Cotton Market

<table>
<thead>
<tr>
<th>Spot Price (Ex. Gin), 28.50-29 mm</th>
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<tr>
<td>Rs./Bale</td>
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<td>19266</td>
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d| Domestic Futures Price (Ex. Gin), January |
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<tr>
<td>Rs./Bale</td>
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<td>20240</td>
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International Futures Price

| NY ICE USD Cents/lb (March 2018) | 78.14 |
| ZCE Cotton: Yuan/MT (Jan 2018)   | 14,900|
| ZCE Cotton: USD Cents/lb         | 88.37 |

Cotlook A Index – Physical

88.8

Cotton & currency guide: Cotton futures traded slightly higher across the board on Monday. March settled at 7814, up 13 points. That was its 3rd higher settlement in the last 4 sessions for a net gain of 64 points. March made its contract high settlement last week at 7925.

The other months settled from 17 to 42 points higher. On the trading front the volume was 32,958 contracts. Cleared Friday were 40,062 contracts. Overall market was steady to slightly positive on Monday. As discussed yesterday in our report Mills made a few fixations, but they mostly moved up and/or entered new orders.

Inquiries for cash cotton continued while ginners are selling on every rise. Therefore market is trading sideways.
Further open interest began at 286,319 contracts, up 893 contracts from Friday. That is the highest open interest has been since the 2017 high was made at 288,081 contracts on February 6th.

On the domestic front spot price traded steady near Rs. 41150 slightly lower than the previous close ex-gin. The estimated daily seed cotton arrivals was about 182,000 lint equivalent bales (170 kgs), including 52,000 registered in Maharashtra, 42,000 in Gujarat, and 37,000 in Andhra Pradesh/Telangana.

The MCX cotton domestic futures prices have declined a tad to close the January contract at Rs. 20160 down by Rs. 80 from previous close. Market is slowly correcting down side. From the technical front we expect market to remain sideways to lower.

The trading range for the aforementioned contract for the day would be Rs. 19950 to Rs. 20240 per bale however, on break below 19950 the fall may extend towards 19800 per bale. For the day we recommend selling cotton futures at MCX platform.

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

USA: Apparel Exports Jump in November on Shipments to Nicaragua

Although apparel imports sustained only modest gains in recent months, reversing earlier declines, exports of clothing have enjoyed double-digit growth of late, according to data released by the U.S. Census Bureau.

U.S. apparel imports rose by 6.1% in November, to $7.2 billion on a CIF basis, while total U.S. goods and services imports increased by 8.2%, to $209 billion.

In October, apparel imports increased by a slightly lower 5 percent, to $8.68 billion.

Apparel exports skyrocketed by 12.4% in November, to $532 million, while total U.S. goods and services exports increased by 9.5%. In October, apparel exports from the U.S. rose by 10.4%. Apparel shipments to Nicaragua have increased by 46.4%, to $144.4 million to comprise more than a quarter of all U.S. apparel exports so far this year.

Year-to-date apparel imports have fallen so far this year compared to last year, according to OTEXA, the International Trade Administration’s Office of Textiles and Apparel.

Total apparel imports declined by 0.3% on an MFA basis in the first eleven months of the year, to $74.7 billion from $74.9 billion in the same period in 2016.
Among the top 10 U.S. apparel trading partners, only Vietnam, India, Nicaragua and Mexico have grown their apparel shipments to the U.S. this year.

On a square meter equivalent (SME) basis, imports have edged up by 1.1% this year, continuing the trend toward lower-cost goods, despite upward pressure on labor and raw material prices. The average cost per unit of an imported garment fell by 1.4% in the January to November period.

The average cost per SME increased by 11.2% from Mexico, 4.8% for El Salvador, and 1.1% from Honduras, but dropped for all other key trading partners, with the cost per SME from China suffering the biggest drop, down by 5.1%.

Vietnam’s apparel shipments to the U.S. continued to grow, increasing by 7.4% year-to-date to over $10 billion, gaining a percentage point of U.S. apparel import market share so far this year, to 14.4% as of the end of November.

Mexico’s apparel exports to the U.S. increased by 5.8% to $3.1 billion, helped by near-sourcing efforts on the part of many U.S. brands. Mexico’s share of U.S. apparel imports increased by 0.3 percentage points.
Imported apparel from China has fallen by 3.1% so far this year, causing our largest trading partner to lose the most share of U.S. apparel imports in the period, down by a percentage point to 33.7% of the total, or $25.2 billion.

