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INTERNATIONAL NEWS

80% see promising economy in 2024 amid geopolitical risks: WEF survey

Four-fifths of respondents surveyed in the April edition of the World Economic Forum's (WEF) Chief Economists Outlook expect the global economy to either strengthen or remain stable this year, a notable increase from the previous survey in January.

This positive shift in the survey, which presents a cautiously optimistic view of the global economy highlighting key geopolitical risks, is due to advancements in technology, artificial intelligence and the green energy transition.

However, 97 per cent of respondents foresee geopolitical tensions contributing to global economic volatility, and 83 per cent believe domestic political issues will also be a key source of instability this year, which will witness elections in several nations.

Geopolitics, domestic politics, debt levels, climate change and social polarisation are expected to be significant drags on growth.

Nearly all chief economists (97 per cent) predict moderate to strong growth in the United States, up significantly from 59 per cent in January. Economies in South Asia and East Asia are expected to maintain at least moderate growth. Three-fourths of respondents foresee moderate growth in China, with only 4 per cent anticipating strong growth.

The outlook remains pessimistic about Europe, with nearly 70 per cent of economists predicting weak growth for the rest of the year. Moderate growth is generally expected in other regions, with some improvement noted since the last survey.

Important factors influencing business decisions include the overall health of the global economy, monetary policies, financial market conditions, labour market conditions and political factors.

Source: fibre2fashion.com– June 01, 2024

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China's port activity sees growth in January-April 2024

China's container throughput has experienced a notable increase, rising 9 per cent year on year (YoY) in the first four months of 2024, according to official statistics. The Ministry of Transport reported that ports across the country handled a total of 104.03 million twenty-foot equivalent units (TEUs) during this period.

In terms of cargo throughput, China's ports managed 5.55 billion tonnes from January to April, reflecting a 5.2 per cent rise compared to the same timeframe last year. This growth is indicative of an expansion in foreign trade, Chinese media reports said quoting the ministry.

The data further highlighted a substantial 9.1 per cent increase in foreign trade cargo throughput over the same period in 2023. Additionally, China's overall goods imports and exports saw a 5.7 per cent year on year growth in yuan terms, surpassing the 5 per cent growth recorded in the first quarter.

Source: fibre2fashion.com– May 31, 2024

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US cotton exports rise in week ending May 23: USDA

Net export sales of US' Upland cotton totalled 222,600 RB (running bales, each weighing 226.8 kg or 500 pounds) for the week ended May 23 of the current season, 2023-24, up 10 per cent from the previous week and 25 per cent from the prior 4-week average.

According to the export sales report from the US Department of Agriculture (USDA) for the week ended May 23, the export sales increased primarily for China (191,900 RB, including 400 RB switched from Hong Kong), Vietnam (8,500 RB, including 900 RB switched from China, 300 RB switched from Japan, and decreases of 500 RB), Bangladesh (5,900 RB, including decreases of 200 RB), Turkiye (5,100 RB, including decreases of 200 RB), and South Korea (4,400 RB). However, the increases in the exports were offset by reductions for Guatemala (7,100 RB) and Hong Kong (400 RB).

For the coming season 2024-25, Upland cotton's net export sales of 78,100 RB were primarily reported for Turkiye (26,400 RB), El Salvador (20,900 RB), Thailand (8,800 RB), Guatemala (7,300 RB), and India (4,400 RB). The exports of 172,200 RB were down 16 per cent from the previous week and 21 per cent from the prior 4-week average. The destinations were primarily China (52,500 RB), Turkiye (30,700 RB), Vietnam (20,200 RB), Pakistan (15,300 RB), and Indonesia (12,100 RB).

The net export sales of Pima totalled 5,400 RB for the week ended May 23, down 46 per cent from the previous week and 10 per cent from the prior 4-week average. The increases were primarily for India (2,000 RB), China (1,300 RB), Peru (800 RB), Bangladesh (500 RB), and Vietnam (400 RB).

Total net sales of 200 RB for 2024-25 were for Japan. Exports of Pima cotton reached 6,300 RB, down 53 per cent from the previous week and 20 per cent from the prior 4-week average. The destinations were primarily China (1,900 RB), Vietnam (1,800 RB), Peru (600 RB), Pakistan (600 RB), and India (500 RB).

Source: fibre2fashion.com– May 31, 2024

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Panama Canal Eases Draft Restrictions Ahead of Schedule

The Panama Canal has now loosened its draft restrictions nearly two weeks ahead of schedule, allowing vessels transiting the waterway's Neopanamax locks to have a depth of 45 feet as of Thursday.

