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IBTEX No. 72 of 2019 April 08, 2019

USD 69.52| EUR 78.04 | GBP 90.79 | JPY 0.62

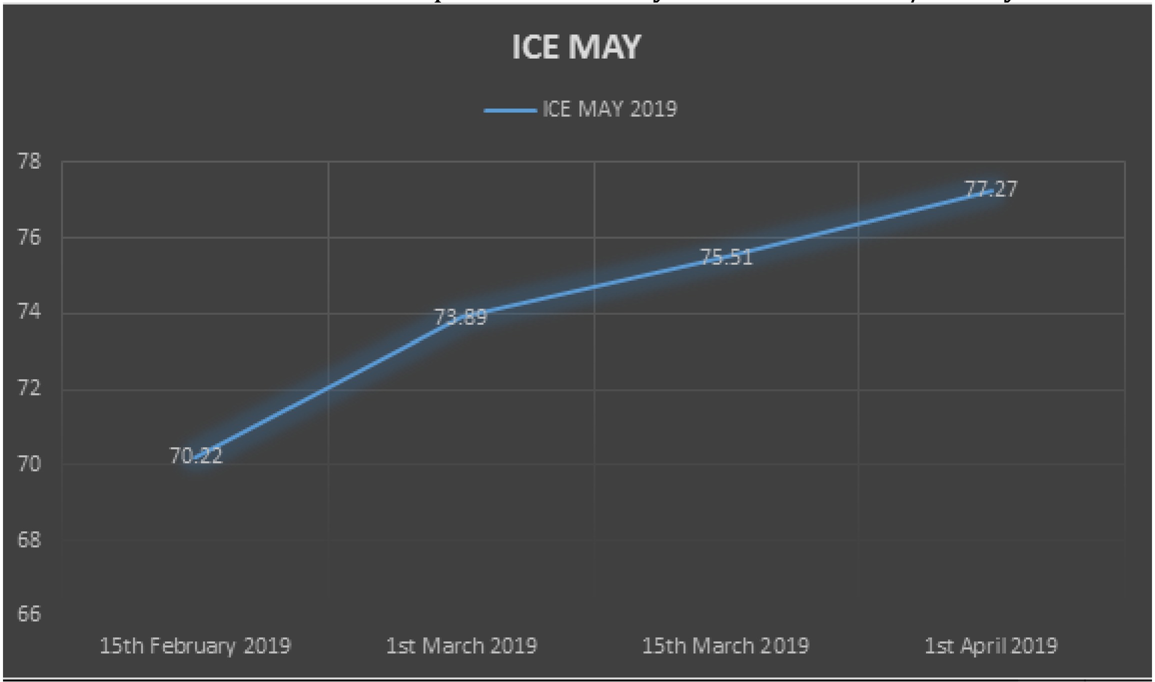
Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22249	46500	**85.28**
Domestic Futures Price (Ex. Warehouse Rajkot), April		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22340	46691	**85.63**

International Futures Price

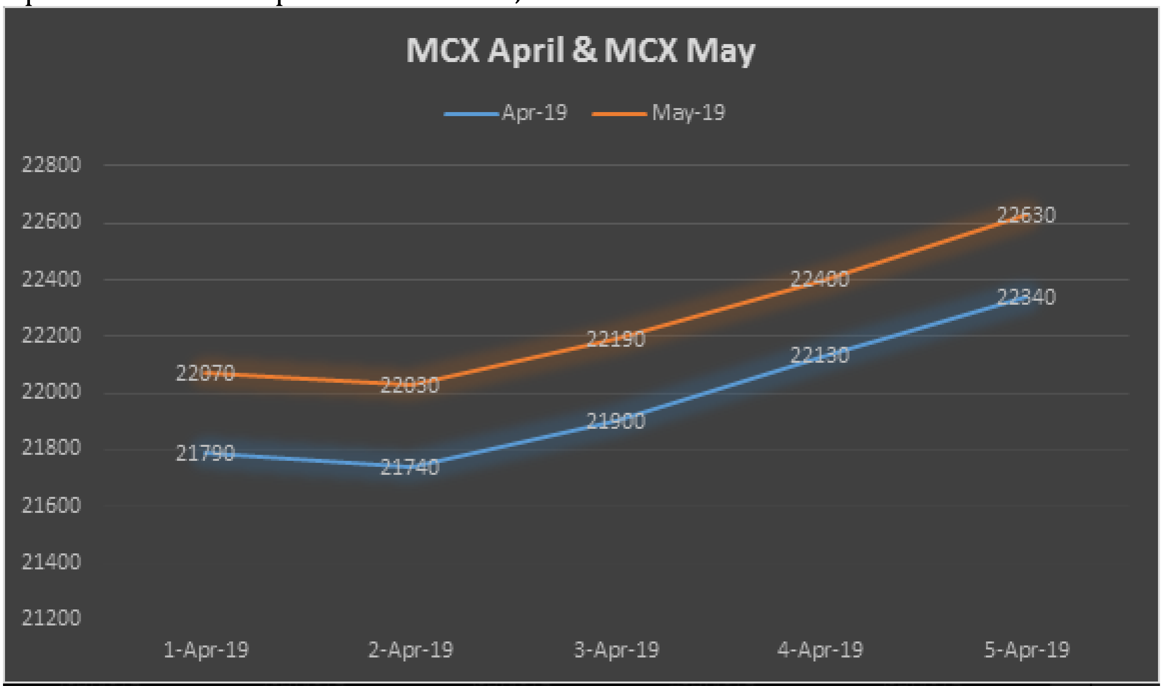
NY ICE USD Cents/lb (May 2019)	78.25
ZCE Cotton: Yuan/MT (May 2019)	15,635
ZCE Cotton: USD Cents/lb	105.57
Cotlook A Index – Physical	**86.90**

Cotton Guide: The prices of ICE nearby contracts were seen to head north coupled with strong volumes. The volumes were seen at 58,216 contracts as compared to 32,124 contracts seen earlier i.e. a rise of 26092 contracts or in other words a rise of 81%. The ICE May contract breached the threshold of 78 cents/lb with a high of 78.48 cents/lb thus settling at 78.25 cents/lb. The change noted was +93 points. The ICE July contract also fetched a gain of +58 points thus settling at 78.59 cents/lb. The reason attributed to this increase were twofold, first – Positive export sales data released last week and Secondly – the announcement by the US premier – Donald Trump mentioning that a "very monumental" agreement could be introduced in April. Thirdly - Higher crude prices and finally – Increase in Demand coupled with tight supply.

Since June 15, 2018 the prices headed south, down until a pattern change was noticed during Mid February 2019. The Prices have steadily increased during these three months and we can foresee the prices of ICE May to touch 80 cents/lb very soon.



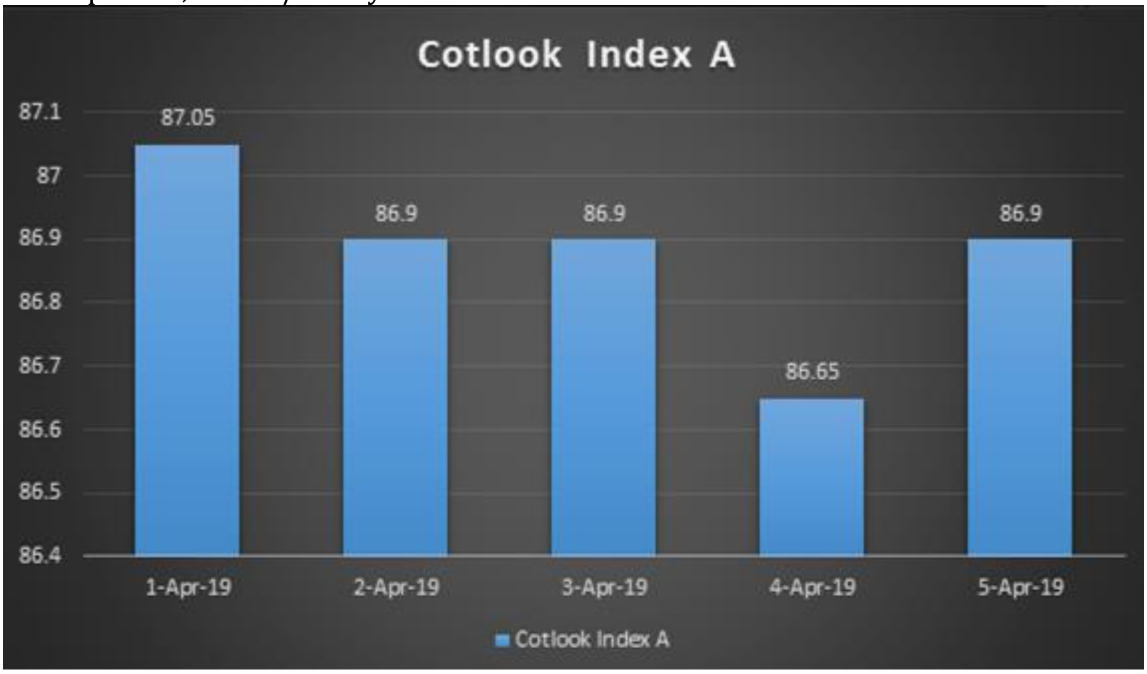
ZCE -The focus for the ZCE Contracts has now shifted from the May contract onto the September contract (C909) which is now displaying volumes at 98,702 lots and the Open interest for September is at 375,948.



MCX - On the other hand the MCX contracts, showed an uptrend with an increase of Rs 200 per bale for all the contracts. The Domestic cotton future for active MCX April contract which has posted a close at Rs. 21350 may move in the range of 21900 to 22700 per bale. The bias is expected to remain positive. The MCX May contract and the

MCX June contract saw a change of +230 Rs and +250 Rs seeing a settlement figure of 22,630 Rs/Bale and 22,890 Rs/Bale respectively. The volumes at MCX sang in tone and tenor with the volumes at ICE. The MCX contracts also saw huge rise in contracts at 8,206 lots as compared to the previous figure of 5,645 lots. The change in volumes were seen at 2561 lots i.e. 45 % increase. The domestic market has been bullish during the last 3 weeks. We are expecting the MCX prices to continue with this trend until we get heavy import enquiries.

