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IBTEX No. 231 of 2019 — November 28, 2019

US 71.44 | EUR 78.68 | GBP 92.42| JPY 0.65

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
19091	39900	**71.15**

Domestic Futures Price (Ex. Warehouse Rajkot), December

Rs./Bale	Rs./Candy	USD Cent/lb
19240	40212	**71.71**

International Futures Price

NY ICE USD Cents/lb (March 2020)	65.81
ZCE Cotton: Yuan/MT (January 2020)	12,845
ZCE Cotton: USD Cents/lb	82.89
Cotlook A Index – Physical	**75.10**

Cotton Guide: Some important snippets:

- ICE Cotton is closed today on account of thanksgiving holiday today.
- Cotlook Index A is at 75.10 cents per pound with a change of +15 points.
- Prices of the 5 cheapest cottons [in cents per lb] are as follows

The routine weekly export sales data which is released from the USDA is postponed and scheduled to be released on Friday.

The ICE cotton contracts declined yesterday, but recovered at the end of the day. ICE March 2020 contract settled at 65.81 cents per pound with change of -14 points. The ICE May contract settled at 66.91 cents per pound with a change of -15 points. Volumes were very low at 17,798 contracts.

Indian Medium Grade	71.75
Brazilian	75.25
Memphis/Orleans/Texas	75.50
Memphis/Eastern	76.00
Ivory Coast BEMA	77.00

The MCX contracts followed the path of ICE, ICE recovered but MCX did not. At the moment MCX is showing a positive movement and is expected to recover from the downturn seen yesterday. The MCX December contract settled at 19,240 Rs per Bale with a change of -80 Rs. The MCX January settled at 19,410 Rs per Bale with change of -70 Rs. Volume was lower at 841 lots with December Bagging 665 lots and January Bagging 134 lots.

Domestic prices of Indian cotton S6 is steady and is seen at 39,900 Rs per Candy. Punjab J34 has shown an upward movement to 3,940 Rs per Maund which comes up to 68 cents per pound. The seed cotton arrivals for the Indian subcontinent are estimated to be 172,000 lint equivalent bales.

On the fundamental front, for the ICE contracts are expected to show higher numbers with demand picking up, whereas for the MCX contracts, the same is true. However, we can expect subdued trading both in ICE and MCX this week.

On the technical front, in daily chart, ICE Cotton March has retraced back within the channel from the support of the lower end of the upward sloping channel, after an Inverse Head & Shoulder pattern breakout. Price has sustained at the support of 38.2% Fibonacci retracement level (63.51) of an intermediate up move. Meanwhile, price is above the daily EMA (5, 9) at 65.57, 65.53, along with the momentum indicator RSI is at 54, suggesting sideways to positive bias for the price. The immediate resistance for the price would be at 66.90. Thus for the day we expect price to trade in the range of 64.90-66.90 with sideways to positive bias. In MCX December Cotton, we expect the price to trade within the range of 19150 - 19400 Rs per Bale with a sideways to positive 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

China: Cotton yarn market forges ahead amid divergences

Cotton textile industry has experienced a tough year in 2019 attacked by trade conflict and soft domestic demand. As for cotton yarn, it hardly survived under the cost pressure brought by the rise of cotton price and inadequate orders due to weakening downstream demand. However, cotton yarn trading performed better in late Nov than that in the same period of last year and has not shown signs of weakness.

1. Sales
(1) Conventional cotton yarn keeps sold smoothly.

In early Nov, pushed up by the strength of cotton price, cotton yarn mills saw higher cost pressure. Based on good sales, cotton yarn prices were partly revised up with carded one up about 100-300yuan/mt. In terms of the actual transactions, conventional carded cotton yarn saw smooth sales, good demand and even tight supply and the price tended stable. High-grade carded 32S was mainly traded at 20,500-21,000yuan/mt and high-grade carded 40S at 21,500yuan/mt. The sales of combed cotton yarn were not as good as that of carded one. Its inventory also stayed high. Combed 32S for knitting was mainly traded at 23,500yuan/mt and combed 40S for knitting at 24,500yuan/mt with some discounts.

(2) Open-end cotton yarn weakens somewhat.

Open-end cotton yarn weakened obviously. The sales reduced largely, but the price kept stable due to low inventory. Some discounts were seen. At present, OEC10S for air-jet was mainly offered at 14,500yuan/mt, OEC21S for air-jet at 16,000-16,300yuan/mt and OEC32S for air-jet at 18,000-18,500yuan/mt.

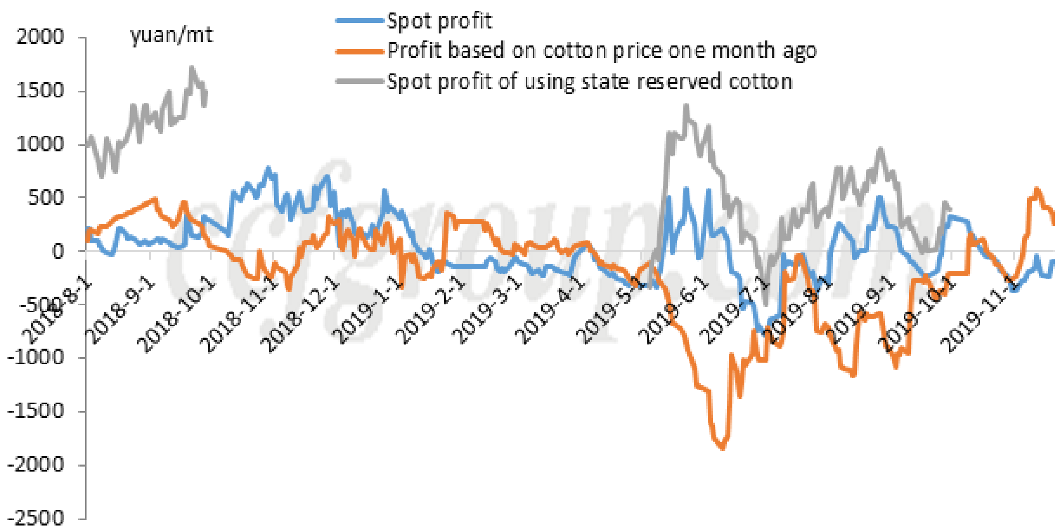
(3) High-count cotton yarn sees healthy demand.

High-count cotton yarn saw healthy demand due to seasonal change, especially compact-spun combed 60S remained sold well with stable-to-strong price. Other high-count cotton yarn seemed mild and the prices stayed flat on the whole. Currently compact-spun combed 60S was mainly traded at 27,500-28,000yuan/mt, up 1,000yuan/mt from previous period when cotton yarn mills sold with discounts due to high inventory, but the inventory has declined to low level.

