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IBTEX No. 182 of 2018 September 01, 2018

USD 70.87| EUR 82.36 | GBP 91.85 | JPY 0.64

Cotton Market (31-08-2018)		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22565	47200	**85.88**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
23190	48508	**88.26**

International Futures Price	
NY ICE USD Cents/lb (Dec 2018)	82.76
ZCE Cotton: Yuan/MT (Jan 2019)	16,145
ZCE Cotton: USD Cents/lb	**91.50**
Cotlook A Index – Physical	**92.15**

Cotton Guide: Cotton futures settled lower in the active months for the second consecutive session, but prices still hold small gains for the week so far. Dec settled at 8226, down 50 points from previous close. It has a net gain of 63 points for the week as of Thursday's close. Trading volume was 15,707 contracts, the lightest volume in 3 and half weeks. Cleared yesterday were 18,774 contracts. For the last 10 sessions volume has roughly averaged 18,000 contracts.

The other markets US equities slipped slightly having settled at all-time highs in the S&P 500 and NASDAQ Indexes in the previous 4 sessions. Market was anxious to understand the ramped up threat of another $200 billion worth of tariffs on Chinese goods which would mean over 50 percent of Chinese imports would carry a tariff. In spite of the trade war USDA Weekly Export Report for the week ended August 24th was decent. It included 96,400 bales sold to

China, bringing their 2018-19 total commitments to 1,943,200 bales; and 2019-20 to 516,600 bales. Of those, 67,200 bales have been shipped. Total 2018-19 and 2019-20 net sales combined for the week were 210,800 bales (upland 200,200; Pima 10,600). That included 4,300 bales in cancelations. Weekly shipments were 175,000 bales (upland 172,600/pima 2,400). Total shipments stand at 633,600 bales (upland 613,400/pima 20,200). 48-1/2 weeks remain in the season.

In the meanwhile, China's ZCE futures had a second day of losses and now sit lower for the week. Much like ICE, though, the ZCE has been contained in a sideways pattern over the last two-plus weeks. Chinese State Reserve cotton on Thursday's auction had a turnover rate of 59.48%, spinners only. Offered were 30,003.415 tons (137,806 bales); and sold were 17,847.244 tons (81,972 bales). The cumulative turnover rate is 57.73% (offered versus sold). This auction series started at 24.1 million bales and 14.52 million bales remain.

On the technical front, market continues to trade in the given range of 81 to 84 cents however, slowly forming an upward channel which can be also termed as bear flag pattern, any slippage below 81 cents would pull the price to 80 and then 79 cents. However, long term support is seen at 79 cents to keep the market overall positive.

On the domestic front the spot price continues to trade steady near Rs. 47700 per candy ex-gin, S-6 variety for the remaining 2017-18 crop which translates to 86 cents per pound given the currency price. However, rates for Punjab J-34 are also marginally lower at Rs. 4,813 per maund (82.70 cents per lb). The MCX cotton October future slipped to make an intraday low of Rs. 22840 and closed at Rs. 22920 down by Rs. 70 from previous close. The trading for the day would be Rs. 22700 to Rs. 23000 per bale.

FX Guide: Indian rupee has opened 0.3% lower to hit a new record low level of 71.035 against the US dollar. Rupee is pressurized by selling pressure across emerging market currencies amid financial crisis in Turkey and Argentina. Higher crude oil price is also weighing on Indian rupee. Brent crude trades above $77 per barrel supported by Iran supply concerns, decline in US crude stocks and optimism about US economy. Also weighing on rupee is weakness in equity markets amid persisting US-China trade conflict. As per reports, the US president wants to move ahead with a plan to impose tariffs on $200 billion in Chinese imports as soon as a public-comment period concludes next week. The US dollar is also supported by general optimism about US economy amid better than expected GDP data. Rupee may remain under pressure unless we see stability in emerging market currencies or correction in crude oil price. USDINR may trade in a range of 70.6-71.25 and bias may be on the upside..

Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com, Source: Reuters, MCX, Market source

NEWS CLIPPINGS

INTERNATIONAL NEWS

WTO Head Warns US Exit Would Mean Chaos for American Business

The head of the World Trade Organization has responded to President Donald Trump's threat to leave the institution by warning such a move would cause chaos for U.S. companies operating around the world.

In an Oval Office interview with Bloomberg on Thursday, Trump warned that he would withdraw from the WTO "if they don't shape up." The president also called the 1990s agreement establishing the body "the single worst trade deal ever made."

Roberto Azevedo, the WTO's director general, told Bloomberg on Friday that he was already working with the U.S. and other members to address some common complaints. But he warned that a U.S. exit from the WTO would have chaotic consequences for the global economy and the U.S. itself.

"The scenarios are not going to be good for anyone," he said. "The U.S. is about 11 percent of global trade. So leaving the organization would be a blow to the organization. But it would be a blow to the U.S. as well."

In particular, he said, such a move would leave U.S. businesses vulnerable to commercial discrimination and new tariffs around the world if non-U.S. members were no longer bound by the WTO's rules.

"That is the worst thing that could happen for an economy as globally connected as the American economy," Azevedo said.

Global growth remains strong, he said. But even before the latest round of U.S. and Chinese tit-for-tat tariffs, the WTO was concerned over rising protectionism in the world and Azevedo said "a number of alarms" are sounding.

