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US 70.77 EUR 77.77 | GBP 87.99| JPY 0.66

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19856	41500	**74.71**
Domestic Futures Price (Ex. Warehouse Rajkot), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19710	41194	**74.15**
International Futures Price		
NY ICE USD Cents/lb (December 2019)	60.91	
ZCE Cotton: Yuan/MT (January 2020)	12,845	
ZCE Cotton: USD Cents/lb	81.85	
Cotlook A Index – Physical	**71.45**	

Cotton Guide: The ICE Cotton futures tilted towards the positive end with changes in the range of +47 to +70 points. The most active contract the ICE December contract settled at 60.91 cents per pound with a change of +39 points. Post 7 pm as soon as the US Market became active, the bulls tried to push the prices forward to a high of 61.67 cents per pound but later the bears overpowered the bulls and dragged the prices back to 60.83 cents per pound.

The market sentiments seemed to be mixed with the US China [lower level] trade talks brought forth neutral news. The volumes were again seen lower at 17,121 contracts. The total OI was seen to have increased by 369 contracts to 232,356 contracts. The

December 2019 OI increased by 313 contracts to 137,796 while the March 2020 interest decreased by 285 contracts to 59,208 contracts.

The ZCE contracts settled negative in the range of -50 and -165 yuan. The most active ZCE January contract settled at 12,845 yuan/tonne with a change of -60 yuan. The Polyester prices were at 7,500 Yuan/tonne with a change of -50 yaun. In other words, Polyester is cheaper by 34.1 cents per pound as compared to cotton (ZCE cotton = 82.72 cents per pound and Polyester = 48.62 cents per pound).

The MCX contracts on the other hand were all negative with the arrival pressure kicking in. The MCX October contract settled at 19,710 Rs per Bale with a change of -110 Rs. The MCX November contract settled at 19,130 Rs per Bale with a change of -140 Rs whereas the MCX December contract settled at 19,000 Rs per Bale with a change of -180 Rs. As mentioned in our previous report, the MCX December contract has now touched 19,000 Rs per Bale and can head even lower.

The Cotlook Index A has been updated at 71.45 cents per pound with a change of +20 points. The average prices of Shankar 6 are at 41,500 Rs per Candy.

Fundamentally speaking, for the upcoming days, we can see the prices to show an increase as Speculators might cover their short positions as it is the end of the month and end of a Quarter. For today expect the international prices to show a little positivity while the MCX contracts should continue with their downtrend with the arrival pressure.

On the technical front, ICE Cotton Dec future is trading around the breakout zone of 60.60-60.00 since last three trading sessions. In the daily charts price moving in an intermediate upwards sloping channel with lower band support around 60, which coincide with 50.0% Fibonacci retracement of the recent uptrend. Earlier price has crossed the downward sloping channel and moved above the consolidation phase. At present Dec future is hovering around the DEMA (5, 9) at (60.59, 60.50), with momentum indicator RSI is at 50 levels, suggesting a sideways trend. However, on the upside immediate resistance exists at 61.60, followed by 62.77(76.4% Fibonacci retracement level) and the immediate support would be 60.00, which is nearby the breakout level. So for the day price is expected to move in the range of 60.00-61.60 with sideways bias. In the domestic market MCX Oct future is expected to trade in the range of 19600-19940 with a sideways bias.

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

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INTERNATIONAL NEWS

US share in world cotton production falls

The US share in world cotton production has declined by 20 per cent from the early 2000s. However, it remains the world's leading cotton exporter.

Brazil's cotton exports are projected to increase 10.5 per cent over the next 10 years, the largest projected growth rate among the world's major exporters.

Brazil became the world's second-ranking cotton exporter in 2018-19. India's cotton exports are expected to grow by 4.5 per cent over the next ten years.

Improved yields have raised India's production and exports, although bollworm resistance issues have hampered yields in recent years.

The projected growth in yield reflects continuing improvement in cultivation practices and stabilization of insect problems.

India is expected to remain the world's third-largest cotton exporter after the United States and Brazil.

Exports from the 15 countries of the Economic Community of West African States are projected to experience sustained four per cent annual growth in the next decade.

Improvements in technical and financial infrastructure will help boost production and exports. Exports from the other countries in Sub-Saharan Africa are projected to increase 2.7 per cent annually.

Major cotton-producing countries in Central Asia are promoting investment in textile industries and exports of textile products rather than exports of raw cotton.

Source: fashionatingworld.com- Sept 23, 2019

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USA: Textile Industry Grappling With Macro- and Microeconomics to Avoid 'Downhill Spiral' as Inflation Looms

Forecasts of a recession on the horizon have often been linked to the U.S.-China trade war and its connection to broader indicators of a global commerce downturn.

Given that the bilateral dispute has led to tit-for-tat import tariffs by both countries and that China is the largest U.S. supplier of apparel, the trade impasse has the U.S. textile and apparel industries in its crosshairs, along with other industries that rely on cross-border trade.

In other words, the macroeconomic issues and conditions and microeconomic sectors and supply chains are blurring into one.

Macro picture

IHS Markit chief economist Nariman Behravesh and executive director Sara Johnson said in their September economic forecast that "the trade war and oil market disruption have increased the risk of recession" in the global market.

The economists noted that August saw another intensification of the trade conflict between the U.S. and China, which was followed in mid-September by the attack on Saudi Arabian oil production facilities, resulting in an oil price spike.

"Both are bad news for the global economy, coming at a time when growth is already slowing," they said. "Partly because of the trade war, IHS Markit again downgraded the growth forecasts for all the major economies during the past month."

