TEXPROCIL NEWS CLIPPINGS

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IBTEX No. 253 of 2018 — December 13, 2018

USD 71.54| EUR 81.32 | GBP 90.28 | JPY 0.63

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
21300	44517	**78.78**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
22220	46440	**82.18**

International Futures Price

NY ICE USD Cents/lb (March 2019)	79.97
ZCE Cotton: Yuan/MT (May 2019)	15,355
ZCE Cotton: USD Cents/lb	**101.09**
Cotlook A Index – Physical	**88.30**

Cotton Guide: ICE cotton edged lower due to lesser trade. The March contract traded between 79.57 cents/lb and 80.30 cents/lb settling at 79.97 cents/lb, 5 points lower. All the other nearby months followed a similar trend by showing negative slide in the range of 5 to 25 points. This decline has been attributed to lower demand with supplies increasing. ICE estimated volume was at 14,100 as compared to the previous figure of 25,030. Total open interest increased by 197 contracts to 220,077 contracts.

March increased by 114 contracts to 131,165 while May interest increased by 93 contracts to 36,365 (source Cotton Outlook). We expect the trading range to be in the bracket of 78 and 82 cents/lb. Recent data from CFTC showed that speculators raised long positions in cotton by 5450 contracts to 22,567.

The Indian Nearby contracts also witnessed a similar trend in trading as was seen in ICE. December decrease by 160 Rs and settled at 22220 Rs/Bale. The January, February and March Contracts also skid with -150, -160, -110 Rs to 22460, 22710, 22920 Rs/Bale.

Arrival figures in India amounted to 158,500 lint equivalent bales, including 47,000 in Maharashtra, 40,000 in Gujarat and 21,000 in Madhya Pradesh. According to our private sources, a total of around 85 lakh bales arrivals have come into the market. It becomes difficult for the bulls to drive the market based on such a small figure. On the other hand the farmers are withholding stocks in majority of the country.

It’s been around 13 days since the G20 summit which resulted in positive conversations between the US and China. China had promised to start immediate purchases of Agricultural goods from US, but no trade seems to have happened.

The US President recently informed that the trade negotiations are going on very well and a few updates are likely to be announced soon.

On the Technical Front, ICE Futures continued to move in the sideways trading in a range of 78.60-81.20 after the trend line break out.

In the daily charts the RSI is at the levels of 52, indicating no sign of clear direction. So for the day it’s expected that market may continue to move in the range of 78.60-81.20.

Either side break will decide further direction of the market. The range for domestic futures Is expected to be 21,900 to 22,400 Rs/Bale Therefore, we still expect the market to be in the phase of consolidation.

Currency Guide

Indian rupee has opened firmer by 0.5% to trade near 71.69 levels against the US dollar. Rupee has benefitted from upbeat inflation and industrial production data. Consumer price rose 2.33% on the year in November as against forecast of 2.58% growth. Industrial production rose 8.1% in October beating market expectations of 6% growth. Lower price pressure and robust growth will give central bank more flexibility on monetary policy.

There are some concerns about government's interference in working of RBI after surprise resignation of RBI governor Urjit Patel and appointment of demonetization fame S Shaktikanta Das as the new chief. The new RBI governor however said that he'll "uphold the autonomy, the integrity and credibility" of the institution. Also supporting rupee is gains in global equity market amid US-China trade hopes.

Reports that China is looking to redraft its 'Made in China' 2025 plan boosted hopes that trade talks are progressing better than expected. Rangebound movement in crude oil has also benefitted rupee. Brent crude trades in a narrow range near $60 per barrel as smaller than expected decline in US crude stocks was countered by US-China trade optimism.

Rupee has fallen sharply and may see some recovery amid gains in equity market and steady crude price however we do not expect a sustained rise. USDINR may trade in a range of 71.4-71.9 and bias may be on the downside.

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

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INTERNATIONAL NEWS

USA: New Five-Year Farm Bill Gets Nod From Cotton Industry

The National Cotton Council (NCC) said Tuesday it strongly supports the Agriculture Improvement Act of 2018, also known as the Farm Bill, after House and Senate Agriculture Committee leaders released the conference report, clearing the way for final Congressional review and passage.

NCC urged Congress to quickly pass the measure and for the president to sign it into law. A new five-year farm bill will bring some much-needed certainty and predictability to the U.S. cotton industry, NCC said.

The bill includes many of the cotton industry's policy priorities, including continuation of the Seed Cotton ARC/PLC program, full access to the marketing loan program, full funding for textile competitiveness programs, effective crop insurance products, no reduction in arbitrary payment limits and addresses overly restrictive family-farm eligibility requirements, NCC noted.

This adjustment to the "family definition" for farm programs will help resolve the unintended and punitive restrictions that resulted from changes made by the 2014 Farm Law and ensure that all family farms are treated equitably, NCC said. In addition, the bill includes a yield update opportunity for all producers that will better align program yields with current production levels.

The continued safety net of the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs is especially crucial, as many parts of the Cotton Belt have faced devastating natural disasters this growing season, compounding producers' financial strains from retaliatory trade tariffs on U.S. cotton, NCC said. Hurricanes Florence and Michael both effected the Southeast cotton-growing region, causing crop and property damage.

The new farm bill culminates years of work and commitment by members of Congress and their staff to update and improve current farm policy within the existing budget resources available, according to the NCC.

"Following Congressional passage and the president's signature, the NCC looks forward to working with Secretary Perdue and the USDA team on timely implementation of this important legislation," said NCC chairman Ron Craft, a ginner from Plains, Tex.

In other federal action involving agriculture, the National Association of Manufacturers (NAM) lauded the Environmental Protection Agency's (EPA) new Clean Water Rule, which replaces the 2015 Waters of the United States rule.

"EPA's new Clean Water Rule is a positive step forward for manufacturers, for our country and for responsible environmental stewardship," NAM president and CEO Jay Timmons said. "Manufacturers rely on clean water for everything from growing agricultural inputs to engineering green chemistry and providing renewable power.

We simply ask for regulatory certainty. The uncertainty created by the overreaching and unfair 2015 WOTUS rule threatened manufacturing jobs and it failed to protect clean water adequately. Smart water policy is critical for all of us, and manufacturers are committed to keeping our promise to use the certainty we have been given to do our part to make our water and air cleaner."

Environmental groups said the new EPA rule was a set back. The National Resource Defense Council (NRDC) it would wrongly exempt oil drillers, industrial sites, developers and "other polluters from programs that protect critical water bodies from harm."

