



IBTEX No. 21 of 2019

January 29, 2019

USD 71.10 | EUR 81.33 | GBP 93.54 | JPY 0.65

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
20335	42500 (-100)	76.10
Domestic Futures Price (Ex. Warehouse Rajkot), February		
Rs./Bale	Rs./Candy	USD Cent/lb
20860	43597(-126)	78.06
International Futures Price		
NY ICE USD Cents/lb (March 2019)		73.85
ZCE Cotton: Yuan/MT (May 2019)		15,280
ZCE Cotton: USD Cents/lb		102.75
Basis Difference (ICE March - Domestic Spot)		2.25
Cotlook A Index – Physical		83.60
<p>Cotton Guide: The ICE futures ended on a negative note despite the market being indecisive. The major reason why the market showed a decline was attributed to lower crude oil prices and slip in the equity markets. The ICE March futures ended with a negative change of (-28) settling at 73.85 cents/lb. The ICE May future contract ended with a decline of (-25) settling at 75.32 whereas the ICE July contract settled at 76.64 with a negative change of (-23). Despite the reopening of the US Government offices, a clarity on whether the cotton fraternity can expect reports like US Export Sales, CFTC on call sales report or the CFTC Weekly commitments of traders' report is still a question of concern. Even, there is no clarity whether the USDA will publish their demand supply report which is scheduled to be on February 8, 2019.</p>		

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On the domestic front the MCX contracts followed the trajectory of ICE Contracts with declines in the range of -20 and -60. The MCX February contract was the one which experienced the highest decline of (-60) Rs therefore settling at 20,860 Rs/Bale whereas the March and the April Contract settled at 21,140 and 21,410 Rs/Bale with decreases of (-40) and (-20) Rs respectively.

The arrivals have been estimated to be 167,000 lint equivalent bales (source cotlook) including 48,000 in Maharashtra, 42,000 in Gujarat, 28,000 in Andhra Pradesh. The total arrivals (source CCI) in India have amounted to be 14,231,957 bales (1 Bale = 170 kg) by January 23 representing an increase of 1,976,700 bales since January 11. Kindly note during this cotton season the arrivals have not yet crossed 200,000 lint equivalent bales per day, which clearly states about the indecisiveness in the market.

Local prices of Shankar 6 are around 42,500 Rs/Candy which is the average price, whereas Punjab J-34 is available at around 4,420 Rs/Maund. Cotlook Index A has been adjusted positively at 83.60 with a positive climb of 1 cent/lb. Today the market seems to be in a consolidation phase.

ICE cotton futures is continued to move in the range of 72.80-74.20 after last week's recovery rally week's recovery rally. Meanwhile price is moving in an intermediate upwards sloping channel, failure to hold the channel could witness sharp decline in prices. However RSI in the daily charts at 45 suggesting sideways trade for the day. Only a sustained move above range could bring further buying in cotton futures towards higher levels of 75.30, followed by 76.20. Likewise below 72.80 immediate support exists around 72.40 and 71.90 levels. In the domestic markets trading range for Feb future will be 20600-21080 Rs/Bale.

Currency Guide

Indian rupee may witness choppy trade amid mixed factors but general bias is on the weaker side. Supporting rupee is correction in crude oil price and general weakness in US dollar. Brent crude trades near \$60 per barrel after 2.8% slide yesterday on signs of higher US output and concerns about Chinese economic slowdown. The US dollar index is under pressure ahead of Fed meeting as the central bank is expected to maintain cautious tone. Also supporting rupee is data showing growth in investments. As per RBI data released Monday, foreign direct investment (FDI) during the previous fiscal grew 18% to Rs 28.25 lakh crore. However, weighing on rupee is general weaker risk sentiment ahead of major events this week. Asian equity markets are trading lower after over 200 points decline in US market yesterday. Weighing on market sentiment are concerns about US-China trade deal after American prosecutors Monday alleged that Huawei stole trade secrets from an American rival and committed bank fraud by violating sanctions against doing business with Iran.

Meanwhile, US companies Caterpillar and Nvidia announced disappointing results and blamed slowing global growth. Fiscal concerns are high as Indian government is expected to announce relief measures at the Budget. Rupee has come off recent lows but is struggling to gain direction ahead of Budget and FOMC decision but general bias is still weak given weaker risk sentiment and fiscal concerns. USDINR may trade in a range of 70.85-71.3 and bias may be on the upside.

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INTERNATIONAL NEWS

Pakistan invites Nigeria to textile expo

Pakistan has expressed its readiness to improve economic relations with Nigeria and invited operators of the Nigerian textile industry to participate in its international textile exhibition in Lahore, Pakistani cultural centre, in April.