2. Profit

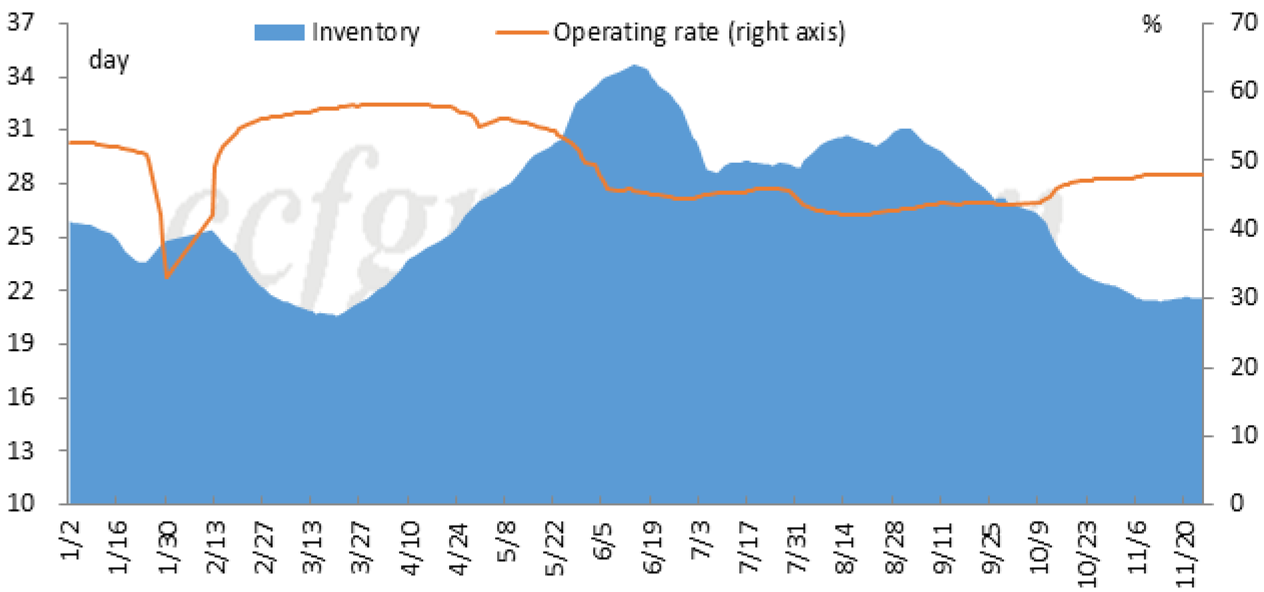
Recently, spot cotton yarn price was weaker than cotton and cotton yarn mills faced large cost pressure. Take carded 32S as an example. The spot profit of carded 32S was at around -100yuan/mt.

Comprehensive theoritical profit of Chinese carded 32S



3. Operating rate and inventory

Operating rate and inventory of cotton yarn mills

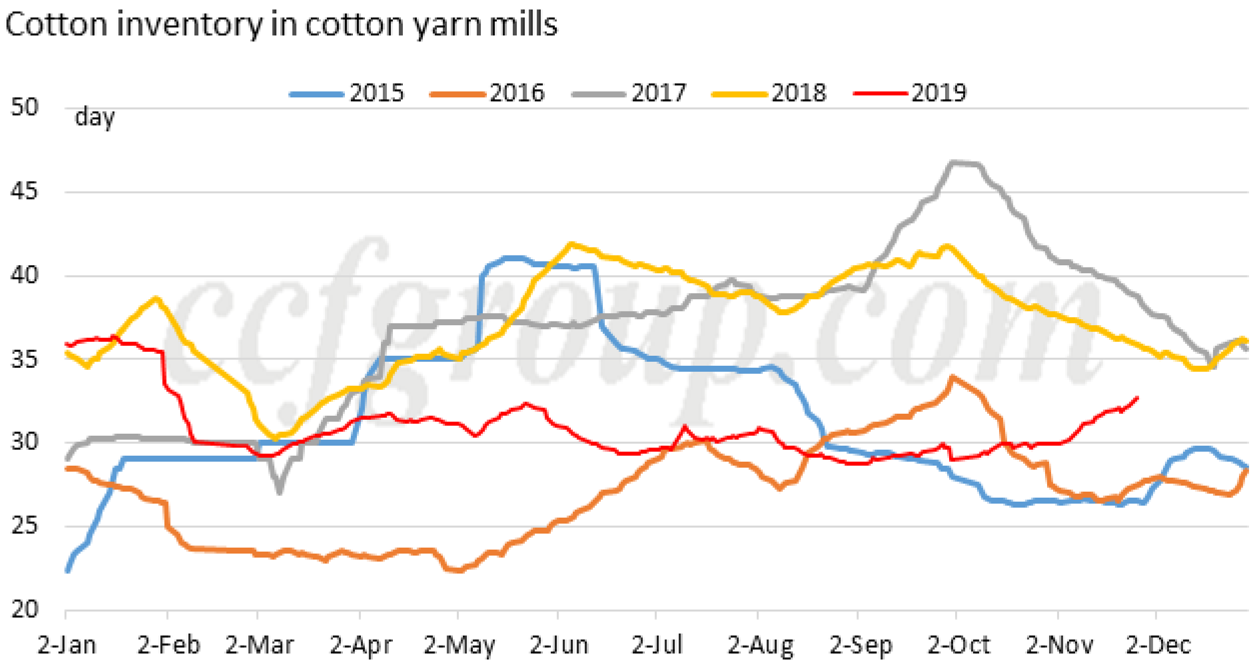


As some varieties softened, the inventory of cotton yarn mills stopped falling and tended stable, and it has large potential to inch up later. At present, it was averaged at 21.7 days, a low level.

Overall operating rate kept steady at about 47.9%. It may decline gradually as orders reduce and the end of the year is coming.

4. Restocking of raw material

The cotton comes to the market intensively worldwide. In short run, the supply will be adequate and cotton price has downward room. In fact, even if restricted by downstream demand and capital pressure, many cotton yarn mills start to replenish cotton at a small amount for next year's production. Currently, the cotton in medium cotton yarn mills can be scheduled for about one month and some large cotton yarn mills can keep the production for 1.5-3 months.



5. The mindset of downstream weavers

Trading sentiment of cotton grey fabric sustained poor now. The orders from local market and overseas markets were inadequate and the inventory increased slightly. Orders of weavers were mainly from regular customers. Homogeneous competition was also fierce while differential products performed well. With the year coming to an end, many weavers were burdened by repayment and wages of workers, and most of them thought cotton yarn hard to move up in short run, so they kept purchasing cotton yarn by small orders. Therefore, downstream demand cannot lend support to cotton yarn.

In conclusion, cotton yarn trading sustains stable appearance and has not shown obvious weakness since Nov, but the divergences among varieties are apparent. As for later market, cotton yarn price is expected to keep stable with regional decrease and the divergences will continue amid lack of confidence.

Source: ccfgroup.com- Nov 27, 2019

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China remains the top sourcing for fast-fashion manufacturing

According to the latest Chinese Customs Statistics from January to August 2019, among the top 10 garment exporters in China, American brands such as Nike and Gap have maintained sustainable growth.

Many U.S. brands and retailers have little choice other than China because of the nature of their manufacturing needs and others are in scale-back mode hoping to skirt the uncertainty-fueled risk, recently fashion and apparel based global media Sourcing Journal reported.

Last year China's exports of textiles and clothing to the U.S. totaled $48.96 billion, a year-on-year increase of 7.9%. For the first half of 2019, those exports reached $21.23 billion, with growth slowed 1.6% year over year. Clothing accounts for 73% of those exports, and textiles make up the other 27%.

The growth of China textile exports is higher than in the garment sector. This is mainly due to the incompleteness of the supply chains of those low-cost countries like Bangladesh and Cambodia. The shortage of raw materials and fabrics boosted China's textile exports as well.

A survey at last month's Sourcing Summit New York revealed that as many as 35 percent of attendees from major global apparel brands and retailers intend to reduce their China sourcing.

Those investments are going toward setups in places like Vietnam, Cambodia and Bangladesh, in order to retain an opportunity to serve U.S. brands and retailers wherever they're headed, and to avoid the tariffs that are making things tricky in China, however, many still rely on inputs from China.

Why does China still at the top of sourcing for American brands? This is because in comparison to China and other manufacturing countries are not able to provide quicker service.