The Cotlook Index A has been adjusted to 86.90 cents/lb with a change of +0.25. The arrival figures are around 84,000 lint equivalent bales (source cotlook) including 38,000 registered in Maharashtra and 20,000 in Gujarat. The prices of Shankar 6 have shot up to 46,500 Rs/Candy.



The Cotton Association of India (CAI), had pegged the crop size at 328 lakh bales for the year much lower than the previous number and the impact is already felt on the price. Since Cotton price in the current Marketing Year has maintained higher CCI and other bodies have been able to procure cotton under MSP very minimally. As per report CCI has bought only 10.70 lakh bales under the MSP scheme.

The bulk of the procurement that is over 70 per cent has been from Telangana followed by Maharashtra. According to CCI, market arrivals of cotton till April 1 stood at 254 lakh bales of 170 kg each. Cotton prices, which have gained in recent weeks, are expected to stay firm going ahead as the crop has been short by 10-12 per cent over last year.

On the global front the US USDA_WASDE Report is scheduled on 9th of April and the expectations are as follows:

- World cotton ending stock is expected to reduce to 75.81 vs. 76M in the last month
- World cotton production is expected to increase to 119.02M Vs. 119 Min the last month
- US ending Stocks expected to stay near 4.33 Vs. 4.30M in the previous month
- US cotton production is expected to decline to 18.32 M Vs. 18.39 in the last month
- US cotton exports are expected to be at 14.93 Vs. 15.00 M in the last month

The above data portrays a very mixed output as of now however, we do not wish to be conclusive with this estimate while believe there may be tightness in supply, but apprehending demand factor will also be an important point to look at.

On the other side of the world – Brazil

Production in the 12 months that start August may rise to 12.5m bales from 11.85m a year earlier, the USDA's Foreign Agricultural Service reports. Exports may climb to 7M bales from 5.9M. In both 2018-19 and 2019-20, producers are expected to face greater costs and lower prices than during the previous season. Political risk should continue to have notable impact on the exchange rate and therefore commodity prices. The projection reflects a modest increase in area due to recent government incentives to enhance cotton production Yield is expected to be higher than last year based on enough water and certified seed availability.

Technical Analysis

ICE Cotton futures continued its rising trend after moving above the downward sloping channel at 76.00 level in the previous month. Meanwhile price is holding the intermediate rising channel with lower band around 74.50 and higher band of the channel exists around 79.40.

In the daily charts positive crossover of 13 day EMA above the 26 day EMA supported the bullish bias in cotton futures. Moreover, the strength index RSI is holding above 60, which further strengthened rally in price. So for the week price is expected to remain in the range of 76.00 to 79.40 with bullish bias. In the domestic market April future is expected to remain in the range of 22100-22850.

Other Markets

Indian rupee is expected to remain weak against the USD. The possible trading range shall be 69.10 to 69.80.

The USD Index is expected to remain higher and may move in the range of 96.90-97.40

Crude Oil for WTI is expected to trade in the range of 61 to 64.50 per Barrel. Currently WTI crude is trading at 63.38 $/Barrel

Currency Guide

Indian rupee may witness mixed trade against the US dollar but general bias may be on the weaker side. Rupee has come under pressure post RBI decision. The central bank cut interest rate in line with expectations but maintained neutral stance disappointing some market players which brought halt to recent gains in equity market. Also weighing on rupee price is continuing surge in crude oil price which will rekindle inflation and trade deficit concerns.

Brent crude has topped $70 per barrel amid tensions in Libya and upbeat US economic data. However, supporting rupee is general strength in global equity market and increasing talks of Fed's rate cut. Upbeat US economic data and progress in US-China trade talks has improved risk sentiment.

Meanwhile, US President Trump called upon Fed to cut interest rates to boost growth. Rupee may witness choppy trade amid mixed factors and also as market players position ahead of kick start of general elections on April 11. The general market expectation is that the ruling BJP government may win another tenure however uncertainty will prevail unless results are out next month. The bias for rupee however may be on the weaker side amid higher crude oil price. USDINR may trade in a range of 68.95-69.65 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

China refuses to give up 'developing country' status at WTO despite US demands

China will refuse to give up the "special and differential treatment" it enjoys as a developing nation at the World Trade Organisation, in a rebuke to a US proposal that would pare back the privileges China and other nations enjoy on trade.

China is categorised as a developing country at the Geneva-based institution, which affords it "special and differential treatment". This enables China to provide subsidies in agriculture and set higher barriers to market entry than more developed economies.

The dispute reflects a fundamental divide within the WTO that has threatened the future of the global multilateral trading system.

The United States has long complained that too many WTO members – about two-thirds – define themselves as developing countries to take advantage of the terms the status permits them to trade under.

US President Donald Trump has railed against the organisation, calling it "a catastrophe" and "a disaster".

However, countries such as China and India insist that the preferential treatment is an important cornerstone of the global trading system. Despite being the world's second-largest economy and its biggest exporter, Beijing continues to label itself as "the world's largest developing country".

Commerce ministry spokesman Gao Feng said in a press conference on Thursday that China would stand by its position, even as Brazil has agreed to forgo the status in exchange for US support in joining the Organisation for Economic Co-operation and Development, an influential intergovernmental economic organisation with 36 member countries.

"China's position on WTO reform has been very clear. China is the largest developing country in the world," Gao said.

“We do not shy away from our international responsibilities and are willing to assume obligations in the WTO that are compatible with our own economic development level and capabilities. In fact, we do the same and will continue to do this.

“At the same time, we will work with other developing members to firmly uphold our fundamental rights and to voice our common voice and safeguard our development interests.”

The US claims that current WTO rules go too far in allowing China to subsidise its industries, support state-owned firms and discriminate against foreign investors. The terms have helped foster problems such as the forced transfer of technology and theft of intellectual property, Washington claims.

At the Boao Forum for Asia in Hainan last week – billed as China’s answer to the World Economic Forum in Davos – Zhou Xiaochuan, the former governor of China’s central bank, acknowledged that some of the criticisms brought up by the US were valid.

But he said there was also some misunderstanding from other WTO members regarding China’s trade practices.

“We have substantially reduced market distortions and unreasonable subsidies [in moving from a planned economy to a market economy], but because this is a process of transformation, it is necessary that it has taken many years, so some distortions will remain,” he said during a panel discussion on WTO reforms.

“The Chinese government is very willing to speed up the reform process to eliminate this distortion, so these distortions will eventually disappear. [The criticisms] may be caused by a misunderstanding,” Zhou said.

“We need to do some clarification work. China is a big country. In the process of implementation, there may be inconsistencies. The implementation at the local level may not be consistent, and local governments may have behaved inappropriately, but this does not represent the Chinese government’s stance,” he said.

China, India, South Africa and Venezuela have opposed a US proposal to reform the “special and differential treatment”, published earlier this year.

The four have already submitted a paper to the WTO saying that the self-classification of developing member status has been a long-standing practice and best serves the WTO's objectives.

The joint letter also claims that many WTO rules have actually favoured the US and other developed countries, in the areas of agricultural support, textile quotas and intellectual property rights protection.

Source: scmp.com- Apr 06, 2019

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China textile overseas investment flows to BRI region

Countries and regions along the Belt and Road Initiative (BRI) have become major destinations for China's overseas investment in the textile sector, an industry association has said.

Over 80 percent of the industry's global investment has flown to the BRI region in the past five years, according to the China National Textile and Apparel Council (CNTAC).

The textile industry can help industrial development, as well as create national wealth and employment in BRI regions, said CNTAC deputy director Xu Yingxin.

The CNTAC will facilitate international textile production capacity partnership, especially the development of overseas cooperation zones, Xu added.

Industrial data showed that China's textile and apparel export to the BRI region continued to grow in 2018, up 5.3 percent year on year.

Source: xinhuanet.com- Apr 06, 2019

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US-China trade deal may be reached in four weeks, says Trump

Under Xi and Trump's leadership, China-US relations to make new and greater progress, the former believes

US President Donald Trump said on Thursday the United States and China were close to a trade deal that could be announced within four weeks, while warning Beijing that it would be difficult to allow trade to continue without a pact. The two countries are engaged in intense negotiations to end a month-long trade war that has rattled global markets, but hopes of a resolution soared after both sides expressed optimism following talks in Beijing last week.

Speaking to reporters at the White House at the start of a meeting with Chinese Vice Premier Liu He, Trump said some of the tougher points of a deal had been agreed but there were still differences to be bridged. “We're getting very close to making a deal.

That doesn’t mean a deal is made, because it's not, but we're certainly getting a lot closer,” Trump said in the Oval Office. “And I would think with, oh, within the next four weeks or maybe less, maybe more, whatever it takes, something very monumental could be announced.”

Trump said he would hold a summit with Chinese President Xi Jinping if there were a deal. Xi assured Trump that text of the China-US trade could be finalised soon, in a message conveyed by Liu He.

According to state-run news agency Xinhua, Liu He told Trump that Xi believed under his and Trumps leadership, China-US relations will make new and greater progress. Xi said that in the past month or more, the two sides trade teams had maintained close contact and achieved new and substantive progress on issues in the text of two countries trade agreement.

I hope the two sides trade teams can continue working in the spirit of mutual respect, equality, and mutual benefit to resolve each others concerns, and finish negotiations on the text of the China-US trade agreement soon, Xi said to Trump through Liu.

Keeping leverage

Trump declined to say what would happen to US tariffs on $250 billion worth of goods as part of a deal. China wants the tariffs lifted, while US officials are wary of giving up that leverage, at least for now. Asked about the benefits of an agreement for China, Trump said: “Its going to be great for China, in that China will continue to trade with the United States. I mean, otherwise, it would be very tough for us to allow that to happen.”

Goods trade between the United States and China, the world's two largest economies, totalled $660 billion last year, according to US Census Bureau data, consisting of imports of $540 billion from China and $120 billion in exports to China.

On China's behalf, Liu cited “great progress” in the talks because of Trump's direct involvement and expressed hope that the talks would lead to “a good result.”

US seeks sweeping changes

Trump has previously threatened to impose punitive tariffs on all imports from China, more than a half-trillion dollars worth of products. US Trade Representative Robert Lighthizer, who is leading the talks for the Trump administration, said there were still some “major, major issues” to resolve and praised Liu's commitment to reform in China.