Mr Tahir Abbas, Commercial Secretary of the Pakistan Mission in Nigeria, said this in a statement on Sunday in Abuja.

Abbas said part of the ways of improving these relations was his country's invitation to the Nigerian investors to attend the second edition of the Largest Textile Sector Exhibition in Lahore, Pakistan.

He noted that the invitation and anticipated participation of Nigerians in the Textile exhibition was to further strengthen the economic relations between the two nations.

“The textile industry of Pakistan is open to joint ventures with the Nigerian industry in textile value chain.”

Abbas disclosed that companies from some other West Africa countries were already examining the potential areas of investment in textile for possible development of mutually beneficial business ties.

“Nigerian companies engaged in imports, distribution, marketing and manufacturing of textile products or excelling in any stage of textile value chain are expected to attend.

“The event in a big way to explore possibilities of building business contacts and joint ventures,” he said.

Abbas disclosed that the first edition of the exhibition –TEXPO, held in 2016, turned out to be an amazing success with businessmen from 52 countries participating in the event.

He noted that during the event, more than 700 specialised business to business (B2B) meetings were organized between international buyers and exhibitors

He assured that Nigerian delegates “will be extended all necessary facilitation for attending the big Textile Show.”

Abbas advised participating businessmen to access visa details from website of High Commission of Pakistan; i.e. <http://www.mofa.gov.pk/nigeria> or its Commercial Section.

“Pakistan is keen to expand its reach towards Africa and take advantage of the value supply chain opportunities offered by Africa, especially Nigeria.” He said that the exhibition, tagged “TEXPO 2019” would hold between April 11 and April 14 in Lahore.

He explained that the exhibition would cover categories like Bed Wear, Home Textile, Terry Towel, Cloth, Fashion Garments, Foundation garments and thread, Yarn, Silk and Synthetic Textile.

“It will also showcase Garment Accessories, Knitted or Crocheted, Knitwear & Hosiery, Leather Garments and Accessories, Raw Cotton, Readymade garments, Carpets and Tulle lace / Embroidery, “Others include; textile fabric woven, Canvas and Tents, Bags, Towels, Hosiery, Textile Handicrafts, Bed Linen, Textile Machinery, among others.”

He said Pakistan “is one of the few countries which have achieved excellence in entire value chain of textile industry.

“Pakistan boasts a huge textile manufacturing base right from production of fine cotton to high value added finished products catering to delicate aesthetics. TEXPO has been conceptualized as the biggest platform for the textile industry.

“The sector accounts for exports of more than \$13.2 billion which amounts to around 60 per cent total exports of the country.

“Pakistan industry has been exporting products to the quality conscious and highly competitive markets of USA, UK, EU, Middle East and Far East.”

According to him, competition in the sector “encourages investments in research and development which resulted in better products at competitive rates.

“Under the banners of the flagship branding initiative of Emerging Pakistan, textile industry of Pakistan is keen to expand its reach towards Africa and take advantage of the value supply chain opportunities offered by Africa.

“In order to develop efficient value chain connections and comprehensively display achievements of Pakistan in textile, Trade Development Authority of Pakistan (TDAP) is organizing the 2nd Edition of the largest textile sector exhibition in Pakistan to showcase its achievements globally.”

While Abbas described Lahore as his country’s cultural centre, he listed some of the historic monuments to include; Lahore Forte, built in 1566; Badshahi Mosque, built in 1671 and Old Walled City with multiple Mughal Era Buildings (From 1526 to 1857).

He named some of the interesting sites to include Anglo-Mughal Architecture sites (From 1857 to 1947) and modern marvels like Orange Line Train, Metro Bus Service, international airport, mega malls and hotels.

He said these culturally adorned food streets and motor ways connecting Lahore with major cities, offer a great experience for tourists.

Source: nan.ng- Jan 27, 2019

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Pak-Uzbekistan removes basic hurdles to promote bilateral trade

Uzbekistan Ambassador Mr. Furqat A. Siddiqov said on Monday that direct and basic hurdles had been removed to promote bilateral trade between Pakistan and Uzbekistan.

Steps are underway to promote banking and air services in addition to ensuring safe transit of trade consignments through Afghanistan.

Addressing the members of the business community at Faisalabad Chamber of Commerce & Industry, he said that Uzbekistan was an historic centre of Islamic heritage and culture.

“I have come here from the land of ‘Imam Bokhari’ with a message of peace and love for Pakistani brethren,” he said.