In the U. S., Behravesh and Johnson said, "New tariffs will hurt growth, but not kill it...The outlook for the next few years has been lowered in response to the Trump administration's new 15 percent tariffs on most goods imports from China that had previously escaped tariffs and an increase in the tariff rate to 30 percent on imports from China that had been subject to a 25 percent rate."

Bill Adams, senior economist at PNC Financial Services, speaking at last week's Fall Fiber Meeting of the National Council of Textile Organizations (NCTO), noted that the Inverted Yield Curve–the difference between 10-year interest rates on government borrowing versus three-month borrowing–indicates that "a recession is around the corner."

"We at PNC Bank think that despite this signal of heightened recession risk in the next couple of quarters, we're still more likely to see a continued economic expansion in the U.S.," Adams said.

On the negative side, he noted a slowdown in job growth in recent months, "a signal that the overall economy in the U.S. is slowing, as well."

"The manufacturing side of the U.S. economy is the part where we've seen a particularly sharp slowdown," he said, adding that it's also a global trend.

On the positive side, Adams said, "We have important sources of resilience in the U.S. economy, one of which is the small business sector…The other part of the U.S. economy that is holding up quite well is the U.S. consumer. Consumer confidence is at or near all-time highs in the last couple of months. The trend has stopped being so sharply up, but nevertheless consumer confidence is holding at very strong levels."

He noted that wage growth has finally begun to pick up and is outpacing inflation, and the unemployment rate is close to a record low.

"The takeaway for you," Adams told the fiber executives, "is that we're forecasting the slowdown to continue and intensify–we don't forecast a recession. This is balancing the headwinds to the U.S. economy on the large business side and trade uncertainty and what that does to businesses that have global supply chains versus the boost to the economy for the small business side, the consumer side and industries that are benefiting from higher tariffs on foreign imports."

Micro picture

That led to Kim Glas, president and CEO of NCTO, to tell Souring Journal on the sidelines of the meeting: "If there is a downturn in the economy, I don't think the textile industry is immune to those swings. We look at the data very closely to understand when there's ebbs and flows."

This includes tracking industry production and exports, among other economic indicators, Glas noted. Textile exports in the year through July were down 1.07 percent, but at the same time, those exports to the Western Hemisphere, which account for 70 percent of all shipments, rose 0.85 percent.

“This industry plays very close attention at what is happening worldwide, what are the economic trends across the United States, across other industries, what are energy prices looking like–there’s a multitude of factors that will determine if the United States is going to experience a downturn,” Glas said.

“And I think right now we don’t have enough information to make a determination because some of our statistics have shown significant growth in our industry,” she said. “Our exports have increased to this hemisphere by 6 percent in the last few years, so that’s a significantly positive trend. So even if there is some economic softness right now that our industry and others are experiencing, we’re still seeing growth in this export-dominant market.”

Glas said the tariffs on Chinese imports, which NCTO generally supports, has caused concern among some textile companies that it could affect their competitiveness. For example, rayon staple fiber and textile machinery are on the punitive tariff list and are not made in the U.S.

“So if you increase the cost of U.S. manufacturers’ ability to compete and reinvest in their mills, what does it mean for their ability to compete globally?” Glas asked.

She feels companies are looking to source close to home due to the desire for speed to market and with consumers more attuned to how and where a product is made. Given that trend couple with the ongoing trade uncertainty with China, Glas said, “We should be strengthening the Western Hemisphere in this supply chain. That’s the intent of the [Central American] Free Trade Agreement.”

She acknowledged that all businesses need to operate on some level of certainty to make investments and plan their business, even though NCTO supports President Trump’s policy of imposing tariffs on China as punishment for its trade policies.

"Everyone would like to see this resolved, but it has to be in a way that helps this industry and so many others that are impacted by unfair trade practices," Glas added.

Separately, David Parkes, president of the Concept III fabric sales company, said, "We've seen dramatic changes over the years because of economic factors. To my mind, I don't think we will necessarily fare any better than previous occasions."

Parkes, whose 30-year-old company has survived several recessions, said, "If you're marketing your product well and you have your supply chain in order, you have the foundation to at least cope with a downturn. If those things are not in place, then you are relying on price, and when that happens, it's a downhill spiral."

Chinese mills have also reported taking a hit from the trade war, forcing them to look elsewhere for export growth as U.S. sales have slumped.

IHS's report noted that in China, July and August data points to a further loss of economic momentum. China's exports fell 1 percent year to year through August, as exports to the U.S plummeted 16 percent. Imports also declined, a sign of weakness in domestic demand, the report said.

"The new and increased U.S. tariffs on Chinese exports will shave China's near-term real GDP growth by around 0.2 percentage points," the economists said. "China's real GDP growth is projected to slow from 6.6 percent in 2018 to 6.2 percent this year, 5.7 percent in 2020 and 5.6 percent in 2021."

Jun Fang, president of Chinese mill Seazon, said, "The trade disputes and tariffs have created a lot of uncertainties in the denim market. As one of the major players in the U.S., we have started to see a lot of inquiries regarding lead time of fabrics shipping to various Asian countries that are not affected by the new tariffs."

The outlook

Some form of recession is on the horizon, Parkes said, but "I would not expect it to be a deep recession because the country is still strong economically."

“We will see an adjustment, but I don’t think it will be severe,” he added. “If I did, I would be looking to cut expenses and overhead, and I’m not looking to do any of that at this point.”

The IHS economists said the new tariffs set for October and December “are expected to boost consumer prices and the cost of capital, softening the outlook for personal consumption expenditures, business fixed investment and GDP.”

With all of the economic indicators analyzed and forecasts made, Adams added, “The trade war is the wild card in all of this. If the tariffs come through as scheduled, that’s going to eventually hit consumers at the checkout line and higher consumer prices will probably result in a slowdown in consumer spending.”