Citing the arrival of the May-to-November rainy season in the canal's watershed, as well as current and projected water levels at Gatún Lake over the coming weeks, the Panama Canal Authority (ACP) said in an advisory to shippers that it was lifting the restrictions ahead of its initially scheduled date of June 15.

This brings the restrictions closer to the 50-foot draft typically allowed in the Neopanamax locks, which were built to fit larger ships when the canal expanded in 2016. Previously, vessels couldn't sit deeper in the canal than 44 feet.

The initial draft limitations were implemented May 30, 2023, when the canal endured a months-long drought that raised concerns about the effects of shallow water levels on the waterway's operations.

The restrictions resulted in a significant capacity impact on Neopanamax container ships, which are longer than 966 feet. While one of these vessels can carry a load of around 12,500 20-foot equivalent units (TEUs) at a draft of 50 feet, reducing this draft to 44 feet resulted in a 40 percent capacity reduction at around 7,500 TEU.

Vessels prepping their voyage through the Panama Canal have slowly but surely heard more good news as 2024 rolls on.

As of May 16, the number of daily transits in the Panamax locks increased from 17 to 24, and starting June 1, the number of daily transits in the Neopanamax locks will increase from 7 to 8. This adjustment will raise the total number of vessel transits allowed through the 50-mile waterway per day to 32. Under normal circumstances, 36 to 38 vessels are allowed to be booked to transit the Panama Canal per day.

If rainfall keeps up as expected, the ACP said in April that the conditions in the canal should fully normalize by 2025.

According to the authority, since May 26, the water levels of Gatún and Alhajuela Lakes have, for the first time in 2024, risen above those recorded on the same date in 2023.

As of Friday, official water levels at the rainfall-fed Gatún Lake were 81.2 feet deep, which is still 1.3 feet shallower than the 82.5-foot average depth for May since 2019. But this gap is a far cry from the 5.5-foot average differential that the levels had widened to in January.

For June, the second month into Panama's rainy season, the five-year average water level inches up to 82.8 feet.

Container ships in general have borne the least of the impacts that the restrictions posed since they were first implemented last summer. These vessels have been able to avoid long queues and expensive transit auctions at the Panama Canal, largely because they have initial booking priority ahead of other ships like chemical tankers, liquefied petroleum gas (LPG) carriers and dry bulk carriers that transport grains and coal.

But with the restrictions lifted further, some liner services that had been affected any transit limits returned to their regular operating schedules in May.

Maersk phased out its temporary "land bridge" across Panama upon reinstating transit on its Oceania-to-the Americas "OC1" service, while Mediterranean Shipping Company (MSC) resumed its "Santana" service's westbound sailings, with a new rotation skipping the U.S. East Coast to focus on Central America.

In total, container ships represent 28.5 percent of ships that passed through the canal in April, marking the largest percentage of any vessel category that uses the waterway. The figure is still a major jump from the typical share of cargo vessels—in the ACP's two previous fiscal years, container ships represented 19.8 percent of traffic.

On Friday, 35 pre-booked boats were waiting to transit the canal, according to ACP data. Four vessels in queue had not made a reservation. For non-booked vessels, it currently takes 1.5 days on average to go north through the canal. Southbound ships take 1.4 days on average.

The ACP said it continues to monitor weather conditions daily to respond to the increased inflows to the watershed and will accordingly implement necessary operational actions.

As the canal's water situation improves, the ACP endured a brief obstacle when it had to clean up an oil spill from a MSC container ship bound for Ecuador last Sunday.

The authority said it saw little to no interruption to its transit schedule following the rupture of the MSC Katya R, which ruptured a heavy fuel oil tank when it struck a protruding part of the canal.

The oil spill occurred in the chamber of the Miraflores lock in the canal's east lane, and remained closed all day on Monday. The spill was quickly cleaned up with ships continuing to use the west lane and the Neopanamax locks.

Source: sourcingjournal.com– May 31, 2024

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Intertextile & Yarn Expo Shenzhen to showcase eco-friendly innovations

Across the 60,000 sqm floorspace in Halls 1, 2, and 9 at the Shenzhen Convention and Exhibition Center (Futian), nearly 1,000 exhibitors from across the fashion spectrum will be showcasing a blend of on-trend products from 5 – 7 June. In between traditional sourcing seasons, buyers of both Spring / Summer 2025 and Autumn / Winter 2025 yarns and fibres, fabrics, and garments are expected, with both Intertextile Shenzhen Apparel Fabrics and Yarn Expo Shenzhen hotbeds for innovative, sustainable industry-related products and services. These themes will be magnified by both shows' fringe programmes, set to facilitate some of the leading players in the textile sector.

