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IBTEX No. 30 of 2019 February 08, 2019

USD 71.28| EUR 81.84 | GBP 92.32 | JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20191	42200	**75.29**

Domestic Futures Price (Ex. Warehouse Rajkot), February

Rs./Bale	Rs./Candy	USD Cent/lb
20680	43221	**77.11**

International Futures Price

NY ICE USD Cents/lb (March 2019)	72.81
ZCE Cotton: Yuan/MT (May 2019)	15,250
ZCE Cotton: USD Cents/lb	102.56
Cotlook A Index – Physical	**82.85**

Cotton Guide: Again a downward movement in the range of 1 cent. The ICE cotton futures settled in the downward direction. The ICE March futures settled at 72.81 cents/lb with a negative decline of -0.85 cents. The ICE May contract settled at 73.92 with a negative decline of -94 points whereas the July contract settled at 75.31 with a negative decline of -91 points. The cotton contracts ended in negative figures with the news of Trump not intending to meet President Xi before US China trade deadline.

On the other hand the MCX contracts the MCX February contract ended with slight negative figures ranging between -10 and -40 Rs. The MCX February contract ended with a negative change of -40 Rs thus settling at 20,680 Rs/Bale, the MCX March contract ended at 20,980

Rs/bale with a negative change of -10 Rs. The volume for the most active contract decline by 1433 lots whereas the open interest for MCX February marginally increased by 19 lots.

The arrivals have been estimated to be around 170,000 lint equivalent bales (1 bale = 170 kg) (private estimates). The average Price of Shankar 6 is around 42200 Rs/Candy. The Cotlook Index A has been adjusted to 82.85 cents/lb CFR Far Eastern Ports with a positive change of +0.20 cents.

ICE cotton futures failed to hold the recovery rally and witnessed decline after last two days rise. Meanwhile price almost retraced 38.2% of the range (81.85-70.65) during last week and erased its gains as weakness in strength persists in the market. The RSI continued to trade below 50 suggesting momentum is still lagging for price to move above the 21 day EMA . In the near term strong supports exists around 71.90, followed by 70.60,70.00 levels. Likewise crucial resistance seen around 74.60,75.18, followed by 76.50 levels. For the day price is expected to consolidate in the range of 72.60-73.90 range. In the domestic markets trading range for Feb futures contract will be 20550-20850 Rs/Bale

Currency Guide

Indian rupee may witness choppy trade against the US dollar amid mixed factors but overall bias is still weak. Rupee appreciated marginally yesterday as RBI's interest rate cut helped equity markets edge up however RBI's monetary policy stance is negative for the currency. RBI cut interest rate by 0.25% to 6.25% and changes its monetary policy stance from calibrated tightening to neutral. RBI's stance has also fuelled expectations of another cut later this year. Also weighing on rupee is weakness in global equity market. Asian equity markets came under pressure as hopes of US-China trade deal were quashed by reports that President Donald Trump and his Chinese counterpart Xi Jinping was "highly unlikely" before the March 1 deadline set by the US for reaching a trade deal.

Also weighing on market sentiment is downbeat growth outlook of Bank of England and European Commission. BOE said Britain faced its weakest economic growth in 10 years in 2019, blaming mounting Brexit uncertainty and the global slowdown The European Commission sharply cut its forecasts for euro zone economic growth citing global trade tensions and an array of domestic challenges. Concerns about European economies and shift in monetary policy stance of Australian central bank have also helped push US dollar higher. The US dollar index rose for a fourth day Thursday. However, rupee may gain some support from weakness in crude oil price. Brent crude has slipped to $61 per barrel amid global economic concerns. Rupee may witness choppy trade as market players assess impact of RBI decision however general bias is weak given weaker risk sentiment and general strength in US dollar. USDINR may trade in a range of 71.2-71.85 and bias may be on the upside.

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

European Commission cuts down growth forecast amid slowdown concerns

The European Commission sharply cut on Thursday its forecasts for economic growth in the euro zone this year and next because of an expected slowdown in the largest countries of the bloc caused by global trade tensions and growing public debt.

In its quarterly economic forecasts, the EU executive also revised down its estimates for the inflation in the 19-country currency bloc next year, which now is expected to be lower than forecast by the European Central Bank - likely complicating the bank's plans for an interest rate hike this year.

The Commission said eurozone growth will slow to 1.3 per cent this year from 1.9 per cent in 2018 and is expected to rebound in 2020 to 1.6 per cent.

The new estimates are less optimistic than the Commission's previous forecasts, released in November when Brussels expected the eurozone to grow 1.9 per cent this year and 1.7 per cent in 2020. Growth in the 27-nation European Union - without Britain which is planning to leave in March - is expected to slow to 1.5 per cent this year from 2.1 per cent in 2018. Next year, the bloc is forecast to expand by 1.8 per cent.

All countries of the European Union are poised to continue growing, with the bloc expected to post its seventh consecutive year of expansion, but the larger member states will brake significantly. In Germany, the bloc's largest economy, growth is expected to slow to 1.1 per cent this year from 1.5 per cent in 2018. The Commission had previously forecast 1.8 per cent growth for Germany this year.

France, Italy, Spain and the Netherlands are also forecast to reduce the pace of their expansion, with Italy expected to be the slowest economy in the whole EU with a mere 0.2 per cent growth this year. The Commission cited global trade tensions and China's slowdown as the main drag for the European Union's economy.