"The Trump administration will stop at nothing to reward polluting industries and endanger our most treasured resources," Jon Devine, director for the Federal Water Program at the NRDC, said. "Given the problems facing our lakes, streams and wetlands from the beaches of Florida to the drinking water of Toledo, now is the time to strengthen protections for our waterways, not weaken them."

On the Farm Bill, however, NRDC praised Congressional negotiators for compromise legislation "that largely steers clear of undercutting bedrock environmental protections."

"The final farm bill is an enormous improvement over the partisan train wreck passed by the House [in May]," Erik Olson, senior director for health and food at the NRDC, said. "Many poison pills are gone that would have axed protections covering endangered species, pesticides, clean water and food for hungry individuals. While the final bill still contains some problematic provisions, we are thankful that our champions defeated many of the worst proposals."

Source: sourcingjournal.com- Dec 12, 2018

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USA: Retail Apparel Prices Fall in November Amid Holiday Sales

As holiday price-cutting sales set in, retail apparel prices fell a seasonally adjusted 0.9 percent in November following two months of price hikes, the U.S. Bureau of Labor Statistics (BLS) reported Wednesday.

Men's and women's clothing both saw declines last month in the promotional atmosphere, according to the Consumer Price Index (CPI) report. Men's apparel prices were down 2 percent, led by a 4.1 drop in shirts and sweaters, as prices on pants and shorts dropped 2.7 percent, and the suits, sport coats and outerwear category fell 1.8 percent. Furnishings prices were flat when compared to October.

Women's apparel prices were down 0.7 percent for the month, with mixed results depending on the category. Outerwear prices rose 2.5 percent, and the underwear, nightwear, sportswear and accessories group increased 0.8 percent. Prices for dresses declined 2.7 percent and suits and separates dipped 1.7 percent.

Boys' apparel prices were up 1 percent last month, but girls' clothing prices fell 1.7 percent. Infants' and toddlers' apparel prices fell 1.9 percent month to month.

While November is traditionally a difficult month to gauge apparel pricing power due to the aggressive holiday sales environment, it is somewhat reflective of relative stability of raw materials prices.

In cotton, for example, prices peaked in the early summer at just above $1 a pound before falling back about 25 percent since then.

Spot prices for U.S. cotton averaged 75.19 cents per pound for the week ended Dec. 6, which was up from 73.55 cents per pound a week earlier and from 71.04 cents a year earlier, according to the Department of Agriculture.

The overall CPI was unchanged in November on a seasonally adjusted basis after rising 0.3 percent in October, BLS reported.

Over the last 12 months, the CPI increased an unadjusted 2.2 percent. Core CPI, which excludes the volatile food and energy sectors, rose 0.2 percent in November.

In the energy sector, which effects operations costs for companies ranging from logistics suppliers to retailers, the gasoline index declined 4.2 percent in November, offsetting increases in an array of indexes including shelter and used cars and trucks.

Other major energy component indexes were mixed, with the index for fuel oil falling, but the indexes for electricity and natural gas rising.

Ken Matheny, executive director of U.S. economics for Macroeconomic Advisers by IHS Markit, said, “Based upon today’s report, our estimate of the 12-month change in the core PCE (personal consumption expenditures) price index in November remains at 1.9 percent.”

With economists seeing the PCE index as a barometer for retail spending, Matheny added, “We made no revision to our forecast for fourth quarter real PCE growth, which left our fourth quarter GDP tracking at 2.1 percent.”

Source: sourcingjournal.com - Dec 12, 2018

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EU-Japan trade agreement on track to enter into force in February 2019

The European Commission welcomes today's approval in the European Parliament of the EU-Japan Economic Partnership Agreement and the EU-Japan Strategic Partnership Agreement.

The trade agreement negotiated by the Commission is the first ever to include an explicit reference to the Paris climate agreement. It will create an open trading zone covering 635 million people and almost one third of the world's total GDP. The Strategic Partnership Agreement is the first ever bilateral framework agreement between the EU and Japan.

President of the European Commission Jean-Claude Juncker said: "Almost five centuries after Europeans established the first trade ties with Japan, the entry into force of the EU-Japan Economic Partnership Agreement will bring our trade, political and strategic relationship to a whole new level. I praise the European Parliament for today's vote that reinforces Europe's unequivocal message: together with close partners and friends like Japan we will continue to defend open, win-win and rules-based trade. And more than words or intentions, this agreement will deliver significant and tangible benefits for companies and citizens in Europe and Japan."

Today's vote follows a similar decision taken by Japan's National Diet, thus concluding the parliamentary ratification of the agreement by both partners. It paves the way for the agreement to enter into force on 1 February 2019. From that moment, EU companies, farmers, workers and consumers will start reaping the benefits of simpler and faster trade between the EU and Japan.

Cecilia Malmström, Commissioner for Trade, said: "I am extremely pleased with the Parliament's vote today. Our economic partnership with Japan – the biggest trade zone ever negotiated – is now very close to becoming a reality. This will bring clear benefits to our companies, farmers, service providers and others. Those benefits also go hand in hand with a commitment on both sides to uphold the highest standards for our workers, consumers and the environment. That's good news for the EU and all supporters of an open and fair international trading system."

The EU-Japan Economic Partnership Agreement will remove the vast majority of the €1 billion of duties paid annually by EU companies exporting to Japan, as well as a number of long-standing regulatory barriers, for example on car exports. It will also open up the Japanese market of 127 million consumers to key EU agricultural products and increase EU export opportunities in many other sectors. In addition, the agreement will strengthen cooperation between Europe and Japan in a range of areas, reaffirm their shared commitment to sustainable development, and include for the first time a specific commitment to the Paris climate agreement.

Key parts of the Economic Partnership Agreement

The agreement will, in particular:

- eliminate duties on many cheeses such as Gouda and Cheddar (which currently are taxed at nearly 30%) as well as on wine exports (currently at 15% on average);
- allow the EU to substantially increase its beef exports, and open additional opportunities for export of pork products;
- ensure the protection in Japan of more than 200 Geographical Indications (GIs), high-quality European traditional food specialities, and the protection of a selection of Japanese GIs in the EU;
- remove tariffs on industrial products in sectors where the EU is very competitive, such as cosmetics, chemicals, textiles and clothing;
- commit Japan to international car standards, with the result that EU exports of cars to Japan is made significantly easier;
- open services markets, in particular for financial services, e-commerce, telecommunications and transport;
- guarantee EU companies access to the large procurement markets of 54 large Japanese cities; remove obstacles to procurement in the economically important railway sector.

