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IBTEX No. 258 of 2018 December 19, 2018

USD 70.09| EUR 79.80 | GBP 88.76 | JPY 0.62

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21100	44100	**78.04**
Domestic Futures Price (Ex. Gin), December		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21740	45437	**80.41**

International Futures Price	
NY ICE USD Cents/lb (March 2019)	77.85
ZCE Cotton: Yuan/MT (May 2019)	15,285
ZCE Cotton: USD Cents/lb	**100.77**
Cotlook A Index – Physical	**86.80**

Cotton Guide: CE futures hovered around the support figures about which we had commented yesterday. ICE March saw a low of 77.76 cents/lb (almost a 3 week low), contrasted with a high of 78.65, having a trading range of 89 basis points settling at 77.85 cents/lb. The negative range for other ICE Contracts were between (-69) and (-46). Reason being – turbulent markets expecting a rate hike by the Fed. According to Cotlook the ICE Estimated volume is at 20,100 lower than the previous 22,765 contracts. Total interest also decreased by 794 contracts to 219,252 contracts.

At MCX, the December contract saw a close of 21,740 Rs/Bale a decrease of 220 Rs. An extreme decrease was seen in the January and February contracts with figures of (-240) and (-270) at 22,000 and 22,260 Rs/ Bale respectively. The March contract emanated a drop of Rs 120 at Rs 22500 per bale (1 Indian Bale = 170 Kg)

Arrival figures are estimated to be around 169,500 lint equivalent Bales (source cotlook), which includes 41,000 from Maharashtra, 37,000 from Gujarat and 34,000 from the Northern Zone. According to our private sources, Indian Shankar 6 exchanged hands at an average of 44,100 Rs/Candy. Due to the declining Cotton Prices worldwide, the Cotlook Index A was adjusted at 86.80 i.e. a drop of (-1.00) cent.

Cotton is seen to be bearish also due to falling crude prices. Crude has plummeted by around 4 percent. There are two factors which correlate Cotton with Crude. First, Cost of Production – decline in price of Fuel used in tractors, decline in the cost of Petrochemical fertilizers and transportation cost. Second, Synthetic Fibres – falling oil prices make competing synthetic fibres cheaper and potentially dent the demand for cotton.

On the Technical Front, ICE March futures continued its weakness after breaching the intermediate support at 78.60. The decline in price is expected to extend towards the lower end of the range at 77.20. Below 77.20, crucial support exists around 76.50. Likewise, the immediate resistance exists around 80.20 and 81.20. Meanwhile RSI in daily charts as trading below 45, suggests a phase of weakness in coming 1 or 2 trading sessions. So in a near term price is expected to trade in the range of 77.20-81.20 with sideways to downside bias. In the domestic markets trading range for Dec future will be 21400-21850 Rs/Bale.

Currency Guide

Indian rupee has opened 0.6% higher in early trades today to trade below 70 levels against the US dollar. The currency had appreciated nearly 1.6% yesterday. The major factor supporting Indian Rupee is sharp slide in global crude oil prices along with weakness in US Dollar Index. Brent crude slid 5.5% yesterday amid growing worries of oversupply in face of weakening demand. Meanwhile US Dollar index trades 0.2% lower amid caution ahead of FOMC meeting due later in the day. On domestic front, RBI's announcement to increase the amount of debt it plans to buy at upcoming open-market operations is also lending support to the currency. The gains in Rupee may however be capped amid bleak risk appetite tracking global growth worries. For the day we expect USDINR to trade in a range of 69.6-70.4 and bias may be on the downside.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Moody's Offers Positive Outlook for US Apparel, With Trade Caveats

After a difficult period that saw a slew of bankruptcies and adapting to omnichannel challenges, U.S. retail is beginning to reap the rewards of investments in e-commerce and operating efficiencies, according to Moody's Investor Service's 2019 outlook for the sector.

American apparel companies are benefiting from the retail revival, as well as from cost savings initiatives and acquisition synergies, Moody's said.

"The positive outlook for the U.S. retail industry reflects increasing top-line growth and operating profits, as companies' investments in e-commerce and the in-store shopping experience continue to gain traction," said Mickey Chadha, Moody's vice president. "Growth is also getting a boost from a very strong macro-economic environment, which will drive consumer spending."

Like most outlooks for 2019, Moody's warned that tariffs could dampen momentum, as they could increased labor and freight costs. The report forecast retail operating income to grow 5 percent to 6 percent in 2019. Sales growth is predicted to range from 4.5 percent to 5.5 percent.

Department Stores' operating income will slow its decline to 1.7 percent in 2019, Moody's said, as the sector "continues to focus on reducing friction as convergence with online continues."

Reduced inventories and improved lead times have helped stabilize merchandise margins, the report noted. The International Air Transport Association has reported that air freight demand has slowed as companies have increased lead times on import orders, allowing them to opt for cheaper ocean cargo.

Operating income for discounters and warehouse retailers is forecast to increase about 2.4 percent in 2019 after a strong gain in 2018. Walmart and Target is seen continuing to make long-term investments in their online businesses.

Specialty retailers, drug stores and supermarkets are also expected to see improved performance. Amazon U.S. will continue to grow, while department store losses will begin to taper. Off-price dollar stores and home improvement merchants will also continue to perform well, and “online sales will continue to outpace overall retail growth.”

Among apparel firms, Moody’s said nearly all rated companies will show some form of profit growth in 2019, with the majority exceeding 6 percent growth. More companies are seeing the benefits of “cost-saving initiatives, acquisition synergies, restructurings, reduced inventory and clearance activity.”

