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IBTEX No. 75 of 2019 April 11, 2019

USD 69.01| EUR 77.82 | GBP 90.42 | JPY 0.62

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22057	46100	**84.95**

Domestic Futures Price (Ex. Warehouse Rajkot), April		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21950	45876	**84.54**

International Futures Price	
NY ICE USD Cents/lb (July 2019)	78.46
ZCE Cotton: Yuan/MT (September 2019)	15,875
ZCE Cotton: USD Cents/lb	107.22
Cotlook A Index – Physical	**87.70**

Cotton Guide: The ICE cotton future contracts were consolidated throughout the day barring the evening session which pulled the prices down. From yesterday onwards, the focus has shifted to the ICE July contract. The July contract emitted a negligible change of -1 point which shows a sideways movement. The ICE May contract has however shown considerable amount of volumes but the Open Interest of ICE July is much greater in comparison. May OI is at 51000 contracts and July OI is at 81000 contracts. The ICE May contract settled at 77.62 cents/lb with a change of -47 points. All the other ICE contracts have settled mixed with a few points in positive. The spread between the ICE May and ICE July is 90 points with July being in Premium. Ahead of May contract 1st notice period, the positions are being shifted gradually.

We need to take note that May is trading at a premium over December. Cotton is at an invert which is a bullish indicator that signals that traders expects the US Government to project tighter domestic productions in its monthly crop outlook. ICE December is around 70 points discount to ICE May. Trading range for ICE May is 77-79 and for ICE July is 78-79.40 cents/lb.

This evening the release of the USDA report can drive the market in either direction. We expect the Export sale figures to be bullish. There is some considerable amount of enquiries generating from India.

The MCX contracts on the other hand ended negative. The MCX April contract closed at 21,950 Rs/Bale as compared to the previous figure of 22,120 Rs/Bale with a change of -170 Rs. The MCX May and the MCX June contract settled at 22,230 and 22,500 Rs/Bale with a change of -170 Rs each respectively.

The volumes were still on a higher side yesterday which summed up to 6829 lots as compared to the previous figure of 6812 lots. The total open interest decreased to 20,144 lots as compared to the previous figure of 20,224 lots.

Both the international and the domestic markets have shown a sideways movement yesterday but the intentions of the market participants are still biased towards the positive side for this week.

The asking rate of Shankar 6 has decreased by 200 Rs to 46,100 Rs/Candy. The arrivals of cotton in India are seen at 67,500 lint equivalent bales (source cotlook) including 26,000 registered in Maharashtra and 24,000 in Gujarat. The Cotlook Index A is adjusted to 87.70 cents/lb with a change of -0.65 cents/lb.

On the technical front, ICE Cotton July futures failed to sustain above the 79 levels after testing levels of 79.57. As shown in the chart price hit the higher end of the upward rising channel and witnessed decline towards 78 levels.

Meanwhile price is still moving above the short term EMA of 13 days at 78.00. 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 55, which further strengthened rally in price. So for the day price is expected to remain in the range of 78.00 to 79.40 with sideways trend. In the domestic market April future is expected to remain in the range of 21840-22200 Rs/Bale

Currency Guide

Yesterday had three important meetings: ECB, Fed and EU-UK Brexit extension meeting. None of them had anything which risk traders need to be concerned about. ECB sounded dovish as they expressed concern over the economic slowdown. ECB even steered clear from the discussion on a tiered rate system for bank's excess reserves as they fear it may be construed as a pseudo rate hike by the market. Fed remains committed to keep rates unchanged for now.

However, Fed has kept the option on the table for a rate hike at the far end of 2019, if situation warrants. Since 2013, when it first hinted at monetary policy normalization, US central bank has shown immense flexibility, which is warranted in an inter-connected and debt laden world economy.

GBP got a reprieve as European Union extended the exit deadline early Thursday until the end of October. US President too chipped in by tweeting that EU is being harsh with UK on Brexit and they need to back-off. US President even warned EU over potential trade tariffs from the former. Euro has not reacted much to these comments.

USDINR yesterday chopped around wildly. On one hand, weakness in stocks and rising oil prices pushed the pair higher but on the other hand, excess dollar liquidity pulled it back down by close. Forward premium has shot higher, probably as a sign of excess dollars sloshing in the system.

On the technical front, as far as spot goes, USDINR is expected to remains well supported above 69.00 handle on spot. We would buy as Brent crude trades above 71 handle. We would maintaining a stop below 68.90 on an hourly closing basis.

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

German exports hit by global slowdown in demand

German exports have seen the biggest month-on-month fall in a year. Brexit worries, trade conflicts and lower demand globally have played roles in the drop.

German exports fell by 1.3% in February compared with the month before, the Federal Statistics Office said on Monday. The figure represents the biggest drop in export revenue in a year.

