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Currency Watch			
USD	EUR	GBP	JPY
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INTERNATIONAL NEWS

IMF projects global growth to hit 3.2% in 2024, 3.3% in 2025

The International Monetary Fund (IMF) expects global growth to remain stable, projecting it to be 3.2 per cent in 2024 and 3.3 per cent in 2025, in line with its April World Economic Outlook (WEO) forecast.

In a recent update to the outlook, the IMF said the momentum on global disinflation is slowing, signaling bumps along the path; world trade growth is expected to recover to about 3.25 per cent annually in 2024-25 (from quasi stagnation in 2023) and align with global gross domestic product (GDP) growth again; and global inflation will continue to decline.

However, varied momentum in activity at the turn of the year has somewhat narrowed the output divergence across economies as cyclical factors wane and activity becomes better aligned with its potential.

In the United States, after a sustained period of strong outperformance, a sharper-than-expected slowdown in growth reflected moderating consumption and a negative contribution from net trade.

In the United States, projected growth has been revised downward to 2.6 per cent in 2024—0.1 percentage point lower than projected in April—reflecting the slower-than-expected start to the year.

US growth is expected to slow to 1.9 per cent in 2025 as the labour market cools and consumption moderates, with fiscal policy starting to tighten gradually. By the end of 2025, US growth is projected to taper to potential, closing the positive output gap.

In Japan, the negative growth surprise stemmed from temporary supply disruptions linked to the shutdown of a major automobile plant in the first quarter. The strong shunto wage settlement in the country is expected to support a turnaround in private consumption starting in the second half, the IMF report said.

But the expectation for 2024 growth in japan has been revised downward by 0.2 percentage point, with the downward adjustment largely reflecting temporary supply disruptions and weak private investment in the first quarter.

In contrast, shoots of economic recovery materialised in Europe, led by an improvement in services activity. In the euro area, activity appears to have bottomed out.

In line with the April 2024 projection, a modest pick-up of 0.9 per cent is expected for 2024 in the zone—an upward revision of 0.1 percentage point—driven by stronger momentum in services and higher-than-expected net exports in the first half of the year. Growth is projected to rise to 1.5 per cent in 2025.

In China, resurgent domestic consumption propelled the positive upside in the first quarter, aided by what looked to be a temporary surge in exports belatedly reconnecting with last year's rise in global demand.

For China, the growth forecast is revised upward to 5 per cent in 2024, primarily on account of a rebound in private consumption and strong exports in the first quarter. In 2025, GDP is projected to slow to 4.5 per cent, and to continue to decelerate over the medium term to 3.3 per cent by 2029, because of headwinds from aging and slowing productivity growth.

The forecast for growth in India has also been revised upward to 7 per cent this year, with the change reflecting carryover from upward revisions to growth in 2023 and improved prospects for private consumption, particularly in rural areas, the IMF said in the report.

Monetary policy rates of major central banks are still expected to decline in the second half this year, with divergence in the pace of normalisation reflecting varied inflation circumstances.

GDP growth has been revised downward for 2024 in Brazil, reflecting the near-term impact of flooding, and in Mexico, due to moderation in demand.

The growth forecast for 2024 in Saudi Arabia has been revised downward by 0.9 percentage point; the adjustment reflects mainly the extension of oil production cuts.

Projected growth in Sudan is revised markedly downward, as persisting conflict takes a larger toll on the economy. The forecast for growth in sub-Saharan Africa is revised downward, mainly as a result of a 0.2 percentage point downward revision to the growth outlook in Nigeria amid weaker than expected activity in the first quarter of this year.

The uptick in world trade in the first quarter this year is expected to moderate as manufacturing remains subdued. Although cross-border trade restrictions have surged, harming trade between geopolitically distant blocs, the global trade-to-GDP ratio is expected to remain stable in the projection.

Inflation is expected to remain higher in emerging market and developing economies (and to drop more slowly) than in advanced economies, the IMF report said.

Higher nominal wage growth, which in some cases reflects the catch-up of real wages, if accompanied by weak productivity, could make it difficult for firms to moderate price increases, especially when profit margins are already squeezed. This could lead to further stickiness in wage and price inflation, it added.

Source: fibre2fashion.com– July 17, 2024

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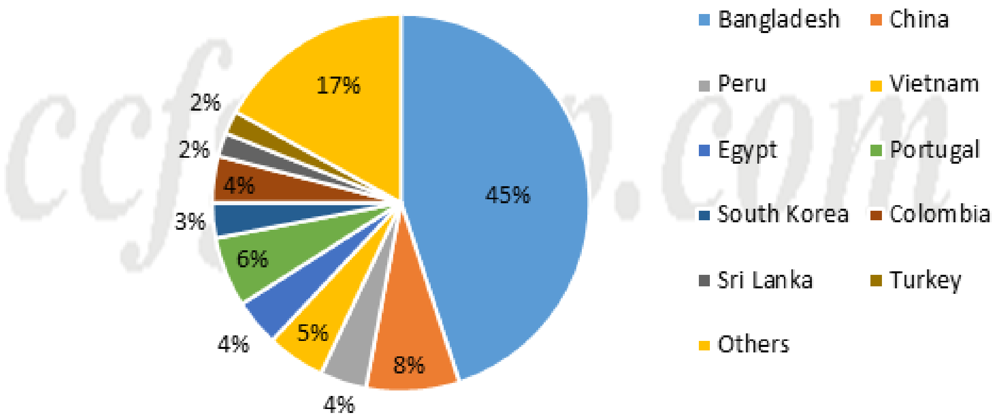
China returns to the second largest market for Indian cotton yarn exports in May

According to the latest import and export data, the total export volume of Indian cotton yarn (HS code 5205) in May 2024 was 91.3kt, a year-on-year increase of 13.92%, and a month-on-month increase of 4.22%. China reversed its decline and returns to the second position in the Indian cotton yarn export market, with the export volume to China in May being 7,369.21 tons, a decrease of 53.69% year-on-year and an increase of 53.27% month-on-month.