The agreement includes a comprehensive chapter on trade and sustainable development; sets very high standards of labour, safety, environmental and consumer protection; strengthens EU and Japan's commitments on sustainable development and climate change and fully safeguards public services. It also includes a chapter on small and medium enterprises (SMEs) which is particularly relevant since 78% of current exporters to Japan are smaller businesses.

Concerning data protection, the EU and Japan concluded on 17 July the negotiations on reciprocal adequacy, which will complement the Economic Partnership Agreement. The objective is to recognise each other's data protection systems as 'equivalent', which will allow data to flow safely between the EU and Japan, creating the world's largest area of safe data flows.

A Strategic Partnership Agreement to work even more closely

Japan and the EU share a strong commitment to democracy, the protection of human rights, free and open trade, multilateralism and a rules-based order. Japan is a long-standing Strategic Partner for the EU and an important ally on the international scene.

The Strategic Partnership Agreement will lead to further deepening of EU-Japan relations, strengthened foreign and security policy dialogue, and engagement across a wide range of global, regional and bilateral thematic issues. The Agreement re-affirms the shared values and common principles that form the basis of the EU-Japan partnership, including human rights, democracy, multilateralism and the rule of law.

"Japan is a country with which we already work very closely. Following today's votes, our partnership will become even stronger. Japan is a key partner for the EU in multilateral fora. Our new agreement will help us cooperate even more closely in many areas and increase people-to-people contacts, for the sake of both EU and Japanese citizens", said High Representative Federica Mogherini.

The Strategic Partnership Agreement will boost dialogue and cooperation between the European Union and Japan on topics of mutual interest such as foreign and security policy, connectivity, climate change, environment, energy, cyber issues, employment and social affairs, as well as people-to-people exchanges.

Timeline of the agreements and next steps

Negotiations for the Strategic Partnership Agreement and the Economic Partnership Agreement started in 2013, and both agreements were signed at the EU-Japan Summit on 17 July 2018.

On 29 November and on 8 December the two houses of Japan's National Diet ratified the Economic Partnership Agreement. The European Parliament's consent expressed today clears the way for the trade agreement's conclusion and entry into force. The remaining formalities are expected to be done in time for the agreement to become effective as soon as 1 February 2019.

The entry into force of the Strategic Partnership Agreement requires also the ratification by EU Member States, but a large part of the Agreement can be applied on a provisional basis already in early 2019.

Source: europa.eu - Dec 12, 2018

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Vietnam Is Coming Out on Top in the US-China Trade War

In the race to lure companies looking for alternative sites amid the U.S.-China trade war, Vietnam wields a slew of advantages over its rivals.

Vietnam was ranked No. 1 among seven emerging Asian countries as manufacturing destinations by Natixis SA, which looked at demographics, wages and electricity costs, rankings in doing business and logistics, and manufacturing as a share of total foreign direct investment.

“Vietnam is poised to capture some of China’s global market share in labor-intensive manufacturing,” said Trinh Nguyen, a senior economist at Natixis in Hong Kong. “It’s the clear winner from the trade war.”

Prime Minister Nguyen Xuan Phuc is taking advantage of trade tensions to boost the nation’s profile as a manufacturing and export powerhouse, selling everything from shoes to smartphones. Trade amounts to about twice its gross domestic product — more than any country in Asia apart from Singapore.

Here’s a look at what makes Vietnam attractive to foreign investors:

Cheap

Production workers in Vietnam are paid an average of $216 a month, less than half what their peers get in China. Thanks to government subsidies, electricity is also cheaper at 7 U.S. cents per kilowatt hour compared with 10 cents for Indonesia and 19 cents for the Philippines, according to GlobalPetrolPrices.com’s June data.

Vietnam also has one of the largest labor forces in Southeast Asia, at 57.5 million. That compared with 15.4 million for Malaysia and 44.6 million for the Philippines, according to the World Bank.

Deals, investment

Vietnam’s communist leaders have pursued free trade deals with South Korea and Europe and joined 10 other nations in March in signing a Trans-Pacific trade pact.

Officials completed a trade deal with the EU in June that will eliminate almost all tariffs. In Southeast Asia, only Singapore has a similar agreement with the EU.

The government is also making it easier for foreign investors to do business with a proposed securities law that would allow 100 percent foreign ownership of public companies, except those in restricted sectors like banking and telecommunication.

Foreign direct investment is surging, with the government expecting disbursed FDI to rise to a record $18 billion this year.

Hon Hai Precision Industry Co., the Taiwan-based manufacturer for companies such as Apple Inc., is considering shifting some of its production to Vietnam as a hedge against the trade tensions between the U.S. and China, said Vu Tien Loc, chairman of the Vietnam Chamber of Commerce and Industry. Representatives of the company have spoken with Vietnamese officials, though discussions are preliminary, he added.

Geography

Vietnam’s proximity to China also adds to its appeal. The two share a land border, compared with countries like Indonesia, Philippines and Malaysia which are all much farther away.

Chinese companies that need raw materials or product components from the U.S. will find it easier to source these goods via Vietnam. Vietnam is China's largest trading partner in Southeast Asia as the two nations become more central in each other's production chains.

Stability

Vietnam boasts one of the world's fastest-growing economies, forecast to expand at about 7 percent this year. The dong has been relatively stable in 2018, compared with other currencies in Asia like the rupee and rupiah which suffered large declines.

"Strong economic growth and political stability are very important to investors," said Tony Foster, the Hanoi-based managing partner in Vietnam for law firm Freshfields Bruckhaus Deringer LLP.

The dong will remain fairly stable in the near-term, Fitch Solutions Macro Research, a unit of Fitch Group, said in October, citing support from strong FDI inflows and manufacturing.

Source: sourcingjournal.com- Dec 12, 2018

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No-deal Brexit would drop output, UK firms caution: survey

British businesses expect a sharp drop in output if the United Kingdom leaves the European Union (EU) next year with no deal and no transition, according to a recent Bank of England (BoE) survey.

The output of companies would drop between 2.5 and 6.9 per cent over the next 12 months under such a scenario, the October-November survey covering 369 firms suggested.

Output could rise between 0.8 per cent and 2.7 per cent if a deal and transition period were agreed, a news agency reported citing the BoE survey.

Prime Minister Theresa May's Brexit plan has been agreed with the EU but faces deep opposition in parliament where it faces a vote on December 11.

