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Currency Watch			
USD	EUR	GBP	JPY
83.32	88.90	101.87	0.55

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INTERNATIONAL NEWS

US Cargo Imports Cross 2 Million TEU in September

Cargo entering U.S. ports totaled 2.03 million 20-foot equivalent units (TEUs) in September, the first time imports have reached the 2 million TEU mark since October 2022.

While numbers were down 0.2 percent from last year, according to the Global Port Tracker from the National Retail Federation (NRF) and maritime consultancy Hackett Associates, they exceeded expectations set last month, when September imports were projected at 1.94 million TEUs.

By topping August's 1.96 million TEU, September became the year's busiest import month so far and is likely the peak of the shipping season.

The year-over-year import decline factors into expected 2023 holiday retail sales. NRF is forecasting sales growth between 3 percent and 4 percent over last year, lower than in recent pandemic-era years, but still expected to reach a record $957.3 billion to $966.6 billion.

The retail trade association remains optimistic in the face of the slower peak season, given inventory numbers should be more in line consumer demand, as opposed to the excess inventory that dominated the 2022 holiday.

"Retailers expect record-setting sales during the holiday sales season this year, and they have their shelves stocked to meet demand whether it's in stores or at distribution centers to fulfill online orders," said Jonathan Gold, vice president for supply chain and customs policy, NRF, in a statement.

"Port, railroad and delivery service labor contract issues that caused worries earlier in the year are behind us, and the supply chain is running smoothly. Shoppers should have no trouble finding what they want this year."

Container shipping giants could very well be the indicator of how the holiday season will actually play out. Most products that will be sold during the shopping extravaganza have already arrived in the U.S.

In its third quarter, Maersk's revenue fell nearly 47 percent to $12.1 billion while net income fell 94.5 percent to $8.8 billion. The global logistics company anticipates annual worldwide container volume performance to decline in the range of 2 percent to 0.5 percent.

And while Maersk said it's cutting 10,000 jobs as part of what CEO Vincent Clerc called "a new normal with subdued demand," competitor Hapag-Lloyd is cutting services on key global routes. CEO Rolf Habben Jansen said the company has cut one of five sailings from Southeast Asia to North Europe, as well as one of six services from Southeast Asia to the U.S. East Coast. Revenue for Hapag-Lloyd declined 55 percent in the quarter to $4.5 billion, while net income nosedived 94 percent to $293 million.

While U.S. ports have not yet reported October numbers, the Global Port Tracker projected the month at 1.92 million TEU, down 4.2 percent year over year.

November represents a turn upward from last year, with forecasts at 1.88 million TEU, a 5.8 percent increase from the 2022 month. This would mark the first year-over-year gain since June 2022. December should see an even bigger improvement forecast at 1.85 million TEU, up 6.8 percent from the year prior.

Those numbers would bring 2023 to 22.1 million TEU, which is down 13.5 percent from last year, and only a slight improvement over 2020's 22 million TEU, a then-record year. In the years between, imports during 2022 totaled 25.5 million TEU, down 1.2 percent from the official record of 25.8 million TEU set in 2021, when e-commerce orders surged.

The Global Port Tracker expects the rebound to continue in 2024, although the early comparisons are up against a time when consumer spending was waning and retailers deliberately cut down on inventory shipments.

January 2024 is forecast at 1.87 million TEU, up 3.7 percent year over year, but still down from January 2019 import totals of 1.89 TEU.

February—historically the slowest month of the year because of Lunar New Year factory shutdowns in Asia—is forecast at 1.72 million TEU, up 11.1 percent from last year. March is forecast at 1.73 million TEU, up 6.5 percent year over year.

As the future of imports remains in influx, Hackett Associates founder Ben Hackett said economic conditions in the U.S. are still better than Europe and Asia. A decline in consumer demand brought on by recessions in both regions has left shipping companies with excess capacity on new vessels built in response to the cargo surge of the past few years.

“U.S. consumers stand out in the global economy as they continue to benefit from job and wage growth and are still able to dip into savings accumulated during the pandemic,” Hackett said. “While U.S. consumers are doing well, a global recession in cargo trade could potentially affect the supply chain.”

Source: sourcingjournal.com– Nov 09, 2023

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Cotton prices in Brazil face volatility in October

Cotton prices experienced fluctuations in the Brazilian spot market this October. The market saw a divergence between the quality of cotton and the prices demanded by buyers and sellers. Purchasers exerted pressure on quotations by holding firm on their price expectations, while sellers sought higher values, resulting in moments of stability, according to a report from the Center for Advanced Studies on Applied Economics (CEPEA).

Despite a keen interest in new transactions, purchasers remained inclined to offer lower values. Consequently, only a limited number of trades were concluded in October, primarily aimed at replenishing inventories or for immediate consumption. Notably, some sellers stood resolute on their price demands, particularly for high-quality cotton, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

October witnessed lower overall market liquidity, with industry participants reporting logistical challenges, including high freight costs and difficulties in securing transportation.

