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USD	EUR	GBP	JPY
83.88	92.76	110.17	0.57

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INTERNATIONAL NEWS

China's Jul goods exports worth $287.6 bn; imports total $225.57 bn

China's international trade in goods and services was worth nearly 4.24 trillion yuan ($597.76 billion) in July this year—a rise of 12 per cent year on year (YoY), according to official data.

In US dollar terms, the country's exports and imports of goods and services amounted to $317.5 billion and $276.4 billion respectively, recording a surplus of $41.1 billion dollars, the State Administration of Foreign Exchange said.

Goods exports were worth nearly 2.04 trillion yuan ($287.6 billion), while such imports totaled 1.6 trillion yuan ($225.57 billion), resulting in a surplus of 431.6 billion yuan, a state-controlled media outlet reported.

Source: fibre2fashion.com– Sep 01, 2024

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China's Aug 2024 manufacturing PMI drops to 49.1 from 49.4 in Jul

China's manufacturing purchasing managers' index (PMI) was 49.1 in August this year compared to 49.4 the previous month, according to the National Bureau of Statistics (NBS).

A reading above 50 indicates expansion, while a reading below 50 reflects contraction.

The figure dropped amid the continuous impact of heat wave and rainstorms on manufacturing activity, NBS senior statistician Zhao Qinghe told a state-controlled news agency.

The manufacturing sector climate was also affected by the arrival of off-season period for some industries, he said.

The sub-indices for production and new orders both dipped in August.

Source: fibre2fashion.com– Sep 01, 2024

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Jul Dutch manufacturing output prices 0.9% higher YoY, 0.3% lower MoM

Manufacturing output prices in the Netherlands were 0.9 per cent higher year on year (YoY) on an average in July this year, according to Statistics Netherlands (CBS). The increase was 0.7 per cent YoY in June.

Such prices fell by 0.3 per cent month on month (MoM) in July. Prices on the domestic market remained the same, while on the export market, these fell by 0.5 per cent.

Output prices are generally strongly influenced by the price of crude oil. In July, the average price of a barrel of crude stood at over €77, almost 7 per cent higher YoY. In June, a barrel of North Sea Brent crude cost also over €77, more than 11 per cent higher YoY, a CBS release said.

Prices for petroleum derivatives were down by 4 per cent YoY in July, while in June they were up by 0.3 per cent YoY.

Dutch output prices for chemical products were 1.6 per cent higher YoY in July and down by 1.2 per cent YoY in June.

Source: fibre2fashion.com– Sep 01, 2024

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Clothing leads decline as Australian retail turnover stalls in July

Australian retail turnover remained flat in July 2024, with the clothing sector leading the decline, according to seasonally adjusted figures released by the Australian Bureau of Statistics (ABS). This follows modest growth of 0.5 per cent in both June and May 2024, suggesting a potential slowdown in the retail sector.

The clothing, footwear, and personal accessory retailing sector saw the most significant downturn, with a 0.5 per cent drop in turnover. Clothing retailing, in particular, experienced a notable decrease of 0.9 per cent, equivalent to a $17.2 million reduction. However, footwear and other personal accessory retailing provided a slight offset, rising by 0.3 per cent, or $2.9 million.

Department stores also contributed to the stagnation, with a 0.4 per cent decline in turnover, amounting to a $7.2 million decrease in seasonally adjusted terms, as per ABS.

Retail turnover growth was mixed across Australia, with four states and territories recording increases while the remaining four saw declines. Western Australia stood out as the strongest performer, continuing its upward trajectory for the seventh consecutive month, with retail turnover rising by 4.6 per cent compared to July 2023.

Source: fibre2fashion.com– Aug 31, 2024

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Functional textiles market rides high on growing demand and innovations

The functional textile market is experiencing a period of unprecedented growth, driven by numerous factors like: rising consumer awareness about health and wellness, advancements in technology, and increasing demand for performance apparels. These textiles, imbued with specific properties beyond aesthetics, are reshaping industries from apparel and sportswear to healthcare and automotive.

As per a report by MarketsandMarkets, the global functional textiles market was valued at $140.12 billion in 2022 and projected to $273.18 billion by 2031, growing at a CAGR of 7.7 per cent during the forecast period.

Health awareness, outdoor activities trigger growth

Several factors are pushing up growth of the functional textile market. Primary among them is growing awareness on health and wellness. Post-Covid years, there is more emphasis on health and fitness that has led to increased demand for athletic and performance wear, which often incorporates functional textiles. Demand for apparels with moisture-wicking, temperature-regulating, and antimicrobial properties have grown.

The growing elderly population is also driving demand for textiles with antimicrobial, moisture-wicking, and temperature-regulating properties. The popularity of outdoor activities like hiking, camping, and skiing has increased the need for durable and protective textiles. And functional textiles find applications in various industries, including healthcare, automotive, and military, contributing to market growth. Consumers are increasingly seeking eco-friendly and sustainable options, driving the development of recycled, organic, and biodegradable functional textiles.

Innovations in materials science and textile engineering are enabling the creation of textiles with enhanced functionalities. In fact, technology is at the heart of the functional textile revolution. Nanotechnology, for instance, is being used to impart water repellence, stain resistance, and UV protection to fabrics. Additionally, advancements in fiber engineering are leading to the development of high-performance fibers with superior strength, elasticity, and durability. The development of textiles with embedded sensors and electronics enables real-time monitoring of vital signs and environmental conditions.

Global market landscape

The Asia Pacific region is the largest consumer of functional textiles, driven by a growing middle class and increasing disposable incomes. Europe and North America follow closely, with a mature market and a strong preference for high-performance apparel.

