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August 23, 2017

USD 64.12 | EUR 75.42 | GBP 82.24 | JPY 0.59

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
19888	41600	82.79
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	Rs./Candy	USD Cent/lb
18350	38384	76.39
International Futures Price		
NY ICE USD Cents/lb (Dec 2017)		67.81
ZCE Cotton: Yuan/MT (Sept 2017)		15,340
ZCE Cotton: USD Cents/lb		88.77
Cotlook A Index - Physical		77.65
<p>Cotton & currency guide: Cotton has been quite steady in last four trading sessions although drifting marginally positive. In this period the December has gained over 99 points from the recent low marking a close on Tuesday at 67.81 cents per pound.</p> <p>No major development is being noticed and the trading volumes are quite low below 20K contract on a daily basis. However participation is marginally high in both December and March contract in the form of open interest.</p> <p>Overall the perspective remains weak post the USDA report was out on 10th August which pronounced a large supply figure for cotton for both US and Global supply. Although as mentioned above there is minor rebounding in the price but the December contract is still on the lower trajectory and this month from its recent high of 71 cents down by around 330 points.</p>		

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In the contrary market has been really taking strong support of 66.15 cents observed on 15th June and since then cotton price consolidates and every time it touches near the suggested support area shows a good rebound in the price. Currently we are witnessing 68.50 as key resistance level and unless that is breached no major positive moves could be estimated. We expect in the near term the trading range would be 68.50 to 67 cents and either side breakout shall give a fresh direction in the market.

Coming to domestic market after a large period of consolidation phase near Rs. 42750 earlier this week S6 cotton advanced near Rs. 42950 to 43K per candy price. However the effect was marginally seen on the futures price that the October has rebounded from the recent low of 18040 to currently hovering near Rs. 18350 per bale.

We believe from the technical perspective the said contract has a key resistance near Rs. 18550 and unless that is cleared no major positive trend would be observed. The trading range would be 18550 to 18K in the near term.

**Compiled By Kotak Commodities Research Desk , contact us :
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INTERNATIONAL NEWS

China's New Scrap Ban Could Prove Detrimental to Global Textile Recycling Efforts

China seems to be set on banning imports of textile scraps in order to cut back on its own pollution, but the Institute of Scrap Recycling Industries (ISRI) doesn't like the idea at all and has taken it up with the World Trade Organization.

On Monday, ISRI submitted comments to the WTO, in response to China's scrap ban, criticizing the nation's move and saying the ban would curb global textile recycling progress, prevent China's manufacturing sector from accessing these recyclable materials and minimize other eco-friendly opportunities for recycling.

"ISRI fully supports the efforts of the Chinese government to improve environmental protection and standards within its domestic recycling infrastructure. However, we disagree that a ban on the import of specification-grade scrap materials will help with those efforts," ISRI noted in its comments. "For recycled commodities such as recovered paper and fiber, plastic scrap, and copper scrap, China accounts for more than half of the world's total imports."

The material scraps China wants to ban, according to ISRI, are "very clearly valuable scrap commodities."

As an advocate of global textile recycling, ISRI encourages free and fair trade, while opposing measures that restrict the free flow of commodities, including material scraps, worldwide.

The organization said China needs to provide better clarification on what is considered waste or scraps and create clear regulations for the exporting community, so they know which products are allowed for import. What's more, the organization also said the U.S. recycling industry supports China in reducing pollution and would be open to helping the nation in developing better domestic collection practices moving forward.

China's ban on imported scraps could also take a toll on the industry's recent textile recycling progress.

This year, post-consumer textile recycling has come into play in a much more relevant way for apparel leaders worldwide, prompting companies to use more sustainable recycled fibers, promote a more circular economy and enable consumers to recycle their apparel after use. And this ban could put a strain on both China's and the United States' recycling sectors.

“With more than \$5.2 billion in scrap commodities exported from the United States to China last year alone, the trade in specification-grade commodities between the United States and China is of critical importance to the health and success of the U.S.-based recycling industry and China's manufacturing sector,” ISRI noted. “If implemented, a ban on scrap imports will result in the loss of tens of thousands of jobs and the closure of many recycling businesses throughout the United States.”

With its comments, ISRI is requesting a revision of the policy to avoid a disruption in trade, plus a clarification on what exactly China's ban would prohibit in terms of imports.

Source: sourcingjournalonline.com - Aug 22, 2017

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Higher Asian Polyester Prices Drive Up Global Synthetic Index

Global synthetic fiber prices rose by 7.3% in July, according to the most recent data from PCI Research. It represents the continuation of a months-long trend during which the overall price index has sustained high-single-digit increases, primarily due to significant increases in Asian prices.

Asia

In Asia, prices rose by 11.5% year-over-year, and 3.8% compared to the prior month.

Polyester prices rose in July, but by considerably less than the big increases of earlier in the year due to softening intermediates prices. The lower raw materials prices were offset somewhat by a reduction in capacity at several big fiber producers due to maintenance scheduled during the hot summer months to save on energy costs.

Nylon textile filament prices have been stable over the past month after retreating earlier in the spring. Spandex prices continued to fall in July, a result of lower raw materials prices. Viscose prices rose in the month, but acrylic staple remained stable.

Asian synthetic fiber prices remain more than 21 percent below the global average.

United States

In the U.S., July synthetic fiber prices rose by less than 3 percent compared to last year, but were 1 percent higher than in June.