Asked about the remaining sticking points, Trump mentioned tariffs and intellectual property theft. He said he would discuss tariffs with Liu in their meeting. “Some of the toughest things have been agreed to,” Trump said. He later said that an enforcement plan for a deal remained a sticking point as well. “We have to make sure theres enforcement. I think we'll get that done. We've discussed it at length,” he said.

Lighthizer and Treasury Secretary Steven Mnuchin are holding talks in Washington with a Chinese delegation this week after meeting together in Beijing last week. The current round of talks is scheduled to go through Friday and possibly longer.

Hopes that the talks were moving in a positive direction have cheered financial markets in recent weeks. But US stocks were mixed on Thursday as investors waited for more developments in the trade negotiations, with the Dow Jones industrial Average slightly higher, and the S&P 500 and Nasdaq Composite slightly lower.

The United States is seeking reforms to Chinese practices that it says result in the theft of US intellectual property and the forced transfer of technology from US companies to Chinese firms.

Administration officials initially envisioned a summit between Trump and Xi potentially taking place in March, but some US lawmakers and lobbying groups have said recently they were told that the administration was now aiming for a deal in late April.

Outstanding issues

White House economic adviser Larry Kudlow said last week that the talks were "not time dependent" and could be extended for weeks or even months longer.

While some reform pledges by Beijing are largely set, including an agreement to avoid currency manipulation, an enforcement mechanism to ensure that China keeps its pledges and the status of US tariffs on $250 billion worth of Chinese goods must be resolved.

"China has been very clear, publicly and privately, that they would like to see all the tariffs removed," US Chamber of Commerce international affairs chief Myron Brilliant told reporters on Tuesday.

"The (Trump) administration has been equally clear that they want to keep some of the tariffs in place as a way to have leverage over China fulfilling its obligations under whatever final package is reached."

Source: thehindubusinessline.com- Apr 05, 2019

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USA: Trade Turbulence Brings Global Air Freight Demand to Three-Year Low

Demand for global air freight dropped to the lowest in the last three years in February, according to the monthly update from the International Air Transport Association (IATA).

Global air freight demand fell 4.7 percent in February from a year earlier– the fourth consecutive month of negative year-on-year growth, IATA said. Freight capacity rose 2.7 percent year-on-year, marking the 12th month in a row that capacity growth outstripped demand growth.

“Cargo is in the doldrums, with smaller volumes being shipped over the last four months than a year ago,” Alexandre de Juniac, IATA’s director general and CEO, said, adding, “And with order books weakening, consumer confidence deteriorating and trade tensions hanging over the industry, it is difficult to see an early turnaround.”

De Juniac said the industry is adapting to new markets for e-commerce and special cargo shipments, but the bigger challenge is the slowdown in trade.

“Governments need to realize the damage being done by protectionist measures,” he said. “Nobody wins a trade war. We all do better when borders are open to people and to trade.”

All regions except Latin America reported contraction in year-on-year demand growth in February. Asia-Pacific airlines saw air freight demand fall 11.6 percent in the month compared to the time in 2018.

“Weaker manufacturing conditions for exporters in the region, ongoing trade tensions and a slowing of the Chinese economy impacted the market,” IATA said.

North American airlines saw demand dip 0.7 percent in February year-to-year, the first month of negative year-on-year growth recorded since mid-2016, reflecting the sharp fall in trade with China. IATA said, “North American carriers have benefited from the strength of the U.S. economy and consumer spending over the past year.”

European airlines experienced a 1 percent decline in freight demand from a year earlier, which IATA said was “consistent with weaker manufacturing conditions for exporters in Germany, one of Europe’s major economies,” with “trade tensions and uncertainty over Brexit also contributed to a weakening in demand.”

Latin American airlines posted the fastest growth of any region, with demand up 2.8 percent. Seasonally-adjusted international freight demand achieved growth for the first time in six months, according to the report.

Middle Eastern airlines’ freight volumes contracted 1.6 percent in February year over year, as a downward trend in air cargo demand drive by a weakening of bilateral trade with North America contributing to the decrease.

African carriers saw freight demand fall 8.5 percent in the month. IATA said while international freight volumes are lower than their peak in mid-2017, they are still 25 percent higher than their most recent trough in late-2015.

Source: sourcingjournal.com- Apr 05, 2019

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China boosts purchases of US farm products

Move could sweeten trade talks while providing much-needed commodities

China has ramped up its purchases of US farm products, providing a goodwill gesture in the midst of talks aimed at ending the year-long trade war — but also reflecting the country’s extensive need for the commodities.

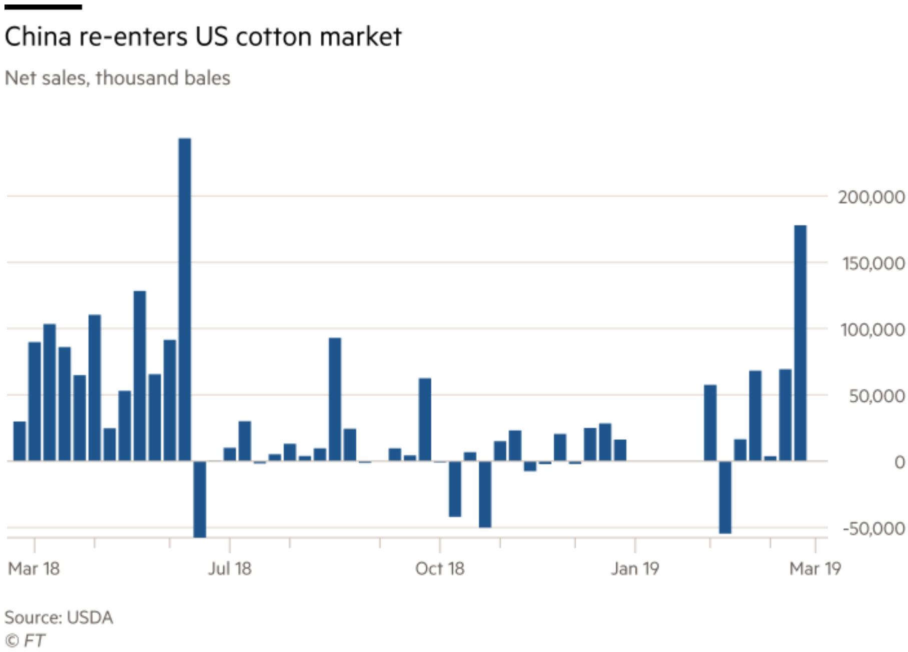
Official data released in Washington on Thursday showed net sales of 178,000 bales of US-grown upland cotton to China in the past week, the second-highest weekly volume in two years. China also bought 1.7m tonnes of soyabeans.

The deals were reached despite tariffs Beijing has imposed as it targeted the US heartland in retaliation for the Trump administration’s levies. Chinese negotiators were in Washington this week attempting to resolve their stand-off over trade, intellectual property and the forced transfer of technology.

China "is going to be buying a lot of product. More than anybody would believe", US President Donald Trump said after those talks began.

Some agricultural products, such as corn-based ethanol, have not been shipped to China for months. However, China has also stepped up purchases of pork, corn and the feed grain sorghum.

Beijing added a 25 per cent tariff to US cotton last July, putting the high-quality fibre at a disadvantage to supplies from Australia and Brazil. But industry sources say China will need to import more after the government ran down large state reserves. "They really can't do without us," said an industry executive in Memphis, the US cotton trading capital.



China's import commitments for US upland cotton total 2.86m bales, only about 100,000 below the level of a year ago.

After reaching a February low, cotton prices have risen 11 per cent to about 77.5 cents a pound in New York.

We're seeing some inklings, maybe, of some better news to come on trade," said Steve Verett, executive vice-president of Plains Cotton Growers, a farmers group in Texas.

If a deal is approved, China may commit to increase purchases of US agricultural products. Robert Lighthizer, the US trade representative, testified in February that "absolutely cotton is a factor" in these discussions. "It's something that China needs and has traditionally bought. And it's easy to buy more of," he told a congressional committee.

China has returned to the US soyabean market since Mr Trump and Chinese President Xi Jinping agreed to head back to the bargaining table in December. In February Sonny Perdue, the US agriculture secretary, said China had committed to buying another 10m tonnes of soyabeans.

The past week's 1.7m soyabeans purchase brought China's total import commitment for the current crop year to 12.9m tonnes. The sum is still about a third of US exports to China before the tariffs, leading US farmers to signal they will slash acreage devoted to soyabeans this spring.

Dan Basse of AgResource, a consultancy, said that China's soyabean importswere being directed by Chinese state-controlled Cofco and Sinograin, not international companies.

"We don't see anybody from the private side standing up and making big purchases, because they're concerned about tariffs that are still in place," Mr Basse said. "To me that's goodwill buying."

As China increases imports of US soyabeans, it has ceased purchases of an alternative oilseed from Canada. Two companies, Richardson International and Viterra, a unit of commodities trader Glencore, have had their licences to export canola seed suspended by Beijing.

China pointed to pests in Canada's canola seed shipments, an assertion questioned by Jim Everson, president of the Canola Council of Canada. A Richardson official earlier suggested the move was related to Canada's detention of a senior executive from Chinese telecoms company Huawei.

"We have been exporting increased quantities of seed in the past three or four years," Mr Everson said. "We don't think the quality of canola has changed over that time."

In March, China purchased 24,000 tonnes of US pork, the highest amount in almost two years. The deal came as African swine fever sharply reduced its pig herd, increasing demand for foreign meat even as it slows demand for livestock feed ingredients such as soya meal.

China also purchased 300,000 tonnes of corn and 130,000 tonnes of sorghum from the US in February and March, in spite of 25 per cent tariffs on each.