Cao Jiaping, Chairman of the China Chamber of Commerce for Import and Export of Textiles and Apparel said, "If the [quantity of] zippers and all the buttons are miscalculated before production, it can be solved in China in only two hours, while in Southeast Asia, the production line would need to be shut down for two days to wait for the right accessory to be replaced," Cao explained.

"Also, for some products with complex procedures, the delivery time in Southeast Asia is at least one month slower than in China. Therefore, brands with fast-fashion items that need to be replenished quickly are still better off staying in China," he further added.

Compared with emerging textile and garment manufacturing countries such as Southeast Asia and Africa, China's supply chain is still in a favorable position for fast orders, and fashion orders and high-end orders are still and will stay in China, Cao expressed his opinion.

According to Cao, China still holds a 31.5% market share of textiles and apparel in the U.S., Cao said the country's share is down nearly 2% — though he's not worried about the sector's sustainability.

Speaking last week at the United States Fashion Industry Association's (USFIA) Apparel Importers Trade and Transportation Conference, Cao said textile and apparel trade "is the fundamental interest of the two countries and the importance of a mutual market still exists."

While the United States and China figure out whether they agreed to roll back tariffs or didn't, the Chinese companies have already been taking the lead in making overseas investments, setting up factories, finding strategic partners and accelerating the construction of overseas warehouses Cao commented.

"In the next five years, it might be in the [Chinese] companies' plan to transfer 20 to 30 percent of production to overseas factories," Cao said.

"We can still see and hope for the potential of Sino-U.S. trade operations in the future, and from where I can see, Chinese and American companies have not stopped trying to seek opportunities for cooperation," he said.

Source: textiletoday.com.bd- Nov 27, 2019

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USA: E-Commerce Set to Win Thanksgiving Weekend—But Not By Much

Retailers are readying themselves for the biggest shopping days of the year, beginning this week—and they're hoping for windfall gains.

That's because 79 percent of consumers plan to do their shopping over the Thanksgiving period, according to Deloitte's 2019 Pre-Thanksgiving Pulse Survey. From Thursday's holiday through Cyber Monday, shoppers are projected to spend an average of $415 per household.

Not surprisingly, e-commerce beats out brick-and-mortar in popularity, but not by a huge margin. While 94 percent of consumers plan to shop online during the five-day period, 87 percent also said they would venture out to shop local retailers in person.

On Black Friday, 70 percent of consumers plan to shop in-store, while only about half (54 percent) plan to shop online. On Cyber Monday, however, those numbers shift dramatically. Nearly three quarters (72 percent) of consumers plan to shop online, while a little over one-third (36 percent) plan to patronize brick-and-mortar merchants.

Black Friday may prove to be the most fruitful in-person shopping day of the week, with 82 percent of respondents saying they're actively planning to shop in some capacity. However, Deloitte analysts said Cyber Monday could prove to be the busiest overall shopping day, with 73 percent of consumers saying they would be shopping online or in stores. The shopping holiday is projected to account for 40 percent of overall online spend for the week.

Shoppers have been mostly consistent about how much cash they've been planning to part with over the Thanksgiving period, with 53 percent of survey respondents saying their spending plans have not changed over the past two months.

More than one-third (38 percent), however, have revised their estimates, and now plan to spend more. (Among those respondents, 80 percent said they planned to augment their spending on gifts for others.) Just 9 percent of consumers have decided to tighten their purse strings.

Clothing, shoes and jewelry are at the top of shoppers' lists this year, with 69 percent saying they're on the hunt for these items. Over half of consumers (52 percent) have their hearts set on electronics, like computers, smartphones, gaming consoles and wearables, and about the same amount (51 percent) are hoping to score deals on toys and hobby-related products, like books, board games and movies.

Mass merchants stand to win big, with 64 percent of consumers saying they'd be visiting these retailers from Thanksgiving through Cyber Monday. A little over half (54 percent) of shoppers said they would be shopping online throughout the weekend, and nearly one-third (32 percent) said they would be dipping into traditional department stores. Off-price channels are projected to entice 22 percent of consumers, while warehouse membership clubs will bring in a comparable contingent (20 percent). Only 18 percent of shoppers expressed interest in visiting specialty clothing stores over the Thanksgiving holiday weekend and Cyber Monday.

While the overall holiday shopping season is six days shorter than usual this year, Mousumi Behari, digital strategy practice lead at online marketing firm Avionos, said that the time crunch "shouldn't be an excuse for retailers to post lower earnings during the holidays."

That's because consumers are still shopping for others, she said, and "their Christmas lists haven't gotten shorter because of the narrow shopping window."

If anything, she said, time-conscious shoppers will now be looking for "effective and convenient methods to ease their shopping experiences."

Brick-and-mortar and online retailers should pull out all the stops when it comes to optimizing the consumer experience, she opined, especially during the busiest selling week of the year.

On Black Friday, retailers should ensure that their online deals reflect in-store offerings, she said. Consumers are looking for flexibility in the way they shop, and 71 percent said that brands and retailers are most successful when their online and in-store efforts are strong and streamlined. More than half (65 percent) of online shoppers also expect companies to translate the same information to their brick-and-mortar stores.

When it comes to Cyber Monday, Avionos analysts said retailers would be wise to invest in SEO to increase their exposure online. Roughly one in four shoppers (24 percent) begin their purchasing journeys with Google searches, they said. Meanwhile, more than half (58 percent) of Gen Z shoppers have made a purchase through a social platform in the past year, followed by 53 percent of millennials—a fact that retailers and brands should weigh heavily in their decisions around advertising over the Thanksgiving period.

Brands could stand to strike out if they fail to consider their shoppers' device preferences, analysts said. The majority (69 percent) said they expect retailers to take their browsing habits into account, and meet them on the platforms where they spend the most time.

Despite retailers' undoubtedly high sales goals and analysts' largely favorable projections for shopper spending, consumer confidence has weathered a few dings in recent months.

The Conference Board by Nielsen's monthly consumer confidence study revealed that consumers' outlook on the key drivers of economic growth have weakened month over month since August.

The November Index currently stands at 125.5, down from 126.1 during the month of October, analysts reported. Consumer outlook for the current business and labor market conditions decreased from 173.5 to 166.9, but their expectations for the short-term future improved slightly, increasing from 94.5 last month to 97.9 this month.

"Consumer confidence declined for a fourth consecutive month, driven by a softening in consumers' assessment of current business and employment conditions," Lynn Franco, senior director of economic indicators at The Conference Board, explained.

While the decline in confidence suggests that economic growth in the final quarter of 2019 will remain weak, consumers' short-term expectations for growth in 2020 have improved modestly, she said, and that small degree of optimism should reassure retailers.

"Overall, confidence levels are still high and should support solid spending during this holiday season," Franco asserted.

Source: sourcingjournal.com- Nov 27, 2019

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China-Nigeria free trade zone boosts Nigeria's industrial potential

Ogun-Guangdong Free Trade Zone (FTZ), an outcome of the commercial partnership between China's Guangdong province and Ogun state, southwestern Nigeria, celebrated here on Tuesday its 10 years of continuous operation and growth.

The celebration demonstrated the 10-year achievements and future prospects of the 100 square km industrial park and witnessed the signing of agreements and memorandum of understanding of new tenant enterprises.

Adeniyi Adebayo, special representative of Nigeria's Vice President Yemi Osinbajo and minister of industry, trade and investment, said that Nigeria's investment potential has been increased thanks to the free trade zone.

"The Ogun-Guangdong Free Trade Zone demonstrates what special economic zones can do to help Nigeria realize its industrial potential," Adebayo said.

He said the zone generates an average output value of over 234 million U.S. dollars per annum and has exceeded 2 billion dollars in total investment with over 6000 people from the local community directly employed.