Bangladesh also lost share, with apparel shipments to the U.S. down by 4.3% year-to-date, to 6.3% of total U.S. apparel imports.

Source: sourcingjournalonline.com- Jan 08, 2018

Colombiatex Celebrates 30th Edition as Key Latin American Trade Show

Colombiatex 2018, considered the largest textile and apparel supply trade show in Latin America, is getting ready to take over the runways of Plaza Mayor in Medellin, Colombia, from Jan. 23 to 25, to showcase its expertise and the breadth of its industry.

Organized with the support and guidance of Colombia government trade promotion agency ProColombia, Colombiatex will showcase its 30th edition as a global stage to connect supply and demand of the textile and apparel sector, affording opportunities for networking between entrepreneurs, buyers and those connected to the Colombia fashion Industry.

“With the theme Open Your Eyes, in 2018 we will seek to test our convictions to find, in that sea of knowledge and information to which we have access today, that fact, moment or revealing process which will connect us to the
consumer,” said Clara Henríquez, director of commercial platforms at show organizer Inexmoda.

More than 550 Colombian and international exhibitors, and 22,000 visitors are preparing to attend the event.

“Colombiatex 2018 is considered the main textile and full-package platform to find supply chain top vendors from the Latin American region from yarn to fabric, home textiles to full package apparel, including trims, fabrics and finished product,” said Sylvia Reyes, Textiles and Apparel director at ProColombia USA.

“Colombia is considered a one-stop-shop where you can find all the main supply chain suppliers of the American region, but where you can also connect with finish product vendors of all categories and more than 40 countries,” Reyes said. “It is the hub to extend your production and distribution opportunities in the backyard of the U.S., with an attractive solution for sourcing with the best lead-time in the Americas.”

Brazil will be the guest country, invited to empower the fashion system, get acquainted with the Colombian industry, and generate new opportunities. The participation of Brazil as guest country at the trade show demonstrates the excellent commercial relationship between both countries.

Felipe Jaramillo, president of ProColombia, said, “Colombiatex is celebrating three decades of commitment to implement the best quality, best practices and top variety of excellence in the apparel industry to satisfy and fulfill all the needs of our global markets.”

Jaramillio said in the last five years, buyer attendance has increased about 65 percent, with buyers from more than 60 countries at the last edition.

Over the years, he said the biggest changes have come from the use of new technologies, the implementation of clean and ecofriendly practices, and the importance of corporate social responsibility, which are now key factors in the industry.

Colombiatex is focusing more on “strategically growing in quality” by increasing its local and international innovative offerings. Colombiatex de las Américas has empowered the textile and garment sector creating
business opportunities, offering places for interaction, business, fashion, and knowledge and achieving lasting commercial relationships. The continuity of the trade show for 30 years has showed the industry’s weight on the continent, not only for the economy, but also for social and cultural empowerment.

“The Colombian fashion system has acquired greater specialization and recognition in the export of products with higher added value,” Jaramillo said. “In 2015, fashion exports sector reached 108 destinations. In 2016, exports reached 111 destinations,” with the U.S., Ecuador and Mexico combining for 55.2% market share.

Colombia is an important sourcing country for its quality, designs and materials, innovation, but also its strategical geographical location, he said. “Colombia is also the number one exporter of woven apparel in South America, being a leader in products including bras, girdles and jeans,” Jaramillo said. “We are also the top shapewear exporter in the Americas and third in the world, and we are the number one swimwear, bras and men’s underwear exporter in South America.”

In addition, Colombia is the sixth largest exporter of textiles and footwear, the eighth largest for apparel and the second for leather goods in Latin America.

Colombia will also participate at Magic in Las Vegas next month, Feb 11-14 supporting eleven companies. At Curve, shapewear brands such as Curveez, Tecnomed, Chamela, Fajitex, True SS, and Ellipse Lingerie will exhibit.

At Project, it is supporting footwear brand KAANAS, while at Platform, footwear brands Stivali, Tahi Shoes and Sergio Tomani Shoe will exhibit. Textile mill Tejidos Gulfer will show at Sourcing at Magic. ProColombia will host exclusive guided tours of the Colombian companies.

Source: sourcingjournalonline.com- Jan 08, 2018
Home Goods Makers to Roll Out Fresh Smart Technologies at Heimtextil

Home textile companies are headed to Heimtextil with their innovation hats on.

