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# IBTEX No. 66 of 2017 Apr 01, 2017

USD 64.81 | EUR 69. 11 | GBP 81.29 | JPY 0.58

## Cotton Market (31-03-2017)

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

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 20413 | 42700 | **84.04** |

**Domestic Futures Price (Ex. Gin), March**

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 21090 | 44115 | **86.82** |

**International Futures Price**

| | |
|---|---|
| NY ICE USD Cents/lb ( March 2017) | 76.23 |
| ZCE Cotton: Yuan/MT ( May 2017) | 15, 390 |
| ZCE Cotton: USD Cents/lb | **85.17** |
| **Cotlook A Index – Physical** | **86.30** |

**Cotton guide:** Cotton traded extremely steady on Thursday's trading session. The May future ICE contract ended the session at 76.23 cents marginal change from the previous close. The same contract had made a low of 76.10 during the trading session. The major data released was the US export sales. In total the export sales figure for the week ending 23rd March stood lower at 476.6 vs. 529.50 K bales.

However, the recent figure suggests exports of cotton from the US have increased substantially. The March average stood at 482K bales while in February the average of exports was 409K Bales. However, in total there has been a jump over 97% since the beginning of 2017. The exports have increased from 241.70 K bales to 476.60K bales as of latest figure.

Nonetheless, the reaction in the price was negligible on Thursday's trading session because the data came slightly lower than the previous week's figure. There may be another factor that did not permit rise in the price is the further cut in the open interest.

The OI has shrunk to 0.141 million contracts lower in last one week and lowest since price made a high of 79.50. We believe if the cut in the position continues to increase the price of cotton at ICE may remain under stress. This morning ICE cotton is trading marginally higher at 76.43 with USD index trading higher at 100.58. Market would remain cautious during today's trading session ahead of USDA planting report. Until then the scenario would be shaky and price may hold a sideways tone. However, as discussed earlier the sentiment is expected to be lower and believe once 76 cent is breached down the price could decline to 75.75 cents. However, on the higher side we see 76.85 cents as key resistance levels.

Coming to domestic market in India, the spot price continued to stay steady near Rs. 44000 per candy for S-6 variety. At the prevailing exchange rate, equivalent value is approximately 85.10 US cents per pound. In the other hand, Punjab J-34 has weakened slightly, to settle at RS.4, 740 per maund. In the meanwhile, nationwide, daily seed cotton arrivals have again fallen for the second day below 100,000 lint equivalent bales, to be placed at 98,800 bales, including 33,000 from Gujarat and 34,000 from Maharashtra.

There is a slight disconnect between domestic and ICE cotton price. Therefore, the MCX cotton future has become highly volatile. We saw April future trading lower during the day while in the evening session with a slight rebounding in the ICE price pushed the MCX contract to rebound from the day low. The April contract ended the session at Rs. 21090 down by Rs. 60 while intraday low was quoted at Rs. 20870. On today's trading session we might initially see marginal rise in the price while believe cotton to remain sideways on today's trading session with marginal bearish tone. The trading range would be Rs. 21190 to Rs. 20900 per bale.

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

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# INTERNATIONAL NEWS

## Vietnam: $1.9b trade deficit posted for Vietnam in Q1

During the first three months of 2017, total export value grew 12.8 per cent to $43.7 billion compared to the same period last year, while the total import value had a year-on-year increase of 22.4 per cent to $45.6 billion.

The office reported that the domestic economic sector had a trade deficit at $6.06 billion because the sector's export value only increased 12.1 per cent to $12.3 billion, while its import value rose 24.4 per cent to $18.4 billion, when compared with the same period of last year.

In the first three months, the foreign direct invested (FDI) sector achieved a trade surplus at $4.16 billion, with its export value at $31.4 billion and its import value at $27.2 billion.

Export turnover in the first quarter saw significant increases in some key items like electronic products, including computers and components, up 42.3 per cent. Textiles and garment exports were up 10.2 per cent, and machinery, equipment and spare parts up 34.6 per cent.

Meanwhile, export revenues of other products declined, including mobile phones and components, down 10.7 per cent; rice, down 23.3 per cent; pepper, down 13.9 per cent; and cassava, down 1.3 per cent.

The FDI sector accounts for a large share of the export turnover in major export goods groups, such as 97.3 per cent of the electronics, computers and components, 91.9 per cent of machinery, equipment and spare parts, and 60.1 per cent of garments and textiles.