He said he believed that the Ogun-Guangdong FTZ will help Nigeria to achieve the goals of manufacturing and development, and further strengthen bilateral economic and trade cooperation.

Source: xinhuanet.com- Nov 28, 2019

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VITAS invites Indian firms to invest in Vietnam

Vietnam Textile and Apparel Association (VITAS) chairman Vu Duc Giang recently invited Indian companies to invest in the country's yarn, weaving, dyeing and printing segments to take advantage of the market access provided by free trade agreements that Vietnam has signed. He was speaking at the India-Vietnam Textile Cooperation event in Ho Chi Minh City last week.

He expressed hope that cooperation between the two sides would benefit both countries.

K Srikar Reddy, Indian consul general in HCM City, said bilateral trade in textiles between India and Vietnam has registered impressive growth during the last two years. Indian textile and clothing exports to Vietnam grew 48 per cent during the last two years from $390 million in fiscal 2016-2017 to $578 million in 2018-2019, according to a Vietnamese newspaper report.

However, there is significant untapped potential for trade in textiles between both sides, Reddy said. Under the India-ASEAN FTA most types of yarns, woven and knit fabrics could be imported duty-free from India, he added.

Dr. Siddhartha Rajagopal, Executive Director of the Cotton Textiles Export Promotion Council of India, said in 2018, while Vietnam's total textile imports were worth $27.90 billion, its imports from India were valued at $640 million, or only 2.29 per cent.

Rajagopal invited Vietnamese companies to participate in the IND-TEXPO (reverse buyer-seller meet) to be organised by TEXPROCIL in March in Coimbatore.

Organised by the Indian Consulate General, VITAS, the Vietnam Cotton and Spinning Association, and HCM City Textile and Garment -Embroidery Association, the event attracted 60 Indian companies, which also participated in the 19th Vietnam International Textile and Garment Industry Exhibition in HCM City from November 20 to 23.

Source: fibre2fashion.com- Nov 26, 2019

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Ghana to pursue strategic industrial initiatives in 2020

Ghana's ministry of trade and industry will aggressively pursue the implementation of its Strategic Anchor Industries Initiatives (SAII) aimed at industrial transformation of the country in 2020, minister handling the portfolio Alan Kyerematen told a delegation of some of the leading global textile and garment companies that visited the country recently.

The purpose of the visit was to explore sourcing opportunities and to consider establishing a vertically-integrated textile and garment industry in Ghana on a long-term basis, according to Kyerematen. The delegation included representatives from Vanity Fair, PVH and H&M.

SAII is one of the key components of the ten-point Industrial Transformation Plan of the ministry designed to diversify and transform the economy by creating new pillars of growth and expansion in the industrial sector.

Key strategic industries under the initiative are petrochemicals; integrated aluminium and bauxite; iron and steel; vehicle assembly and automotive industry; garments and textiles; pharmaceuticals; vegetable oils and fats; industrial starch from cassava; industrial chemicals based on industrial salt; and machinery and equipment manufacturing, Kyerematen said.

He emphasized that, the Ministry of Trade and Industry launched the Ghana Automotive Development Policy in August 2019 which has so far attracted investments and commercial interests from global OEMs (Original Equipment manufacturers) including Toyota, Volkswagen, Nissan, Renault, Hyundai, Sinotruck and Suzuki.

He assured the private sector community that activities will be intensified in 2020 on the implementation of all key ongoing Strategic Anchor Industrial programmes being implemented by the ministry, according to a Ghanaian media report.

A programme of action will also be launched to attract strategic investors into these sectors to ensure sustainability and global competitiveness of Ghana's industry, he added.

Source: fibre2fashion.com- Nov 27, 2019

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Global fiber production reaches all-time high, preferred cotton share rises

Manmade cellulosic fibers category are increasing steadily with a market share of approximately 6.2% of total fiber production volume, double what it was in 1990.

Preferred fibers gain strength. Global fiber production has reached all-time high, reaching 107 million metric tons in 2018, and is expected to grow to 145 million metric tons by 2030 "if business-as-usual continues", according to a report by Textile Exchange. In this growth, preferred fibers are gaining market share.

Global fiber production has doubled in the last 20 years. Including in this increase are more responsible options for almost fiber categories, although the volumes are still slow in comparison to the conventional counterparts.

Preferred cotton had a market share of 22% of the total global cotton production and was grown in 30 countries in 2018. It includes programs like Better Cotton Initiative (BCI), Fairtrade Organic, Iscc and Cleaner Cotton.

Wool is the most used animal-based fiber, with more than one million metric-tons produced globally. However, responsible wool is still paving its way and it's estimated to be below 3% of the global market.

Manmade cellulosic fibers, including viscose, acetate, lyocell, modal and cupro, are increasing steadily with a market share of 6.2% of total fiber production volume, which is double what it was in 1990 and is expected to continue growing.

Finally, polyester remains as the king of fibers, with a market share of 52%. Textile Exchange initiated a commitment to a recycled polyester that encouraged brands to publicly commit to increasing their use of recycled polyester by 25% by 2020. This goal was achieved two years earlier, in 2018.

Source: themds.com- Nov 27, 2019

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Ethiopia inks agreement with Alibaba to join eWTP platform

Ethiopia yesterday signed an agreement with China's Alibaba Group to join its Electronic World Trade Platform (eWTP), which was proposed by company founder Jack Ma in 2016 as an open platform for private enterprises and coordination among international organisations, governments and social groups focussed on development of small and medium enterprises (SMEs) and trade.

The eWTP was included in the communique of the G20 Summit in Hangzhou.

The documents of the memorandum of understanding include eWTP framework, digital capacity building and building comprehensive digital hub.

The eWTP has been recognised by the G20, as well as adopted by China, Malaysia, Rwanda and Belgium, according to a press release from Alibaba.

Witnessed by Ethiopia's Prime Minister Abiy Ahmed, Chinese ambassador to Ethiopia Tan Jina and Jack Ma, the agreement was signed by Ethiopia's minister of innovation and technology Getahun Mekuria and Alibaba Group director and Ant Financial Services Group chairman and chief executive officer Jing Xiandong.

"I believe in digital economy, and I believe in the small businesses in Ethiopia, young people in Ethiopia, entrepreneurs in Ethiopia will go to the world, will trade with the world, business with the world and partner with the world because of this digital economy," Jack said.

"The success of Ethiopia will not only inspire Ethiopian young people, it will also inspire the whole Africa to grasp the opportunities of digital economy," he added.

Prime Minister Ahmed said the initiative would enable his country to achieve its vision of becoming one of the top five African economies over the coming 10 years.

Source: fibre2fashion.com- Nov 27, 2019

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Pakistan: Cotton prices steady in thin-volume trade ahead of US holiday

ICE cotton futures were mostly unchanged on Wednesday in low volume trade ahead of the US Thanksgiving holiday, while investors awaited further developments on trade negotiations between the United States and China.

Cotton contract for March was flat at 65.95 cents per lb by 01:49 p.m. EST.

It traded within a range of 65.27 and 66.1 cents a lb.

“We were doing well based on positive rhetoric from the Chinese and U.S on the trade deal and now we're not seeing much of that," said Keith Brown, principal at cotton brokers Keith Brown and Co in Moultrie, Georgia.

Some people are squaring up some of their positions ahead of the holiday as well, Brown added.

Prices climbed to a more than one-week high in the previous session after US President Donald Trump said Washington and Beijing were close to an agreement on the first phase of a trade deal.

The United States is one of the world's biggest producers of cotton, while China is the largest consumer.

“Expect prices to stay rangebound in the mid-60s, but could see a spike on a trade deal announcement," said Peter Egli, director of risk management at British merchant Plexus Cotton.