Portuguese home textiles manufacturer Mundotêxtil is joining with Italian yarn spinner Marchi & Fildi’s smart cotton yarn Ecotec to launch what it calls the Smart Cotton Towel at Heimtextil that saves up to 77.9% water in production, as well as reductions in energy and carbon dioxide emissions.

Heimtextil, the international trade fair for home and contract textiles, takes place Jan. 9-12 in Frankfurt, Germany.

This innovative range of Mundotêxtil towels is made from 65 percent Ecotec Polaris yarn in 100 percent cotton blended with organic cotton or Ecotec Chagall yarn containing cashmere.

Mundotêxtil was established in 1975, and is now one of the leading towel manufacturers in Europe and the world. Located in Vizela in northern Portugal, Mundotêxtil employs 600 skilled staff and exports to more than 40 countries. The company supplies top department stores, hotels, spas, supermarkets, boutiques, catalogs and e-commerce companies.

It has invested in technology that allows for improvements in the levels of water use, lowering energy consumption, treating effluent and controlling waste disposal. The new strategic choice to develop a more responsible towel with Ecotec Smart Cotton by Marchi & Fildi is part of its commitment to enhancing the eco footprint and sustainability quotient for products and processes throughout its supply chain.

Ecotec by Marchi & Fildi is the “smart” range of cotton yarns produced with an exclusive, made in Italy, transparent, traceable and certified process that transforms pre-consumer, pre-dyed cotton clippings into a high quality material with strong efficiency in water, energy and CO2 savings.

Ecotec Smart Cotton is also a partner of C.L.A.S.S. (Creativity Lifestyle and Sustainable Synergy), a multi-platform Hub based in Milan specializing in integrating a new generation of eco values into fashion and home products and companies.
Also at Heimtextil, Trident Global Inc., the U.S. division of the Trident Group, will unveil eight new bed sheet and towel technologies.

Jeffrey Kambak, chief executive officer of U.S. operations for the Trident Group, said, “Trident will now be able to bring a sense of luxury to consumers’ lives by improving their daily bath and sleep experiences. With this new range of products that focuses on premium blends and innovation in yarn construction, the brand is offering everyday indulgence.”

Trident’s expanded line of bedding offerings includes Hyde Park, a luxury collection of Egyptian cotton with a 500 thread count, giving strength and a lustrous sateen weave, and Tetra Fine, a performance sheet that provides an all-in-one offering of four key attributes, combining moisture management, quick dry comfort, anti-pilling and wrinkle resistance for a premium sleep experience.

In addition, Trident is introducing NectarSoft, which is finished with a special yarn and fabric treatment that helps remove weak cotton tendrils. This results in a luxuriously smooth and soft sheet that has a flexible and graceful drape. There’s also Sleep Comfort Sheets, a new generation of wrinkle-free sheets that offers a super soft sheet combined with comfort features like moisture management and breathability. Air Rich yarn makes it soft and smooth providing a comfortable sleep.

Trident’s new range of towel technologies include Durasoft, an innovation in spinning that the company says creates a luxuriously soft, absorbent towel with high resilience and minimal linting, and Tender Touch, crafted from a plush blend of luxury cotton, silk and Lenzing Tencel, making these towels breathable and more absorbent.

Also on the rack is Feather Touch Plus, which engages twist management technology and offers a subtle soft feel along with eco-friendly attributes. This “thick and thirsty” three-ply construction takes Trident’s technology to the next level of luxury and sophistication, and Stellar technology, which features cashmere that’s intimately blended with cotton to produce a naturally strong yarn to trap moisture with a soft hand and luxurious appearance.
The Trident Group is a $1 billion business conglomerate and leading manufacturer in home textiles, yarn, eco-friendly paper, energy and chemicals headquartered in India.

Source: sourcingjournalonline.com- Jan 08, 2018

China: Sales of open-end cotton yarn slow down further

Sales of open-end cotton yarn slow down further. Price is seen to revise down.

Hubei-origin low-end bleachable OEC10S consisting of combed noil and tailings is pegged at 13,700yuan/mt after-tax, delivered.

Sales of bleachable quality cotton yarn are tolerable and the price is relatively firm.

Hebei-origin compact-spun carded 40S containing 80% Australian cotton is leveled at 26,500yuan/mt, ex-works in Changzhou.