In line with what several companies noted during third quarter financial reports, Moody’s said international markets and direct-to-consumer channels continue to drive growth. The report said 42 percent of combined company sales are now generated outside the U.S. For example, 54 percent of Nike Inc.’s $34.4 billion in sales is generated in foreign markets, while 52 percent of Levi Strauss & Co.’s $4.9 billion in sales and PVH Corp.’s $8.9 billion in revenue comes from abroad. China continues to be a focus of brand expansion.

“DTC drives better control of brand messaging and overall shopping experience,” Moody’s said.

In the coming year, a period of what’s been industry merger and acquisition activity is predicted to continue.

With all that, Moody’s said there is “significant risk” down the road in the form of “material downside potential related to tariff threat.” It noted that apparel and footwear have largely been excluded from the current list of Chinese imports facing increased tariffs.

“Should apparel and footwear tariffs increase, companies would likely face gross margin pressure,” the report said. “It would take 12 to 24 months to diversify production and adjust costs. Price increases may prove challenging as consumers may not be willing to pay higher prices.”

This comes as companies face input cost inflation from higher raw material, freight and labor costs.

Among key firms, Moody's sees Nike "maintaining its leading market position across products and geographies,' with key initiatives driving continued global growth. Ralph Lauren should make "continued progress on [its] restructuring plan, with stabilizing revenues and continued margin expansion over the next 12 to 18 months."

VF Corp. is "Actively reshaping [its] brand portfolio" and "we expect rapid debt reduction following recent transactions."

At Under Armour, "cost savings and inventory reduction initiatives should begin to yield improvement," while Hanesbrands Inc. stays "focused on driving synergies, improving margins and cash flow, and reducing leverage."

Source: sourcingjournal.com- Dec 18, 2018

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These 10 Trends Set to Rock E-Commerce in 2019

The year ahead could be a very interesting one for the digital commerce landscape. E-commerce agency Absolunet detailed 10 trends it believes will shift the world of online shopping in its 10 E-Commerce Trends 2019 report.

Here's what to look out for as 2018 bleeds into a new calendar year.

Nothing is certain but…

That's right: the taxman is coming for e-tailers in 2019. In the wake of South Dakota vs. Wayfair Inc., many states have already begun siphoning off sales tax in compliance with 5-4 Supreme Court ruling.

Previously, online businesses had to have a physical presence in a state in order to be taxed. Now, those that sell anywhere in the U.S. are subject to sales tax, regardless of their physical footprint.

That means higher costs for consumers, 36 percent of whom claim they'll trim their online shopping as a result, the report said. Most retailers aren't thrilled about the changes; 69 percent think the tax will have a negative effect on their business.

The year of social commerce?

Instagram's rumored to be building a standalone app dedicated to shopping; Snapchat cemented its status as sneaker-drop central and opened a Thanksgiving Shop and Cop; Facebook hopes its video efforts are monetizable and, maybe, the next version of QVC-style home shopping. After years of rumblings, dashed hopes and premature excitement, technology might finally be catching up to where social commerce wants to be. Social's fertile ground for selling; 40 percent of merchants already wield their presence on platforms like Instagram, Facebook and Snapchat to drum up sales in some way, shape or form. Nearly one-third (30 percent) of consumers are interested in purchasing directly through social sites, rather than dealing with the patchwork of hurdles necessary to complete a transaction today, despite efforts by Instagram, for example, to make posts more easily shoppable.

Mobile gets progressive

We already know the golden age of apps is on a steep decline, but progressive web apps (PWAs) are here to "reinvent and reinvigorate mobile shopping," Magento senior director of strategy Petre Sheldon told Diginomica back in April. Not just a browser experience nor a full-fledged native app, PWAs are said to be the best of both worlds: all of the great features in an app and the web without any of the pesky drawbacks. Why are PWAs the next big thing? Because the average person downloads precisely zero apps each month, the report said.

PWAs just might spur more conversion on smartphones, which continue to lag desktop. People using West Elm's progressive web app spent 15 percent more time on site, and per-visit revenue ticked up 9 percent, according to the Absolunet report.

Returns? Rejected!

The era of no- or low-cost returns might be drawing to a close in e-commerce. They're a notorious drag on profit margins, said 44 percent of retailers, and people return online purchases at two to four times the rate they do in brick-and-mortar, the report noted.

That’s why e-tailers are desperate to turn this ship around. Amazon, famous for its generous returns policy, might be to blame for ushering in the end of no-sweat returns, as it claimed it would ban any “serial abusers” caught taking advantage of its laissez faire policy—or committing outright fraud. Sixty-one percent of merchants said that with the right technology in place to track patterns in returns, they’d give habitual returners the boot, too.

Startups like Happy Returns are trying to solve the online returns problem and turn it into a value add. What’s more, Shopify acquired Returns Magic to offer better post-purchase customer service, further signaling the growing importance of this space.

Retail intelligence goes artificial

If you think artificial intelligence (AI) is already here, get ready to see even more of it in 2019. Why? Because on their own, people can do only so much. Asian e-commerce power players like Alibaba’s Taobao and Tmall online platforms already use an AI copywriting tool to help vendors write up to 200,000 words every second about the wares they’re hawking online.

Already, today’s retailers carry as much as 10 times as many SKUs as you’d find on their websites a decade ago, and that growth will only accelerate in the years ahead as millions more consumers come online. To keep up with this demand for more photos, videos and other details, retailers need solutions automated through AI that can manage mundane but necessary product information tasks, freeing them to merchandise to their heart’s content.

Catering to the conscious consumer

People have values and beliefs and ethics and social consciousness and ecological concerns—and they’re not going to let you forget about it. Values-driven shoppers are paying more attention than ever to how you’re doing business. Is your product packaged appropriately or did you send a massive cardboard box for a tiny T-shirt? Are you doing anything to offset carbon emissions?