Polyester filament prices remained relatively quiet during the July 4 closure. On July 13, industrial filament producer DuraFiber Technologies, which is owned by private equity firm Sun Capital Partners, announced it would close its three U.S. plants (Salisbury North Carolina, Shelby, North Carolina and Winnsboro, South Carolina) if a buyer is not found within 60 days.

The nylon price increases of earlier in the spring have been tempered by inventory issues caused by the slowdown in apparel retail sales. Spandex prices haven't moved much. Trade sources indicate that Invista is in discussion with several interested potential acquirers of its apparel fibers business, which includes the desirable Lycra brand, including in particular one large Chinese textile producer.

U.S. synthetic fiber prices are 53 percent above the global average.

Europe

In Europe, prices rose 4.1% from last year.

The polyester filament business in the region remains stable. The nylon market in the region strengthened thanks to an unexpected uptick in the hosiery business and lower nylon raw materials prices. Aquafil announced a merger with Space3, a SPAC, or Special Acquisition Company, that would allow its listing on the Italian Stock Exchange and result in its ability to invest further in its Econyl brand of Nylon 6 textile filament.

Israel-based global Nylon 6.6 producer NILIT launched Sensil, its new premium brand for apparel, targeting young digitally-savvy consumers with a communications program that speaks to the quality and benefits of its products in activewear, intimate apparel, denim and other apparel segments.

European fiber prices are almost 16 percent above the global average.

Source: sourcingjournalonline.com- Aug 22, 2017

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Brexit Brings More Uncertainty Over What Will Change With Trade and Regulations and When

Although Big Ben is out of commission for the next four years during its refurbishment, the U.K. is ensuring commerce and trade will be running smoothly after its departure from the European Union.

A vote on the United Kingdom's membership in the European Union in June 2016 resulted in a win for those in favor of leaving. The U.K. government since initiated the official EU withdrawal process in March this year, the U.K. is on-course to complete the withdrawal process by March 30, 2019.

Following months of speculation regarding the U.K.'s position on various aspects of global trade—positions that are now subject to serious scrutiny as the government negotiates the departure from the EU—an official paper was just released to clarify the government's plans. In the "Future customs arrangements: A Future Partnership Paper," the U.K. set out a vision of how it wishes to construct a new, and deep partnership with the European Union.

The U.K. said it wants a new customs arrangement that facilitates "the freest and most frictionless trade possible in goods between the U.K. and the EU, and allows us to forge new trade relationships with our partners in Europe and around the world."

Leaving the EU Customs Union: Two options

The paper proposes to leave the EU Customs Union but also to keep a ‘close association’ with the organization for a limited period of transition. The paper makes it clear that “as we leave the EU we will also leave the EU Customs Union.”

The Customs Union is a foundation of the European Union and an essential element in the functioning of the single market. The single market can only function properly when there is a common application of common rules. These rules are known as the Union Customs Code. Brexit means the U.K. has to design its own rules and its own External Tariff.

The U.K. government outlines two approaches to the future customs arrangements:

- 1) Highly streamlined customs arrangement:** Outside the EU Customs Union, the U.K. will set its domestic customs arrangements to facilitate the flow of trade across its borders, leaving as few additional requirements on U.K.-EU trade as possible. Under this model, the U.K. would aim to negotiate trade facilitations with the EU and implement unilateral improvements to our domestic regime to make trade with the EU easier. Ideas to simplify requirements to move goods across borders, including doing away with import and export declaration through the U.K.’s membership of the Common Transit Convention (CTC) including a waiver of entry and exit summary declarations. Mutual recognition of Authorized Economic Operators (AEOs) hopes to enable faster clearance of AEOs’ goods at the border and ease pressure on ports and entry points.

- 2) Innovative and untested – A new customs partnership with the EU:** The real big goal, however, would be the completion of the second option, “a new customs partnership with the EU” aligning the U.K.’s approach to the customs border in a way that removes the need for a U.K.-EU customs border. Under this proposal, the U.K. would be mirroring the EU’s customs approach at its external EU-U.K. border, to ensure that all goods entering the EU via the U.K. have paid the correct EU duties.

The U.K. government believes that this would remove the need for the U.K. and the EU to introduce customs processes between the two parties so that goods moving between the U.K. and the EU would be treated as they are now for customs purposes. At the same time,

however, the U.K. could apply its own tariffs and trade policy to U.K. exports and imports from other countries destined for the U.K. market, “in line with our aspiration for an independent trade policy.” The paper mentions a robust enforcement mechanism to ensure goods which had not complied with the EU’s trade policy stayed in the U.K.

In both of these options, the U.K. would be out of the Customs Union and able to negotiate its own trade deals around the world.

Next steps

The recent proposals will be discussed with stakeholders over the summer. The U.K. plans to publish a Customs White Paper in advance of the Customs Bill in the fall. Across the water in Brussels, the European Council will meet in October to rule on whether talks on the withdrawal agreement have made sufficient progress on the main key topics of citizen’s rights and the financial settlement to proceed to the next phase—the transition and the future relationship.

Without this agreement, negotiations on the future border arrangements are unlikely to kick-off in Brussels no matter how many papers are being produced.

For companies trying to stay ahead of the impact of regulatory change, not having to make immediate changes is no consolation at all. Now there is more uncertainty over what may change and when. More rules—and more disparate rules—will inevitably mean more to manage. This includes more changes to implement and monitor for a new, larger set of rules.

Any and all of the changes to trade policy and regulations post-Brexit will impact companies trading with the U.K. Companies should consider what their next steps will be in better managing the compliance and qualification processes in the coming months.