Sharing her expectations for the upcoming showcase, Ms Wilmet Shea, general manager of Messe Frankfurt (HK) Ltd, commented: "Topics related to sustainability, despite steady progress, have been challenging the textile industry for years. As organisers, we are eager to provide a platform to those companies seeking improvement, and to those ideas we believe will change our industry for the better; principles consistent to both Intertextile Shenzhen and Yarn Expo Shenzhen. Alongside suppliers displaying some the most up-to-date products from South China, Asia, and beyond, multiple fringe events will complement the business across the fairground, with a strong focus on eco-innovation and AI."

Intertextile Shenzhen set to enhance future-forward sourcing and insight exchange

The show's fringe venues Textile Dialogue (Hall 1) and Talking Point (Hall 2) will feature 13 seminars, product presentations, and panel discussions, covering a range of topics affecting the length and breadth of the industry. Key events include Intertextile Forum, centred on cross-border e-commerce and textile industry globalisation, and the Textile Industry Digital Application Forum, which will include the topic Empowering Textile Production and Manufacturing with Digital Technology. Meanwhile, beyond the stage and alongside the booths in Hall 1, various display areas will allow buyers to see first-hand the potential up-to-date applications of various eco-friendly materials.

Several green, innovative displays and discussions are highlighted below:

Eco Trends by Intertextile x Sateri (New)

Sateri regards Lyocell as one of its key strategic products, with the advanced, green fibre showing comfort and versatility. At Intertextile Shenzhen, Sateri will showcase product applications for its formaldehyde-free cross-linked Lyocell fibre, which maintains its cross-linking effect during the dyeing and finishing process.

Functional Sustainability by Intertextile x Idole (New)

With the second display area set to highlight a blend of classic, innovational, sportswear, and sustainable applications, it will shine a spotlight on triacetate, a semi-synthetic fibre that combines the advantages of plant-based materials with those of synthetic fibres.

Nano and Advanced Materials Institute (NAMI)

Leveraging its expertise in smart protection materials and polymer technology, NAMI will showcase its bionic super fibre with a molecular structure similar to natural spider silk. The product presentation is entitled “Bioinspired Super Fibre with High Strength, Toughness and Damping Performance”. The company’s second fringe event, “Journey to Sustainability for Textile Materials Technologies”, will highlight how new sustainable resources are developed to replace existing materials with high carbon footprints.

In addition to the strategic use of key materials to enhance sustainability and functionality, digital innovation is steering the textile industry towards a cleaner future – most notably, artificial intelligence is proving to be a transformative force.

Featured events to shed light on AI’s role in improving supply chains and fabric design:

HKRITA: Threads of Innovation: Textile x AI Exploration and Prospect

As part of an expert-led panel discussion, The Hong Kong Research Institute of Textiles and Apparel (HKRITA) will present the future of artificial intelligence technology in textiles. Sub-topics include how AI enhances innovation, manufacturing, and retailing, with valuable insights on its transformative impact across the industry landscape.

PANTONEVIEW Colour Planner Spring / Summer 2025

With a strong focus on design and trends, the presentation will shine a spotlight on SS 2025 colours, and how a new consciousness is embodied in symbiotic relationships between humanity, fauna, and the planet, alliances further enabled through humanity's burgeoning relationship with generative AI.

Showcasing upstream innovation: Yarn Expo Shenzhen's featured exhibitors and fringe events

Taking place across 1,600 sqm in Hall 1, the show's categories include cashmere yarn, chemical fibre, cotton yarn, fancy yarn, linen yarn, wool yarn, and overseas yarn. Regarded by many suppliers as a business-friendly gateway to realise the potential of South China's and Southeast Asia's apparel markets, a wide range of advanced and organic products will be on display. Exhibitors include:

Global Tex (booth 1D12)

As one of India's leading international natural cotton yarn suppliers, Global Tex will showcase a series of products, such as its various ringspun and open-end cotton yarns. Raw materials include Shankar-6 from India, and various cottons from Australia, Egypt, the US, Uzbekistan, and more.