Source: sourcingjournal.com - Sept 23, 2019

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Trade tensions, policy uncertainty to weaken growth: OECD

The global economy has become increasingly fragile and uncertain, with growth slowing and downside risks continuing to mount, according to the Organisation for Economic Cooperation and Development’s (OECD) latest Interim economic outlook, which says economic prospects are weakening for both advanced and emerging economies.

Global growth could get stuck at persistently low levels without firm policy action from governments, the report says.

Escalating trade conflicts are taking an increasing toll on confidence and investment, adding to policy uncertainty, aggravating risks in financial markets and endangering already weak growth prospects worldwide.

The OECD projects that the global economy will grow by 2.9 per cent in 2019 and 3 per cent in 2020—the weakest annual growth rates since the financial crisis, with downside risks continuing to mount.

The outlook covers all G20 economies, and includes downward revisions to projections from the previous outlook released in May 2019 for almost all countries, particularly those most exposed to the decline in global trade and investment that has set in this year, according to an OECD press release.

The report identifies the trade conflicts as the principal factor undermining confidence, growth and job creation across the world economy, and underlines that continuation of trade restrictions and political uncertainty could bring additional adverse effects.

While solid consumer demand has supported service sector output to date, persistent weakness in manufacturing sectors and continuing trade tensions could weaken employment growth, household income and spending.

Substantial uncertainty persists about the timing and nature of the withdrawal of the United Kingdom from the European Union, particularly as concerns a possible no-deal exit which could push the UK into recession in 2020 and lead to sectoral disruptions in Europe.

Other risks, including the overall slowdown in the Chinese economy and significant financial market vulnerabilities from the tension between slowing growth, high debt and deteriorating credit quality, are also weighing on future growth.

The report calls on central banks to remain accommodative in the advanced economies, but stresses that the effectiveness of monetary policy could be enhanced in many advanced economies if accompanied by stronger fiscal and structural policy support.

It says fiscal policy should play a larger role in supporting the economy, by taking advantage of exceptionally low long-term interest rates for wider public investment to support near-term demand and future prosperity. Greater structural reform ambition is required in all economies to help offset the impact of the negative supply shocks from rising restrictions on trade and cross-border investment and enhance medium-term living standards and opportunities.

Source: fibre2fashion.com. - Sept 23, 2019

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Philippines eager for FTA with the US

The Philippines is eager for a free trade agreement with the US. The hope is that this will provide preferential treatment and better market access for the country's export items.

In the meantime Philippines is maximizing its trade privilege with the US under the Generalized System of Preferences. The GSP allows the Philippines to export a total of 5,057 products, or nearly half of the 10,600 US tariff lines, to the US at zero or reduced tariffs.

However, the Philippines could lose this preferential treatment once it has been classified as an upper middle-income economy by the World Bank. The government is targeting to develop the Philippines into an upper middle-income economy by 2022. Therefore, the country could lose its GSP status that year.

Trade in goods between the Philippines and the US last year improved 7.16 percent. This makes the US the country's third-largest trading partner next to China and Japan. Further, exports to the US grew 10.04 per cent, making it the country's top export destination.

Electronic products account for bulk of shipments. Aside from this, top exports to the United States include manufactured items, apparel and clothing, ignition wiring sets, machinery and transport equipment and coconut oil.

Source: fashionatingworld.com. - Sept 23, 2019

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Ethiopia textiles and apparel exports up 32 per cent

Ethiopia's exports of textiles and apparel grew 32 per cent from 2012 to 2016. The share of textile and garment exports in the country's total exports grew from 2.46 per cent to 5.46 per cent during the same period.

Ethiopia is transitioning from an agriculture-based economy. The textile-apparel industry is a significant element of the economy, in both financial and social terms, as it is a major source of employment and foreign exchange.

Cotton consumption in Ethiopia is expected to increase in the coming years as a result of expansion in the textile industry due to foreign investment from countries such as China, India, and Turkey, among others.

The Ethiopian cotton sector currently meets 70 per cent of the domestic industry's raw material requirements. Several foreign companies have committed to investing in industrial parks to accelerate textile production and garment manufacturing.

There are at least a dozen spinning mills in the pipeline to address some of the expected demand for yarn. These planned facilities, plus the 15 existing spinning mills currently operating, will bring the country's installed annual processing capacity of lint cotton to 2,00,000 metric tons.

In sub-Saharan Africa, cotton-producing countries export about 90 per cent of their fiber.

Source: fashionatingworld.com- Sept 23, 2019

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Stage is set for Intex South Asia 2019

Intex South Asia, an influential and established textiles sourcing show in its 5th edition, will take place at BMICH, Colombo, from 13-15 November 2019.

This trading platform for the textiles and apparel industry is endorsed and supported by major industry associations, chambers of commerce and government agencies from Sri Lanka, India, Bangladesh, Pakistan, Taiwan, Malaysia, and other countries.
The 5th edition will welcome over 200 quality suppliers from 12 countries and regions showcasing top quality yarns, apparel fabrics, denim fabrics, chemicals, clothing accessories and allied services.

Participation from India

The Indian Pavilions at Intex South Asia will be organised by The Cotton Textiles Export Promotion Council (TEXPROCIL), Federation of Indian Export Organisations (FIEO) and Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL) under Ministry of Commerce & Industry, Government of India.

The participation from India has grown by 30% from last year making it the largest country pavilion with over 100 Indian companies that will exhibit their latest product offerings to connect with the leading buyers from Sri Lanka, Bangladesh, India and other international markets.

