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USD 69.28| EUR 77.40 | GBP 90.31 | JPY 0.62

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
22201	46400	**85.31**

Domestic Futures Price (Ex. Warehouse Rajkot), May

Rs./Bale	Rs./Candy	USD Cent/lb
22310	46628	**85.73**

International Futures Price

NY ICE USD Cents/lb (July 2019)	75.45
ZCE Cotton: Yuan/MT (September 2019)	15,530
ZCE Cotton: USD Cents/lb	104.59
Cotlook A Index – Physical	**86.20**

Cotton Guide: The macro factors have driven the prices of cotton to lower levels. Crude oil WTI slumped from 63.69 to 60.94 yesterday. Currently while we are writing this report at 8 am, the price of WTI is 61.70 $ per Barrel.

The ICE July contract settled at 75.45 cents/lb with a change of -126 points. ICE July has settled lower for 5 consecutive sessions and also lower in 7 of the last 8 sessions. ICE December has settled lower in 6 of the last 8 sessions. The trading range yesterday was 76.59 as the high figure and 75.37 as the low figure for ICE July. The total volumes once again could not cross the thirty thousand contract mark. They summed up to 28,614 contracts. The ICE July contract emanated volume figures of 18,435 as compared to the previous figure of 21,826 contracts which is a drop of 3391 contracts i.e 15% drop.

Cert stocks began today at 67,873 bales, up 1,977 bales in new certs. There were zero bales awaiting review.

The weekly USDA report was released yesterday. The figures were decent enough but could have been better.

Net Upland Sales: Net sales of 144,800 RB for 2018-2019 were down 39 percent from the previous week and 46 percent from the prior 4-week average. For 2019-2020, net sales were 56,300 RB.

Country	Increase
Turkey	42,600 RB
India	32,800 RB
Vietnam	18,200 RB
Indonesia	13,100 RB
China	9,900 RB
Table 1- Net Upland Sales 2018-2019	

Country	Increase
Vietnam	30,000 RB
China	17,600 RB
Table 2- Net Upland Sales 2019-2020	

The NET upland Shipments were expected to show excellent figure but they turned out to be average. Exports of 292,600 RB were down 8 percent from the previous week and 19 percent from the prior 4-week average.

Country	Shipments
Vietnam	80,000 RB
China	41,200 RB
Turkey	32,400 RB
Pakistan	29,700 RB
India	16,000 RB
Table 3 – Net Upland shipments	

The Weekly CFTC Cotton on-call report for the week ended April 25th was released after the close. Total on-call sales were 110,500 contracts, up 859 contracts. Total on-call sales a year ago were 160,068 contracts.

Total on-call purchases were 56,505 contracts, up 3,577 contracts. Total on-call purchases a year ago were 45,621 contracts. The on-call purchases are setting new high figures.

On the MCX front, the contracts settled with marginal declines ranging from -20 to -30 Rs. The MCX May contract settled at 22310 Rs/Bale with a decline of -30 Rs. The MCX June and MCX July contract settled at 22550 Rs/bale and 22730 Rs/bale with declines of -30 Rs and -20 Rs. Respectively.

Total volumes were also less as compared to the average figures. The total volume was seen at 4626 lots.

Futures Based On:	Call Cotton Based New York				Open Futures Contracts ICE Futures U.S.	
	Unfixed Call Sales	Change From Previous Week	Unfixed Call Purchases	Change From Previous Week	At Close 04/26/2019	Change From Previous Week
May 2019	180	-4,357	5	-2,466	271	-6,074
July 2019	39,485	1,855	8,800	2,752	97,310	-2,188
October 2019	0	0	0	0	53	6
December 2019	34,145	1,304	33,304	1,167	93,341	3,285
March 2020	14,595	478	2,109	127	11,338	821
May 2020	6,044	218	167	5	909	80
July 2020	9,351	1,326	1,555	457	2,442	559
December 2020	5,419	35	10,234	1,513	4,496	540
March 2021	1,268	0	309	0	7	0
May 2021	9	0	0	0	0	0
July 2021	4	0	0	0	0	0
December 2021	0	0	22	22	0	0
Totals	110,500	859	56,505	3,577	210,167	-2,971

The Cotlook Index A has been unchanged at 86.20 Cent/lb. The arrival figures are still at 35,000 lint equivalent bales and will be on a decline from now on. The average prices of Shankar 6 also remains unchanged at 46,400 Rs/Candy. We expect both the international and domestic market to tilt a tad towards bearish figures.

On the technical front, ICE Cotton July futures witnessed sharp decline and breached the lower band of the upward rising channel support at 76.30. At the same time the momentum indicator is also hovering below the 50 mark suggesting weakness in strength. Meanwhile support for the July futures exists around 75.10(61.8% Fibonacci retracement level) and resistance exists around 76.36(9 day EMA). So for the day price is expected to remain in the range of 75.10 to 76.36 with sideways downside bias. Only a move above 77.45, would push price further higher towards 78.20/78.40 zones. Likewise, below 75.10 next support exists around 74.60. In the domestic market May future is expected to remain in the range of 22100-22400 with downside bias.

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

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INTERNATIONAL NEWS

USTR proposes list of EU products that may be subject to tariffs in coming months

On 8 April 2019 the Office of the United States Trade Representative (USTR) announced that it is initiating an investigation under Section 301 of the Trade Act 1974 to enforce the United States' rights in the World Trade Organisation dispute involving subsidies provided to the large civil aircraft industry by the European Union.

The investigation may result in tariffs of up to 100% on certain imports from the 28 EU member states as soon as 1 June 2019.

Covered products

The USTR's preliminary product list is based on the eight-digit US Harmonised Tariff Schedule subheading for imports from the European Union. The list is divided into two sections:

- Section 1 contains a number of products in the civil aviation sector (eg, aircrafts, helicopters and parts) and applies only to products imported from four EU member states: France, Germany, Spain and the United Kingdom.
- Section 2 contains 318 tariff lines and applies to all 28 EU member states. Section 2 contains, among other things, animal and vegetable products, prepared food, beverages (including wine) and textile products.