Shares in Indian cotton yarn export market in May 2024



Shares in Indian cotton yarn export market in May 2024					
Country	Exports(Apr 2024) ton	Proportion	Exports(May 2024) ton	Proportion	Change
Bangladesh	37248.08	43%	40974.91	45%	↗
China	4808.07	5%	7369.21	8%	↗
Portugal	5772.43	7%	5069.66	6%	↘
Vietnam	5468.83	6%	4949.59	5%	↘
Egypt	4084.02	5%	4024.18	4%	↘
Peru	3557.94	4%	3367.30	4%	↘
Colombia	3400.80	4%	3364.22	4%	↗
South Korea	2279.22	3%	2512.92	3%	↗
Turkey	3294.27	4%	2107.77	2%	↗
Sri Lanka	2000.67	2%	1770.26	2%	→

In terms of the market share of Indian cotton yarn exports in May, China has risen to the second position with around 8% of the export market, an increase of 3% compared to April 2024. Bangladesh maintains its position as the largest export destination for Indian cotton yarn, with a share of around 45%, representing a 2% increase compared to April. Portugal and Vietnam are the third and fourth largest export markets for Indian cotton yarn in May, with market shares of 6% and 5% respectively. The market shares of other countries were below 5%. Apart from Portugal, Vietnam, Egypt, and Peru, the market shares of exports to other countries have either increased or kept flat compared to May 2024.

Indian cotton yarn exports in in May 2024 (ton)				
Country	May-23	May-24	y-o-y	m-o-m
Total exports	80180.47	91342.95	13.92%	4.23%
Bangladesh	21728.65	40974.91	88.58%	10.01%
China	15912.02	7369.21	-53.69%	27.66%
Portugal	4225.53	5069.66	19.98%	-7.30%
Vietnam	3441.85	4949.59	43.81%	2.94%
Egypt	5177.07	4024.18	-22.27%	-1.47%
Peru	3397.73	3367.30	-0.90%	-5.36%
Colombia	1532.59	3364.22	119.51%	-1.08%
South Korea	2092.42	2512.92	20.10%	-23.72%
Turkey	5296.78	2107.77	-60.21%	-7.52%
Sri Lanka	1495.57	1770.26	18.37%	-11.52%

In May, Indian cotton yarn exports to China decreased year-on-year but increased month-on-month. From the year-on-year changes, Colombia had the largest year-on-year increase, rising by 119.51%. Regarding month-on-month changes, China had the highest increase, reclaiming its position as the second largest market for Indian cotton yarn exports, with exports to China increasing by 27.66% compared to the previous month.

Indian cotton yarn exports to China by variety in May (tons)					
Varieties	May-23	May-24	y-o-y	m-o-m	Proportion
Carded single yarn 8-25s	5,054.51	4,376.79	-13.41%	35.92%	59.39%
Combed single yarn 8-25s	3,481.84	1,139.42	-67.28%	85.63%	15.46%
Combed single yarn 25-30s	1,228.47	707.13	-42.44%	5.35%	9.60%
Combed single yarn 30-47s	5,082.23	678.17	-86.66%	-5.74%	9.20%
Total	14,847.10	6,901.50	-53.52%	36.90%	93.65%

In May 2024, in the four mainstream Indian cotton yarns, exports to China decreased year-on-year while all rose on a month-on-month basis except for combed single yarn 30-47s. From the month-on-month changes, the most significant increase in export volume to China in May was combed single yarn 8-25s.

In May, the main varieties of Indian cotton yarn exported to China were carded single yarn 8-25s, accounting for 59.39% of the total, with an export volume of 4376.79 tons. The combed single yarn 8-25s and combed single yarn 25-30s accounted for 15.46% and 9.60% respectively. The combed single yarn 30-47s accounted for 9.20% of the export volume, with a total of 678.17 tons exported.

In summary, Indian cotton yarn exports saw increases both year-on-year and month-on-month this month, with the main export markets being Bangladesh, China, Portugal, and Vietnam.

Exports to China this month decreased year-on-year but increased compared to the previous month. In May, the export of the four main Indian yarns exported to China all decreased year-on-year, but all increased on a month-on-month basis except for combed single yarn 30-47s. The largest quantity exported among the four mainstream cotton yarns was the carded single yarn 8-25s.

Source: ccfgroup.com– July 18, 2024

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Global cotton market sees varied trends in June

In the past month, cotton benchmark prices have shown mixed movements, reflecting varied trends across different markets, according to Cotton Incorporated.

The December NY/ICE futures contract has fluctuated between 70 and 76 cents per pound. In late June, prices approached slightly above 75 cents but have since shifted towards the lower end of the range. The A Index experienced similar fluctuations, ranging between 81 and 85 cents per pound. It too saw a rise towards the end of June before drifting lower, Cotton Incorporated said in its Monthly Economic Letter - Cotton Market Fundamentals & Price Outlook - July 2024.

A notable decline was observed in the Chinese Cotton Index (CC Index 3128B), which dropped from 102 to 97 cents per pound in international terms. This marked the first time the index consistently stayed below 100 cents per pound since late 2022. Domestically, prices fell from 16,200 to 15,600 RMB (approximately $2,231.43 to $2,148.79) per ton, with the RMB remaining stable against the dollar at approximately 7.27 RMB/USD.