Source: ft.com- Apr 05, 2019

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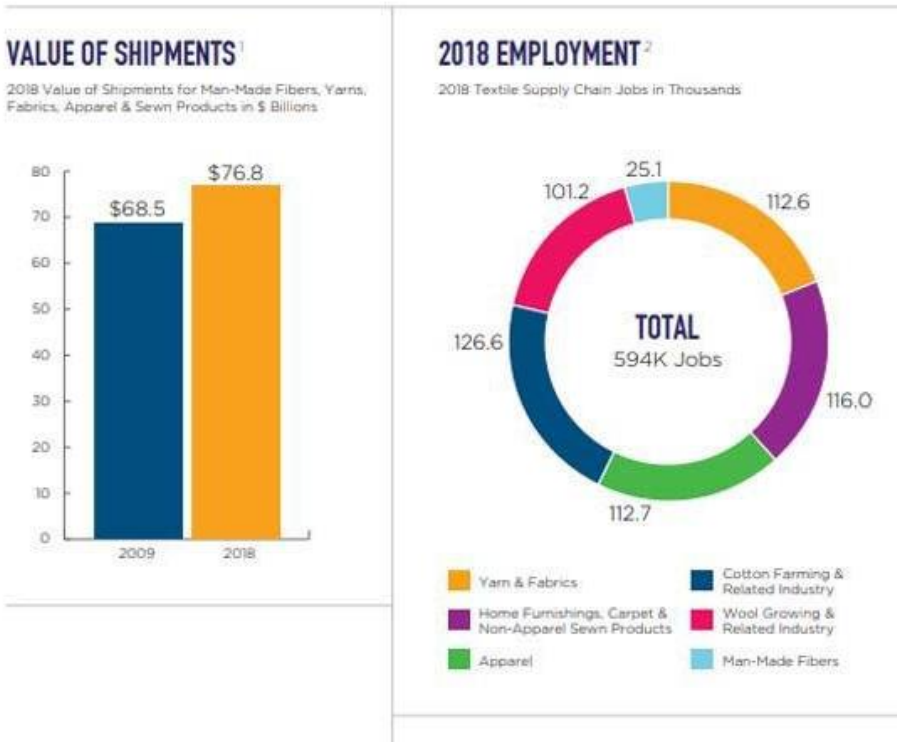
2017 US MMF, filament, textile, apparel shipments $77.9 bn



The value of US man-made fibre and filament, textile, and apparel shipments in 2017 totalled around $77.9 billion—an uptick from the $74.4 billion in output in 2016 and an increase of 16 per cent since 2009, outgoing 2018-19 US National Council of Textile Organisations (NCTO) chairman Marty Moran said in his State of the US Textile Industry overview recently.

Of the $77.9 billion, $31.5 billion was for yarns and fabrics, $26.6 billion for home furnishings, carpet and other non-apparel sewn products, $12.5 billion for apparel, and $7.3 billion for man-made fibres, Moran said.

He spoke at NCTO’s 16th annual meeting last month in Washington, DC.

U.S. exports of fibre, yarns, fabrics, made-ups and apparel were worth $28.6 billion in 2017. This was nearly a 9 per cent increase in export performance over 2016.

Investment in fibre, yarn, fabric and other non-apparel textile product manufacturing has more than doubled from $960 million in 2009 to $2.1 billion in 2016, he said.

The fundamentals for the US textile industry are sound and any sluggishness was due to factors beyond control, such as disruption in the retail sector caused by the shifting of sales from brick and mortar outlets to the Internet, he added.

Source: fibre2fashion.com- Apr 05, 2019

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Trade Event to Discuss U.S. Trade Policy Impact on Apparel and Textile Market

Latest updates on U.S. trade policy, customs and imports, investment opportunities for apparel brands and retailers, industry trends and forecasts, and the future of fashion, technology and sustainability, are among the key topics to be presented at the upcoming Apparel Textile Sourcing Miami (ATSM) show.

The show gets underway May 28-30 at the Mana Wynwood Conference Center, coinciding with Miami Fashion Week to bring to the Magic City more than 10,000 fashion industry representatives for a first-hand discovery of new developments and insights in the apparel and textile market — from concept to consumer.

“With the U.S. in the midst of a shifting trade environment, ATSM has put together the most comprehensive sourcing seminars, expert panels and Q&A segments to arm representatives across all segments of the industry — brands, retailers, e-commerce sellers, designers, importers and buying offices — with the knowledge, tools and practical solutions they need to address current industry issues and navigate through the rapidly-transforming sourcing ecosystem,” said Jason Prescott, CEO of JP Communications, producer of the show and publisher of North America’s leading of B2B trade platforms TopTenWholesale.com and Manufacturer.com.

Highlights of the ATSM educational sessions — which take place on the show floor alongside 300 exhibits of the latest in apparel and textile products and services from more than 15 countries — include:

U.S. Trade Policy Update

U.S. trade policy is changing quickly and Julie Hughes, President of the DC-based United States Fashion Industry Association (USFIA) — which works to facilitate global trade for U.S.-based brands, retailers, importers and wholesalers doing business internationally — will provide an update on the latest developments in global trade, tariff and non-tariff barriers, and new sourcing opportunities.

Imports, Exports and Customs: All You Need to Know for 2019 and Beyond

Navigating through the complex supply chain and other complicated issues associated with trade present a challenge for businesses, small and large. Learn from international trade and legal expert Laura Siegel Rabinowitz, Special Counsel of national law firm Kelley Drye & Warren LLP, about all you need to know to ensure compliance with current trade laws and policies surrounding imports, exports and customs, and reduce duty exposure.

New Investment Opportunities

Tap into an unprecedented number of investment opportunities available to Florida apparel brands, retailers and businesses — from local to international sources.

Speakers include Manuel A. Mencia, Sr. Vice President – International Trade and Development of Enterprise Florida, as well as representatives from The Investment Association of China (IAC), who will provide details as part of the first Asia-US-Latin America Investment Summit on the group’s vision to invest in local opportunities in Miami and Fort Lauderdale in the areas of logistics, ports, commercial/residential real estate, infrastructure and technology.

IAC, the authority of the Chinese investment industry, regulated by the National Development and Reform Commission of the Peoples’ Republic of China, has injected billions of dollars into different economies worldwide across numerous industries since the inception of China’s One Belt, One Road global trade initiative.

What's Next in Fashion Color Trends

Laurie Pressman, Vice President of the Pantone Color Institute, will unveil global color authority Pantone Color Institute's fashion color trend forecast for Autumn/Winter 2020-2021.

Be among the first to see how next year's colors and beyond will be reflective of color as an oasis and how they will be incorporated into fashion.

Click here for more details

Source: sflcn.com- Apr 07, 2019

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A Look at Sourcing Apparel From Egypt and Investing in its Textile Industry

Egypt may be best known for its impressive pyramids and colorful history, but it is also known as the most attractive African country for investment and one of the most developed in the Middle East/Africa, with a gross domestic product of $298 billion in 2018.

Like many larger countries, the economy is dominated by the service sector (54 percent) and agricultural sector (12 percent), but it is also known for its industrial sector (34 percent) that provides significant employment.

The apparel sector in Egypt

The apparel sector plays an extremely important role in the Egyptian economy and it has seen a rebound and a new spurt of growth in recent years.Egypt has more than 1,500 apparel factories with average production capacity of 500 million pieces per day, and it is considered to be the first sector in terms of labor force, which recorded 1.5 million workers, 50 percent of which are women.

The apparel sector is the country's most important industrial sector; it represents 6.5 percent of total non-petroleum.

Apparel exports reached $1.604 billion for 2018 compared to $1.459 billion in 2017, achieving a rise of 10 percent of which 50 percent of the apparel production was exported to the U.S. and 30 percent to Europe.

Egyptian apparel sector enjoying many advantages

- **International Trade Agreements**: The U.S. is the main export destination for the Egyptian apparel industry. Apparel created within the Egyptian Qualified Industrial (QIZ) Zone are duty free to the U.S. Under the protocol, goods made in Egyptian QIZs can use fabric imported from third countries and remain eligible for duty-free entry into the U.S. market, provided 35 percent of their value is added in Egypt, including a minimum of 10.5 percent of Israeli content. Costs incurred in the U.S. also count towards the 35 percent threshold. Egypt also enjoys duty-free market access to the EU with a double transformation rule of origin. With its fabric base and sourcing proximity to Turkey (Turkish fabrics classify as local under regional cumulation of rules of origin), exports to the EU are likely to increase.
- **Vertical integration and a developed infrastructure**: Egypt's textiles and clothing sector is the most integrated on the African continent. The country offers a well-developed infrastructure and is investing more than $15 billion in roads, electricity networks and irrigation projects, including 15 marine ports. Egypt is also the largest producer of Extra-long- staple cotton in Africa.
- **Proximity**: Egypt offers shorter routes to the U.S. than Asian ports (12 days compared to over a month). Egypt also provides easy access to markets in Europe and Africa. Egypt is an intercontinental country, with multiple ports and facilities giving it a strategic advantage for exports to the U.S. and the EU.
- **Egyptian Apparel Factories**: Egypt is a sourcing hub for a large variety of apparel products. The region offers ethical, socially compliant factories with export experience. The supply chain is vertically integrated. Many companies are certified by Wrap, ISO and OEKO-TEX.
- **Competitive factor costs**: Egypt offers a large, cost-effective, skilled labour force. Labor costs are low in Egypt, with minimum labor wages of $115, compared to competitors like China, Cambodia, India, or Vietnam. Electricity costs around 7 cents a kilowatt-hour compared to three to four times that amount in China.

Moreover, the Egyptian T&C sector will benefit from a three-year technical assistance project to further increase its international competitiveness. The initial phase of the program runs until December 2021 and is open to all Egyptian-owned and managed enterprises. The project is co-funded by the Government of Switzerland under the Global Textiles and Clothing (GTEX) program as well as the Government of Sweden under the MENATEX program. It is implemented by the International Trade Centre (ITC). Formed in 1964, ITC is the focal point within the United Nations system for trade related technical assistance.

Source: sourcingjournal.com- April 05, 2019

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Australia to host next edition of apparel sourcing expo in November

An apparel and textile sourcing expo will be held in Australia, November 12 to 14, 2019. This will attract some of the world's leading apparel, accessories, textiles and footwear suppliers.

More than 4,000 trade visitors are expected from Australia's large fashion retailers, niche fashion brands, start-up labels, online outlets and independent fashion designers.

A runway program will showcase the collections of emerging and established fashion designers. Seminars will provide buyers valuable market insights and business tips.

Seminars focused on the Australian market will also feature at the show and provide an opportunity for exhibitors to learn more about how to target the Australian market and understand more local trends and seasonality.