But it also mentioned renewed concerns on debt sustainability, mostly in Italy, as a cause for the slowdown as Rome passed a free-spending budget forecast to have limited effects on growth. The economic slowdown forecast by the Commission is worse than that seen by the ECB in its latest projections released in December when the bank expected the eurozone to grow by 1.7 per cent this year.

In a further concern for the ECB, the Commission expects euro zone inflation to be at 1.4 per cent this year, below ECB estimates of 1.6 per cent rate, and further away from the bank's target of a rate close to 2.0 per cent. After December, ECB policymakers have said that the bank's new forecasts in March are likely to be revised down.

Source: devdiscourse.com- Feb 07, 2019

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Rieter's orders down 17 per cent in 2018

In 2018 Rieter's orders were down 17 per cent compared to previous year while sales were up 11 per cent. Rieter achieved higher sales thanks to organic growth in the Business Group Machines and Systems. In addition, the acquisition of SSM Textile Machinery in the Business Group Components supported this positive development.

The Business Groups After Sales and Components were able to maintain the previous year's levels of sales despite weaker market dynamics during the second semester of 2018.

In Asia, excluding China, India and Turkey, Rieter increased sales by 36 per cent. Sales in China fell by 19 per cent. With the phasing out of the subsidy program in the western province of Xinjiang, the demand for machinery declined.

Sales in India fell by 16 per cent. In Turkey, Rieter achieved sales in a difficult market environment, thanks to the introduction of the new ring and compact spinning machines.

In Europe, Rieter increased sales by three per cent. Rieter is the world's leading supplier of systems for short-staple fiber spinning.

Based in Switzerland, the company develops and manufactures machinery, systems and components used to convert natural and manmade fibers and their blends into yarns. Rieter is the only supplier worldwide to cover spinning preparation processes as well as all for end spinning technologies.

Source: fashionatingworld.com- Feb 06, 2019

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How China's tax cuts could affect local manufacturing in Africa

The Chinese government recently announced its decision to cut taxes for a three-year period. This will see corporate-income, value-added and other corporate taxes for small and medium enterprises (SMEs) reduced, with the country's Central Bank cutting bank reserves in order to release more money for lending.

The cuts come amid growing concerns over China's slowing economic growth and its impact on the labour market, weakening domestic demand and a damaging trade war with the United States. The move will help to "support employment and economic stability, and will expand the country's tax base over the long term," Premier Li Keqiang was quoted as saying.

This also means is that Chinese factories will be able to produce goods at much lower costs, giving them an edge in the global marketplace and improving overall economic growth.

However, for African countries who depend heavily on imports from the world's second-biggest economy, the tax cuts will further open the floodgates for cheap imports into the continent, dealing a blow to local manufacturers.

Due to poor economic condition and relatively low purchasing power, Africa has a need for cheap goods in large quantities. This makes China complementary to African markets since these products are available for much lower than most African manufacturers would charge, and with better quality.

More so, African societies are far from market saturation. China finds not only an ample supply of potential new customers but far less competition from other nations in Africa. A few examples include wigs and bears imported by Benin Republic, male underpants by South Africa, plastic toilet seats, toothbrushes, motorbikes, textile etc- all of which could be produced locally with available raw materials.

China is Kenya's largest source of imports for machinery and transport equipment, accounting for Sh291.8 billion. In an interview, the Kenya Association of Manufacturers (KAM) Chief Executive, Phyllis Wakiaga, said the trend is worrying since Kenya's import bill has increased greatly and the last 10 months of 2018, goods worth Sh997.1 billion came compared to Sh291.8 billion worth of exports, hurting Kenya's quest of finding a home-grown solution that promotes local manufacturing and hence more exports.

KAM said continued importation of goods, even those made locally, makes no sense of the government's plan to promote Kenyan firms. "Kenya is experiencing a construction boom that has informed multibillion shilling investments by the six cement companies expanding their facilities as well as new cement firms coming in, but the country still imported cement clinker worth Sh7.3 billion." Asbestos, wire, nails, nuts, rivets and screws, domestic utensils of base materials and dry cell batteries are locally manufactured but why do we allow their importation?" she posed.

With a conducive environment back home enabled by the tax cuts, Chinese companies could launch a trade offensive against Kenyan companies reeling from high energy costs, cheap imports and high taxes.

In Africa, China may sell low quality or overproduced goods, a key outlet which helps maintain the Asian nation's economic strength and stability. Chinese shop-owners in Africa are able to sell Chinese-built and shipped goods for a profit. A negative consequence of this is that it only goes one way and it isn't in Africa's favour. Cheap Chinese imports flood the local marketplace, which makes it difficult for local industries to compete and the tax cuts only do more damage to local manufacturing across the continent.

Source: venturesafrica.com- Feb 07, 2019

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EU urges Philippines to better utilise GSP+ benefits

European Union (EU) ambassador to the Philippines Franz Jessen recently urged the country's exporters to utilise better the benefits of the generalized scheme of preferences plus (GSP+) as exports from there to Europe are almost at the same level as before and are not rising. The country should focus on raising agricultural exports to EU and their quality, he said.

Citing data from Eurostat, Jessen said Philippine exports to the EU from January to November last year grew a meagre 2 per cent to €7.2 billion, an estimated 25 per cent of which were goods covered under GSP+.