"This year, we will be introducing Indian Textile Dyes & Chemicals Zone, which will be represented by leading textile chemicals, dyes intermediates, pigments and auxiliaries companies.

With the growth of textile dyes and chemicals imports to Sri Lanka, Indian companies under this zone would find it fruitful to connect with their Sri Lankan counterparts to explore business opportunities.

With the inclusion of this pavilion, Intex South Asia has successfully integrated the textile value chain at a single global trading platform," organisers report.

Latest innovations
For the first time, world renowned organisation – Cotton Council International (CCI), the National Cotton Council's export promotion arm that promotes US cotton in more than 50 countries under its Cotton USA trademark, will partner with Intex South Asia as its Innovation Partner.

"This marks the entry of Cotton USA in Sri Lanka. Cotton USA will showcase the latest innovations for would be beneficial for the growth and development of textile and apparel industry of our region," organisers say.

Some of the top companies taking part in the show include the five-time exhibitor PT Sinar Para Taruna from Indonesia, along with PT Kewalram International; Grasim Industries (Liva), Sangam, Birla Century, Garware Bestretch, from India; PAK Denim and MN Textiles, from Pakistan, and Eco Transfer Prints and Sigiri Weaving Mills, from Sri Lanka, and Yetom New Materials and PHK Knitting, from China.

Intex South Asia is inviting buyers' delegations from India, Bangladesh, Pakistan, Thailand, Middle East, Nigeria, Mauritius and other countries, making it a truly global sourcing platform of South Asia.
Market intelligence

Alongside the exhibition, The Interactive Business Forum (IBF) will deliver high-quality market intelligence to support industry efforts to upgrade, move up the value chain and better understand intra-regional trade to help manufacturers gain a competitive edge.

Following last year, Intex South Asia's Interactive Business Forum will return, featuring seminars/workshops covering a range of topics including the latest trends, market developments and technological advances in the industry enabling all to access current global market intelligence.

"There is a clear shift from the west to the east. While the western economies are slowing down, the economies of South Asia are among the fastest growing in the world.

Industry and businesses are coming to this region and Intex South Asia is there to speed up this process while ensuring that genuine buyers from around the world meet with quality suppliers at the only international textiles sourcing show of South Asia," commented Arti Bhagat, Director, Worldex India.

Source: knittingindustry.com- Sept 23, 2019

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Belarus-Uzbek action plan for textile-garment cooperation

A 2019-20 action plan to implement the memorandum of understanding (MoU) between the Belarusian state light industry concern Bellegprom and Uztekstilprom Association was agreed to during the recent Global Textile Days-Tashkent 2019 event. The plan stipulates measures to invigorate cooperation in textile, apparel and knitwear enterprises between both sides.

Bellegprom chairwoman Tatiana Lugina met chairman of Uztekstilprom Association Ilkhom Khaidarov.

The two sides sketched out prospects of trade and economic cooperation and worked out an road map for advancing cooperation, Bellegprom said on its website.

A number of Belarusian companies now closely cooperate with enterprises in Uzbekistan and the possibility of opening proprietary Belarusian shops in the latter is under consideration.

Source: fibre2fashion.com- Sept 23, 2019

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Switzerland and Egypt step up partnership to boost textile and clothing exports

Egypt's Ministry of Trade and Industry and the Swiss Confederation today announced the scaling up of collaboration to strengthen the competitiveness of textiles and clothing producers in Egypt.

The goal is to boost exports, create jobs and raise incomes. The partnership was formalized by Egypt's Minister for Trade and Industry Mr. Amr Nassar, Minister of Trade and Industry, and Mr. Paul Garnier, Ambassador of Switzerland to Egypt, in Cairo on the 22 September 2019.

The new initiative – Egypt: Improving the International Competitiveness of the Textile and Clothing Sector – forms part of the three-year Global Textiles and Clothing (GTEX) programme, funded by the Swiss State Secretariat for Economic Affairs (SECO), which is being implemented by the International Trade Centre (ITC).

It will also be aligned with the Textiles and Clothing Programme for Selected Middle East and North African countries (MENATEX) programme, which is funded by Swedish International Development Agency (SIDA). The new project aims to support Egypt to build a sustainable export-oriented sector with increased sales to traditional and new markets, with a focus on creating long-term and sustainable employment, particularly for women and young people.

The project will be implemented by the International Trade Centre in close partnership with the Egyptian Textiles, Apparel & Home Textiles (TA&HT) Export Council.

‘We are pleased to start this innovative programme in cooperation with ITC and Egypt’s Ministry of Trade and Industry,’ Ambassador Garnier said. ‘Egypt’s textile and clothing sector faces many challenges but has enormous potential to expand, and provide jobs and income for thousands of people. We look forward to supporting the country in realizing its potential in this important sector.’

Eng. Magdy Tolba, Chairman of the Egyptian Textiles, Apparel & Home Textiles Export Council, said: ‘Egypt has untapped potential in our traditional US market while we also want to expand our presence in Europe, in the countries of the Commonwealth of Independent States, and in Africa.’

’The project will provide us with technical and operational knowhow, which will help in building capacity of factories as well as in accessing new technology and new trends to improve the quality our products, and thus increasing the competitiveness of the Egyptian textile and clothing sector. All this will serve in achieving the council’s goals, which are building capacity, doubling the exports and technology transformation. We are looking forward to a close collaboration with Switzerland and ITC in achieving this,’ he said

To achieve lasting improvements in the textile and clothing sector's export competitiveness, the project will focus on bolstering the capacities of national institutions and training centers to help them better support local businesses with export-related needs. Central to this will be improving the internal management processes and service portfolio development of participating companies. The project will also work directly with domestic enterprises, providing advisory services, training and coaching designed to help firms move up the value chain, from cutting and sewing to fabric sourcing, product and design development and branding.