In 2018, the expo attracted more than 720 manufacturers and agents from China, India, Pakistan, Bangladesh, Hong Kong, Indonesia, Vietnam etc. The 2019 edition is expected to attract an even wider participation.

India will be present for the seventh time. India is well-regarded in Australia as a quality and reliable supplier of textiles and apparel.

In 2018, 130 companies from India participated, they included the Apparel Export Promotion Council, Wool and Woolen Export Promotion Council, and Handloom Export Promotion Council.

Source: fashionatingworld.com- April 05, 2019

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Bangladesh: July-March exports soar riding on RMG sector

The export earnings are 7.20% higher than the target of $28.82 billion set for the period

Bangladesh's export shipments in nine months of the current fiscal year have risen by 12.57% to $30.90 billion, riding on the apparel sector bolstered by improved safety standards and political stability.

According to the Export Promotion Bureau (EPB) data released yesterday, during the July-March period of FY2018-19, Bangladesh earned $30.90 billion — up from $27.45 billion during the same period in the previous fiscal year (FY2017-18).

The export earnings are 7.20% higher than the target of $28.82 billion set for the period.

Meanwhile, in March of this year alone, export earnings rose by 9.35% to $3.34 billion — up from $3.05 billion in March 2018.

"It is a good sign that double digit growth in export earnings continues, which is also higher than the export target set for the time," Centre for Policy Dialogue (CPD) research director Khondaker Golam Moazzem has told the Dhaka Tribune.

Moreover, the double digit growth in the apparel sector means stability in the sector; apparel makers are taking the advantage of work orders shifting from China over the tariff tension with the USA, says Moazzem.

Also, it is a good omen for the Bangladesh economy that the non-RMG sectors such as agriculture, frozen foods and pharmaceuticals are doing better, observes the trade analyst.

Bangladesh, however, needs to focus on infrastructural development and improving ease of doing business to attract the foreign direct investment relocating from China, Moazzem finds.

He stresses that the government and the export-oriented manufacturers must come up with measures in identifying the goods not handled by the Chinese manufacturers or relocating due to the trade war.

The apparel sector, the $30 billion industry employing 4.4 million workers, contributed $25.95 billion to Bangladesh's total export earnings, up by 12.57% from $22.83 billion during the same period of the previous fiscal year.

Of the total export earnings by the apparel sector, knitwear products earned $12.80 billion, which is 13.65% higher than the $11.32 billion earned during the same period of FY2017-18.

Woven products earned $13.15 billion, up by 13.07% from $11.51 billion during the same period of the previous fiscal year.

The specialized textile sector saw a 36.63% growth to $112.5 million from $82.34, while home textile products saw a negative growth of 3.36% to $647.34 million, down from $669.87 million.

"Political stability and uninterrupted services and safety improvement enhance buyers' confidence. With boosted confidence, the buyers are placing more orders here pushing up the export earnings," Mohammad Hasan, executive director of Babylon Group, has told the Dhaka Tribune.

In addition, he mentions China-US trade war as another reasons for sharp rise in export earnings as the buyers hunting alternative sourcing destination.

Export performance of other major sectors

Among other major sectors, agricultural products posted a sharp rise of 53.05% growth to $722.73 million in the first nine months of FY2018-19, from $472.23 million in the previous fiscal year.

Additionally, export earnings from the pharmaceuticals sector rose by 30.35% to $100 million, up from $76.52 million, and plastic goods rose by 18.34% to $87.09 million, up from $73.59 million during the July-March period of FY2018-19.

However, earnings from leather and leather goods witnessed a 9.08% negative growth to $771.69 million during the period, down from $848.79 million during the same period of FY2017-18.

Jute and jute goods, the third export earning sector, also registered a 23.23% negative growth to $628 million, which was $818 million during the same period in the previous fiscal year.

Exports of frozen and live fish with a positive growth of 2.77% earned $419 million, up from $407.71 million in FY2017-18.

Source: dhakatribune.com- April 08, 2019

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Vietnam: Garment, textile export fetches nearly 8.7 billion USD in Q1

The Vietnam Textile and Apparel Association (Vinatex) has reported that total export earnings of the garment and textile sector in the first quarter reached nearly 8.7 billion USD, up 11.31 percent over the same period last year.

The US remained the biggest market of the sector with turnover of more than 3.4 billion USD, followed by the EU with over 1.4 billion USD, Japan with 964 million USD, China, 936 million USD, and the Republic of Korea, 874 million USD.

In the past three months, Vinatex, the country's largest textile company made a revenue of over 10.6 trillion VND, with exports reaching 594 million USD.

The firm's pre-tax profit was 280 billion VND, making up 16.2 percent of its yearly target and representing a rise of 24.4 percent against the same period last year.

Source: en.vietnamplus.vn- April 05, 2019

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USA: Novel fabric protects against chemical warfare agents

Scientists have developed a new coating for textile fibres that could efficiently capture toxic industrial compounds and chemical warfare agents under real-world conditions, including high humidity.

The research, published in the journal Small, may lead to improved masks and personal protective equipment for soldiers and others at risk of exposure.

Researchers at North Carolina State University and the US Army's Combat Capabilities Development Command Chemical Biological Center (CCDC CBC) developed functional textiles that neutralised a blistering agent simulant under conditions of 80 per cent relative humidity.

The new coating also captured ammonia gas, a commonly produced industrial chemical in the US.

"For more than a century, we have had threats from chemical warfare agents, from chlorine and mustard gas in World War I to recent attacks against civilians in Syria," said Dennis T Lee, a recent PhD recipient at NC State.

"We need to find ways to capture and chemically break down toxic gases for practical, better-performing protective equipment, Lee said in a statement.

Researchers worked with metal-organic frameworks (MOFs) -- coatings that are synthesised over microfibers.

There are two significant challenges. The first lies in creating MOFs that can remain stable in the presence of moisture while holding the hazardous compounds in a thin film, a process known as adsorption/absorption.

The second is achieving a coating that's effective in degrading toxic chemicals.

The team created a water-stable copper (Cu)-based MOF film.

Instead of working with a powder source, researchers used a solid film deposited on the fibre, which captured three times more ammonia gas than the same MOF powder.

Electron microscope images showed MOFs in crystal formations that grew out radially from the fibre -- a distinctive shape that hadn't been previously reported.

The MOFs bonded strongly with the surface of the polypropylene fibres, resisting flaking when handled in the lab and when swept with a nylon brush.

"This alignment formed a dense coating on the fibers, with better integration and adhesion to the surface, and improved adsorptive performance for hazardous gases," Lee said.

The new MOF-coated composites have potential to be used as a base film in protective textiles, Lee said.

The method would also be suitable for use in smart textiles that have multiple functions, such as sensors, he added.

Source: business-standard.com- April 06, 2019

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US: Colour-changing threads for smart clothes can detect gases: Study

Scientists have created threads that change colour when they detect a variety of gases, an advance that could help develop smart fabrics that can sniff out toxic chemicals.

Researchers from Tufts University in the US demonstrated that the threads can be read visually, or even more precisely by use of a smartphone camera, to detect changes of colour due to analytes as low as 50 parts per million.

Woven into clothing, smart, gas-detecting threads could provide a reusable, washable, and affordable safety asset in medical, workplace, military and rescue environments, they say.

The study, published in the journal Scientific Reports, describes the fabrication method and its ability to extend to a wide range of dyes and detection of complex gas mixtures.

While not replacing the precision of electronic devices commonly used to detect volatile gases, incorporation of gas detection into textiles enables an equipment-free readout, without the need for specialised training, researchers said in a statement.

Such an approach could make the technology accessible to a general workforce, or to low resource communities that can benefit from the information the textiles provide.

The study used a manganese-based dye, MnTPP, methyl red, and bromothymol blue to prove the concept. MnTPP and bromothymol blue can detect ammonia while methyl red can detect hydrogen chloride -- gases commonly released from cleaning supplies, fertilizer and chemical and materials production.

A three-step process "traps" the dye in the thread. The thread is first dipped in the dye, then treated with acetic acid, which makes the surface coarser and swells the fibre, possibly allowing more binding interactions between the dye and tread.

Finally, the thread is treated with polydimethylsiloxane (PDMS), which creates a flexible, physical seal around the thread and dye, which also repels water and prevents dye from leaching during washing. Importantly, the PDMS is also gas permeable, allowing the analytes to reach the optical dyes.

"The dyes we used work in different ways, so we can detect gases with different chemistries," said Sameer Sonkusale, professor at Tufts University.

The team used simple dyes that detect gases with acid or base properties.

"But since we are using a method that effectively traps the dye to the thread, rather than relying so much on binding chemistry, we have more flexibility to use dyes with a wide range of functional chemistries to detect different types of gases," Sonkusale said.

The tested dyes changed colour in a way that is dependent and proportional to the concentration of the gas as measured using spectroscopic methods.

In between the precision of a spectrometer and the human eye is the possibility of using smart phones to read out and quantify the colour changes or interpret color signatures using multiple threads and dyes.

"That would allow us to scale up the detection to measure many analytes at once, or to distinguish analytes with unique colorimetric signatures," said Sonkusale.

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

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NATIONAL NEWS

India identifies 380 items for exports to China to shrink deficit

India has submitted to China a list of 380 items, including agriculture, horticulture, pharmaceuticals, textiles, chemicals, tobacco and some engineering products, where the country has the potential to increase exports, provided Beijing cooperates by lowering non-tariff restrictions.

The Commerce & Industry Ministry, in a meeting with stakeholders this week, has asked various export promotion councils, including ones for spices, agriculture, engineering goods, pharmaceuticals, IT and organic chemicals, to prepare China-specific export strategy so that pointed action could be taken, a government official told BusinessLine.

"The Chinese leadership has already acknowledged that the growing imbalance in bilateral trade can be bridged mainly through increased exports from India. A beginning has been made with export protocols being signed between General Administration of Customs of China (GACC) and the Indian government for items such as fish, fish oil, rice and tobacco. But a lot more targeted efforts have to be made," the official said.