Worse, protectionist measures "are spreading very, very quickly," he said, with the U.S. expected to move as soon as next week to impose tariffs on an additional $200 billion in imports from China.

The world's two-biggest economies have already levied duties on $100 billion worth of each others' products since July as talks failed to resolve U.S. concerns over China's trading practices.

Azevedo said he was in discussions with the U.S. and other members about the need for reforms at the WTO and in global trading rules. "I suppose that is consistent with 'shape up'," he said, citing Trump's comments.

In particular, a number of members other than the U.S. shared Washington's concerns about issues related to China. Among those were shortcomings in global trading rules related to industrial subsidies, the conduct of state-owned enterprises and the theft of intellectual property.

He pointed to July's Rose Garden agreement between Trump and the European Commission President Jean-Claude Juncker, which included a commitment to work together and with other countries on WTO reforms. Also underway are conversations between the U.S., EU and Japan over their common complaints about China as well as discussions between the EU and China over both their bilateral trading relationship and how to reform the rules-based trading system.

"All this is I suppose the beginning or the seeds of the kind of conversation that we need over how to overhaul the WTO," Azevedo said.

Among Trump's main complaints about the WTO is that it the U.S. is treated unfairly by its dispute system and loses many of the cases.

Azevedo rejected that complaint, however, saying: "The United States is being treated exactly the same way as every other WTO member."

As the largest economy in the world "the reality is that the U.S. has brought more dispute cases than anybody else" and been a target of more than any other member, Azevedo said.

Like most members, the U.S. had won more than 90 percent of the cases it had initiated, he said, and lost most of the cases brought against it.

Source: sourcingjournal.com- Aug 31, 2018

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Is Local-for-Local or On-Demand Apparel Production Really Happening?

Talk about on-demand apparel production or local-for-local production have been trickling out for years now, but in the past year it seems like that trickle has become a stream. Is this really happening in America?

While it's still too early to claim victory for on-demand advocates, there's no question that the convergence of new technologies, creative entrepreneurs and changing consumer attitudes are increasing the likelihood that we'll be buying at least some made-to-order clothing, possibly from virtual samples, close to home in the near future.

I don't know if the farm-to-table movement in restaurants had any impact on what's happening in apparel, but the opening of Under Armour's Lighthouse two years ago, along with the first Adidas Speedfactory, brought the term 'local-for-local' into mainstream conversation in the apparel and footwear industries.

The idea or vision was that, eventually, most apparel and footwear would be produced in numerous, relatively small, highly automated, production facilities in close proximity to customers with the ability to customize products to customer desires and/or needs. They would be fueled by artificial intelligence driving decisions to make what customers wanted, in many cases, before the customers knew they wanted them.

The industry would, in theory, evolve from producing massive quantities of products in Asia with long lead times—only to be discounted ad nauseum at retail to unexcited and disinterested consumers—to producing smaller, customized capsules of on-trend, in-demand products in close proximity to the customer with no need for markdowns.

Because consumers, the industry in general, and the press have not seen tangible progress with those first well-publicized initiatives (even though they may be fulfilling the expectations of their brand owners), there has been radio-silence on the local-for-local front for a while now.

There is no question, however, that an increasing number of industry observers have predicted that we are nearing the end of the "mass market" in apparel as we have known it for the past 70 years or more.

We are entering an era where an almost infinite number of niche brand offerings, each focused on a unique, common-interest tribe of loyalists, is emerging to replace the clothing offerings of the mass retailers (who, by the way, sense the threat, and are responding with innovations of their own: cue Wal-Mart's Jet.com acquisitions and Store 8, for example).

So, who are these niche brands disrupting traditional retail? The men's shirt sector has attracted a lot of attention and investment. Stantt, for one, solves the fit challenge by offering 100 sizes, each named after a street in New York City, made to order in the Americas and delivered within days. Proper Cloth offers made-to measure, quick-turn dress shirts.

Mizzen & Main offers dress shirts in high-tech performance fabrics that stretch and wick. Untuckit offers shirts that "look good untucked" no matter how big or small or short or tall you are. Most remain small and niche, but if you think PVH—among the largest global retailers of dress shirts—is not watching, learning and innovating on their own, you'd be mistaken.

And other niches abound, too, like 11 Honore for designer/luxury plus-sized licensed apparel; Fame & Partners in custom-fit formal dresses; Mack Weldon, WearCommando, and pioneer Spanx in inner-wear; Third Love in bras; Everlane in transparency; current/Elliot, joie, and equipment in womenswear; Stitch Fix, Trunk Club, Bombfell and Sprezzabox in subscription retail; Rent the Runway in the sharing economy; appaman in kids. And, that's not even 5 percent of the brands starting up, gaining almost immediate traction due to social media, famous influencers and loyal tribes of followers.

We are moving, however slowly and imperceptibly, from markets of millions to millions of markets of one: a market that will eventually be 'You.'

The other related, but separate, phenomenon generating buzz in our industry is on-demand apparel production or, in the terminology of Kirby Best, founder of On-Point Manufacturing, "purchase-activated apparel."

The concept here is to only produce a garment once a customer has purchased it. So no inventory, no long seasonal calendars, no endless opaque supply chains, no markdowns, discounts or obsolescence.

All of these are admirable aspirations, especially considering not only the ridiculous economics of most traditional retail but the potential environmental positives.