Just under a third of firms had made changes to their plans preparing for Brexit, such as setting up new legal entities or altering their supply chains, BoE said. Other companies were cautious about spending to prepare for Brexit until it was needed.

The BoE said recently that the United Kingdom may suffer an even bigger hit to its economy than during the global financial crisis 10 years ago if it leaves the EU in a worst-case Brexit scenario.

Source: fibre2fashion.com- Dec 13, 2018

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Vietnam resets ties with China

Vietnam is taking advantage of the heightened US-China rivalry to rebalance its relationship with China. Vietnam relies on China to propel its rapidly growing economy. China is Vietnam’s biggest trading partner.

But now some uneasiness has crept in. China’s plan to create three special economic zones in Vietnam brought tens of thousands on to the streets in June to protest what was widely seen as a direct Chinese presence on Vietnamese soil.

In trade, Vietnam has capitalised on the fallout of the US-China trade war to become a top destination for manufacturers looking to avoid tariffs. A number of firms are relocating from China to Vietnam. The trade war has also highlighted Vietnam’s historic economic dependence on China, and increased the risks for Vietnam. The fear is that Chinese goods will come to Vietnam, be stamped as made in Vietnam and shipped on to the United States.

Already the US has come down on Vietnamese products. In May the US slapped tariffs on Vietnamese steel, saying China was using Vietnam to avoid US-imposed anti-dumping measures on Chinese steel. Therefore, Vietnam has resolved to diversify its risks, and build on its already highly active efforts to pursue trade agreements with a wide variety of partners.

Source: fashionatingworld.com- Dec 12, 2018

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Pakistan evolving export-oriented policies: top official

Pakistan is evolving export-oriented policies and is committed to providing incentives to the textile sector to boost exports, said federal secretary of textile division Syed Iftikhar Hussain Babar.

Addressing members of the Pakistan Textile Exporters Association (PTEA) in Faisalabad recently, he said energy tariffs for export industries are being subsidised.

Steps are being taken to reduce regulatory duties on inputs to cut down the production cost of export items, Pakistani media reports quoted babar as saying.

Efforts are also being made to import fine quality cotton seeds to produce more quantity of better-quality cotton, he added.

Source: fibre2fashion.com - Dec 12, 2018

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Textile exports up 28 percent in Iran

Textile industry exports have grown 28 percent since the beginning of current Iranian year (started March 21, 2018), director-general of the Iranian Ministry of Industry, Mine and Trade's Department of Textile Industry said, Trend reports referring to IRNA .

Afsaneh Mehrabi added that with the rise in the prices of exchange, many textile industries are in dire need of money circulating, which has been done in this case.

'According to the ban on garment imports as of July 2018, there is a need for 210,000 tons of garment in the country,' Mehrabi added.

'There are 7,000 and 900 active textile productive units in the country, which are scheduled to provide raw materials and finance for the circulation of these industries,' she said.

By solving the problems of international exchange, the textile industry has expanded in the fields of import, exports and installing new machinery and has improved financial and banking problems, Mehrabi added.

Source: menafn.com- Dec 12, 2018

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Trade turnover of Azerbaijan hits over $ 26.5Bn

In January-October, legal entities and individuals of Azerbaijan carried out trade operations with 178 countries, products were exported to 104 countries and imported from 171 countries.

The State Statistical Committee told AZERTAC that in January-October 2018 foreign trade turnover of the country amounted to $ 26.534,3 billion, while export amounted to $ 17.281,7 billion, import - $ 9.252,6 billion. This resulted in a positive trade balance of $ 8.029,1 billion.

Foreign trade turnover increased by 36.4 percent compared to January-October 2017. In the mentioned period, export increased by 38.3 percent and import by 33 percent compared to the previous year.

In real terms, the turnover increased by 1.3 percent, including exports by 1 percent and imports by 1.9 percent.

According to the State Customs Committee, 27.7 percent of exports were exported to Italy, 9.3 percent to Turkey, 6.3 percent to Israel, 4.7 percent to India, 4.5 percent to Czech Republic and Taiwan (China), 4.3 percent to Germany , 3.5 percent to Canada, 3.4 percent to Indonesia, 3.2 percent to Russia, 3.0 percent to Portugal, 2.8 percent to France, 2.7 percent to Georgia and 20.1 percent to other countries

As many as 16 percent of the total value of imported products in Azerbaijan accounted for Russia, while 14.2 percent for Turkey, 10.3 percent for China, 5.7 percent for Germany, 4.9 percent for the U.S., 4.4 percent for Switzerland, 3.9 percent for Ukraine, 3.7 percent for Japan, 3.3 percent for Iran, 3.0 percent for Italy, 2.1 percent for the United Kingdom, 1.8 percent for South Africa and 26.7 percent for other countries.

Export and import operations develop and expand national economies as well as constitute the basis of successful business. A country's economy develops by exporting wealthy assets and importing goods that it lacks. Countries want to be net exporters rather than net importers.

Export potential, as part of the country's economic potential, is the ability to produce and export various types of material goods and services that meet the requirements of foreign market consumers as a result of the full utilization of production facilities of the national economy and its separate industries.

Energy projects have played a special role in expanding export markets in Azerbaijan.

It should be noted that at present, oil and gas account for the main share in export, although export of non-oil products also shows an upward trend.

According to the State Customs Committee of the Republic of Azerbaijan, in January-October 2018, oil exports from Azerbaijan totalled 24.195 million tons worth $ 12.923 billion, while gas export made 6.184 billion cubic meters in the amount of $ 1.209 billion.

Made in Azerbaijan brand and organization of the export missions for its promotion in foreign markets further developed export share of non-oil products of Azerbaijan. In January-October 2018, the export on non-oil products amounted to $1.351 billion, that is $132 million or 11 percent more compared to the previous year

Most of the non-oil products were exported to Russia - $467.1 million (10 percent more compared to the previous year). Non-oil exports to Turkey amounted to $293.8 million (21 percent more), $114.4 million - to Switzerland (1 percent more) and $38.4 million to Kazakhstan (48 percent more). Export to Georgia decreased to $106.5 million (4 percent less).

The first place among non-oil sector goods exported in ten months is occupied by tomatoes ($ 149.9 million), second place - gold ($ 99.9 million) and third place - polyethylene in primary form with a specific weight below 0.94 ($ 68.5 million).

The export value of fruits and vegetables in January-October 2018 amounted to $ 405.5 million, plastics and plastic products - $ 103.6 million, aluminum and aluminum products - $ 102.7 million, electricity - $ 60 million, ferrous metals and products from them - $ 72.2 million, cotton fiber - $ 64.5 million , chemical products - $ 63.9 million , cotton yarn - $ 19 million.

