistan (SBP), Pakistan can learn from the experience of Bangladesh to boost its apparel exports as it can replicate the successful use of back-to-back letters of credit and bonded warehouses to procure quality imported raw materials and intermediary products at world prices.

Pakistan's textile industry is mostly dependent on domestic sourcing of these products; however, due to the declining cotton quality and availability, the industry needs to source better quality, high-count cotton primary, and intermediary products from the international market, as does Bangladesh. Moreover, since the world demand is transitioning towards man-made fibers, its duty-free imports can help to diversify Pakistan's concentrated apparel basket; doing so can also increase its share in the world apparel market.

Pakistan's garment maker firms should also get into joint ventures with foreign firms, as did Bangladesh. Such ventures can help transfer necessary capital, technology, managerial, and marketing skills, which will bring about necessary process upgrading, product upgrading, and functional upgrading, experts suggested in the Staff Notes published by the SBP.

Bangladesh Model

Bangladesh had a non-existent textile industry at the time of independence in 1971. That changed with the advent of the Multi-Fiber Agreement (MFA). MFA was an international trade agreement concerning the textiles and clothing trade that was in place from 1974 to 2004.

Through overseas subcontracting, big apparel firms from Korea saw an opportunity to set up factories abroad, so that they could produce and export products to developed countries from there, without violating their own country quotas—a step often dubbed as 'quota hopping'.

A generation of Bangladeshis also received intensive hands-on training in apparel production in Korea. Those trainees later set up their own factories in the country that set on the course of producing and exporting garments on a scale. Between 1984 and 2004, the number of apparel factories rose from 134 to 3,957. With nominal export values in the 1980s, the country's garment exports grew significantly in the 1990s, at an average annual rate of 24 percent. Between FY84 and FY04, these exports had risen 22 times from $32 million to $5.7 billion.

Bangladesh adopted an import-substituting growth strategy in the early 1970s. That meant large-scale public sector enterprises, extensive quantitative restrictions on imports, high import tariffs, foreign exchange rationing, and an overvalued exchange rate, creating an "anti-export bias".

Various export-friendly policies proved to be major domestic drivers of Bangladesh's garment success including duty drawback scheme, cash incentives, bonded warehouse facilities, and back-to-back letters of credit. Under the duty drawback scheme, the tariffs paid on imported inputs and the value-added tax paid on local inputs used for export products are refunded.

These policies proved instrumental in enabling the growth of the garment industry in the decades to come. Policies such as bonded warehouses and back-to-back letters of credit, helped Bangladesh assimilate into the global textile value chain effectively and sustainably. They enabled the entrepreneurs to set up factories with low investment, thus allowing mushroom growth of the industry.

This arrangement has two-fold benefits. It helps apparel manufacturers and exporters to cut back on their working capital requirements, providing them fiscal space to ensure higher utilization of existing capacity, as well as capacity expansion. These policies, along with cash incentives, facilitated local involvement in the sector. Secondly, the country earns net foreign exchange without drawing down on the existing reserves.

Bangladesh has preferential access to 38 countries in total, including 27 countries from the EU, Canada, the UK, Japan, Australia, Belarus, Liechtenstein, New Zealand, Norway, Russian Federation, Switzerland, and Turkey. Europe (the EU-27 and UK) and the US remain its top traditional markets, with a combined share of over 80 percent.

Bangladesh's garment story is one of success, especially when it is judged by the numbers and the impacts it has on its social and economic lives. The apparel industry has been a major FX earner for Bangladesh, accounting for over 80 percent of national exports.

Its contribution to GDP has multiplied 4.5 times between the early 1990s and 2019; GDP per capita also rose 6.1 times in the same timeframe, which is higher compared to India's 5.7 and Pakistan's 3.5 in the comparable periods.

The apparel industry is the single largest wage-distributing industry in the country, generating 40 percent of total manufacturing employment. It employs around 4.5 million workers, providing livelihood to 10 million people directly or indirectly.