Perhaps emboldened by values-first customers who, for example, boycotted retailers that sold Ivanka Trump’s now-defunct line of apparel, accessories and footwear, brands like Nike have taken prominent stands by using social justice warrior and former NFL star Colin Kaepernick for a high-profile ad campaign. For its part, outdoor favorite Patagonia created the Action Works website to help people find causes they care about.

It's no longer enough to just sell stuff—people are looking to shop with companies they can feel good about.

Marketplaces to the max

Name a marketplace: Amazon? Walmart? eBay? Based on industry trends, household-name marketplace platforms are set to grow considerably in 2019. Though just 12 percent of major merchants run a marketplace at this moment, another 32 percent are thinking about getting in on the action, perhaps because 86 percent don't want to give up owning the customer relationship and the transaction. In Canada Best Buy branched out from its electronics roots to add categories like furniture, baby products, jewelry and more, effectively doubling its SKU count.

QR codes come back to life

Maybe we're late to the party here in the U.S. but China long ago capitalized on the power of the quick response (QR) code, using it for mobile payments virtually everywhere. Here, the QR suffered from limited usability because people had to open a dedicated QR scanner app in order to access the information contained in a code. Finally, Apple and Google have built QR code reading capability into their operating systems, meaning that most smartphones running the latest version of Android and iOS can automatically recognize a code and prompt the user to view it.

For brands and retailers, this feature upgrade unlocks a whole new world of possibility, restoring the humble QR code to a central role in how people access product info.

This could flip the script on showrooming, the scenario in which people browse products in a physical store while researching them online through their smart device. If a retailer makes rich product info available through a QR code, they could better control the customer experience and give shoppers a reason to complete the purchase in store. The report cited Deloitte research noting that 48 percent will check our products in store before buying them online.

Content automation

Can't keep up with digital retail's insatiable appetite for content? Good news: content syndication is poised to become the new normal. Syndicating content ensures consistent product information is sent to every channel, avoiding the possibility of confusing mistakes from one channel to the next.

"Brands and manufacturers syndicate their content to increase brand awareness, product information consistency, SEO and conversions," the report said.

Time to go car shopping

That is, shopping while inside a car. Already, 77 percent of people who hop online when they're commuting behind the wheel engage in some form of commerce, according to the report. With tighter mobile-vehicle integration, that number would climb to 83 percent. In-car commerce can help to expose your brand to potential customers at a moment when they're primed for discovery and open to ideas.

Source: sourcingjournal.com- Dec 18, 2018

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UK Retail 2018: It Wasn't All About Brexit

It has been a topsy-turvy year for British retailers as they get to grips with the more destructive elements of Brexit and the ever-growing e-commerce industry. The general prognosis has been bleak—consumer confidence has dropped, inflation has fallen as predicted, but so has wage growth, meaning there has been no easing of pressure on shoppers. And the impact has been stark: the first half of 2018 saw 4,400 store closures across the U.K. high street—more than in the whole of 2017.

However, before we drown our sorrows in a vat of mulled wine, there are a few developments to celebrate. The luxury sector is performing well, as is e-commerce, and the U.K.'s creative sector continues to be a world leader. And while the world is witnessing a major restructuring of the high street, it's not bidding it farewell.

Here are a few trends we've seen in this rollercoaster of a year.

Fast fashion carries the Brexit burden

Last week's poor Q4 Primark results show what we have long suspected—the uncertainty around Brexit is having a major impact on fast fashion. Primark, one of the high street's best performers since the financial crisis, has warned of "challenging" sales in the run-up to Christmas. And they are not alone—nearly every fast fashion brand is struggling, as consumers lose confidence, which has led to declining footfall on the high street in every month of 2018. "We don't want to blame Brexit for too much," said retail commentator Richard Hyman. "But the inescapable truth is that it is definitely having an impact. Retail remains highly volume sensitive. A shift in the behavior of even just 5 percent of shoppers will have a massive impact in trading economics and ignoring this in the mix is delusional."

Luxury—thanks to high volumes of international customers in London who are unaffected by Brexit—continues to weather the storm.

Black Friday sales knock Christmas off kilter

Could Black Friday be the proverbial Grinch that stole Christmas? Retail footfall in November fell by 3.2 percent, a significant drop from the previous year which saw a growth of 0.2 percent. This drop is most likely down to the 'Black Friday effect,' where an increasing number of shoppers buy online rather than in-store during the discount sales period—and shop ahead for Christmas.

"Having made a huge song and dance about your amazing offers for Black Friday, how on earth do you persuade consumers of your great value after the event, probably back at full price?" asked Hyman.

"Christmas 2018 will come very late and fail to deliver the respite many in the industry need," he continued.

"Most retailers will enter Q1 2019 with less fat than needed to see them through the weakest trading period of the year. This will inevitably trigger stressful conversations with critical stakeholders. It's going to be a bumpy ride."

The e-commerce giant grows even taller

Online now accounts for almost 20 percent of retail sales, growing at 10 times the rate of store sales in 2018—and online retailers such as Asos are posting far higher Q4 returns than their brick and mortar equivalents.

Asos's 18.4 million active customers helped retail sales grow by 26 percent, while Boohoo saw sales soar by 228 percent and profit increase by 40 percent. Meanwhile, Missguided, which sponsored the latest series of Love Island on ITV in the summer, saw sales of its clothes go up by 40 percent on the night the reality television show—which gripped the nation—aired. Unlike similarly priced brick and mortar stores, they currently seem less affected by Brexit.