Source: ccfgroup.com- Jan 08, 2018

Pakistan: Cotton prices fall

Cotton prices remained under pressure on Monday as spinners stayed away from the trading ring.

The government decision regarding the withdrawal of duty and taxes on lint imports has suddenly turned the market in buyers favour.

Ginners who had been reluctant to sell cotton at higher rates only a few days ago are now left in a lurch. There were selling bids but spinners were conspicuous by their absence.

As a result, cotton prices moved lower and very little activity was recorded due to lack of buying interest from spinners and exporters, brokers said.
The removal of duty and taxes on import of cotton has been timely because a large number of Pakistani exporters are participating in Heimtextl, Frankfurt (Jan 9-12), which is the largest trade fair of home textiles.

The market looks upbeat as a lot of developments have taken place in favour of textile exports including the prime minister’s incentives package and withdrawal of 4 per cent customs duty and 5pc sales tax. These factors have boosted the confidence of Pakistani exporters who are set to book large orders at Heimtextl, said Karachi Cotton Association (KCA) Director Adil Naseem.

Above all, further erosion in the rupee value against US dollar will be in favour of country’s exports as it will help Pakistani products become more competitive in the world market, he added.

Market sources said that around 2.2 million bales were booked by spinners from US, Central Asian Countries and West Africa earlier in the season. These consignments are expected to arrive in coming days whereas Indian cotton has already landed at the Karachi port.

In short, all these developments are in favour of the value-added textile sector which is the largest foreign exchange earner of the country and also provides a large number of jobs in major cities.

The KCA spot rates were lower by Rs100 to Rs7,700 per maund on Monday. The following deals were reported to have changed hands on ready counter: 400 bales, Khanewal, at Rs7,500; 600 bales, Alipur, at Rs7,425; 400 bales, Ghazi Ghat, at Rs7,200; 600 bales, Haroonabad, at Rs6,800; 200 bales, Maroot, at Rs6,875; and 800 bales, Mianwali, at Rs6,400.

Source: dawn.com - Jan 09, 2018
No sales tax, customs duty on cotton imports in Pakistan

The Pakistani Government last week withdrew sales tax and customs duty on cotton imports with effect from January 8 to meet the shortfall of silver fibre, a key input in the country’s textile industry. The Economic Coordination Committee (ECC) of the cabinet approved a proposal regarding the same at a meeting headed by Prime Minister Shahid Khaqan Abbasi.

The textile sector, which contributes more than 60 per cent of the country’s total exports of $20 billion, had been demanding the abolition of 4 per cent customs duty and 5 per cent sales tax since last year to promote value addition.

The ECC meeting also approved financing plan for 1.2 billion cubic feet/day capacity of re-gasified liquefied natural gas (RLNG-III) pipeline project from Karachi to Lahore, according to Pakistani media reports.

The country set up its first RLNG plant in 2015 with a production capacity of 600 million metric cubic feet/day (mmcf/d), and another with the same capacity was added recently to reduce the gap between demand and supply of around 2 billion cubic feet per day.

Despite being the world’s fourth largest cotton producer, Pakistan relies on import of cotton to meet local demand, which is estimated at 15 to 16 million tons per year.

Cotton production is expected to be around 11.1 million bales of 170kg each during the 2017-18 crop year.

Source: fibre2fashion.com- Jan 08, 2018
Yarn Expo Spring 2018 expects more than 450 exhibitors

As the fair and the potential in the Asian market continue to gain prominence in the global industry, Yarn Expo Spring 2018 is ready to once again create an effective sales and sourcing platform for the industry. Held from March 14 to 16th of the National Exhibition and Convention Center, this year’s fair is expecting over 450 exhibitors (2016: 393) to take part.

A full spectrum of quality yarn and fibre products, such as natural and blended yarns, man-made fibres and yarns as well as the fair’s rising star specialty yarns will be featured to accommodate all kinds of sourcing needs.

With Yarn Expo Spring 2018, four other textile trade fairs are held concurrently in the same venue that is Intertextile Shanghai Apparel Fabrics Spring Edition, Intertextile Shanghai Home Textiles – Spring Edition, PH Value and the China International Fashion Fair (CHIC).