They might consider leveraging technology found in global trade management software solutions to support the process. With the right platform that includes the new trade policies as they are implemented, companies can be better prepared to manage the opportunities and uncertainties that Brexit will bring.

Source: sourcingjournalonline.com - Aug 22, 2017

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Pakistan: Textile exports up 3pc to \$1.006 billion in July

Textile exports rose around three percent year-on-year to \$1.006 billion in July as the government's incentive package for the export sector seemed to revive the wilting foreign exchange revenue spinner.

Pakistan Bureau of Statistics (PBS) recorded textile exports of \$979.414 million in the same month a year ago.

Exports of textiles, however, fell 17.34 percent from \$1.217 billion in June 2017. Readymade garment exports posted a major growth of 20.47 percent year-on-year to \$212.521 million in July. Its exports, however, dropped 12.53 percent from \$242.951 million in the preceding month.

Exports of bed wear remained flat at \$170.443 million in July over the last year. Bed wear exports declined 18.55 percent from \$209.258 million in June 2017. In July, knitwear exports decreased 5.8 percent year-on-year and 24 percent month-on-month to \$193.749 million.

In January, government unveiled Rs180 billion incentive package for exporters to boost the country's exports by around three billion dollars by end June 2018. Under the package, sales tax and customs duty on import of textile machinery and cotton have been abolished. The country's total exports between 2013 and 2015 declined more than 12 percent.

PBS data further showed that exports from food sector increased 34.74 percent to \$250.860 million over the same month a year ago. Food exports, however, decreased 12.3 percent from \$286.035 million in the previous month.

In food sector, the major thrust stemmed from a 28.49 percent year-on-year growth in rice exports, amounting to \$107.896 million in July. Rice exports, however, fell 24.82 percent in July from \$143.523 million in the preceding month. Sugar exports fetched \$27.584 million in revenue in July. There was zero sugar export in the same month a year earlier. Exports of sugar soared almost 10-fold from \$2.520 million recorded in June 2017.

Moreover, exports of fish and fish preparations rose 12.19 percent year-on-year to \$12.473 million in July. They, however, fell 57.45 percent from \$29.312 million in June 2017.

In July, non-textile exports also showed uptrend. Exports of engineering goods, including electric fans, transport equipment and auto parts, increased 33.35 percent year-on-year to \$19.152 million in July. Engineering goods exports also rose 19.45 percent in July from \$16.034 million in the preceding month.

In July, exports of leather goods improved 2.7 percent year-on-year to \$42.077 million. Leather exports, however, slid 11.78 percent from \$47.695 million in June 2017.

Total exports increased 10.58 percent year-on-year to \$1.631 billion in July. The exports, however, decreased 14.7 percent from \$1.911 billion in the previous month. Imports jumped 36.74 percent year-on-year and increased 6.64 percent month-on-month to \$4.834 billion in July. Key imports in the month under review included machinery, oil and agriculture and other chemicals.

In July, imports of machinery climbed 40.86 percent year-on-year and 14.91 percent month-on-month to \$1.016 billion. Power generation machinery imports held a major chunk in the total machinery imports. The country imported \$286.374 million worth of power machinery in July, depicting a 59.85 percent rise in its import bill as compared to the same month a year ago. Power generation machinery import swelled 39.95 percent in July from \$204.619 million in June 2017.

Infrastructure development has caught pace under the \$56 billion China-Pakistan Economic Corridor, while energy projects increased the need of power generation equipment. Imports of petroleum products, crude and liquefied gas increased 21.72 percent year-on-year to \$946.958 million in July. Oil imports, however, decreased 5.91 percent in the month under review from \$1.006 billion in June 2017. Agriculture machinery and chemical imports soared 25.95 percent year-on-year and 11.13 percent month-on-month to \$728.243 million in July.

Source: thenews.com.pk- Aug 22, 2017

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Uzbekistan seeks investment from Indian business community

Seeking investments from India, Uzbekistan today highlighted food processing, textiles and tourism among the sectors that can help strengthen bilateral cooperation and boost economic ties of the two countries. Uzbek Foreign Trade Minister Elyor Ganiev said that the central Asian country has taken several measures to improve business and investment climate for foreign investors.

"We have simplified business registration procedures ... we are taking measures to improve business and investment climate," he said here at Uzbek-India business forum meeting.

Ganiev said that both the sides have fixed the target of taking bilateral trade to USD 1 billion in the next three years and "we feel a special responsibility in achieving this goal".

Uzbek-India Trading Hub was established by the central Asian country with a view to promote trade and investments between the countries.

Inviting Indian investments, he said the country provides good infrastructure, political stability, power and skilled manpower.

The main sectors where businesses from both the sides can enhance cooperation include food processing, agriculture, silk, fertiliser, rare earth metals, tourism, footwear and leather processing, he added.

Speaking at the occasion, Uzbekistans Foreign Affairs Minister Abdulaziz Kamilov said: "We invite Indian investors to actively participate in the projects in special economic ones".

Kamilov said Uzbekistan is taking steps to improve business climate to attract foreign inflows.

Additional Secretary in the Department of Commerce Sunil Kumar said that the bilateral trade target of USD 1 billion is a huge step and it cannot be achieved by the initiatives of one side.

Both the sides should identify products and services that can be sourced from each other at affordable prices to enhance two-way commerce, he said.

Further both the countries exchanged 11 trade contracts worth USD 60 million and joint investment projects worth USD 70 billion in sectors including pharma, leather, silk and food processing.

In 2016-17, the two-way trade stood at USD 155.76 million.