Agricultural exports to Europe in the 11-month period fell 10 per cent, while electronic and semiconductor parts remain the country's top products to the EU, a newspaper reported quoting the ambassador.

Exporters are in a perfect position to increase receipts to Europe, the EU diplomat argued, as the Philippines is the only country in Southeast Asia with GSP+ status.

The GSP+ is a trade privilege that allows the entry of 6,274 Philippine products to EU economies at zero duty.

In January last year, about P120 billion worth of exports benefited from GSP+, mostly in the food and agricultural sectors, Jessen said.

The annual review of the GSP+, which will indicate how the Philippines fared in complying with its commitments, will be issued soon, he said. In the previous appraisal, good progress was observed in the environmental and labour rights issues, the envoy added.

Source: fibre2fashion.com- Feb 07, 2019

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Brexit could spell economic peril for parts of the EU

For the more than 120 workers at the Pedrosa & Rodrigues garment factory in northwestern Portugal, events in another country 2,000 kilometers (1,200 miles) to the north could jeopardize their livelihood.

Sales to Britain make up about half of this family business's annual revenue of about 14 million euros ($16 million). But the U.K.'s impending departure from the European Union could make "Made in Portugal" labels less attractive once borders go back up between Britain and the 27 other countries in the bloc.

"The worst-case scenario is losing 7 million euros" a year, says Ana Pedrosa Rodrigues, the company's client relations manager. "It would be extremely worrying."

Companies like Pedrosa & Rodrigues fear they could be part of the collateral damage from Britain's withdrawal from the EU's single market, which guarantees no tariffs on trade and free movement for goods, workers and money.

As Brexit-inspired economic adjustments ripple across the bloc, small countries like Portugal could feel a lot of economic pain, although the extent of the disruption remains unclear because the terms of Britain's divorce deal with the EU remain unresolved.

Some economic forecasts have produced scary numbers. The Portuguese government says Brexit could wipe out up to 26 percent of Portuguese exports of goods and services and shave 1 percentage point off the country's GDP.

The Organization for Economic Co-operation and Development, a policy adviser to developed economies, estimates that if Britain leaves without an agreement on new trade terms with the EU, it could reduce the EU's GDP by around 1 percentage point by 2020. That's more than half a year's economic growth at current rates. It could be three times worse for Britain, the OECD says.

The OECD notes that some countries, sectors and businesses across the EU will feel more pain than others.

A report last year by the European Committee of the Regions, an EU advisory body, identified Ireland as the likely major casualty of Brexit due to its geographic proximity to Britain, which historically has tied them together commercially.

Some German regions, such as Stuttgart, that rely on auto industry exports to Britain could also feel the economic shockwaves, it said. Chemical and plastics companies in Belgium and the Netherlands are at risk, too.

In Portugal, which has had close ties with Britain since the Treaty of Windsor in 1386, the textiles sector based in the northwest is one of the country's most exposed industries. It is largely located in what is one of the poorest regions of Portugal and western Europe.

The textile companies already have felt a chill, with sales to Britain dropping by more than 3 percent since the 2016 Brexit referendum, according to Paulo Vaz, director-general of the Portuguese Textile and Clothing Association, which represents about 500 companies in the sector.

He puts that down to the weak pound, which makes purchases from countries like Portugal that use the euro more expensive, and cautious spending by British consumers at a time when their financial future is uncertain. He says these are tense times for Portuguese companies, especially with the U.K. playing such a central role in the local textile industry.

"We're talking about a market that is our fourth-largest, that's worth around 450 million euros ($516 million) a year to us and that was growing, and that now can be severely harmed by all this," Vaz said, referring to Brexit.

For some businesses, the British market is their lifeblood.

The two-story Pedrosa & Rodrigues factory sits amid green fields on the fringes of a small town in Portugal's industrial heartland, where textile companies are an economic mainstay and provide about 130,000 jobs.

Inside, there is a hum of sewing machines, a hissing of irons and a rumble of high-tech cloth-cutting machines. Ana Pedrosa Rodrigues remembers sitting as a child on the running boards of these machines after her parents started the company with five employees in a garage in 1982.

Ana and her two older brothers recently joined their parents at the company. The other employees include husbands and wives, fathers and sons, brothers and sisters. Generations of workers are common in the industry. Almost all of the workers live in town, many of them within walking distance, and have served on average of 19 years.

Pedrosa & Rodrigues has prospered in part by selling “affordable luxury” brands to some of Britain’s well-known fashion labels. The company makes ME+EM T-shirts that can be found at Selfridge’s in London and produces some of the All England Club’s range of Wimbledon tennis wear. In an ironic twist, it also delivers to British brand L.K. Bennett — a label occasionally worn by British Prime Minister Theresa May.

Every Friday, workers stack dozens of brown cardboard boxes at the factory’s loading bay and place them on trucks for the 2-3 day trip to warehouses in central Britain.

At the moment, the trucks drive straight across the EU’s open borders. If they are shut, the paperwork, delays and tariffs could add 12 percent to the cost price.

A loss of British business would translate, inevitably, into job losses— and not just at this company, Ana Pedrosa Rodrigues says.