Sustainability gets government backing

This was the year MPs got tough on sustainability. MP Mary Creagh, the chair of the Environmental Audit Committee, wrote directly to 10 of the country's top chief executives, including Marks & Spencer, Next, Asda, TK Maxx, HomeSense, Arcadia, Tesco, JD Sports, Debenhams and Sports Direct. The retailers were questioned on their manufacturing ethics, recycling, plastic pollution and sustainability practices.

"The way we design, produce and discard our clothes has a huge impact on our planet," Creagh said. "Fashion and footwear retailers have a responsibility to minimize their environmental footprint and make sure the workers in their supply chains are paid a living wage. We want to hear what they are doing to make their industry more sustainable."

The government has threatened to fine any companies that don't meet targets, and seems customers agree, with 60 percent of under-40s in the U.K. saying they would prefer to buy clothes from brands with ethical credentials.

Fur loses its cachet

In January, the British Fashion Council established the British high-end manufacturers database, an open-source directory that helps designers get ethical supply-chain certificates and stamp out animal cruelty. Asos updated its animal welfare policy in June to ban the use of feathers, silk, cashmere and mohair, in addition to fur, which it had already prohibited. Then in

September, London became the first of the main fashion weeks to ditch animal fur in its shows.

Fur farming has been banned in Britain since 2000 but figures show the U.K. imported nearly 75 million pounds ($94.6 million) of fur in 2017. But if the country gets a Labour government next year then we could see the end of imports too, as Labour's shadow chancellor John McDonnell told Newsbeat that"we should not have a fur trade that relies upon the suffering of animals abroad."

Source: sourcingjournal.com- Dec 18, 2018

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US jeans imports from China, Mexico increase marginally

US jeans imports from China rose just 2.91 per cent for the year through October to $790.89 million worth of goods, compared to the year-ago, while shipments from Mexico increased 1.61 per cent in the same timeframe to $679.41 million. Imports from both countries have only increased slightly as the countries face disruption in US trade policy. In order to mitigate risk in their supply chains, the countries have had to shift sourcing plans.

Tariffs have caused China to lose a majority of its jeans market to other Asian nations. Vietnam saw shipments to the US rise 46.16 per cent in the last 10 months to $248.95 million, while Bangladesh shipments increased 12.78 per cent to $481.41 million.

Other Asian suppliers seeing a hike include Pakistan, with imports rising 12.52 per cent to $206.05 million; Cambodia, with shipments up 27.49 per cent to $99.08 million; and India, posting a 44.59 per cent hike to $31.35 million. Meanwhile, suppliers are also taking market share from Mexico since they have the same attributes of quick shipping times and duty-free trade because of the Central American Free Trade Agreement (CAFTA). US jeans imports from CAFTA countries rose 7.37 per cent in the 10 months to $116.37 million worth of goods.

Source: fashionatingworld.com- Dec 18, 2018

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Cotton trading pace slows down in Brazilian market

With the low quality of the batches available in the Brazilian market and the conflict between agents regarding prices, the cotton trading pace was slow in Brazil in the first fortnight of December. Besides, with the nearness of mandatory vacation at the end of the year, agents were prioritising the deliveries of the cotton previously purchased.

Between November 30 and December 14, the CEPEA/ESALQ cotton Index, with payment in 8 days, rose 2.26 per cent, closing at 3.0196 BRL per pound on December 14, the Center for Advanced Studies on Applied Economics (CEPEA) said in its latest fortnightly report on the Brazilian cotton market.

The cotton available in the market during the fortnight had lower quality and the batches were heterogeneous, CEPEA said. As a result, some processors who seemed interested in new purchases claimed difficulty in finding higher quality cotton. Sellers, on the other hand, were not willing to lower asking prices, even for the lower quality batches.

Agents closed several trades for future delivery, attentive to international price rises, mainly for the cotton from the two next seasons (2018-19 and 2019-20). Brazilian processors were closing future trades, purchasing cotton for early 2019 and also for the second semester, at fixed prices and/or based on the CEPEA/ESALQ Index.

The Brazilian cotton output in 2018-19 crop may reach 2.364 million tons, 17.8 per cent up compared to the previous season, according to data released by Conab on December 11. The boost is linked to the area increase by 23.2 per cent this season, estimated at 1.447 million hectares. The average productivity, however, may decrease 4.4 per cent compared to the 2017-18 crop, to 1,633 kg per hectare.

In Mato Grosso, the main cotton growing province in Brazil, 2018-19 output is expected to reach 1.568 million tons, 21.5 per cent higher than that from the previous crop, according to Conab. While the average productivity is forecast at 1,640 kilos per hectare (1.1 per cent down), the area sown is estimated to increase by 22 per cent (955.9 thousand hectares), due to the good cotton yield.

In Bahia, the second-largest cotton growing area in Brazil, the area under cotton is likely to increase, after dropping for four consecutive years, reaching 310,000 hectares in the 2018-19 season (up 17.6 per cent). The state harvesting is estimated to total 508,600 tons, up 2 per cent. The average productivity, in turn, is forecast at 1,640 kg per hectare (down 13.2 per cent).

According to Secex, Brazilian cotton exports increased in November for the fourth consecutive month, reaching a record volume of 198,400 tons. The amount shipped last month was 21.6 per cent larger than that from October 2018 and 26.9 per cent larger than 156,300 tons shipped in November 2017.

In November 2018, revenue totalled $344.2 million, 21.6 per cent higher than in October and 36.6 per cent above $251.9 million earned in November 2017.

Cotton imports totalled 133,200 tons last month, 55 per cent down compared to October, but much higher than the 33,300 tons shipped in November 2017. Last month, the average import price was $1.2301 per pound, 54.4 per cent up compared to the previous month, but 26.8 per cent lower than the $1.6806 per pound a year ago.