Indian spot prices for Shankar-6 quality cotton saw a slight increase, moving from 85 to 88 cents per pound. This rise reversed the minor decline noted the previous month. In domestic terms, prices increased from ₹56,000 to ₹58,200 (approximately $669.96 to $696.28) per candy, while the INR maintained stability around ₹83 per USD.

In contrast, Pakistani spot prices fell from 86 to 80 cents per pound. Domestically, values decreased from 19,700 to 19,300 PKR (approximately $70.72 to $69.29) per maund, with the PKR steady at around 278 PKR/USD.

Source: fibre2fashion.com– July 16, 2024

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ICE cotton prices decline amid weak demand & falling crude oil prices

ICE cotton slumped again yesterday due to a lack of better demand. A stronger dollar index and declining crude oil prices also put pressure on the cotton market. Cotton futures settled with losses, and speculators still held short positions. The market is expected to remain under pressure until there are changes in fundamentals. Yesterday, the ICE cotton December contract settled at 71.37 cents per pound (0.453 kg), down by 107 points. The March 2025 contract was lower by 95 points, reaching 73.73 cents, according to trade analysts.

The decline in crude oil prices further dampened cotton market sentiment as it made the polyester value chain cheaper. Crude oil slipped over one per cent yesterday, marking the third consecutive day of decline. Slow economic growth in China raised fears of lower demand for crude oil. The dollar index settled with gains after retail sales data, discouraging foreign cotton buyers at higher prices.

ICE data indicated stable deliverable inventories of No. 2 cotton futures at 41,122 bales as of July 15. The CFTC data showed that speculators increased their net short positions in ICE cotton futures and options by 6,378 lots to 45,122 lots as of July 9.

As of Sunday, the US cotton crop's good-to-excellent condition rate remained at 45 per cent, as per the USDA report. The high-quality rate of US cotton remains unchanged from the previous week at 45 per cent. However, many traders maintain a positive outlook on the cotton crop position. Traders are awaiting the US cotton export sales report due tomorrow to understand the current demand situation.

On Wednesday, ICE cotton for December 2024 traded at 72.07 cents per pound, up 0.70 cents. Cash cotton traded at 64.87 cents (down 0.49 cents), the October contract at 70.37 cents (down 0.49 cents), the March 2025 contract at 74.10 cents per pound (up 0.79 cents), the May 2025 contract at 75.43 cents (up 0.71 cents), and the July 2025 contract at 76.35 cents (up 0.60 cents). A few contracts remained at the level of the last closing, with no trading noted today.

Source: fibre2fashion.com– July 17, 2024

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Red Sea Container Ship Diversions Likely to Last Into 2025

The Red Sea crisis appears to be going nowhere any time soon.

According to recent newsletter from Alphaliner, “most industry stakeholders [are] now banking on continued Cape of Good Hope diversions until 2025 at least.” The mass rerouting of container ships around southern Africa has been consistent since December, weeks after the Yemen-based Houthis began launching drone and missile attacks on commercial vessels in the Red Sea.

The shipping research tool and database said that although container ships have added shipping capacity across 2023 and 2024, this additional capacity has easily been absorbed.

Roughly 2.3 million 20-foot equivalent units (TEUs) of new tonnage was delivered last year, and a further 1.7 million TEUs added to the 30 million TEU fleet this year, according to Alphaliner. Yet the Red Sea crisis has pushed many vessels onto a route 20 percent longer, the firm said.

Maersk said that Asia-to-Europe ocean freight capacity across the entire container shipping industry would fall anywhere from 15 percent to 20 percent in the second quarter. But the ocean freight giant is now anticipating that the knock-on impacts have gone beyond the Asia-to-Europe trade lane into its entire global network.

“The cascading impact of these disruptions extends beyond the primary affected routes, causing congestion at alternative routes and transshipment hubs essential for trade with Far East Asia, West Central Asia and Europe,” Maersk said in an online advisory Wednesday. “Ports across Asia, including Singapore, Australia and Shanghai, are experiencing delays as ships reroute and schedules are disrupted, caused by ripple effects from the Red Sea.”

For example, Maersk said its Oceania network was hit by congestion in Southeast Asian hubs caused by equipment shortages and capacity constraints stemming from the Red Sea disruption.

On top of the port delays and bottlenecks, the networks have been reorganized with more vessels being moved to different regions to better meet the demand for capacity.

The container shipping giant said it is working to minimize customer disruptions through several key investments and operational adjustments, which include securing additional containers and exploring further capacity enhancements.

Along with the capacity concerns, large container ships are in short supply. According to a report from Linerlytica, almost all large vessels have been chartered until 2025, causing liner and feeder operators to turn their attention to smaller vessels, whose owners are seeking to lock-in higher rates for longer periods.

“Availability of prompt tonnage is extremely scarce at the moment, especially for ships over 2,000 TEU,” the report said. “The charter market remains effectively sold out for the larger vessels until next year. Charter rates continue to rise through the course of the week, although activity levels have slowed down noticeably.”

Linerlytica noted that while capacity was still being added to services from Asia to the U.S. West Coast, South America and the Indian subcontinent through August, there was still a shortage of vessels.

Alphaliner said rates will continue at high levels due to the diversions, with additional impacts hitting the ship scrapping market—in which vessels are deconstructed—“despite ever more stringent environmental regulations and pressure to phase out the less-efficient ships.”

Vessel-scrapping numbers fell from 77,000 TEUs in the first half of 2023 down to just 48,600 containers in the 2024 period.

While the impacts of the ongoing Houthi attacks to the wider container shipping industry have largely resulted in a mass exodus from the Red Sea and its chokepoints, there are still vessels traversing the waterway that are enduring the potential risks.