Regarding trade, he said that it had recorded a three times growth as compared to last year. He said that Uzbekistan Air was managing weekly flight between Lahore and Tashkent while steps were being taken to start direct flights between Karachi and Tashkent.

About banking channels, he said that a branch of National Bank of Pakistan was already operating in Tashkent while a Swiss bank was also expected to establish its branch to provide international banking facilities.

To a question, he said that Uzbek government was also contemplating to start Islamic banking and in this connection steps were underway.

He further said that Uzbekistan was importing sugar, pharmaceutical and potato from Pakistan while it could export agriculture machinery to Pakistan.

The Uzbek Ambassador said that Pakistan and Uzbekistan were cotton producing countries and his objective to visit Faisalabad was to encourage cooperation in textile sector. He said that many Pakistani companies were already doing business with Uzbekistan while there were huge opportunities to launch joint ventures in this specific field. In this connection, Uzbekistan had taken bold decisions by establishing Cotton technical centres which could equally benefit both the countries.

He also mentioned the facilities extended to the Pakistani investors and told that credit facility would also be provided to the foreign investors.

Regarding trade through road, he said that Uzbekistan, Tajikistan, Russia, Afghanistan and Pakistan were considering a joint proposal to open land route through Afghanistan by offering logistic, trade and transit facilities to the exporters of this region.

He further said that road distance between Pakistan and Uzbekistan was only 700 miles through which it could also have access to the other landlocked Central Asian states in addition to making exports to the European Union countries. He said that efforts in this connection were underway which would yield positive results very soon.

The ambassador said that there are 14 Export Processing Zones (EPZ) across Uzbekistan where protection and incentives would also be provided to the foreign investors, who will invest at least 100 million dollars.

During the Question-Answer session, Furqat A Siddiqov said that old information was rife among business community as the ground realities had altogether been changed now.

He said that Uzbek exports recorded 59 per cent increase during 2018, while his country was exporting cotton, cotton yarn and cotton fabric.

He offered businessmen of Faisalabad to launch joint ventures to avail benefits from the high quality and long staple cotton of Uzbekistan for the benefit of the two countries. He rejected apprehensions about Uzbek Air and said that people prefer to travel through the airline.

Earlier, Mian Tanveer Ahmad, acting president FCCI, introduced Faisalabad and the FCCI. He said Faisalabad is the third thickly populated city of Pakistan. "It contributed 45 per cent share towards the total textile export of the country," he added.

Regarding the FCCI, he said that it is serving the business community of Faisalabad for the last 44 years while the total numbers of its members are 7000.

He further told that although textile is the iconic identification of this city, other sectors are also playing their role in overall exports of Pakistan.

He observed that the bilateral trade between the two countries is far less than their existing potential and hence efforts should be expedited to ensure an increase of \$300 million per annum.

He also stressed the need for direct links between the business communities of the two countries and offered a proposal to ink a MoU between FCCI and Uzbekistan Chamber.

During the session, it was disclosed that Uzbek Business Council is organizing a business-cum-tourism delegation from April 19 to 20.

Two separate documentaries about FCCI and Uzbekistan were screened while Kashif Zia, Engineer Ahmad Hasan and Shoaib Sana participated in the question-answer session.

Later, Engineer Ahmad Hasan offered a vote of thanks and presented the FCCI shield to the Uzbek ambassador along with other members.

Uzbek Ambassador Furqat A Siddiqov also reciprocated the gesture and presented a memento of Uzbek Embassy to Acting President Mian Tanveer Ahmad.

The ambassador also recorded his impressions in the Visitors' Book and thanked the people of Faisalabad for their love and hospitality.

Source: breccorder.com- Jan 29, 2019

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Kenya must ban mitumba imports to protect local textile industries – Muthaura

Kenya should ban mitumba imports to promote local textile industries, Revenue Authority chairman Amb Francis Muthaura has said.

Muthaura said it is unfortunate that Kenya has been turned into a dumping site.

"Ours is a dumping ground for waste and it is terrible. It is time to take the bull by the horns, even if people like US President Donald Trump will make noise about it, we should put Kenya first. Second-hand clothes should not be allowed in because they have caused a lot of harm," Muthaura said.

The KRA chairman noted that sectors with the local market such as textile and furniture have been abandoned yet they could be major economic drivers.

"We have a competitive edge but most of these have been left to the Chinese. Unless we have a dynamic strategy in industrialisation, we will always be defeated before we even start," he added.

The East African Community had given itself up to 2019 to begin stopping the importation of second-hand clothes from the United States.

The US Government started issuing warnings to EAC countries that if any ban was imposed, the states would lose the privilege of selling goods to America.