Source: fibre2fashion.com- Dec 18, 2018

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Sri Lankan apparel exports up four per cent

Sri Lanka's apparel exports during January to October grew 4.4 per cent year on year. Exports to the US grew 4.5 per cent year on year and exports to the European Union grew 4.2 per cent year on year.

October apparel export earnings declined one per cent year on year. In October, apparel exports to the US slowed down 6.5 per cent year on year.

Apparel exports to the EU recorded a growth of 3.1 per cent year on year. Sri Lanka's apparel exports were impacted by sluggish retail markets in the EU and US as well as fierce competition among global suppliers.

It is estimated that there's four per cent oversupply in the global apparel market. Sri Lanka is not able to fully capitalise on the US-China trade war, as Sri Lankan manufacturers don't have the capacity to cater to the export orders that China is losing.

The country expects apparel export earnings would average around $450 million in November and December, enabling the industry to cross the $5 billion mark.

Apart from Bangladesh and Vietnam, some African nations such as Ethiopia are also emerging as major apparel exporters to the US and EU, as they have the capacity to manufacture garments at a lower cost while meeting the necessary sustainability standards demanded by US and EU retailers.

Source: fashionatingworld.com- Dec 18, 2018

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Bangladesh to cut source tax on RMG export earnings

The Bangladesh government has decided to reduce the rate of source tax on RMG export earnings by 58 per cent. Finance minister Abul Maal Abdul Muhith has already conveyed his consent to National Board of Revenue to reduce the source tax to 0.25 per cent from current 0.60 per cent.

Earlier, in September, the government had slashed the tax rate for RMG exporters to 0.60 per cent for the current fiscal year, following pressure from exporters, reducing from 1 per cent reinstated in the budget.

NBR would complete the procedures, including taking vetting from law ministry, to issue the statutory regulatory order reducing the rate to 0.25 per cent. As per Income Tax Ordinance-1984, exporters are supposed to pay 1 per cent tax at source on their export income.

According to an NBR estimate, previous reduction in source tax may reduce its earnings from the sector by Tk 1,600 crore in the year. Now NBR will incur another Tk 1,400 crore for the fresh tax cut.

Source: fashionatingworld.com- Dec 18, 2018

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Africa Strategy Includes Pursuing Trade Agreements

Improving trade and commercial ties with African countries is one of three pillars of a new Africa strategy announced by the Trump administration. Other areas of focus will include strengthening security and reforming foreign aid programs.

The strategy includes a "Prosper Africa" initiative that a White House fact sheet states "will support open markets for American businesses" and "improve the business climate," with benefits expected to include an increase in U.S. exports and greater reciprocity with African trading partners. The U.S. will also use the African Growth and Opportunity Act to "promote deeper trade ties and fair trade with sub-Saharan African states."

In a speech detailing the strategy, National Security Advisor John Bolton said that in the coming months and years the U.S. intends to "pursue modern, comprehensive trade agreements on the continent that ensure fair and reciprocal exchange between the United States and the nations of Africa."

Bolton said the U.S. "will begin these negotiations on a bilateral basis, and focus on creating mutually beneficial partnerships." This suggests that the U.S. could end up concluding trade agreements with groups of African countries rather than individual nations, perhaps with one or more of the continent's existing trade and customs blocs.

Bolton noted that the U.S. will focus this and other economic efforts on "African governments that act with us as strategic partners and which are striving toward improved governance and transparent business practices."

He added that structural reforms "will likely be critical, including practicing fiscal responsibility, promoting fair and reciprocal trade, deregulating economies, and supporting the private sector."

Bolton indicated that the strategy as a whole is designed in large measure to counter the rapidly expanding "financial and political influence" of China and Russia, which are "deliberately and aggressively targeting their investments in the region to gain a competitive advantage over the United States."

In particular, he accused China of using "bribes, opaque agreements, and the strategic use of debt to hold states in Africa captive to [its] wishes and demands" as part of broader strategic initiatives like "One Belt, One Road," which aims to "develop a series of trade routes leading to and from China with the ultimate goal of advancing Chinese global dominance."

These initiatives are already having "disturbing effects," Bolton said, such as the possibility that Djibouti may soon hand over control of a shipping port on the Red Sea that sits astride major arteries of maritime trade between Europe, the Middle East, and South Asia to Chinese state-owned enterprises.

Other elements of the strategy, Bolton said, including (a) encouraging African leaders to choose high-quality, transparent, inclusive, and sustainable foreign investment projects and (b) revamping foreign aid contributions to Africa to target "key countries and particular strategic objectives," with the goal of advancing U.S. interests and helping African nations move toward self-reliance.

Source: strtrade.com- Dec 19, 2018

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Bangladesh terry towel exports up 49 per cent

Bangladesh's exports of terry towels rose by 49.60 per cent from July to November. In fiscal 2018, exports of home textiles, including terry towels, bed sheets, linen, curtains, and pillow covers, grew 9.95 per cent year on year. However, terry towel exports declined 4.40 per cent year on year.

With a trade advantage of nearly 15 per cent, including six per cent cash incentive, the home textile sector in Bangladesh, especially terry towels, is performing well.

Bangladesh regularly exports different types of home textiles and specialized textile products including terry towel bed sheets, bedspreads, pillows, pillow covers, cotton table napkins, furnishing fabrics, curtains, window and door curtains, cushions, cushion covers, carpets, table covers, kitchen accessories, mattress covers, bath linen, and other home furnishings.

However, at least 10 small and medium factories have closed in the past two years. Another three or five are struggling to survive. At least 70,000 workers lost their jobs due to closure of those factories.

The sector's (including terry towel) growth started to witness a decline from January 2014, when the European Union allowed zero-duty benefit to Pakistan under its GSP Plus scheme on the export of home textiles and some other products. The EU imported over $6.86 billion worth of home textiles in 2016.