On Tuesday, the Houthi rebels released video that showed what they claim is an attack on an oil tanker, the Chios Lion, conducted the day prior.

U.S. Central Command (CENTCOM) reported on the attack Monday, saying the Houthis struck the tanker with an unmanned surface vehicle in the Red Sea, causing damage to the vessel. No injuries have been reported. CENTCOM also said the Houthis launched multiple attacks on the MT Bentley I tanker vessel.

Between October and April, the Houthis carried out at least 53 attacks on commercial vessels, the U.S. Department of Transportation and Maritime Administration reported in April.

The jury is still out on whether another vessel could have potentially been attacked by the Iran-backed militant group.

One such vessel, the Prestige Falcon oil tanker, capsized 25 nautical miles off the coast of Oman Monday. That event has not been confirmed to be an attack by the Houthis.

Of the 16 crew members on board, nine have so far been rescued, according to Omani authorities. Search and rescue operations were still ongoing to locate the crew.

Source: sourcingjournal.com– July 17, 2024

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Cotton Attracts the Attention of Young African Leaders

Sustainability is the way forward in the textiles and manufacturing sectors.

Outreach and educating consumers and brands are strategies that will help with enhancing the consumption of natural fibers. Also, as natural fibers have not penetrated technical textiles as much as synthetics and given the need for sustainable products, efforts must be made towards research, dissemination of results, and outreach. It may not be possible to find use in all sectors of advanced textiles, but areas such as environmental protection, insulation, and health offer immediate possibilities.

Opportunities for cotton use in advanced textiles must be disseminated to young leaders and consumers to boost its consumption.

Two young leaders from Africa recently visited the Cotton and Advanced Materials Laboratory at Texas Tech University (TTU). In their first visit to the United States as Mandela Washington fellows funded by the United States government, they are spending six weeks at TTU.

Dr. Idda Mihindi is a medical doctor from Tanzania who has founded Fursa Foundation, which manufactures and distributes washable cotton-based sanitary pads for rural women and secondary school girls who cannot afford hygiene products.

Greogory Rakobe is from Botswana and has interest in using native plants to develop skin and health care products.

As these two young leaders work in the sustainability area, they expressed interest in visiting the Advanced Materials Laboratory to learn about industrial applications of cotton.

Mihindi and Rakobe conducted experiments using waste cotton-based nonwoven pads and understood the oil sorption capabilities of cotton.

“The sustainable role of cotton used is eye-opening to me,” stated Mihindi.

The visitors interacted with graduate students in the laboratory who work in cotton and sustainability projects enabling advanced applications for cotton.

Timely dissemination of information about new applications of cotton and natural materials will advance the sustainability goals of textiles and manufacturing sectors. As the African continent has a large population and is advancing in its economy, engaging with its next generation leaders will boost the consumption of natural fibers.

The industry should look for opportunities for natural fibers and recycled natural products in the advanced textiles industry.

Source: cottongrower.com– July 16, 2024

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Euro area international trade in goods surplus $15.13 bn in May 2024

The euro area exports of goods to the rest of the world in May this year were worth €241.5 billion (~$262.8 billion)—a decrease of 0.5 per cent year on year (YoY), according to Eurostat. Imports from the rest of the world to the zone stood at €227.6 billion (~$247.71 billion)—a fall of 6.4 per cent YoY. The first estimates of euro area balance showed a €13.9-billion ($15.13-billion) surplus in trade in goods with the rest of the world in May compared with a deficit of €0.4 billion (~$0.435 billion) in the same month last year.

In May, the euro area surplus decreased by €0.3 billion month on month (MoM) from €14.2 billion to €13.9 billion. This was due to a decrease of surplus for machineries and vehicles (minus €1.7 billion) and chemicals (minus €1.3 billion) partially offset by an increase in other manufactured goods (plus €2.6 billion). In the first five months this year, the euro area recorded a surplus of €84.9 billion, compared with minus €21 billion in the corresponding period last year. The euro area exports of goods to the rest of the world during the period rose to €1,194.5 billion—an increase of 0.5 per cent YoY, and imports fell to €1,109.7 billion—a YoY decrease of 8.3 per cent.

Intra-euro area trade fell to €1,090.6 billion in January-May 2024—down by 5.2 per cent YoY. The European Union (EU) balance showed a €9.7-billion ($10.57 billion) surplus in trade in goods with the rest of the world in May 2024, compared with a deficit of €2.6 billion in May last year, an official release said. Extra-EU exports of goods in May this year were worth €216.3 billion ($235.78 billion)—down by 0.6 per cent YoY. Imports from the rest of the world to the bloc stood at €206.5 billion ($225 billion)—down by 6.2 per cent YoY.

Between January and May this year, extra-EU exports of goods rose to €1,068.8 billion—an increase of 0.7 per cent YoY, and imports fell to €994.7 billion—a decrease of 9.3 per cent YoY. As a result, the EU recorded a surplus of €74.2 billion, compared with a deficit of €36 billion during the corresponding period last year. Intra-EU trade fell to €1,707.1 billion in the five months, a drop of 4.2 per cent YoY.

Source: fibre2fashion.com– July 17, 2024

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US online retail sales to reach $1.2 trn in 2024: FTI

FTI Consulting has projected that US online retail sales will reach $1.2 trillion in 2024, an increase of nearly 10 per cent from last year, according to the firm's 2024 online retail report.

The firm's retail & consumer products practice, which conducted analysis for the report, expects US e-commerce sales to account for 22.7 per cent of retail market share in 2024, compared with 21.6 per cent in 2023. Despite continued growth, e-commerce market share of total retail sales is expected to decelerate compared to the pre-COVID period and plateau near 35 per cent by the middle of next decade. Several product categories have already reached that level, including toy and hobby, office supply, consumer electronics, books and magazines, music and videos, computer hardware and software, home furnishings, and sporting goods.