“We are at the front end of a supply chain, and the losses would have a knock-on effect for our suppliers,” she said. That includes the fabric producers, dying companies, printers and embroiderers. Most of them are their neighbors. “Nobody would escape the impact.”

Sofia Cardoso, a 43-year-old employee of Pedrosa & Rodrigues whose husband also works for a textile company, refuses to be gloomy, saying the sector has built up a lot of resilience over its long history.

“We’ve been through crises before and we’ve survived,” she said. “I think we’ll get through this one too.”

Source: newdelhitimes.com- Feb 07, 2019

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Active innovation ecosystem is the future of research enterprise.

Texas Tech University (TTU) organized an engaging event in Lubbock to discuss the future of the research enterprise and the need for an innovation ecosystem to advance economy.

As the economies of most developed nations are facing stagnation and even developing nations witnessing jobless growth, efforts undertaken by research universities to create innovation ecosystem that transfer research into deliverables and jobs are being noticed.

Mr. Narendra Modi, Prime Minister of India recently made a clarion call to researchers to focus on research commercialization.

"Support for innovation has become one of the core functions of modern research universities," stated Joseph Heppert, Vice President for Research at Texas Tech University.

The old way of research commercialization, which was a "push" approach doesn't seem to work these days. "Proactive approach which enables the start-up culture is the way forward," stated David Snow, Senior Managing Director of the Office of Research Commercialization at TTU.

Certainly, this scribe can vouch to this approach being a practitioner of translational research for 20-years at Texas Tech University. One of his early inventions, FiberTect military wipe has been commercialized by Chantilly-based First Line Technology. It is easier if a technology finds a home in the society, which has been the case with the FiberTect textile wipes and low-grade cotton mats for oil spill remediation.

David Snow outlined some of the benefits the inventors and academics receive by commercializing their inventions. He emphasized the importance of engagement with industry and customers to transfer technologies into market place.

In a question from this scribe on the need for marketing support, Snow admitted access to resources is a challenge, which can be overcome by attracting support from local economic development agencies, which support small grants to develop prototypes.

The importance of taking an idea and creating start-ups was emphasized by Kimberly Gramm, Senior Managing Director of the Innovation Hub at Texas Tech University. Gramm began her speech with a slogan, “We Launch Start-ups.”

Outlining government supportive programs to promote research commercialization, Gramm pointed to support initiatives by science funding agencies which are now realizing the broader impact of technology transfer and commercialization.

It is clear from a productive event today that research engine is moving faster from being a generator of ideas to being a job creator with broader societal and economic impacts.

Source: ttu.edu- Feb 06, 2019

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Vietnam issues new circular on certificates of origin

The Vietnamese ministry of industry and trade recently issued a circular stipulating the certificates of origin (C/O) rules in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). CPTPP has some different clauses compared to other free trade agreements (FTAs) that Vietnam has signed, according to the ministry’s import-export department.

The differences include clauses related to rule of origin of goods and rules of origin of refurbished and recycled goods. The circular will take effect from March 8, 2019.

Goods exported from Vietnam would be applied with the C/O mechanism by agencies and organisations authorised by the ministry, according to Vietnamese media reports.

The transition time to implement the mechanism of exporters eligible for self-certification of goods origin is carried out from 5 to10 years under the ministry’s guidance. The mechanism of Vietnamese importers certifying their origin is implemented after 5 years from the effective date of the CPTPP.

For Vietnamese goods exported before the effective date of this circular, C/O-granting agencies and organisations shall consider granting C/O forms to enjoy tariff preferences under the agreement and regulations of importing member countries.

Only when the origin requirements are met can Vietnamese products be exported to new markets to enjoy preferential tariffs. This is a strict rule of origin to prevent countries that are not members of the agreement from taking advantage of tax incentives.

CPTPP rules of origin for yarns are a big bottleneck for the industry. Vietnam still has to import nearly 99 per cent cotton, 1.3 million tonnes of fibre and 80 per cent fabric.

Source: fibre2fashion.com- Feb 07, 2019

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Bangladesh wants better prices

Bangladesh's apparel exporters are hoping US retailers and brands pay a fair price for their products. For one, exporters say, they have spent huge amounts on beefing up workplace safety and that has increased the cost of production 25 to 30 per cent. Their complaint is buyers always demand higher compliance at the factory level but do not want to increase the price of products. The US is the single largest export destination for Bangladesh.

Factories in shared or non-purpose built premises need to relocate. Firms in such premises which were not able to meet the new standards had to move and often ended up in more remote regions. Such factories have to bear the relocation costs and do not receive financial support from buyers, the government or their industry associations.

Another reason Bangladesh's exporters do not get fair and reasonable prices for their products is lack of negotiation skills. Exporters get lower prices for readymade garment products than what Cambodian and Vietnamese exporters get from global buyers. Buyers do not want to pay higher prices, although the cost of production will go up further with wage hike, port congestion and higher transportation cost.

Source: fashionatingworld.com - Feb 06, 2019

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Pakistan: New industrial and tariff policy soon

Advisor to Prime Minister on Commerce, Textile, Industry & Production and Investment Abdul Razak Dawood has said the government would announce soon the new industrial and national tariff policy in consultation with all stakeholders and was taking steps to enhance inter-provincial coordination.

Razzak Dawood said this in a recent meeting with members of Overseas Investors Chamber of Commerce and Industry in Karachi, a private news channel reported on Thursday.