According to Brazilian Association of Cotton Growers (Abrapa), cotton processing in Brazil reached 74 per cent of the national production by October 26. In the state of Mato Grosso, processing reached 68 per cent, while in Bahia, it surged to 90 per cent.

Between September 29 and October 31, the CEPEA/ESALQ Index for cotton registered a 1.36 per cent decrease, closing at BRL 4.0185 per pound on October 30.

The Cotton Outlook report, released on October 27, projects global cotton production for 2023-24 at 24.603 million tons, a 4.85 per cent decrease from the previous year (2022-23 - 25.857 million tons), with a slight reduction of 0.38 per cent compared to the previous month's forecast. In Brazil, cotton production for 2023-24 is estimated at 3.05 million tons, representing a 3.8 per cent decline from the previous year's figure of 3.17 million tons.

Source: fibre2fashion.com– Nov 09, 2023

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Africa Sourcing Veteran Explains 'Trickle-Down Effect' of Delaying AGOA Renewal

The 2023 U.S.-sub-Saharan Africa Trade and Economic Cooperation Forum, otherwise known as the AGOA Forum, concluded Saturday in Johannesburg, South Africa, after several days of discussions signaling positive momentum for the the trade legislation's potential renewal.

Set to expire in 2025, AGOA gives dozens of African nations preferred, duty-free access to the U.S. market on more than 1,800 products. U.S. Trade Representative (USTR) Ambassador Katherine Tai led the U.S. delegation to the forum, which was co-hosted by South Africa's Minister of Trade, Industry, and Competition, Ebrahim Patel. The event drew senior government officials from the U.S. and AGOA-eligible nations as well as representatives from regional economic organizations, the private sector and civil society.

Tai met with Mauritius Minister of Foreign Affairs, Regional Integration and International Trade Maneesh Gobin and Tanzania Minister of Industry and Trade Ashatu Kijaji to discuss worker-centered trade policy and how it can contribute to sustained economic growth. She also met with the African Union's Commissioner for Industry and Trade Albert Muchanga, and Secretary General of the African Continental Free Trade Area (AfCFTA) Wamkele Mene on key regional integration issues. Other senior U.S. officials discussed bilateral market issues, food security and agricultural sustainability with leaders from South Africa, Kenya and Uganda.

"Let us continue to build from here, to write the next chapter of our story together, to make AGOA a beacon that shines for years to come," Tai said on Saturday. "We have a lot of work ahead of us, but as we wrap up our time in Johannesburg, I leave optimistic and hopeful."

Prior to Tai's travel to South Africa on Thursday, President Biden expressed strong support for the reauthorization of the trade agreement, calling it "a landmark, bipartisan law that has formed a bedrock for U.S. trade with sub-Saharan Africa for more than two decades."

"I encourage Congress to reauthorize AGOA in a timely fashion and to modernize this important Act for the economic opportunities of the coming decade," he added.

Biden said the law is facilitating economic growth across sub-Saharan Africa, lending competitiveness to its products and diversifying exports while creating tens of thousands of jobs. “I am committed to expeditiously working with Congress and our African partners to renew this law beyond 2025, in order to deepen trade relations between our countries, advance regional integration, and realize Africa’s immense economic potential for our mutual benefit,” Biden said. “In so many ways, Africa is the future—and so when Africa succeeds, the whole world succeeds.”

That message was underscored over the coming days, with the U.S. delegation to South Africa highlighting the continued commitment to AGOA and its renewal. Discussions centered on how to modernize the agreement as a part of its reinstatement, with the goal of increasing AGOA utilization, promoting gender equity and inclusion within the program, and enhancing the partnership between the U.S. and sub-Saharan Africa to drive opportunities for Africans and Americans.

With bipartisan backing in Washington, AGOA’s lagging renewal has frustrated some advocates. “First and foremost, AGOA renewal needs to be approved by U.S. Congress, meaning the collaboration between the Biden administration and the legislative branch is critical,” Dr. Sheng Lu, associate professor and director of graduate studies in the Department of Fashion and Apparel Studies at the University of Delaware, told Sourcing Journal. “Ultimately, this process is political.”

Lu noted the “broad support” for AGOA’s renewal, pointing to Sen. Chris Coons’ (D-Del.) release on Monday of a discussion draft for the AGOA Renewal Act of 2023, which proposes a 16-year extension. Independent studies by the U.S. International Trade Commission highlight the growth of sub-Saharan African countries’ apparel exports to the U.S. under the agreement; U.S. imports of apparel from AGOA beneficiaries grew from $939 million in 2001 to $1.4 billion in 2021, for example.