"E-commerce in the US is in a maturing phase as it returns to pre-pandemic normalcy, but it continues to capture market share, primarily from store-based retailers," said JS Wichser, a senior managing director and leader of the retail & consumer products practice at FTI Consulting. "As the retail landscape evolves, it is critical for businesses to turn their strategies toward omni-channel integration and technological innovation while adapting to shifting consumer demands to maintain a competitive edge in a crowded field."

E-commerce sales growth represented 46 per cent of total retail sales growth in 2023, which is consistent with pre-COVID capture rates, and 57 per cent in the first quarter of 2024, its highest rate since 2017, excluding the pandemic period. The report predicts that total US e-commerce sales will not see a mid-teen annual sales growth rate year-over-year, as they did consistently for more than a decade prior to COVID, but will sustain high- to mid-single-digit sales growth for several more years.

The report also highlights several trends to watch in the US retail industry, which demonstrate an effort to adjust to market changes. US retailers are shifting their stores to fulfilment centres to optimise returns and inventory, managing store fleets by closing under-performing stores and reducing labour, blending digital and in-store customer journeys, and using artificial intelligence to engage more closely with consumers, as per the report.

“More retailers are creating personalised shopping experiences and promotions for consumers, which include the use of generative-AI content,” said Kurt Staelens, a senior managing director in the retail & consumer products practice at FTI Consulting. “This type of customisation has the ability to attract and retain customers and encourage them to immerse themselves with the products they want.”

Another trend featured in the report is the potential disruption from newcomers to the e-commerce market. Digitally native direct-to-consumer retailers, which have grown in popularity in the US and globally, have the ability to increase overall US retail sales, with many analysts expecting these platforms to take sales and market share primarily from deep value store-based retailers, having less of an impact on existing e-commerce channels.

Source: fibre2fashion.com– July 17, 2024

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Australia faces meagre economic growth amid global monetary tightening

Global economic growth is expected to remain weak over the near term, impacting countries like Australia, as tight monetary conditions continue to weigh on households and businesses, according to KPMG's Australia Economic Outlook for Q2 2024.

Despite a decline in inflation driven by weakening price growth for goods, services inflation remains problematic due to higher wages growth, resulting in core inflation being higher and stickier than headline inflation. From an inflation-adjusted perspective, Australia's real policy rate is notably lower than those in the US, UK, Canada, and Europe, as these markets are further along the disinflation pathway. Australia's inflation cycle lagged behind other advanced countries by around six to nine months, so policy rate cuts are expected to occur with a similar lag.

Australia's economic performance since the start of the year has been meagre, with just 0.1 per cent real growth in the first quarter of 2024 and only 1.1 per cent growth over the past 12 months. The latest national accounts data shows an economy struggling to maintain forward momentum, with six out of the last eight quarters recording negative or flat GDP per capita growth, indicating a continued decline in the standard of living, as per KPMG's outlook.

Households are facing increased costs of living. These factors suggest that headwinds to household consumption will persist in 2024 as interest rates are expected to stay higher for longer and inflation remains sticky, while households draw down their savings buffers. A gradual slackening in the labour market will further pressure household consumption. Some relief is expected from July with the onset of the Stage 3 tax cuts and various cost of living relief packages offered by the Commonwealth and state governments.

The extent to which these fiscal initiatives will impact the real economy remains uncertain. While many packages are designed to reduce headline inflation mechanically, the Reserve Bank of Australia (RBA) has acknowledged that it will look through the effects of these policies and focus on underlying price pressures in its policy rate decisions.

Source: fibre2fashion.com– July 18, 2024

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NATIONAL NEWS

Piyush Goyal discusses UK, EU trade pacts at G7 meeting

Piyush Goyal, held bilateral discussions for deeper economic ties and moving ahead on free trade agreements (FTAs) with his counterparts from the UK and EU on the sidelines of the G7 trade ministers' meeting at Reggio Calabria in Italy.

New Delhi: Commerce and industry minister Piyush Goyal discussed India's free trade agreements (FTA) with the EU and UK with his counterparts on the sidelines of the G7 trade ministers meeting in Italy, commerce and industry ministry said in a statement Wednesday.

He also discussed India's initiatives with strategic partners such as the US, GCC countries, and the EU, including the India-Middle East-Europe Economic Corridor (IMEC) to strengthen supply chains. His discussions with Valdis Dombrovskis, Executive Vice President of the European Commission focused on promoting India-EU trade and economic collaborations, including ongoing FTA negotiations.

"Both sides explored opportunities to strengthen cooperation in various areas of mutual interest," the ministry said. The eighth round of talks on the proposed India-EU FTA was held from June 24-28 in Brussels and discussions were held on all 21 chapter. The next round is likely in September end.

With Jonathan Reynolds, UK Secretary of State for Business and Trade, Goyal discussed deepening bilateral economic relations. The conversation included plans to take forward the discussions on FTA between India and the UK. Before elections in the two countries, they were close to closing various pending issues under the FTA.

The minister also had bilateral meetings with ministers from Italy, Germany and New Zealand.

He highlighted the importance of analyzing global supply chains' robustness in times of crisis, referencing the Covid-19 pandemic, Ukraine-Russia conflict, and Red Sea crisis and the need for resilient supply chains that endure beyond the current generation.

The minister proposed collaboration among trusted partners to reinforce global supply chains in critical areas such as critical minerals, semiconductors, pharmaceuticals, and green energy; and advocated public-private partnerships, investments in critical infrastructure, innovation, and consistent regulatory frameworks across G7 countries and partner nations, according to the statement.