Source: fashionatingworld.com- Dec 18, 2018

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Turkey: Retail trade volume in Turkey shrunk in October

Calendar-adjusted retail sales volume with constant prices slipped 7.5 percent on a yearly basis in October, the Turkish Statistical Institute (TÜİK) revealed on Dec. 18.

Non-food – except automotive fuel – sales showed the biggest annual drop among main economic activities with 12.1 percent, TÜİK reported.

Automotive fuel sales fell 7.6 percent, while food, drinks and tobacco sales rose 1.6 percent.

The volume of medical goods and cosmetic sales among non-food went up 5 percent on an annual basis in October.

Sales by mail orders and over the internet climbed 4.5 percent while textile, clothing and footwear sales rose 2.8 percent, during the same period.

However, the sales volume of electronic goods and furniture shrank by 23.3 percent in the month, while computers, books, and telecommunications equipment's sales volume decreased 20.3 percent.

TÜİK also revealed that the calendar-adjusted retail turnover with current prices surged 18.2 percent year-on-year in October.

"In the same month, food, drinks and tobacco sales increased by 23 percent, non-food [except automotive fuel] sales increased by 14.8 percent, and automotive fuel sales increased by 20.1 percent," it added.

Source: hurriyetdailynews.com - Dec 18, 2018

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Pakistan: 9.9m Cotton Bales Reach Ginneries

Seed cotton (Phutti) equivalent to 9.962 million (9,962,657) bales reached ginneries across Pakistan till Dec 15,2018,registering a shortfall by 6.77 per cent compared to corresponding period last year.

Out of total arrivals,over 9.4 million or 9,488,411 bales have undergone the ginning process,says a fortnightly report of Pakistan Cotton Ginners Association (PCGA) issued here Tuesday.

Arrivals in Punjab were recorded as 5.9 million or 5,918,023 bales and over 4 million or 4,044,634 bales in Sindh.

Total sold out bales were recorded as over 8.

1 million or 8,154,749 including over 8 million or 8,055,160 bales bought by textile mills and another 99,589 bales purchased by exporters.

Around 1.8 million or 1,807,908 bales were still lying with the ginneries as unsold stock.The report does not include cotton figures from districts of Kasur,and Sargodha.

Exactly 513 ginning factories were operational in the country out of total 1300,including 365 in Punjab and 148 in Sindh. However,826 ginning factories were operational during corresponding period of last year including 597 in Punjab and 229 in Sindh.

Source: urdupoint.com- Dec 18, 2018

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Pakistan: Worsening trade imbalance

The trade deficit of the Pakistan is now projected to levels never anticipated by the finance ministry. In recently ended fiscal year 2017-2018 Pakistan has reported its highest figure of the history of trade deficit of 37.7 billion. This trade deficit is resultant of USD 60.9billion imports and devaluation of Pak currency up to 15%. So, Pakistan is spending foreign currency more that it is earning.

When outflow of foreign currency is greater than inflow of foreign currency trade deficit occurs. In others words we can also say that trade deficit results from when imports of a country are much more than its exports. In this situation outflow of foreign currency is greater than inflow.

In order to overcome situation of trade deficit Pakistan relies on its foreign exchange reserves and make payments through it. If Pakistan keeps doing this than foreign exchange reserves will start depleting and will reach a dangerous level soon. At this level of trade deficit authorities must have to take initiative to take back the figure to the normal.

Otherwise this will result for a new IMF loan or a mini budget. This worsen level of trade deficit shows that policy makers are paying less attention to private sectors to give relaxation in different aspects so the local firms can produce substitute to the imported products. Trade policy set export target of USD 35billion by 2018, but due to weak policies exports remain far below than the set target.

The main reason behind this trade deficit is no effective measures were taken to resolve the issues of key exporters. Our government had played role in widening trade deficit by not focusing on export policies. The major issue behind this consists of some structural factors and lack of good policies. Due to this lack of focus on policies in 21 century the major exports of Pakistan still based on cotton, yarn and cloth.

The previous government has managed this temporarily by taking loans from other countries but this will not serve as a permanent solution to this alarming situation. Another reason which gave raise to imports is cheap products of china. So it is important to control imports.

In order to control trade deficit government and policies markers need to pay attention to this issue. There is a need to reduce our imports and increase our exports. Previous and present both governments have given some incentives to the exporters but still unable to overcome the issue.

The present government of PTI has protected the benefits that were also provided to exporters by previous government. There are five sectors which are exempted for rise in prices of oil, gas and electricity. This incentive would be give to other item to encourage manufacturing of export quality goods. In this way exports can be increased. Accordingly, there is need to revise policies and reform policies to avail opportunities available in future.

Advance technology is one of the most growing opportunities in world wide. Country need to point out sectors in which our supply lines can be improved and enhanced with other countries in a profitable manner. Institutional reforms would be a key to achieving these policy objectives.

Policies makers of Pakistan need to design these types of policies and make sure implementation to encourage exports. In order to reduce imports regulatory duties can be increased on unnecessary item this will result in under invoicing. Another way is to set a limit on number of items so any importer who import more than specified limit would be charged with double import tariffs.

According to analysis in the starting tenure of government of PTI the trade deficit has drop down by USD 2.7 billion in the month of September. The main reason is that PTI government has increased duties on unnecessary imported products which result in decrease in trade deficit.

Source: nation.com.pk- Dec 19, 2018

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Vietnam: FDI firms expand local textile-garment sector to maximise on CPTPP

Vietnam has become increasingly appealing to large foreign investor groups in the textile and garment industry who want to seize opportunities before the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) takes effect in January next year, according to analysts.