“However, I believe that this would turn into a ‘buy the rumour – sell the fact' situation and that prices over time will trend lower again."

The weekly export sales report from US Department of Agriculture is due on Friday, delayed by a day because of the Thanksgiving holiday on Thursday.

Last week, the USDA in its weekly export-sales report showed net sales of 227,600 running bales (RB) for the 2019/20 marketing year, down 34% from the previous week, but up 20% from the prior 4-week average, for the period ended Nov. 14.

Total futures market volume fell by 11,151 to 13,565 lots. Data showed total open interest gained 1,238 to 198,775 contracts in the previous session.

Certificated cotton stocks deliverable as of Nov. 27 totalled 78,124 480-lb bales, unchanged from 78,124 in the previous session.

Source: brecorder.com- Nov 28, 2019

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Bangladesh: Govt plans skills development for 15 lakh RMG workers

The government has taken an initiative to conduct a training programme for the skills development of some 15 lakh RMG workers, aiming to ensure sustainable development of the sector and facing the challenges ahead.

To provide training to the RMG workers, an eight-member 'Training Conducting Committee', headed by the Export Promotion Bureau (EPB) director general, has been formed to find the way to conduct the training program.

The other members of the committee are from the Textile cell of the Commerce Ministry, the Department of Labour, Labour and Employment Ministry, Department of Textile, BEPZA, BGMEA, BKMEA, and deputy director (Compliance and Monitoring Cell) of the EPB.

The committee has been formed recently as per the RMG Training Policy 2019 which will conduct training-related activities and select the training providing institutions. It will determine the process for enlisting garment workers for providing training.

It will send the list to the respective organisations stating the time and particular training programme, for enlisting the particular worker who is continuing his/her job in a garment.

The committee will amend, include and approve the module that will be formulated by the training providing organisation.

It will publish advertisement in print or electronic media about the training programme.

To review the training activities the committee will have to sit at least once in every two months. But the meeting can be held any time.

If necessary, the committee can co-opt any representative from any concerned office or organisation.

Currently some 40 lakh people are working in the RMG sector while there is immense scope to employ more skilled workforce here.

Industry insiders think that to achieve the USD 50 billion export by 2021, there is no other scope other than enhancing skills and competence of workers in the RMG sector.

BGMEA Senior Vice President Faisal Samad said that the existing workforce itself needs retraining for improvement of their efficiency to boost the production capacity for competing in the world market.

Talking about the higher level management side, Faisal Samad, also the Managing Director Surma Garments Ltd, said that the country has a big gap in providing the workforce for the mid-level and senior level management.

"In some cases, we try to fulfil this gap with the foreign nationals," he said.

He said there will be no need of foreigners in the upper management level if general manager level workforce are provided with necessary training.

Centre for Policy Dialogue (CPD) in a study on RMG sector last year showed that around 13 percent of the country's garment factories employed foreign experts in the top level management who remit over USD 500 crore from Bangladesh every year.

In absence of skilled workforce, particularly in merchandising, design and marketing as well as in operation of sophisticated machines, the factory owners hire experts from outside the country to fill the gap.

Source: theindependentbd.com- Nov 27, 2019

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NATIONAL NEWS

India seeks review of FTAs with ASEAN, Japan: Goyal

India has sought review of its existing free trade agreements (FTAs) with ASEAN and Japan, Parliament was informed on Wednesday.

Commerce and Industry Minister Piyush Goyal said that eight rounds of negotiations have been held with South Korea for upgrading the existing comprehensive FTA.

"India has sought review of its existing trade agreements with both ASEAN and Japan," he said in a written reply to the Lok Sabha.

He also said that India and the European Union have held eight stock taking level meetings since the resumption of their negotiations in 2016 on a proposed Bilateral Trade and Investment Agreement (BTIA).

In a separate reply, he said that India is engaging bilaterally,and multilaterally to pursue opportunities for furthering its trade ties, including opportunities for suitable trade agreements, keeping in mind the national interest.

As per the WTO data released in April for 2018, India's share in global exports for merchandise was 1.7 per cent and in global imports was 2.6 per cent.

For the service sector, its share in global exports was 3.5 per cent and imports was 3.2 per cent in the last year.

Source: thehindubusinessline.com - Nov 28, 2019

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Indian Textile Industry can reach $300 Billion by 2030: CII

The Indian textile industry can become a USD 300 billion industry by 2030 and create an additional 35 million jobs, CII Tamil Nadu State Council Vice Chairman Hari Thiagarajan said on Wednesday.

This can be achieved if the industry enhanced its focus on exporting highervalue added products, modernisationand sustainable business practices, Thiagarajan said at the 2nd Edition of Weaves 2019, organised at Erode, some 110 kmfrom here.

Synthetic fabrics and performance garments are goingto be the two most promising segments, he pointed out. The industry accounted for 5 per cent of Indias GDP and 13 per cent of the countrys export earnings and employed about 50 million people he said.

Confederation of Indian Textile Industry (CITI) Chairman T Rajkumar said though global recession was a main factor for the setbacks faced by the industry, imports of yarns, fabrics, and garments from Bangladesh and SAARC region pose a major threat to the local industry. Weaves 2019, a premier textile fair in the South, isa four-day exhibition and conference, organised by Texvalley in association with the CII.

Source: financialexpress.com - Nov 27, 2019

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Singapore, Gulf nations seek integration into India's port community system

Singapore and some of the Gulf countries are keen to integrate into India's port community system or PCS as the government moves swiftly ahead with digitisation to promote transparency and facilitate ease of doing business for the country's export-import trade, a top government official has said.

"Countries like Singapore and several of the Gulf countries are in discussions with the government to allow them to integrate into the PCS because it's possible to have a one-shot approach to India business, India regulation, India trade or India options through such integration," N Sivasailam, Special Secretary (Logistics) in the Department of Commerce, said.

Portall, a logistics management application, developed by Mumbai-based logistics conglomerate JM Baxi Group, was awarded a contract by the Indian Ports Association, an autonomous body under the shipping ministry, to roll out a pan-India Port Community System (PCS 1x).

The cloud-based technology was launched in December last year, seeking to integrate multiple stakeholders from the maritime trade onto a single platform.

The adoption of PCS would result in improvement in ease of doing business. It will help in improved visibility, reduction in time and cost for the trade.

“Digitisation is the key,” Sivasailam said while exhorting trade associations to plug on to the PCS platform for providing services.

“Customs is ready and raring to go. ICE GATE is going to be integrated into the PCS. Once it is done, a whole lot of opportunities lie ahead,” he said.

But, it will not be sufficient to just integrate ICE GATE if certain aspects like the unloading program of a ship docking at a port is not made available publicly or is not leveraged in order to make available a transportation system within the port.

For instance, in Jawaharlal Nehru Port Trust (JNPT), a lorry or a trailer which wants to take out a direct port delivery (DPD) container, waits for four days. DPD is designed to clear a cargo container arriving at a port within 48 hours but a trailer which has to take the DPD box has to wait four days, he said.

“That’s not the level of efficiency which we need to build into the system because that is not counted in the port’s dwell time, but it does count in the turn-around time of the truck with the attendant costs,” he stated. With a national platform like PCS, India is in a position to go for blockchain, making document exchange instantaneous.

“In fact, your documents will come before the ship arrives and with ICE GATE integrated into PCS — an international system and a governance system of India — it’s possible to have blockchain and if you have blockchain, a lot of you can leverage it. Your documents can be put into it and anybody can see the same document without the need to have multiple copies," he opined.

Businesses, howsoever big they are, can never develop a platform; they can only develop a website for their services.