Source: propakistani.pk– May 25, 2023

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NATIONAL NEWS

India's Q1 FY24 growth likely to be driven by private consumption: RBI

India’s gross domestic product (GDP) growth in the first quarter (Q1) of fiscal 2023-24 is expected to be driven by private consumption, supported by an underway revival in rural demand, the Reserve Bank of India (RBI) said in its latest State of the Economy report.

Inflationary pressures are moderating and inflation is projected to fall to 5.1 per cent in Q1 FY24 from 6.2 per cent in the preceding quarter, the report said.

Investment activity is also expected to improve, drawing strength from the thrust on capital expenditure in public spending and moderation in commodity prices, it noted.

The manufacturing sector as a whole is expected to gain from softening input cost pressures.

The consumer price index (CPI) inflation print for April 2023 indicates that momentum is turning out to be softer than anticipated.

Moreover, with capacity utilisation in manufacturing straining at trend levels and above it in some industries, private capital spending will need to get stronger to add additional capacity as demand picks up, the report said.

Source: fibre2fashion.com- May 26, 2023

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Eurasian economic union meets to speed up proposed FTA with India

The Eurasian Economic Union (EAEU) has decided to expedite the proposed free trade agreement with India that would give Indian companies market access to resource-rich Eurasia where China is making deep inroads.

The decision was taken at the EAEU meeting under Russia's presidency in Moscow on Wednesday and Thursday. The EAEU comprises Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan.

The EAEU meet, which was attended by the presidents of Russia, Kazakhstan and Kyrgyzstan besides over 2,000 delegates, also discussed synergies between the grouping and Brics-SCO ahead of the Shanghai Cooperation Organisation summit in India in July and the Brics (Brazil, Russia, India and China) summit in South Africa in August.

Meanwhile Foreign Minister S Jaishankar met Russian Ambassador Denis Alipov here on Thursday evening. "Discussed our bilateral cooperation, including in the IRIGC-TEC framework. Looking forward to taking that to a higher level. Also spoke about the forthcoming BRICS Foreign Ministers' meeting in South Africa," Jaishankar tweeted following the meeting.

During his visit to India last month, Russian deputy prime minister Denis Manturov had discussed the FTA in detail with external affairs minister S Jaishankar. During a dialogue hosted by Ficci, Manturov and Jaishankar had said that they had entered "advanced negotiations" over the FTA.

"We pay special attention to the issues of mutual access of production to the markets of our countries. Together with the Eurasian Economic Commission, we are looking forward to intensifying negotiations on a free trade agreement with India," Manturov had said, referring to the executive body of the EAEU.

Trade preferences and a mechanism that guarantees protection of investments "will be in demand among Russian and Indian businessmen", according to Manturov.

Jaishankar had conveyed that the FTA talks between India and the Russian-led EAEU were hampered by the Covid pandemic. He said that the ministry of external affairs was in favour of resumption of talks because the proposed pact “will make a real difference to trade relationship”.

Jaishankar had also mentioned how India and Russia have already met their bilateral trade target of $30 billion before the target year of 2025. He further stated that the two-way trade rose to $45 billion between April 2022 and February 2023.

Russian experts say an India-EAEU FTA makes better sense for India as there is a feeling that Russian companies are unlikely to compete in India as vigorously as the Chinese would do.

Source: economictimes.com- May 26, 2023

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Trade partners want to fast-track FTAs with India: Goyal

The countries and economic blocks with which India is negotiating trade and economic agreements want to fast-track negotiations and reach a conclusion, commerce and industry minister Piyush Goyal said Wednesday. “Everybody wants us to fast-track agreements. Free-trade part is separate. They want an agreement…,” he said at a CII’s Annual Conference.

India is at present negotiating such agreements with Canada, EFTA (European Free Trade Association), the UK, and the European Union (EU) among others.

“It shows the increased importance of India in the global order,” the minister said. “We have to choose whether we are going to be bold, whether we are going to engage with confidence or are going to let this opportunity go by,” he said.