It’s a little like showrooming, made famous primarily by Bonobos, where the physical shop has one of each style, size and color and you can feel the fabric and try it on but the actual purchase happens online and you receive the product from a central inventory at home within a day or two. Only here, the sample is ‘virtual’ not physical.

A customer peruses realistic 3-D imagery of a style, may be able to customize it to their preferences, and, in some cases, virtually try it on their personal avatar to see how it fits, then decide to buy it which triggers the actual production.

The good news is that some of the back-end technology exists today to enable this, some consumer sentiment supports and endorses the concept, and some manufacturing facilities are willing to give it a go. The bad news? Well, there’s not really bad news for those willing to be patient and invest in the future.

For a long list of reasons, and in spite of the Trump Administration’s trade policies and tariffs, apparel production re-shoring–in the traditional sense–is not happening. I’m a fan of Made in USA if, and only if, made in USA makes sense when considering many different but critical business variables. I am, however, a big fan of made-as-close-to-the-customer-as-possible (kind of like farm-to-table food).

We will not mass produce apparel for traditional retail distribution either here, or in Asia for that matter, in the near or distant future. We will, however, micro-produce apparel, more and more, in region, in city, perhaps someday even in home.

The microfactory concept is alive and thriving thanks to visionary companies, their people and their investments. Amazon got a lot of attention for receiving a patent for its “on-demand apparel production” model, but give credit to Browzwear, Optitex, Clo-3D, Gerber, Lectra, Zund, EFI Reggiani, Kornit, and dozens of other companies that started as software or hardware providers but have evolved into comprehensive solution providers.

On-Point Manufacturing, Bill Grier's AM4U, Good Clothing Company, Suuchi, and others are pioneering their way to help our industry evolve to being demand-driven rather than supply-driven.

In the long term, that can only be a good thing for consumers, retailers, producers and, of course, our environment.

Someday we may be able to download and 3-D print apparel at home, or share a style like a tune on Spotify, and when it's out of style or no longer fits, we can recycle it to the next style we want in the fit we need. Between now and then, we should pay attention to—and support—the initiatives of local-for-local and on-demand production. They just make sense.

Source: sourcingjournal.com- Aug 31, 2018

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Canada Says 'Not There' on NAFTA Deal

Canada said gaps with the U.S. remain on Nafta as the Trump administration pushes to open the Canadian dairy industry ahead of a U.S.-imposed deadline of Friday for a tentative deal.

Canadian Prime Minister Justin Trudeau said it's possible to reach a trade deal but that he'll only sign an agreement that's right for Canada. Trudeau reiterated his government wouldn't concede to U.S. demands to dismantle its dairy system, known as supply management. Talks are also hung up on U.S. demand to eliminate dispute-resolution panels that Ottawa considers essential, two Canadian officials said Friday.

Canada has been clear about its "red lines" around Nafta, Trudeau said at an event in Oshawa, Ontario. "We are looking forward to signing the right deal for Canada. But we have also been very clear, we will only sign a deal if it is a good deal for Canada."

Earlier Friday, the Trump administration pushed Canada to give ground on its politically sensitive dairy sector, which is protected by a system of quotas given to domestic farmers.

"The negotiations between the United States and Canada are ongoing. There have been no concessions by Canada on agriculture," a U.S. Trade Representative's Office spokesperson said Friday in an email.

USTR chief Robert Lighthizer still plans to send a notice to Congress on Friday of President Donald Trump's intention to sign a deal to replace Nafta, as the administration has previously indicated, said a person familiar with the matter.

Win-win talks

"Canada is a country that is good at finding win-win compromises. Having said that, we will always stand up for the national interest," Canadian Foreign Affairs Minister Chrystia Freeland told reporters Friday after meeting with Lighthizer. "We'll only agree to a deal that's good for Canada. We're not there yet."

Trump is stepping up pressure on the Canadians to join a preliminary deal that he reached with Mexico earlier this week. It's unclear whether the president's tactics will be enough to spur concessions that bridge the final divides.

"Canada's going to make a deal at some point. It may be by Friday or it may be within a period of time, but ultimately they have no choice," Trump said Thursday in an interview with Bloomberg in Washington as bargainers struggled to resolve critical issues. "I think we're close to a deal."

It remains to be seen if the notice Lighthizer sends to Congress only mentions the deal with Mexico, or includes recent progress in talks with Canada. Members of Congress, including many in Trump's own Republican Party, say a deal must include Canada to be approved under a legislative tool that allows a simple yes-or-no vote in Congress.

"The Canadian and American negotiators continue to work on reaching a win-win deal that benefits both countries," White House Deputy Press Secretary Lindsay Walters said.

Chapter 19, steel

Meanwhile, an impasse continues on another core issue: Chapter 19 anti-dumping panels. Canada won't give in to U.S. demands to kill the Chapter 19 panels, a Canadian official familiar with talks said Friday. Another person familiar with talks said preserving Chapter 19 remains very important to Canada.

A breakthrough will likely require a trade-off between the two nations. An agreement where America softens its demands to eliminate a dispute-settlement panel in return for Canadian concessions on dairy may pave the way for a deal.

Another key issue is U.S. tariffs on steel and aluminum imports, though it's unclear whether relief from those will be included. Mexico didn't get any reprieve in its own agreement on Monday.

Canada rejoined face-to-face negotiations on Tuesday, a day after the U.S. and Mexico announced a preliminary agreement in principle.