The exports head of the Association of German Chambers of Commerce and Industry (DIHK), Volker Treier, told Reuters news agency things had "run out of steam" for the moment, adding that there was little hope of them changing in the next few months.

However, Treier said that the situation could look up in the not-too-distant future owing to the relatively weak euro, which is currently trading at around $1.12.

Economic uncertainties

Year-on-year, however, the value of German exports was 3.9% higher than in February last year, totaling €108.8 billion ($122.3 billion). Imports grew to €90.9 billion, 5.1% higher than in February of last year, resulting in a trade surplus of €17.9 billion.

Economists say that uncertainties surrounding Britain's exit from the EU, the ongoing trade dispute between the US and China as well as weakening demand for industrial products are weighing on economies across the world.

"There simply seem to be too many crises in global trade for the German export sector to defy them all," commented economist Carsten Brzeski of ING bank. Germany's economy relies heavily on exports and is therefore highly susceptible to global fluctuations in demand.

Source: dw.com- Apr 10, 2019

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American denim market gets innovative

The American denim market has entered an exciting phase where brands are becoming more and more innovative. Earlier this week, American Apparel relaunched its denim line in a variety of cuts, colors and extended sizes. In December, ’80s cult favorite brand Jordache reintroduced itself to the world after falling out of favor with shoppers for several years.

The Jordache brand printed the company’s logo on certain of its products that glowed in the dark when consumers flashed a light on it, It also experimented with new washes and trends. A big hit for Jordache is a special rainbow-wash denim, available both in jeans and jean jacket styles.

A key to success for denim brands today will be in their ability to not only create products that consumers will fall in love with, but also to create them in a way that consumers will appreciate. Today, the consumer isn’t looking to be one of a million; they are looking to be one in a million. They don’t want to look like everybody else. They want to have their own unique style and product.

Source: fashionatingworld.com- Apr 10, 2019

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Walmart beefs up sustainable textiles goals

Walmart plans to increase the use of recycled polyester fiber and has established a goal of using 50% recycled content by 2025 and to source 100% more sustainable cotton.

On the manufacturing side, the retailer said by 2022 Walmart US stores will source apparel and home textiles only from mills that use the Sustainable Apparel Coalition’s Higg Index Facility Environmental Module (FEM) to measure and help improve environmental performance.

Walmart will also prioritize sustainable chemistry, setting a goal to reduce the discharge of priority chemicals from the textile manufacturing process.

Walmart said as part of its responsible sourcing initiative, it is working alongside NGOs, industry groups, governments and suppliers to improve the lives of workers in the global apparel supply chain – with a particular focus on women.

In addition, Walmart announced that for the first time, checkout carousels at its US stores will include reusable bags that will be available to customers for purchase. The new campaign is intended to help reduce plastic waste. The reusable bags will be placed in easy to find and highly frequented sections of the stores.

As part of the launch, Walmart is rolling out a new assortment of reusable bags that are made with post-consumer recycled content. The new reusable bag initiative will begin rolling out to stores next month and follows a recent announcement by Walmart on a series of plastic waste reduction goals that seek to advance the sustainability of the retailer's private brand packaging by making it 100% recyclable, reusable or industrially compostable by 2025.

Source: hometextilestoday.com- Apr 10, 2019

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Textiles on new EU tariff list

The Trump administration is proposing $11 billion in tariffs on a selection of imports from European countries in retaliation for EU subsidies to Airbus.

The Home Fashion Products Association's (HFPA) legal counsel, Robert Leo, alerted members that proposed product categories include fibers, yarns and some finished home textiles.

The tariffs would apply to targeted products from all 28 EU countries. The US Trade Representative is currently accepting comments on the list

"An arbitrator is set to resolve the amount this summer. In addition, the EU also threatened counter-retaliation in the form of tariffs on US exports if the US tariffs become effective," wrote Leo, who is a partner at Meeks, Sheppard, Leo & Pillsbury.

The list includes:

• Cotton yarn

• Certain cotton fabric

• High tenacity aramid yarn

• High tenacity polyester yarn

• Polyester staple fiber

• Metalized textile yarn

• Certain carpets, hand-knotted or hand-inserted of fine animal hair

• Carpets and other textile floor coverings of wool or fine animal hair

• Certain hand-loomed or and-hooked carpets and textile floor coverings

• Blankets and traveling rugs

• Bed linen, not knitted or crocheted, printed, of cotton

Source: hometextilestoday.com- Apr 10, 2019

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Iran: Textile, clothing exports growth at 26% in last yr.

Speaking on the sidelines of the first gathering of textile industry in Iran Textile Specialists Association, she said, "tough and difficult condition was governing textile industry and economic situation of the country in the past Iranian calendar year (ended March 20, 2019) due to the restriction of foreign exchange resources."