New Delhi is disappointed that China has not yet imported soyabean from the country and has released quota for sugar import from Pakistan instead of India. But the fact that it has started importing Indian grapes and a number of other items such as pomegranates, bananas, copra, pineapple and chillies are in the pipeline, has kept India's hopes up.

"The Chinese Vice-Minister for GACC is scheduled to visit New Delhi next month and finalise some more protocols for India's exports. The Indian Embassy in China is also in constant touch with Chinese officials to expedite action in the area," the official said.

India's trade deficit with China had widened to $63 billion in 2017-18 which comprised more than a third of the country's total trade deficit worth $156 billion.

However, in 2018-19, the trade deficit is likely to lower a bit as India's imports from China have declined while exports have continued to increase. In April-February 2018-19, India's exports to China increased 28.61 per cent to $15 billion while imports declined 6 per cent to $65 billion resulting in a trade gap of $50 billion.

The top items of export to China from India in 2018-19 were petroleum products, organic chemicals, cotton yarn, plastic raw materials and iron ore.

Commerce Minister Suresh Prabhu, who chaired the meeting attended by officials from key Ministries and Departments such as steel, pharmaceuticals, MSME, agriculture, animal husbandry, fisheries and IT, said the final goal for India should be to have a trade surplus with China.

Source: thehindubusinessline.com- Apr 05, 2019

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India's imports from China slow down by 5%

According to the chamber, India's trade deficit with China also eased to USD 46 billion in April-January 2019 from USD 53 billion in the same period a year ago.

India's imports from China stood at USD 60 billion during the April-January period of 2018-19 fiscal, a deceleration of 5 per cent over the corresponding period a year ago, PHD Chamber of Commerce said Saturday. According to the chamber, India's trade deficit with China also eased to USD 46 billion in April-January 2019 from USD 53 billion in the same period a year ago.

"Despite substantial volume of imports from China, of lately, India's import growth from China shrunk from 24 per cent during April to January 2018 to (-) 5 per cent during April-January 2019," PHD Chamber of Commerce and Industry Secretary General Mahesh Reddy said.

Commerce Ministry data showed India's export to China totalled USD 13.8 billion whereas its imports from the neighbouring country stood at USD 60.1 billion during the April-January period. Indian shipments to China totalled USD 13.33 billion in 2017-18 (April-March), whereas the country's imports from China stood at USD 76.38 billion in the period.

The chamber said India has seen a major breakthrough in its exports to China during the last few months whereas imports of Chinese products in India are decelerating. Its exports to China grew 31 per cent in April-January 2019, increased from USD 10 billion in April-January 2018 to USD 14 billion in April-January 2019, Reddy said.

Although the trade deficit with China is substantial, given the recent trends and amendments in the foreign trade policy 2015-20, the volume of trade deficit is expected to ease in the coming years, he added.

Over the past decade, China has been able to enhance its footprint in India to a greater extent. However, the trend has seen a reversal in the April-Jan 2018-19, the chamber said.

Source: financialexpress.com- Apr 06, 2019

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Export growth remains weak on the back of global headwinds: RBI

RBI in its policy statement has cited the subdued performance of the US economy in the final quarter of 2018, that appears to have continued into Q1:2019 as reflected in declining factory activity.

The monetary policy stances of the US Fed and central banks in other major advanced economies (AEs) have turned dovish.

With the global economic activity losing pace, the Reserve Bank of India (RBI) is its first bi-monthly monetary policy decision for 2018-19 said India' export growth remained weak in January and February 2019 mainly due to exports of petroleum products decelerating in response to a fall in international crude oil prices.

Among non-oil exports, engineering goods, chemicals, leather and marine products recorded either sequentially lower or negative growth.

In the case of imports, lower international crude oil prices downsized the oil import bill. Further, Non-oil non-gold imports declined sharply, dragged down by the subdued demand for pearls and precious stones, transport equipment, project goods and vegetable oils.

The trade deficit narrowed in February 2019 – both sequentially and on a year-on-year basis – to its lowest level in 17 months. This, along with the increase in services exports and lower outgo of income payments, resulted in narrowing of the current account deficit sequentially.

On the financing side, net FDI inflows were strong in April-January 2018-19. Foreign portfolio investors turned net buyers in the domestic capital market in Q4:2018-19. India's foreign exchange reserves were at US$ 412.9 billion on March 31, 2019.

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The Euro area slowed down in Q4:2018 on soft domestic demand and contracting manufacturing activity. Of its constituents, the Italian economy contracted for two consecutive quarters in Q3 and Q4.

In the UK, growth slowed down on Brexit uncertainty, with industrial production contracting during September-January.

The Japanese economy rebounded in Q4 on increased domestic consumption expenditure and recovering investment spending. However, the latest data on manufacturing activity and business confidence suggest that growth lost momentum in Q1:2019.

The monetary policy stances of the US Fed and central banks in other major advanced economies (AEs) have turned dovish.

Source: economictimes.com - Apr 04, 2019

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India's economic growth driven by domestic demand, need to focus on exports: World Bank

India's economic growth in recent years has been "too much" driven by domestic demand and its exports were about one third of its potential, a World Bank official said, asserting that the next government needs to focus on export-led growth.

Praising attempts to liberalize markets within India, Hans Timmer, World Bank Chief Economist for the South Asia Region said "that is what is needed to become more competitive."

"At the same time you've seen also of the last couple of years that the current account deficit widened - an indication that increasingly growth came from the non-tradable sector -- from the domestic sector, and that makes it difficult to export more," Timmer told PTI in an interview.

The polling for first phase of seven-phase parliamentary polls in the country is scheduled to take place on April 11, with the last phase on May 19 and the results will be announced on May 23.

In the last five years, he said, India's overall growth was "too much" driven by domestic demand, which resulted in double digit growth of imports, and four to five per cent growth in exports.

"In more recent months, that turned around somewhat. But the broader picture was that that's a minus," he said.

“The pluses were that we have seen the GST trying to create more flexibility within the country, so that it's easier to trade between states. That's what you need if you want to trade also with foreign countries," he said.

Responding to a question, the World bank official said the focus of the next government should be on reducing the stimulus of domestic demand.

"That would be one. I think looking at trade liberalization on the import side - that would be another to create more competition. I would look at what people feel as impediment in the labour market. Is it difficult to go to those new jobs? What about the startups of young people – do they feel restrictions or not?" he said, adding that it is also about female labour force participation.

"I think, the most important thing is the understanding that you need export-led growth because that's where you increase productivity when you compete in international markets; that's where you gain knowledge by interacting with competitors and with customers abroad. And so, it is that mindset," the top World Bank official said.

India, Timmer said, is exporting only 10 per cent of its GDP.

"What they should have exported is 30 per cent of the export of GDP, given all their characteristics. India is a big country, so normally a big country doesn't export that much in per cent of their GDP because when you're small you're a lot more open.

"But even for India, 30 percent would have been normal if you look at the experience of other countries. It's only 10 per cent. So that's an enormous gap. And the gap is widening in the last couple of years," he told PTI.

According to him, friction between India and Pakistan is unhelpful to the trade and economic growth in the region.

"The lack of regional integration is not the main course of the under performance in exports. And that's often the assumption. When people look at South Asia, immediately the problem of very limited regional integration jumps up," he said.

A latest report of the World bank on South Asia, he said, asserts that the economic under performance of South Asian countries is mainly because they are locked on fundamental issues within the domestic economies that have prevented the countries to become much more export-led, like one sees in East Asia.

Trade liberalization, flexible labour markets skills, trying to address the big problem of the difference between the formal economy and the informal economy, he said are some of his recommendations for the South Asian countries.

"So, it's a lot of domestic issues also. It's not just trade policies. A lot of domestic issues that have to be addressed to unleash that potential that has not been utilized now in exports. It's not one single issue that can solve ...," he said.

Responding to a question, Timmer said the South Asian countries need to learn from China.

"The fact that China has been so competitive for so long means that China did something right whereas South Asia didn't do it right. There was a clear focus in China to have export-led growth and to integrate into global markets. And you see a sharp increase in productivity at all. This is not an explanation that we couldn't compete. Somehow, the Chinese did it better than South Asia," he said.

The top bank official asserted that China is a "big opportunity" for South Asia.

“The slowdown in China is not a cyclical slowdown. It's not because they don't demand anymore.

They are slowing down because of the supply side. They're running out of cheap labour in general because of their success. They are no longer that competitive, and they have now that policy that they want to rebalance their economy much more towards domestic services, less towards exports," he said.

That means that it has become easier to export to China which is very important, Timmer said.

“It has become easier to compete with the Chinese. So for me China is, what is happening at the moment, is a big opportunity for South Asia," he stressed.

Source: livemint.com - Apr 08, 2019

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India mulls hosting second WTO mini-ministerial meet next month: Prabhu

India has time and again stressed the importance and relevance of the WTO for promoting global trade.

India is planning to host the second informal meeting of trade ministers from about 20 member nations of the World Trade Organization (WTO) here next month amid growing challenges for global trade, Commerce and Industry Minister Suresh Prabhu has said.

This meeting assumes significance as several countries are raising questions over the relevance of the global trade body. Many countries are also taking protectionist measures, impacting global trade.

"We are planning this (meeting) in May. We will be inviting about 20 WTO member countries this time," he told PTI.

The US had imposed high duties on imports of certain steel and aluminium products, which triggered a major trade tariff tussle.

Recently, the WTO cautioned that the global trade will continue to face strong headwinds this year and in 2020 after growing slower-than-expected in 2018 due to rising trade tensions and increased economic uncertainty.

India has time and again stressed the importance and relevance of the WTO for promoting global trade.

In March last year, over 50 nations participated in a meeting here which was convened by India to explore options for resolving various issues and re-invigorating the WTO.

That meeting was organised in the wake of talks collapsing at the Buenos Aires ministerial conference in December 2017.

India had appealed to the WTO members to identify common ground for strengthening the multi-lateral trade body amid challenges being faced by it following the deadlock at the Buenos Aires ministerial in December.

Talking about the proposed national ecommerce policy, the minister said the draft is in the public domain and the ministry would look at all suggestions and views.

"Every objections raised by small or big traders, we will take it on board," he said.

Concerns have been raised by certain quarters over some proposals of the draft policy related with data localisation and cross border flow of data.