"But, people are not interested in your services alone; people are interested in comparative services with regard to others. Being together is what others are looking for and also to have a comparative view. There is no other method to have a competitive way of projecting your offerings before the public than to have a common business platform," he said.

"I don't see India moving ahead unless and until institutions which have commonality of interests are on a platform. It's time we addressed that issue through industry-wide or association-wide platforms," Sivasailam said.

Nobody, he said, can imagine the kind of money spent by the state-owned ports to build the PCS. "They (the ports) are the big guys, you can never match that investment. Indeed, several countries cannot match this investment," he stated.

The PCS has become a national asset and it's time to recognise that in the context of digitisation.

Pursuing digitisation for oneself or for a closed group while keeping it non-transparent for others was an "extremely dangerous thing to do".

"No information in a port is free; so, there are tremendous rent-seeking behaviours that are created by such lack of transparency," he added.

Source: thehindubusinessline.com- Nov 27, 2019

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India should join RCEP and not obsess over trade gaps

US President Donald Trump has been warring with many countries, including India, on America's trade deficit with them. China is a bug bear for the US because of its trade deficit of $378.7 billion. China has also turned out to be a problem for India, but our deficit with it is about $60 billion.

We logged out of the long negotiated Regional Comprehensive Economic Partnership (RCEP) agreement as we were afraid of being swamped with cheap Chinese goods and were worried that our existing trade deficit with China will increase and that such a deal would result in some of our factories shutting down. Alas, the calculus is not so cut and dried and we are making a big mistake by not joining RCEP because we need low-barrier export markets and faster economic growth.

Our obsession with trade deficits are being reviewed at a bilateral/regional level without the realization that a deficit with a country/region may be offset by a surplus with another.

An uninformed backlash is preventing several countries from signing free trade agreements (FTAs) at bilateral or regional levels, as such FTAs may require steep reductions in tariffs, enhancing the possibility of an import deluge. The most recent example of this is our stance on RCEP. Let us review India's international trade position in some detail.

Over the years, India has typically run a surplus in the trade of services, but a deficit in the trade of goods. These two, along with the receipt of income from investments and unilateral transfers, make up the current account balance of the country.

As a percentage of gross domestic product (GDP), India's current account deficit was 1.5% in 2013-14. It widened to 1.8% in 2017-18 and further to 2.1% in 2018-19. The increase in the goods trade deficit from 6% in 2017-18 to 6.6% in 2018-19 was the key factor in the widening of India's trade deficit during this period.

In a recent paper available on the Reserve Bank of India website (bit.ly/2OlsfZf), Soumasree Tewari and Anshul point out that of the 0.6% change, only 0.1% was because of higher import volumes and the bulk was on account of higher commodity prices.

In 2017-18, India experienced a deficit in its goods trade of around $160 billion. Of this, a negative trade balance of around $45 billion was observed in the electronic goods sector.

In another recent paper (bit.ly/2CSgLHd), Misra et al highlight that in 2013-14, mobile phones and parts accounted for 53% and 20%, respectively, of telephone set imports. By 2017-18, the composition reversed, with mobile phone parts making up around 55% and mobile phones around 17% of these imports. They also estimate that the switching of electronics imports from final consumption to intermediate goods has resulted in higher investment, higher domestic production, value addition and more domestic employment.

Fears of free trade deals widening trade deficits are not new. Based on an ex-ante analysis of India's FTA with Asean, several studies had concluded that India's allocative efficiency would increase, but the terms of trade would continue to weigh against us. However, studies based on ex-post analysis concluded that after that FTA, India's exports to Asean countries increased substantially, with the largest access gained in Thailand, Cambodia, Vietnam, Malaysia, and the Philippines.

India's FTAs with Japan, Asean and South Korea are among its biggest such deals. In yet another paper (bit.ly/2OqW0b9), Choudhry et al observe that in the case of Japan, after the implementation of the agreement, India has mostly imported industrial supplies, capital goods and transport equipment. These are predominantly used as intermediate goods and have thus helped India improve productive capacity and employment generation. India ran a trade deficit of $7.9 billion with Japan in 2018-19, but these gains cannot be overlooked.

Moreover, on average, India's exports to FTA partner countries have seen an increase of 15% after an agreement is signed, a sharper incline than that for non-partner countries.

Intermediate goods are typically exported by adding value. India's domestic value-added content of exports has gradually increased from an estimated $46 billion in 1999-00 to $295 billion in 2012-13. In their recent paper (bit.ly/2r6evd2), Veeramani et al estimate that during this period, the total number of direct and indirect jobs supported by aggregate Indian exports rose from about 34 million to 62.6 million, with the share of export-tied jobs in total employment having risen from a little more than 9% to 14.5%.

Backward linkages, from manufacturing to agriculture and services, have become a key source of export-related value addition and job creation in India.

In the final analysis, it is important for India to continue to import intermediate goods at internationally competitive prices. To this end, it needs to integrate itself with global value chains. Participating in FTAs is essential in this regard.

We need to focus on the composition of imports, the possibility of exports, and concurrent employment opportunities created under FTAs, rather than unnecessarily worrying about import deluges and irrelevant trade deficits. We must get back into RCEP without fear.

Source: livemint.com- Nov 27, 2019

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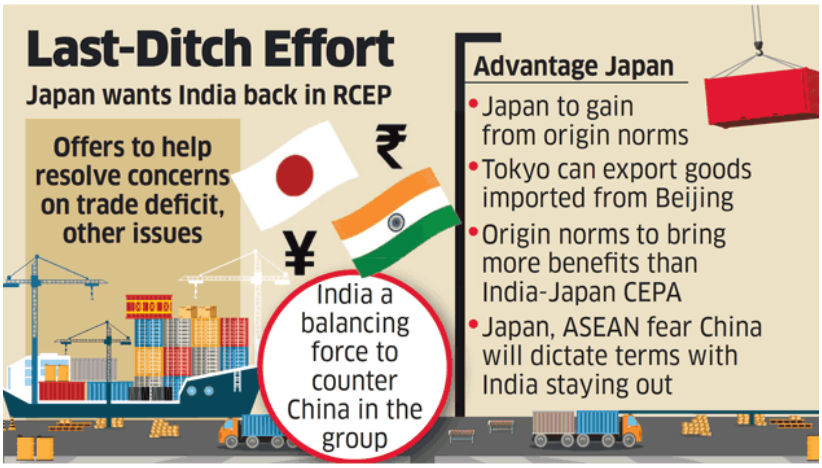
Japan keen to fix India's RCEP issues

Keen to have India back in the Regional Comprehensive Economic Partnership (RCEP), Japan has reached out to New Delhi to help address its concerns including those on trade deficit.



Tokyo's eagerness to include India stems from the fact that it fears China setting the terms of the pact and also reap the benefits from easier origin rules that would allow it to sell goods coming from China to other RCEP countries at low duties, officials said.

The development comes in the wake of India opting out of the RCEP earlier this month after negotiating the pact with 15 other Asia-Pacific countries for seven years. "Japan has asked how they can help in resolving our issues so that India can rejoin the grouping," said an official in the know.

India withdrew from the agreement due to lack of reciprocity on its key demands on services market access, safeguards for import surge and circumvention of origin rules because of tariff differentials.

New Delhi was also not satisfied with the proposals to counter its burgeoning trade deficit with China, which was feared to rise after the pact came into effect.

“They know RCEP would be a low ambition agreement if India is in it otherwise China will dictate the terms,” the official said.

Moreover, Japan seeks to benefit the most from regional cumulation because it will be able to export. Regional cumulation means the origin doesn’t matter as long as the product originates from an RCEP member country.