Source: azernews.az- Dec 12, 2018

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Yarn prices in Bangladesh drop by 12 per cent

Yarn prices in Bangladesh in the last two months have fallen at least 12 per cent. Prices, between June and July, for the widely consumed 30 carded yarn ranged between $3.40 and $3.50 a kilogram.

But from November onwards the prices of the same yarn dropped to $3.05 a kg. If the trend continues, the yarn stock, the main raw material for finished apparel items, may pile up, putting the $8 billion primary textile industry under threat.

Easy availability of cheap Indian yarn and lower prices of raw cotton worldwide due to the US-China tariff war are to blame for the sliding yarn prices. The oversupply of Indian yarn has been worsening the situation.

Supply of yarn from both the domestic and Indian market is very high at present, so the prices have decreased between 10 cents and 15 cents per kg.

The price difference between Indian and Bangladeshi yarn is 10 to 15 cents per kg. Yarn prices have dropped because of the fall in cotton price worldwide, said Momin Mondol, Managing Director of Mondol Group. The total demand for yarn is more than 21 lakh tonne per year.

Source: fashionatingworld.com- Dec 12, 2018

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Pakistan: Buying at cotton market remains modern on grade issue

Buying remained moderate at cotton market on back of grade issue and slow ginning and buying activities, fibre traders said.

Second grade of lint changed hands at around Rs 8,725 per maund and deals also matured on a month forward deal in a southern Punjab station, floor brokers said.

The cotton seed arrival has now been stable and initial bottom-line price of Rs 4,000 per maund has attracted buyers to make deals. The sellers withholding fine grades of lint in order to capitalise premium price kept themselves on sidelines, fibre dealers said.

The Karachi Cotton Association (KCA) spot rate stayed stable at Rs 8,800 per maund with moderate volumes, while majority of the stakeholders remained indulged in price war, floor brokers said.

The better grades of lint would make inroad as demand from leading spinners and mills at Sindh and Punjab stations remained intact.

Brokers said during trading session around 2,700 bales changed hands with a range of Rs 8,775 per maund to Rs 9,000 per maund in Punjab and Sindh stations.

Ginners in Sindh and Punjab stations remained engaged in price war with the buyers on issue of better grade of lint besides growing demand of second grade of lint kept market sentiments on higher side despite shrinking domestic fine stocks.

Ginners of Punjab offered lots around Rs 8,650 per maund and Rs 8,975 per maund to the buyers, while they offered their better produce on competitive prices at around Rs 9,075 per maund.

Raw grades of lint changed hands around at Rs 6,000 per maund, depending on trash level.

The secondary buyers made deals for all grades of lint around at Rs 8,675 per maund while the raw cotton of Sindh was traded around Rs 6,000 per maund.

Market sentiments would remain positive after couple of days, while ginners withholding better grades of lint would fetch better price and general prices would also go further up in coming days.

Last night New York December Futures contract 2018 contract closed at 85.10 cents per pound, while March Futures contract 2019 contract closed at 85.16 cents per pound. The Cotlook A Index settled at 88 cents per pound.

Source: dailytimes.com.pk- Dec 13, 2018

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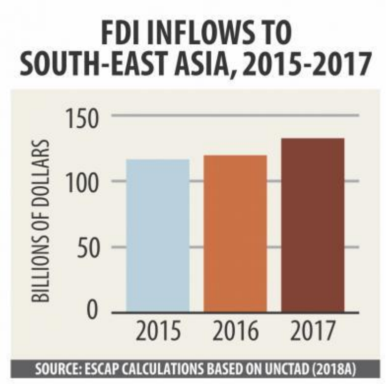
Bangladeshi apparel to draw bigger FDI

The ongoing trade war between China and the US will bring more work orders and more foreign direct investment for the garment sector of Bangladesh, according to the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP).



“Major players in the garment industry in the Asia-Pacific region, such as Bangladesh and Vietnam, are expected to benefit by acquiring a larger share in exports to the US, and thus attracting more investment,” it said in its flagship annual report.

The report, the Asia-Pacific Trade and Investment Report (Aptir), was unveiled yesterday at the UN ESCAP office in Bangkok.

Developing countries in the region continue to attract investment in labour-intensive sectors, particularly the garment industry. Bangladesh's textile and apparel sector received $422 million in FDI in 2017, which is 1 percent higher than a year earlier, the Aptir report said.

“The upward trend was recorded despite lingering concerns about the sustainability of the country's garment sector.”

The Aptir also apprehends bad impact on the Asia Pacific economy if the trade war prolongs. “The US-China trade tensions have also begun to disrupt existing supply chains and dampen investor confidence, as evidenced by the deceleration in trade growth after the first half of 2018.”

If the trade tensions remain, export growth may slow to 2.3 percent in 2019, compared to a nearly 4 percent growth in export volume in 2018. The FDI inflows to the region are also expected to continue in their downward trend next year, following a 4 percent drop in 2018.

Tariff hikes that have already taken place are expected to cut global GDP by $150 billion and regional GDP by a little over $40 billion if they remain. Since many of the main export industries in the region are relatively labour-intensive, a contraction of export could spell at least temporary hardship for many workers.

At a minimum, Asia and the Pacific will see a net loss of 2.7 million jobs due to the trade war, with unskilled workers, often women, shouldering more severe impact. If the tariff war further escalates in 2019 and investor and consumer confidence drop, global GDP could ultimately be cut by nearly $400 billion, also driving regional GDP down by $117 billion.

Almost 9 million people could be put out of work in the region, with many more workers also moving to new jobs in different sectors.

“As production shifts take place and resources are reallocated across sectors and borders due to the trade conflicts, tens of millions of workers may see their jobs displaced and be forced to seek new employment,” said Mia Mikic, director of the Trade, Investment and Innovation Division at ESCAP.

Regional integration will be important to create new economic opportunities. But other complementary policies, such as labour, education and retraining policies plus social protection measures to support people negatively affected must also be placed high on the policymakers' agenda if the region is to continue making progress towards the Sustainable Development Goals, she added.

Source: thedailystar.net- Dec 13, 2018

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NATIONAL NEWS

Cotton production estimates for FY19 slashed further; prices to go up

Unfavourable weather led to the CAI reducing crop estimates for Gujarat by three lakh bales, Maharashtra by one lakh bales and Telangana by 1.5 lakh bales

At the start of the cotton year 2018-19 (Oct-Sep) delay in harvesting and concerns about output amid scanty rains kept cotton prices higher. In November, cotton prices fell due to poor exports and increase in arrivals, post-Diwali.