Kenya pulled out of the EAC 'mitumba' ban deal. The then Trade Cabinet Secretary Adan Mohammed said the government was letting market forces determine what Kenyans want to buy.

Kenya, Tanzania and Uganda survived the suspension, but Rwanda, which went ahead with the plan, was recently removed from the Agoa beneficiaries list.

But Muthaura has maintained the ban is the way to go as no results in industrialisation can be seen if the production base is weak.

"We must start doing things differently. We won't achieve much by being nice and this has to start with border control," Muthaura said.

In rescinding the ban, Kenyan officials argued that more than 60,000 jobs in the textile industry were under threat.

With a poverty rate of 35.6 per cent, the reality is that many Kenyans have to pinch their pockets to clothe themselves.

The used clothing market allows millions of Kenyans to buy clothes for as little as Sh20. These price points do not exist in the clothing produced by the domestic textile industry.

Source: the-star.co.ke- Jan 27, 2019

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Sri Lanka: Merchandise export income up by 4.1% in Nov

Under industrial exports, export earnings from textiles and garments increased notably in November 2018 mainly driven by exports to the

USA. In addition, garment exports to non-traditional markets such as India, Canada and Australia as well as the EU market increased along with textile and other made up textile articles. Earnings from petroleum products increased significantly in November 2018 reflecting higher bunker and aviation fuel prices despite a slight reduction in export volumes in comparison to that of November 2017.

Export earnings from machinery and mechanical appliances also increased substantially during November 2018 due to improved performance in all sub categories therein.

Further, export earnings from food, beverages and tobacco, rubber products and base metals and articles rose in November 2018 contributing towards the increase in industrial exports. However, export earnings from printing industry products, gems, diamonds and jewellery and leather, travel goods and footwear declined in November 2018. Earnings from agricultural exports recorded a decline during the month due to poor performance in almost all

sub categories except the categories of unmanufactured tobacco and vegetables.

Reflecting lower average export prices and exported volumes, export earnings from tea declined in November 2018. Export earnings from spices also declined during the month due to the lower volumes in most categories of spices. Further, earnings from coconut exports declined due to the drop in both kernel and non-kernel products. Earnings from seafood exports also declined in November 2018 while in cumulative terms seafood exports rose with higher exports to the EU market.

The export volume index in November 2018 increased by 2.9 per cent while the export unit value index increased by 1.1 per cent, implying that the growth in exports was driven mainly by the increased volume, rather than the price, compared to the volume and unit value indices in November 2017.

Source: Daily News - Jan 29, 2019

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NATIONAL NEWS

Ministry signs pacts with leading textile cos to help weavers

Textile minister Smriti Irani said the initiative aims at exploring the synergy between culture and textiles and the initiative will be extended to rest of the country.

The Union textile ministry on Monday signed agreements with leading clothing/textile players like Raymond, Welspun, Titan, Reliance Retail and the Sachin Tendulkar-promoted True Blue, under which these companies will procure more from the weavers directly.

Textile minister Smriti Irani said the initiative aims at exploring the synergy between culture and textiles and the initiative will be extended to rest of the country.

She was addressing an outreach programme called the Artisan Speak where these agreements were signed.

All our schematic assistance including provision of loans, skilling, provision of yarns etc are aimed at lowering the cost of production and enhance the income of weavers," textile secretary Raghavendra Singh said.

He said the ministry is coming with QR coding post registration and pre-registration of all its weavers for geographical indication tags.

Source: moneycontrol.com- Jan 28, 2019

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India's Cotton yarn exports to China may fall as trade war fears ease

India's cotton yarn exports to China is likely to fall as China is expected to reduce the planned 25% tariff on US cotton by March 1 as the two countries make efforts to resolve their trade war.

Chinese importers have renegotiated orders of Indian cotton yarn worth \$400-500 million in the past few weeks, The Economic Times reported citing official sources.

The US-China tariff war had benefited India. Between June and September 2018, the US announced high customs duties on several Chinese goods and China retaliated by increasing levies on US goods. Consequently, India's exports to the neighbouring country increased by about 32% to \$8.46 billion during the June-November period.

“Earlier, the Chinese had put duties on American cotton so there was pressure to buy from India. Now, the situation has eased so they want to moderate the prices... This is a spillover of US China trade issues,” the official said.

India exported \$892.4 million worth of cotton yarn to China in April-November, up 2.5% from \$870.2 million in 2017-18.

While China is the largest importer of cotton yarn with a share of 46.7% globally, India remains the largest exporter of cotton yarn in the world.