Totally, production growth in the textile industry stood at seven percent, she said, adding, "exports in textile industry registered a significant 26 and 30 percent in terms of value and weight respectively."

Given the current year named after by the Leader of the Islamic Revolution as 'boosting production', the Ministry of Industry, Mine and Trade is planning to focus on boosting production and generating new employment opportunities.

For this purpose, the ministry will cooperate with the private sector in the current year (started March 21, 2019) in order to boom production, she noted.

Source: en.mehrnews.com- Apr 10, 2019

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Vietnam: Workshop suggests ideas for development of textile-garment firms

Recommendations were given to Vietnamese textile-garment businesses at a workshop in Ho Chi Minh City on April 10 to help them develop strategies for sustainable development.

Secretary General of the Vietnam Textile and Apparel Association (VITAS) Truong Van Cam said the country is now one of the biggest textile-garment exporters in the world.

The sector gained nearly 37 billion USD from exports in 2018, up 16 percent year-on-year, with the figure expected to hit some 40 billion USD in 2019.

Additionally, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is forecast to create a driving force for Vietnam's textile-garment industry in 2019 and the following years, he said.

Despite its relatively fast growth, the industry still has certain weaknesses, especially in compliance with rules of origin, Cam said, noting that this is considered one of the sector's major challenges as it strives to capitalise on new-generation free trade agreements (FTAs), including the CPTPP.

He said that aside from the CPTPP's difficulties, there are also opportunities that will arise as strict regulations will prompt Vietnamese firms to make changes to develop more sustainably and win the trust of global consumers.

It will also put pressure on companies to cooperate with one another to form supply chains and actively attract investment to improve their production and business performance.

The textile-garment industry is viewed as a sector with high pollution risks. Therefore, amid international economic integration, businesses need to adhere to environmental protection regulations, he said, recommending that they pay attention to circular economy in which they should save water and energy during the manufacturing process.

Meanwhile, Vo Tan Thanh, Director of the HCM City Branch of the Vietnam Chamber of Commerce and Industry (VCCI), said the industry is highly valued, especially as one of the biggest foreign currency earners of Vietnam.

As such, reforming technology, improving product quality, and reducing production costs are necessary to promote its product competition on domestic and foreign markets.

Thanh also asked businesses to actively seek cooperation chances in terms of equipment and material supply so as to meet rules of origin in FTAs and enhance their competiveness on the global market.

In particular, they should switch from a made-to-order model to the production of goods created by themselves to help the sector gain strides in sustainability.

Statistics show that more than 6,000 businesses are operating in the textile-garment industry of Vietnam, which is believed to still have much room to expand exports, especially to the 10 other CPTPP members.

The country has exported just 5.3 billion USD worth of textile-garment products to CPTPP countries each year, accounting for 6.3 percent of the grouping's market.

Source: en.vietnamplus.vn- Apr 10, 2019

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China to collaborate for up-gradation of Pakistani textile sector, says envoy

Chinese Ambassador to Pakistan Yao Jing has said the up-gradation of textile sector with Chinese collaboration would help Pakistan maintain its inherent edge in this specific field through technology transfer, Radio Pakistan reported.

He was talking to the faculty and students of National Textile University in Faisalabad.

The envoy assured that China would help meet the technological needs of Pakistan and take appropriate steps for manufacturing of hi-tech textile machinery within the country.

The strength of Pak-China relations has been exemplary that the two all-weather allies have joined hands in an array of multiple sectors for mutual benefits.

Yesterday, a working group on Pakistan-China cooperation held its maiden session to discuss the progress of the multi-billion China Pakistan Economic Corridor project. During a meeting that was held in Beijing, the participants also expressed satisfaction on the pace of construction of CPEC projects across the country.

Both the sides also exchanged views on different projects currently being executed under the economic corridor.

Chinese Ministry of Foreign Affairs Spokesperson Lu Kang on Monday had said CPEC was a symbol of cooperation between two brotherly countries in the new era and also an important pilot programme of the Belt and Road Initiative (BRI).

Source: arynews.tv- April 10, 2019

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Vietnam: International garment-textile expo opens

A wide range of machinery and equipment, automated technologies and raw materials for the garment and textile industry are on display at the Saigon Tex & Saigon Fabric 2019, which kicked off in Ho Chi Minh City on April 10.

The event has attracted over 1,000 suppliers from 24 countries and territories from around the world, aiming to enable domestic and foreign businesses in different fields to seek cooperation opportunities, promote their brands, and expand markets.

Chairman of the Vietnam Textile and Apparel Association (VITAS) Vu Duc Giang said this year's exhibition will help businesses gain access to more information and new cutting edge technologies to make direct investment in raw materials, thus meeting the needs of customers at home and abroad.

It will also enable businesses to increase the added value of products, contributing to the development of the textile industry in Vietnam, he said.