Notice and comment process

Due to the significant potential impact that these additional tariffs may have on a wide range of EU products, importers should consider filing written comments and appearing at the public hearing if they import any of the listed products in Annex 1.

The schedule for the notice and comment process is as follows:

- 6 May 2019 – interested parties must file requests to appear at the hearing and a summary of the expected testimony to be presented. Each presenter's testimony is limited to 5 minutes.
- 15 May 2019 – USTR's Section 301 Committee will hold a public hearing on the proposed tariffs at the US International Trade Commission.
- 28 May 2019 – interested persons must file written comments on the proposed tariffs, including any rebuttal comments to testimony presented at the hearing.

Source: internationallawoffice.com- May 03, 2019

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USA: Mnuchin Calls Latest Round of China Trade Talks 'Productive'

The latest round of U.S.-China talks wrapped up in Beijing on Wednesday, with U.S. Treasury Secretary Steven Mnuchin calling the meetings "productive" in a tweet.

Negotiations will continue in Washington next week, Mnuchin said in his tweet after Wednesday's round concluded slightly later than scheduled. He took part in a photo session with U.S. Trade Representative Robert Lighthizer and China's Vice Premier Liu He, and the delegations exchanged pleasantries.

The White House has ramped up pressure to reach a trade deal with China in the next two weeks, warning that the U.S. is prepared to walk away from the negotiations. President Donald Trump's acting Chief of Staff Mick Mulvaney said Tuesday the outcome will be known in the next couple of weeks "one way or the other."

As the high-level trade talks between China and the U.S. got underway in Beijing, China on Wednesday took another step in opening its $44 trillion financial sector to the world, announcing plans to remove limits on ownership in local banks and scrap size requirements for foreign firms that operate onshore.

Among the changes, overseas insurance groups will be allowed to set up units in the world's second-biggest economy, the China Banking and Insurance Regulator said. The rules are an incremental step along the path to opening China's financial system, months after foreign firms were permitted majority stakes in local securities joint ventures.

The move came as the Trump administration is making its impatience known after four months of intense negotiations, shifting from mostly optimistic messaging about the prospect of a deal to end their trade war that's resulted in tariffs on $360 billion of each other's goods.

"It won't go on forever," Mulvaney said at the Milken Institute Global Conference in Los Angeles. "At some point in any negotiation you go, 'we're close to getting something done so we're going to keep going.' On the other hand, at some point you throw up your hands and say 'this is never going anywhere.'"

Next two rounds

He also said there's no "fever" on the part of the White House to finalize an accord.

Following the next two rounds, U.S. officials hope to "either recommend to the president we have a deal or make a recommendation that we don't," Mnuchin had said in a taped interview broadcast Monday on the Fox program "Mornings with Maria."

A collapse of negotiations might reverse momentum in the U.S. and China, dousing hopes that the world economy might be able to shake off trade-war risks.

The conflict has weighed on confidence and dented shipments, with nine of the 10 gauges tracked by Bloomberg to assess the health of global trade below their average midpoint.

Source: sourcingjournal.com- May 01, 2019

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Will tariff reduction make a surge in Pakistani cotton yarn imports of China?

On April 28, Chinese President Xi Jinping met with Pakistani Prime Minister Imran Khan in Beijing. Premier Li Keqiang also met with Imran Khan on the same day.

Under the witness of the two prime ministers, Yu Jianhua, deputy minister of commerce and deputy of international trade negotiations, and Masood Khalid, Pakistan's ambassador to China, signed the Protocol of the Government of the People's Republic of China and the Government of the Islamic Republic of Pakistan on Amending the Free Trade Agreement.

The head of the International Economic and Trade Relations Department of the Ministry of Commerce introduced the relevant situation of the Protocol.

In the agreement, export-oriented products which Pakistan focuses on like cotton yarn, leather, apparel, aquatic products and nuts are included in the tariff schedule.

The details can be queried in the schedule of tariff concessions after the protocol is published. Many market participants started to pay attention to China-Pakistan textile apparel trade as soon as the news came out. If the tariff is reduced or canceled, will China textile apparel market be shocked?

Export volume of Pakistani cotton yarn

The annual output of cotton yarn in Pakistan totaled around 3.4 million tons, containing 65% cotton yarn mainly for domestic consumption.

The export volume amounted to 465kt in 2018, accounting for about 11% of total production. The higher export volume once reached over 700kt. The figure below describes total cotton yarn exports of Pakistan and those to China.

From above figure it can be seen that cotton yarn exports of Pakistan stayed in downtrend in recent three years, especially in 2016, while those to China increased somewhat in 2017-2018 but still 200kt lower than that in 2013. It indicates lower demand for Pakistani cotton yarn from China in recent years.

Total cotton yarn exports of Pakistan and those to China					
Unit: kt	**Total exports**	**Change**	**Exports to China**	**Change**	**Proportion of exports to China**
2013	714	3.50%	529	7.00%	74.20%
2016	509	-21.80%	284.6	-19.10%	55.90%
2017	482	-5.40%	321.7	13%	66.80%
2018	465	-3.40%	324.9	1.00%	69.90%

Among Pakistani cotton yarn exported to China is mainly low-count ones like siro-spun C10S/12S/16S/21S and the demand from Guangdong is large. As Xinjiang cotton yarn production increases in China and the quality of Chinese open-end cotton yarn improves, a part of demand for Pakistani siro-spun cotton yarn is substituted.

How much will the tariff reduction change the import cost?

In current China-Pakistan FTA protocol, import tariff of Pakistani cotton yarn will be reduced or even canceled. How will it affect the market when it reduces to 1% or 0%? And how will those enterprises which cannot enjoy the tariff reduction do?

From the above figure, if the tariff is reduced to 1%, the cost will decrease 465yuan/mt based on current ordering price and if the tariff at 0%, the cost will reduce 651yuan/mt. It is much attractive for domestic enterprises to order. Thus will the cotton yarn imports of China from Pakistan surge? It needs comprehensive consideration.