China remains the dominant player in functional textile manufacturing, benefiting from a robust textile industry and cost-effective production. However, countries like India and Vietnam are emerging as manufacturing hubs due to lower labor costs and government support.

Downstream garment manufacturing

The growth of the functional textile market is directly impacting the downstream garment manufacturing industry. Brands are incorporating functional fabrics into their product lines to cater to the evolving consumer preferences. Athletic apparel brands, in particular, have been at the forefront of adopting functional textiles.

As experts say, functional textiles have revolutionized the way apparels are designed and manufactured. Consumers expect more than just style; they want performance and comfort, and functional textiles deliver on both fronts. Several companies are at the forefront of the functional textile market. Material science giants with companies like DuPont, Gore-Tex, and INVISTA are leading in developing innovative functional fibers and fabrics.

Apparel brands too are in the race with Nike, Adidas, and Under Armour as major consumers of functional textiles have invested heavily in research and development to create high-performance apparel. Textile manufacturers like Toray Industries and Unifi are key players in the production of functional textiles.

Roadmap to future

While the functional textile market is experiencing significant growth, it also faces challenges such as high production costs, regulatory hurdles, and consumer education. However, the long-term outlook remains positive, driven by ongoing technological advancements, increasing consumer awareness, and the growing demand for sustainable and high-performance textiles.

The future of functional textiles is good, with the potential to transform various industries and improve people's lives. As research and development continue to accelerate, the industry can expect to see more innovative and functional textiles emerging in the market.

Source: fashionatingworld.com– Aug 29, 2024

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Gen Z vs Millennials: Generational divide in fashion and apparel buying behaviour

The fashion industry has always been a mirror reflecting societal shifts, and the battle for style supremacy is now being fought between two distinct generations: Gen Z and Millennials. While they share a passion for clothing, their approaches to fashion, shopping habits, and style preferences couldn't be more different.

The digital divide

Born between the late 1990s and early 2010s, Gen Zers are the true digital natives. Raised in an era dominated by smartphones and social media, their fashion sense is deeply influenced by online platforms. Gen Z is the driving force behind fast fashion, with a penchant for trendy, affordable pieces. They are heavily influenced by social media influencers, often copying their outfits and purchasing similar items. Despite their love for fast fashion, a growing segment of Gen Z is becoming increasingly conscious of sustainability. They seek out brands with ethical practices and are willing to pay a premium for eco-friendly fashion. They are also is challenging traditional gender norms in fashion. They embrace gender-neutral clothing and experiment with different styles, expressing their individuality through their attire.

Born between the early 1980s and late 1990s, Millennials were the first generation to grow up with the internet. While they are comfortable with technology, their relationship with fashion is different from their younger counterparts. Millennials tend to be more brand-conscious and prioritize quality over quantity. They are willing to invest in classic pieces that can be worn for years to come. Unlike Gen Z, who prefer online shopping, Millennials enjoy the in-store experience. They appreciate the ability to touch and try on clothes before making a purchase. Millennials popularized the athleisure trend, blurring the lines between workout wear and everyday fashion. They are comfortable in casual, yet stylish clothing. Interestingly, both generations are increasingly conscious of sustainability and ethical fashion, but their approaches differ. Gen Z is more likely to prioritize eco-friendly brands and second-hand shopping. They are also more vocal about demanding transparency from fashion brands. Millennials are also interested in sustainability but are more likely to focus on reducing waste and extending the life of their clothes. They are also more likely to buy from brands with a strong corporate social responsibility track record.

The style gap

However, the differences in fashion preferences between Gen Z and Millennials have created a noticeable style gap. Gen Z is all about bold colors, oversized silhouettes, and experimental fashion, while Millennials lean towards classic, minimalist styles with a focus on comfort. And, there is also a growing overlap between the two generations. Both groups are embracing athleisure, and there is a shared interest in sustainable fashion. Brands are responding to this difference and how.

Zara this fast-fashion brand for example, caters to both Gen Z and Millennials, but its marketing strategies differ for each group. For Gen Z, Zara focuses on social media influencers and limited-edition collections, while for Millennials, the emphasis is on quality materials and timeless designs.

Similarly Adidas the sportswear brand has successfully bridged the gap between the two generations by offering a wide range of products that appeal to both groups. Their collaborations with fashion designers have helped them stay relevant with Gen Z, while their classic styles continue to resonate with Millennials.

At the same time, there are some brands who focus more on one category. Shein this fast-fashion giant has successfully tapped into the Gen Z market with its affordable prices, trendy styles, and strong social media presence. Everlane on the other hand has resonated with Millennials by focusing on transparency, sustainability, and high-quality basics.

As the fashion industry goes through a transformation, driven by evolving preferences of Gen Z and Millennials, there are distinct differences in their shopping habits and style choices, both generations are shaping the future of fashion. As these generations continue to mature, it will be interesting to see how their styles evolve and whether the gap between them will narrow.

Source: fashionatingworld.com– Sep 02, 2024

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Inflation in Turkiye expected to fall to around 24% in 2025: IMF

Inflation in Turkiye is expected to fall to around 24 per cent next year, according to the International Monetary Fund (IMF), which recently concluded its 2024 Article IV Mission to the country.

"In the medium term, a further drop in inflation would boost confidence, and growth would rise back toward potential of 3.5-4 per cent," the IMF said in a release.

Headline inflation in the country has started easing this summer, but still it remains high, it noted.

"Despite favourable base effects, still-strong inertia would keep inflation at around 43 per cent at end-December," it said.

A tighter policy mix focused on fiscal policy would reduce risks and reduce inflation quicker and in a sustainable manner, it said. A larger and more front-loaded fiscal consolidation is needed to help reduce inflation.