Shanghai Mingmao Industrial Co Ltd (booth 1E11)

The manufacturer of functional polyester yarns has been collaborating with the Lycra Company for nearly 20 years. In addition to offering products derived from Coolmax Core, Thermolite Core, T400 and many more, the Chinese company also provides testing and hang tag services.

With several exhibitors aiming for comprehensive marketing platform utilisation, Yarn Expo will play host to nearly 20 product presentations and seminars. In addition, the show will once again welcome the New Fibre New World – Textile Materials Innovation Forum and the Tongkun – China Fibre Fashion Trends Display Zone.

Across both shows, exhibitors from 11 countries and regions, including China, Germany, Hong Kong, India, Italy, and Vietnam, will showcase a full spectrum of fibres and yarns, fabrics, garments, and accessories covering ladieswear, casualwear, denim, suiting and shirting, functional wear and sportswear, as well as swimwear and lingerie.

The 2024 editions will take place alongside the quality knitwear on display at PH Value (Hall 1).

Intertextile Shenzhen Apparel Fabrics is organised by Messe Frankfurt (HK) Ltd; Messe Frankfurt (Shenzhen) Co Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Textile Information Center. Yarn Expo Shenzhen is organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; China Cotton Textile Association; and China Chemical Fibers Association.

Both shows will be held from 5 – 7 June 2024.

Other upcoming shows:

Intertextile Shanghai Apparel Fabrics – Autumn Edition / Yarn Expo Autumn

27 – 29 August 2024, Shanghai

Vietnam International Trade Fair for Apparel, Textiles and Textile Technologies

26 – 28 February 2025, Ho Chi Minh City

Source: fibre2fashion.com– May 31, 2024

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Italian textile machinery manufacturers to explore Turkmenistan market

From June 24 to 28, a delegation of Italian textile machinery manufacturers will be engaged in Turkmenistan for an institutional mission organized by ACIMIT, the Association of Italian Textile Machinery Manufacturers, and Italian Trade Agency. The delegation will have some institutional and commercial meetings scheduled in Ashgabat.

For the Italian textile machinery industry, the Turkmen market has high growth potential. Cotton is the third largest export product of the Country, and local authorities aim to develop a robust textile industry capable of processing the locally grown raw material. Significant investments in new equipment will be necessary for the success of this development program. To achieve this goal, the demand for textile machinery and technologies is rapidly increasing.

This is testified by the average annual growth rate of Turkmen textile machinery imports between 2009 and 2023 (+7.3%). Furthermore in 2024-2027 period forecasts by ACIMIT predict a further average annual increase of 5.5%.

“Emerging at a global level in the textile industry,” comments Marco Salvadè, president of ACIMIT, “requires first and foremost an updating of technology for competing with Countries whose technology level is already at a more advanced stage. The purpose of this institutional mission is to create a favorable context for collaboration between our industry and the Turkmen textile sector.”

Meanwhile, in 2023, the demand for Italian textile machinery from Turkmen companies has grown. Italian exports increased from 600,000 euros (~$654,000) in 2022 to approximately 13 million euros (~$14.17 million) the following year.

“During this mission,” Salvadè continues, “we intend to showcase our technological offerings to textile operators, but above all, deepen contacts with local institutions, which have a strong influence in defining supply chain strategies.”

The Italian companies participating in the institutional mission are: Brazzoli, Color Service, Itema, Marzoli, Mcs, Reggiani Macchine, Salvadè, Santoni.

Source: fibre2fashion.com– May 31, 2024

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Turkiye's exports up 0.1% YoY in Apr 2024; imports up 4% YoY: Turkstat

Turkiye's exports were worth $19.254 billion in April this year—a 0.1-per cent increase year on year (YoY), and imports worth $29.117 billion—a 4-per cent rise YoY, according to provisional data compiled by the Turkish Statistical Institute (Turkstat) and the ministry of trade.

Between January and April, exports were worth $82.839 billion—a rise of 2.7 per cent YoY, and imports worth $113.81 billion—a drop of 9 per cent YoY.

Exports, excluding energy products and non-monetary gold, were worth $17.291 billion in April—a 3.9-per cent decrease YoY. Such imports were worth $22.354 billion—a 2.3-per cent increase YoY.

Foreign trade deficit, excluding energy products and non-monetary gold, was worth $5.62 billion in April.

Foreign trade volume was worth $39.645 billion in the month—a 0.5-per cent decrease YoY.