Source: indiatoday.in- Aug 22, 2017

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Vietnam: Advanced machines to be on show at annual HCM City textile industry expo

Five hundred Vietnamese and foreign manufacturers, distributors, and suppliers will showcase advanced textile and garment machinery at the 17th Việt Nam International Textile and Garments Industry Exhibition (VTG 2017) to be held in HCM City in November.

The machinery will include high-speed digital textile and garment printers, embroidering machine, equipment for cutting and others.

High-quality fibre and cloth will also be on display at the 700 booths to be set up by companies from 20 countries and territories including India and Korea.

The annual event offers global companies an opportunity to explore co-operation opportunities and keep abreast of developments in the sector.

To be held from November 22 to 25 at the Sài Gòn Exhibition and Convention Centre in District 7, it will be organised by the Việt Nam National Trade Fair & Advertising Company in co-operation with Yorkers Exhibition Service Co.Ltd.

Source: vietnamnews.vn- Aug 22, 2017

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Australia to produce 340 mkg greasy wool in 2017-18

Shorn wool production in 2017-18 will be 340 million kilograms (mkg) greasy, predicts the Australian Wool Production Forecasting Committee (AWPFC). This is the same as the 2016-17 estimates, a 4.7 per cent rise over the 90-year low recorded in 2015-16. The rise was due to higher wool cuts per head after the excellent seasonal conditions in 2016/17.

Seasonal conditions in some regions, including much of Victoria and the south-east of South Australia, are reported to be very good, but other areas, including parts of Western Australia, the western division of New South Wales and regions in Queensland, have been dry, according to AWPFC chairman Russell Pattinson.

The season average wool cut per head is expected to slide by 1.2 per cent in 2017-18. While fleece weights in Spring are likely to be good, there is likely to be a moderation in the average wool cuts per head in some areas as the season progresses, a recent press release by not-for-profit Australian Wool Innovation Ltd quoted Pattinson as saying.

The run of high Merino wool prices and strong lamb price levels also appear to be encouraging producers to retain sheep despite high mutton prices, the release said.

The mean fibre diameter for Australia in 2016/17 was steady at 21.0 microns, the same as in 2015/16, according to the committee.

The committee based the estimates on inputs from the Australian Bureau of Statistics, wool exporters, the Australian Wool Exchange (AWEX), the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), the Australian Wool Testing Authority Ltd (AWTA), Meat and Livestock Australia and the six state committees comprising growers, brokers, merchants and representatives from state agriculture departments.

Source: fibre2fashion.com- Aug 22, 2017

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Botswana home to new USAID Southern Africa Trade and Investment Hub

The key objectives of the USAID Southern Africa Trade and Investment Hub are to increase international competitiveness, intra-regional trade and food security in Southern Africa.

Despite major gains in trade and market expansion, however, countries in the Southern African Development Community (SADC) still face significant obstacles to sustained economic growth.

Many member states lack the physical infrastructure along with trade and investment policies to capitalise upon these trade agreements.

In addition, cumbersome export/import procedures, high transportation costs, and preferential trade regimes all hinder investment and reduce productivity while negatively affecting the region's economy, food security, livelihoods, and public health.

The Southern Africa Trade and Investment Hub, funded by USAID, will work to address these barriers and support Southern Africa to create a well-integrated regional economy that delivers tangible economic benefits and improved food security for the people of the region through increased global competitiveness, trade, and investment.

The USAID Southern Africa Trade and Investment Hub is the fourth generation of USAID projects focused on these goals.

The previous version of the Southern Africa Trade Hub made many contributions on behalf of the US Government to develop growth sectors including agribusiness, food processing, textiles and apparel, and infrastructure in Botswana and the entire SADC region.

The new Southern Africa Trade and Investment Hub will continue to work closely with the Government of Botswana and in particular the Ministry of Investment, Trade, and Industry to break down barriers to trade to increase exports, achieve regional economic integration, increase uptake in utilisation of the African Growth and Opportunity Act by Botswana businesses, improve productivity, and facilitate robust regional trade and global market access.

The USAID Southern Africa Trade and Investment Hub reflects the American people's commitment to support communities across Southern Africa, helping to ensure that the population of Botswana and countries throughout the region are provided with economic opportunities to build themselves better lives.

Source: africanbusinessreview.co.za- Aug 22, 2017

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Ethiopia's Chinese-built industrial parks appeal to global textile producers

Ethiopia's three recently inaugurated Chinese-built industrial parks are attracting export-oriented foreign companies to the east African country's textile and apparel production setting.

The three industrial parks, Hawassa, Mekelle and Kombolcha, were built as part of its efforts to become Africa's manufacturing hub. Located in southern and northern Ethiopia, they have begun to attract renowned export-oriented foreign companies to Africa's second populous nation.

The country has a plan to uplift its current close to 150 million U.S. dollars revenue from exporting textile and apparel materials to more than 1 billion dollars.

The Chinese-built Hawassa park, some 275 km south of the capital Addis Ababa, which is considered as Ethiopia's flagship industrial park, has already started bringing in hard currency.

Among the companies that have started their production on its premises is the Hong Kong-based TAL Apparel.

According to Ethiopian Textile Industry Development Institute recent report, close to 1.5 million dollars is being earned in a month from export of textile and garments products from the Hawassa industrial park.

The east African country expects to generate one fourth of the targeted over 400 million U.S. dollars foreign currency for the current fiscal year from the Hawassa industrial park alone.