According to Le Tien Truong, General Director of the Vietnam National Textile and Garment Group (Vinatex), the textile industry has been improving the quality of its human resources and equipment over recent years.

However, it should push ahead with reforms to deal with more global challenges, he said, suggesting that businesses create new tools to increase competition, including technology and productivity, while enhancing cooperation is necessary to integrate effectively into the world, he added.

The exhibition will run until April 13 at the Saigon Exhibition and Convention Centre.

Source: nhandan.org.vn- April 10, 2019

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Ready-made garment boom boosts Bangladesh exports to 31 bln USD in 3Qs

Bangladesh's export income in the first three quarters of the current 2018-19 fiscal year (July 2018-June 2019) surged 12.57 percent to nearly 31 billion U.S. dollars, an official said Tuesday.

The Export Promotion Bureau (EPB) official told Xinhua that the country earned a total of 30,903.02 million U.S. dollars from exports in July to March period of the current 2018-19 fiscal year.

Quoting the latest EPB data, the official, who preferred to be unnamed, said export earnings for March were 3.34 billion U.S. dollars, 9.35 percent higher than in the same month last year.

Bangladesh's overall exports boomed because of rapid growth in export of ready-made garment industry, which make up three-fourths of the country's total exports a year, in the recent months, said the EPB official.

In the first nine months of the current fiscal year, the EPB data showed knitwear garment export grew merely 13.7 percent to 12.80 billion U.S. dollars while woven garments increased 14.22 percent to 13.15 billion U.S. dollars, compared to the same period of last fiscal year.

Bangladesh set its export target in 2018-19 fiscal year at 39 billion U.S. dollars including 32.69 billion U.S. dollars from readymade garment products.

Source: xinhuanet.com - April 10, 2019

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Pakistan: 93 new cotton varieties to undergo national trials

Pakistan Central Cotton Committee (PCCC) Director Research Dr Tasawur Hussain Malik said Wednesday that 93 new cotton varieties, including 85 Bt and eight (8) non-Bt varieties, would undergo national coordinated varietal trials (NCVT) all over Pakistan to assess their production capability and fiber qualities.

The noted agriculture scientist said this while addressing the participants of last day proceedings of three-day of Agriculture Research Committee (ARC) meeting of PCCC at Central Cotton Research Institute (CCRI) Multan, CCRI Multan spokesman said.

These varieties or germplasms included 41 developed by public sector and 44 by the private sector and all would be cultivated in four provinces of the country to assess their performance under the 2018-19 research plan, he added.

The NCVT is considered almost the last stage of evaluating the performance of any crop variety before it is finally approved by the authorities for commercial cultivation.

Cotton Commissioner Dr. Khalid Abdullah, who presided over the meeting, said the government was committed to encourage and promote seed industry on scientific lines, including employing biotechnology techniques.

He advised scientists to employ biotechnology to make cotton crop more profitable and to keep it safe against threats like diseases and pests including pink boll worm.

Director CCRI Multan Dr Zahid Mahmood, director CCRI Sakrand Hidayatullah Bhutto, Incharge Cotton Programme NIAB Dr Manzoor Hussain Manj, Prof Dr Idrees Ahmad from Centre of Excellence on Molecular Biology (CEMB) Lahore, head of plant breeding and genetics Islamia University Bahawalpur Dr Iqbal Bandesha, Dr Syed Bilal Hussain from Institute of Molecular Biology BZU Multan, besides scientists from cotton research stations from all the provinces and private sector and progressive farmers attended the meeting.

Source: brecorder.com- April 11, 2019

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Pakistan: PM to visit China to sign FTA on April 28

Prime Minister Imran Khan will be visiting China later this month to sign the Free Trade Agreement (FTA) in effort to boost country's exports.

According to official sources, Prime Minister will sign FTA with China on April 28, besides other agreements for cooperation in various fields including agriculture, health and education.

Sources further informed that during his visit Prime Minister would also meet Chinese leadership and representatives of business community for investment and transfer of technology to Pakistan.

In a related development, Prime Minister is also expected to undertake official visit to Iran likely to take place this month. Sources said that details of proposed visit are being finalised through diplomatic channels.

Source: nation.com.pk- April 11, 2019

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NATIONAL NEWS

What the IMF says about the outlook for the Indian economy

Lower oil prices will be a windfall for India

Looking for reasons for the slowdown in the Indian economy? The International Monetary Fund's latest edition of its flagship publication -- World Economic Outlook -- provides us an important clue.

It says falling commodity and crude oil prices provided an opportunity for the Indian economy in 2015 and 2016. These windfall gains amounted to a cumulative 4.3 percent of GDP in the two years.