However, prices should once again bounce considering the latest estimates of the Cotton Association of India (CAI) regarding the 2018-19 crop.

The major cotton belts of Gujarat and Maharashtra received poor rainfall in the 2018 monsoon, and yield has naturally been affected. Considering this, the Association's November estimates lowered India's 2018-19 cotton production from its earlier (October) estimates by three lakh bales to 340.25 lakh bales. The current estimates are almost 6.8 percent lower than the 2017-18 season production.

Unfavourable weather led to the CAI reducing crop estimates for Gujarat by three lakh bales, Maharashtra by one lakh and Telangana by 1.5 lakh, from previous estimates, though Haryana, Rajasthan and Punjab production estimates have been raised.

Estimated exports for 2018-19 have been slightly raised, to 53 lakh bales, but are still about 23 percent lower than in 2017-18. Imports, at 27 lakh bales, are substantially higher than last year's 15 lakh bales.

Despite the upward revision in the import figure, 2018-19 ending stocks are estimated at only 13.25 lakh bales, down 13 percent from October estimates and 42 percent from 2017-18. Thus, the long-term demand-supply situation for domestic cotton will be tight.

Global markets are no exception. There too, we see a deficit as consumption is likely to overtake production in the 2018-19 season. World cotton ending stocks are expected to decline for a third year in a row.

The latest World Agricultural Supply and Demand Estimates (WASDE) put world cotton production at 259 lakh tonnes, while consumption is estimated at 274 lakh tonnes for 2018-19 season.

On the price front, harvesting pressure in the US has kept ICE cotton futures depressed in the last couple of months. However, seasonal supply pressure will decline gradually and thus we may see global cotton prices recovering in the short to medium term.

Usually, seasonal price patterns would led cotton prices to bottom in November-December and thereafter rise gradually. This season, due to the late start to harvesting in India, we may see arrival pressure of the first picking to continue till end-December.

Thus, the seasonality factor and the tight supply-side fundamentals should push cotton prices higher in the medium term.

Source: moneycontrol.com- Dec 13, 2018

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Centre sanctions multi crore rupees apparel and garmenting centre in NE

Construction and installation of machinery in 21 units in seven States (Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura) were completed

The Ministry of Textiles has sanctioned a project to set up one each apparel and garmenting centre consisting of three units in all of the northeastern states at a cost of Rs. 18.18 crore per centre.

Disclosing this in the Rajya Sabha on Wednesday Minister of State of Textiles Ajay Tamta said that the project was sanctioned under the North East Region Textile Promotion Scheme (NERTPS).

“Construction and installation of machinery in 21 units in seven States (Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura) were completed and the facilities have since been handed over to the Project Implementing Agencies of respective State Governments. Project Implementing Agencies are in the process of operationalizing the units through entrepreneurs,” he said.

Silk production in the country has been increasing during recent years and no manufacturing unit is losing the Indian silk market to China in recent times. As the consumption of silk is more than the domestic production, India is importing raw silk from China and other countries. India mainly imports Bivoltine raw silk from China.

“With the significant increase in the Bivoltine raw silk production in the country, the share of Bivoltine silk in the total silk production has gone up from 8.38 percent in 2012-13 to 18.41 percent in 2017-18.

As a result, the share of imported raw silk has reduced drastically from 17.32 percent in 2012-13 to 10.42 percent in 2017-18. There is thrust for increasing the Bivoltine and Vanya silk production in the country with a goal to become self-reliant in silk production by 2022.

Source: nenow.in - Dec 12, 2018

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India's overall exports grow by 17.01 per cent

India's overall exports including merchandise and services have increased a positive growth of 17.01 per cent during April-September of 2018-19 as compared to the corresponding period of previous year, Minister of State for Commerce and Industry CR Chaudhary informed the Rajya Sabha in a written reply.

"During April-September of 2017-18, India's total export value was pegged at US $ 226.08 billion, which increased to US $ 264.54 billion during April-September period of the current financial year," the minister said.

"In order to boost India's exports, the Central government has taken several measures through new Foreign Trade Policy (FTP) 2015-20 launched on April 1, 2015, its mid-term review released on December 5, 2017, and other policy measures taken from time to time," he added.

According to Chaudhary, FTP 2015-20 provides a framework for increasing exports of goods and services as well as the generation of employment and increasing value addition in the country, in line with the Make in India, Digital India, Skill India, Start-up India and Ease of doing business initiatives.

"The main policy objective is to enable India to respond to the challenges of the external environment keeping in view the rapidly evolving international trading architecture and make trade a major contributor to the country's economic growth and development," he said.

"The policy provides the framework for promotion of exports through schemes of incentives on exports and duty remission or exemption on inputs for export production," added the minister, saying that the policy had introduces two new schemes, namely, 'Merchandise Exports from India Scheme (MEIS)' for improving export of specified goods by merging five earlier schemes for better coherence and 'Services Exports from India Scheme (SEIS)' for increasing exports of notified services.

Source: business-standard.com- Dec 12, 2018

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ADB retains Indian growth forecast at 7.3 per cent for FY19

The Asian Development Bank Wednesday retained India's economic growth forecast at 7.3 per cent for the current fiscal and 7.6 per cent for 2019-20, despite downside risks posed by stress in the non-banking sector, limited fiscal space as well as escalating trade tensions.

India is maintaining growth momentum on rebounding exports and higher industrial and agricultural output. The country's GDP growth moderated to 7.1 per cent in second quarter of 2018-19 from 8.2 per cent in the first quarter, averaging 7.6 per cent growth in the first half, the ADB said in its a supplement report to 'Asian Development Outlook (ADO) 2018 Update'.

"While a gradual slowdown across the quarters in 2018-19 was forecast in the update, the slowdown in Q2 was a bit steeper than anticipated. Nonetheless, growth forecasts of 7.3 per cent for FY19 and 7.6 per cent for FY20 are retained from the update despite some downside risks," ADB said in the supplement to the ADO.

The ADB said the Indian economy is exposed to risks emanating from a tighter credit as the nonbank finance sector experiences stress, limited fiscal space for public capital expenditure, and escalating trade tensions. However, it said some of these risks could be offset by a recent decline in oil prices and by exports becoming more competitive as the Indian rupee weakens, down by 10 per cent since the beginning of 2018 despite a recent rebound.