Source: commodityonline.com- Jan 28, 2019

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True Blue is excited to announce its partnership with Ministry of Textiles for procuring from local handloom artisans.

True Blue is a global clothing brand that draws inspiration from India and its heritage, reinterpreting it in a modern context and proudly takes it to the world. The brand represents a fast emerging, young India that understands the importance of being global, yet embraces its Indian-ness.

In this constant quest towards creating something iconic while being true to its Indian roots, True Blue has partnered with the Ministry of Textiles in their initiative to promote the Handloom Sector and to alleviate the socio-economic conditions of handloom weavers. Handloom forms a precious part of generational legacy and exemplifies the richness, which has been kept alive by skilled weavers engaged in the age-old tradition of weaving.

The weavers with their skillful blending of myths, faiths, symbols and imagery provide their fabric an appealing dynamism. Their strength lies in innovative designs, which cannot be replicated by the power looms.

With this association, True Blue will introduce 'True Blue Handcrafted', a line of clothing which will be crafted with the handloom sourced from these local artisans. True Blue Handcrafted will boast of a complete line of apparel with authentic prints with hand embroidery, block prints, katha work, Tie & Dye etc.

Handloom has the ability to make wide range of customized products in lesser quantity by frequently changing the designs, colours and textures, thereby creating an opportunity for brands to present something new with every season which has rarely been seen before. Some of the excellent work of arts transformed on fabrics by the adept weavers are Jamdani of West Bengal, Paithani of Maharashtra, Chanderi and Maheswari of Madhya Pradesh, Muga of Assam, Patola of Gujarat, Kani of Kashmir etc

Source: apnnews.com- Jan 29, 2019

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India keen to triple exports to Argentina, eyes additional \$1.5 bn trade

India wants to triple exports to Argentina, eyeing an additional \$1.5 billion worth of shipments, and is seeking market access for apparel, textiles, folding bicycles and home furnishing products in the South American country.

Ahead of Argentine President Mauricio Macri's likely visit to India next month, India is also keen to promote ethnic products such as Alphonso mangoes and Khadi.

"Sophisticated high-end bicycles and bicycle components alone have the potential to offer a \$1-billion export opportunity to Indian exporters with another \$300-350 million coming from the apparel and textiles industry. There might be collaborations with companies from both countries," said an official aware of the details.

Indian exporters of office stationery, handicrafts and home furnishing products have pushed for the removal of non-tariff barriers such as custom clearances to help increase current exports of \$10 million to \$100 million. Exporters also want a reduction in the 25% import duty on sports equipment.

India's exports to Argentina were \$708.7 million in 2017-18, consisting mainly of organic chemicals, vehicles and auto parts, lubricants, machinery, sound and image devices and garments. Imports from Argentina were \$2.2 billion, mainly soybean oil, petroleum, copper, sunflower oil, leather, wool and ferroalloys.

"Our trade deficit with Argentina is because of import of agricultural products. We can export low value added products and construction material like PVC pipes and roof tiles. Our ceramic exports were doing well there but Argentina has applied anti-dumping duty on Indian ceramic and vitrified tiles," said Mohit Singla, chairman of the Trade Promotion Council of India, an organisation under the Department of Commerce.

Lack of direct flight connectivity between LatAm and South Asia is a major roadblock in developing people-to-people interaction, travel and tourism. The two sides are likely to discuss this matter.

Singla said India can also invest in setting up hospitals and diagnostic labs in Argentina.

Source: .indiatimes.com- Jan 29, 2019

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Gujarat approves shifting textile units outside Surat city

The Gujarat state government recently approved specified shifting zones in Surat's outskirts for the polluting textile dyeing and printing mills in the city by adding a few clauses to the General Development Control Regulation (GDCR).

The decision followed suggestions by the South Gujarat Textile Processors Association (SGTPA) and state industries minister Saurabh Patel.

While approving the development plan (DP) for the Surat Urban Development Authority (SUDA), the Gujarat government has made provisions for construction of wider roads.

The SGTPA has urged the state government to allocate 100 hectares land for developing a new industrial zone to facilitate the shifting of the textile mills located in the old city, Ashwani Kumar Road, Katargam, Varachha, Kadodara and Udhana areas, according to a report in a top Indian newspaper.

About 65 textile mills are operating in the city's residential areas, including Khatodara, Udhana, Ashwani Kumar Road, Ved Road, Bombay Market and Puna Kumbharia, where particulate matter (PM10) levels is exceedingly higher than the national annual average at 184 per micrograms per cubic meter of air (UG/M3) per annum.

Source: fashionnetwork.com- Jan 28, 2019

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