Source: economictimes.com– July 17, 2024

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Indian cotton spinning industry expected to recover in FY25: ICRA Report

ICRA expects the domestic cotton spinning industry to recover in FY2025, growing by 6-8%, supported by 4-6% volume growth and mild realisation gains. This follows two consecutive years of de-growth on the back of subdued domestic demand and falling yarn realisations.

Over two-thirds of the total cotton yarn produced is consumed domestically, where green shoots of recovery are visible from the downstream segments, such as readymade garments and home textiles.

Exports, which rebounded in FY2024 on a lower base, are likely to normalise in FY2025. While the exports will remain exposed to headwinds from sluggish global demand, a shift in sourcing preference away from other countries will offset this impact to an extent.

Domestic cotton prices, which peaked sharply in H1 FY2023 and reached a lifetime high of Rs. 284 per kg, have been declining over the last two years. The average prices, which fell by 26% Y-o-Y in FY2024 amid moderation in global prices and weak demand from the end-user segments, are likely to marginally increase in the near term with a recovery in demand and an expected reduction in the cotton sown area.

Cotton yarn prices, too, have been declining since June 2022 amid softening cotton fibre prices and slowing demand from the downstream segments. ICRA expects the cotton yarn prices to rise marginally in FY2025 and remain exposed to the vagaries of demand.

Commenting on this, Mr. K Srikumar, Senior Vice President & Co-Group Head, of Corporate Sector Ratings, ICRA, said: "The operating income of Indian cotton spinning companies is estimated to improve by 6-8% in FY2025 with a recovery in domestic demand and marginal rise in yarn realisations.

The gross contribution margins for spinners, which contracted sharply by ~20% YoY in FY2024 amid weak domestic demand, recovered by an estimated ~5% in Q1 FY2025 and the recovery trend is likely to continue for the remainder of FY2025.

Accordingly, ICRA expects the operating profit margins to expand further by 100-150 bps, supported by scale benefits and the cost-saving measures undertaken by industry players."

The industry had incurred high debt-funded capex in FY2023, partly due to the deferment of major capital expenses during the Covid period (FY2020-21). Consequently, the industry's coverage metrics deteriorated in FY2023 with a drop in yarn demand in H2 FY2023.

The spinners have halted major capex plans in the near term due to weak domestic demand and lower realisations in FY2024. ICRA, however, expects a marginal pick-up in capex announcements in FY2025, driven by the modernisation requirements of types of machinery, the flow of demand from the China Plus One scheme, and improvement in domestic demand from downstream apparel companies.

"The industry leverage levels rose in FY2024, primarily due to the increase in short-term borrowings available to fund the incremental working capital requirements. The leverage levels are expected to reduce with better cash accruals and the expectation of minimal capex spending.

Consequently, the industry's debt protection metrics shall witness some improvement – the total outside liabilities to tangible net worth ratio is expected to improve marginally to 0.6 times in FY2025 (0.7 times in FY2024), while the total debt to operating profit ratio shall improve to 2.5-3.0 times from 3.5-4.0 times in FY2024." Srikumaradded.

Source: economictimes.com– July 16, 2024

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Indian exports show resilience amid global challenges in first quarter: CRISIL report

Despite geopolitical tensions in Europe and the Middle East, India's merchandise exports grew by 5.8 percent to USD 109.96 billion compared to USD 103.9 billion in the same period last year, according to a CRISIL report.

The report states that the deceleration in the growth momentum of exports in June compared to May was largely due to an 18.2 percent contraction in oil exports. The growth momentum slowed down in June, with merchandise exports increasing by only 2.6 percent year-on-year, down from 9.1 percent in May.

Non-oil exports continued to maintain steady growth, rising by 7.7 percent in June, almost in line with the 7.8 percent growth recorded in May. Services exports exhibited a strong performance in June, contributing positively to the overall trade scenario.

The positive aspect is that merchandise imports grew at a slower pace of 5.0 percent year-on-year in June, down from 7.7 percent in May.

However, core imports, excluding oil and gold, surged by 7.1 percent, increasing from the 0.8 percent growth in the previous month. This spike in core imports was partially driven by a low base effect from the previous year.

Despite the positive growth in exports, the trade deficit widened to USD 21 billion in June from USD 19.2 billion in the same month last year.
For the first quarter, cumulative imports rose by 7.7 percent to USD 172.4 billion from USD 160 billion, resulting in a trade deficit of USD 62.44 billion, up from USD 56.1 billion.

This widening deficit was mainly due to a higher oil trade deficit, while the non-oil trade deficit narrowed. Services exports were a bright spot, increasing by 10.2 percent year-on-year to USD 29.76 billion in May. On the other hand, service import growth moderated to 5.4 percent, down from 19.1 percent in the previous month.

Consequently, the services trade surplus expanded to USD 13.02 billion, up from USD 11.1 billion in May last year.

Oil exports fell by 18.3 percent year-on-year and 18.5 percent month-on-month in June, despite stable international prices. This suggests a reduction in export volumes, with exports falling to USD 5.5 billion from USD 6.8 billion in June last year and the previous month.

Oil imports increased by 19.6 percent in June compared to 28 percent in May, driven by domestic demand and local refineries operating above capacity. Sectors such as drugs and pharmaceuticals, engineering goods, organic and inorganic chemicals, and ready-made garments showed positive growth.

However, pharmaceuticals (9.9 percent vs. 10.5 percent) and ready-made garments (3.7 percent vs. 9.8 percent) saw slower growth compared to May.

Gems and jewellery exports continued to decline, marking the seventh consecutive month of negative growth at -1.4 percent year-on-year.