He said this year, the incumbent government with effective measures of promoting the country's exports products would make a huge breakthrough of achieving the export target of 27 billion dollars.

He said the PTI government was efficiently managing the financial matters of the country and taking consolidated steps to boost the national economy through increasing its trade and export activities.

He said the countries, including China, Japan, Indonesia and others were cooperating with Pakistan to support its exports volume by giving space to its products like rice, fruits and others.

In a bid to encourage multi-national companies to set up joint ventures (JVs) with local partners, Razak said the government would offer some incentives to these companies. "A level playing field would be given to existing and new local and foreign investors," he said.

Replying to a question, he said there was a dire need to bring foreign investment in the manufacturing sector to promote value-added exports.

Source: nation.com.pk- Feb 08, 2019

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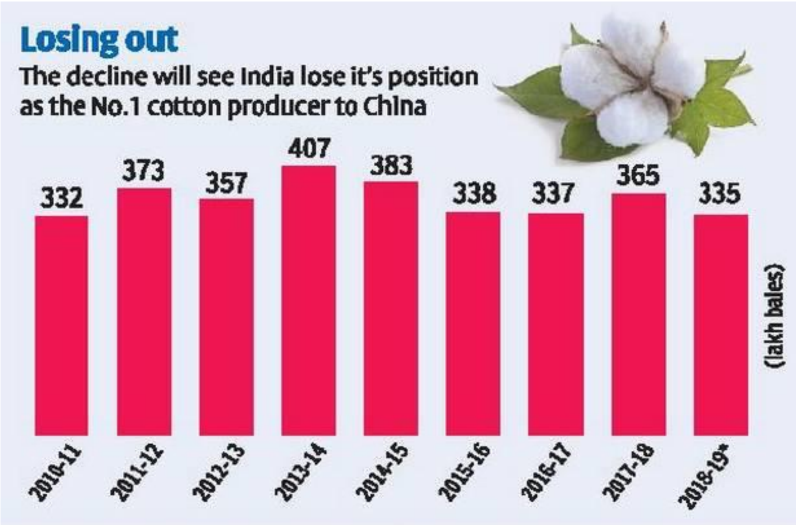
NATIONAL NEWS

India's cotton output pegged at 8-year low

Water shortage in growing regions has hurt crop prospects

With a shortage of water in cotton-growing regions, India is staring at the lowest output of the fibre crop in nearly a decade. In its latest estimates, the Cotton Association of India has further trimmed the crop size by 5 lakh bales to 330 lakh bales of 170 kg each for season 2018-19 with a major loss in output in the key producing States of Gujarat, Telangana and Karnataka.



*Estimates Each bale = 170 kg Source: Cotton Association of India

On Thursday, the CAI released its monthly crop estimate for January 2019, where it lowered the crop estimate for the third time in a row as crop loss weighed. The latest crop estimate for the year 2018-19 sees output at the lowest level since 2010-11, when India's cotton crop was 332.25 lakh bales.

CAI data revealed that a sharp decline in output is projected in cotton heartlands such as Gujarat and Karnataka to the extent of 20 per cent each, while Telangana is to witness a 13 per cent dip in output. The association has estimated the cotton crop for Gujarat — the largest grower in the country — at 83.5 lakh bales as against 105 lakh bales reported last year.

All-India cotton output was estimated at 365 lakh bales for the year 2017-18, which, according to CAI, will be about 330 lakh bales for 2018-19, registering a decline of nearly 10 per cent.

From its earlier crop estimates for 2018-19, CAI has reduced its crop estimate for Telangana by 2.50 lakh bales, Andhra Pradesh by 50,000 bales and Karnataka by 2 lakh bales.

"In the Southern Zone of the country, farmers have uprooted their cotton plants due to moisture deficiency as a result of which there is no scope for 3rd and 4th pickings," said Atul Ganatra, President, CAI.

The estimated crop size of 330 lakh bales is the lowest in a decade. Following this, India is set to lose its status of 'numero-uno cotton producer' in the world to China. The yields in India have also been lower, hurting crop prospects. As against China's yield of over 1,755 kg per hectare, India produces just 485-500 kg per hectare.

During the first four months of the 2018-19 season (October 2018-January 2019), total cotton supply is projected at 198.80 lakh bales, which consists of the arrival of 170.32 lakh bales up to January 31 2019 and imports of 5.48 lakh bales. The opening stock at the beginning of the season is estimated at 23 lakh bales.

CAI has estimated cotton imports at 27 lakh bales, 12 lakh bales higher than the previous year's estimated import of 15 lakh bales.

Overall estimated domestic cotton consumption is likely to be 316 lakh bales, which is 4 lakh bales lower compared to what was estimated last month. CAI has estimated exports for the season 2018-19 at 50 lakh bales, which are 19 lakh bales lower than the 69 lakh bales estimated last year.

Source: business-standard.com- Feb 07, 2019

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Cotton imports to surge by 80% as output hits 9-year low: Report

The country could import 2.7 million bales in 2018/19 marketing year ending on September 30, up from 1.5 million bales a year ago, he said.

India's cotton imports are likely to jump 80 per cent from a year ago as production could fall to the lowest level in nine years due to low rainfall in key growing region, a senior industry official told Reuters on Thursday.

Higher imports by the world's biggest cotton producer could support global prices, trading near their lowest in more than a year.