Türkiye's annual inflation rate was at 61.78 per cent in July, slowing from 71.60 per cent in June, and down from 75.45 per cent in May.

The IMF said the country's central bank "should continue smoothing temporary exchange rate volatility while avoiding undue real appreciation, and replenish reserves buffers opportunistically" until sequential inflation is on a sustainable downward trend.

"As inflation falls and reserve buffers improve, intervention can be scaled back, and allow the exchange rate to act as a shock absorber," it noted.

The country's current account deficit, meanwhile, declined to 2.7 per cent of GDP in the first quarter (Q1) this year, and is estimated to fall to around 2.2 per cent of GDP next year.

"Strengthening policy frameworks, addressing barriers to SMEs [small and medium enterprises], improving labour market functioning, and speeding the green transition would boost medium-term growth and make it greener and more evenly distributed. Priorities include reforms to reduce informality, increase labour market flexibility, and boost female labour force participation," the IMF added.

Source: fibre2fashion.com– Aug 31, 2024

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Cotton Market Showing Positive Movement

The dog days of August are over, and cotton has climbed back to 70 cents. Cotton prices backed and filled all week with a couple of triple digit gain days with only limited pressure to push prices lower. Effectively the market kept the big gains made last week. The primary harvest month, December, settled at 69.99 cents – one point below the Friday open, but up seven points on Friday (Aug. 30) trading.

As we have commented for weeks, there is nothing bullish in the works, but at least the day of the Bear has passed.

Our long-standing word for the market excitement has been “positive,” and we will stick with that. The 75-cent level is within reach and the pump remains primed for a later challenge of the 78-80 cent mark. Yet, that challenge will have to wait until the March and May contacts.

Too, as has been mentioned several times, there is nothing bullish in the marketplace. The potential for higher prices is based solely on supply. The year-long struggles faced by demand continue without any sign of improvement. Yet, cotton is moving around the world, but the primary benefactors are the Brazilian growths. Much of the U.S. business, very meager as it is, is for immediate-to- fill-in needs with mills still not searching for second quarter needs.

Over the past two months, we have mentioned that the lead contract, October, would spell the future of the upcoming harvest contract, December. For months, prices have fallen in tandem on both contracts. However, there has been a subtle but very fundamental change. It is now commonplace for December to trade above October and vice versa on any given day. This is a signal that demand deterioration has ended, and the market has found a price equilibrium point.

More specifically, the suggestion is that the market has established its bottom and has begun the very long process of moving higher. Prices will move a few cents higher between now and harvest, but more importantly we have taken the 67-cent low off the board. The market will now spend time in the very low 70s, fighting to break above 73 cents – likely another six weeks longer, with the next objective of 75 cents.

Don’t expect that anytime soon. The truly positive news is that the bottom is in, the tooth pulling is over. Yet, the road to higher prices will be a slow one. Remember, this is strictly a supply driven market.

However, while the market has focused on the negative demand news, increased attention is being directed to the realization that world production could fall nearly as low as the prior year’s 114 million bales. The current USDA estimated world production is 118 million bales. The market is suggesting 2024-25 production could fall as low as 116 million bales.

Net sales of U.S. cotton on the week totaled 135,200 bales, a marginally acceptable amount. Pakistan was the primary buyer, a clear indication that their crop will likely be 1.5 million bales below the current USDA estimate. Thus, Pakistan will continue as a major buyer. Other principal buyers were Mexico, Vietnam, and India. It is likely that the Indian crop will be further reduced, and India will continue as a buyer of U.S. cotton.

Exports shipments continue to lag expectations, yet the cotton year is not yet a month old. Weekly shipments totaled only 144,200 bales of upland with China, Vietnam, Turkey, Bangladesh, and Pakistan as the primary destinations. Shipments are well behind the pace needed to reach the USDA’s estimate of 12.0 million bales for the year.

Granted, demand continues to disappoint. However, we also note that non-U.S. cotton is finding favor in traditional U.S. markets. Additionally, we also note that there is more non-U.S. cotton being hedged on the New York ICE (aka New York Cotton Exchange). Thus, with the October and December contract prices essentially being even, this is another indication that the price floor is in. Growers are still cautioned that many will need to price their crop off the May or July 2025 contracts to obtain their desired price.

Source: cottongrower.com– Aug 31, 2024

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Pakistan: Weekly Cotton Review: Prices surge significantly as rains affect supply

A significant surge has been observed in cotton prices, with a Rs1000 per maund increase in spot rates. The reduced supply of Phutti due to rainfall has led to increase in prices of both cotton and Phutti, amid low trading volume.

However, industry experts warn that the prolonged rains will have adverse effects on the cotton crop. According to Pakistan Central Cotton Committee (PCCC), cotton production is expected to range between 65 lac and 75 lac bales.

Pakistan's cotton imports have seen a significant increase, as import contracts of 16 lac bales have already been signed. More agreements are under way.

According to all Pakistan Textile Processing Mills Association, textile sector's woes continue to escalate, primarily due to exorbitant electricity and gas prices.

The local cotton market experienced disruptions last week due to persistent rainfall across Sindh and Punjab's cotton belt, severely impacting business operations.

The supply of Phutti has significantly dwindled, and most ginning factories are either shut down or operating partially. Despite the availability of only rain-damaged and low-quality cotton, spinning mills were forced to purchase the available stock to meet their needs, resulting in a notable increase in cotton prices. Rate of cotton went up by Rs 1000-1500 per maund, while spot rate also was hiked by Rs 1000 per maund.