GSO experts said the country's largest importers in Q1 were the United States, with a total turnover of $8.7 billion, posting a 4.1 per cent increase year-on-year, and the European Union with $7.9 billion or a 4.2 per cent rise, followed by China with $6 billion, increasing 43.3 per cent from the same period last year, ASEAN with 4.9 billion, up 21.8 per cent, Japan with 3.7 billion, up 15.4 per cent, and South Korea with $3 billion, up 24.1 per cent.

Several key import products grew compared with 2016. Machinery, equipment and spare part imports reached $7.6 billion, up 28.3 per cent, while that of garment and textile rose by 5.5 per cent to $2.3 billion.

China remained Viet Nam's largest Q1 exporter with a turnover of $11.9 billion, increasing 12.3 per cent from the same period last year.

Source: vietnamnet.vn- Mar 31, 2017

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## USA: Adidas selects Amber Road's China Trade Management suite


Adidas Greater China, a leader in the sporting goods industry offering a broad portfolio of footwear and apparel, has announced that the company has selected the China Trade Management (CTM) solution by Amber Road, a leading provider of cloud-based global trade management (GTM) solutions, to automate and centralise its China General Trade activities.

The Adidas group plans to boost its retail sales network to 12,000 outlets in China by 2020, with much of the growth slated for smaller cities.

A growing enthusiasm for sports across China has helped Adidas power-up sales in the region, making it one of the most profitable markets for the company.

Conducting international trade within China can be difficult and complex. With various challenges brought by huge import and export volume, and minimal advance notice of regulatory changes, Adidas China needed an automated solution to help reduce manual-based operations, minimise clearance delays and compliance risks, and respond to regulatory changes quickly.

Kae-Por Chang, managing director, Amber Road China said, "Adidas will be leveraging many functions of Amber Road's CTM solution to manage this growth opportunity.

Amber Road's CTM InSight function will equip the Adidas China team with self-compliance capabilities, to help them conduct comprehensive and regular internal audits to proactively identify and resolve non-compliance issues with agencies in a timely fashion."

Chang said, "Amber Road's CTM Business Intelligence (BI) Dashboard will supply information to centralise management, improve clearance process visibility, and enhance internal controls.

By implementing Amber Road's CTM solution, Adidas Group will be well prepared to apply for China Customs Advanced Certified Enterprise (AEO) status, which will enable the company to enjoy international trade facilitation measures."

Source: fibre2fashion.com - Mar 31, 2017

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# US ITC bans import of bed linen with false labels

The US International Trade Commission has declared the false labels which show inflated thread counts on bed linen to be an unfair trade practice and banned entry of such textile products.

The Washington based commission has ordered Customs and Border Protection to work with AAVN, a technology leader in the home textile industry, to implement the order.

This victory secured by AAVN has officially been communicated to the US President, secretary of the treasury, and the US trade representative.

High thread counts are a sign of quality, comfort, and luxury in bed linens. The problem arises primarily in cotton/polyester blends, where manufacturers find it difficult to weave very fine polyester fibres. This problem was solved by AAVN with Alpha Cotton, a unique manufacturing process protected by a US patent, that covers thread counts ranging from 190 to 1200.

While many manufacturers produce their high thread count bedding under the license from AAVN, including some of the world's largest manufacturers like Alok Industries and Indocount, Nextt holds all of the licensing rights for Alpha Cotton.

Other textile importers and manufacturers have chosen instead to falsely label lower thread count fabrics as much higher thread counts. This false labelling sometimes is by over 100 per cent, misleading consumers into unknowingly buying inferior quality products at inflated prices, while also violating the patent.

"This is as much a victory for consumers as it is for AAVN and Alpha Cotton. We look forward to Customs' broad enforcement of the ITC's order to clean up the textile industry so that consumers can have confidence in the integrity of the products they are buying," said Paul Brinkman, partner of Quinn Emanuel, LLP.

This ruling will affect fourth quarter business where this fabric is a part of Black Friday promotions by major retailers.

Source: fibre2fashion.com- Apr 01, 2017

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## Australian wool markets see adjustments this week

Australian wool markets were dominated by large price adjustments this week in the merino sector. All adjustments, however, were to the negative side, flowing on from the weaker conclusion to the previous week's selling. The AWEX Eastern Market Indicator (EMI) fell away 44ac clean/kg from its highest ever recorded level to 1502ac clean/kg.

During the week ending March 31, price levels were highly variable from the outset on all merino wools, with large discrepancies apparent on relatively minor difference in tested specifications.