Growth in carpets, handloom products, man-made products, plastics, and linoleum was positive but slower than the previous month.

Handmade carpets (-16.6 percent vs. 20.6 percent), jute manufacturing (-11.1 percent vs. -5.2 percent), and leather products (-2.2 percent vs -2.1 percent) recorded contractions.

Cashew exports have been declining since 2018, with only sporadic months of positive growth. In June, cashew exports fell by 7.3 percent, an improvement from the 25.8 percent decline in May.

Coffee (70 percent vs. 64.2 percent), fruits and vegetables (7 percent vs. 20.8 percent), rice (1 percent vs. 2.8 percent), spices (9.8 percent vs. 20.3 percent), tea (3.2 percent vs. 19.6 percent), and tobacco (37.7 percent vs. 58.4 percent) saw slower growth compared to May.

Marine products (-7.7 percent vs. -3.9 percent) and meat, dairy, and poultry products (-13.9 percent vs. 22.9 percent) also experienced a decline.

Increases were noted in electronic goods (15.9 percent vs. 6.7 percent), fruits and vegetables (22.6 percent vs. 3 percent), non-ferrous metals (47.6 percent vs. 1.1 percent), project goods (31.4 percent vs. -44.3

percent), textiles and yarn fabric made-up articles (23.8 percent vs. -1.1 percent), and wood products (16.2 percent vs. -7.2 percent).

The fiscal year has started positively with steady merchandise export growth in the first quarter. Encouragingly, multilateral organisations have forecasted better year-on-year trade growth.

The Indian government's focus on foreign trade agreements (FTAs) is expected to further boost trade.

However, the persistent growth in imports surpassing exports is a concern, widening the trade deficit. The recent US tariff hikes on Chinese imports could lead to potential dumping by China in the Asian market, including India, which requires close monitoring.

Despite these challenges, the expected moderation in domestic growth may help contain import growth and the trade deficit. The service trade surplus and robust remittance flows are positive indicators that the current account will remain stable.

Source: economictimes.com– July 17, 2024

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ADB maintains India's GDP growth forecast at 7% for FY25

Taking cue from performance of manufacturing sector supported by possible rebound in agriculture sector, Asian Development Bank (ADB) on Wednesday retained India's GDP forecast at 7 per cent for fiscal year 2024-25. This is at par with International Monetary Fund's (IMF) projection of 7 per cent, but lowers than the Reserve Bank of India's estimate of 7.2 per cent.

"India's industrial sector is projected to grow robustly, driven by manufacturing and strong demand in construction. Agriculture is expected to rebound amid forecasts for an above-normal monsoon, while investment demand remains strong, led by public investment," the multilateral agency said in the latest edition of Asian Development Outlook. It has also maintained its growth forecast at 7.2 per cent for fiscal year 2025-26.

On Tuesday, the IMF said in the latest update of its World Economic Outlook (WEO) that it raised the country's growth forecast for the current year by 20 bps to 7 per cent. The agency said the forecast for growth in emerging markets and developing economies is revised upward; the projected increase is powered by stronger activity in Asia, particularly China and India. "The forecast for growth in India has been revised upward to 7 per cent this year, with the change reflecting carry over from upward revisions to growth in 2023 and improved prospects for private consumption, particularly in rural areas," the agency said.

Meawnhile, ADB said that services continued to expand robustly in Q4 of FY2023, and the forward-looking services PMI is well above its long-term average. Industry is also expected to grow robustly, driven by manufacturing and strong demand for construction led by housing. "After muted growth in FY23, a rebound in agriculture is expected given the above-normal monsoon projections. This is notwithstanding the slower advance of the monsoon in June. A rebound in agriculture will be important to sustain growth momentum in rural areas," the agency said.

Further, investment demand continues to be strong, led by public investments. Bank credit is fueling robust housing demand and improving private investment demand. However, export growth will continue to be led by services, with merchandise exports showing relatively weaker growth. The stronger-than-expected fiscal position of the Central government could provide a further boost to growth. However, "this must be weighed against downside risks arising from weather events and geopolitical shocks," the agency cautioned.

China's forecast

Talking about China, it maintained growth forecast at 4.8 per cent this year. A continued recovery in services consumption and stronger-than-expected exports and industrial activity are supporting the expansion, even as the China's struggling property sector has yet to stabilise. The government introduced additional policy measures in May to support the property market, the agency said.

For overall Asia, it slightly raised its economic growth forecast for developing Asia and the Pacific this year to 5 per cent from a previous projection of 4.9 per cent, as rising regional exports complement resilient domestic demand. The growth outlook for next year is maintained at 4.9 per cent "Inflation is forecast to slow to 2.9 per cent this year amid easing global food prices and the lingering effects of higher interest rates," the agency said.

Source: thehindubusinessline.com– July 17, 2024

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EU's carbon tax mechanism expected to cost India 0.05% of GDP: Report

The European Union's Carbon Border Adjustment Mechanism (CBAM) will impose additional 25 per cent tax on energy-intensive goods exported from India to the EU, a new report said on Wednesday.

This tax burden would represent 0.05 per cent of India's GDP, according to the report titled "The Global South's response to a changing trade regime in the era of climate change" by independent think tank Centre for Science and Environment (CSE).

These findings are based on data from the past three years (2021-22, 2022-23, and 2023-24).

CBAM is the EU's proposed tax on energy-intensive products, such as iron, steel, cement, fertilizers, and aluminum, imported from countries like India and China. The tax is based on the carbon emissions generated during the production of these goods.