The ongoing rainfall has raised concerns about Pakistan's cotton production, with varying opinions on the crop's condition. Some experts claim that the crop has suffered damage in several regions, while others argue that the second picking season will yield better results if crop remains protected from disease.

Once the rains subside, Phutti supply is expected to increase around September 15, with relatively better quality. It is premature to predict the total crop yield, but most market sources estimate it to range between 65 to 75 lac bales.

Despite the worsening economic situation, the government continues to increase energy prices instead of reducing them. The recent gas shortage has exacerbated the challenges faced by industries and the textile sector, deepening the financial crisis. The Independent Power Producers (IPPs) are raising alarm, but government officials are merely offering assurances, with no tangible solutions. The situation remains unchanged, with no respite in sight.

The rate of cotton in Sindh province is in between Rs18,800 - 19,200 per maund while the price of Phutti is in between Rs 7,000 - 8,200 per 40 kg.

The price of cotton in Punjab province is in between Rs 18,800 - 19,200 per maund while the rate of Phutti is in between Rs 7,500 - 8,500 per 40 kg.

The rate of cotton in Balochistan is in between Rs 18,700 - 18,800 per maund while the rate of Phutti is in between Rs 7,000 - 8,600 per 40 kg.

The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs 1,000 per maund and closed it at Rs 19,000 per maund.

Chairman of the Karachi Cotton Brokers Forum, Naseem Usman stated that international cotton prices have remained relatively stable. The New York cotton futures price is currently trading between 68 and 71 American cents per pound.

According to the USDA's weekly export and sales report, 135,200 bales were sold for the 2024-25 crop year. Pakistan was on top of the list, purchasing 74,500 bales, followed by India with 17,800 bales, and Vietnam with 14,400 bales.

For the 2025-26 crop year, 700 bales were sold to Japan.

The USDA released its highly anticipated report, revealing an exceptionally positive sales and export update. US cotton sales saw a remarkable 45% surge.

Pakistan remained the top buyer, while India secured the second spot.

The report highlights the impact of US-China political tensions, as the US imposed sanctions on major Chinese companies. Consequently, China has completely withdrawn from purchasing US cotton.

This report is expected to generate overall mixed sentiments in the market.

The current monsoon rains will have a negative impact on the cotton crop in the country as rain causes various diseases in the crop. A senior official of the Ministry of National Food Security and Research (MNS&R) told Business Recorder that rains would have a positive impact on other major Kharif crops including sugarcane and rice but it will have a negative impact on cotton and maize.

President Kisan Ittehad Khalid Mehmood Khokhar has said that the country’s cotton production, already on a declining trajectory, will further deteriorate due to the ongoing rains. He said that rains will also have a negative impact on maize crop as farmers failed to cultivate the crop on time.

Khokhar said that currently cotton crop is at the fruit-opening stage; therefore, more rains in the cotton belt of the country will affect the crop. He further said that the yields of sesame (til), rice, and cotton have drastically reduced due to the heat wave, with temperatures reaching 48°C and an unprecedented heat index of 60°C.

A senior official of MNS&R told the National Assembly Standing Committee on National Food Security and Research meeting held last week that cotton production in the country is forecast to decline in 2024-25 due to high energy and financial costs which will constrain the textile sector’s growth. He further contended that the government has set a target of $25 billion for textile exports for 2023-24 but exports are expected to fall short of this goal.

The official said that the Federal Committee on Agriculture (FCA) during its previous meeting fixed the following production targets: cotton 10.8 million bales from3.12 million hectares; rice 8.7 million tons from over 3.1 million hectares of land; sugarcane at 76.7 million tons over an area of 1.3 million hectares; and maize at 9.3 million tons’ production from an area of over 1.5 million hectares of land.

The National Agromet Centre (NAC) of PMD in its advisory has urged farmers of cotton crop areas to drain out excess rainwater from the field as the accumulation of water affects food formation process in plants and may cause small balls to fall. Pest/viral attacks are expected in cotton and sugarcane crops during the monsoon hot and humid conditions therefore farmers should be very careful and take precautionary measures on time in this regard, the advisory further says. It further advised farmers obtaining crop water through tube wells to schedule irrigation according to the expected weather and to control weed growth in its present growing stage to forestall any negative impact on the crops and urged farmers to take timely precautionary measures to protect their crops, livestock and other property from any expected heavy rains.

The prolonged monsoon rains across Pakistan have severely impacted the cotton crop in Balochistan, Sindh, and Punjab, leaving stakeholders with varying opinions on the expected crop size.

According to a recent field survey by Islam & Sons, the conventional cotton crop is currently at the flowering and fruiting stages and appears healthy but exhibits excessive vegetative growth, which may affect future fruiting.

“The aftermath of the rains can sometimes be more detrimental, with September being a critical month for cotton due to its vulnerability to pest infestations, particularly whiteflies and PBW,” said Muhammad Kashif Islam.

Under ideal circumstances, a projected yield of around 7-8 million bales may be achievable, including both invoiced and non-invoiced cotton. However, it is still too early for precise predictions, with a clearer estimate expected after September 20th.

The rains have significantly impacted cotton quality, with reduced colour (RD) and other quality parameters not promising at this stage.

“Cotton quality is expected to improve as the crop progresses through the next phase of arrivals,” added Islam.

Regarding prices, Islam noted that they are governed by the demand and supply principle, with rising imported cotton bookings potentially affecting local rates.