Foreign trade deficit was $9.863 billion in April—a 12.9-per cent increase YoY. It was $30.243 billion in the January-April period—a 30.5-per cent decrease YoY.

In April, the main partner country for exports was Germany, with exports worth $1.483 billion. It was followed by the United States ($1.186 billion), the United Kingdom ($1.17 billion), Iraq ($876 million) and Italy ($861 million). The share of the first five countries in total exports was 29 per cent in April.

In the January-April 2024 period, the main partner country for exports was Germany again, with exports worth $6.708 billion. It was followed by the United States ($4.995 billion), the United Kingdom ($4.373 billion), Italy ($4.31 billion) and Iraq ($4.232 billion). The share of the first five countries in total exports was 29.7 per cent during the period, a Turkstat release said.

In April 2024, the top country for Turkiye's imports was China, with imports worth $3.754 billion). It was followed by Russia ($3.327 billion), Germany ($2.242 billion), Italy ($1.984 billion), the United States ($1.331 billion). The share of the first five countries in total imports was 43.4 per cent in April.

In January-April period, the top country for imports was Russia, with imports worth $15.31 billion. It was followed by China ($13.981 billion), Germany ($8.524 billion), Italy ($6.617) billion, the United States ($5.477 billion). The share of the first five countries in total imports was 44.1 per cent during the period.

Source: fibre2fashion.com– May 31, 2024

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Manmade Fibre: Bangladesh's best bet to become top apparel exporter

Having become the world's second largest source for apparel items after China, Bangladesh is now pushing for the top spot by adding more value-added products to its export basket.

Clothes made of manmade fibre (MMF) are playing a particularly vital role in this regard as such highly value-added apparel items have significant demand abroad.

Besides, non-cotton apparel fetches higher prices than cottonwear for being more flexible, durable and functional, with the cost of a T-shirt made from MMF being about double that of one made from cotton.

As such, local garment makers have been diversifying their product base with non-cotton items.

Additionally, they have increased their production capacities, maintained consistency in supply and improved product quality over the past five decades.

Now, about 7.9 percent of all apparel items sold worldwide come from Bangladesh as the country has turned into a reliable source for international clothing retailers and brands.

And with about 29 percent of the country's garment exports comprising MMF products, Bangladesh aims to use this segment to expand its global market share to 12 percent by 2030.

With this in mind, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) aims to increase the country's annual apparel exports to $100 billion within the next six years.

Against this backdrop, local exporters have been exploring markets for MMF products and increasing their value addition, BGMEA sources said. Value addition in the country's export-oriented garment items currently stands at about 71 percent, as per data of Bangladesh Bank.

Exporters attribute the growing volume of MMF apparel shipments for the increased value addition in export-oriented garment items.

This is because the MMF segment accounts for a bulk of the export receipts from highly value-added garments, with some producers even exporting MMF jackets worth $100 per piece.

The share of MMF in global fibre production has increased to 78 percent over the past five years, according to a study, styled "Beyond Cotton – A Strategic Blueprint for Fiber Diversification in Bangladesh Apparel Industry", released in March this year.

Of the total non-cotton fibre production, about 39 percent is comprised of polyester filament yarn while polyester staple fibre makes up 15 percent, the study shows.

And although the production of nylon filament yarn and viscose staple fibre has increased, they each account for just 5 percent of the global output.

On the other hand, global production of acrylic staple fibre declined from 1.7 percent in 2017 to 1.4 percent in 2022. Meanwhile, wool and silk have a negligible global production share of 1 percent and 0.1 percent respectively.

Volume-wise, the trade of both cotton and non-cotton fibres has increased at a rate of about 1 percent annually from 2018 to 2022.

During this five-year period, global trade of polyester fibre fell by a compound annual growth rate of 3 percent while polyester yarn and fabric saw increases of 1 percent and 2 percent respectively.

The boom in local MMF apparel production was practically initiated by the collapse of Rana Plaza in April 2013 as the tragedy revealed how workers in the garment industry were subject to unbearable working conditions.

This prompted many international retailers and brands to move away from the country until certain conditions, particularly those laid out by the Alliance and Accord, were met by local producers.

So, as a part of the remediations, garment makers invested extensively to fortify workplace safety as per the recommendations, which included addressing fire, structural and electrical concerns.

Not only did this boost the confidence of foreign buyers, but it also led to Bangladesh emerging as the global champion in green garment factories. Now, the country has 217 LEED certified green garment units, of which 83 are platinum rated, 120 are gold, 10 are silver and four are just certified by the US Green Building Council.