Matthias Knappe, Programme Manager for fibres, textiles and clothing at ITC, said that the project addresses the most pressing needs faced by Egyptian textile and clothing companies. 'With support provided to both enterprises and key support institutions, we expect results leading to long-term exports and employment opportunities,' he said. 'One innovative feature of the project will be strengthening collaboration between larger exporting companies and smaller companies located in rural areas to create jobs where people live and to reduce job-related commuting requirements".

In 2017, global trade in textiles and clothing was worth an estimated $751 billion. Egypt accounted $2.8 billion worth of clothing and textile exports, mostly to the United States.

The Egypt: Improving the International Competitiveness of the Textile and Clothing Sector project is aligned with several of the Sustainable Development Goals, in particular Goal 5 (Achieve gender equality and empower all women and girls), and Goal 9 (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation).

Source: intracen.org- Sept 23, 2019

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Pakistan: Yarn exports disappoint

There is a growing pressure on exports to start delivering soon, but in the past two months marking the beginning of FY20, exports have merely grown by 3 percent with the textile group growing by 2 percent—the growth concentrated in higher value added goods like garments.

Cotton yarn exports that used to be 10 percent of all textile exports last year have receded to 9 percent. Cumulatively, July and August 2019 exports of yarn fell by 8 percent year on year.

In its quarterly report ending Mar-19, the SBP pointed out that the performance of the textile sector during FY19 did not reflect the concessions and incentive packages provided by the government. The rupee lost 25 percent of its value in FY19 against the US dollar, which did not translate to higher exports.

An industry source argues that the rupee depreciation raised the cost of cotton (which serves as a raw material to yarn production), which more than offset any currency exchange gain.

He added that international buyers were aware of the declining rupee value and bargained the contracts accordingly.

The lower per unit price of cotton yarn exports in FY19 may corroborate this. During FY19, export price of cotton yarn was $2,595 per metric ton as opposed to the corresponding period where it stood at $2,626 per metric ton—a decline of 1 percent. Industry sources claim that these falling prices made domestic markets more viable with demand coming from garment manufacturers. Yarn prices grew 21 percent year on year locally during the July-Mar-19 period.

A major yarn manufacturer Gadoon Textiles in its annual report while explaining a 19 percent drop in its exports during FY19 said: “In addition to the non-availability of export rebate for spinning segment this year, the trade war among world economies was another reason for declining export sales during this year which resulted in fewer orders from China to which Pakistan’s export of yarn is at a higher percentage”.

In the two months of FY20, PBS data releases show that the price per metric ton of cotton yarn exports has declined by 10 percent while volumetric yarn exports actually grew by 2 percent.

It seems the situation has not cleared. Pakistan exports more than 50 percent of its aggregate cotton yarn export to China. SBP cited the Chinese customs data in its report, stating a 17.2 percent drop in cotton and yarn imports by China in CY18.

According to the SBP report, "[China] imposed additional retaliatory tariffs on its top yarn supplier, the United States (in July 2018). To make up for the resultant shortfall, China started unloading the sizable stockpile of cotton it had built up over the years to its ginning industry.

At the same time, China diverted some of its import demand for higher count yarn to Brazil, Australia and India, which managed to increase their market shares, according to the USDA. However, due to a product mismatch, Pakistani exporters could not benefit from this shift in Chinese demand, as Pakistan's ginning industry mostly produces low-count yarn, which is not widely used in apparel-making".

For now, domestic players have been able to shift their focus to the local demand. However, this demand may not grow too much. Eventually, yarn manufacturers will have to grow their exports and get competitive. No rupee devaluation will tackle that colossal task.

Source: brecorder.com - Sept 23, 2019

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A New Denim Trade Show Touches Down in Japan

The country known for inspiring designers like Denham the Jeanmaker and 3×1's Scott Morrison is the latest destination for the international trade show Denimandjeans.

The trade show will host its first event in Japan March 4-5, 2020, at Sunshine City, Tokyo.

Denimandjeans Japan will primarily focus on technology and aims to make the show an innovation hub with its theme #DesignedInnovation. The event will showcase 40 exhibitors representing various areas of the denim production process. Attendees will share insight on design innovation, sustainability and other topics surrounding the denim and sportswear industries.

"We are looking at creating a niche show in Japan where we can aggregate the best innovators in the denim and related sportswear industry to showcase the latest products to discerning local and international visitors," Denimandjeans founder Sandeep Agarwal said. "We expect our exhibitors to bring their latest innovations which not only add function but also a design appeal for the consumers. And when we say 'design innovation,' the sustainability aspect is always one key component."

Japan is a key market for denim. Japan's citizenry is among the largest consumers of denim globally with more than 1.3 jeans per person as per estimations, and the country imports more than 179 million pairs of jeans annually, Denimandjeans reported.

Agarwal launched Denimandjeans in 2007 as a global resource for B2B denim news, reports and analysis. Since then, the company has held a number of conferences and fairs around the world. In 2014, Denimandjeans launched its first trade show in Bangladesh, followed by shows in Vietnam and India.

Source: sourcingjournal.com - Sept 23, 2019

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Nigeria to produce 450,000-metric tons of cotton in 3 yrs

Nigeria has set a target to produce up to 450,000 metric tonnes of cotton in three years as part of efforts to revive the domestic textile and garment industry, according to the Central Bank of Nigeria, whose governor Godwin Emefiele recently said around 300,000 farmers will be engaged to achieve this in 26 out of the 36 states in the country.