“However, AGOA renewal still faces several major political challenges,” Lu said, adding that the Biden administration is keen to promote more regional integration with a new version of the agreement. “This could be updated rules of origin provisions that allow input from the African Continental Free Trade Area (AfCFTA) to be qualified for the AGOA benefits.”

"Some Republican legislators are concerned about the relationships between AGOA member countries and 'adversary' countries like China, Russia, and Iran," he continued. And recently, human rights violations were behind Gabon, Niger, the Central African Republic and Uganda getting dropped from AGOA.

With an election year approaching, Congress is also "packed with other agendas" that could make "finding an opportune time to pass the AGOA renewal bill a challenge," Lu said. He pointed to the Generalized System of Preferences (GSP), which has been expired for almost three years, as an example of legislation that has been allowed to languish without resolution. "Despite the strong bipartisan support, the renewal bill has not passed yet mostly due to political reasons," Lu said.

Moving forward, "a smooth AGOA renewal is hopeful, but it requires substantial efforts and the process still evolves many uncertainties," he added.

Jessica Ramey, CEO of Kenya-based sourcing, product development and production management firm Mercantilia Consulting said she is "confident" that the legislation will be renewed before the clock runs down. "It has been a valuable and well-supported trade preference program since its inception, and I am thankful for President Biden's support in its timely renewal," she said. "What we hope happens is that Congress clearly listens to the input from the private sector and understands how critical an immediate renewal is to the continued success of U.S. manufacturing in Africa."

Ramey said she is encouraged by the possibility of bolstering AGOA's utilization with improvements, "but most importantly, it must be renewed without a lag in the effective dates." Mercantilia represents several U.S. buyers who previously sourced goods from Ethiopia, which lost its AGOA eligibility in 2021 due to human rights violations during the civil war. The firm's clients were forced to choose between moving their businesses to alternate sourcing locales, "or stay[ing] and absorb[ing] the significant cost increase that comes with keeping your business with your current manufacturing partners."

"The benefits of AGOA are a key, if not the most critical, factor in our buyers' financial planning and strategy when they chose to manufacture in sub-Saharan Africa," she added.

Ramey also worries that continued uncertainty about the legislation's future will dissuade investment in the region. The longer a decision on renewal "remains in the air," the greater the "trickle-down effect on the manufacturing sector," she said. "It creates doubt and worry in the buyers' minds, leading them to investigate alternatives outside of the continent," she added.

Further delays could "stagnate discussions with potential new buyers and investors, as they wisely prefer to wait to see what the outcomes of these discussions will be before investing their time and resources into a new opportunity," Ramey said.

Source: sourcingjournal.com– Nov 09, 2023

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Cotton Highlights from November WASDE Report

USDA has released its November 2023 World Agricultural Supply and Demand Estimates (WASDE) report. Here's this month's summary for cotton:

The 2023/24 U.S. cotton balance sheet shows slightly lower consumption but higher production and ending stocks this month. Production is 273,000 bales higher, at 13.1 million bales, as lower production in Texas is more than offset elsewhere.

Domestic mill use is 100,000 bales lower, reflecting the pace of recent consumption, and exports are unchanged, leaving ending stocks 400,000 bales higher at 3.2 million bales or 22.5 percent of use.

The 2023/24 season-average price for upland cotton is reduced 3 cents this month to 77 cents per pound.

This month's 2023/24 global cotton balance sheet includes lower consumption, but higher production and stocks. Beginning stocks are 200,000 bales higher largely due to a 300,000-bale increase in India's 2022/23 production based on data from their Committee on Cotton Production and Consumption.

The global production forecast for 2023/24 is 850,000 bales higher this month as larger expected crops in Afghanistan, the United States, Argentina, and Paraguay offset reductions in Spain and Mexico. Global consumption is 500,000 bales lower, with cuts for Vietnam, Turkey, and the United States.

World trade is little changed from the previous month despite a 500,000-bale increase in China's projected imports, as declines for Vietnam, Turkey, Korea, and Thailand are largely offsetting. At 81.5 million bales, 2023/24 global cotton ending stocks are projected 1.6 million bales higher than in October. China accounts for nearly one-third of this increase, as higher imports are largely expected to be for the State Reserve.

Source: cottongrower.com– Nov 09, 2023

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Report questions Asia's ability to deliver on circular fashion

The fashion industry is being pushed fast and hard towards circularity and the EU is perhaps its most vocal implementer, having introduced key legislations that regulate the environmental and social impact of fashion. Hong Kong-based environmental NGO Redress that specializes in sustainability in Asia, released an industry report related to Asia's manufacturing bases for the global fashion sector. The report clearly highlights Asian supply chains are nowhere near ready to deliver the need of the future and this worrisome as Asia is the global manufacturing hub for textiles and apparel.