In 2017 and 2018, though, commodity and crude oil prices edged higher, resulting in a cumulative drag of 2.3 percent of GDP on India's growth. The forecast for 2019 and 2020: happy days are back, crude prices will weaken and India's windfall gain will be an average of 0.34 percent of GDP for these years. And guess what -- India's GDP growth went up in 2015 and 2016, fell in 2017 and 2018 and is projected to be higher again in 2019 and 2020.

The correlation with the ups and downs of crude oil prices is clear. Sure, there are a host of factors affecting growth, but what the data underlines is the importance of low crude oil prices for the Indian economy.

What else does the World Economic Outlook say about India? It says real GDP growth will move up to 7.3 percent in the current fiscal from 7.1 percent in 2018-19. Investment demand will see a minor recovery to 31.7 percent from 31.6 percent of GDP in 2018-19.

That is nowhere near the 39 percent investment peak rate seen in 2011 and well below the 34 percent investment-to-GDP rate seen in 2014-15. There doesn't seem to be much hope of a rapid turnaround in capital expenditure. The details are given in the accompanying chart.

The IMF's forecast for India			
Subject Descriptor	Units	2018	2019
Gross domestic product, constant prices	Percent change	7.1	7.3
Total investment	Percent of GDP	31.6	31.7
Gross national savings	Percent of GDP	29.1	29.3
Inflation, average consumer prices	Percent change	3.5	3.9
Volume of imports of goods and services	Percent change	9.6	9.9
Volume of exports of goods and services	Percent change	9.1	8.0
General government revenue	Percent of GDP	20.6	20.4
General government total expenditure	Percent of GDP	27.3	27.2
General government net lending/borrowing	Percent of GDP	-6.7	-6.9
Current account balance	Percent of GDP	-2.5	-2.5
Source: IMF			

Inflation is expected to average 3.9 percent this fiscal, higher than last fiscal, but still below RBI's target of four percent. That will keep interest rates low.

Interestingly, the IMF feels that the overall fiscal deficit, including that of states, is going to rise this fiscal to 6.9 percent from 6.7 percent last fiscal. Inflation is expected to remain under control in spite of the higher deficit.

In line with the IMF's forecast that trade restrictions will lower global growth rates, India's volume of exports of goods and services is expected to grow more slowly in 2018-19. Import volume growth, though, is expected to increase, probably as a result of higher growth.

One big reason why inflation will remain subdued is because average crude oil prices are forecast to be 13.4 percent lower this year. That kind of precision in predicting oil prices is impossible, but at least the IMF thinks they will be lower, which, as we have seen above, is a big relief for India. Non-fuel commodity prices too are expected to be soft this fiscal.

The IMF says, "Growth in India is expected to stabilise at just under 7.34 percent over the medium term, based on continued implementation of structural reforms and easing of infrastructure bottlenecks."

What do we need to do to sustain that growth rate? Says the WEO, "Continued implementation of structural and financial sector reforms with efforts to reduce public debt remain essential to secure the economy's growth prospects. In the near term, continued fiscal consolidation is needed to bring down India's elevated public debt. This should be supported by strengthening Goods & Services Tax compliance and further reducing subsidies.

"Important steps have been taken to strengthen financial sector balance sheets, through accelerated resolution of non-performing assets under a simplified bankruptcy framework. These efforts should be reinforced by enhancing governance of public sector banks. Reforms to hiring and dismissal regulations would help incentivise job creation and absorb the country's large demographic dividend. Efforts should also be enhanced on land reform to facilitate and expedite infrastructure development."

Source: moneycontrol.com- Apr 10, 2019

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Gujarat's cotton output to hit one-decade low this year

COTTON OUTPUT IN STATE

Year	Production (Lakh bales)
2018-19	82
2017-18	105
2016-17	89
2015-16	88
2014-15	108
2013-14	129
2012-13	87
2011-12	114
2010-11	105
2009-10	101
2008-09	90

Sources: CAI estimates

Despite sowing cotton on a higher-than-normal acreage, production of the fibre crop in Gujarat is estimated to plummet to a one-decade low in 2018-19, largely on account of a decline in per hectare yield following scanty rainfall in cotton growing regions of the state.

The latest crop estimate by the Cotton Association of India (CAI) puts production in Gujarat — the largest producer of the natural fibre in India — at 82.5 lakh bales (one bale is 170kg) in 2018-19.

Production was 105 lakh bales in 2017-18.

"This year cotton production in Gujarat is expected to be the lowest since 2008-19.

BT cotton usually needs more water and the lower irrigation availability this year has taken its toll on the yield," said Arun Dalal, a city-based cotton trader, adding, "The per hectare yield in Gujarat is projected to fall to 532kg in 2018-19, from 619kg in the previous year."

Of the projected output, 61 lakh bales have already arrived in the market.

Data from the state agriculture department shows that cotton acreage in Gujarat increased to 27.12 lakh hectare in 2018-19 from 26.02 lakh hectare in 2017-18.