In the ADO Update published earlier in September, ADB had said that India was on a robust growth path and had maintained the growth forecast for 2018-19 at 7.3 per cent. In November, Fitch Ratings kept India's sovereign rating unchanged at 'BBB-', the lowest investment grade with a stable outlook, saying risks to macroeconomic outlook are significant.

The Manila-headquartered multi-lateral funding agency further said South Asia is largely on track to meet growth projections – 7 per cent for 2018 but revised marginally down to 7.1 per cent for 2019. "Still the fastest-growing subregion in developing Asia, South Asia is on track to meet the Update growth forecast of 7 per cent for 2018, but the forecast for 2019 is revised down marginally from 7.2 per cent projected in September to 7.1 per cent," it said.

On the East Asia growth projections, ADB said has maintained it at 6 per cent for 2018 and 5.7 per cent for 2019, despite lower forecasts for the newly industrialised economies. “China is still expected at 6.6 per cent in 2018, moderating to 6.3 per cent in 2019,” the report said. Backed by robust domestic demand, developing Asia continues to weather external headwinds.

“This supplement maintains growth projections at 6 per cent for 2018 and 5.8 per cent for 2019, as detailed in Asian Development Outlook 2018 Update in September.

Excluding the newly industrialised economies, regional growth is forecast at 6.5 per cent in 2018 and 6.3 per cent in 2019, as envisaged in September,” ADB said. Economies in developing Asia and the Pacific are weathering external challenges thanks to robust domestic demand, while inflationary pressures are abating, it added.

Source: financialexpress.com- Dec 13, 2018

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Ministry of MSME-CII Global Summit to address significance of global value chains for SMEs

The upcoming CII 15th SME Global SME Business Summit being held in partnership with Ministry of MSME in the capital on 19-20th Dec 2018 will stir up a range of discussions aimed at fostering global MSME growth.

A host of established names from the industry will engage in interactive sessions on the export potential of the MSME sector, identifying strategic markets and the increasingly important role of e-commerce to bolster trade.

The theme this year centres around “Building Partnerships Through Global Value Chains.” Shreekant Somany, Chairman, CII National MSME Council says, “The objective of the summit is to apprise the SMEs on the significance of global value chains in the development paradigm, the importance of connecting to the global platform as well as the current trends and best practices that can be employed by SMEs of different countries to aid their profitable integration with global value chains.”

He highlights how such value chains provide a window of opportunity for the SMEs to step outside the usual domestic market and initiate their quest in the global market. “SMEs with their moderate financial capabilities find it difficult to connect completely to the global market through meeting their standards and quality. In such circumstances, global value chain offers them to be a part of exports by producing intermediate goods for larger players be it domestic or international,” he adds.

MSMEs constitute almost 95% of the total industries in India. Contributing to almost 8% of the national GDP, they comprise a crucial component of the Indian economy. Hence, connecting the SMEs to global value chains is a crucial step to boost not just their development but also to build the economic growth of the country.

Factors such as technology and innovation play a key role in keeping SMEs competitive in the global market. But one has to continuously keep themselves abreast of changing trends and upgrade as per the demand. “In order to sustain in the global market, one needs to constantly innovate on newer technology or newer varieties of the same technology. SMEs need to adapt to the changing technology to continue its stake in the global market,” adds Somany.

In a similar chain of thought, he directs attention to how E-commerce has come up as a ready market platform for SMEs to exhibit and sell their products. It has come up as a viable medium for SMEs who can now sell their products directly in the relevant markets and can customise them as per specific client requirements.

Some of the primary impediments of growth for SMEs presently are access to finance, innovation and technology. “Awareness about different export parameters like standards, technology, innovation IPRs and different policy regulations of exports which varies within countries and amongst commodities are some of the bottlenecks hampering their current growth trajectory,” sums up Somany.

Source: economictimes.com- Dec 12, 2018

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Hohenstein opens new textile testing lab in India

Hohenstein, a testing service provider and research partner in the textile industry, has opened a new textile testing laboratory in Gurugram, India.

The new facility will be able to offer tailor-made services in one of the world's textile hotspots. During tours, visitors can get an impression of the local capabilities of the textile market.

With around 50 employees on a total of around 3,000 square metres, Hohenstein will offer textile manufacturers, brand suppliers and retailers a variety of textile technology and chemical tests such as performance testing, restricted substance list (RSL) compliance, harmful substance control, quality control and inspections, and expert report services, said a media release by the company.

In July 2018, the company opened a textile testing laboratory with a comprehensive service portfolio in Dhaka, Bangladesh.

"For more than 70 years, Hohenstein has stood for textile expertise along the entire textile production chain. With the new laboratories in India and Bangladesh, we're growing a network of expertise from which everyone will benefit," said Prof Dr. Stefan Mecheels, who is managing the third generation of the family run business of Hohenstein.

"Good, consistent cooperation is very important for Hohenstein: close exchange between the laboratories in Germany, Hong Kong, Bangladesh and India ensures more customer proximity and faster order processing."

"One thing is certain, wherever the examinations, tests and analyses take place, all our laboratories work with the most modern equipment according to the same standards," added Mecheels.

Source: fibre2fashion.com- Dec 12, 2018

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Real Effective Exchange Rate rises to 112.41 in Nov; experts say rupee still overvalued

Experts say the rupee is still overvalued

The index of Real Effective Exchange Rate (REER) rose to three-month high of 112.41 in November. This is not exactly good news at it will make exports slightly expensive.

This rise came after the rupee appreciated not only against the US dollar but other currencies too during November. REER index is a basket of six and 36 currencies (basket has been taken with a base year of 2004-05).

Euro has highest trade weight of 12.69 followed by UAE Dirham, Chinese Yuan and US dollar at 11.44, 10.84 and 8.8, respectively.

According to the International Monetary Fund (IMF), REER is the nominal effective exchange rate (a measure of the value of a currency against a weighted average of several foreign currencies) divided by a price deflator or index of costs. An increase in REER implies that exports become more expensive and imports become cheaper; therefore, an increase indicates a loss in trade competitiveness.