“FTAs are two way traffic… I feel very sad when I am being told sometimes that I (industry) want access to the EU market, but please do not allow them to come into our market.”

Goyal said that no other developing country in the world is in such a “sweet spot” as India is.

“I believe this is a compelling case for investments, for growth and for expanding our international outreach, for bringing technology, for bringing innovation into the country,” he said, suggesting the industry should focus on quality, innovation and skilled manpower.

On exports, the minister said that India will achieve $2 trillion worth of goods and services exports by 2030.

He suggested the industry expand markets with an open mind, and engage with the world.

“Look at our import basket, the basket largely gets affected by oil, which will have its own trajectory, possibly a lowering trajectory or a downward trend in the years to come. Our export basket has all the things that the world wants,” he said.

He said the India has strong foreign exchange reserves and the country is in a comfortable position to meet all the requirements even in any worst-case scenario in the next five-six years.

India's forex reserves jumped $3.553 billion to $599.529 billion for the week ended May 12, according to data released by the Reserve Bank of India.

Source: financialexpress.com - May 25, 2023

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Why Indian Home Textile Exporters are Shifting Focus Inwards

Recently, Indian exporters have turned their attention to the burgeoning domestic home product market. They are now tailoring their offerings to the local market, devising distribution strategies, and even opening their own stores. This shift has been primarily due to international markets, particularly Europe, becoming less enticing.

Short- and Medium-term Perspectives

European consumers are spending considerably less in real terms as inflation erodes their purchasing power. In this context, wages are not keeping pace with rising consumer prices. Furthermore, there's a distinct shift in consumer behaviour. Throughout the COVID-19 pandemic, consumers' interests largely revolved around home improvements and lifestyle upgrades. However, these interests are dwindling, with travel and outdoor activities taking precedence, relegating home-related preferences to a lesser priority.

Also, consumers face an immediate need for significant expenditure on new energy-efficient cars and household heating infrastructure upgrades, prompted by intense encouragement from the EU and national governments of major countries like the UK, Germany, and France.

The European construction industry's downturn is another major factor. The decrease in new buildings means less demand for home products, in stark contrast to the previous decade. This slump results from:

a) higher interest rates,

b) stricter credit worthiness requirements to avoid banking crises,

c) skyrocketing costs for building and renovation materials, and

d) a scarcity of skilled labour.

Long-term Perspective

In the long term, textile preferences for housing are still on the decline. Carpets and textile wall coverings are not expected to regain popularity any time soon, with rugs being the preferred option for many consumers. On the other hand, certain home textiles, like tablecloths and curtains, are seeing a consistent rise in preference in Europe and the US.

Most notably, Europe's aging population is resulting in fewer young households, leading to reduced budgets for home textiles and other goods. Hence, the already low growth rates compared to other countries are likely to decrease further.

Another critical factor for Indian and other Far East suppliers: European distributors are seeking shorter, more reliable supply chains, which require larger European stockpiles.

The Inward Focus: Why it Matters for India

Several crucial factors explain why Indian home textile exporters are focusing on the domestic market.

Population Growth: India recently surpassed China as the world's most populous nation, thanks to a relatively high fertility rate. This growth, coupled with rising disposable incomes, will inevitably lead to an increase in household numbers and a consequent surge in demand for home products over both the medium and long term.

The Indian domestic market for home textiles has seen rapid growth in recent years, fuelled by increasing urbanisation, rising disposable incomes, and evolving lifestyles. Hence, many Indian home textile exporters see a significant opportunity to tap into this market.

Logistics and Supply Chain Disruptions: The pandemic has wreaked havoc on global supply chains, hampering Indian home textile exporters' abilities to reach international markets. By focusing on the domestic market, exporters can mitigate these supply chain risks and maintain a steady flow of business.

Government Initiatives: The Indian government has launched various initiatives to bolster domestic manufacturing, including the 'Make in India' campaign, aimed at promoting local manufacturing and exports. These initiatives have created a conducive environment for Indian home textile exporters to concentrate on the domestic market.