According to the Institute, eight factories are presently exporting their products abroad, while 10 other companies have set their plan to start export as of September.

Another Chinese-built industrial park, the Mekelle Industrial Park some 783 km north of Ethiopia's capital, is also attracting a bulk of international companies.

The park, which is currently recruiting companies to its compound, has recently revealed that seven foreign companies have already secured shades to commence assembling textile and apparel producing factories.

Among the seven foreign textile and apparel companies granted their space inside the Mekelle Industrial Park are high-profile export-oriented companies from Bangladesh.

Kombolcha Industrial Park, which is also built by China Civil Engineering Corporation (CCECC), is also in the full swing attracting various foreign companies.

Trybus group, a textile and apparel materials producing company based in the United States, is the latest firm that showed an interest to assemble its factories on the premises of the recently inaugurated Kombolcha Industrial Park, some 252 km north of the capital.

Signing an agreement with the Ethiopian Investment commission earlier this week, the group has been granted 5,500 square meters of land to install its factory inside the Kombolcha industrial zone.

Ethiopian Prime Minister Hailemariam Desalegn, speaking in connection with his country's ambition to attract world-class exporters, said that Ethiopia's favorable business environment is bringing a growing number of foreign investors claiming that the country "has attracted huge Foreign Direct Investment (FDI), despite the global decline."

As Ethiopia is on the move to become Africa's manufacturing powerhouse and a leading textile and apparel exporter, the government expects the three industrial parks to lure a great number of competitive foreign companies to its settings.

The country has budgeted more than 1 billion dollars for the construction of industrial parks in the second five-year Growth and Transformation Plan (GTP-II) period, due effective from 2015 to 2020.

Source: coastweek.com- Aug 22, 2017

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Japan's apparel import volume up one per cent in 2017

From January to May 2017 Japan saw a 1.98 per cent rise in its import volume. The value of imports fell by 0.54 per cent.

During the first five months, both knitted and woven categories recorded a rise in volume terms (2.19 per cent and 1.38 per cent) and a decline in value terms (0.97 per cent and 0.15 per cent) respectively.

China, Vietnam and Bangladesh were the top apparel exporters to Japan among Asian countries. Volume-wise apparel exports from China and Vietnam were up by 0.36 per cent and 12.65 per cent, respectively, whereas Bangladesh's garment exports dipped 3.95 per cent on a year-on-year basis.

However, in terms of value, China and Bangladesh felt the heat as both countries got lesser prices on exported apparels' when compared to the corresponding period of last year.

The value of China's apparel exports plunged 2.46 per cent while Bangladesh saw a drop of 5.16 per cent. On the other hand, Vietnam saw an impressive value-wise rise in exports by 10.15 per cent. The year 2017 is projected to remain progressive for Japan as far as clothing demand is concerned.

Source: fashionatingworld.com- Aug 22, 2017

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Texworld, France's biggest sourcing fair to begin on September 18

Texworld Apparel Sourcing will be held in France from September 18 to 21, 2017. This is one of the world's leading fabrics and apparel exhibitions. Texworld Apparel Sourcing is France's biggest apparel sourcing fair. It has pavilions for countries like Bangladesh, India, Sri Lanka, Pakistan, Vietnam, China, Ethiopia, among a host of others.

No other fair provides this wide a choice. Purchasers and visitors will be arriving from UK and the European Union countries. Texworld features international manufacturers specialising in fabrics, trimmings and accessories. Over 100 exhibitors will be coming to Texworld to attend the show for the very first time.

There will be a new segment in this edition, Texworld Denim. It will assemble 80 textile and clothing exhibitors who are experts in denim. Planned around a concept for stands that are easier to view and are variable in size, this new segment will have a new trends forum and a social village enlivened by a diverse program of meetings and presentations.

A series of lectures about latest developments in the sector, news from exhibitors, catwalk shows and the trends forum go to make up a varied and imaginative program. Over 1530 exhibitors from 110 countries took part in the exhibition in 2016. The range of sourcing countries included UK, France, Turkey, Spain, Italy and Germany.

Source: fashionatingworld.com- Aug 22, 2017

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Cambodia's earnings from garments and footwear remains strong

Cambodia's garment and footwear industry generated over \$6.5 billion last year while providing jobs for about 7,00,000 workers. Improving workers' wages, health care, transport and working environment is likely to benefit employers by resulting in increased worker efficiency.

Improving labor productivity would be fundamental for Cambodia to remain competitive, given rising competition from other low-wage garment exporting countries. Cambodia wants preferential trade terms for its footwear exports from the United States.

Preference systems let developing countries export certain goods to donor countries at reduced tariff levels. Cambodian footwear, textiles and garments are excluded from the US GSP. Cambodia's footwear and garment industry exports under the US' most favored nation program are taxed by the US, which wants to protect its local industries. Cambodia's real growth is projected to remain strong, expanding at 6.9 per cent in 2017 and 2018.

Risks to this outlook include the fallout from further rises in US interest rates, a slower-than expected economic recovery in Europe, and uncertainties over global trade.

US monetary policy tightening is expected to result in the dollar appreciating vis-a-vis the euro and other currencies, which would make Cambodia's exports and tourism relatively more expensive for the rest of the world, and therefore less competitive.

Source: fashionatingworld.com- Aug 22, 2017

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Cotton made in Africa focuses on China through workshops

Hamburg-based Cotton made in Africa (CmiA) initiative, which assists small cotton farmers in Africa in reaching international markets, organized two workshops in the Qingdao and Guangzhou provinces of China in August to introduce Chinese market operators to the organisation's work, keeping in view the growing interest in China for African cotton.