Trump must notify Congress 90 days before signing the pact, which will need the approval of lawmakers.

Talks of some kind with Canada are likely to stretch into September even if the preliminary agreement is announced Friday.

Source: sourcingjournal.com- Aug 31, 2018

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Australia identifies cotton growing areas

Australia has identified the potential for new dams, which could significantly boost the viability of irrigated cropping industries such as cotton.

The Australian cotton industry produces about 9,00,000 metric tons of cotton a year, with almost 100 per cent of this exported. Northern Australian farmers are looking to move into growing higher value irrigated crops like cotton.

The Australian cotton industry has for a long time invested in R&D in northern Australia with the aim of expanding where cotton can be successfully and viably grown.

Cotton not only produces high-quality fiber that is in demand globally, but for every ton of fiber there is more than a ton of cotton seed produced, which is a highly valued cattle feed in northern Australia.

Potential growth areas for fiber and food production in Australia's north have been identified. There are more than 1200 cotton farms in Australia.

In an average year, Australia's cotton growers produce enough cotton to clothe 500 million people. The major buyers of Australian cotton are China, Indonesia, Thailand, South Korea, Bangladesh and Japan.

The cotton industry in Australia employs 15 times as many people as grazing does. Australian irrigated lint yields are now the highest of any major cotton producing country in the world.

Source: fashionatingworld.com- Aug 31, 2018

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US Clothing and Footwear Spending Rallies in July With 1.5% Increase

Clothing and footwear expenditures rebounded in July, increasing 1.5% to $400.68 million from $394.62 million in June, the U.S. Bureau of Economic Analysis (BEA) reported Thursday.

Clothing and footwear spending had fallen 0.6% in June compared to May after four straight months of increased spending in the sector. This followed a 0.4% increase in July core retail sales that exclude automobiles, gasoline stations and restaurants compared to June, according to the National Retail Federation. Clothing and clothing accessory store sales were up 5.4% year-over-year and 1.3% percent month-over-month.

BEA said personal income increased $54.8 billion, or 0.3%, in July. This primarily reflected increases in wages and salaries, personal dividend income and rental income.

Disposable personal income (DPI), considered a barometer for retail spending, also rose 0.3%, or $52.5 billion. Personal consumption expenditures (PCE) were up 0.4%, or $49.3 billion.

Real DPI, adjusted for inflation, increased 0.2% in July and real PCE also rose 0.2% percent. The PCE price index increased 0.1%. Excluding food and energy, the PCE price index increased 0.2%.

BEA said the $29.6 billion increase in real PCE in July reflected an increase of $10.9 billion in spending for goods and an $18.9 billion increase in spending for services.

Within goods, prescription drugs were the leading contributor to the increase. Within services, the largest contributor to the increase was spending for food services and accommodations.

James Bohnaker, associate director of U.S. and consumer economics at IHS Markit, said, “Improving household finances, fueled by solid wage gains and lower personal tax rates, will help bolster consumer spending for the next several quarters.”

Personal outlays increased $52.7 billion in July, while personal saving was $1.05 trillion. The personal saving rate–personal saving as a percentage of disposable personal income–was 6.7%, easing from 6.8% the previous month as nominal s

Source: sourcingjournal.com- Aug 31, 2018

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Australia: New deal to strengthen ties with Indonesia

Indonesia and Australia have pledged to be "strong partners in a changing world" after signing landmark agreements that will open their economic markets and elevate the two nations' security relationship to a historic high.

Scott Morrison and Indonesian President Joko Widodo made the joint announcement after a one-on-one meeting and bilateral talks with senior cabinet ministers at the Presidential -Palace in Bogor, south of Jakarta.

Indonesia laid on all the pomp of a state visit for Mr Morrison's first trip as Prime Minister yesterday, ahead of a ceremony in which a memorandum of understanding towards an Indonesia Australia "comprehensive economic partnership agreement" was signed by trade ministers Simon Birmingham and Enggartisto Lukita, along with MOUs on cyber security co-operation, tran-sport and the economy.

As expected, the two leaders also declared their intention to upgrade the bilateral relationship, describing the move as recognition that both countries faced "growing competition and the threats of conflict, mounting protectionism that erodes the foundations of global trade, and rising intolerance that threatens democratic norms and institutions".

"We will be strong partners in a changing world. We will seize this opportunity to energise our trade, investment and business relations, to advance our strategic co-operation, to forge deeper -engagement between our communities and cultures and to build greater links between the young people of our countries."

The statement will likely be -interpreted as mutual recognition of the need to foil Chinese expansionism in the region, though Mr Morrison insisted earlier that Australia's regional relationships were not a "zero sum game" and that "for one relationship to be stronger, another doesn't have to be weaker".

The trade deal will strip tariffs from several Indonesian key -exports, including shoes, textiles and garments, and provide better access for Australia's agricultural producers, notably beef cattle, grain, dairy and horticultural growers. Australian farmers will be able to export 500,000 tonnes of feed grains such as wheat into Indonesia tariff-free, a "significant boost for the Australian wheat industry".

Australian service providers in the mining, telecommunications, tourism, education and health sectors will also have greater -access to Indonesian markets, with some hospitals to be permitted to operate in Indonesia, and higher education institutions to be granted a 67 per cent stake in Indonesia-based campuses.