As Christina Dean, Founder, Redress, supported by the VF Foundation points out, the three main gaps are: design knowledge, financial challenges in an extremely price-sensitive sector and leadership skills to steer Asia towards fashion circularity in a meaningful way. The report was presented at a panel discussion at Fashion Summit Hong Kong, Asia's sustainable fashion event, as well as at Shanghai Fashion Week.

Design knowledge gap hinders transition

It's the time for a now or never approach in Asia, where organizations that support fashion circularity and expert and experienced designers collaborate to conceptualize and implement circularity best practices to ensure Asian hubs are able to fulfill the circularity model that is the future of fashion. Redress' study comprised 195 global fashion professionals, the methodology being mainly in the form of quantitative questionnaires supported by 40 qualitative interviews with professionals working with organizations that produce apparels for Europe, China and South East Asia.

Almost 79 per cent respondents acknowledged the current design knowledge gap that is going to be a significant obstacle for circularity to be implemented. The two main factors to bridge the gap were identified as: education and capacity building. It is going to be vital for Asia's manufacturing hubs to understand that the first step towards achieving circularity is based on product design that sources sustainably, builds in longevity and factors in recyclability. Capacity building includes turning manufacturing plants to widen their scope to suit the manufacturing of sustainable and recyclable items.

Financial challenges

Apart from the existing design knowledge gap, financial barriers are yet another challenge that the Asian fashion sector requires to iron out. Having positioned itself as the most affordable region for sourcing, most manufacturing hubs operate on compromised margins that leave little room for investing in transitioning to sustainable and circular fashion's supply chain. In this context, the senior managements of manufacturing companies have not shown much enthusiasm to plough back funds towards building capacity as well as the restructuring of the linear model into a circular one.

One may also add that Western buyers have a large role to play because they might espouse the need for fashion to be circular but are not willing to undergo a price recalibration that comes with an entire manufacturing sector realigning itself. For both parties, the vendor and the buyer, the mind-set is short-term gain focused rather than looking ahead to deliver on sustainable fashion in tangible ways.

The transition could be a rocky

Analyzing the report begets the question how can Asia, the region that produces nearly 60 per cent of apparel for worldwide consumption, not deliver to the growingly stringent regulations bring imposed on the global fashion sector? How will it affect the worldwide trade? These are important questions that Western markets are looking at.

The cost-efficiency of Asian manufacturing hubs have been the biggest attraction but as expected, may not be sustainable as positive environmental and social impact will draw up a heftier price tag. The moot point is will investors be ready to take the plunge to transition or withhold knowing any shift in pricing could bring about seismic changes amongst Western buyers.

Source: fashionatingworld.com– Nov 09, 2023

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Commerce Minister Tipu Munshi Addresses 15th Bangladesh Denim Expo

Speakers at the 15th Bangladesh Denim Expo emphasized the need to double denim exports to achieve the country's ambitious US$100 billion apparel export target by 2030.

Commerce Minister Tipu Munshi highlighted Bangladesh's strong position as the world's second-largest apparel exporter and its dominance in denim exports to the EU and USA, surpassing even China. He attributed this success, in part, to the Bangladesh Denim Expo's contributions.

Siddiqur Rahman, former president of BGMEA, underscored the significance of denim and denim-related products, accounting for about one-fourth of Bangladesh's total apparel exports. He expressed confidence in doubling denim exports by 2030, citing the country's advancements in workplace safety and sustainability, making it an attractive apparel sourcing destination.

Faruque Hassan, BGMEA president, emphasized Bangladesh's commitment to sustainability, with 200 green garment factories LEED certified by the United States Green Building Council (USGBC). He added that eight of the world's top 10 green factories are now located in Bangladesh.

The 15th Bangladesh Denim Expo, held in Dhaka, brought together industry leaders, manufacturers, and buyers to discuss the latest trends and innovations in the denim sector. The event showcased Bangladesh's capabilities and reaffirmed its position as a global denim manufacturing hub.

Source: fashionatingworld.com– Nov 09, 2023

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Bangladesh: Apparel export to America plummets on demand drop

Ready-made garment exports to the United States, Bangladesh's single-largest export market, declined by 23.33 per cent year on year to $5.77 billion in the first nine months of 2023, US data show.

Apparel manufacturers attributed the decline to demand fall for a combination of factors that include high inflation, the war in Ukraine and an economic slowdown in developed markets.

In terms of volume, the apparel exports to the US market also registered a 29.37-percent year-on-year fall in the three quarters (January-September) of the calendar year, according to the US Department of Commerce's Office of Textile and Apparel (OTEXA) data released Tuesday.

The data show Bangladesh's key competitors China and Vietnam also registered negative export growth to the US market in the period --altogether reflecting a dampened Western fashion appetite.

However, recent quality-control and supply-chain data for January-September showed Bangladesh losing US work orders while buyers inclined towards China sourcing.

The country earned $7.53 billion during the January-to-September period last year, which, according to OTEXA data, is $1.75-billion higher than the earnings in the first nine months of 2023.