Source: fashionatingworld.com- Jan 08, 2018

Belarus to set up two garment manufacturing factories

Krichev and Bobruisk cities in Mogilev Oblast region of Belarus will get two new garment manufacturing factories during the first quarter of 2018. These two new units will be set up by Belarusian branch – Sharm Premyer of Russia-based knitted-goods manufacturer Sharm.

The company will use the unused premises of rubber goods factory of the Belarusian tire maker Belshina for its factory in Krichev which will incorporate state-of-the-art equipment. Seamers are also being prepared and trained.

The second unit in Bobruisk may be housed in a rented building. These two manufacturing units is expected to create about 600 jobs and produce around 5,00,000 ready-made garments on a monthly basis, collectively.

Goods manufactured here are to be exported to Russia from where it will be distributed through proprietary outlets.
Tatiana Andrushchishina, Director of Sharm Premyer says, favourable business terms, skilled workforce, good logistics and proximity to the Russian border made Mogilev Oblast as the obvious choice to set up these factories for the company."

These two garment factories will manufacture products such as T-shirts, trousers, skirts, shorts, sweaters, breeches, polo shirts and tank tops to cater to the new millennials. Sharm Premyer has been manufacturing in Belarus since 2006 where their three manufacturing units produce around 2,50,000 garments every month.

Source: fashionatingworld.com- Jan 08, 2018

Expectations from the Bangladesh apparel industry this year

There has been an exponential increase in LEED certified green factories in Bangladesh. The Alliance and the Accord have shown immensely positive results and the $50BN mark is closer to target. Bangladesh now exports $200MN apparel in terms of value.

Year 2018 is expected to be a key year for this industry. The Alliance and the Accord will be leaving after their tenure is over and industry watchers will be keenly watching to see how factories in Bangladesh have managed to overhaul their operations.

Steps are already being taken to continue the progress the consortiums have made, with BGMEA planning to come up with their own plans. Key indicators for 2018 are: Enhanced Backward Linkage: Many government policies have permitted the textile industry to progress in the past few years.

As a result of this, textile owners have started modernising their factories through newer machinery, better management practices and the implementation of new technology.

Better Infrastructure: The government has recently commissioned two studies to analyse the feasibility of a floating terminal and a mid-sized seaport, both near the Chittagong seaport to remove hurdles at the Chittagong seaport and enhance logistics.
The government has already spent $6 billion this year alone and in recent years has undertaken the construction of a new seaport the Payra seaport, and the Padma bridge which is set to be completed by this year. So for 2018 looks bright for apparel buyers.

Go green initiative: The top three environmentally friendly garments factories in the world are located in Bangladesh. In a move to be more ethical and change the way, the world looks at Bangladesh, the RMG industry and Bangladesh apparel factory owners have initiated a move to be more eco-friendly.

Currently 67 factories have obtained LEED certification and over 222 factories have been registered for the LEED certification process. The government has helped to promote this trend by providing loans at 9 per cent for apparel manufacturing factories that work towards being green.

Source: fashionatingworld.com- Jan 08, 2018

World cotton consumption expected to rise

Cotton production recovery continues in 2017/18 with a projected 11 per cent growth due to increased area to touch 25.4 million tons. Following the sharp drop in production in 2015/16, the 2016/17 production recovered 7 per cent to 23 million tons.

Production in the USA for the current season is expected to increase 25 per cent to 4.7 million tons, a 930,000 and increase. India remains the world’s largest producer with 2017/18 production expected to be 6.2 million tons with 8.7 per cent growth.

The second largest producer, China’s, production is projected at 5.2 million tons with a 7.1 per cent increase. Pakistan’s production projections for 2017/18 is 11.5 per cent increase to 1.9 million tons. Production increase in Turkey is estimated to grow 18 per cent to 829,000 tons. Other major cotton producing countries are expected to have positive growth attributed to increased area and yields.
From the season low of 77 cents per pound at the start of season, prices are at a season high at the end of this calendar year up to 88 cents per pound. The current season average of 80 cents per pound is lower than the 2016/17 average of 83 cents per pound.

With a lower international price from the previous season and the rising price of competing fibres, global consumption is expected to grow. International cotton prices have continued to move upward over the last few months as the season has been underway.

After stagnating in 2016/17, global cotton demand is expected to increase 3 per cent in 2017/18 to 25.2 million tons. Chinese mill use is expected to remain stable at 8.1 million tons, while India and Pakistan are expected to increase 3 per cent and 4 per cent respectively.