Australian beef cattle exporters have won a 4 per cent-a-year increase in duty-free access for live male cattle up to 700,000 head.

"Indonesia is our partner of choice when it comes to working for the security of our region and more broadly across the globe. But it is our economic relationship where we have committed today to take another big step to ensure that Australia and Indonesia do the heavy lifting that's needed to realise the real economic opportunity that exists," Mr Morrison said.

He praised Jokowi as an "extraordinary man" and described the trade agreement as a "massive win-win".

The Australian Chamber of Commerce and Industry and -National Farmers Federation welcomed the trade deal and urged both nations to pass it swiftly into law.

Source: theaustralian.com.au- Aug 31, 2018

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Pakistan, EFTA Trade Deal Initiated

A senior official in the commerce ministry revealed that the European Free Trade Association (EFTA) has agreed to start a preferential trade agreement with Pakistan with an aim to double the trade volume with a group of countries.

This is achieved through a year-long effort with the EFTA countries that include Switzerland, Norway, Iceland, and Lichtenstein.

The official said, “We have received a formal intimation from the EFTA secretariat that ministers of the bloc agreed to continue the discussion with Pakistan with the possibility of future free trade agreement (FTA).”

A suggestion given by bloc is to engage more in a scoping exercise. Under the proposed preferential treaty EFTA can offer tariff concessions on industrial goods.

In 2017 the EFTA-Pakistan value of trade reached $573 million. This includes imports and export. The import of Pakistan goods reached $218m while export was $355m. Pakistan exports included textiles and apparel articles while the imports included pharmaceutical products, machinery, and watches.

In October 2017, Pakistan and EFTA held their first meeting of the joint committee in Geneva, Switzerland.

In the last decade goods trade has grown between Pakistan and EFTA. The main export products were clothes, woven material, knitted apparel, and accessories. Other exported textile articles included worn clothing and textile articles like rags, leather articles, animal gut, games, kids toys, and sports equipment.

In the last 5 years import from EFTA increased at 10.4% as the major products imported included pharmaceutical goods, machinery, mechanical applications & electrical machinery, optical, medical, surgical instruments, clocks and watches, gadgets and other equipment.

Source: researchsnipers.com- Aug 31, 2018

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Cotton Made in Africa Growing in the Field and on the Shelf

The Cotton made in Africa (CmiA) program is cultivating a strong following, with demand from the textile industry increasing 79 percent in 2017 from the previous year.

The growth saw around 90 million products with the CmiA seal of approval launched on the market in 2017. As the world's largest standard for sustainable cotton from Africa, CmiA now certifies around 40 percent of the cotton produced by smallholder farmers in sub-Saharan Africa. Around 1.03 million smallholder farmers in sub-Saharan Africa are currently working with CmiA and growing cotton in accordance with the CmiA sustainability criteria.

CmiA is an initiative of the Aid by Trade Foundation (AbTF) that "helps people help themselves through trade," improving the social, economic and ecological living conditions of smallholder cotton farmers and their families in Sub-Saharan Africa. Through training programs, Cotton made in Africa teaches the cotton farmers about modern, efficient and environmentally friendly cultivation methods that help them improve the quality of their cotton, yield higher crops and earn a better income.

The organization said the growth trend is set to continue in 2018. Additional companies now on board with CmiA include Spain's Tendam Global Fashion Retail, Holland's Vlisco and Sweden's Gudrun Sjöden.

Tendam Global Fashion Retail, formerly Grupo Cortefiel, is the first CmiA partner in Spain to sell shirts for men and women with the CmiA seal under its Springfield brand. In addition, all CmiA-labeled products are manufactured in Ethiopia according to the Hard Identity Preserved (HIP) system, which ensures transparency at every step in the textile value chain. Under HIP, the cotton can be traced from the cotton field to the finished product.

Vlisco Group, the Dutch manufacturer of textiles for the Central and West African markets, is now an official partner of the initiative. Vlisco Group's factories in Ghana and Côte d'Ivoire already use significant quantities of CmiA cotton in the production of the Uniwax, GTP and Woodin brands, and the Dutch-produced Vlisco brand will follow suit in 2019.

“Working with CmiA fits perfectly with our strategy of doing more in Africa, for Africa, not to mention giving us a unique opportunity to make real a difference with regard to corporate social responsibility,” Fiona Coyne, director of sourcing and corporate social responsibility at Vlisco Group, said.

Gudrun Sjöden, a fashion brand that combines natural materials, diversity, sustainability and creativity for women of all ages in its colorful clothing, has also signed up. The brands has outlets in the U.S., U.K. and Scandinavia.

For 2017, more than 30 retailers and brands from the textile industry purchased and processed CmiA cotton. Among the top buyers in 2017 were the Otto Group with its Bonprix brand, the REWE Group, ALDI Süd and Tchibo. Other major customers purchasing CmiA cotton include Engelbert Strauss, Ernsting’s family, Asos, Bestseller, Armani, s.Oliver and Hakro.

“Our partners are demonstrating that sustainable cotton can be used worldwide on a very broad basis in the textile industry,” Tina Stridde, managing director of CmiA, said.

“With Cotton made in Africa, textile companies can reconcile sustainability with profitability and contribute to the protection of the environment and to better working and living conditions for African smallholder farmers and their families.”