Pakistani siro-spun C10S cost assessment with tariff rate assumption			
Assumption	**Tariff rate**	**Ordering price ($/kg)**	**RMB cost after tax (yuan/mt)**
Current tariff rate	3.50%	2.42	19488
Assumption 1	1.00%	2.42	19023
Assumption 2	0	2.42	18837
Assumption 1-Current rate	-2.50%	0	-465
Assumption 2-Current rate	-3.50%	0	-651
Note: the exchange rate used is two-month forward selling rate 6.797			

At present, Pakistani siro-spun C10S with second-tier quality is priced at 18,400-18,600yuan/mt in China, but the conversed forward arrival cost was lower than spot price. That is to say, it is not favorable to order now.

Calculated on current ordering price, if the tariff declines later, the cost is expected to decrease within 651yuan/mt (assuming the exchange rate changes little), and the profit room is not large, unless ordering price of forward Pakistani cotton yarn moves down or spot Pakistani cotton yarn in China improves, but as things stand, the latter is hard to move up in short run. As a result, the tariff reduction may not make a surge of Pakistani cotton yarn imports of China, but it can restrict further shrinking.

Source: ccfgroup.com- Apr 30, 2019

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US fashion brands add athleisure to their collections

The athleisure boom in the US now encompasses sneakers and tops and even fashion brands. For years, many people associated the term athleisure with Lululemon and yoga pants, and believed the entire trend would be short-lived. Neither is the case anymore.

Americans are obsessed with wearing athletic gear as all-day fashion. People are buying athletically-inspired products with no intention of actually doing sports in them. This is a fundamental shift for the industry, and it's allowing brands that do not have a sports heritage to come in and take some share.

The trend of wearing athletic sneakers all day means that buyers no longer look only to sports brands when they want to buy sneakers. Madden, Sperry, Ecco, and Gucci, for instance, are all growing rapidly in the athletic shoe space. For the first 40 or 50 years of the modern sneaker marketplace, at least one performance category was in fashion. In the '70s it was tennis.

The '80s was the basketball decade. But for nearly four years now, no performance sneaker category (shoes made to be worn for playing sports) has seen positive growth in America. That's unprecedented. Performance basketball sneakers, in particular, have got crushed by athleisure. That category was down 20 per cent in the first quarter of 2019.

Source: fashionatingworld.com- May 02, 2019

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SigNature T to ensure authenticity of Egyptian Cotton

Applied DNA Sciences, a leader in PCR-based manufacturing for product authenticity and traceability solutions, has received an order for the implementation of its SigNature T cotton traceability system in Egypt to indelibly mark two varietals of high-value Egyptian Cotton, widely acknowledged to be among the finest in the world.

The molecular tag and delivery system have been shipped and cotton tagging is expected to commence within the month. The system, already installed in eight cotton gins worldwide, includes the use of unique SigNature T molecular tags, internet-based data collection linking evidence of tagging process quality to each bale ID, and bar code scanning of tagged packaged bales for inventory management and tracking.

The cotton fibre will be managed with strict protocols throughout the supply chain to ensure purity and traceability, the company reports. "With receipt of this order for Egyptian cotton supply chain tagging and testing, we are moving to replicate our success in securing US cotton through its supply chain," said Dr James A. Hayward, president and CEO of Applied DNA.

"Given the uncertainty surrounding the provenance of Egyptian cotton in the marketplace and growing calls for increased transparency and traceability by consumers, brands and industry advocates, the implementation of our SigNature T cotton traceability system endeavours to ensure that the value of Egyptian cotton can be substantiated throughout its supply chain."

According to the Mundi Report, Egypt produced around 240 million pounds of cotton in the prior 2018 growing season, just below total US Pima output.

Applied DNA is a provider of molecular technologies that enable supply chain security, anti-counterfeiting and anti-theft technology, product genotyping and pre-clinical nucleic acid-based therapeutic drug candidates.

Source: innovationintextiles.com- May 02, 2019

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Turkmenistan president instructs to accelerate sowing of raw cotton

President of Turkmenistan Gurbanguly Berdimuhamedov during a working meeting has instructed to speed up the sowing of raw cotton, Trend reports with reference to Watan newspaper.

This instruction was addressed to the leadership of Akhal, Balkan, Lebap, Mary and Dashoguz regions and those overseeing these regions in the government.

The head of state drew attention to the fact that “strict adherence to the norms of agricultural technology in agricultural work is a major factor in obtaining a bountiful harvest.”

Cotton growers started sowing in Turkmenistan in late March. This year, 550,000 hectares are allocated for cotton in the country, and it is planned to harvest 1,050,000 tons of raw cotton.

For the first time, private agricultural producers who have received plots from a special land fund will begin to cultivate it in 25,567 hectares of land.

Moreover, in October 2018, President of Turkmenistan Gurbanguly Berdimuhamedov ordered to stop the sale of cotton fiber to foreign countries.

Cotton was previously a significant export item of Turkmenistan, and is currently a highly demanded raw material for the country’s rapidly developing textile industry. Until recently, up to 70 percent of the cultivated raw materials were processed domestically.

The Turkmen textile industry is represented by a wide range of exports - from cotton fiber and yarn to finished garments and knitwear, produced by the largest complexes in Central Asia which are located in the capital and in all regions of the country.

A significant part of the products exported from Turkmenistan consist of home textiles, sportswear and jeans, released under world famous brands such as IKEA, Puma, Wal-Mart, Lidl, Bershka, Pull&Bear, River Island, and Costco.

Source: en.trend.az - May 01, 2019

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Bangladesh: Rising cost to take toll on apparel

The sustainability and competitiveness of readymade garment industry may be hampered due to rising production cost driven by wage and energy cost hikes, compliance costs and declining international market prices, a business leader said yesterday.

The lowest price offering to Bangladeshi products reduces the profit margin of entrepreneurs, said Osama Taseer, president of the Dhaka Chamber of Commerce and Industry (DCCI).