Lower production in Gujarat has also brought down overall production in India, which is also estimated to hit a one-decade low at 321 lakh bales in 2018-19 against 365 lakh bales the previous year.

According to CAI, the main reason for the lower cotton output this year is the scarcity of water in some states and the fact that farmers uprooted their cotton plants in about 70%-80% of the area sown without waiting for the third and fourth pickings.

The projected low output has kept cotton prices firm through the year.

The benchmark Shankar 6 variety was trading between Rs 40,000 to Rs 42,000 per candy (356kg) at the onset of the season in October.

Source: timesofindia.com- Apr 11, 2019

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Protectionism, commodity prices, inadequate liquidity are major challenges for exporters: FIEO

The WTO had in its preliminary estimates predicted a 3.7% expansion of global trade for this year, but has revised that down to 2.6%.

Promoting exports helps a country to create jobs, boost manufacturing and earn more foreign exchange.

Rising protectionism, fluctuation in commodity prices and inadequate availability of liquidity are the three major challenges, which exporters will face in the coming months, exporters body FIEO said. Federation of Indian Export Organisations (FIEO) said the WTO has already cautioned that the global trade growth is expected to be lower in 2019 than it was last year.

"Protectionism will continue to rise and it will impact global demand for goods," FIEO Director General Ajay Sahai told .

He said that the other two challenges include fluctuation in commodity prices and inadequate availability of credit as banks are not coming forward to lend exporters.

"These challenges would impact India's exports, so we need to gear up for this. Timely support by the government would help deal with these issues," he added.

Sahai suggested the banks to follow online procedure for credit lending as it will ease the processes.

The WTO had in its preliminary estimates predicted a 3.7 per cent expansion of global trade for this year, but has revised that down to 2.6 per cent.

Further, he said that as per the current growth rate, India's merchandise exports will touch USD 330 billion in 2018-19.

During the April-February period of 2018-19, exports grew 8.85 per cent to USD 298.47 billion, while imports rose by 9.75 per cent to USD 464 billion.

Since 2011-12, India's exports have been hovering at around USD 300 billion. During 2017-18, the overseas shipments grew by about 10 per cent to USD 303 billion and in 2013-14, it aggregated at about USD 315 billion.

Promoting exports helps a country to create jobs, boost manufacturing and earn more foreign exchange.

Source: economictimes.com - Apr 10, 2019

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Creating a strong USP for an export product is crucial to success

In the textile sector, competition is growing tremendously, but a lot of Indian entrepreneurs are entering into the field and they are still finding success.

Identifying a product is the foremost step when it comes to zeroing in on an effective export strategy. Keeping some key parameters in mind can augur well for those looking to branch out in the business and win back lucrative returns.

Most entrepreneurs opt for a strategy where they focus on a country and after focusing on the country, they look at the kind of products that can be exported to that particular country. Then, there is another set of exporters who focus more on the product and thereafter look at the market.

Both strategies have a chance to work but the primary point is that once in the field of exports, one has to keep in mind that they are replacing somebody who is already present in the market.

Replacing someone means that positioning the USP of the product is essential. Its USP may not be confined only to the product. It may be related to the packaging, after sales service or any other area, but some kind of differentiation has to be evident enough.

Next one should see what kind of market is being reached out to and who, in the market, is an established supplier. Questions like what kind of economic engagement those countries have vis-a-vis one’s own country need to be ascertained clearly.

For example, if a good product has been identified which is supplied in the US market by Mexico as well, then Mexico has an FTA with the US which allows zero tariff on that, whereas the other product may attract 15% tariff. In such a situation whether one will be competitive vis-a-vis Mexico or not could be an issue.

The kind of market access requirements present in that particular country also needs to be understood. They may have different requirements for the packaging, different registration processes and other formalities that have to be taken note of.

All these are certain issues which one has to understand before stepping in a particular market. The primary point is in what way someone is working towards differentiating from the product which is already present in the international market.

Entering a particular country means prior suppliers may already be present. It may not be an Indian supplier but someone else may be supplying. Logically then it should be differentiated from other suppliers.

For example, if you are entering into the market and the target segment in women's segment is girls in the age group of 15 to 25 years. Accordingly, one is segmenting their product as per the age and target group preferences.

Some kind of new value addition has to be there - if one is joining the race, they can be successful only if they are price competitive which is difficult for new entrepreneurs as this comes from volumes.

Most of the new entrepreneurs are attracted to the business of lifestyle products. But when looking at the field of exports, a look at the challenging fields such as Pharma can also be explored. In pharma, if one is not manufacturing and trading, they should look into what way they can offer some kind of addition to the product which can appear a challenging task at the outset.

For instance, they can have a set of doctors at the back-end who can assist the patients abroad. Based on the symptoms that patients describe, the medicines can be recommended by the doctors. The point is that something new needs to come in.