Income from license fees paid by partnering retailers and brands to use the CmiA brand was also up by 14 percent on the previous year to 1.7 million euros ($1.98 million). This made the AbTF financially self-sufficient, managing entirely without public subsidies for the first time.

Source: sourcingjournal.com- Aug 31, 2018

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Pakistan: Garments worth $211.213 exported in July

Readymade garments worth $211.213 million were exported during the first month of the current financial year, against the exports of $212.199 million during the corresponding period last year.

During the month of July, 2018 about 3,648 thousand dozen of readymade garments were exported as compared the exports of 3,102 thousand dozen during the same period last year.

Meanwhile, knitwear worth of $208.880 million was exported during the period under review as compared the exports of $193.802 million during the same month last year, according to the data of Pakistan Bureau of Statistics (PBS).

About 9,195 thousand dozen of different knitwear were exported during the first month of the current financial year, as compared to 7,529 thousand dozen of exports during the same period last year, it added.

During the period under review, textile groups' exports from the country were recorded at $1.002 billion against the exports of $1.008 billion during the same month of last year.

During the month of July 2018 exports of textile products registered an increase of 0.49 per cent on year-on-year basis. Meanwhile, the exports of raw cotton reduced by 8.71 per cent, cotton cloth by 9.94 per cent and bed wear by 3.85 per cent respectively, PBS added.

However, the exports of other textile products during the period under review including cotton yarn grew by 7.62 per cent, yarn other than cotton by 73.74 per cent knitwear by 7.78 per cent and other textile materials by 3.24 per cent respectively.

The exports of towels grew by 0.51 per cent during the period under review and it was recorded at 15,129 metric tons valuing $51.707 million as compared the exports of 13,456 metric tons worth of $51.447 million of the same month of last year, it added.

Source: profit.pakistantoday.com.pk- Aug 31, 2018

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NATIONAL NEWS

India to emerge a strong market for luxury brands

Indian luxury market needs to think in terms of size and growth, at least 10 years ahead of its time. Luxury brand Louis Vuitton opened its first store in China in 1992 but could offer reasonable sizes only 20 years later.

The brand opened its first store in India in 2003 and is still few years behind when it could offer the right sizes.

Standardising luxury by considering optimum price for experiential and personal luxury goods, BCG classifies handbags above €1,000, shoes above €300, restaurants spend of above €150 and wines and spirits – more than €100 as true luxury.

The luxury market in India is approximately $12 billion-$15 billion or 1.5 per cent of the world market. China, on the other hand, makes up 40 per cent of the world luxe market.

One of the biggest constraints for Indian luxury market is talent. An important part of the experience is the in-store staff. There are simply not enough trained people available. Even the pool available is more deferential than an informed seller of luxury.

Change in perspectives

Popular perception that luxury consumers are old, live in metros and predominantly female needs to change.India to emerge a strong market for luxury brands 1 Although dealerships for luxury car showrooms exists in cities like Jalgaon and Coimbatore, but the consumers in most cities do not find the offer in India compelling and end up purchasing goods either in Singapore or London, where they get a better range, service standards and retail environment.

The role of women as prospective buyers in both luxury and premium categories is changing. With the percentage of women getting education rising higher than boys increasing since 2015, the future consumer-base for luxury and premium goods is likely to be female-centric.

In China, this segment of young working women is amongst the most important demography in luxury.

The India advantage

The Chinese luxury market is much bigger than the size of Indian luxury market and is growing at a healthy clip.

The spread in China is much broader – 50 per cent of luxury consumers are beyond the Top-15 cities. India also being a big country, has a potential of vast spread beyond Tier I cities.

Most global luxury brands worldwide started as craft brands a century or more, ago. Bulgari, for example, was once a single jewellery store and Burberry an outdoor wear manufacturer; today these are global iconic brands across categories.

India also has potential to build few luxury brands in future due to its ideal business climate.

High end apparel or jewellery, etc are some categories where true Indian luxury brands may emerge. Some brands in India have already started on that journey and are likely to attain global reach and appeal shortly.

Historically, luxury brands invest a lot in print for brand building. In France, LVMH is the biggest print advertiser. In contrast, a lot of brand building in China happens online.

India is likely to adopt the mid-approach by focusing less on TV as it finds less relevance in luxury owing to increased fragmentation and also being a low attention medium.

Source: fashionatingworld.com- Aug 31, 2018

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Huge Imports from Bangladesh hits Gujarat Garment market hard

Huge imports from B'desh hits Guj garment mkt hard

FE BUREAU
Ahmedabad, 31 August

Some specified garment items imported into India from Bangladesh are exempted from import duties under the South Asian Free Trade Area

ON ACCOUNT OF huge imports from Bangladesh, garment manufacturers of Gujarat have lost about 25% business in domestic market. Garment producers of the state fear that if policy issues with the importing country under free trade agreement are not changed, it would hit local manufacturing hard.

Some specified garment items imported into India from Bangladesh are exempted from import duties under the South Asian Free Trade Area (SAFTA). To protect the domestic industry from China, India has imposed heavy import duty on Chinese garments but according to the industry, now China is exporting via Bangladesh. As result, local manufacturers are losing business in their own country.

Before Goods and Services Tax (GST), there was countervailing duty (CVD) and education cess on imports. However, in the post GST scenario, there was no cost for import of garments from Bangladesh. According to the industry officials post GST imports of apparel from Bangladesh has increased by 44% year-on-year (y-o-y) bases to $201 million in 2017-18.