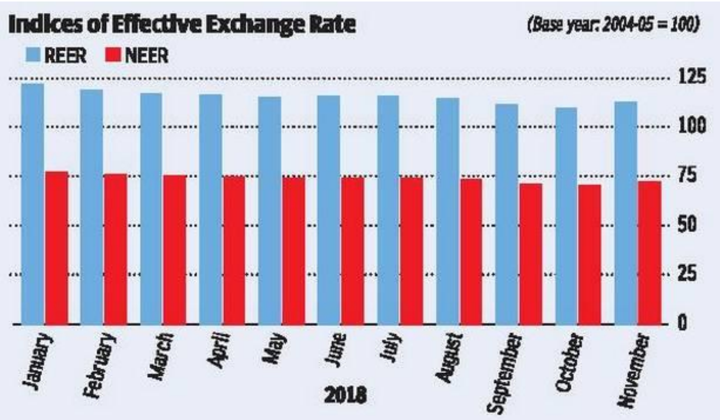
"Thirty-six country trade weighted REER moved to 112.42 in November from 109.47 October showing that in relation to 2004-05, the rupee is still overvalued. Increased overvaluation is due to decline in inflation rate and some improvement in nominal exchange rate," DK Pant, Chief Economist with India Ratings, said.

The index is based on Consumer Price Index (CPI) and reflects the external competitiveness of a country. Conceptually, REER — is defined as a weighted average of nominal exchange rates adjusted for relative price differential between the domestic and foreign countries — relates to the purchasing power parity (PPP) hypothesis.

The RBI publishes this index in its monthly bulletin. Index of REER without inflation becomes Index of Nominal Effective Exchange Rate (NEER).

The latest effective exchange rate has come at a time when three key issues are set to affect the rupee in the coming days. These include the BJP's loss in three key States, resignation of Urjit Patel as RBI Governorpand the appointment of Shaktikanta Das in his place.

In fact, the rupee plunged 110 paise in early trade on Tuesday before ending 53 paise lower at ₹71.85 a dollar due to late rebound. On Wednesday, it was again weak and hovering around 71.95-71.97 a dollar. So far, its year-to-date loss is 11 per cent against 14 per cent a month earlier, but experts feel more pain is yet to come.



More apprehensions

There are two apprehensions — foreign investor may have some concern over the Reserve Bank of India's independence and policy continuity and this can bring down the rupee to 73 or even 74-level.

The investors would like to see if Das' appointment resolves differences between North Block and Mint Street. First major assignment for Das is to chair the December 14 meeting of the central board of the RBI which is scheduled to discuss re-distribution of power.

Two other factors that can affect the exchange rate is the Modi Government's strategy in the run up to 2019 general election.

Experts feel that if it goes for more populism it will mean fiscal slippage which in turn weakens the rupee. Similarly, oil prices have bottomed out for now and their strengthening will have bearing on the exchange rate.

Source: thehindubusinessline.com- Dec 13, 2018

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India aims to grow its manufacturing GVA to $1 trillion by 2025-26

India aims to grow its manufacturing gross value added (GVA) by about 3 times to reach $1 trillion by 2025-26. This implies a compounded annual growth rate of about 12%, which is a significant leap from the current growth rate of 7-8%. Achieving this target calls for a multipronged growth strategy for India's manufacturing sectors—increasing their share of global exports and growing the capability to actively substitute imports with local production while continuing to cater to rising domestic consumption.

Due to the recent turn of events, several industry houses prefer the services sector for investment over the manufacturing sector. This is owing to the diminishing returns and relative risk profile in manufacturing. A concerted effort is required both from industry and government. On one hand, industry needs to step up its game by leveraging technology and driving productivity and, on the other hand, the government needs to enable competitiveness by reducing the cost of doing business and providing policy support till necessary scale is achieved.

Across key industry sectors, India's import dependence ranges between 30-40%. While in some selective cases, duty and tariff structures need review, one key aspect to focus on for the Indian manufacturing sector is technology depth and the ability to produce a range of products that cater to user industry requirements.

Process and control equipment, such as power generation, steel and other metal production, high-precision machining stations, etc., represent a small sample of many such technology gaps. Bridging this technology gap is imperative for Indian manufacturers to be competitive and serve demand centres globally.

Adherence to evolved quality and design standards and innovation are critical for success in some high-volume export markets. Additionally, a shift towards a more efficient, cost-competitive and sustainable manufacturing ecosystem is not attainable without parallel upskilling of the human resources involved.

Globally, and across the value chain, digital-induced disruption is imperative and early signs are visible. To maintain and improve global competitiveness, Indian manufacturing needs to accelerate the adoption of Industry 4.0. The business case for adoption will need to include improvement in quality and customer service level beyond cost optimisation.

It is important to take into account specific nuances while we focus on Industry 4.0 adoption—brownfield acquisitions that have grown over time and become complex with respect to layout, material and process flow, the need for low-cost technology, etc.

Leveraging the strength of India's IT services sector and tapping the effusive entrepreneurial spirit evident throughout the burgeoning start-up sector potentially presents opportunities to provide the much needed boost for Industry 4.0 in India.

Multiple initiatives have been conceptualised and developed over the last 4-5 years to attract investment, encourage innovation, enhance skill development and build infrastructure to transform the Indian manufacturing sector. 'Make in India', 'Skill India' and 'Digital India' are all directed towards developing the right enabling ecosystem and a start has been made.

While policy and regulatory support are a must to set the foundation, it is imperative that, in parallel, industry drives operating efficiency to become more competitive such as in resource consumption-related parameters like specific energy consumption and labour productivity.

Further, factors such as low power quality, logistics and freight expenses and poor transportation infrastructure, that have remained a challenge, require long-term engagement focusing on modal mix for freight movement, investing in updated transmission systems, strengthening roadways and exploring inland waterways as alternative modes of transport.

Global trade dynamics have had interesting developments over the last 3-4 years, actively and intricately linked with geopolitics. The rise of increased protectionism across key economies presents yet another challenge for Indian manufacturers looking to grow through the export route.

India's corporate taxes, land acquisition policies, border compliance regulation and cost of capital also continue to be key challenges, which add to the cost of doing business or often inhibit the ease of doing business. With a large number of schemes launched to encourage the opening of businesses and facilitation of their operations in India, it is important that the industry facilitates and aids the government through enhanced participation and ownership.

If Indian manufacturing is to achieve success on the final frontier, a concerted collaborative effort is required to be made by both the industry and government. This would include identifying specific, time-bound, actionable and measurable initiatives across the range of action areas that not only create the right enabling ecosystem but also ensure implementation and uptake by industry.

Looking ahead, to meet the $1-trillion manufacturing GVA target, industry and the government need to work in perfect synchronisation with each other to unleash the true potential of India's manufacturing sector.

Source: financialexpress.com- Dec 13, 2018

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