He was addressing a DCCI conclave on sustainability of the RMG sector in Bangladesh at its office in Dhaka.

Taseer recommended a 5 percent cash incentive for the next three years on the export of all RMG to both traditional and non-traditional markets, according to a DCCI statement.

Reducing dependence on gas, local coal resource can be extracted and utilised for growing energy and power needs to keep the RMG sector sustainable, he said.

Some 1,200 factories have been closed down over the last four years for failing in compliance standards.

Since 2013, Bangladeshi apparel prices decreased 0.74 percent every year on an average. Due to a 208 percent gas price hike for power producers, electricity prices may increase by 60 percent, resulting in a 9 percent increase of production cost. Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, said government support is needed for sustainability.

“Moreover we are in an image crisis and we should brighten the image in the international market with the support of all, especially through the media,” she said.

Huq also underscored the importance of forming strong strategies while the government should focus on ways to reduce the cost of doing business for RMG sector's sustainability.

Commerce Minister Tipu Munshi said the entrepreneurs of this sector were not getting the right prices from buyers.

Source: thedailystar.net- May 02, 2019

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Bangladesh: Other sectors to get same benefits as garment

The government will extend the same facilities that the garment sector currently enjoys to other sectors as it earnestly looks to diversify Bangladesh's export basket and reduce the dependency on apparel.

"In case of diversification, we will give the same facilities that we are giving to the garment sector this year," said Md Mosharraf Hossain Bhuiyan, chairman of the National Board of Revenue, yesterday.

At present, the apparel sector enjoys a host of benefits including 4 percent cash incentive on exports to new destinations, lower corporate tax and bonded warehouse facility.

Bhuiyan's comments came at the regular luncheon meeting of the American Chamber of Commerce and Industry in Bangladesh (AmCham) at The Westin in Dhaka.

In what will elicit a collective sigh of relief, Bhuiyan said the tax rates will not be increased in the upcoming fiscal year.

"This year the tax rates will not be increased. Rather, the rates may decrease."

He also called for instances of discrimination faced by investors. "Give us a list within a week and we may examine. But Bangladesh does not discriminate when it comes to taxation."

He went on to cite the case of the US, where Bangladeshi apparel items are subjected to 15 percent duty but those from Vietnam face 7-8 percent.

“Had it been equitable our exports could grow further and at the same time the profit or the competitiveness of our businesspersons could grow.”

Many American companies have investment in Bangladesh at present. “We also expect more companies to come because we have an atmosphere of equity, justice and equitable tax policy.”

The corporate tax for tobacco companies is higher than the rest, but that is to discourage people from smoking.

Initially, the government tries to promote domestic investors and in some cases levy supplementary and regulatory duty to discourage import of certain products.

“But at the same time we are trying to create an atmosphere of competition as the benefits are gradually phased out.”

Currently, the tax GDP ratio in Bangladesh is around 10 percent, which is one of the lowest in the world.

One of the main reasons for this is tax avoidance by many local companies. “We are trying to improve the situation -- we are going door to door,” he added.

Md Nurul Islam, president of AmCham, also spoke.

Source: thedailystar.net- May 03, 2019

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Pakistan: Time To Encourage Local Industry, reduce Imports: Razak Dawood

Advisor to Prime Minister on Commerce,Textile, Industries, Production and Investment Abdul Razak Dawood said here Thursday that the government was committed to encourage local industry and reduce imports to give a new direction to the national economy for stability, subsequent growth and progress.

It was time to pursue a policy of encouraging local industries which provided jobs and export products and to discourage import of finished products, he said while addressing a gathering of industrialists and business tycoons at the Multan Chamber of Commerce and Industry (MCCI).

He said that South Punjab was rich in cotton production and stressed efforts to meet 15 million cotton bales mark or even go beyond it. He said that cotton and textile exports contribution was 51 per cent to the national economy.

He said that agriculture rich Multan was hub of agro-based industry and Argo food Processing (AFP) facility was doing good in producing pulp from fruit. He, however, underlined the need for enhancing its capacity by 150 per cent. However, he added, farmers, industrialists and traders should also come forward to make it happen.

Razak Dawood said the government would formulate a mango policy and take steps for proper marketing of mangoes.He announced to hold big mango festival in Multan.

He said the government was heading to a clear direction on economic front, adding that the country remained a victim of de-industrialization during the last decade and the incumbent government had to make arrangements for jobs for 200 million people. It would not just be trading but robust industrialization, he said.

He criticized elements bringing in products through under-invoicing and selling these at low price at the cost of local industry. He said that it would not happen from now onwards.

Razak Dawood said that Pakistani tractors were being exported to South Africa and local motorcycle industry was assembling 2.7 million units every year.

He said the government was committed to revive the closed industry. However, loan facility would not be extended repeatedly to one individual for the purpose, he added.

Razak Dawood said that Pakistan had signed free trade agreements (FTAs) with five countries.

He said that under the phase-I of FTA with China, imports worth US$15 billion were pouring in and US$1.5 billion were being exported to China.

However, under the phase-II, Pakistan would enjoy zero-rated or duty free export of over 300 products, a facility that was being availed by Asian countries. He said that with the signing of FTA phase-II government has done its job and now it was up to the industrialists and business persons how they capitalise on this opportunity.

He said, he planned to lead a big delegation to China in September and another delegation in November 2019 and asked the Multan industrialists to be ready for the opportunity.

He asked industrialists to give at least 50 acre land for export display center in Multan, adding that rest would be done by the government. He added that Faisalabad industrialists had given 78 acre land for export display center, adding that the government could not do everything alone and would need cooperation and support from the industrialists and traders.

He asked chambers to prepare a detailed report on problems and apprehensions with regard to trade with Iran, adding that these would be discussed with Iranian trade minister upon his visit to Pakistan expected in July 2019.

He said that past governments failed to take up the SME sector development seriously, adding that the government was holding talks with Japanese government for provision of working capital to SMEs and their up gradation.