By the close of selling, all merino types were being quoted at a general 60ac clean/kg lower, whilst the carding and crossbred sectors were far less affected and remained unchanged to 20ac cheaper, Australian Wool Innovation said in its weekly Wool Market report.

demand for prompt and short term shipment appears to have been met for the interim, as after weeks of highly escalating market levels the merino wool values seemed to hit a price point that just could not convince manufacturers to book forward contracts at these rates.

Subsequently prices could not be sustained, as local auction buyers quickly interpreted the radical change in sentiment and reverted to safety mode by just cherry picking the selection at ever decreasing buy in levels.

Aiding in the particularly awkward and rapid change in direction were that local auctions have recently been loaded up weekly, at short notice, of volumes between 10 and 20 per cent more.

This push of quantity onto the market was not over the top by any means but is indicative of the fragile nature of the demand-price relationship, relative to the immediate wool availability. This extra volume assisted in easing purchase pressure on sale room operators and in a shorter time frame than originally forecast.

Price levels in the merino segment were being quoted on average as 60 to 80ac clean/kg cheaper. In the better types suitable for European and Indian delivery of 19 micron and finer, prices were actually almost fully maintained for the week, albeit in the minor quantity available. The major Italian operator was unbeatable once again, particularly in the 17.5 to 19 micron area.

Away from those better wools, price nuances were radical as well with FNF types with less than 1% vegetable matter (vm) of all microns holding on comparatively well at just 25 to 30ac lower whilst the lower specified and higher vm (more than 1%) wools were hardest hit and well over 100ac clean kg cheaper for the week.

All carding types remained well sought after and prices avoided the downturn experienced in the longer wools. The comeback and crossbred wool (25 to 30 micron) were also sold to a much better tone and prices were just 5 to 15ac clean kg lower.

Next week, all 3 centres—Melbourne, Sydney and Fremantle—will be in operation with Melbourne offering 55 per cent of total 49,000 bales to be made available.

Source: fibre2fashion.com- Mar 31, 2017

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## Trump Administration Proposes Only Minor NAFTA Changes in New Guidelines

The Trump administration has submitted a vague set of guidelines to Congress for renegotiating the North American Free Agreement ("NAFTA") with Mexico and Canada, on the heels of President Trump's campaign promise to widely alter the trade deal, which was crafted by former President Bill Clinton and enacted in 1994.

On the campaign trail, Trump described NAFTA - a deal intended to eliminate most trade tariffs between the three nations, increase investment and tighten protection and enforcement of intellectual property - as a "disaster" responsible for wiping out U.S. manufacturing jobs, as it allowed companies to move factories to Mexico to take advantage of low-wage labor.

This week, U.S. Trade Representative Stephen Vaughn wrote in a letter to Congress that the Trump administration intends to start talking with Mexico and Canada about making changes to the pact.

The letter, however, sets forth few details, and per the AP, "appears to keep much of the existing agreement in place, including private tribunals that allow companies to challenge national laws on the grounds that they inhibit trade — a provision that critics say allows companies to get around environmental and labor laws."

Interestingly, the draft also contains some provisions that were part of the Trans-Pacific Partnership, a 12-country Asia-Pacific trade agreement negotiated by the Obama administration but swiftly rejected by Trump.

In the letter to Congress, Vaughn says the White House wants to be able to prioritize U.S. companies over Mexican and Canadian ones for any American government contracts, and that "improving NAFTA has the greatest potential to benefit the workers, farmers and firms of the United States," particularly since Canada and Mexico are "among the largest export markets for [U.S.] manufacturing."

Still yet, Vaughn calls NAFTA "clearly outdated" and in need of an upgrade in his memo, which cites changes to enable to the U.S. " to level the playing field on tax treatment," which the Washington Post states is "a brief and cryptic phrase that could suggest duties on Canadian and Mexican products" and to establish clearer rules for intellectual property and labor rights.

As for what the effect of a Trumped-down NAFTA would look like for fashion, most industry insiders are not optimistic. Some have triumphed such plans, indicating that for U.S. apparel workers, the era of free trade has been devastating.

Since NAFTA went into effect in 1994 and the Central America Free Trade Agreement ("CAFTA") followed in 2006, the effect on employment has been significant. Employment fell by 80 percent from 1990 to 2010, according to the U.S. Labor Department.