"With the implementation of GST from last year, duty structure has changed and China is taking benefits of it. Moreover, Bangladesh apparels are 12-15% cheaper than India and many ready-made garment companies have started importing from there. Because of all these factors, our domestic business have been hurt by 25% within the country," said Abhay Shah, president of Association of Apparel Manufacturers and Exporters of Gujarat (AAMEG).

There are over 5,000 small and medium units of apparel manufacturing in Gujarat and most of them are located in Ahmedabad and surrounding areas. AAMEG has already raised this issue with the central government and urged it to take remedial action. Gujarat Chamber of Commerce and Industries (GCCI) will meet the textile minister Smriti Irani on 6 September to discuss this problem.

Saurin Parikh, honorary secretary of GCCI said, "At this time Bangladesh is importing duty free fabrics from China and converting it into garments and exporting to India with zero duty under the SAFTA agreement. We are demanding that only products that made with 90% Bangladesh origin materials should be exempted from duty. This would be the best solution to protect the domestic garment industry of Gujarat and India."

Source: financialexpress.com- Aug 31, 2018

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India's KPR Mills to set up apparel unit in Ethiopia

The Ethiopian government has invited India's KPR to establish an apparel manufacturing unit in Ethiopia by offering various incentives and concessions. Considering the core competence prevailing there, the Board of Directors soon decided to set up a unit for manufacture of apparels at the Mekelle Industrial Park set up by the Ethiopian Investment Commission.

The Ethiopian textile industry is fast catching up with the other textile countries like Vietnam and Cambodia with low cost of labor, duty-free import of garments from Ethopia to the US and Europe, availability of trainable workforce, proactive Government support, growing economy, special industrial zones and duty-free import.

Also, the Ethiopian government has the available land and building and KPR only needs to install a few machines and start production. This also saves considerable time in terms of construction.

Also there is an option to lease the facility which will cut down on the capex. KPR is planning to incorporate a separate subsidiary company in Ethiopia to establish and run the unit.

Source: fashionatingworld.com- Aug 31, 2018

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Agri exports: PMO set to review policy on Monday

The Prime Minister's Office (PMO) will review on Monday the farm export policy floated by the commerce ministry, a source told FE.

The draft export policy, which has been circulated for inter-ministerial consultations, has proposed to keep the outbound shipment of processed and organic items free of any restriction.

Senior commerce ministry officials will brief the PMO about various aspects of the export policy and its intent on which the ministry has moved the cabinet note, said the source.

Delivering his Independence Day speech, Prime Minister Narendra Modi had announced that the new agriculture export policy will be unveiled soon to boost farm income.

The policy is aimed at doubling the country's farm exports to over $60 billion by 2022.

Once the Cabinet endorses this proposal, the commerce ministry is expected to start consultations with the ministries of agriculture, food and consumer affairs to gather consensus on a policy to limit export curbs to only a very few farm items, such as rice and wheat, that are crucial to the country's food security, and not all the dozen-odd items that are considered essential commodities.

This means the scope for periodic curbs on exports of politically-sensitive onion or pulses, cotton and sugar that the government has resorted to in the past will be ended if there is a consensus. These curbs include the imposition of minimum export price, export duty and an outright ban on exports.

However, analysts have argued that to best tap India's farm export potential, the outbound shipment should be kept free all the time. This is all the more important when the government has announced a 50% premium to farmers over their cost of production, which threatens to inflate domestic prices of several commodities and hurt exports.

A predictable export regime will provide some cushion in that case.

In March, the commerce ministry had released the first draft farm export policy, seeking a stable trade policy regime with limited government interference for key farm items. Reforms in the APMC Act, streamlining of mandi fee and liberalisation of land leasing norms are among the raft of measures suggested in the draft policy.

India had imposed a ban on exports of wheat in 2007 and on non-basmati rice in 2008. The government has resorted to impose curbs on onion exports almost every year and periodically slapped restriction on cotton and sugar exports as well. An export ban on key pulses and oilseeds was in effect for a long time. However, in recent years, the fluctuations in farm trade policy have reduced considerably.

After hitting a record $42.6 billion in 2013-14, partly aided by elevated global commodity prices, farm exports have declined to $32 billion in 2015-16 and $33 billion 2016-17, and the net trade surplus, too, declined to $9.5 billion in 2015-16 and $7.8 billion in 2016-17.

India's farm exports reversed a three-year slide and posted an over 14% rise to $38.2 billion in the last fiscal from a year earlier on robust demand for marine products and rice.

What bolsters the notion of a recovery in farm export is the fact that, in volume terms, as many as 27 of the top 40 items that make up around 95% of total agricultural shipments registered a rise in 2017-18. In fact, export volumes of six of the top 10 items accounting for around 70% of agricultural and allied product shipment rose in the last fiscal, vis-a-vis 2013-14.

"This suggests our farm and allied sector exports in the last fiscal could have breached the earlier record if key commodity prices in the export market would not have remained subdued last fiscal," a senior commerce ministry official had told FE earlier. The rise in the outbound shipments of farm items exceeded a 10% expansion in the overall merchandise exports in 2017-18.

Elaborating on the stable trade policy regime, the policy said given the domestic price and production volatility of certain agricultural commodities, there has been a tendency to utilise the policy as an instrument to attain short-term goals of taming inflation, providing price support to farmers and protecting the domestic industry.