He said the government would soon look into the auto policy.

He had talked to the Advisor to Prime Minister for Finance on refund issues, he said and added that he was aware that businesses faced problems in case of delayed refund payment.

He reiterated the government's commitment to continue to work for women empowerment, adding that women must be brought to the mainstream for progress.

To a question on urban expansion at the cost of trees being cut, he said it was a serious issue and he would talk to the prime minister.

He disclosed that new textile policy was under preparation and would be announced within the next few weeks. He said that chambers of commerce and industry could also give their feedback.

Source: urdupoint.com- May 02, 2019

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Pakistan: Textile exporters face shortage of dye chemicals

Prices of intermediate dye chemicals have surged by more than 50 per cent after a blast at a Chinese firm supplying the key material to Pakistan has caused severe supply shortage.

According to media reports, 60 workers were killed in a blast followed by fire which wreaked havoc at Jiangsu Tianjiayi Chemical Company in Yancheng, which supplies around 70pc of the world's intermediate dyes and chemicals, leading to disruption of production since March.

Textile exporters are likely to face shortages in the days ahead as other Chinese firms have either increased the rates or stopped supplying even against the contracts inked prior to the explosion.

Salamat Ali, an exporter, who recently visited China to negotiate a contract with the firm, told Dawn that following the explosion, the firm had backtracked from its commitment and refused to honour the contract. He said that he left for China immediately to pursue the firm but the representatives refused to come through with the agreement.

He said that alternate supply for the chemicals was available on exorbitant rates which would render us non-competitive in the international market as our buyers would not increase the rates which they had approved prior to the blast.

He claimed that Chinese suppliers were not honouring their commitments as they know that China is the only source of chemical for the Pakistani exporters. He said that Germany and Japan also manufacture similar dyes chemical but charge relatively higher rates.

Former President of the Faisalabad Chamber of Commerce and Industry Rizwan Ashraf said the textile segment is facing a crisis due to surging prices of raw material like yarn, chemicals etc which would ultimately lead to unemployment.

He said the decline in production would ultimately lead to a decrease in exports. He urged the government to look into the issues and extend helping hand to the processing sector which is providing jobs to millions of labourers.

Source: dawn.com- May 03, 2019

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NATIONAL NEWS

Inching inflation, muted exports are key challenges for the economy: Report

The report acknowledged the fact that monetary policy has attempted to provide a fillip to the growth impulse

Various global institutions and rating agencies have scaled down India's economic growth projections in the past one year.

The last Economic Survey (presented in Parliament on January 29, 2018) had projected growth to be in the range of 7-7.75 per cent, while various agencies had projected it to be in the range of 7.3-7.5. However, it was subsequently revised downwards to 7.2 per cent and finally seven per cent by the Central Statistics Office.

One of the reasons could be lower growth quarter after quarter. Growth rate in first quarter (April-June) of 2018-19 was 8 per cent, which came down to 7 per cent during the July-September quarter and then to 6.6 per cent in the October-December quarter. The fourth quarter number will be out on May 31 and the picture does not seem to be very encouraging.

The Department of Economic Affairs' monthly report for March said that the fiscal deficit of the Central government has been gliding down to the FRBM (Fiscal Responsibility and Budget Management) target.

It may be noted that the Narendra Modi-led government had upped the fiscal deficit target a tad in the Interim Budget to 3.4 per cent for 2018-19 and same during 2019-20. It was said that had there not been provision for income support to the farmers, the deficit would have been 3.3 per cent for 2018-19 and 3.1 per cent for 2019-20.

The report acknowledged the fact that monetary policy has attempted to provide a fillip to the growth impulse through cuts in repo rate and easing of bank liquidity. The room for this monetary easing has been created by low inflation in 2018-19, although it has started to inch up in the last few months of the year.

"The real effective exchange rate has appreciated in the fourth quarter of 2018-19 and could pose challenges to the revival of exports in the near future," it said adding that increase in foreign exchange reserves in the fourth quarter, on account of improvement in trade balance, has increased the import cover for the economy.

Source: thehindubusinessline.com- May 02, 2019

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Why global FDI flows fell sharply in 2018

A change in US tax policy last year led to a drastic rise in FDI outflows, a new OECD report says

The year 2018 was one of turbulence for the global economy, with volatility in oil prices, and US-China trade conflict hitting global growth.

A new report by the Organization for Economic Co-operation and Development (OECD) shows that global foreign direct investment (FDI) flows, one of the critical indicators of economic activity, decreased by 27% to $1.1 trillion in 2018 from the previous year.

The report attributes the sharp decline in FDI flows to the short-term consequences of tax reform in the US, which compelled US companies to bring home large sums of money that were held with foreign affiliates.

At just 1.3% of global GDP (gross domestic product), the FDI flows in 2018 were at the lowest levels since 1999.

This marked the second successive year of decline in FDI flows, having fallen 16% in 2017. The US, usually the largest outward investor, registered negative outflows in the first half of 2018, but regained its position as the major source of FDI outflows worldwide in the second half of the year.

The largest impact of the outflows was felt by the OECD economies, which registered an FDI outflow of 41% in 2018. China also recorded a decrease in FDI outflow for the second consecutive year.

While the tax policy change may have led to a one-time shock in the FDI outflows, the report highlights that this will have minimal impact on the foreign operations of US companies, as it required the sale of financial assets as opposed to real assets.

However, the longer term impacts of this policy are harder to predict. With uncertainty in the global economy remaining high due to trade tensions, global FDI may continue its downward trend in the coming years.