It was only after these investments were made that the capacities of local garment makers reached such a level that they could diversify their product base with more value-added items and include non-cotton products.

Another trend that spurred the transition to synthetic fibres is changing fashion.

For example, the demand for casualwear such as polos and T-shirts made from blended fibres has increased as their acceptability in formal settings such as offices has risen over the past decade.

Now, non-cotton apparel is the largest and fastest growing category of garment exports, contributing 50 percent of all shipments from leading sources such as China, Vietnam and Italy.

The concentration of cotton apparel exports compared to non-cotton is higher in cotton producing countries like India and Turkey. However, Bangladesh accounts for a high share of global cotton apparel exports even though cotton production in the country is negligible at best.

China is the largest exporter of non-cotton apparels with a market share of 36 percent while India contributes 2 percent and Bangladesh provides 1 percent.

However, China's share is declining as it was 56 percent just a few years ago while India is also seeing reduced non-cotton apparel exports.

On the other hand, the situation is reverse in Bangladesh as the country's share in the global non-cotton apparel trade used to be even less than 1 percent, the study shows.

"If we want to achieve more from garment exports, the traditional model will not work as a new model prioritising fibre diversification is needed," said Faruque Hassan, the immediate past BGMEA president.

The data also shows that MMF imports recently increased, indicating that local garment manufacturers are expanding their product base.

"Still, government support is needed for the sector's growth," Hassan said. Against this backdrop, he urged the government for a 10 percent incentive on exports of MMF garments to encourage production and thereby help grab a bigger share of the global non-cotton apparel market.

"Cotton is also a priority for Bangladesh but MMF-based garment production is an innovative idea to grab more market share," Hassan said. He also urged for withdrawal of the Tk 3 value-added tax on sales of MMF yarn in the domestic market.

But like all things artificial, MMF does come with its own set of drawbacks, particularly environmental.

MMF or synthetic fibres are engineered through a complex chemical process rather than being manufactured from natural sources.

In essence, these fibres are mainly made from polymers derived from petrochemicals. So, while the fossil-fuel-derived fibres are not conflict materials, they are products of an industry with a heavy social impact.

Besides, MMF are not biodegradable and have been contributing to environmental pollution as washing non-cotton clothes releases microplastics.

It is estimated that between 16 to 35 percent of the global microplastic pollution in oceans comes from synthetic textiles.

Additionally, MMF have been linked to several potential health concerns, including skin irritation, allergies, respiratory problems, and even cancer in some cases.

Also, some synthetic textiles are treated with chemicals that can be harmful to human health, and prolonged exposure could lead to adverse effects.

Source: thedailystar.net– May 31, 2024

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NATIONAL NEWS

GDP growth beats expectations, jumps to 7.8% in Q4, tops 8.2% in FY24

Bolstered by strong growth in manufacturing, the Indian economy expanded at a rapid 7.8 per cent in January-March (Q4 of FY24), surpassing expectations and pushing up the growth rate for fiscal year 2023-24 (FY24) to 8.2 per cent, Statistics Ministry reported on Friday.

The growth at 8.2 per cent in FY24 was substantive as against 7 per cent of Fiscal Year 2022-23. The growth momentum is expected to continue on account of better monsoon and continuous strong performance of various segments of the economy.

Taking to X, Prime Minister Narendra Modi said: "The Q4 GDP growth data for 2023-24 shows robust momentum in our economy which is poised to further accelerate. Thanks to the hardworking people of our country, 8.2 per cent growth for the year 2023-24 exemplifies that India continues to be the fastest growing majory economy globally. As I've said, this is just a trailer of things to come."

Upbeat

Finance Minister Nirmala Sitharaman said: "It is worthwhile to note that the manufacturing sector witnessed a significant growth of 9.9 per cent in 2023-24, highlighting the success of the Modi government's efforts for the sector."

Further, many high-frequency indicators show that the Indian economy continues to remain resilient and buoyant despite global challenges. "India's growth momentum will continue in the third term of PM Narendra Modi-led government," she said.

Aided by better show on non-tax revenue, overall revenue receipts for 2023-24 came in at ₹27.28-lakh crore (₹27-lakh crore at revised estimate stage).