More than 160 professionals, including ready-made garment and fabric producers, cotton traders, merchandisers and representatives of international textile companies, attended the workshops held in the first week of August, according to a CmiA press release. The initiative was founded in 2005.

Transparency and the integration of CmiA cotton into the supply chains of large retailers and brands were focus topics, said Christian Barthel, director of CmiA's supply chain management.

The attendees perceived both workshops as a great kick-off for further such conferences to strengthen collaborations, the press release said.

Source: fibre2fashion.com- Aug 22, 2017

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NATIONAL NEWS

Foreign Trade Policy review to help exporters Post GST

The mid-term review of the Foreign Trade Policy (FTP) — likely next month — may provide relief to exporters reeling under the impact of the new Goods and Services Tax (GST) regime, with the Centre examining if some lost benefits could be restored.

The Commerce Ministry is in talks with the Finance Ministry and the GST Council to expand the scope of the popular ‘Advance Authorisation’ scheme to allow Integrated GST (IGST) exemption on imported inputs, in addition to basic customs duty, a Government official said recently.

Changes are also likely to rules on supplies to export-oriented units (EOUs) from the domestic tariff area (DTA), which are currently not being treated as ‘deemed exports’.

“Exporters have been complaining that by restricting exemptions in the advance authorisation to only the basic customs duties on inputs, the scheme has become unattractive and that many may opt out if IGST is also not exempted,” the official said.

It is accepted international practice — in countries where GST and VAT exist — to give exemptions to exporters from such taxes on imported inputs, he added.

Under the GST regime, DTA manufacturers supplying to EOUs are not allowed to import the inputs without payment of duty under Advance Authorisation. “The DTA suppliers have to pay the basic customs duty, cesses and IGST for imported inputs. They are entitled to input tax credit of only IGST. Basic customs duty and cesses thereon are cost to them,” points out the Engineering Export Promotion Council.

The mid-term review of the FTP (2015-2020), likely next month, will try to sort out some of the problems faced by exporters if the GST Council gives its consent.

“There is nothing that the Commerce Ministry can do without the approval from the GST Council. It is being hoped that all issues being faced by

exporters, which can be sorted out by the Centre, will get resolved in the review. If not, efforts in the direction would continue,” the official said.

India’s exports have been growing consistently for the past eleven months, but the pace of growth has slackened. Exports in 2016-17 grew 4.71 per cent to \$274.64 billion compared with the previous fiscal, it was after two years of continuous decline.

Source: dailyshippingtimes.com- Aug 22, 2017

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Rupee may not strengthen much in the short term

The support at 64.30 has held well for the rupee and the currency has strengthened from 64.32 in the past week. The rupee tested the psychological 64 level on Monday and reversed lower from there to close at 64.14.

Trading levels for the week						
NSE futures	LTP	S1	S2	R1	R2	Trade ideas
USD-INR	64.20	64.00	63.70	64.50	65.10	Resistance ahead. Go long only if the contract breaks above 64.5
EUR-INR	75.52	75.00	74.40	76.20	77.00	Immediate outlook is not clear. Avoid trading in this contract
GBP-INR	82.80	82.00	81.50	83.80	84.50	Near-term view is bearish. Initiate fresh short positions
JPY-INR	58.88	58.50	57.70	59.25	59.70	Go long only if the contract breaks above the resistance at 59.25

LTP: Last Traded Price; **S1,S2:** Support; **R1,R2:** Resistance
 Note: In a buy recommendation, the resistance would be the target and the nearest support would be the stop loss; in a sell recommendation, the support would be the target and the nearest resistance would be the stop loss. The recommendations are based on technical analysis. There is a risk of loss in trading.

Increasing political uncertainty in the US capped the strength in the dollar and helped the rupee gain in the past week. But two key factors might limit the rupee’s strength in the short term.

First is the increasing geo-political tension between the US and North Korea. Any new developments on this front which increases the noise in the market on a possible war may help the dollar gain on safe-haven demand. This, in turn, may trigger a sell-off in the rupee.

The second factor is the on-going correction in the Indian stock market on the back of the selling by foreign portfolio investors (FPIs). After buying Indian equities for six consecutive months since February, FPIs have turned net sellers so far this month. They have been selling Indian equities over the last three consecutive weeks and sold over \$1 billion in the past week alone. In August so far, they have sold \$1.67 billion in the equity segment.

However, FPIs continue their buying spree in the Indian debt segment. They have bought \$1.62 billion in debt so far this month. But the strong likelihood of the Indian benchmark indices correcting further in the coming weeks might weigh on the rupee and can cap the strength in the currency in the short term.

Volatile week ahead

The annual economic policy symposium at 'Jackson Hole' between Thursday and Saturday will be a key event that the global currency market would be waiting to see this week.

US Fed Chair Janet Yellen and European Central Bank President Mario Draghi, both speaking at the symposium on Friday, may add to the volatility in the currency market along with the on-going geo-political tensions. Any hint from either of them on their future policy plans might affect the dollar index movement accordingly.

The dollar index has been stuck between 93 and 94 over the last couple of weeks. A break-out on either side of this range will determine the next move. A strong break above 94 can take the index higher to 94.5 and 95. On the other hand, if the index declines below 93, it can fall to 92.5 or 92.

The price action on Monday suggests that the rupee lacks strength to break above 64. Inability to breach above 64 can take the rupee lower to 64.30 levels once again in the coming days.