Source: livemint.com- May 02, 2019

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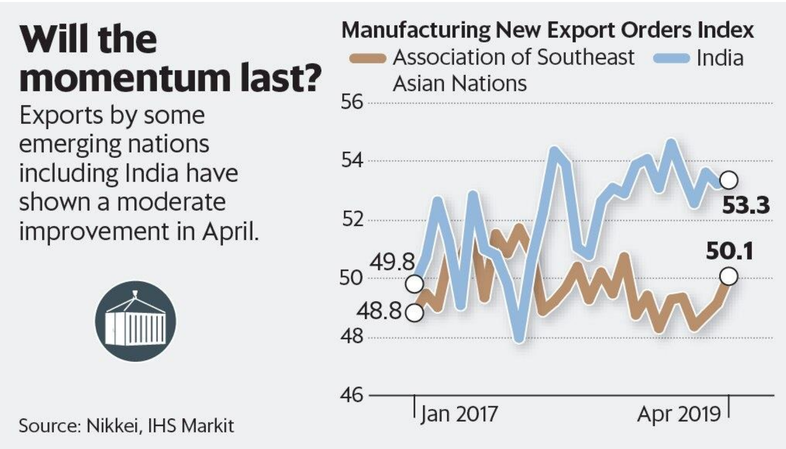
PMI: Exports improve in some emerging nations, but sustenance is key

Business activity in India's manufacturing sector further slowed in April, but still held in the expansion zone. The Nikkei India Manufacturing Purchasing Managers' Index (PMI) declined from 52.6 in March to 51.8 in April.

A reading above 50 indicates expansion, while a one below that threshold points to a contraction.



Exports were one bright spot in the April PMI, expanding at a quicker pace than in the previous month. Not just in India have exports increased, though modestly, but in other emerging nations as well.

According to the PMI survey, South-East Asian companies saw the first improvement in new exports for the first time since July 2018 (see chart).

Commenting on the Asean Manufacturing PMI survey data, David Owen, economist at IHS Markit, which compiles the survey, said: "New export orders rose for the first time since last July, albeit at a fractional pace.

This supported the quickest increase in total new orders for seven months, lending some optimism to manufacturers that have been noticeably affected by the ongoing trade war."

Asean is an acronym for the Association of South-East Asian Nations. It includes Malaysia, Indonesia, Thailand and Singapore, among others. For these countries, the future output sub-index—a gauge of business expectations for the coming 12 months—has improved from 65.4 in March to 66.6 April.

While this is a positive sentiment, its continuation is the key. It is no news that global growth is softening, and that could weigh on new export orders. Also, uncertainties regarding the trade wars persist.

It should be noted that the International Monetary Fund (IMF) recently downgraded its outlook regarding the global economy for the third time since October. IMF anticipates the global economy to grow 3.3% this year. This is the slowest expansion since 2016. Also, the present forecast is a 0.2-percentage point cut from its earlier estimate, released in January.

On the other hand, optimism about business outlook among Indian manufacturers contracted. The future output sub-index fell from 60.3 in March to 56.6 in April.

According to Pollyanna de Lima, principal economist at IHS Markit and author of the India PMI report: “Although remaining inside expansion territory, growth continued to soften and, the fact that employment increased at the weakest pace for over a year, suggests that producers are hardly gearing up for a rebound.

“When looking at reasons provided by surveyed companies for the slowdown, disruptions due to the elections were a key theme. Also, firms seem to have adopted a wait-and-watch approach on their plans until public policies become clearer upon the formation of a government," she added.

Source: livemint.com- May 02, 2019

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India-Pakistan trade halves in February, plunges headlong since

India's imports from Pakistan crashed 44.6% and its exports to the hostile neighbour plunged 43.7% in February when New Delhi revoked its most favoured nation (MFN) status to Islamabad in the wake of the Pulwama terror attack on the 14th of month, perpetrated by Pakistan-based militant outfit e-Mohammed (JeM).

Trade sources said trade between the two countries have since fallen further to very low levels, though official data is still not available.

JeM chief Masood Azhar was designated a global terrorist by the United Nations on Wednesday.

While imports were expected to drop, given that India had slapped a 200% duty on purchases from Pakistan after the withdrawal of the MFN status, the massive fall in exports suggests Islamabad has quietly raised its non-tariff barriers for Indian products in response to New Delhi's tariff war. India had granted the MFN status, a jargon for giving equal treatment to all trade partners under the WTO framework, to Pakistan unilaterally in 1996.

While India's exports to Pakistan dropped to $126.5 million in February from $224.5 million a year earlier, its imports declined to $18.6 million during the month from $33.5 million in the year before, showed the latest official data sourced from the DGCIS.

Importantly, between April 2018 and January 2019 (before the curbs were slapped), India's exports to the neighbour had risen 22.1% from a year earlier to $1,768.7 million, while imports from Pakistan had inched up by 12.6% to $473.5 million, according to the data.

Analysts said trade with Pakistan might have collapsed further in March, which witnessed the full-month impact of the measures taken after February 15. Country-wise trade data for March are yet to be compiled.

The exports of key items such as cotton, organic chemicals and plastics, which made up for over 55% of India's outbound shipment to the neighbour in FY19, crashed by 59.3%, 49.6% and 35.5%, respectively, in February.

Similarly, imports of key products such as edible fruit and nuts, cement & salts and products crashed by 56% and 45.5%, respectively, in February.

"The decision to withdraw the MFN status and impose the punitive duty on imports from Pakistan was taken, keeping in mind broader national interest, and not short-term commercial gains. Pakistan is known to impose non-tariff barriers against us and they have done it in the past as well. In any case, the trade levels are low, so it (the fall) doesn't hurt us in any manner," a senior government official told FE. "Ultimately, national security has to be of paramount importance."

Despite the fall in exports as well as imports, the impact of the MFN status withdrawal is limited for India due to the low level of bilateral trade. However, symbolically, the move has been seen as the strongest retaliation in trade yet, given the status was not revoked even after the Kargil war and the 26/11 Mumbai attacks.

For its part, Pakistan hasn't granted the MFN status to India and continues to trade with New Delhi with a negative list of 1,209 products. This means barring those products on the list, India can ship out other items to the neighbour. However, New Delhi's retaliation may offer Pakistan an excuse to raise its negative list of tradable items with India. In 2012, the neighbour had committed to granting India the MFN status but retracted later due to domestic opposition.