During the period under review, the US imported from Bangladesh 1.76 billion square metres of garments, recording a 29.37-percent fall. In the January-to-September period of 2022, Bangladesh shipped 2.49 billion square metres of clothing items, according to OTEXA data.

Overall US imports of apparel from the world during January-September 2023 declined by 22.81 per cent to $60.82 billion compared to $78.79 billion in the same period of 2022, data showed.

The US trade data revealed that Bangladesh witnessed a negative growth of 34.71 per cent in September compared to the corresponding month of the previous year--the highest among its competitors, including China, Vietnam and India.

The country shipped $594.76 million worth of apparel items in September 2023, down from $911.07 million in September 2022.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan says they have received fewer work orders for the past several months, which is reflected in the US disclosure.

"The decline in demand is due mainly to the adverse domino effects of the Russia-Ukraine war, which has spurred up inflation and interest rates," Mr Hassan told The Financial Express on Wednesday.

The export-industry leader fears that the negative growth might persist throughout the year 2023.

On top of falling demand, manufacturers also blamed inconsistent utility supplies weighing on the production lines.

Ariful Islam Rifat, assistant manager (fabrics branding and marketing) at Unifill Group, says factories are suffering the most due to their inability to utilise their full production capacity thanks to the gas crunch.

At least 30 per cent of the factories' capacity remains unutilised against existing work orders, he mentioned.

According to a recent report by QIMA - an inspection, audit, and laboratory-testing service provider - the global apparel-sourcing landscape has been changing this year, with global brands and retailers pushing for higher sourcing from China and lower from Bangladesh.

The agency has found inspection and audit demands by Western apparel buyers in Bangladesh having witnessed a 10-percent year-on-year decline during the January-September period of 2023, while it increased by 14 per cent in China - the first increase of its kind since 2019.

According to OTEXA, Bangladesh's key apparel competitors China and Vietnam saw negative growth of 28.13 per cent and 24.13 per cent, respectively, during the January-September period.

US apparel imports from China stood at $12.75 billion during the period under review, down from $17.74 billion. China exports fetched $1.76 billion in September 2023, down from $2.17 billion in September 2022, marking a decline of 18.61 per cent.

Vietnam exported apparel worth $11.06 billion during the first nine months of 2023 in a decline from $14.58 billion in the same period of 2022, recording a fall of 24.13 per cent.

Vietnam's RMG exports to the US in September 2023 declined by 20.88 per cent to $1.41 billion from $1.78 billion in the same period of 2022, according to OTEXA.

The data showed US apparel imports from India and Indonesia having marked 21.91-percent and 25.61-percent fall to $3.62 billion and $3.30 billion during the January-September period, respectively.

America's imports from Cambodia fell by 26.09 per cent to $2.59 billion during the period, the data showed.

Source: thefinancialexpress.com.bd– Nov 09, 2023

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NATIONAL NEWS

Textile sector's contribution to India's GDP will more than double by this decade: CII- Primus Report

As the third-largest global textile manufacturer, Indian textile segment has always played a pivotal role in global textile production and is currently targeting $250 billion milestone by 2030. The industry is one of the largest sources of employment generation with over 27 million women employees. Technical textiles are a new high-tech segment that holds a lot of promise for global exports.

Analysts say rapid industrialization in developed countries and high-tech fabric production will help global segment to grow from $723 billion in 2023 to $859 billion by 2028, at a CAGR of 3.52 per cent. Both natural fiber composites obtained from plants and animals like cotton, silk, linen, wool and hemp along with conventional fibers are finding extensive application in global textile production, automotive industry for interior and exterior use as well as the pharmaceutical industry. With growing usage, technical textiles segment is set to lead sector growth with a projected CAGR of 15 per cent.

Improved GDP boosts textile growth

A recent Confederation of Indian Industries (CII) report "Decadal Outlook for Textile Industry: Threads of Transformation for Textile Industry" tabled at the recent Texfuture 2023 conference, highlights many important aspects of the textile industry. It predicts the contribution of textiles industry to the GDP will more than double from 2.3 per cent to about 5 per cent by 2030. Even the Gross Value Added (GVA) is expected foresee consistent annual growth of 9 per cent from 2021 to 2028.

In Maharashtra, the launch of 'Textiles Policy 2023-28' is a big step in its progressive journey as it has an ambitious goal of attracting global investments worth Rs 25,000 crore along with creating jobs for over 5 lakh people in the state, especially women. India is currently among the top five global exporters across categories viz, natural fibers, MMF, spun yarn, filament yarn, woven fabric, and home textiles. Both the central and state governments have launched some progressive industry-specific schemes that showcase India's technological strides and commitment to sustainability.