Consumption in Vietnam is expected to grow 12 per cent to 1.3 million tons. Moderate growth of 2-3 per cent is expected for other major consuming countries of Bangladesh, Turkey and the United States.

Source: fashionatingworld.com- Jan 08, 2018

Peru: Textile exports grew 5.71% in Jan-Nov 2017

Peruvian textile exports expanded 5.71% in the January-November period 2017, mainly underpinned by higher shipments of carded fine alpaca hair, Peru’s Exports and Tourism Promotion Board (PromPeru) reported.

This way, Peru's textile exports value increased from US$1.090 billion (Jan-Nov 2016) to US$1.153 billion (Jan-Nov 2017).

The result was driven by combed fine alpaca hair sales, which experienced a 109.58% rise, going from US$32.574 million (Jan-Nov 2016) to US$68.271 million (Jan-Nov 2017).

More sales
According to PromPeru, shipments of undershirts and cotton t-shirts — for men and women— also contributed to the good performance of Peru's textile exports in 2017's January-November period.
Thus, undershirt sales abroad totaled US$57.340 million, a 17.16% rise from the same period in 2016 (US$48.940 million).

Likewise, cotton t-shirt exports grew 13.53% by increasing from US$118.931 million (Jan-Nov 2016) to US$135.021 million (Jan-Nov 2017).

In the analyzed period, wool yarn and knitted cotton shirt shipments also expanded 10.57% and 10.42%, respectively.

**Markets**

The United States, Brazil, and Ecuador stood among main destinations for Peruvian textile products.

In this sense, Inca textile shipments to the United States amounted to US$571.919 million between January and November 2017, a 3.23% expansion from the same period the previous year (US$554.047 million).

Peru's textile sales to Brazil rose 19.51% from US$42.953 million (Jan-Nov 2016) to US$51.333 million (Jan-Nov 2017).

Additionally, textile exports to Ecuador experienced an 18.61% growth by rising from US$48.115 million to US$57.070 million.

Other destinations for Peruvian textile products were Bolivia (+8.21%), Chile (+7.32%), and Argentina (+6.29%).

It must be noted textile exports accounted for 2.91% of the country's total shipments overseas in the January-November period in 2017.

Source: andina.com.pe - Jan 09, 2018

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NATIONAL NEWS

Sops in the works for States that promote exports: Prabhu

The Commerce and Industry Ministry mulls incentives for States that play a proactive role in promoting exports as it will help boost economic growth, Union Minister Suresh Prabhu said on Monday.

He said he has sought the views of States on the issue, which was discussed during the third meeting of Council for Trade Development and Promotion.

“We are thinking of ideas whereby we can incentivise the States which promote exports. I have mooted this idea before the States and asked them to give their ideas on this,” Prabhu told reporters here.

Trade contributes significantly in boosting the country’s economic growth, the Commerce and Industry Minister said.

If the GDP of States rises, it will push the country’s growth, he said, adding that the focus should also be on districts’ GDP, which in turn would fuel the nation’s economy.

Prabhu said the Ministry is in the process of preparing a strategy to promote overall exports and push the country’s industrial growth.

When asked about the concerns raised by exporters in the meeting related to GST (Goods and Services Tax) refund, he said the issue was discussed and the Ministry is working on an ‘e-wallet’ system to resolve the matter.

Before the implementation of the GST last July, exporters used to get exemptions from duties from the beginning. But now they have to pay first and then seek refund. Due to this process, the FIEO said about ₹1,85,000 crore will get stuck with the government.

Liquidity issues

Under the proposed system, according to Federation of Indian Export Organisations (FIEO), the problem of liquidity will be solved as exporters may use it like a running account where money will be debited from e-wallet
when duty paid for supplies have to be undertaken and the amount will credited when the proof of exports is made available.

The other issues which came up for discussion during the council’s meeting include role of foreign direct investment (FDI) in promoting exports and enhancing role of States to push shipments.

**State policies**

During the meeting, Prabhu said, Goa Chief Minister Manohar Parrikar suggested that all States prepare their export policies. So far, only 14 States including Gujarat, Tamil Nadu, Tripura and Jammu and Kashmir have done that.

FIEO President Ganesh Kumar Gupta suggested exemption from electricity duty under the GST regime and transport subsidy to increase competitiveness.

Members of the council also deliberated on creating a framework for making the States active partners in boosting exports.