Centre reins in fiscal deficit at 5.6% for 2023-24, better than estimated 5.8%

S&P Global

S&P will watch India's policies for next two years before taking call on rating upgrade

While the industry, led by manufacturing, did well with its growth rate in FY24 jumping to 9.7 per cent as against 2.1 per cent of FY23, services growth rate dipped to 7.6 per cent from 10 per cent. Agriculture growth rate came down to 2.1 per cent from 4.4 per cent on account of uneven monsoon.

Decoding the number, D K Shrivastava, Chief Policy Advisor with EY India, said while private final consumption expenditure (PFCE) growth is still languishing at 4 per cent, the main demand side push is coming from gross fixed capital formation which has grown at 9 per cent. The external sector drag has also lessened. "In Q4, the contribution of net exports turned positive after remaining negative for three successive quarters," he said.

Meanwhile, the divergence between GVA (Gross Value Added showing supply side) and GDP (Gross Domestic Products showing demand side) continues. "A sharp divergence to the tune of 150 bps between GVA and GDP is due to higher net indirect taxes as subsidy outgo was lower while tax collections rose in the last quarter," Swati Arora, Economist with HDFC Bank explained while expecting this to continue in the current quarter as well.

Shreya Sodhani, Regional Economist, Barclays, said: "Despite today's stronger-than-expected print and consequent high base, we maintain our FY24-25 GDP growth forecast at 7 per cent."

Growth momentum

Further, she expectsthe steady domestic growth momentum to continue supported by the following factors – continued increases in government capex (albeit at a slower pace), the much-anticipated rising private investment, some recovery in rural consumption, even if cylical, and recovery in exports with the uptick in global trade.

"That said, monetary policy expectations suggest rates will remain elevated for longer, creating some headwinds for growth, as reflected in our forecast moderation in growth between FY 23-24 and FY 24-25. In addition, softening GVA for three straight quarters (Q1-Q3 FY24), suggest growth could ease from FY24," she said.

Shrivastava said FY25 real GDP growth is likely to be in the range of 7 to 7.5 per cent, expecting continued high capital expenditure growth in the forthcoming full year FY25 Budget. "With fiscal deficit at 5.6 per cent of GDP, buoyancy of gross taxes at 1.4 in FY24, and a substantive rise in RBI dividends, the GoI is in a position to lay down a solid foundation for medium term growth averaging 7 per cent," he said.

Source: thehindubusinessline.com– June , 2024

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Georgia reaches out to India to begin free-trade agreement talks

Georgia, the Southern Caucasus country, has reached out to India to start negotiations for a free-trade agreement (FTA), said a person aware of the matter.

"Recently, officials from Georgia requested India to sign a joint declaration towards launching the negotiations on the trade agreement between both countries. The (Indian) department of commerce is currently examining the proposal," said the person, adding a decision will be taken after elections end in India.

India and Georgia have discussed the possibility of a trade deal for over seven years now. The two sides announced a joint feasibility study in April 2017 and accepted its findings when it was completed in August 2018. In January 2019, they signed a joint protocol to start negotiations for a FTA.

According to Georgia's ministry of economy and sustainable development website the feasibility study the two countries could have mutually beneficial trade in business and professional services, telecommunications, computers, tourism, audiovisual products and services.

Sectors that will interest Indian investors include farming, pharmaceuticals, metallurgy, information technology, tourism, education and health care, audio-visual services, energy and environment. Georgia's potential investment areas in India are tourism, education and winemaking, according to the study.

Georgia is at the crossroads of Asia and Eastern Europe and shares borders with Azerbaijan and Russia. Georgia has historically been economically aligned with the Russia-dominated Commonwealth of Independent States (CIS) of Central Asia.

India has a positive trade balance with Georgia. However, in terms of value, trade remains low, with the country being India's 120th largest trade partner.

India’s exports to Georgia stood at $197.5 million in the financial year 2023-24, down 25.6 per cent from the years. Imports from Georgia were $101 million, down nearly 40 per cent. India’s key exports to Georgia include rice, machinery, iron products, tobacco, medicines, and polycetals, which is used in manufacturing plastics. Georgia’s imports to India include copper anodes, petroleum coke, aluminium waste, and fertilisers.

Connectivity is a constraint in trade between the two countries. The Black Sea, through Poti Port, is the only trade route available to them.

Source: business-standard.com– June 01, 2024

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Growth momentum to continue in Modi 3.0: FM Sitharaman

Finance Minister Nirmala Sitharaman on Friday termed 8.2 per cent GDP growth in 2023-24 as 'remarkable' and said the growth momentum will continue in the "third term of the Modi Government".