Pakistan's textile industry teeters on the edge of collapse as skyrocketing electricity and gas prices threaten to devastate the sector. The All Pakistan Textile Processing Mills Association (APTPMA) has issued a dire warning, citing unbearable costs, reduced productivity, and lost competitiveness in global markets. Chairman Muhammad Pervez Lala has slams government policies, prioritizing Independent Power Producers over industry needs, and demands urgent relief from crippling energy bills. He warned that the industry is on the brink of collapse due to the unbearable cost of doing business, reduced productivity, and loss of competitiveness in domestic and international markets.

Lala highlighted the energy crisis as the most significant hindrance to the industry's growth, with electricity and gas prices skyrocketing. He emphasized that the Regional Competitive Energy Tariff (RCET) was withdrawn despite government assurances, further exacerbating the situation.

The APTPMA chief pointed out that Pakistan's textile industry faces fierce competition from countries like Bangladesh, Vietnam, and India, and that expensive utilities and inadequate investment are hindering its ability to compete.

Lala criticised the government for prioritising Independent Power Producers (IPPs) over the industry, citing the massive payments made to IPPs without generating electricity. He demanded relief for industrialists, businesses, and the public from the heavy electricity bills. He highlighted other major issues, including high interest rates (19.5%), shifting of Final Tax Regime (FTR) to Normal Tax Regime (NTR), Non-reduction of customs duties on import of dyes & chemicals.

Lala concluded by cautioning that the textile processing industry's challenges have worsened due to increasing energy prices and non-reduction of customs duties, emphasizing the need for reduction of energy prices to revive the industry, exports, and the economy.

Sajid Mahmood Head of the Transfer of Technology Department at the Central Cotton Research Institute in Multan, clarified in a phone conversation with this scribe that although it is commonly believed that textile mills pay the cotton cess, the reality is that the cost is ultimately passed on to the end-users who purchase the final products.

He explained that the cotton cess, which is Rs. 50 per bale, is a levy on cotton consumption or processing. This cost is included in the price of the products, similar to other production expenses. While it may seem that the textile mills bear this cost, it is actually the end-user who pays for it when buying textile goods.

Sajid Mahmood also highlighted the importance of government support and cooperation within the textile industry to boost cotton production in the country. He urged the government to annually announce and enforce a support price for cotton farmers, preventing exploitation by middlemen. He also called on the textile industry to ensure timely payment of the cotton cess to the Pakistan Central Cotton Committee, which is essential for advancing research and development in cotton production.

Source: brecorder.com– Sep 02, 2024

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NATIONAL NEWS

India's factory activity growth hits three-month low, PMI shows

India's manufacturing activity growth eased to a three-month low in August as demand softened significantly, a private-sector survey showed on Monday, casting another shadow over the otherwise robust economic outlook.

Growth in Asia's third-largest economy slowed to 6.7 per cent last quarter from 7.8 per cent as government spending fell, official data showed on Friday.

The HSBC final India Manufacturing Purchasing Managers' Index, compiled by S&P Global, fell for a second month in August, dropping to 57.5 from July's 58.1 and below a preliminary estimate of 57.9.

Despite falling, the index beat its average and held above the 50-mark that separates growth from contraction, where it has been since July 2021.

It was supported by demand that remained upbeat despite some recent softening. The output and new orders sub-indexes - gauges of demand - both slipped to seven-month lows. International demand grew at its weakest pace since January but stayed strong.

"New orders and output also mirrored the headline trend, with some panellists citing fierce competition as a reason for slowdown," noted Pranjul Bhandari, chief India economist at HSBC.

While cost pressures were the lowest since March this year, output price inflation was close to July's near 11-year high as resilient demand allowed firms to easily pass on extra costs to clients.

"In line with input costs, the pace of output price inflation also decelerated, but the deceleration was to a much smaller extent, thereby increasing margins for manufacturers," added Bhandari.

Inflation in India fell to a near five-year low of 3.54% in July, largely due to the high-base effect, indicating the slowdown was temporary. The Reserve Bank of India (RBI) is expected to cut interest rates next quarter by 25 basis points.

Upbeat demand and business optimism led companies to add headcount for the sixth month running, although hiring slowed for a second consecutive month.

The year-ahead outlook was robust even though it hit a 16-month low. Optimism was dented by inflation and competition concerns.

Source: thehindubusinessline.com– Sep 02, 2024

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'India has trade surplus with 151 nations; deficit with 75 during Jan-June'

India has recorded trade surplus with as many as 151 countries such as the US and Netherlands, while the country has a trade deficit with 75 nations including China and Russia during the first half of this year, according to think tank GTRI.

The Global Trade Research Initiative (GTRI) said that India does not need to worry about the trade deficit from importing crude oil and coal, however, it must focus on reducing the industrial goods imports, especially from countries like China, as these threaten India's economic sovereignty.

"Between January and June 2024, India had a trade surplus with 151 countries, representing 55.8 per cent of its exports and 16.5 per cent of its imports, totalling $72.1 billion," GTRI said in a report.
The biggest surpluses were with the USA ($21 billion) and the Netherlands ($11.6 billion) during January-June this year.

"India had a trade deficit with 75 countries, which accounted for 44.2 per cent of its exports and 83.5 per cent of its imports, resulting in a $185.4 billion deficit, much larger than India's overall trade deficit," it said, adding this situation highlights the need to reduce reliance on specific imports and strengthen domestic production.

The data analysis by the think tank also showed that with 23 of 75 countries, India's trade deficit exceeded $1 billion and these countries accounted for 32.9 per cent of India's exports and 73.5 per cent of its imports.

The top five countries with the highest trade deficits were China with $41.88 billion, Russia with $31.98 billion, Iraq with $15.07 billion, Indonesia with $9.89 billion, and the UAE with $9.47 billion.