The EU argues that this mechanism creates a level playing field for domestically manufactured goods, which must adhere to stricter environmental standards, and helps reduce emissions from imports. But other nations, particularly developing countries, are worried this would harm their economies and make it too expensive to trade with the bloc.

The move has also sparked debate at multilateral forums, including UN climate conferences, with developing countries arguing that, under UN climate change rules, countries cannot dictate how others should reduce emissions.

Avantika Goswami, who leads CSE's climate change programme, said that India's CBAM-covered goods exports to the EU accounted for 9.91 per cent of its total goods exports to the bloc in 2022-23.

She said 26 per cent of India's aluminum and 28 per cent of its iron and steel exports were destined for the EU in 2022-23. These sectors dominate the basket of CBAM-covered goods shipped from India to the EU.

In 2022-23, the exports of CBAM-covered goods to the EU made up about one-fourth (25.7 percent) of India's total such goods exported globally, which is significant for the industries operating in these sectors.

Currently, hydrogen and electricity are not exported from India to the EU. Of India's total goods exported worldwide, CBAM-covered goods exports to the EU constitute only about 1.64 percent.

Source: business-standard.com– July 17, 2024

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India sees 5% retail sales growth in June 2024: RAI

In June 2024, India noted a significant 5 per cent growth in sales compared to June 2023, as per the 52nd Retail Business Survey by the Retailers Association of India (RAI). Among various categories, the footwear and apparel & clothing sectors each registered a 4 per cent growth.

South India led the regional growth with a notable 7 per cent increase, followed by North and East India, each seeing a 5 per cent rise, and West India experiencing a 4 per cent increase.

Kumar Rajagopalan, CEO of RAI, commented on the positive trend: “Retailers saw a 5 per cent growth in June 2024 compared to the same period last year, indicating positive consumer spending trends. South India led with a 7 per cent increase, while the QSR sector grew by 8 per cent. End-of-season sales in discretionary items also contributed. With the upcoming festival season and a promising monsoon, we anticipate further improvement in consumer sentiment and retail sales."

The survey indicates a robust performance across various sectors, particularly in discretionary items, boosted by end-of-season sales. The RAI anticipates that the upcoming festival season and a promising monsoon will further elevate consumer sentiment and retail sales.

Source: fibre2fashion.com– July 18, 2024

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Apparel exports revive

Textile and apparel exports grew 1.63 % last month value terms as against last June.

While textile exports ($ 1625.37 million in June 2024) increased just 0.5 %, apparel shipments ($ 1293.88 million last month) saw 3.68 % growth. From April to June this fiscal, textile and apparel exports were 4.08% higher compared with the same period last year.

Rakesh Mehra, chairman of the Confederation of Indian Textile Industry, said the current financial year is good so far for the sector and it is mainly due to the increased share of India in the U.S. market compared with its competitors.

The U.S. accounts for about 27 % of India's total textile and apparel exports. From January to May this year, India's textile and apparel exports to the U.S. went up 2.5 % year on year, while exports from China and Bangladesh saw 1.3 % and 11.9 % decline. "The industry is optimistic about the growth of the Indian textile industry and favourable policy measures in the upcoming budget will propel the growth of exports," he said in a press release.

Source: thehindu.com– July 11, 2024

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CMAI's 79th National Garment Fair to take place in Mumbai

The Indian apparel industry is gearing up for a showcase of trends, innovation, and business opportunities at the highly anticipated 79th National Garment Fair (NGF 2024) by the Clothing Manufacturers Association of India (CMAI). The event is scheduled to take place from July 23-26, 2024, at the Bombay Exhibition Centre and the Jio World Convention Centre in Mumbai.

Occupying a massive 1 million square feet of exhibition space, this year's NGF is set to highlight the latest collections in men's, women's, and children's clothing. The bi-annual trade show, organised by CMAI, is a premier event in the industry, attracting 1,100 apparel manufacturers and more than 30,000 retailers from across India, CMAI said in a press release.

"Despite the consumption slow down prevalent since 2023, we are optimistic about a rising demand in the domestic market during the upcoming festive season. Indian consumers distinct fashion choices, demand for unique prints, special designs and premium merchandise does provide a solid foundation for growth. We anticipate that the later half of the year will see a notable improvement across all categories, marking 2024 as a stabilising period that sets the stage for our brighter future," said Rajesh Masand, president, CMAI.

"National Garment Fair attracts national level manufacturers, distributors, retailers, industry professionals, promoting B2B sourcing relationships and offers access to new business opportunities that help drive growth. The four-day extravagant trade show is anticipated to attract over 30,000 trade buyers from all over India.

To facilitate this large quantum of trade visitors and ensuring a productive experience for all stakeholders involved, we have bifurcated the total exhibition space of 1 million square feet across two largest venues of Mumbai—men's wear and women's wear at Bombay Exhibition Centre, Goregaon, and kid's wear at Jio World Convention Centre in BKC thus showcasing latest collections of over 1,300 apparel brands for trade bookings," said Rohit Munjal, vice president and chairman of the fair committee, CMAI.

"As we gather to showcase cutting-edge apparel trends and foster business collaborations at the NGF, we are also embracing the future with a focus on sustainability and novelty. NGF symbolises our collective vision for an industry that is not only fashionable and dynamic but also responsible and forward-thinking. It's a platform where tradition meets modernity, and where the seeds of a sustainable future are sown," said Rahul Mehta, chief mentor of CMAI.

The NGF is renowned for its exclusiveness and holds significant prestige as India's foremost comprehensive sourcing fair. It is designed to maximise both time and cost efficiency for all stakeholders, providing a single sourcing destination that enhances efficiency and fosters seamless networking and collaboration opportunities within the garments and apparel ecosystem.

Source: fibre2fashion.com– July 17, 2024

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