In such a scenario, the possibility of the currency falling below the 64.30-64.35 resistance zone will remain high. A strong break below 64.35 will see the rupee weakening to 64.50 and 64.70 in the short term.

On the other hand, if the rupee manages to break above 64, it can strengthen to 63.90 or 63.85 initially. Further break above 63.85 will increase the likelihood of the currency revisiting the crucial 63.60 resistance thereafter.

Source: thehindubusinessline.com- Aug 22, 2017

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Pink bollworms keep growers edgy as cotton area crosses 2.66 mn hectares in Gujarat

The pink bollworm menace is keeping cotton growers in Gujarat on tenterhooks even as the state has witnessed sowing on 2.66 million hectares as on August 27, about 97.5 per cent of the three year average sowing of 2.72 million hectares.

Country's largest cotton producer state has concentration of cotton crop in about 27 districts. Of the overall acreage, an estimated about 20 per cent area is reported to be affected with the worm that damages the bolls of the cotton plant. However, experts don't yet see the need to press the panic button as the plantation is still in its initial stage and the pest can be contained with various conventional and non-conventional methods.

"We have advised farmers to install Pheromone Trap in the fields to contain the spread of the worm. Also, there are chemical ways and non-chemical ways to tackle this menace. We are advising them to follow the non-chemical ways, which are less costly and effective as well. Almost entire Saurashtra region has seen sporadic presence of pink bollworm," said Dr L K Dhaduk, head of Cotton Research Station, Junagadh Agriculture University. The Station provides such solutions including Pheromone Traps at a subsidised rate to the farmers.

Dhaduk further mentioned that the menace is controllable currently, but that will not be the case post September and farmers may face heavy losses if not controlled now. "We call this stage a suicide stage of the pest. IT is still controllable. But after a month, this opportunity will be lost and farmers may have to face the consequences," he added.

Farmers, however, have started considering alternate crops after key growing regions faced severe flooding post heavy rainfall last month. "Those farmers, whose fields were flooded with rainwater and left behind damaged cotton plants. They turned to castor and onion as an alternate as these crops appeared better bet than cotton," said Ramesh Bhorania, a farmer from Rajkot district.

Meanwhile, ginnerers are optimistic about adequate cotton crop even after the reports of farmers switching to alternate crops. "We believe that only a marginal section of farmers will turn to other crops. With increased availability of water and better soil moisture, there are chances of good cotton yield. We don't see any major impact on cotton supply in the new season," said Anand Popat from Saurashtra Ginnerers Association.

As per the second advanced estimate for the crop year 2016-17 (October-September) by Cotton Advisory Board (CAB), released on Friday, the acreage under cotton has dropped 11 per cent to 10.84 million hectares as against 12.29 million hectares previous year. But the yield per hectare is expected to increase to 541 kg from 459 kg. The total cotton output is estimated to increase 4 per cent to 34.5 million bales for 2016-17.

The cotton sown during kharif 2017 will start arriving at the markets by the end of September 2017 for crop year 2017-18.

Source: thehindubusinessline.com- Aug 22, 2017

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India, Canada start next round of FTA talks

The 10th round of negotiations for the proposed free trade agreement between India and Canada started today, the commerce ministry said.

"Both sides discussed issues relating to goods market access," the Department of Commerce tweeted.

The previous round of negotiations was concluded here in March 2015.

Both sides also discussed issues relating to sanitary and phyto-sanitary (concerning plants and animals) and technical barriers to trade.

The negotiations for the agreement, officially dubbed as the Comprehensive Economic Partnership Agreement (CEPA), were launched in November 2010 to boost bilateral trade and investments.

Liberalisation of norms for the services sector and phasing out of taxes on maximum number of goods traded between the countries are some of the contentious issues in the proposed pact.

The 10th round was earlier scheduled to be held in Canada, but could not take off because of elections there and lack of traction on some key issues. The proposed pact seeks to eliminate or reduce duties on goods, open services sector and facilitate investment proposals.

The two-way trade dropped to USD 6.14 billion in 2016-17, from USD 6.25 billion in 2015-16.

Source: moneycontrol.com- Aug 21, 2017

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Strong rupee is hurting Indian industry

As recently as February, the headline in a major newspaper blared that the rupee could breach 70 to the dollar. Five months later we are looking at breaching 62, in the opposite direction. Such is the volatile turn in currency sentiment.

Ever since Donald Trump won the US election in November, the American stock market has rallied, and so has the dollar. Analysts expected 2017 to be the story of the strong dollar globally. It was expected to be aided by the Federal Reserve Bank's hike in interest rates and a one-time tax exemption for companies to repatriate their profits. This "uphill" flow of capital back into America would continue to keep the dollar strong. Indeed, the dollar index which measures the strength of the dollar against a composite of global currencies, reached a 14-year high in December. That momentum seemed to be unrelenting until the inauguration ceremony of the new president in January this year.

Seven months later, the dollar index is dramatically down by 10%. It has lost against most currencies. The Indian rupee too has gained 7% since January. India's exports growth, which had turned positive last October after an 18-month negative streak, has started losing steam. Indeed, ever since the rupee started strengthening, export growth is up barely 12% cumulatively, whereas imports have grown at 30%.

It is incorrectly assumed that a stronger rupee only hurts exporters. Domestic industry, which may have zero exports, is also adversely affected by cheaper imports, which surge on a stronger rupee. Imports eat into the domestic market share. The index of industrial production (IIP) declined in June, showing negative growth for the first time in four years.