Various schemes and incentives have been introduced aimed at promoting the sector, such as the Amended Technology Upgradation Fund Scheme (ATUFS), Production-Linked Incentive (PLI) Scheme for man-made fibers and technical textiles, National Technical Textile Mission, PM MITRA scheme. These initiatives have not only provided financial assistance but also encouraged investments in modern technology and infrastructure, thereby improving overall competitiveness, explains Devroop Dhar, Co-Founder, Managing Director of Primus Partners.

Need to overcome hidden challenges

Many challenges lie ahead for the government to positively drive the textile sector's growth. The main challenge lies in the industry's supply chain that largely comprises of MSMEs and is thus highly fragmented, which results in suboptimal coordination and resource utilization. Quality training programs are not enough as just 5 per cent of the sector is organized whereas the unorganized sector is still relies on traditional methods due to financial constraints lack of knowledge.

Too much reliance on traditional labor-intensive technologies hinders progress and the need of the hour is to include modern technologies to cash in on the textile industry's immense export potential. Sustainability and circularity in the textile segment and new segments such as technical textiles will together improve the brand image of Indian textiles and spur growth.

Source: fashionatingworld.com– Nov 09, 2023

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India's merchandise exports expected to grow 6.3% in Q3, says India Exim Bank

India’s merchandise exports are expected to grow 6.3% year-on-year to $111.2 billion during in the third quarter of FY24 (October-December 2023) due to an expected increase in global demand, Export-Import Bank of India (India Exim Bank) said on Thursday. Non-oil exports during the third quarter of the current fiscal are seen rising 7.7% on-year to $ 88.1 billion. However, these numbers should be seen against the backdrop of negative growth during the first two quarters, the bank added.

"Positive growth in India’s exports could be a result of an improvement in India’s GDP growth outlook and the expected easing of monetary policy globally," it said. "The outlook is, however, subject to the risk of uncertain prospects for advanced economies, geopolitical shocks, and deepening geo-economic fragmentation, among other factors," it added.

Global trade has slowed down as monetary policy tightening, fading fiscal support, persistent inflation and geopolitical tensions are weighing on demand. India’s merchandise-export growth turned positive for the first time in the current financial year with a 3.86% on-year rise to $38.45 billion in August.

According to official data released last month, Indian merchandise exports dipped by 2.6% year-on-year to $34.47 billion in September, while imports fell by 15% to $53.84 billion – the 10th consecutive monthly decline. This caused the merchandise trade deficit to narrow to $19.37 billion in September, its lowest level in five months. India’s total merchandise exports for the first nine months of FY2024 (April-December 2023) are expected to total $323 billion, while non-oil exports could total $258 billion over the same period, India Exim Bank said.

“India’s total merchandise exports have consistently remained above $100 billion for nine consecutive quarters since Q2 FY22, reflecting resilience amid a challenging global economic situation," the bank said. "Positive growth in exports is expected to continue in the last quarter of the financial year," it added.

Source: livemint.com– Nov 09, 2023

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Govt approves policy to double exports

Mumbai: The Maharashtra government on Wednesday approved a comprehensive policy for export promotion, which aims to increase the state's exports from the current 7% to 14%. The policy also hopes to attract foreign direct investment to the tune of ₹25,000 crore and generate 40,000 jobs.

"The five-year policy has been formulated to raise the state's exports from $72 billion to $150 billion, develop 30 export-oriented infrastructure development projects and achieve 22 percent share in the proposed target of $1 trillion export by 2030," said a senior official from state industries department.

As per the policy cleared by the state cabinet on Wednesday, the state government will provide financial assistance of up to ₹50 crore for export-oriented projects and ₹100 crore for export-oriented industrial parks. The policy also includes insurance cover, interest subsidy and export promotion subsidy for MSMEs with capacity for exports.

The central government has also announced Production Linked Incentive (PLI) schemes for 14 key sectors to enhance the country's manufacturing capabilities and exports. The schemes offer incentives such as electricity tariff waiver, employee provident fund and special capital subsidy, which have also been made part of the export promotion policy.

Source: hindustantimes.com– Nov 09, 2023

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RoDTEP: Exporters may get higher benefits on furnishing adequate data

The current RoDTEP rates, mostly in the range of 0.3 per cent to 4.3 per cent, are much lower than the rates under the MEIS scheme.

Exporters of a range of items may get higher benefits under the popular incentive scheme, Remission of Duties and Taxes on Exported Products (RoDTEP), if they can submit enough data to the government establishing that their input taxes are higher than what is remitted to them, an official has said.

“When the RoDTEP rates were announced last year, there were complaints that the remission rates for several items, ranging from electronics to chemicals, were lower than the input taxes actually paid by exporters. That was due to inadequate data submitted by them. The exporters are now being given a second chance to submit the required data,” the official tracking the matter told businessline.