Remaining 18 countries with trade deficit exceeding $one billion include Saudi Arabia ($9.43 billion), Switzerland ($8.46 billion), South Korea ($6.93 billion), Japan ($6.13 billion), Qatar ($5.76 billion), Hong Kong ($5.21 billion), Taiwan ($4.28 billion), Australia ($3.34 billion), Thailand ($2.60 billion), Germany ($2.10 billion), Vietnam ($2.07 billion), Malaysia ($1.49 billion), Venezuela ($1.47 billion), Peru ($1.10 billion), and Ireland ($1.10 billion).

It added that India should not be concerned about the trade deficit with 11 countries that primarily export crude oil, petroleum products, and coal to India such as Angola, Iraq, Saudi Arabia, Australia and Nigeria.

But the country "may keep a watchful eye about the trade deficit with 4 out of the 23 countries that primarily export gold, silver, and diamonds to India as tariff cuts in gold and silver in this budget from 15 per cent to 6 per cent may lead to rise in imports," GTRI Founder Ajay Srivastava said. And these nations include Peru, Switzerland, UAE, Hong Kong.

On China, the report said that during January to June 2024, India exported $8.5 billion to China while importing $50.4 billion, resulting in a trade deficit of $41.9 billion.

This low export and high import makes China India's largest trade deficit partner. "Worse, 98.5 per cent of imports from China, or $49.6 billion, are industrial goods. China accounts for 29.8 per cent of India's industrial goods imports. India must invest in deep manufacturing to cut dependence on import of critical industrial products from China," Srivastava said.

Goods whose share of China in India's global imports are more than 50 per cent include umbrellas, artificial flowers, man-made filaments, rolling stock, glassware, leather goods, ceramic products, toys, and musical instruments. It added that the updated trade data for FY24 now shows the USA as India's top merchandise trade partner, overtaking China.

"The revision added an extra $2.8 billion in global imports, bringing India's total imports to $678.2 billion. Of this increase, $1.4 billion came from the USA. As a result, India's imports from the USA rose from $40.8 billion in May to $42.2 billion in August, making the USA India's top trading partner with a total trade of $119.7 billion, surpassing China," it said.

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

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Mauritius invites Indian SMEs to get duty-free export benefit under AGOA

Mauritius is inviting Indian Small and Medium Enterprises (SMEs) to set up their units in the island country to capitalise on duty-free export benefit under the African Growth and Opportunity Act (AGOA), an envoy said here.

This AGOA offers duty-free shipments to the US market, presenting significant opportunities for Indian businesses, he said.

Replying to a question, High Commissioner of Mauritius to India Haymandoyal Dillum said, "Indian industries should make the most of the AGOA agreement with African countries and the US."

Dillum, who visited Kolkata on Saturday to attend a programme of the Bharat Chamber of Commerce, encouraged the leather industry to explore value-added opportunities in Mauritius to gain a competitive edge in the US market.

The West Bengal leather sector has been facing a slowdown in traditional markets like the US and Europe due to a slowdown in the economy after the COVID-19 pandemic.

Leather exports from West Bengal account for approximately Rs 6,000 crore. The sector is labour-intensive and often imports raw hides from African countries.

However, the AGOA programme, which began in 2000, is scheduled to expire in 2025.

Mauritius has emphasised the need to ensure its continuation.

The island country highlighted the growing potential of local currency trade with India.

Mauritius is currently piloting the INR-Mauritian Rupee trading mechanism and expects it to gain momentum in the coming years.

Dillum expressed optimism about the growth of bilateral trade using local currencies.

Mauritius banks have opened Vostro accounts with Indian banks, and central banks of both countries are closely monitoring the success of this initiative, he said.

A Vostro account is an account held by a domestic bank on behalf of a foreign bank in the domestic bank's currency.

In February, Mauritius adopted the Unified Payment Interface (UPI) payment system.

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

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Commerce ministry seeks 5-year interest subsidy extension for exporters

Calling for extension of Interest Equalisation Scheme (IES) for pre- and post- shipment export credit for another five years, the commerce and industry ministry has sought to retain the subsidy at the levels that existed before its expiry in June this year.

“At a time we ask for a five year extension. Last time too the scheme ran for five years. The rates of subsidy will be the same as they were in the previous scheme,” a senior official said.

Till June the interest equalisation scheme provided upfront reduction in interest rates on per-shipment and post shipment export credit by banks. The exporters from Micro Small and Medium Enterprises exporters got a rebate of 3% on loans under the scheme. The merchant exporters who source goods for exports from other manufacturers and others use to get 2% benefit for exports of 410 identified products. The discount given by banks is reimbursed by the government.

When the scheme expired in June, it was extended for two months but only for MSME exporters with an allocation of Rs 750 crore. The exporters have demanded that the scheme be extended to other sectors covered by it in its earlier form. They also want the subsidy amount to be raised to 5% for MSMEs and 3% for merchant exporters.

“The approval for the extension of the scheme will take some time. It is yet to be considered by the Expenditure Finance Committee,” the official said. The EFC is an appraisal body in the Ministry of Finance that considers proposals. The EFC is one of several appraisal bodies that recommend proposals to the Cabinet or Cabinet Committees.

The scheme was initially launched on April 1, 2015 for a five-year period till March 2020. Due to COVID it got a one-year extension in 2020. Later more extensions were accorded and the latest one is to end on June 30.

When the scheme was launched it offered a rebate of 5% to MSME exporters and 3 % manufacturers and merchant exporters and they were reduced to the current levels in October 2021. The exporters have requested for restoration of the earlier interest equalisation citing increase in interest rates.

The exporters say that repo rates have gone up from 4% in October 2021 to 6.50% in February, 2023. They say higher interest rates are a major disadvantage for them as they have to compete with suppliers in other countries who pay 2-3% on loans. Higher subsidy will offset some of the disadvantages they face.