To revive the sector, the bank had supervised the cultivation of 200,000 hectares of hybrid cotton distributed to 200,000 farmers across the country, according to a news agency report.

The bank said it also spearheaded the import of improved cottonseed, adding that 6,000 metric tonnes were imported while additional 2,000 metric tonnes of cotton seeds were sourced locally.

The total expected yield at the end of the current season is 302,440 metric tonnes.

Source: fibre2fashion.com - Sept 24, 2019

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Move to relocate Chinese units to Pakistan hailed

Board of Investment (BOI) Chairman Zubair Gilani Sunday welcomed the decision of relocating Chinese manufacturing units to Pakistan and said the step would revolutionise the industrial sector and boost exports.

“The relocation of Chinese manufacturing units to our Special Economic Zones (SEZs) will not only enhance the industrial growth but will also help increase Gross Domestic Product (GDP),” Gilani said.

He said that a number of Chinese companies had expressed willingness to shift their businesses to Pakistan in the second phase of industrialisation under China-Pakistan Economic Corridor (CPEC).

The BOI chaiman observed that during the first wave of relocation in 2006, the Chinese industrial units mostly shifted to South East Asian countries including Vietnam and Malaysia who were now leading the whole region in exports.

Gilani maintained that the Chinese manufacturing units in textile, leather, engineering and electronic goods would also be relocated to major industrial cities of Pakistan including Faisalabad and Karachi.

He noted that after the second phase of relocation, the local industrialists can go for joint ventures to share their expertise in manufacturing for the growth of local industry.

Gilani said that knowledge-based business and economy would be the priority of the government to compete with developed countries.

Source: tribune.com.pk- Sept 23, 2019

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Pakistan: Cotton prices firm on strong buying

Cotton prices stayed firm on Monday on sustained buying from small- and medium-sized textile units to replenish their stocks at current prices amid fears of short crop.

The world leading markets remained under pressure with Indian cotton prices came crashing down between Rs200 to Rs1,000 per candy. The Chinese and New York markets were easy.

However, major spinning groups were reported to have started exploring import market.

The private estimates put cotton production little over 10 million bales for the current season suggesting a substantial quantity of cotton will have to be imported to meet the shortfall of around 3-4 million bales, cotton analyst Naseem Usman said.

Consequently, the buyers remained focused on quality cotton and seemed to be in a hurry to build up their inventory. But sluggish performance of cotton yarn market somewhat hindered buying from many textile spinners, brokers said.

The Karachi Cotton Association (KCA) maintained its spot rates at weekend level of Rs8,550 per maund.

The following deals were reported to have changed hands on the ready counter: 1,400 bales, Shahdadpur, at Rs7,850 to Rs8,000; 2,000 bales, Tando Adam, at Rs7,850 to Rs8,000; 1,200 bales, Rajanpur, at Rs8,750 to Rs8,800; 1,000 bales, Hasilpur, at Rs8,750; and 1,400 bales, Layyah, at Rs8,675.

Source: dawn.com - Sept 24, 2019

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NATIONAL NEWS

Textile associations to unite, press demands

The Confederation of Indian Textile Industry (CITI) will on Thursday conduct a meeting of associations in the textile sector to gather their demands and present it to the Centre, representatives said here on Monday.

CITI chairman T Rajkumar said they would compile the demands of all associations in the textile sector and present it to the ministries of commerce, finance and textiles before October 15.

The new office-bearers of CITI, Cotton Textiles Export Promotion Council (TEXPROCIL) and Southern India Mills' Association (SIMA), at a press briefing, said the Centre should provide incentives and schemes for yarn export.

They also requested the Centre to release subsidy dues under schemes such as technology upgradation funds (TUF) scheme, rebate of state levies (RoSL) and rebate of state and central taxes and levies (RoSCTL).

Rajkumar said there were about Rs 12,000crore dues under the TUF scheme. "This has been accrued over the past six years. This has caused a capital crunch. There have been instances where the funds were not used properly. But it is just 4% to 5%. The Centre should release the funds," he said.

The representatives also said due to the US-China trade war, yarn imports from India were hit. "Yarn exports declined by 35% during April and August this year. The average monthly yarn export was 100 million kg. But in July, it had come down to 58 million kg," said K V Srinivasan, Texprocil chairman.

Aswhin Chandran, chairman of SIMA, said the state should not curtail open access to industrial units having less than 1MW, which was announced in a government order. "This would hit small textile units."

Banking facility for wind power for textile mills should be continued even after March 2020, the deadline announced by Tangedco, Chandran said. "Old windmills that are performing well should not be removed. They must be let to operate. If they are removed, we cannot invest to replace them," he added.

Source: timesofindia.com- Sept 24, 2019

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‘Export of cotton yarn down by 35 %’

Export of cotton yarn from India has dropped by 35 %, said K.V. Srinivasan, Chairman of Cotton Textiles Export Promotion Council (TEXPROCIL), here on Monday.

He said this in a joint press meet of national and regional textile industry bodies – TEXPROCIL, Confederation of Indian Textile Industry (CITI) and the Southern India Mills’ Association (SIMA). Commending the Remission of Taxes, Duties on Export Products (RoTDEP) recently announced by the Central government as a scheme compatible with World Trade Organisation (WTO) norms, Mr. Srinivasan said that the government policies must “apply to all sectors.”

“Textile sector is not an exception to slowdown,” said T. Rajkumar, Chairman of CITI. A meeting of all the major stakeholders in the textile sector will be convened in Coimbatore city on September 26, following which the revised demands will be submitted to Ministries of Finance, Textiles and Commerce by October 15, Mr. Rajkumar said.