German-based Amann Group, one of the world's top three leading producers of high-quality sewing and embroidery threads, is expanding its network to Vietnam with a new factory being constructed on a 45,000sq.m ground at Tam Thang Industrial Park in the central province of Quang Nam.

The new facility will be added to Amann's existing network of factories in various countries across Asia, including Bangladesh, China, India, and Indonesia.

At the new production site, the group will produce around 2,300 tonnes of sewing threads per year, mainly for the manufacture of apparel and shoes.

The first phase of the project is scheduled to commence in late July of next year.

Kraig Biocraft Laboratories Inc., the US' leading developer of spider silk-based yarn, is working with agricultural cooperatives in Quang Nam to expand mulberry production and develop high-performance silk in Vietnam.

The firm plans to set up a centre for research and development (R&D) of silk, as well as grow about 2,500ha of mulberry to support spider silk in the country.

According to Kraig Biocraft Laboratories, Vietnam is being chosen to scale up its spider silk commercialisation efforts in one of the firm's strategic moves to further growth.

The domino effect created by FDI expansion in the textile and garment sector has also led to an increase in the number of foreign suppliers of machinery and equipment for the industry.

In June, ILLIES Vietnam – a member of the German C. ILLIES & Co. and also a leading distributor of industrial textiles machinery and equipment – announced it has expanded its portfolio in the spinning sector. It now provides machines and spare parts for short-staple yarn-spinning systems for the Rieter Group and the local textile market.

In the first quarter of 2019, the company will open a repair centre for mechanical and electrical parts of Rieter machines.

So far this year, the Vietnam Textile and Apparel Association (VITAS) has welcomed many foreign textile and garment producers visiting Vietnam to explore investment opportunities, said VITAS Vice President Truong Van Cam. More FDI projects will arrive in the country's textiles sector in the coming years, Cam added.

Once new-generation free trade agreements (FTA), like the CPTPP and the EU-Vietnam FTA, enter into force, investment in the textile and garment industry will increase, offering a great opportunity for machinery suppliers like Rieter, said a representative of ILLIES Vietnam.

Statistics by the VITAS showed that a total of nearly 15.9 billion USD in FDI had been injected into more than 2,090 textile and garment projects in Vietnam by the end of last year. In the first half of 2018, the industry attracted another 2.8 billion USD in FDI.

The country is now among the leading exporters of textile and garments in Asia. Vietnam's total textile and garment exports have experienced a 3.6-fold increase over the past decade, from 7.78 billion USD in 2007 to 31 billion USD in 2017. Last year's figure represented 16 percent of the nation's total export revenue.

This year, the sector expects to earn 35 billion USD from exports.

Source: en.vietnamplus.vn- Dec 18, 2018

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NATIONAL NEWS

India to become the second largest kidswear supplier to the US

A recently released apparel trade statistics by OTEXA indicates, India will surpass both Bangladesh and Vietnam in next six months to become the second largest kidswear supplier to USA after China.

India clocked in $157.86 million from kidswear exports to the US from January to October '18, growing at 6.52 per cent.

In volume-terms, India saw a surge of 16.53 per cent and shipped 7.94 million kg worth of kidswear to the US market.

During the 10-month period, US managed to grow only 1.33 per cent in volumes and 2.10 per cent in kidswear import values which are quite low as compared to India's escalation in its respective export.

Simultaneously, all top Asian exporting nations fell in their respective value-wise exports in kidswear segment to the US.

China, Bangladesh and Vietnam dwindled by 3.23 per cent, 2.50 per cent and 2.52 per cent respectively and the declining trend of these countries helped India capture shift especially from China which caters to 47 per cent of kidswear demand in US.

Markedly, India emerged as the only country which increased its value-wise share, while all other countries declined their share on y-o-y basis.

Source: fashionatingworld.com- Dec 18, 2018

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Apparel exporters demand duty drawback hike

An apparel export promotion body has called for increase in duty drawbacks of about 4-4.5 per cent to mitigate embedded taxes paid by exporters.

After the implementation of the GST, exports of apparel have declined, owing to two factors -- lowering of the duty drawback rate from 11 per cent to about 3.7 per cent, and non-disbursement of the drawbacks.

"We still find there is a gap of about 4-4.5 per cent of duty. We are paying embedded taxes in products like seeds, besides electricity duty and taxes on diesel, but are unable to recover them, which is weakening our comepetitiveness," Apparel Export Promotion Council Chairman H K L Magu said.

He was speaking on the sidelines of Indian Chamber of Commerce-organised Retail India Summit here.

Magu said if the government agrees to their demand of raising the duty drawbacks or GST refunds, it would translate to around a Rs 5,000-crore boost for the sector, a major employment generator.

He said in the first nine months of the current fiscal, the sector registered a decline in exports compared to the previous fiscal.

During April-September, apparel exports were down 9.6 per cent in dollar terms as against the corresponding period a year ago.

"It is only since October that things have started looking positive, as demand is rising and GST refunds have started getting released," Magu said.

He said fiscal 2018-19 is likely to be flat for apparel exports at about USD 17 billion, if the growth trend sustains for the remaining months.

The month of November saw a jump of 20 per cent in rupee terms and 9 per cent in dollar terms compared to November 2017, he added.

Source: business-standard.com - Dec 18, 2018

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'Changes in policy, procedures in next 3 months'

The next three months would see the Centre put in place changes in policy and procedures to ensure India further improves its position in the 'Ease of Doing BusinessReport-2019', chairman designate of Central Board of Indirect Taxes and Customs P K Das said Tuesday.

The process to assess the 'Ease of Doing Business-2019' for 2018 will start from February 2019 and go on till August-September. The result will be out in October.