“China, South Korea and Japan are the biggest users of regional cumulation. India will not be able to counter these even with non-tariff barriers because it is a small user of such measures,” said an expert on trade issues.

As per another expert, Japan is likely to gain more from the RCEP than its free trade agreement with India and, hence, is making efforts to get India back.

“There were many times during the RCEP negotiations when Japan did not support India and instead upped its demands. It is surprising that it should try to get us back now,” said the second expert.

The issue is likely to come up at the inaugural 2+2 ministerial dialogue between India and Japan later this week.

Source: economictimes.com- Nov 28, 2019

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India losing its trading edge to smaller nations

India's exports are contracting. In the export of garments, countries such as Bangladesh and Vietnam are beating India. Mint explains why trade tensions between the US and China, and the global economic slowdown do not fully explain the poor exports story.

How have exports fared this fiscal?

During the first seven months of FY20, both export and import growth fell in contrast with fairly high double-digit growth rates during the corresponding period of the previous fiscal. Exports contracted 2.2% and imports 8.8%. Significantly, even crude oil imports declined during April to October compared with those of preceding years because of lower prices and demand. In FY19, exports grew 12.8% and imports 17.9%. Trade parameters had earlier shown weakness in FY17, the year demonetization was implemented, when exports grew marginally by 0.1% and imports shrank 10.1%.

Is the decline in line with global trends?

The report of the high-level advisory group (HLAG) chaired by Surjit S. Bhalla submitted earlier this month to the commerce minister shows that India's exports growth has slipped significantly more relative to 60 comparable economies.

During 2003-2011 when world exports and GDP were growing well, India ranked sixth in the growth of services exports. During the slow growth period of 2012-2017, India slipped to the 23rd spot. In the growth of manufacturing exports, India slipped from the 16th to the 25th position, in merchandise from the 10th to the 38th, and in agriculture from the 11th to the 30th spot.

Is the contraction in exports due to trade tensions?

In 2017, China's garment exports fell to $158 billion from $187 billion in 2014, according to the HLAG report. India's garment exports fell by 4% in 2017-18, while those of Bangladesh and Vietnam increased by 8% and 10%, respectively. This shows India's exports are getting beaten by competitive exports from smaller economies.

What's the reason for the export slowdown?

RBI's real effective exchange rate shows a rupee depreciation of 15% from FY05 to FY17, while inflation was more than 4% higher per year on average than in the US. The overvalued exchange rate could have handicapped export competitiveness. Pharmaceutical and biotech industries suffer from excessive and complicated regulation, found the HLAG report. Restrictive labour laws prevent larger scale of operations. Poor logistics result in turnaround time in India being over four times that in China or Turkey.

What is India's story in terms of imports?

Shares of electronic items and engineering goods in total imports have grown. Domestic production indicators show a fall in capital goods production. This means imports are substituting domestic machinery. Even though imports of oil are lower than those of last year, its share in total imports has risen from 23.8% in the first six months of FY16 to 26.3% during the corresponding period of FY20. This means other imports are falling at a faster rate.

Source: livemint.com- Nov 27, 2019

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Cabinet approves extension to 15th Finance Commission for one year

The cabinet decision means the Commission will recommend its award to six fiscal years, instead of the usual five

The union cabinet on Wednesday extended to the term of the Fifteenth Finance Commission by a year, asking it to submit an interim report for fiscal year 2020-21 and a full report for fiscal years 2021-22 to 2025-26—a decision apparently taken to factor in Jammu and Kashmir's new status.

"The extension of the term will enable the Commission to examine various comparable estimates for financial projections in view of reforms and the new realities to finalize its recommendations for the period 2020-2026," said a government press release.

The cabinet decision means the Commission will recommend its award to six fiscal years, instead of the usual five. Sources said the cabinet decision does not fall foul of the Constitution.

Article 280 of the Constitution states that the President shall constitute a Finance Commission at the expiration of every fifth year or at such earlier time as the President considers necessary.

Simply put, this means that while the Commission can give recommendations for six years through two reports (2020-21 to 2025-26), when the Sixteenth Finance Commission is set up, it will consider devolution for 2025-26 to 2029-30, and not from 2026-27, an official explained. This will essentially keep the award period of the 15th Finance Commission at five years, since these are just recommendations which the government accepts.

“The Constitution just mandates that every five years a Finance Commission has to be set up. Today’s cabinet decision is not in contravention of that,” said an official.

Sources told Business Standard the commission was given more time, considering the creation of new union territories of Jammu and Kashmir and Ladakh.

The commission has sought time from President Ram Nath Kovind to submit an interim report on Saturday. The interim report will enable Finance Minister Nirmala Sitharaman and her bureaucrats to prepare the 2020-21 Budget. This course of action has precedence in at least three previous Finance Commissions.

Union territories usually get their resources from the central government’s share of the divisible pool, but the Jammu and Kashmir Reorganization Act mandates the commission to treat the two union territories as a state. Ladakh, on the other hand, is expected to get funds out of the centre’s share, like any other union territory.

Source: business-standard.com - Nov 27, 2019

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Odisha offers land for 'Jockey' garments unit in outreach to textile sector

Odisha's attempts to lure investors in textiles and apparel, one of its six identified focus sectors, is gaining traction. After playing host to the units of Aditya Birla Fashion & Retail Ltd (ABFRL) and the export oriented firm Shahi Exports, the state government is wooing Jockey India to set up its manufacturing base.

Jockey India, publicly listed as Page Industries, is in talks with state officials for a garment making unit. Jockey plans to manufacture its available range of from the Odisha facility. The company has proposed to invest Rs 120 crore on the unit that will generate employment for around 5,000 people.

"Jockey has evinced interest in setting up its garment manufacturing facility. We are ready to offer them land at the Ramdaspur industrial estate after evaluating their proposal," said an official source.

The attractiveness of Odisha for textiles investments is vindicated by ABFRL and Shahi Exports operating their units out of Bhubaneswar.

A report of the Export Promotion Council (AEPC) titled 'Location Analysis for Selected Cities in Odisha for Sector' shows that Odisha is emerging as one of the top destinations for apparel manufacturing in the country. The state government has identified apparel as one of the identified focus sectors as part of its Vision 2025 for industrial development. Odisha offers abundant skilled skilled workforce for the apparel sector, the report substantiated.

"With multiple dedicated locations identified for setting up apparel parks, competitive land rates and ready to occupy industrial sheds, Odisha offers a compelling value proposition for units in the apparel sector", AEPC noted.

Over and above its Industrial Policy Resolution (IPR) of 2015 laden with fiscal and non-fiscal sops, the Odisha government has formulated the Odisha Apparel Policy 2016, providing additional support for development of the sector.

The sector specific policy offers various incentives including employment and investment based incentives, various fiscal incentives, capital grants of 20 per cent of project cost of the park up to Rs 20 crore, interest free loan up to 10 per cent of project cost, with a maximum limit of Rs 10 crore, among others.

Source: dentondaily.com- Nov 27, 2019

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Government working on incentives to promote industrial development in Jammu & Kashmir region: Piyush Goyal

The government is working on several incentives and steps to promote industrial development in the Jammu and Kashmir region, Commerce and Industry Minister Piyush Goyal said on Wednesday. "The government is working on significant incentives and steps to promote industrial development. It will give a boost to investor sentiment in the region," he said here at KASHMIRONOMICS CONCLAVE 2019.

The minister said companies in the United Arab Emirates (UAE) and Dubai are keen to explore business opportunities in this region.

"I am sure more and more people would like to set up industries and invest in that region," he said.

He said huge investment potential is there in sectors such as hydropower, pharmaceuticals, tourism and food.