Source: fibre2fashion.com - May 25, 2023

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Cotton yarn prices decline in Ludhiana; comber down due to poor demand

Cotton yarn prices in north India continue to face downward pressure due to slow demand and the availability of cheap fibre. The cost of cotton yarn dropped In Ludhiana, while Delhi mostly maintained stable cotton yarn prices. Traders expressed uncertainty concerning potential improvement in demand. To entice buyers, both mills and traders are offering additional discounts. Meanwhile, the Panipat market shows stability in recycled yarn prices. In an attempt to avoid further price drops in yarn—a strategy necessitated by existing losses—mills have chosen to reduce production levels instead.

The Ludhiana market reported a decrease of ₹1-2 per kg in cotton yarn prices, with bearish sentiments prevailing due to the absence of buyers. Mills and traders, keen to avoid a loss in sales, were hesitant to offer lower prices. A trader from the Ludhiana market told Fibre2Fashion, "The decline in cotton prices has further dampened the already weak market sentiments. Mills have an inventory of yarn produced from cotton purchased at significantly high prices. Traders are eager to protect their capital in this uncertain market."

According to the market insight tool TexPro from Fibre2Fashion, 30 count cotton combed yarn was sold at ₹264-274 per kg (GST included). Meanwhile, 20 and 25 count combed yarn traded at ₹254-259 per kg and ₹259-264 per kg, respectively. The price for carded yarn of 30 count was recorded at ₹244-254 per kg.

The Delhi market observed a mostly steady trend in cotton yarn prices, though a few counts and varieties were sold at slightly lower rates. A trader from the Delhi market told F2F, "In the current sluggish market, everyone is attempting to preserve their capital. However, both traders and mills are refraining from offering lower prices. The decrease in cotton yarn prices has further compounded worries for mills and traders."

In Delhi, 30 count combed yarn traded at ₹260-270 per kg (GST excluded), 40 count combed at ₹290-300 per kg, 30 count carded at ₹238-245 per kg, and 40 count carded at ₹268-275 per kg, according to TexPro.

The Panipat market saw a significant drop in the price of cotton comber due to reduced production of recycled yarn. However, most varieties and counts of recycled yarn maintained steady prices as mills were already suffering a loss of ₹4-5 per kg in yarn prices. Yet, 30 count recycled PC yarn dropped by ₹3 to ₹140-145 per kg. In the past 10 days, cotton comber prices have decreased by ₹10 per kg. According to trade sources, the export demand for home furnishing products has plummeted drastically, with domestic demand also failing to sustain the home furnishing industry.

The 10s recycled PC yarn (grey) traded at ₹80-85 per kg (GST excluded) in the Panipat market. Meanwhile, the 10s recycled PC yarn (black) was sold at ₹50-55 per kg, the 20s recycled PC yarn (grey) at ₹95-100 per kg, and the 30s recycled PC yarn (grey) at ₹140-145 per kg. Over the last week, comber prices fell by ₹10 per kg, trading today at ₹120-122 per kg. Recycled polyester fibre (made from PET bottles) was marked at ₹70-72 per kg.

Cotton prices in north India have further decreased by ₹100-125 per maund due to lackluster purchases from mills and weak sentiments from the global market. ICE cotton has witnessed a drop of 2.5 per cent, which has contributed to the easing of domestic cotton futures. Traders have stated that the decline in ICE cotton prices, coupled with poor demand in the domestic textile value chain, has led to a fall in the price of cotton.

Arrivals have dipped below 5,000 bales of 170 kg each. Cotton was traded at ₹5,575-5,675 per maund in Punjab, ₹5,550-5,650 per maund in Haryana, and ₹5,950-6,050 per maund in upper Rajasthan; and at ₹54,500-56,000 per candy (a unit of 356 kg) in lower Rajasthan. Over the past ten days, cotton prices have dropped around 10-12 per cent.

Source: fibre2fashion.com - May 25, 2023

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