From an Indian perspective, low-end engineering sector products are seeing rapid growth because China was our competitor, but it is slowly exiting all these sectors.

In the textile sector, competition is growing tremendously, but a lot of Indian entrepreneurs are entering into the field and they are still finding success. Footwear is another such sector.

The trend here has been to move away from 100% leather and to mix different kinds of synthetic material which adds to the comfort level and also brings down the price. So when you are looking into the major markets - target market, niche product, differentiation aspects need to be carefully looked into.

From a regulatory standpoint, the processes are very simple. The only mandatory document required is IEC code and one gets it online easily. The other document needed is PAN, and that would take care of the statutory part of compliance.

However, more needs to be done in handholding of entrepreneurs. Product identification is the biggest challenge - it is the first step before any further guidance can be given to new entrepreneurs. It definitely helps if one has family tradition or history in the field in which they choose to export. But, at the end of the day, it all depends on the individual.

There are individuals who don't have any backing, they have borrowed little sums of money and now they are hugely successful in their line of business. If one is passionate about exports then a new entrepreneur can also succeed.

Source: economictimes.com - Apr 10, 2019

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Don’t waste crisis: Global economy may be in slowdown, but opportunities to boost India’s exports remain

International Monetary Fund (IMF) on Tuesday released its latest take on the prospects for global economic growth. The highlight of its World Economic Outlook is that there is a slowdown in economic activity in 2019 for 70% of the world economy. The bad news is this includes India. Global growth is expected to drop 0.3% this year, to 3.3%. The main reason is trade friction between the world’s largest economies and its cascading impact on business sentiments.

Trade friction between the US and China has a negative fallout on the global economy. However, one consequence of the tension is a partial relocation of production sites out of China as multinational companies hedge risks. This is where India has an opportunity to reverse its declining export intensity of growth.

Over the last few years India’s share of global merchandise export has been stagnant at about 1.7%. As a proportion of GDP, exports have declined from 17% in 2012 to about 11.9% in 2019. This will slow down the country’s climb towards prosperity. A key economic objective of the next government must be to enhance exports.

According to IMF there is a good chance that central banks in influential economies will resort to monetary accommodation to offset the slowdown. It means that if the next government makes boosting of exports an immediate priority, the results in terms of enhanced job creation will show up quickly.

This can be done by eliminating superfluous regulations which act as a drag on competitiveness. It’s the relative decline in India’s competitiveness that has helped countries such as Vietnam emerge as more attractive investment destinations in some areas. Cutting red tape, together with stepping up investments in infrastructure, will transform the existing situation into an economic opportunity for Indian firms.

Source: timesofindia.com - Apr 11, 2019

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Commerce Ministry asks independent agencies to hold industry specific consultations on RCEP

The commerce ministry has asked the three agencies, which have been tasked to prepare a report on proposed mega trade agreement RCEP, to get into greater details of issues involved in the pact and hold industry specific consultations, an official said.

Indian Institute of Management-Bangalore, Indian Council for Research on International Economic Relations (ICRIER) and the Centre for Regional Trade, an autonomous think-tank under the Department of Commerce have been tasked for the exercise.

It was suggested during a presentation made by these agencies to Commerce and Industry Minister Suresh Prabhu yesterday.

"The minister asked them to make their study more granular and also hold industry specific consultations to understand their issues and concerns. They have to see whether the industry is prepare to export to RCEP members like China or not," the official said.

Regional Comprehensive Economic Partnership (RCEP) is a proposed mega free trade agreement being negotiated by 16 countries.

RCEP bloc includes 10 countries of ASEAN (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) and their six free trade pact partners namely Australia, China, India, Japan, Korea and New Zealand.

It aims to cover among the issues related to goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

These agencies are being involved as serious concerns were raised by certain section of industry and government departments on the pact.

Presence of China, with which India has a huge trade deficit, in the bloc is a major concern to domestic players. Time and again, domestic industry players have said that giving duty free access to China will led to flooding of Chinese goods in Indian market.

The negotiations have entered the sixth year. During the last five years, over 20 rounds of negotiations at the expert level were held. Besides, seven ministerial meetings and seven inter-sessional meetings have been held so far.

RCEP members want India to eliminate or significantly reduce customs duties on maximum number of goods it traded with them. India's huge domestic market provides immense opportunity of exports for RCEP countries.

But lower level of ambitions in services and investments, a key area of interest for India, does not augur well for the agreement that seeks to be comprehensive in nature.

Source: business-standard.com - Apr 10, 2019

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HGH India betting on growing home decor market in India

The show to be held from July 2 to 4 in Mumbai is expecting 17% rise in the number of exhibitors at 700 from 32 countries and 14% increase in the number of visitors at 40,000 from last year.

HGH India, the annual B2B trade show of home textiles, home décor, gifts and housewares, is looking to capitalise on the growing home décor market in the country.