The scheme costs the government around Rs 3200 crore a year. In 2023-24, Rs 3700 crore were spent on the scheme. Around Rs 1700 crore has been provided for the scheme in the budget for 2024-25.

"The allocation for the scheme in the budget is for the current liabilities. For extension of the scheme additional allocation will be required," the official added.

Source: financialexpress.com– Aug 31, 2024

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GST collection in August rises 10% yoy, but falls short of July figures

Enhanced compliance enabled the Centre and States to collect ₹1.75 lakh crore in Goods & Services Tax (GST) revenue in August. This brings the average monthly collection for the current fiscal year to ₹1.82 lakh crore.

The August collection reflects goods consumed and services availed in July.

Though it shows a growth of 10 per cent over August last year, but on a sequential basis, it is around 4 per cent lower.

Another key point is that collection growth has remained in single digits in states like Gujarat, Andhra Pradesh, and Tamil Nadu.

Despite this, experts believe that collections will receive a boost with the upcoming festival season. Additionally, a special drive to curb the use of fake Input Tax Credit (ITC) is expected to further improve collections.

The data from GST portal showed growth in collection through import (12.1 per cent) was higher than domestic sources (9.2 per cent). At the same time, the refund was higher for both domestic and export sources, all of which affected net collection which saw a growth of 6.5 per cent and rose to ₹1.5 lakh crore. The net collection recorded a growth of over 14 per cent in July.

The Centre and States will come together to conduct the second all-India drive, between August 16 and October 15, to detect suspicious or fake GSTINs.

This initiative aims to carry out necessary verifications and take corrective actions to remove these fraudulent billers from the GST system, thereby protecting government revenue.

Commenting on the overall collection, M S Mani, Partner with Deloitte India said, a 10 per cent increase in collections on a YTM basis at the start of the festive season for the year indicates that consumption is robust and will only improve further in the coming festival months.

"This would give renewed confidence that the collection targets for the year would be achieved," he said.

Furthermore, he said, the increase in collections for the month also attributes to the increased focus on GST investigations and audits, which typically increase compliance and resultant collections.

The ability of Maharashtra, Karnataka, UP, MP and Haryana to record double digit increases in collections once again indicates the robust consumption in these large States, accompanied by the tax authorities measures to improve compliance and crack down on evasion.

However, there are some differences in the GST collection increases across major States which may need a deeper dive. "The single digit increase in large states like Gujarat, AP and Tamil Nadu would engage the attention of the tax authorities in these states," he said.

According to Saurabh Agarwal, Tax Partner with EY, despite a decline in net GST revenue due to increased refunds, the continued growth in gross GST collections indicate a robust economy. The shift towards self-reliance is evident in the decreased imports and increased exports. "The government's commitment to reduce working capital costs for businesses facing inverted duty structure is demonstrated by the higher domestic GST refunds. By rationalising rates, the government aims to address this issue over time," he said while adding that the positive growth in GST collections in Nagaland, Assam, Andaman & Nicobar, and Ladakh indicates holistic economic development across India.

Source: thehindubusinessline.com– Sep 01, 2024

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Raymond may shift manufacturing to India amid 'huge business inquires' after Bangladesh crisis: CMD Singhania

NEW DELHI: Raymond’s chairman & managing director Gautam Singhania said that the company received a "huge number of inquiries" from global firms amid the Bangladesh crisis and the textiles and apparel giant is all set for this opportunity.

When asked if he would shift some of his garment business from Bangladesh to India, Singhania said, "We are hoping so. We are seeing the inquiries.It obviously needs a little bit of time, but we are certainly seeing positive signs on that."

Singhania further said that India is better suited for the company with its end-to-end supply capabilities that link all stages as Raymond has its presence in both fabric and garments business, which will save time for international brands also on final delivery.

‘Though Indian labour may be more expensive than Bangladesh, look at the totality of the situation. I have a fabric and end-to-end supply. I save your time for which you pay me something," said Singhania.

"Bangladesh does not have a fabric supply. India has got a great opportunity to take advantage of this fabric supply because we have the fabric base here. They have (only) garmenting bases," he added.

Singhania also said that Raymond's capacity expansion has come online, which is perfectly timed. "So we are lucky to have those capacities," he said, adding, "we are... always looking for opportunities".

He stated that India is a politically stable country with a large middle class along with great consumption and manufacturing capabilities.

The company has divested Raymond Lifestyle, which is all set to list this week following its demerger with parent company Raymond. This would house all apparel-related businesses of the almost a century old Raymond group.

Aside from Bangladesh, India is increasingly becoming the preferred sourcing destination as the world is working on a 'China+1' strategy.

"This is playing to our advantage, leading to stronger business relationships with existing customers and presenting multiple opportunities for new markets and customer acquisition," he said.

"Everybody needs a hedging strategy. Nobody would like to put all the eggs in one basket," the CMD added.

Moreover, the quality of apparel-related work in India is better in India than in China.

Singhania said, "China is about quantity, if you want cheap quality, go to China and India is about value. They are volume and we are value and quality."

Raymond's Garmenting Unit is a white-labeled manufacturer that supplies high-value clothing products to leading international brands.

According to Raymond’s latest annual report, it has a capacity to produce 7.5 million pieces of jackets, trousers and shirts in India and 3.2 million in Ethiopia.

Source: timesofindia.com– Sep 02, 2024

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Cotton exports to Bangladesh hit as Dhaka's Western garment orders dry up

Even as production units in Bangladesh resume operations, with workers putting in extra hours to clear backlogged orders, Western garment and footwear firms have temporarily paused placing new orders in the violence-hit neighbouring country, industry sources told The Indian Express.