The RoDTEP scheme, announced in January 2021, refunds embedded duties and taxes, such as VAT on fuel used in transportation, mandi tax and duty on electricity used during manufacturing of the exported items, that are not rebated under other schemes.

It replaced the WTO-incompatible MEIS scheme. Remission rates under RoDTEP have been meticulously calculated with transparency by a committee headed by GK Pillai, former Secretary of Home and Commerce, and has so far passed muster at the WTO.

Time till Nov 30

“Due to absence of data and evidence for several products, the Pillai Committee applied uniform rates for certain HS codes (items). So, you will find a whole list of items with RoDTEP rates of say 0.8 per cent.

Many such items may actually be entitled to higher rates if the industry can provide adequate date,” the official said. The current RoDTEP rates, mostly in the range of 0.3 per cent to 4.3 per cent, are much lower than the rates under the MEIS scheme.

The recently re-constituted RoDTEP Committee will now look at the fresh data that is furnished by the industry and will re-fix the rates wherever there is a scope, the official added. The industry has time till November 30 to give its inputs.

The RoDTEP scheme operates under a budgetary framework and for FY 23-24, a budget of ₹15,070 crores is available to support 10,610 items (HS lines) at the 8 digit level.

Source: thehindubusinessline.com – Nov 09, 2023

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Textile stocks gain investor interest on strong Q2 and focus on emerging areas

The Indian textile and apparel market size was around $165 billion in 2022, and the market is projected to grow at a 10% CAGR to reach $350 billion by 2030. Despite headwinds like Covid pandemic, global recessionary trends, and volatility in raw material prices, the industry is expected to witness significant growth.

Textile stocks, mainly cotton and fabric manufacturers, have been attracting investors interest in recent times at the bourses.

According to analysts, strong Q2, momentum in domestic economic activity and focus on emerging areas such as technical textiles and home furnishing have led to an interest in textiles companies.

Top performers such as Trident, Welspun, Raymond, Gokaldas Exports, Indo Count Industries Ltd have seen a turnaround in their fortunes.

Shares of Trident opened at Rs 36 (- 2 per cent from previous close) on the BSE and have gained 15 per cent in the past three months. Gokaldas Exports opened at Rs 800.65 (+1 per cent) and delivered 59 per cent returns during the period. Raymond was almost flat at Rs 1,861.70 and has lost five per cent in three months, while Indo Count gained 38 per cent and opened at Rs 287.10 (near its 52-week high of Rs 302.05).

ICICI Securities and Edelweiss have initiated a Buy recommendation for Gokaldas Exports keeping the target price at ₹973 and ₹933, respectively. Axis Direct recommends a Buy on Welspun with a target price of ₹160.
A report released by FICCI-Wazir Advisors in October noted that Indian textile and apparel market size was around $165 billion in 2022, including the domestic market of $125 billion. Given the long-term positive outlook, the market size is projected to grow at a 10 per cent CAGR to reach $350 billion by 2030.

Industry sources said though the production of cotton, the key raw material, is likely to be lower, textile firms are expected to manage the situation through blends. Also, prospects for cotton production in the US are bleak which can result in a big opportunity for India to capture a greater share in global market. Indian textiles is expected to manage the lower crop with a good carryover stock.

Brushing aside the headwinds such as Covid pandemic, global recessionary trends, Russia-Ukraine war, volatility in raw material prices, inflation, etc, the industry is expected to witness significant growth. Though there were reports of sluggish export orders, piling up of inventories ahead of the Fall season, the broader picture seems to be a bright one.

Abhishek Jain, Head of Research, Arihant Capital, told businessline: “Recently, we’ve observed notable improvements in inventories with several large companies boasting of strong order books which is a positive sign. Despite the recent rally over the past six months, there remains a sense of optimism for the textiles sector. Additionally, the reduction in US channel inventories and consistently decent retail numbers for the past few weeks, if sustained, can provide much-needed momentum. The industry has also witnessed consolidation and many players are confident in delivering good numbers.”

Bright prospects

According to CARE Ratings, the destocking at the retailers-end in the US and key export markets amid the recessionary trend in Europe and the cut-down on non-essential expenses in the US due to the high inflation has impacted the demand. With the destocking at the retailers-end coming round, the home textile industry witnessed an increase in order flows from the US during H1-FY24.

The rating agency believes the demand is expected to improve in FY24 on account of the uptick in orders as the inventory levels at the retailer-end normalises, which will also aid in the improvement of the operating margins due to the improved operating leverage attributed to higher capacity utilisation.

According to VK Vijayakumar, Chief Investment Strategist at Geojit Financial Services, the textiles industry faced headwinds in FY23 due to weak demand and high input prices. Global growth slowdown impacted demand. “But the situation is improving now and divergent trends are visible in the industry. Cotton yarn and fabric manufacturers are doing well. Export orders are good for this segment. This is visible in the Q2 results of companies like Welspun India which has posted good top and bottom lines and optimistic commentary.”