``The home décor market is growing nationally at 20%. South India is growing at faster clip of 25 to 30%. Retailers, institutional buyers and interior designers from cities like Kochi, Thiruvananthapuram, Madurai, Bengaluru and Hyderabad have increased their presence at the tradeshow," said Arun Roongta, MD of HGH India.

He added that it is much higher than the growth in many foreign countries compelling many foreign brands to come to India.

The show to be held from July 2 to 4 in Mumbai is expecting 17% rise in the number of exhibitors at 700 from 32 countries and 14% increase in the number of visitors at 40,000 from last year.`

` We expect 90% rise in the foreign exhibitors at 190 with around 110 of them from China alone," Roongta said.

According to him, the show has been able to bring export-oriented manufacturers to Indian market. `` Makers of handicrafts in Jodhpur and Moradabad, carpets in Bhadohi, kitchen linen in Karur, handlooms in Kannur etc who were focusing totally on export market have now good presence in the domestic market after participating in the show," he said.

Roongta said HGH India is planning to showcase the locally made handicrafts, handlooms, coir and jute products, hand-made carpets and khadi products under Indian Heritage brand. The show connects the Indian market for home products and gifts with retailers, artisans and micro-enterprises.

Source: economictimes.com - Apr 10, 2019

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Woes continue for hybrid cotton seed producers

Prices have been reduced from Rs 930 for a 450-gram packet of cotton hybrid seeds five years ago to Rs 730 last year, leaving little differentiation between good and bad seeds.

Indian hybrid cotton seed producers feel work is cut out for any new government that comes to power. "The hybrid seed industry has seen subdued growth over the past five years largely in cotton, which contributes around 30 per cent to the hybrid seed market," says G V Bhaskar Rao, chairman and managing director of Kaveri Seeds.

Speaking to Business Today, he attributes much of the problems to farmer distress on account of pink bollworm pest attack, low cotton prices and changing climate conditions. Rao says the hybrid cotton seed price control has proved to be a major disincentive as it hinders research for better seeds.

Prices have been reduced from Rs 930 for a 450-gram packet of cotton hybrid seeds five years ago to Rs 730 last year, leaving little differentiation between good and bad seeds.

Due to this price cap, the seed industry has seen lower price realisation, leading to revenue loss of close to 20 per cent for all companies. There was also a lower crop acreage than earlier. He is, therefore, not in favour of a price cap.

What about its benefit to farmers? Rao says seeds account for just 5 to 6 per cent of the total cost a farmer has to incur. While rising input costs is a problem farmers are dealing with, Rao points out three important factors: Rising cost of labour, climate changes and anomalies relating to MSP (minimum support price).

He believes that whoever comes to power must provide incentives to seed companies to invest in research for better seeds that improve productivity. He says there are over 500 companies in the seed industry of which the 20-odd big companies, account for 80 per cent of total seed production.

Source: businesstoday.in- Apr 10, 2019

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23 Bangladeshi apparel companies exhibit at Bengaluru's sourcing expo

'Apparel Sourcing Week,' at Bengaluru, India, the first-ever 2-day regional networking platform which aims to bring the manufacturing hubs of the subcontinent closer to India's retail sector, received a huge response from all the stakeholders.

A total of 23 apparel companies from Bangladesh participated in the expo, in a bid to increase Bangladesh's apparel export to India, according to a press release.

Abdul Wadud, Director of Team Scl Bangladesh, said, "I have been to globally renowned sourcing fairs like Bread & Butter, ISPO and Magic but never witnessed such an organized and well-managed show before. In terms of business leads, Apparel Sourcing Week lived up to my expectations".

The team is one of the leading apparel manufacturers from Bangladesh.

A flurry of activities – seminars, panel discussions, vendor workshops and open house, were held during the expo touching all key aspects of the booming Indian fashion retail sector, sourcing strategies, products, pricing and not to mention the core issues of business generation, networking and knowledge sharing.

Bangladeshi companies which participated in the expo included Laila Styles Ltd, Bando Design Ltd, Jamuna Apparels Ltd, Energypac Fashions Ltd, Anowara Knit Composite Ltd, Sonia & Sweaters Limited, Pacific Jeans Ltd, Universal Jeans Ltd, Gramtech Knit Dyeing Finishing & Garments Ltd, Standard Group Ltd, Standard Stitches Ltd, Apex Textile Printing Mills Ltd, Pakiza Knit Composite Ltd, Well Group, Anzir Apparels Ltd, Anzir Terry Towels Ltd, Epic Group, Kwuntong Apparels Ltd, Lenny Fashion Ltd, K.C Bottom and Shirt Wear Company, RBSR Fashions Ltd, Denimach Ltd and Green Smirt Shirts Ltd.

Source: textiletoday.com.bd- Apr 09, 2019

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