India's merchandise exports to Pakistan constitute just 0.6% of the country's total exports. Similarly, its imports from the neighbour made up for 0.1% of New Delhi's overall purchases from overseas. For Pakistan, though, the impact will be greater, as the neighbour's purchases from India stood at over 3% in 2017-18.

India had last reviewed the MFN status after the 2016 Uri attacks — which were traced to militant outfits based in Pakistan·but refrained from revoking it. In 2012, Pakistan announced the negative list, departing from its decades-old practice of trading on the basis of a positive list that had severely restricted prospects of Indian exports to that country.

Source: financialexpress.com- May 03, 2019

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Handling your shipment should be as easy as ordering on Swiggy, Zomato

SMEs core focus should be on their customers and their business, learning and investing more time in logistics will only delude that focus.

The complexity that exists in the international trade and logistics industry has become a significant barrier for growth of many small and medium sized enterprises (SMEs) in India and around the world.

Consider this; a simple shipment from Mumbai to London goes through nearly 30 people and organizations who make 200 plus interactions before, during and after the journey. This is a complex circle even for the big enterprises, making it a severe burden for the SMEs.

SMEs core focus should be on their customers and their business, learning and investing more time in logistics will only delude that focus. For the SMEs finding the right freight forwarder has proven to be very difficult and to solve this we are noticing that SMEs hire a company to find the right (and in most cases the cheapest) Freight Forwarder. They are basically hiring a middle-man to find another middle-man, effectively putting in another party or parties in an already long list of those involved in the shipment.

This is a symptom indicating that something is really wrong and given this complexity, it is no surprise that many of the SMEs are completely discouraged and don't get to take their company into international trade at all. Furthermore, they also face problems with long claims on freight damage and are not met with good customer service in general. No matter how we turn and twist it, this is a huge problem and our industry, needs to change to accommodate SMEs.

Handling your shipment should be as easy as ordering your food online through consumer applications like Swiggy or Zomato - when you want to order you make the booking through the app, get the price, follow the driver through the journey as well as have the ability to reach customer care and pay the driver via the app. Basically, a unified interface that enables the access of key functions on one platform, simplifying the process for the users.

According to the World Bank, formal SMEs contribute up to 60% of total employment and up to 40% of national income (GDP) in emerging economies. These numbers are significantly higher when informal SMEs are included. If we look at India it is estimated that there are around 42.5 million SMEs in the country. These SMEs employ about 106 million people which is around 40% of India's workforce.

Now imagine if SMEs had no barriers to international trade – imagine the growth opportunities for these companies and the subsequent economic growth this could drive to India and to the world. They would have wide-ranging impact on the GDP growth of the country, which will in turn increase the overall standard of living. Furthermore, this will also influence global innovation by truly allowing competition to flow free. This is something that is extremely exciting to think about- this is what makes us come to work every day.

We need to change the pattern of international trade and transform the way customers interact with the industry, by creating a world class customer experience and enabling all companies to have easy access to international trade. It is about making shipping as easy as possible for the SMEs and this is where the digital logistic service providers play an important role.

The Indian government's push for digitisation, supplemented by an unprecedented internet penetration in the country with more than 480 million wireless Internet subscribers (Internet and Mobile Association of India (IAMAI), propelled the industry to drive their efforts towards churning out seamless solutions for its consumers. There has been a change from traditional brick and mortar and more and more businesses are adopting the online route.

This provides a fantastic opportunity for digital logistics service providers to offer a platform that enables SME's to book, manage and monitor their shipments at the click of a button – from quotation and documentation right through to delivery. It is about removing the complexity of the supply chain and enabling them to easily take part in the global trade.

SME's need transparency and a value proposition that they can trust. A user friendly solution that begins with seamless booking, where the quote matches the final invoice, where they can track the movements of the cargo shipment to know what's exactly going on during the process, that manages the documentation and has a proactive customer care team that looks after all of their inquiries on one platform.

There has not been a better time than it is now to be part of transportation and logistics industry which is going through a massive change. It is a perfect opportunity to remove the barriers for small and medium sized companies. There are so many fantastic companies out there – and by giving them better access to international trade – we build the foundation for a better world.

Source: economictimes.com- May 02, 2019

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Dull exports pulled down economy in FY19: Report

India's economy slowed down slightly in the last fiscal and dull export is one of the factors the contributed to the slowdown, says the Finance Ministry's monthly report.

"The Indian economy is the fastest growing major economy and is projected to grow faster in the coming years. However, India's economy appears to have slowed down slightly in 2018-19. The proximate factors responsible for this slowdown include declining growth of private consumption, tepid increase in fixed investment, and muted exports", said the monthly report for March from the North Block.

It further says there is slowdown of growth in agriculture and sustained growth in industry as well as some challenges.

"On the supply side, the challenge is to reverse the slowdown in growth of agriculture sector and sustain the growth in industry," it observed.

The Finance Ministry said the Headline inflation - measured using the consumer and wholesale price indices - declined in 2018-19 though inflation has firmed up slightly in recent months.

The current account deficit, as percentage of the GDP, improved in Q3 and is set to further improve in Q4 of 2018-19 as the dip in imports has improved the merchandise trade deficit, as per the report.

In line with declining real GDP growth, private consumption in Q4 of 2018-19 has also declined as reflected in the drop of growth of two-wheeler sales towards the end of the year, the report observed on the domestic demand.

On the external front, the report said that the current account deficit as ratio to GDP is set to fall in Q4 of 2018-19, which will limit the leakage of growth impulse from the economy.

The fiscal deficit of the Central government has been gliding down to the FRBM target. Monetary policy has attempted to provide a fillip to the growth impulse through cuts in repo rate and easing of bank liquidity.

The room for this monetary easing has been created by low inflation in 2018-19, although it has started to inch up in last few months of the year, the monthly report said.

The real effective exchange rate has appreciated in Q4 of 2018-19 and could pose challenges to the revival of exports in the near future. Increase in foreign exchange reserves in Q4 of 2018-19 on account of improvement in trade balance has increased the import cover for the economy, the ministry said.