Such decisions may serve the immediate purpose of maintaining domestic price equilibrium, but they end up distorting India's image in international trade as a long-term and reliable supplier, it said.

Source: financialexpress.com- Sep 01, 2018

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Indian apparel market to grow 15 per cent till 2022

India's apparel market is projected to grow at 15 per cent CAGR till 2022. Seven in 10 fashion accessory purchases in India will be influenced by mobile phones. Nearly half of those mobile-influenced purchases will be driven by Facebook, amounting to a 110 billion dollar sales opportunity. Additionally, the mobile will influence two in three apparel purchases, amounting to a 66 billion dollar opportunity for brands, half of which will be driven by Facebook.

Friction occurs when consumers dropout during purchase due to unnecessary additional effort, incremental step or inconvenience. Friction accounts for 19 per cent of consumer dropouts in the apparel category, and in the accessories category, friction accounts for 22 per cent of consumer dropouts.

Top friction areas for different demographic cohorts vary and hence marketers need to customize their marketing strategy accordingly. For example, men and women display different drivers for entering the purchase funnel.

Fashion brands need to adopt relevant marketing strategies and reduce friction in consumer journeys across multiple touch-points, leading to improved conversion rates and increased revenue opportunity.

The fashion spectrum in India has evolved so considerably that the apparel and accessory market is projected to reach $102 billion and $155 billion by the year 2022.

Source: fashionatingworld.com- Aug 31, 2018

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Spykar eyes 'athleisure' segment post expansion into women's wear

Home-grown denim brand Spykar is looking to expand its product portfolio by entering the athleisure segment.

'Athleisure' refers to a clothing line that includes products which are worn to gyms and also double up as casual wear. It is considered a ₹7,000-crore market in India, growing at around 14 per cent per annum, market sources say.

Spykar, known mostly for its menswear range particularly premium denims (priced between ₹2,000 and ₹5,000), is in the process of expanding into women's wear by the end of this fiscal.

Nascent market

According to Sanjay Vakharia, CEO, the company is exploring the possibility of an entry into the nascent but growing athleisure market, and work around it has already begun.

"The immediate focus is to expand the women's wear range and then enter new categories like athleisure," he told BusinessLine.

Athleisure's rising popularity comes from Bollywood celebrities often being pictured in such casual wear at airports or on social media.

In fact, some film celebrities and cricketers also have their own athleisure apparel lines. Apart from international sportswear brands like Nike, Puma and Adidas, apparel-makers like Aditya Birla Fashion and Retail, and innerwear brands like Jockey have athleisure offerings. The apparel lines mostly include T-shirts, tops, track pants, shorts, sweatshirts, jackets and specific shoes.

"Athleisure clothing requires a mindset change and currently it's the youth and millennials who have taken to it up," said Vakharia.

Jump in revenues

Spykar, which competes with denim brands like Levi and Jack and Jones, reported a turnover of ₹550 crore in FY18 and is expecting a near 30 per cent jump in revenues to over ₹700 crore in FY19.

Topwear (shirts and T-shirts) and premium denims are expected to drive the numbers. The revenue impact of the women's wear range is expected to be reflected FY20 onwards.

"In the first five months of this fiscal, we have seen a 27 per cent growth. Numbers are expected to pick up during the upcoming festival season," Vakharia said.

The company is also looking at store count addition and expanding into multi-format retail outlets.

Source: thehindubusinessline.com- Aug 31, 2018

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Rupee at 71: India's largest bank SBI says don't worry, INR still overvalued vs USD

Even as the rupee breached the crucial 71 level plumbing a new life-time low today, State Bank said one should not get too much worried about a "little bit of depreciation" as the currency is still "overvalued".

The rupee has been the worst among the large emerging market peers, losing over 10 per cent from the beginning of the year. But SBI managing director PK Gupta told reporters that the rupee has been faring better than many of its peers, including the Turkish, Argentinean, and Indonesian currencies.

"You need to look at what's happening globally. Argentina, Indonesia...most of the currencies are losing against the dollar. In fact, the fall of the rupee against the dollar has been much lesser compared to most other currencies," Gupta said. "I don't think the value of the rupee is so much of a concern now. The unit is overvalued in any case. A little bit of depreciation should not impact too much at this stage," he added.

The rupee slumped to a fresh record low of 71 against the dollar for the first time ever by falling 26 paise on persistent demand for the greenback amid rising crude prices and projection of a further spike going ahead. At the interbank foreign exchange market, the rupee opened sharply lower at 70.95 and slipped further to hit its lifetime low of 71 from its previous close of 70.74.

Forex dealers said besides robust month-end demand for the dollar from oil importers, the strength of the dollar is rising against its rival currencies on expectations of rising interest rates in the US amid lingering trade wars between the US and China, weighed on the domestic currency.

Yesterday, the rupee slid 15 paise to close at a fresh lifetime low of 70.74 due to strong demand for the greenback from oil importers and surging crude prices, stoking inflation fears which anyway has been on a northward ho for the past many months now.

Growing fears about rising inflation amid high global crude prices and consistent selling by foreign funds from the domestic equity markets also weighed on the rupee. Benchmark Brent crude was at trading at USD 78 a barrel in early Asian trade.

Source: financialexpress.com- Aug 31, 2018

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