The drop in Indian supplies could help rivals such as the United States, Brazil and Australia increase cargoes to key Asian buyers such as China, Bangladesh and Pakistan.

"The production is not sufficient to fulfil local consumption. From March onwards imports will pick up," said Atul Ganatra, president of the Cotton Association of India (CAI).

The country could import 2.7 million bales in 2018/19 marketing year ending on September 30, up from 1.5 million bales a year ago, he said.

Spinning mills have imported 548,000 bales by the end of January out of total contracts of 1 million bales signed so far in the current marketing year, Ganatra said.

India imports cotton mainly from the United States, Brazil and Egypt.

"Due to dry weather farmers were forced to uproot plants early. They couldn't go for third and fourth picking," he said.

Rains in Gujarat and Maharashtra, which account for more than half of India's cotton production, were nearly a quarter below normal during the June-September monsoon season in 2018.

India is likely to produce 33 million bales in the current season, down from earlier estimate of 33.5 million bales and last year's output of 36.5 million bales, CAI estimates.

The drop in output is likely to lead to lower cotton shipments from India.

India's exports could fall 27.5 per cent from a year ago to 5 million bales, the lowest level in a decade, Ganatra said.

In June, traders were expecting India to export as much as 10 million bales amid strong demand from China due to the trade dispute between Beijing and Washington.

Trade bodies have been reducing cotton production estimates for the current season due to low rainfall and as pest attacks curtail per-hectare yields.

Indian farmers have adopted genetically-modified seeds known as Bt cotton that are resistant to boll worms, but it hasn't stopped infestations. Pink boll worms consume the fibre and seeds inside a cotton plant's boll, or fruit, and yields fall.

Source: business-standard..com- Feb 07, 2019

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India's knit T-shirts exports drop in Q2, Nigeria and South Africa are exceptions

Growth in India's knit T-shirt exports in Q2 FY 18-19 declined by 9.62 per cent over the previous quarter.

Within the knitted T-shirts segment, cotton tees accounts for 73 per cent of the total share value at $414.54 million.

The second topmost commodity in Q2 FY 18-19 under the knitted T-shirt segment included those made from other fibers.

The export value of this commodity was $121.61 million in Q2. Exports of T-shirts made from synthetic fibres declined 45.30 per cent at S$ 31.33 million. Growth of T-shirts made of both artificial fibre and wool declined.

T-shirts made of artificial fibre declined by 48.76 per cent while those made of wool declined by 69.57 per cent.

Country break up

USA: Indian exports to the US in the second quarter of the financial year totaled $126.52 million. Of this, cotton T-shirts recorded an export value of $93.78 million.

The second highest commodity exported included T-shirts made from other fibers which was worth $27.2 million in Q2 FY 18-19. This commodity witnessed a decline of 19.32 per cent over the previous quarter.

Nigeria: Nigeria recorded positive growth. The country's total knit T-shirt imports from India was $23.27 million in Q2 aIndias knit T shirts exports drop in Q2 Nigeria and South Africa are exceptions 001 growth of 43.11 per cent over previous quarter.

Import of cotton T-shirts was $17.31 million whereas T-shirts made from other fibers was $5.95 million.

U.A.E: India's exports of knit t-shirts to UAE was worth $136.88 million in Q2 FY 17-18, a drastic fall of 40.76 per cent. Export of cotton tees was $43.69 million, declining 14.25 per cent over previous quarter. Export of t-shirts made of other fibers was $24.45 million with a negative growth of 4.49 per cent over the previous quarter.

Germany: T-shirt export to Germany was $53.51 million in Q2 FY 18-19 with negative growth of 3.5 per cent over previous quarter. Here too cotton knitted t-shirt ruled the basket with an export value of $37.99 million. T-shirts made of other fibres perceived a positive growth of 12.07 per cent to $13.18 million in Q2 FY 18-19.

UK: United Kingdom's knitted T-shirt imports from India saw a fall of 12.22 per cent in Q2 FY 18-19 to $40.44 million. Export of cotton T-shirts dropped by 14.81 per cent to $31.13 million in Q2 FY 18-19. Cotton knitted T-shirt exports was worth $0.44 in Q2. Export of t-shirts made of other fibres was worth $7.45 million.

South Africa: India's exports of knitted T-shirts to South Africa improved with a growth of 48.90 per cent recording an export value of $24.39 million. Cotton t-shirt exports totaled $19.61 million in Q2 FY 18-19, a growth of 87.30 per cent over the previous quarter.

Italy: India's knitted t-shirt exports to Italy dropped in Q2 FY 18-19 by 12.85 per cent. Export valued at $11.26 million. Cotton T-shirt exports dropped 10.20 per cent while T-shirts made of other fibres dropped 25.79 per cent.

Source: fashionatingworld.com- Feb 07, 2019

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CAI reduces India's 2018-19 cotton production estimate to 330 lakh bales

The total cotton supply projected by the CAI during the months of October 2018 to January 2019 is 198.80 lakh bales.

Cotton Association of India (CAI) has released its January 2019 estimate of the cotton crop for the season 2018-19 beginning from 1st October 2018. The CAI has estimated cotton crop for 2018-19 season at 330 lakh bales of 170 kgs. each which is lower by 5 lakh bales than its previous estimate of 335 lakh bales made during last month.