Mr. Rajkumar said that the demands he placed to the Central government included extension of debt restructuring to the textile and clothing sector as given to the Micro, Small and Medium Enterprises (MSMEs) and inclusion of cotton yarn under Rebate of State Levies (RoSL) and Merchandise Exports from India Scheme (MEIS).

Ashwin Chandran, Chairman of SIMA, appealed to the Tamil Nadu government that the State's existing energy policies must continue and that Tangedco must not curtail any benefits to textile industries such as proposal to remove old windmills, restricting the open access to power for units utilising less than 1 MW.

He added that the State government must also heed to the long-standing demand of cotton textile mills regarding removal of 1 % Agricultural Market Committee Fee on cotton waste. Mr. Chandran noted that in Tamil Nadu, nearly 30 percent of textile capacities are closed for the past six months, leading to the loss of nearly 12 lakh jobs in the State.

Source: thehindu.com- Sept 23, 2019

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India's containerised trade growth slows to 1% in Q2 2019

According to a report by global integrated logistics company Maersk, the trade growth during April-June 2018 stood at a healthy nine per cent growth.

While India's export growth with the world stagnated, export growth to North America doubled from the corresponding period last year to 15 per cent growth in Q2 2019.

India's containerised trade growth slowed to one per cent during April-June 2019 owing to various factors like growing global trade tensions and liquidity issues in the domestic market, the report said.

According to a report by global integrated logistics company Maersk, the trade growth during April-June 2018 stood at a healthy nine per cent growth, almost three times higher than the global growth average of 2-3 per cent.

"India's containerised trade growth slowed to one per cent in Q2 2019, due to a cocktail of international factors such as slowing trade growth, and growing trade tensions coupled with domestic factors like rural consumer distress, tightening liquidity and a slow-down in key manufacturing sectors," the report said.

Both imports and exports were growing at a healthy rate during the same period last year at eight per cent and nine per cent, respectively. However, in Q2 2019, imports have grown at a meager two per cent, while exports have remained flat.

"The combination of these factors impacted the country's economic activity, slowing overall import-export growth," it said.

As per the report, west India delivered the highest growth with imports growing at four per cent and exports at 11 per cent.

North India, on the other hand, delivered one per cent growth in imports yet a steep decline of nine per cent in exports. South India, on the other hand, registered one per cent import growth and two per cent export growth, while the eastern part recorded two per cent growth in imports and contracted by one per cent in terms of exports.

India's exports to China declined by 20 per cent, led by a reduction in demand for India-made textiles and apparel, which were large export commodities in the corresponding period last year. While, imports from China contracted more, by 22 per cent.

On the other hand, the increasing economic cooperation between India and Saudi Arabia led the latter to emerge as one of Indias strongest export partners in Q2 2019, growing by 74 per cent, with vegetables and tiles, stone and glass exports from India leading this growth, it said.

India's overall trade with North America grew 14 per cent, and with Europe a growth of 10 per cent in Q2 2019.

Containerised trade with the Mediterranean countries was flat, primarily due to a two per cent contraction in exports.

While India's export growth with the world stagnated, export growth to North America doubled from the corresponding period last year to 15 per cent growth in Q2 2019.

This was largely led by North India, which delivered an increase of 18 per cent this year as opposed to one per cent last year. West and South India also contributed to the overall export growth, while growth from east India shrunk.

"The overall deceleration of trade growth reflects a broad-based slowdown across key economic sectors. Amidst increasing global volatility, a slower local economy and the USA's withdrawal of preferential access for certain Indian products, India's import-export trade is expected to continue to face headwinds in the coming months," Maersk South Asia Managing Director Steve Felder said.

He further said the commerce ministry's recently proposed export promotion scheme, supported with a production-based support scheme, coupled with a weaker rupee, is expected to boost 'Make in India' and benefit multiple industries.

Source: economictimes.com- Sept 23, 2019

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India walks a tight rope as RCEP negotiators meet in Vietnam for final talks

For New Delhi, protecting vulnerable sectors from competition remains a challenges

The negotiations for the Regional Comprehensive Economic Partnership (RCEP) are poised towards conclusion with negotiators from the 16 member countries are trying to tie all the loose knots in an on-going meeting in Vietnam this week.

But, India continues to grapple with the dilemma of wanting to stay in the group while protecting the interests of its vulnerable sectors and is yet to reach an understanding with other members, including China, on market opening commitments.

"Negotiators from India now have a clear mandate of not exiting the talks coming right from the top. Yet so many domestic sectors are continuing to demand protection. In fact, the dairy and textile sectors held intense meetings with the Commerce Ministry just before the Vietnam meeting. It is a tricky situation as other RCEP members are not willing to be very flexible on their ambitious demands for market access," a government official told BusinessLine.

New Delhi is under pressure to agree to eventually eliminate import tariffs on more than 90 per cent of traded goods for the 10-member ASEAN, Japan and South Korea. For China, Australia and New Zealand, with which India does not have bilateral free trade agreements, the demand reportedly is that India eliminate duties on about 80-86 per cent of goods.

"The greatest fear amongst various sectors, be it steel, engineering goods, chemicals, dairy or agriculture, is that tariffs on about 28 per cent of items will have to be brought down to zero immediately when the pact is implemented while the rest of the elimination is to be done in phases. They will hardly have time to adjust to the new challenges that the competition would generate," the official explained.

Time is running out for India as the on-going Trade Negotiations Committee meeting in Vietnam could be the last meeting of the group followed by a possible inter-sessional meeting of Trade Ministers.

The results of the negotiations would be announced at the ASEAN Summit in November this year, said Thailand's Deputy Prime Minister and Commerce Minister Jurin Laksanawisit at a press conference after chairing the 7th RCEP Ministerial Meeting in Bangkok earlier this month. The signing of the RCEP pact is likely in 2020, he added.