India has jumped 23 places to 77th rank in the global Ease of Doing Business rankings.

"Our efforts are that in the next three months we should ensure that all our processes are put in place in this financial year itself and deliver the desired changes, both in policy or if it is required to be made, any procedural changes.

That is why any changes in the system upgradation, any capacity building, all these we are focusing now and see that we are all in the right track," Das told reporters.

He was briefing reporters about the two-day 'All India conference of chief commissioners of customs/customs and central taxes and director generals on customs tariff and allied matters' that began here Tuesday.

To curb smuggling and illicit trade, the customs department was also working on having new technological tools like Artificial Intelligence, block chain technologies and deep diving technologies, which are used in many sectors dealing with operations and applications, he said.

"We are engaging with technology experts. We are engaging with IBM and other system providers, but they have to build technology as per our requirement.

We have to indicate (to them) what the processes and what the minimum requirements are. Our engagements are on, "Das said.

He said the officers discussed numerous initiatives in connection with Indo-Bangladesh, Indo-Bhutan and Indo-Nepal cross-border trade, electronic cargo tracking system, off border clearance and various steps taken on TIR convention (International Road Transports convention).

Smuggling was also an issue deliberated during the meeting, as also the steps taken to check it, Das said.

The issue of upgrading the 12 laboratories of customs all over the country and getting them accredited was also discussed, he said.

Das said efforts were on to give the lab facilities to the neighboring countries so that consignments they exported for the benefit of the food safety authorities, drug control authorities, wildlife authorities, animal quarantine and plant quarantine can be tested by these laboratories.

Strategic thinking was also discussed, he said, adding that the officers deliberated on the deployment of 109 Customs vessels helping agencies guarding the nation's borders like the Army and the Navy.

"We conduct a lot of exercises where we have something called Sagar Kavach. We conduct various joint exercises with the border guarding forces.

All kinds of different parameters like whether their equipment is properly maintained or not, whether proper maintenance in terms of the comprehensive maintenance agreement is being carried out or not and whether the officers are deployed properly were examined," he said.

Source: business-standard.com - Dec 18, 2018

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Prices above MSP: Only 1L bales cotton bought this year

The Cotton Corporation of India (CCI) has procured over one lakh bales in the current season till date. Last season, the corporation had procured over 4 lakh bales by this time.

CCI chairman & managing director P Alli Rani said the corporation had procured over 1 lakh bales which is not as much as the corporation would have liked to purchase from farmers. "But, it is a good thing. It means that markets are looking up and traders are buying from farmers, although the minimum support price (MSP) is high," she said.

According to the CMD, of the 348 centres in the country where CCI has a presence, prices are higher than MSP in most centres except for 25 centres. "Market prices are above the MSP by only `50 to `100 which is good for us.

When the daily arrivals pick up, the situation may change. Currently, traders are offering prices a little higher than MSP. The presence of CCI in the market is also keeping prices above MSP," she said.

The Centre has fixed MSP of long staple cotton at `5,450 per quintal from `4,320 per quintal, that is 26% more than last year.

MSP of medium staple cotton has been fixed at `5,150 per quintal from `4,020 per quintal last year, marking a 28% increase over last year. However, prices have been higher this season against last season on the reports of production cut by the cotton body, Cotton Association of India and US Department of Agriculture.

According to market sources, prices are in the range of `5,400-5,600 per quintal.

Arrivals had improved to nearly 1.5 lakh bales per quintal but most of the crop was purchased by traders, Alli Rani said. She said a major portion of the procurement had been from Telangana where prices are lower than MSP.

CCI didn't have the need to intervene in Maharashtra, Madhya Pradesh and Gujarat. According to the ginning community, the sentiment has been weak from October this year from the start of season and the situation is likely to continue till mid-January when the festive season begins.

As per Cotton Advisory Board estimates, this year output is projected at 361 lakh bales, nearly 20 lakh bales more than that estimated by CAI. CAI revised its yield projections downwards last week as it feared crop losses in major cotton producing states such as Gujarat, Maharashtra, Telangana and Karnataka and brought it down to 340.25 lakh bales for 2018-19. CAI cut the estimate for Gujarat by 3 lakh bales, Maharashtra by 1 lakh bales and Telangana by 1.50 lakh bales.

Source: financialexpress.com- Dec 19, 2018

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Ikea to generate 10,000 jobs in Maharashtra over 3 yrs

Swedish furniture company Ikea is planning to hire 10,000, both direct and indirect, in Maharashtra over the next three years, according to its people and culture manager for India Anna-Carin Mansson.

These people will be deployed at the forthcoming store in Navi Mumbai and the assembling services centres and supply chain networks in the state.

The company's first store was opened in Hyderabad in August this year and its second store in Navi Mumbai will be opened in early 2019.

Half of the employees will be women at all levels. The company is also open to recruit from the lesbian, gay, bisexual and trans (LGBT) communities, Mansson told a news agency.

Ikea is the first major single brand retailer to get foreign direct investment approval and plans to open several stores and multiple touch points across the main cities over the next 10 years.

Source: fibre2fashion.com- Dec 19, 2018

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CII inks pact with Shanxi Province

The Confederation of Indian Industry (CII) and the China Council for the Promotion of International Trade Shanxi Provincial Committee signed the Cooperation Framework Agreement on Monday.

The pact aims to strengthen bilateral economic and trade cooperation and establish a win-win cooperative relationship on resource sharing. The trade between Shanxi Province and India mainly focuses on chemicals, machinery, mining, building materials, food and textile industries.

Shanxi Province's main export commodities include solar cell mobile phone and antibiotics. The main import commodities are castor oil, static rheological device, iron ore and cotton yarn.

Source: thehindu.com- Dec 18, 2018

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