Particularly badly affected was the manufacturing component of IIP, with 15 of 23 industries showing contraction. Some of this is attributed to the de-stocking prior to the roll-out of the new goods and services tax (GST) in July. But manufacturing is certainly affected adversely by the flood of imports from countries like China.

As it is, domestic manufacturing in India works on wafer-thin margins. With a 7% surge in the rupee, this can wipe out the entire profit margin of exporters and the domestic industry.

The roll-out of GST has meant additional advantage to imports. For instance, importers who now pay interstate GST (IGST) in lieu of the earlier countervailing duty, can offset IGST against other taxes. This offset was not available earlier. Similarly, exporters who have imported components could earlier use export incentive scrips to pay for import duties.

They are now disallowed from using those scrips for payment of IGST. Of course, this upfront IGST payment will be refunded on realization of their exports. But that takes time and involves delays, which means that working capital is locked up for longer. With India's high interest rates, the extra cost of working capital can easily undo the slim profit margins.

The larger point is not just that under the GST regime imported items have an advantage, but that the ever-strengthening rupee is hurting both exporters and domestic manufacturers. It is worth recalling that the three-decade export-led growth of China from the 1980s was riding on its severely undervalued currency.

Despite pressure from US lawmakers and threats of labelling China a currency manipulator, and despite the International Monetary Fund documenting the large extent of undervaluation, China continued to keep its currency artificially cheap. It was only in June 2005 that China relented, ever so slightly, by letting its currency appreciate a tiny bit.

East Asia's export-led miracle growth was also predicated on a fixed exchange rate regime, which remained undervalued for far too long. We are not for a moment advocating these unsound practices, of either sustained artificial suppression, or a fixed exchange rate regime. The point is to acknowledge the fact that our domestic currency is now unhealthily strong for our economy.

The Real Effective Exchange Rate (Reer) calculated by the Reserve Bank of India has been indicating a very high degree of overvaluation of the rupee. Even the forward curve, i.e. future value of the rupee that the market is betting on, shows rupee depreciation. The rupee remaining so strong is also encouraging importers to remain unhedged, thus increasing their risk. In case of a sudden reversal, they will face a huge outflow obligation, for which they may be unprepared.

There are those who will say that since India is a net importer, the rupee strength is net beneficial to the economy. This misses the point that a big part of our current account deficit is import of gold, which is classified as a consumption good.

But a big chunk of gold imports is as an investment good, i.e. more like a capital account transaction. Second, large imports are also on account of capital goods and machinery, which are price inelastic. Third, with crude prices remaining steady, the impact on our current account deficit due to a weaker rupee will be quite manageable.

The continuously strengthening rupee keeps attracting flows into the bond and stock market, leading to a self-fulfilling cycle, of higher asset prices and higher returns (in dollar terms). This phenomenon too can lead to sudden stops and reversals. Nobody can time the bursting of a bubble, but that does not mean we shouldn't exercise some caution.

For the sake of the robust health of industry and manufacturing, and for reviving the export boom, it is essential that we bring back the rupee to a more sane and competitive level.

Source: livemint.com- Aug 19, 2017

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GST brings macro-economic stability: Jaitley

The Financial Stability & Development Council (FSDC) has promised to keep a “constant vigil” and be in a state of “preparedness” to manage any external and internal vulnerability that may affect the economy.

Besides discussing the challenges faced by the economy, the FSDC, chaired by Finance Minister Arun Jaitley, which met on Tuesday, noted that the country today enjoyed “macro-economic stability” on the back of an improvement in its macro-economic fundamentals and structural reforms with the launch of the Goods and Services Tax (GST).

Action being taken to address the twin balance sheet (TBS) challenge, extraordinary financial market confidence reflected in bonds and especially

stock valuations and long-term positive consequences of demonetisation have also bolstered the macro-economic situation, the FSDC said.

But India's progress to a higher growth trajectory of, say, 8-9 per cent looks difficult given the predominance of the twin balance sheet problem manifested in the form of a leveraged corporate sector and stressed banking sector, according to economy watchers.

The FSDC took note of the progress of the Financial Sector Assessment Program for India jointly conducted by the International Monetary Fund and the World Bank. It has directed that the assessment report should be finalised by the end of this calendar year.

The FSDC took note of the developments and progress made in the setting up of a Computer Emergency Response Team in the Financial Sector (CERT-Fin) and a Financial Data Management Centre and discussed measures for time-bound implementation of the institution-building initiative. A brief report on the activities undertaken by the FSDC Sub-Committee Chaired by the RBI Governor was placed before FSDC. The council also undertook a comprehensive review of the action taken by members on the decisions taken in earlier meetings.

The council discussed the Central KYC Registry (CKYCR) system, took note of the initiatives taken in this regard by the members and discussed the issues/suggestions in respect of operationalisation of CKYCR. It also deliberated on strengthening the regulation of the credit rating agencies.

The FSDC comprises Urjit R. Patel, Governor, Reserve Bank of India; Ashok Lavasa, Finance Secretary; Subhash Chandra Garg, Secretary, Department of Economic Affairs; Anjuly Chib Duggal, Secretary, Department of Financial Services; Tapan Ray, Secretary, Ministry of Corporate Affairs; Ajay Prakash Sawhney, Secretary, Ministry of Electronics and Information Technology; Arvind Subramanian, Chief Economic Adviser; Ajay Tyagi, Chairman, SEBI; TS Vijayan, Chairman, IRDAI; Hemant G Contractor, Chairman, PFRDA.

Source: thehindubusinessline.com- Aug 23, 2017

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