Another area of concern for India is the liberal rules of origin (ROO) that most RCEP members adopt. ROO lays down the minimum value addition required by a particular country on an imported product for it to qualify as an item originating from there. So, even if India manages to keep tariffs on certain items being imported from China higher than that for other RCEP members, with low value addition requirement Chinese items can be dumped into India at lower duties via other RCEP countries.

"India has been insisting on high value addition requirements but it has found little support till now. All major RCEP members including the ASEAN, Japan and Australia are opposing it and pushing for less restrictive rules," the official said.

Indian negotiators are also trying to make the RCEP countries agree to a special safeguard mechanism that would have an auto-trigger allowing members to raise import duties on items when a certain pre-decided import limit is breached.

The RCEP, which includes a number of sectors such as goods, services, investments, government procurement, intellectual property, could be the largest free trade zone in the world accounting for 39 per cent of global GDP, 30 per cent of global trade, 26 per cent of global foreign direct investment flows and 45 per cent of the total population.

Source: thehindubusinessline.com- Sept 24, 2019

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Cotton production may rise 20% on good rain

The estimate was put forward at the annual Mahacot conference in Jalgaon on Monday.

India's 2019-20 cotton production may increase by 20 per cent over the previous year thanks to good rainfall, according to estimates by cotton ginners in Maharashtra, who expect the base price of cotton to touch Rs 40,000 per candy (of 365 kg each).

The estimate was put forward at the annual Mahacot conference in Jalgaon on Monday.

“We expect cotton production to increase to 375 lakh bales in 2019-20 (cotton year starts from October 1), against 312 lakh bales in the current year,” said Arvind Jain, VP, Khandesh Ginning Pressing Association.

Cotton prices in India are currently higher than global rates. The industry expects domestic prices to remain firm till December as new crop arrivals have taken time due to late sowing and continuing rainfall, which delays harvesting.

Cotton seed prices are firm due to supply shortages caused by a smaller crop in the previous year, which aided cotton prices.

Cotton Corporation of India (CCI) is prepared to buy 10 million bales (of 170 kg each) if cotton prices fall below the minimum support price (MSP).

Source: economictimes.com- Sept 24, 2019

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Export-import headwinds to continue in coming months, says Maersk

India's container trade growth falls to 1% in April-June

India's export-import (EXIM) trade is expected to face continuedheadwinds in the coming months, A P Moller Maersk, said after its April-June India trade report showed the country's containerised trade growth slowed to 1 per cent (9 per cent in the same period last year).

Moller Maersk attributed the steep growth decline to "a cocktail of international factors such as slowing trade growth, and growing trade tensions – coupled with domestic factors like rural consumer distress, tightening liquidity and a slowdown in key manufacturing sectors".

"Combined, these triggers impacted the country's economic activity, slowing overall import-export growth," it said in the report released on Monday.

"The overall deceleration of trade growth reflects a broad-based slowdown across key economic sectors. Amidst increasing global volatility, a slower local economy and the USA's withdrawal of preferential access for certain Indian products, India's import-export trade is expected to continue to face headwinds in the coming months," said Steve Felder, Managing Director, Maersk South Asia.

"However, the Commerce Ministry's recently proposed export promotion scheme, supported with a production-based support scheme, coupled with a weaker rupee, is likely to boost `Make in India' and benefit multiple industries.

Additionally, India has a great opportunity to position itself as a beneficiary of the global trade tensions, provided it can attract investment, move up the ease of doing business index and reduce costs related to logistics," Felder said without making a reference to last Friday's corporate tax cuts announced by finance minister Nirmala Sitharaman and its impact on reviving the economy and trade.

India's exports to China declined by 20 per cent, led by a reduction in demand for India-made textiles and apparel, which were large export commodities in the corresponding period last year. Imports from China contracted more, by 22 per cent.

On the other hand, the increasing economic cooperation between India and Saudi Arabia led the latter to emerge as one of India's most reliable export partners in Q2 2019, growing by 74 per cent, with vegetables and tiles, stone and glass exports from India leading this growth.

The commodity that saw the sharpest fall in exports to North America was India-made vehicles, which slowed to 11 per cent growth from a healthy 67 per cent growth last year.

On the import side, while domestic demand for textiles, apparel and accessories from North America grew, commodities such as fruits and nuts, vegetables and foodstuff experienced a weakening demand, it said.

The quarterly India Trade Report that Moller Maersk publishes is based on its own containerised data.

Source: thehindubusinessline.com- Sept 23, 2019

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Indian cotton stocks build up

Cotton stocks are building up in India due to sluggish exports and fresh crop arrivals in Punjab, Haryana and Rajasthan.

A cotton output of 7.5 million bales is expected in Punjab, Haryana and Rajasthan, compared with 6.5 million bales last year.

Cotton spot rates are hovering around the minimum support price for the commodity, down eight per cent to ten per cent from a year ago.

The domestic cotton market is also suppressed due to headwinds in exports of cotton yarn, but demand for cotton seeds and better quality of fiber this season are managing to keep prices from slipping further.

Indian prices have to come down to buttress sagging exports of cotton yarn. Either domestic cotton prices needs to be at par with international prices to arrest the fall in exports or the currency valuation of the rupee and the dollar needs to be favorable for the trade.

A good crop is anticipated in the current year as the condition of the standing crop is good.

If the favorable weather keeps up, a record output and a high quality of cotton is expected this year. The condition of cotton plantations across the country is good and a record harvest is on the cards.

Source: fashionatingworld.com- Sept 23, 2019

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