The country’s merchandise exports during April-November 2017-18 increased 12.01 per cent to $196.48 billion.

Source: thehindubusinessline.com- Jan 09, 2018

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**Centre mulls incentives for States promoting exports**

*Strategy on anvil for 40% of GDP to come from global trade in 7-8 years: Prabhu*

Commerce Minister Suresh Prabhu on Monday said the government was looking into ways to incentivise States that promote exports, adding that a strategy was being prepared to increase the share of international trade in India’s GDP.
“We have discussed ideas to incentivise States that will promote exports,” Mr. Prabhu said at a press conference following the third meeting of the Council for Trade Development and Promotion.

‘Experts needed’

“We will have to work with NITI Aayog for this. We had also asked States to appoint at least one nodal officer in charge of exports. They said for this, they would need experts, not bureaucrats. So, we are looking into that.”

“We are in the process of preparing a strategy for at least 40% of India’s GDP which will happen in next 7-8 years to come from global trade, and at least half of that should be from exports,” he added. “So, [we are looking at] strategies for promoting that. We are also looking at strategies for Make in India..., to take our manufacturing share to more than what it is today.”

Trade bodies that attended the meeting sought steps to raise the awareness of officers who handle refunds under the Goods and Services Tax, and also asked for an exemption from GST for all inputs used for export production.

“A refund mechanism, howsoever efficient, affects the liquidity and competitiveness of exports... we request you all to provide exemption from GST on inputs required for export production as [in] many countries where GST or VAT is in operation,” Ganesh Kumar Gupta, president, Federation of Indian Export Organisations, said in a note.

Source: thehindu.com- Jan 09, 2018

Here is why foreign apparel brands are offering big discounts

The high street is not any more out-of-bounds for most city dwellers. Walk into a Zara or H&M store and one can find products on sale for as little as Rs 250 at H&M and at Rs 390 in Zara. In their bid to draw in more customers and build loyalty in what has become an extremely competitive market, Swedish fashion retailer Hennes & Mauritz (H&M) and Spanish fashion retailer Zara have reduced prices by 25-30% for sales kicked off end of December.
The lowest price points offered by these two brands in the past ranged between Rs 500 and Rs 700. Pinaki Ranjan Mishra, partner and national leader, retail & consumer products, Ernst & Young, said, “With these brands going deeper in newer cities, they are introducing lower price points to attract customers.

Moreover, both these brands have very efficient supply chains, benefits of which they may be able to pass on to customers.” An H&M spokesperson in a reply to an email sent to the company said, “End-of-season sales that occur twice a year start with up to 50% and this has been our strategy since we launched in the country.” No Zara spokesperson was available for comment.

Experts said when Zara had entered the country around seven years ago, their average price point was around Rs 1,200 to Rs 1,400. But to hold on to this price point was difficult. The pricing battle intensified after H&M entered the country a little over two years back. Zara has corrected prices by about 25-30% to bring its entry level to around Rs 799 per product (before discount) in the last couple of years to compete with H&M.

Overall in 2017, post the festive season, retail sales were low and the brands might be trying to clear their inventory. Although brands are introducing lower price points, this may not impact the company’s margins much as they are likely to make up for this through sale of products with higher prices. “Both the brands believe in profitable growth and would definitely try to save their margins,” Mishra said.

Rajat Wahi, partner, Deloitte India, said international brands after opening the first few stores in metros are struggling to attract footfalls in smaller cities. So, to introduce the brand to the new customer segment, price points are being tweaked. What is driving most brands to introduce products under Rs 1,000 — say at Rs 999, Rs 899 or Rs 799 — is that customers have to pay less tax post the GST (goods and services tax), he said.

Post GST roll-out, taxes were lowered to 5%, from 7%, on products costing below Rs 1,000, even as they go up to 12% on products priced above Rs 1,000. Brands edging towards luxury are struggling in the country, and this is prompting them to tap opportunities in lower price segments, Wahi said.
Inditex Trent, the joint venture between Zara brand-owner Inditex and Tata Group’s retail arm Trent, witnessed 21.4% increase in sales to Rs 1,023 crore in FY17, but the company’s net profit fell 40% to Rs 48 crore after the Spanish chain slashed prices by around 10-15% to keep pace with its competitors.