"You will hear more in the days to come and in the budget to come," Goyal said.

The government, he said, is planning to set up inland container depots and grant geographical indication (GI) tags to some local products such as apricot and Sea buckthorn plant, which is a multipurpose shrubs species in Ladakh cold desert.

This plant has the capacity to tolerate harsh weather and temperature in the range of (-) 40 degrees Celsius to 40 degrees Celsius.

A GI is primarily an agricultural, natural or a manufactured product (handicrafts and industrial goods) originating from a definite geographical territory.

Typically, such a name conveys an assurance of quality and distinctiveness, which is essentially attributable to the place of its origin.

Further, he added that there are plans to set up modern institutes and skill development centres in this region.

In the railway sector, he said a project is underway to connect Udhampur-Srinagar-Baramulla, which is a 272-km long rail link.

Work on 161 km is already completed and the rest is going on, he said adding that the Katra-Banihal section is also going on.

Construction of Chenab Rail Bridge, which was unfortunately got stuck because of a terrorist activity, work has now started for that.

"It will be the highest bridge in the world and we are hopeful that having declared it as a supercritical project, we will be able to complete it in a defined timeline," Goyal said.

He added that the rail ministry has completed location survey of the 475-km Bilaspur-Manali-Leh rail line, which is an "expensive" rail link.

Speaking at the function, Textiles Minister Smriti Irani said there is potential to make this region a hub for handmade carpets.

She said markets that are vacated by China can be tapped by these two Union Territories (UTs).

She said opportunity is there because China is moving out from the handmade carpets segment and now that the segment is looking for new opportunities to invest in this region.

"India is producing 60 per cent of manmade carpets in the world. Can this region become hub for that carpets," she added.

Healthcare and education hold huge potential for investors in this region, she added.

The minister said that as there are eight languages spoken in this region, one can look at media and infotainment segments for developing local content.

Irani, who is also the Minister for Women and Child Development, said the ministry has decided to establish chairs in universities and colleges in the name of women who have played key role in the development of the country.

She said Lal Ded chair for spiritualism is now going to be financially and academically backed by the ministry in conjunction with UGC under the aegis of the human resource development ministry.

Source: economictimes.com- Nov 27, 2019

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Gujarat: Pest onslaught may hit cotton production

As if the unseasonal rain, hail storm and prolonged monsoon was not enough, the farmers in Saurashtra are now battling the massive onslaught of pink bollworm, the pest that ravages the cotton crop.

Large number of farmers in Amreli and Surendranagar are complaining of the pink bollworm and mealybug attacks on their standing crop, a menace that potentially threatens to affect the cotton production in Gujarat.

Surendranagar is one of the highest cotton producing districts of the state. On Wednesday, the Junagadh Agriculture University (JAU) issued an advisory warning of pink bollworm attack for the farmers.

Gujarat is the highest producer of cotton with the average area under cotton cultivation being nearly 26 lakh hectares, according to the state agriculture department figures.

Janak Malani, a farmer in Amreli district, had cultivated cotton in 20 bigha land. "I have no option but to destroy my entire crop because I can't afford to pay the labour charges for harvesting. A labourer who generally harvests 30kg cotton in a day will now be able to harvest only 10kg because of the pest attack. The labour charges are Rs 300 per day while I get Rs 300 to Rs 400 for 10kg in the market."

Mansukh Gorad, another farmer in Amreli said he was expecting 5,000 kg cotton production this year, but now estimates just around 1,000 kg due to the pink bollworm attack.

Agriculture scientists said that the pink bollworm attacks the flower which makes it nearly impossible to save the crop by using pesticide. This is not the first time that the cotton farmers are facing this problem and it is turning out to be an annual headache.

M A Vaddoria, research scientist of cotton at (JAU) told TOI: "The current atmosphere is favorable for pink bollworm this time in November. The pests have struck because of extended monsoon this year. The insect attacks the flower and it's difficult to save the crop with the help of pesticide."

In October this year, the Cotton Association of India pegged the production for Gujarat to 100 lakh bales (one bale is equivalent to 170kg). However, the unseasonal rain thereafter destroyed the crop and the remaining is witnessing an onslaught of the pests.

Some farmers in villages of Jetpur taluka of Junagadh district set their crop on fire and some gave it to animals as feed after the pest attack.

V P Chovatia, principal and dean of Armeli Agriculture college, said "The pink bollworm insect lays 250 eggs at a time, so it's very difficult to stop it's spread as the crop is already 120 days old. This is the time for farmers to be alert otherwise they will face 2015 like situation next year."

Source: timesofindia.com- Nov 28, 2019

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Indian clothing market expected to be worth $53.7 billion in 2020: Report

The Indian clothing market is expected to be worth $53.7 billion in 2020, making it the sixth largest globally, according to the fourth annual state of fashion report by The Business of Fashion and McKinsey & Company.

While the global outlook for consumer spending is dim on account of rising trade tensions, political uncertainty and economic concerns, India presents an exciting opportunity particularly for price competitive players, analysts said in the report.

"While GDP growth this year has been somewhat weaker than expected, in part due to regulatory uncertainty, India is still projected to be the fastest-growing major economy, according to the IMF (International Monetary Fund)," analysts said.

India, which has attracted global brands like Zara, H&M and Marks & Spencer lately, saw the entry of Japanese retailer Uniqlo. Recently, the government relaxed local sourcing norms in single-brand retail, providing further impetus to the industry.

The McKinsey Global Fashion Index (MGFI) forecasts that the overall fashion industry revenue growth will slow further in 2020 — down to 3-4% from the 3.5-4.5% growth predicted for 2019. The most optimistic region is Asia, although, even here only 14% of executives expect an improvement in conditions, the report showed.

Respondents to the annual BoF-McKinsey executive survey reveals pessimism across all geographies and price points. The majority — 55% of fashion executives foresee a slowdown in 2020. A mere 9% of respondents think conditions for the industry will improve next year, compared to 49%, who said the same last year.

Source: financialexpress.com- Nov 28, 2019

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Offline apparel, accessory sales see marginal growth

Hit by the onslaught of online channel, offline sales of apparel and accessories during the festive season witnessed only marginal growth this year.

Jewellery brands in the metro cities experienced about three per cent decrease in the number of shoppers in the festive quarter of 2019 against the year ago quarter, found a study done by Capillary Technologies.

The overall sales of jewellery in value terms saw a growth of 12 per cent and the average transaction value went up by 15 per cent. However, there has been a 20 per cent rise in gold prices this festive season against last year. Hence the volumes should have been down compared to last year.

Footwear sales witnessed a rise of 4 per cent in 2019 compared to 2018 and fashion and apparel saw enhanced spending of 7 per cent compared to last year.

In fashion and apparel, shoppers have shown a preference for ethnic brands over western brands. The study found that a premium ethnic fashion brand saw a surge of 77 per cent in footfalls. However, the number of consumers who actually made a purchase came down by 12 per cent compared to 2018, indicating low conversions.

A popular French fashion brand saw a 35 per cent dip in footfalls two weeks prior to Diwali and it did not witness any significant number of purchases being made either during this time. While jewellery stores witnessed a dip in consumer loyalty by 28 per cent, both fashion and footwear industry saw a marginal 3 per cent rise in loyalty.

“The study highlights the preference of customers to shop offline during the festival season, particularly in categories such as jewellery and ethnic wear. However, the key take away from this study for retail brands is to strengthen their consumer loyalty programmes and prioritise consumer retention,” said Aneesh Reddy, CEO and Co-Founder, Capillary Technologies.

Source: dentondaily.com- Nov 28, 2019

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