Today's GDP data showcases robust economic growth with a growth rate of 8.2 per cent for FY 2023-24 and 7.8 per cent for the fourth or March quarter of FY 2023-24.

"This remarkable GDP growth rate is the highest among the major economies of the world," Sitharaman said in a post on X.

She said the manufacturing sector witnessed a significant growth of 9.9 per cent in 2023-24, highlighting the success of the Modi government's efforts for the sector.

Many high-frequency indicators indicate that the Indian economy continues to remain resilient and buoyant despite global challenges, she added.

"India's growth momentum will continue in the third term of PM Shri @narendramodi-led government," she said.

The last phase of Lok Sabha elections will be held on Saturday while the results will be announced on June 4.

Source: economictimes.com– May 31, 2024

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No proposal made to Maldives for FTA: India

India on Thursday said it has not made any proposal to the Maldives for a bilateral free trade agreement (DTA) and that it was ready to consider if the island nation expresses interest for such a pact.

"No specific proposal for a bilateral FTA with the Maldives has been made by the Government of India," External Affairs Ministry spokesperson Randhir Jaiswal said.

"If the Government of Maldives expresses interest in having an FTA with India, we will give it due consideration," he said. Jaiswal's comments came in response to a question at his weekly media briefing.

Last week, Maldivian Minister for Economic Development and Trade Mohamed Saeed indicated that India has initiated efforts to have an FTA between the two countries.

"They (India) want there to be a Free Trade Agreement with Maldives, in addition to SAFTA (South Asian Free Trade Agreement)," Saeed told a press conference in Male.

The Maldives President has offered this opportunity to all countries, Saeed said, adding that the government aims to enter into such agreements with as many countries as possible to offer ease in trade activities.

The ties between India and the Maldives came under strain since November last year when President Mohamed Muizzu, known for his pro-China leanings, took the oath. Within hours of his oath, he had demanded the withdrawal of Indian military personnel from his country.

The last of the Indian military personnel were replaced by civilians earlier this month.

The Maldives is one of India's key maritime neighbours in the Indian Ocean Region and the overall bilateral ties including in areas of defence and security witnessed an upward trajectory under the previous government in Male.

Source: indianexpress.com– May 31, 2024

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Reserve Bank of India to delay interest rate cut to late this year: Poll

The Reserve Bank of India will cut interest rates just once this year, most likely in October-December rather than next quarter, although there was no clear majority among economists polled by Reuters on the timing of the first move.

With a growing likelihood many major central banks, including the US Federal Reserve, delay cutting interest rates, there is little upside for the RBI to step in front.

With near-8 per cent growth, the fastest among major world economies, and above-trend inflation there is also little urgency for the RBI to begin cutting rates unless concerns emerge about a slowdown.

All but one of 72 economists in a May 17-30 Reuters poll expected the RBI to hold the repo rate at 6.50 per cent at the conclusion of its June 5-7 meeting, just a few days after election results are due.

"Taking a leaf out of the global monetary policy playbook, the RBI too is likely to err on the side of caution and adopt a significantly restrained approach to rate cuts," said Aditi Gupta, an economist at Bank of Baroda. "Given how the domestic growth and inflation dynamics have been placed, we do not foresee a possibility of the RBI preceding the Fed."

Nearly half of economists surveyed, 33 of 71, predicted the RBI's first repo rate cut would take place in Q4 2024, giving a median forecast of 6.25 per cent. In April, the most popular choice for the first cut was Q3.

By end-2024, 33 of 71 said rates would be 25 basis points lower at 6.25 per cent, 15 said 6.00 per cent, and five expected 5.75 per cent or lower. The remaining 18 forecast no rate change this year.

Those predictions come despite widespread expectations inflation will stay above 4 per cent, the mid-point of the RBI's preferred 2 per cent-6 per cent range, this year and next.

At 4.83 per cent in April, inflation is expected to dip to 4.00 per cent next quarter before rising in subsequent quarters, the poll showed, averaging 4.5 per cent this fiscal year and next.

Economic growth was forecast to average 6.8 per cent this fiscal year and 6.6 per cent next.

"With the still-robust growth outlook creating no urgency to cut rates and inflation still above target, driven mainly by food ... we do not expect the majority of the MPC to see a reason to cut before December," Shreya Sodhani of Barclays noted.

While a smaller number of forecasters provided rate views well into next year, median forecasts showed no further cuts beyond 6.00 per cent.

Source: business-standard.com– May 31, 2024

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