Statements containing the State-wise estimate of the cotton crop and the Balance Sheet for the crop year 2018-19 with the corresponding data for the previous year are enclosed.

The CAI has reduced the crop estimate for Telangana by 2.50 lakh bales, Andhra Pradesh by 50,000 bales and Karnataka by 2 lakh bales. The main reason for lower crop is that in the Southern Zone farmers have uprooted their cotton plants due to moisture deficiency as a result of which there is no scope for 3rd and 4th pickings.

The total cotton supply projected by the CAI during the months of October 2018 to January 2019 is 198.80 lakh bales, which consists of the arrival of 170.32 lakh bales upto 31st January 2019, imports of 5.48 lakh bales upto 31st January 2019 and the opening stock at the beginning of the season estimated at 23 lakh bales.

Further, the CAI has estimated cotton consumption during the months of October 2018 to January 2019 at 105.34 lakh bales while the export shipment of cotton upto 31st January 2019 has been estimated at 24 lakh bales. Stock at the end of January 2019 is estimated by the CAI at 69.46 lakh bales including 39 lakh bales with textile mills and the remaining 30.46 lakh bales with CCI and others (MNCs, traders, ginners, etc.).

The CAI has also projected yearly Balance Sheet for the cotton season 2018-19 wherein total cotton supply till end of the cotton season i.e. upto 30th September 2019 has been estimated at 380 lakh bales of 170 kgs. each consisting of the opening stock of 23 lakh bales at the beginning of the season, cotton crop for the season estimated at 330 lakh bales and imports estimated by the CAI at 27 lakh bales, which are higher by 12 lakh bales compared to the previous year's import estimated at 15 lakh bales.

The CAI has estimated domestic consumption of 316lakh bales which is lower by 4 lakh bales compared to the consumption figure estimated during the last month, while the CAI has estimated exports for the season 2018-19 at 50 lakh bales, which are lower by 19lakh bales compared to the export of 69 lakh bales estimated during the last year. The carry-over stock at the end of the 2018-19 season is estimated by the CAI at 14 lakh bales.

Source: economictimes.com- Feb 07, 2019

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450 textile mills in Surat to implement energy efficiency measures

About 450 textile dyeing and printing mills located in the city and surrounding talukas of Surat district will be first in the country to implement energy efficiency measures to promote more cleaner and competitive MSME sector.

Ministry of MSME and South Gujarat Textile Processors' Association (SGTPA) signed a memorandum of understanding (MOU) for providing dedicated world-class technology support to implement energy efficient and eco-friendly technology and modernization of the textile mills in Surat cluster on Thursday.

Industry sources said the project 'promoting market transformation for energy efficiency in MSME', a joint initiative conceptualized by the United Nations Industrial Development Organization (UNIDO) and the office of the development commissioner of MSME, will be implemented in Surat cluster soon.

The project targets to create and sustain a revolving fund mechanism as a mode to ensure replication of energy efficiency measures in the textile mills.

SGTPA president Jitu Vakharia told TOI, "About 450 textile mills in Surat city and nearby areas will get benefit under the project to be implemented by Energy Efficiency Services Limited (EESL) on behalf of the MSME ministry.

The project will provide energy and water conservation solutions for the textile mills, thereby saving about 15 per cent of water and energy requirement in the industry."

Vakharia added, "The project envisages replacing the existing machinery and equipment in the textile mills, including boilers, motors, drum dryers, screw compressors etc. The mill owners will have to spend 20% of the cost of replacement of the machineries, whereby the rest will be paid by the government under the project."

Vakharia said regular audit will be conducted by the EESL of the member units periodically to gauge saving of energy, including water and electricity. The saving by each of the mills will be refunded to them at the end of the energy audit.

Source: timesofindia.com- Feb 08, 2019

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MCX opens three cotton delivery centres in Vidarbha

MCX has empanelled new warehouses for delivery of cotton at Arvi, Hinganghat and Wardha in Vidarbha region. As on February 6, out of total deposits of 1,06,300 bales certified stock across delivery centres in India, about 23,300 bales were deposited at the newly added delivery centres .

Since last July, MCX has been engaging with over 90 Farmer Producer Organisations and farmer groups representing over 50,000 farmers to connect them to the organised exchange's market network.

N Nawin Sona, Secretary, Maharashtra government and MD, Maharashtra State Cotton Federation, said, the expansion of MCX's warehousing operation is part of the government's plan to increase farmers' realisation by enhancing market linkages.

Mrugank Paranjape, MD, MCX said the exchange has been supporting farmer groups in Vidarbha region in terms of infrastructure, education, knowledge, market linkages, and credit and finance arrangements, among others.

Source: thehindubusinessline.com- Feb 07, 2019

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Sustainable growth challenge: Dynamics of the Indian growth story

IMF's World Economy Outlook recently reported that India's real GDP growth forecast for FY19 remains at 7.3% while it is relatively higher at 7.5% for FY20. This growth rate is higher than that of China—its growth rate in both the years was only 6.2%.

The lower prices of oil have helped India to grow faster. Yet another reason for faster growth cited by the IMF report is the low pace of monetary tightening. However, our growth process is not devoid of challenges.