The decline in orders from Bangladesh has had a spillover effect on the Indian textile industry, which supplies raw materials and other input items to Bangladesh. While fresh inquiries for garments are coming to India, Indian cotton exports to Bangladesh have begun to decline, industry executives said.

"New orders are not coming in from Western companies. The workers and the administration understand that production is the lifeline, and they are working overtime to complete orders. Some items are being sourced from India to fulfil the orders, and even more technicians are coming from India," M. Rafeeque Ahmed, Chairman of Chennai-based Farida Group, said. The Group has investments in Bangladesh's footwear sector.

Ahmed stated that much of the production is taking place in Dhaka and Chittagong, which are relatively isolated from the protests. There were disruptions earlier in August, but normalcy is returning, he said, adding that Western orders will eventually resume due to the favourable duty climate owing to Bangladesh's status as a least developed country (LDC).

"Western companies are looking at India as an alternative, but much depends on the capacity to deliver, which at the moment has qualitative and quantitative mismatches between Indian and Bangladeshi product offerings," said Chandrima Chatterjee, Secretary General of the Confederation of Indian Textile Industry (CITI).

Chatterjee mentioned that garment inquiries are coming in, but the immediate impact on the Indian textile industry has been negative since our exports of input materials to Bangladesh have slowed down. However, our PLI scheme and PM Mitra scheme are steps in the right direction to cater to national demand, she added.

A garment sector executive who did not wish to be named said that Western companies were already looking at India even before the ongoing crisis in Bangladesh. The European market is increasingly concerned about human rights issues in Bangladesh and is therefore looking at the Indian market.

"The saturation in Bangladesh began some time ago, but orders had not been moving to India. Most of them are going to Cambodia, Vietnam, and Indonesia. India has a lot of opportunities, but our product mix is not changing, and the benefits are not arriving," the executive said on condition of anonymity.

The Bangladeshi textile and garment industry, which accounts for over 80 per cent of Bangladesh's total export earnings and contributes approximately 11 per cent to the nation's GDP.

Bangladesh's $45 billion clothing industry, which employs over four million workers, was already affected due to the weakening electricity generation infrastructure, hit by higher input costs following the start of the Russia-Ukraine war and adverse weather events, according to S&P Global. The situation in Bangladesh continues to be a concern, as Prime Minister Narendra Modi and US President Joe Biden discussed the situation in Bangladesh on Monday.

Earlier this month, Finance Minister Nirmala Sitharaman had also said that the Indian garment and knitted fabric sector is experiencing "a bit of uncertainty" amid the ongoing political developments in the neighbouring country of Bangladesh.

She expressed hope that the interim government there would settle things "sooner rather than later", adding that efforts are being made to ensure that borders with the neighbouring country are safe.

Source: indianexpress.com– Aug 31, 2024

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Tiruppur looks at 20% growth in garment exports

Tiruppur is looking at 20% growth in garment exports this financial year, said A. Sakthivel, chairman of the India Knit Fair Association.

He told reporters in Tiruppur on Friday that garment exports from Tiruppur last fiscal was ₹33,500 crore and this year, it was expected to be ₹38,000 crore. The Ukraine and Israel wars had not impacted exports. The last four months saw growth in garment exports and this trend would continue. Further, the garment manufacturers were now sourcing yarn from different parts of the country, he added.

The recent developments in Bangladesh had not brought orders to Tiruppur. Buyers had 10% cost advantage when they sourced from Bangladesh because it had duty-free access in various countries. When India would sign free trade agreement with the UK and EU, it would also have cost advantage and that would boost exports, he said.

The Indian government should take measures to control import of garments from Bangladesh as the domestic market was affected because of the imports.

Mr. Sakthivel added that Tiruppur garment exporters were prepared to meet the ESG requirements of the European buyers in the coming years.

According to KM Subramanian, president of Tiruppur Exporters' Association, the average increase in exports in the last three months is 10%. Almost 90% of the exporters have benefitted from the hike in demand, he said.

Source: thehindu.com– Sep 01, 2024

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Garment exporters urged to be cautious with orders from unregistered agents

Even as the knitwear exporting hub Tiruppur is on a revival path after more than a year of slowdown, garment exporters are facing challenges because of misleading or fake orders from unregistered middlemen.

"We get two complaints or so a week. We are resolving these through negotiations and the cases are coming down. However, exporters need to be cautious," says K.M. Subramanian, president of Tiruppur Exporters Association.

Industry sources claim that small and medium-scale exporters and several first-time exporters are affected more because of the unregistered middlemen. Some large-scale units have also faced issues. It is estimated that the exporters have lost almost ₹200 crores in the last few years because of this problem. Though such cases are not new, the numbers increased after the pandemic, the sources say.

"These middlemen do not represent any specific brand or buying house. They place orders with the exporters quoting overseas buyers though there is no actual request from these buyers. But, they collect commission from the exporters and fail to take the goods. In some cases, the exporters are asked to do the orders for prices higher than what the buyer has agreed to. The prices are later reduced quoting various reasons. The exporters are cheated in multiple ways," says one of the exporter.

Exporters have different ways to check details about the buyers and small retailers abroad. They should insist on transparent communication when the unregistered middlemen approach them with orders. They can also use government schemes to ensure the orders are not cancelled by the buyers or the middlemen without a valid reason.

The TEA is also taking legal consultations to help its members and other garment exporters too. It urged the exporters to approach it if the exporters fear lack of clarity in an order.

Source: thehindu.com– Sep 01, 2024

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