Source: economictimes.com - Apr 05, 2019

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Brexit will have no impact on EU-India ties: Envoy

The Ambassador of the European Union to India, Tomasz Kozlowski on Friday said that the bloc would continue being India's largest trading partner despite Brexit, during a conference on Strengthening India-Europe Economic Relations at the PHD House here.

He outlined the "balanced" trade between India and EU during his address, adding that the UK's exit from the EU would have no impact on India-EU ties.

"Brexit will not have any impact on India-EU relations. All agreements between the two will be implemented. We have a lot of plans with India and we will continue. EU will remain the largest trading partner and will continue to work towards increasing the ties including in the technological sector," Kozlowski said during the conference.

"EU-India trade in goods & services reached 141 billion USD, our investments - 90 billion USD. Trade is balanced, our economies are complementary.

Still, speaking on Strengthening India-Europe economic relations at PHD conference, I underlined our potential is higher, we could do much more," the ambassador tweeted after the event.

Speaking further on Brexit, Kozlowski said: "Brexit is not a positive development for both EU and Britain but it is a decision made by UK and we respect it. We have to move towards the integration process and the Brexit will not impact the process in the future."

Also present at the event on Friday were Ministry of External Affairs Joint Secretary (Central Europe) Anju Kumar and the Ambassador of France to India Alexandre Ziegler.

Efforts are on in the United Kingdom to break the deadlock on Brexit, with British Prime Minister Theresa May holding talks with Opposition leader Jeremy Corbyn to make headway on an agreement which is unanimously accepted by the British Parliament.

The House of Commons has rejected the previously negotiated Withdrawal Agreement thrice now, with Corbyn indicating that the accord may be tabled again in the Parliament for a vote next week.

No respite seems to be in sight for the United Kingdom, as it is now poised to exit from the bloc on April 12. While the opposition has called for a second referendum, May has dismissed the scenario. She now seeks another extension from the EU.

The EU, meanwhile, issued a strong statement, outlining that a "no-deal" scenario is likely after the Withdrawal Agreement was rejected for the third time. The British Parliament, however, has also rejected leaving the bloc without a deal.

Source: business-standard.com- Apr 05, 2019

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What India's industry wants

As expected, the RBI cut the repo rate by 25 bps in a bid to stoke some investor fire into the country's growth story—especially the industrial growth, which has been stuttering for some time.

As expected, the RBI cut the repo rate by 25 bps in a bid to stoke some investor fire into the country's growth story—especially the industrial growth, which has been stuttering for some time. Indian industry grew by just 1.7 per cent last January after a 2.65 per cent growth in December and an abysmal 17-month low of just 0.5 per cent in November.

The country's GDP growth was 6.6 per cent in the October-December 2018 quarter and is expected to be even lower at 6.4 per cent in the quarter that ended on 31 March 2019.

However, with banks reluctant to pass on the rate cut, it seems unlikely that there will be a rush among private investors and consumers to borrow money to set up factories, buy homes or even cars. Automobile sales between April 2018 and February 2019 have shown a growth of just 3.3 per cent compared to 8 per cent the previous year.

No wonder the industry has been seeking rate cuts of at least half a per cent every time RBI starts pondering about the country's monetary policy. Driblets of rate cuts are helpful in pushing down India Inc.'s interest pay-out costs, but do not seem to enthuse the country's entrepreneurs and consumers to take enough big-ticket investment decisions.

According to the World Bank's estimates, global growth too is expected to slow to 2.9 per cent in 2019. "International trade and investment are moderating, trade tensions remain elevated, and financing conditions are tightening.

Amid recent episodes of financial stress, growth in emerging market and developing economies has lost momentum," the Bank says in its Global Economic Prospects.

With some 41 per cent of the country's GDP growth accounted for by foreign trade, a slowdown in global growth again spells bad news for large swathes of India's industry—ranging from textiles to diamonds to engineering.

If inflation continues its moderate stance, perhaps the central bank would do well to read the tea leaves of India's growth saga better and decide in favour of a larger rate cut in June when it sits down once again to decide on the future course of the monetary policy.

Source: newindianexpress.com- Apr 06, 2019

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Knotty times for Tiruppur knitwear industry

The ₹46,000-cr. hub faces testing times with thinning margins, declining overseas demand and relatively high labour costs

Tiruppur, a hub for knitwear, and its nearby areas, boast of a ₹46,000-crore annual apparel business and house the entire ecosystem that supports the industry. Almost every street in this 159-sq.km. city witnesses some activity related to knitwear production.

Yet, all has not been well in Tiruppur for the past three years. Export growth is not up to the expected level, investments have been need-based, and there is a struggle to be price-competitive. "We targeted annual business of ₹1 lakh-crore by 2020, including domestic sales. In the five years between 2012 and 2017, annual exports increased from ₹10,500 crore to ₹26,000 crore.

The growth was flat for the last two or three years. However, we are confident of reaching the target by 2022," says Raja M. Shanmugham, president of Tiruppur Exporters' Association (TEA). His confidence stems from the recent announcement by the government that all embedded taxes in exports would be reimbursed. The incentives that the industry received before implementation of GST through different schemes worked out to nearly 13.2%. This was reduced to 5.7% after GST, he says.

Thin margins

"Margins are thin for garment exporters. They can absorb the costs if the incentives were reduced by 3% to 4%. But when there is a drastic cut, it affects liquidity," adds A. Sakthivel, vice-chairman of Apparel Export Promotion Council (AEPC).

So, why are government policies, and support, critical for garment exporters in Tiruppur? In supplier conferences, buyers give priority to countries that have GSP (Generalised System of Preferences) benefits.

Buyers compare Indian prices with those of Bangladesh, says S.K. Kathiresh, joint managing director of Carona Knitwear.

Bangladesh exports

Annual garment exports from Bangladesh come to about $37 billion, Vietnam clocks $27 billion, and from Cambodia exports $12 billion worth. According to AEPC data, clothing exports from India in 2016-2017 were $17.47 billion, $16.72 billion in 2017-2018, and in the current fiscal till January, exports were $12.8 billion.

Global race

The industry is witnessing a global race where there is more competition. Some countries have an advantage because of the GSP and the support from their respective governments. Buying trends are also changing.

Some brands have gone in for 16 seasons in a year and have a signature design for each season. This means garments for each season need to be supplied on time. The exporting units need to adapt to these changes and go with the rhythm, says Mr. Shanmugham.

Despite the challenges, it is the inherent strengths of Tiruppur, and its focus on efficiency and technology that have helped it sustain exports for the last two years, according to Mr. Sakthivel.

The exporters are of the view that they will be able to bag orders if they are price-competitive. Since countries such as Bangladesh and Cambodia have the GSP advantage, the Indian government’s support is crucial for the garment industry.

But, the recent decline in overseas demand has dampened this momentum. Focus on key three areas — incentivising technology upgrades, expanding to new markets, and product innovation — can turn the situation around.

Technology upgrades

India cannot compete on lowering labour costs. The focus should be on expanding schemes for technology upgrades and introducing more policies that incentivise apparel exporters to upgrade technology. Exporters must look to new and emerging markets.

Four markets show high potential for future growth — the U.K., Chile, Israel and Japan. They should identify products with high growth potential and leverage individual strengths such as technology innovation, a report by Drip Capital says.

The knitwear industry in Tiruppur is largely in the micro, small and medium enterprises (MSME) segment. However, its profile is witnessing gradual changes. Of the 1,500-odd direct exporters, the number of exporting units with more than ₹100-crore turnover is more than what it was a few years ago and there are at least 20 units with more than ₹500-crore turnover.

The number of letter-head exporters has reduced drastically after GST, say industry sources. The Apparel Export Promotion Council (AEPC) has a positive outlook for exports next financial year.

The opportunities are huge for apparel exports as consumers wear multiple attires in a day — for exercise, work, casual wear, and the like. Further, western brands are eyeing Asian markets for sales, mainly the Indian market.

For apparel makers, the market is only growing with this trend. After the recent announcement by the government on reimbursing embedded taxes, the sentiment is upbeat.

"We are signing orders now. Industries need more working capital. Similar to the 59-minute loan approval scheme for MSMEs, the government should introduce a scheme for working capital," says Mr. Kathiresh.

Several common infrastructure facilities have been added by private players and those with government support. Mr. Shanmugham says the knitwear units will leverage on the opportunities in technical textiles soon.

Europe, a key market

A leading exporter and integrated player in Tiruppur says Europe is the key market for Tiruppur. The EU and U.S., together, constitute 70% of the market for knitwear exporters.

Quality and delivery are important for exporters to gain the confidence of buyers. Prices can be negotiated. So, managements should focus on ensuring quality even when prices are under stress.

Changes for better operation and management processes need to be adopted by all stakeholders in the knitwear town for it to leap to the next growth trajectory.

Source: thehindu.com- Apr 07, 2019

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Branded apparel makers post steady profit growth in December quarter

There are generally three major channels through which branded apparel is sold in the country - well-established distribution networks, company owned or franchisee stores and large format stores

Branded apparel makers reported a steady increase in their profit margins in the December quarter on the back of increased sales in the festive season.

Data compiled by the global consultancy, Wazir Advisors, showed that Aditya Birla Fashion & Lifestyle reported a 2.2 per cent jump in earnings before interest, taxes, depreciation and amortization (EBITDA) margins for the quarter ended December 2018 as against 1.2 per cent posted in the previous quarter. The company had posted negative EBIDTA margins of 1.2 per cent for the quarter ended June 2018.

Similarly, Gokaldas Export and Page Industries reported 4.3 per cent and 21.5 per cent of EBITDA margins for the quarter ended December 2018 versus 2.2 per cent and 20 per cent in the September quarter of 2018.

"December quarter is always good due to festivals. There are a number of festivals including the Dussera, the Diwali and the Christmas and the New Year come during December quarter. Also, many wholesalers build their stocks during the December quarter which improves sales. Most importantly, no discounts are offered during the December quarter as it is the peak seasonal demand season. Hence, branded players report an increase in sales," said Rahul Mehta, President, Clothing Manufacturers Association of India (CMAI).

There are generally three major channels through which branded apparel is sold in the country - well-established distribution networks, company owned or franchisee stores and large format stores. Online selling or e-commerce is a very recent phenomenon. Both domestic and international brands have a presence across all the channels.