Arvind Singhal, chairman of Technopak, said brands have managed to do well mainly on account of affordable pricing, while providing quality products. Swedish fashion retailer H&M scaled up revenues to Rs 704 crore between December 1, 2016 to August 31, 2017 (nine months), from Rs 291 crore in the year-ago period, on the back of lower price points maintained to combat Zara.

Zara, which is present in India for the past eight years, operates more than 21 stores at present, while H&M, which entered the country more than two years ago, has 29 operational stores.

Source: financialexpress.com - Jan 08, 2018

Peru records highest export sales to India among Asian markets

South American country Peru generated its highest export sales to India during January-October 2017 with shipments totalling $1.57 billion, as compared to other Asian economies like China, South Korea, Japan and the UAE.

According to the country’s Exports and Tourism Promotion Board, Peruvian sales to Asian markets went from $10.53 billion (January-October 2016) to $15.59 billion in the same period last year.

The target markets included China, South Korea, India, Japan, the UAE, the Philippines, Taiwan, Vietnam, Hong Kong, and Malaysia. “In particular, Peru’s sales to India registered the highest growth rate by totalling $1.57 billion between January-October 2017, a 126.78 per cent increase over the same term in 2016 ($694.16 million),” a statement said.

Also, Indian importers have shown a growing interest in Peruvian avocados, leading to a steady increase in its consumption since 2016, it said.
In 2015, Peru became the second largest exporter of table grapes—Red Globe variety—to India, a position it holds even today. These grapes are typically available in Indian supermarkets between December and April every year. Peru’s exports to India also include gold, silver, copper, Sacha Inchi, Quinoa, Camu Camu, among others.

“With the India-Peru trade agreement discussions, India will be able to move ahead of the stereotype of seeing Latin America through the Brazilian lens.

Open trade barriers between the two countries provide Peru with a new and significant trade partner, because of which the economy is enjoying a surge,” said the statement issued by the Commercial Office of the Embassy of Peru.

Source: financialexpress.com- Jan 08, 2018

Amid groundnut woes, Gujarat govt gets cotton breather

Even as the bumper groundnut crop has forced the Gujarat government to procure more of it to save itself from farmers’ ire, the government has got a breather on the cotton front. With cotton prices staying higher than the minimum support price (MSP), farmers are selling the cotton in the open market, easing the burden on government procurement at MSP.

The prices of kapaas or seed cotton, sold by farmers directly at mandis and to ginners, have firmed up to Rs 1,000 to Rs 1,100 per 20kg, with demand getting a boost in both the domestic and export markets. Against this, the MSP is Rs 954 per 20 kg, including Rs 100 bonus announced by the state government.

The ruling BJP government had to face the fury of farmers, especially in Saurashtra, over the cotton and groundnut MSPs during the assembly elections. However, the government’s groundnut woes are far from over, as the state is expected see a bumper crop of 32 lakh tonnes.

"Procuring cotton at MSP is not a major headache at the moment, as farmers are getting higher prices than the MSP."
The government through CCI (Cotton Corporation of India) has acquired 3,82,317 quintals (2.24 lakh bales) of cotton," said B M Modi. As far as groundnut is concerned, the procurement figure stands at 7.03 lakh tonnes currently.

An official of the Agriculture Produce Marketing Committee (APMC), Rajkot, added, "With farmers getting higher prices than the MSP, they are not going to government designated centres to sell their cotton. Average prices of seed cotton at various mandis range from Rs 1,000 to Rs 1,100 per 20kg."

Citing reasons for firm cotton prices, Arun Dalal, a city-based cotton trader, said, "Prices of yarn and cloth have risen over the last one and half month. Apart from this, there has been good demand from the export market as well. As result, market prices of cotton (ginned) have increased to Rs 40,500 to Rs 41,500 per candy (equivalent to 356kg) for good quality cotton."

"The holding capacity of cotton farmers has also increased over the years. Hence, they are not selling produce in one go. They offload their stock in a phased manner," he added. Gujarat is expected to produce 100 lakh bales (one bale is around 170kg) of cotton this year.

So far, 30 lakh bales have already arrived in the market but arrivals are slower, at 40,000 to 45,000 bales per day against usual inflows of 60,000 to 65,000 every day.

Of late, the market has seen steady demand of cotton from Pakistan, Bangladesh and Indonesia, leading to a rise in cotton prices in the local market. According to traders, so far exports commitments of 20 lakh bales have been made across the country, of which 15-16 lakh bales have been shipped.

Source: timesofindia.com- Jan 09, 2018

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