"The implied real GDP growth in Q4 of 2018-19 was lower; slowing of real growth rate of imports signal this slowdown in GDP growth, " the report noted.

It also pointed out that while Gross Fiscal Deficit of the Centre has steadily declined in last few years, capital expenditure has been volatile.

Source: smetimes.in- May 02, 2019

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PMO reviews 59-minute loan scheme, Rs 37,870 crore disbursed

Sources said since November last year, when the scheme was launched, Rs 37,870-crore loans were disbursed till March 31.

The Prime Minister's Office (PMO) this week reviewed the 59-minute loan scheme for micro, small and medium enterprises (MSMEs) with the Finance Ministry officials and asked them to increase disbursals.

Sources said since November last year, when the scheme was launched, Rs 37,870-crore loans were disbursed till March 31.

The Finance Ministry is mulling to raise Rs 1-crore cap on 59-minute loans to Rs 3-5 crore in a gradual manner, they said.

During the current month, the Reserve Bank of India (RBI) and the Finance Ministry as well as the banks will be discussing the risks and the benefits of the scheme which has already drawn a healthy response from the borrowers, and some public sector banks (PSBs) are now keen on raising the credit limit.

The 59-minute loan scheme was launched late last year for the benefit of MSMEs. It formed part of Prime Minister Narendra Modi's 12-point action plan for the MSMEs announced in November 2018.

Extending hassle-free loans to such units which are without any collateral has been a hit on www.psbloansin59minutes.com, as it has reduced the turnaround time for sanctioning loans from 20-25 days to 59 minutes.

It is a strategic initiative of the Small Industries Development Bank of India (SIBDI)-led PSBs' consortium incubated under the aegis of the Department of Financial Services (DFS).

The majority stake is held by the SIDBI and five large PSBs -- State Bank of India (SBI), Bank of Baroda, Punjab National Bank (PNB), Vijaya Bank and Indian Bank.

Source: economictimes.com- May 02, 2019

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Open-end spinners down shutters for five days

To protest against increase in raw material prices

Over 150 open-end spinning mills in Tamil Nadu have downed shutters for five days from Wednesday protesting against hike in raw material prices. It is expected to result in production loss of ₹15 crore a day. M. Jayabal, president of Open-end Spinning Mills' Association, and G. Arulmozhi, its secretary, told presspersons here on Wednesday that the mills will not produce yarn, will not buy raw material (waste cotton), and will not sell yarn for five days. If the situation does not improve, they plan to continue the strike for another 10 days.

About 450 open-end spinning mills in the State produce 10 lakh kg of grey yarn and seven lakh kg of colour yarn a day. For the last two months, the price of raw material has increased resulting in higher production cost. But the mills are unable to increase the yarn price. "Mills that produce grey yarn suffer ₹5 a kg loss because of this situation," said Mr. Arulmozhi.

The price of waste cotton is ₹92 a kg now as against ₹70 a kg two months ago. The currency paper mills had released three tenders for comber noil a couple of months ago and it led to hike in prices. Even now the prices have not come down. Production cost for yarn has increased by ₹10 a kg. But the mills are unable to get that price, he said.

A press release from the Association said that the production cost works out to ₹150 a kg for 20s count yarn. But the mills are able to get only ₹145 a kg.

Further, only in Tamil Nadu there is one per cent market cess on cotton and another one per cent cess on waste cotton. Textile mills that sell the waste cotton to the open-end spinners charge packing cost for the waste cotton. These two factors add to the production cost for the open-end spinning mills that buy raw material in Tamil Nadu.

The Association has appealed to the State Government to remove the cess on waste cotton, to the spinning mills to remove the packing charges, and to the Central Government to levy duty on export of comber noil.

Source: thehindu.com- May 01, 2019

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Branded Apparel sales at Raymond climbs 21% in 2018-19

For financial year 2018-19, the Branded Apparel segment of Raymond has recorded sales of Rs 489 crore, up by 21 per cent against the previous year.

The growth was driven by strong performance in MBO channel & well supported by EBO and LFS channels. LTL EBITDA margins rose to 7.0 per cent, mainly due to better sales channel mix and operational efficiencies.

The sales of Branded Textile segment was posted at Rs 832 crore, higher by 4 per cent over previous year, led by 3 per cent growth in the suiting business and 9 per cent growth in the shirting business.

LTL EBITDA margins (excluding common cost allocation) were 16.7 per cent as compared to 19.5 per cent mainly due to higher advertisement and sales promotion spends and channel stock correction in shirting business.

As on March 31, 2019 the retail stores count stood at 1,444 across all formats covering about 2.4 million square feet of retail space. In-line with stated asset light network expansion strategy, Raymond opened 275 stores on franchisee model during the year.

Garmenting segment sales stood at Rs 212 crore, up by 5 per cent over previous year led by exports growth in US. LTL EBITDA margins lower at 4.3 per cent over 6.9 per cent in previous year mainly due to lower utilisation of Ethiopia plant capacity and initial cost of B2B Made-to-Measure services in US.

High Value Cotton Shirting segment sales were Rs 156 crore, growth by 7 per cent mainly on account of yarn sales from Amravati plant. LTL EBITDA margins improved to 13.8 per cent as compared to 9.1 per cent in the previous year mainly due to better product mix and increased efficiency on account of stabilisation of Amravati operations.

"We are delighted to report the continued strong profitable growth in FYl9 as the organisation is challenging itself to achieve larger goals that we have set through our vision of Raymond Reimagined.

In the process of capturing the untapped potential in semi-urban and rural areas, we achieved yet another milestone by opening 280+ Raymond stores in FYl9.

I am happy to state that our Amravati plant has stabilised with optimal utilisation and is contributing positively to the overall margins. Building capabilities and creating tech enabled platforms has been the key highlight as we continue with our growth momentum having tomorrow on our mind," Gautam Hari Singhania, chairman & managing director, Raymond Limited, said.

Source: fibre2fashion.com- May 02, 2019

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