The lack of sufficient job creation is the single-most significant challenge facing the Indian economy at this point of time. The recent National Sample Survey estimates indicated that India's unemployment rate has increased to a 45-year high of 6.1% in 2017-18. The IMF report rightly flagged the gender gaps in labour force participation rates in India. This gender gap affects "potential output" of the country and also harms the inclusiveness of the growth process.

It is high time India frame policies which can enhance women's economic and social opportunities. This can be the fastest and smartest path to sustained growth in India. It is a shame if India does not adequately focus on reducing the unemployment rates among educated women. The policy emphasis on "care economy infrastructure" as new fiscal services complimenting employment policies can be a powerful mantra to a sustained growth process in India.

Employment policies alone cannot reduce the gender gaps in the labour market as women are disproportionately time-stressed. This time-stress can affect their decisions to join the labour force. It is high time for India to recognise that resource requirement for framing care economy policies are relatively insignificant when we compare it to the loss of productivity due to the loss to the growth process when educated women decide to exit the labour market to address the care economy functions.

The second challenge to sustained economic growth is the agrarian crisis. The government has realised that the farm loan waiver policy cannot tackle the agrarian distress in India as only a few Indian farmers have access to formal banking credit markets.

The declining rate of gross capital formation, especially in the agricultural sector, is a matter of concern in maintaining the high pace of economic growth in India. The third area that requires attention is policy co-ordination. The recent debate of “participation income” (earned income by participating in an economic activity) versus “basic income “(transfer of basic income with no requirement to participate in economic activity) needs a mention here.

In the Interim Budget 2019, the government announced a direct income transfer to the small and marginal farmers. This is fiscally difficult. This transit to direct income transfers is seen as a powerful policy alternative to the other welfare schemes designed by the Central government. So the question is whether this new policy will lead to elimination of existing welfare schemes, or will it be designed as an additional fiscal programme.

Either way, the severe drawback of such policies is the lack of attention to public service provisioning. Unless India has reached a respectable threshold in public service provisioning in social and economic infrastructure, the income transfers can be of limited impact. There are challenges to this transition due to inadequate progress in financial inclusion and digital infrastructure in public finance. Simplifying labour market regulations and land acquisition procedures is yet another impending area.

The fiscal-monetary policy co-ordination is a significant ingredient towards sustaining India’s growth story. One of the positive features of the Indian economy in recent years is the low inflation rate. Through a New Monetary Framework (NMF), the central bank was mandated to look into “only” price stability since February 2015. The NMF is indeed limited in scope to trigger economic growth through the interest rate. However, the link between interest rates and economic growth is not “one-to-one”, as many other factors determine economic growth, including the policies that look into infrastructure bottlenecks and the declining gross capital formation in the country.

The economists have denied the adverse impacts of global headwinds on the Indian economy. The major ones are increasing trade tensions between US and China and the volatility in oil prices. IMF has revised downwards the global growth projections taking into consideration these headwinds. These adverse headwinds can arise primarily from commodity markets and financial markets.

The pressures from the US economy on India is yet another concern in terms of capital flows, which depends on interest rate differentials, and trade. High tariffs by the US can adversely affect trade in emerging economies. However, the IMF report noted that US has reached a high in the business cycle, when world economic prospects are meagre. The IMF report also noted that job creation and consumer confidence in the US is very high. The downward risks for the US will be in the trade and financial sectors.

The quality of fiscal consolidation is yet another concern in sustaining the pace of economic growth. Recent CAG (Comptroller and Auditor General) reports have highlighted that the quality of fiscal consolidation has been a matter of concern and can have adverse impacts for long-term macroeconomic stability and economic growth. The point to be noted here is that the plausibility of fiscal policies to trigger economic growth is limited due to the FRBM requirement of threshold ratio of fiscal deficit to remain at 3%.

Yet another aspect is with respect to the new GST reforms. The multiplicity of taxes is seen as one of the challenges of GST implementation. However, in the long-run, fundamental reforms like GST and the Insolvency and Bankruptcy Code (IBC) should help India in maintaining the growth momentum. The significance of policies relating to climate change, including the 'blue economy', is relevant in the growth process to avoid a tug of war between ecology and economy.

Despite the existing challenges, the economy is poised to meet the global challenges head on with resilience and foresight. The IMF report emphasised that India will remain the fastest growing emerging economy in the world. The PwC report, published recently, also noted that "India and France are likely to surpass the UK in the world's largest economy rankings in 2019". However, the sustainability of the Indian growth story would significantly depend on how we pitch our internal policy.

Source: financialexpress.com- Feb 08, 2019

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Nepal, India review trade treaty

Senior officials from Nepal and India met on Thursday in Pokhara to review the trade treaty between the two neighbours.

The Indian delegation is led by Bhupinder Singh Bhalla, Joint Secretary (South Asia), Department of Commerce, while Ravi Shankar Saiju, Joint Secretary, Ministry of Industry, Commerce and Supplies is leading the Nepalese delegation during the two day meeting.

This is the second Nepal-India Joint Secretary-level meeting to review the trade treaty that was signed between the two countries in 2009.

During the two-day meeting, India will respond to Nepal's proposal of updating treaty submitted in the first meeting held in New Delhi in August 2018, officials said.

Nepal has requested India to help reduce its increasing trade deficit through free access for its products in Indian market.

In April last year, India and Nepal agreed to review trade treaty to further promote trade and investments between the two countries.

Source: business-standard.com- Feb 07, 2019

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