"We will not do the business for less than 20 per cent of EBITDA margin.

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Revenue, profit margin growth has been on a consistent rise

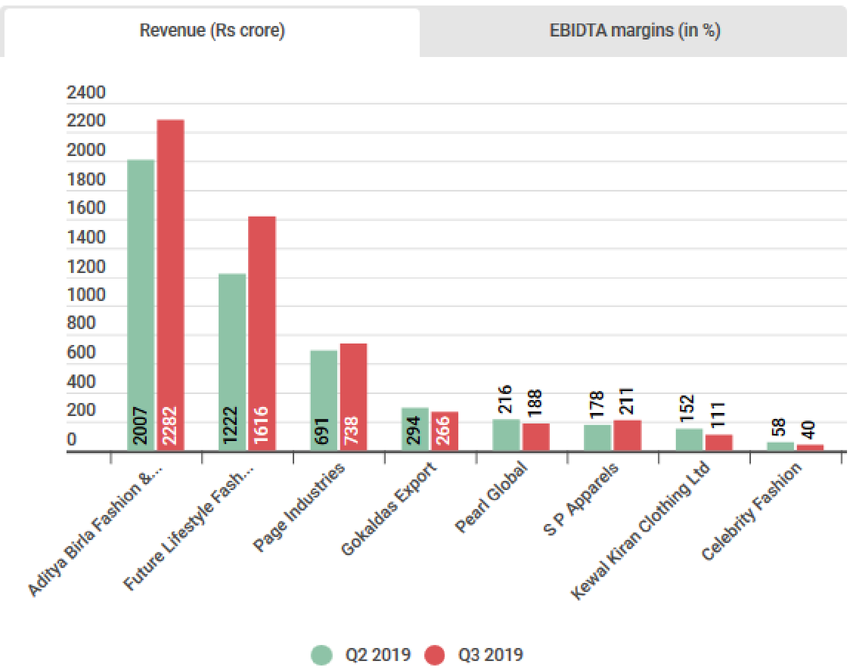
	Revenue (₹ crore)		Ebitda margins (%)	
	Q2 '19	Q3 '19	Q2 '19	Q3 '19
Aditya Birla Fashion & Lifestyle	2007	2282	1.2	2.2
Future Lifestyle Fashions	1222	1616	1.6	3.7
Page Industries	691	738	20	21.5
Gokaldas Export	294	266	2.2	4.3
Pearl Global	216	188	1.6	10.7
S P Apparels	178	211	11.4	13.5
Kewal Kiran Clothing	152	111	31.5	13
Celebrity Fashion	58	40	1.5	4.2

We currently have a high return on capital employed (ROCE) of more than 60 per cent which is highest in the industry while our peer groups don't have more than 15 – 16 per cent. Having said that we would like to grow much faster than the compounded annual growth rate (CAGR) growth we had delivered in the last 10 years, that was at 13 per cent. We are aiming for better growth than the rate at which we have grown in the last three years," said Kewal Chand Jain, chairman and managing director, Kewal Kiran Clothing Ltd, which produces leading denim brands like Killer, Lawman pg3, Integriti, K-Lounge and Additions.

The discounting of branded apparel has become a very common phenomenon after e-commerce players started offering discounts throughout the year. However, consumers have realized the real value of denim and have started buying from exclusive branded stores.

Since large format stores don't want to take the risk of keeping an inventory, the choice available at such stores is limited and sometimes consumers may not get what they want. Exclusive brand outlets (EBOs), on the other hand, are always well stocked and offer a wider choice when compared to e-commerce and large format stores.

Branded apparel makers' financial performance



Some of the foreign brands in the country have grown very fast at the expense of profitability whereas the leading domestic brand Killer believed in sustainability before scalability.

Kewal Kiran Clothing has outlined a plan to invest Rs 150 crore in the next two years in expanding its capacities, in both denims and branded shirts and T-shirts. The company has also outlined a growth plan for its retail stores which currently number 336. The company plans to open 36 - 40 stores every year and also double the number of distributors.

Meanwhile, a senior industry leader said, "The profit growth in the branded segment is likely to continue due to their huge spend on advertising and marketing."

Source: business-standard.com- Apr 06, 2019

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A 100 years on, Indian shipping yet to make waves globally

With 43 shipping companies owning 1,401 vessels of a total 12.69 million gross tonnage 'the numbers are unimpressive'

Indian shipping saga began on April 5, 1919 when the SS Loyalty, a ship owned by the now defunct Scindia Steam Navigation, started her voyage from Bombay (now Mumbai) to London.

The country's first shipping company had been founded a few days earlier on March 27 by four Gujarati businessmen — Walchand Hirachand, Narottam Morarjee, Kilachand Devchand and Lallubhai Samaldas — to counter British interests and build India's own mercantile fleet.

Since 1964, April 5 is celebrated as National Maritime Day. Walchand Hirachand, then Chairman of Scindia Steam Navigation, was also the first president of the Indian National Shipowners Association (INSA), a position he held for 19 years.

Walchand Hirachand Marg at Ballard Estate in Mumbai's Fort area is named after him. India now has 43 shipping companies owning 1,401 ships with a combined 12.69 million gross tonnage as of December 2018, according to the Directorate General of Shipping.

The unimpressive statistics for a maritime nation with a 7,517 km coastline, drew a sharp retort from shipping veteran Captain J C Anand.

"If you ask anybody amongst the 20 maritime countries in the world where do we stand, that will tell you where we are. Sorry, we don't have the ships we should have had.

I think we are the 15 or 16 among the 20 countries; some of the smaller maritime nations have more tonnage than we have," says Anand, who ran the Indian Register of Shipping (IRS) for many years and was instrumental in the Indian ship classification society gaining a full member status at the International Association of Classification Societies (IACS).

Source: thehindubusinessline.com- Apr 05, 2019

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Huge potential of handlooms & textiles in Telangana State

Telangana has huge potential in traditional arts and crafts like Cheriyal Paintings, Nirmal Paintings, Batik Paintings, Bidiri Crafts, Pemberti Brassware, Dokra Castings, Black metal ware, Wooden carvings of Nizamabad Panels, Nirmal printed furniture, Red Sanders and also Nirmal Toys amongst others. It also have huge potential in handlooms & textiles like Pochampally, Ikkat Handloom products, Siddipet Handlooms, Nayaranpet Handlooms, Gadwal Handlooms, Banjara Embroidery and Cotton Durries.

While listing out the huge potential of the State which is yet to get its place amongst the priorities of the State government, Director, Telangana Chamber of Trade and Industries Promotions (TECTIP), Abul Fateh Syed Bandagi Badesha Quadri during an interaction with media in city, said that in order to promote these traditional products of Telangana, there was a dire need for the state government to create marketing opportunities to explore this skilful potential of the state at various platforms like trade fairs, exhibitions in different places both at domestic and international markets.

"The fashion jewellery of Lacware bangles, pearls and other artificial antique jewellery items and leather products of the state are also very popular which are mainly produced from the sections of SCs, STs, BCs and Minorities community of the state, their livelihood depends on this skilful professions as they have inherited these traditional business from their ancestors from long time, but due to lack of proper marketing opportunities and exposure to new global markets, they are not able to develop their business in the desired scales.

Thus if they are provided opportunity to display and sale their items at proper markets at different places both domestic and abroad, they can be able to derive good profits / benefits and be encouraged to produce more goods which may improve their economic condition and also contribute to the state's economy," he noted.

Abul Fateh said that trade fairs and exhibitions were mainly considered as vehicles of communications that would provide a platform for business transactions, product launches and test marketing. It also provides a one-stop point for quality products, services and technologies at competitive prices, he said.

He emphasised that these promotional activities would open new avenues for transfer of technology to entrepreneurs of other countries it would explore joint venture opportunities. Finally, it offers business environment that promises to transform challenges into opportunities, he added.

Generally, these trade fairs and exhibitions are open to trade visitors, company representatives and members of press and provide opportunities to the participants to have B2B (Business to Business and B2C (Business to Consumer) transactions and enable them to expand their business, he said.

"It would be a great opportunity for the new Telangana State to participate in above said events, in order to promote its potential products in the above global market," he added.

Source: thehansindia.com- Apr 08, 2019

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FPIs pour in Rs 8,634 crore in April so far on positive market trends

In March, the overseas investors had pumped in a net Rs 45,981 crore into the capital markets (both equity and debt)

Overseas investors have pumped in a net sum of Rs 8,634 crore into the Indian capital markets in the first five trading sessions of April, mainly due to positive market sentiment.

According to analysts, the positive change has been triggered by domestic as well as global factors and the trend is likely to continue for some time.

In March, the overseas investors had pumped in a net Rs 45,981 crore into the capital markets (both equity and debt).

For the 2018-19 financial year, they were net sellers to the tune of Rs 44,500 crore.

According to depositories data, foreign portfolio investors (FPIs) put in a net amount of Rs 8,989.08 crore in equities during April 1-5. However, they pulled out a net Rs 355.27 crore from the debt markets, leading to an overall investment of Rs 8,634 crore in the capital markets.

"Although India had some domestic concerns in the form of political uncertainty and increase in cross border tension with Pakistan, alleviation in some of these later improved India's prospects," Morning Star's Senior Analyst Manager (Research), Himanshu Srivastava said.

Improvement in the country's macro-outlook, as well as expectations of the formation of a stable government at the Centre, brought foreign money back into the Indian markets, he added.

"Consequently, foreign institutional investors (FIIs) turned net buyers in the India equity markets to the tune of $7.31 billion cumulatively for February and March," Srivastava said.

Globally, after the January 30 FOMC meet, the US Fed chief declared that the "rate hikes are on hold".

Later, the European Central Bank (ECB) also announced a dovish monetary stance and Japan is continuing with its QE program.

The dovish stance of the three leading central banks of the world along with the monetary stimulus being implemented by the People's Bank of China has unleashed a gush of liquidity through FPI. This liquidity is chasing risky assets like emerging market equity, said V K Vijayakumar, chief investment strategist at Geojit Financial Services.

In the context of the economic slowdown in the developed world and the accommodative stance of the leading central banks, the FPI inflows can be expected to continue going forward, he added.

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

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