The government's measures ranging from giving a push to technical textiles, the PLI scheme, launch of mega textile parks under the PM-Mega Integrated Textile Region and Apparel (PM MITRA) scheme, Silk Samagra scheme to boost sericulture and silk industry, SAMARTH Yojana aimed at skill development, to signing of FTAs with many countries, etc have helped.

Raw material prices

One of the advantages that textile mills enjoy is that prices of raw materials have stabilised. Jain dubs this as a favourable factor which can work wonders for the textile sector.

JM Financial projects a stronger 2HFY24 demand outlook for the textile sector. "Reduced cotton prices (down over 40 per cent in 12 months) coupled with improving scale in H2 2023 could lead to a material margin boost. With UK FTA ($1billion additional opportunity for India) in the horizon and possibility of "China+1" picking pace can significantly re-rate earnings and multiples for the space," a note said.

India is targeting an average GDP growth of over 7 per cent per annum to become a $5-trillion economy by 2025-26. As the world's fifth-largest economy with a population of 1.4 billion people, and with demand for home products increasing at 20 per cent per annum, business growth opportunities are galore for textile sector and the stocks too are likely to perform well.

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Cotton yarn trade low in north India amid Diwali; comber prices down

The cotton yarn trade in north India was very thin as buyers slowed down their purchases. Traders and buyers appeared to be in a festive mood. Cotton yarn prices remained stable in the Delhi and Ludhiana markets. Traders predict that the cotton yarn trade will stay quiet until Diwali. After the festival, the market will assess the demand and supply scenario. Cotton comber prices eased in the Panipat market due to higher supply and limited demand. However, recycled yarn traded flat. A strike in Tamil Nadu-based open-end spinning mills also dampened market sentiments.

The Delhi market has witnessed stability in cotton yarn prices, but it has also noted slow demand from the downstream industry. A trader from the Delhi market told Fibre2Fashion, "Demand from the consumer industry and other buyers was very slow. The lifting further slowed down because of festivals. The market will take direction after the Diwali holiday."

According to Fibre2Fashion's market insight tool TexPro, 30 count combed yarn was traded at ₹255-258 per kg (GST extra), 40 count combed at ₹282-287 per kg, 30 count carded at ₹230-233 per kg, and 40 count carded at ₹255-257 per kg in Delhi.

The Ludhiana market also experienced poor demand with buyers remaining silent. A trader from the Ludhiana market told F2F, "Overall yarn trade was very thin as buyers and sellers were in a Diwali mood. The weaving industry may take a longer Diwali holiday as weaving mills have enough stock to cater to near-future demand."

According to TexPro, 30 count cotton combed yarn was sold at ₹253-263 per kg (GST inclusive), while 20 and 25 count combed yarns were traded at ₹243-253 per kg and ₹248-258 per kg, respectively. Carded yarn of 30 count was noted at ₹233-238 per kg in Ludhiana.

The recycled yarn market in Panipat steadied as buyers stayed silent. Cotton comber prices eased by ₹4-5 per kg due to the slowdown in production by the downstream industry, leading to reduced demand for cotton comber. Traders mentioned that comber supply also increased as spinning mills continued regular production. However, buyers from the downstream industry were cautious about making new purchases, and the festive season was also affecting the buying of recycled yarn.

In Panipat, 10s recycled PC yarn (Grey) was traded at ₹74-78 per kg (GST paid). Other varieties and counts were noted at 10s recycled PC yarn (Black) at ₹49-52 per kg, 20s recycled PC yarn (Grey) at ₹85-90 per kg and 30s recycled PC yarn (Grey) at ₹133-142 per kg. However, cotton comber prices were noted at ₹112-113 per kg. Recycled polyester fibre (PET bottle fibre) was noted at ₹67-70 per kg.

North India's cotton market remained in the red zone as prices dropped by ₹50-75 per maund of 37.2 kg, following a steep fall in ICE cotton prices on Wednesday. Traders attributed this decline in domestic prices to the bearish tone in ICE cotton, leading spinning mills to reduce their purchases in anticipation of further price drops. Weak sentiments in the textile value chain were also a cause for concern in the cotton trade.

The total arrival of cotton in north India was 32,000 bales of 170 kg. State-wise arrival was noted as follows: Haryana with 9,000 bales, Punjab with 1,000 bales, upper Rajasthan with 9,000 bales, and lower Rajasthan with 13,000 bales. The natural fibre was priced at ₹5,500-5,600 per maund of 37.2 kg in Punjab, ₹5,400-5,500 per maund in Haryana, and ₹5,325-5,450 per maund in upper Rajasthan. In Lower Rajasthan, it was priced at ₹52,000-54,200 per candy of 356 kg, with higher prices noted in the Bikaner line due to better quality.

Source: fibre2fashion.com– Nov 09, 2023

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