However, the some of the most vocal have declared that NAFTA - which supports hundreds of thousands of textile, apparel and footwear jobs in the U.S., with up to one quarter of U.S. textile exports going to NAFTA partners - is vital the health of the American apparel industry. As noted by Steve Lamar, the American Apparel and Footwear Association's Executive Vice President, U.S. "textile, apparel and footwear supply chains — and the hundreds of thousands of jobs they support — are much better with NAFTA than without it."

Lamar further notes: "U.S. threats to withdraw from NAFTA may seem like a good ploy to maximize negotiating leverage, but in reality, the threats induce damaging business uncertainty that disrupts highly efficient supply chains that today benefit companies, workers, consumers and communities across the country. The textile, apparel and footwear industries need access to global suppliers and global customers to stay competitive, and free trade agreements like NAFTA are key to that imperative."

Source: thefashionlaw.com - Mar 31, 2017

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## Demand Trend of Indonesian Textile Product to Middle East

Textile producers in Central Java are keen to expand their export market to the Middle East, the Indonesian Textile Association (API) in Central Java stated.

"We already have a good demand for our exports from the Middle East countries. However, so far, they have yet to become the main export market for the Central Java textile products," chairman of API Central Java Agung Wahono said here, Friday.

Currently, the regions main textile export market are the United States, China and Japan, which have higher export value compared to other commodities.

A data of the Central Bureau of Statistics (BPS) showed that Central Javas textile and textile products export in February 2017 had reached US$181.86 million.

Export value of other products such as wood and wood products during the period amounted to US$77.87 million and the value of manufactured products reached US$56.09 million. Export to Turkey and Egypt contributed the highest value compared to other Middle East countries.

Export to Turkey in February reached US$8.08 million or some 1.96 percent of the total export from Central Java. Export to Egypt amounted to US$5.16 million during the same period, or some 1.21 percent of the provinces total export.

"We have understood the demand trend in the Middle East countries. We hope that better trade relations with Middle East countries will enhance our export to the region," he said.

Source: netralnews.com– Apr 01, 2017

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## Walmart Pushes for Technology and Talent

As part of reviving manufacturing, Walmart advocates for developing talent and technology.

Speaking recently to a standing room only audience at the 2017 international conference of the American Association of Textile Chemists and Colorists (AATCC) in Wilmington, NC, Joe Quinn, Senior Director of Public Affairs at Walmart presented a case for growing talent and new technologies to drive growth in manufacturing and economy.

Talent gap worries companies such as Walmart. Companies are supporting domestic manufacturing, which is having an improved image these days as clean, well paid and cutting edge. As long as it is economical and of good quality, leading companies will go for domestic manufacturing and suppliers.

Quinn highlighted an example of how Walmart worked with Statesville-based Homestar, the furniture manufacturer, in delivering high quality office furniture, which is the most preferred item among college students.

Walmart, which started in 1962, is the world's largest retain store with 5300 retail shops, which constantly adapts to new technologies as evidenced with their grocery pick-up program.

Companies are seriously looking into procuring products domestically diverting from China, although there are some challenges to do that. Quinn gave some advice on how to shift business from China such as locating locally made goods, increasing access to finance for small businesses, improving talented labor pool, to name a few.

Quinn's closing statement that may be music to domestic manufacturers is that "we are in good place with talented young people and new technologies."

Growing young people with interest in manufacturing and developing new technologies are important to grow diversified economies.

This week's AATCC conference displayed a revival in manufacturing, particularly in advanced textile products.

Source: tiehh.ttu.edu– Mar 31, 2017

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# NATIONAL NEWS

## India cotton imports set to surge to record amid rampant rupee

India's 2016-17 cotton imports are set to jump more than a third from a year ago to a record 3 million bales as the rupee's rise makes buying overseas cheaper, senior industry officials and executives said.

The strong rupee - now at its highest level in 18 months - has also braked cotton exports from the world's biggest producer of the fibre, a trend that has helped rival suppliers in Brazil, the United States and some African countries boost their own exports.

"Usually (textile) mills in southern India import cotton," said K. Selvaraju, secretary general of the Southern India Mills' Association (SIMA), in a recent interview. "This year mills from even the north are importing. Overseas supplies have become competitive due to the strong rupee."

India's currency has risen 4.8 percent so far in 2017 versus the U.S dollar. Indian mills have contracted to import around 1.5 million bales and another 1.5 million bales will be imported by end of the current crop year, ending Sept. 30, Selvaraju said.

That total of 3 million bales would be 36 percent more than the 2.2 million bales imported in the 2015-16 crop year, with stocks coming mainly from African countries, the United States, Brazil and Australia.

Tightness in domestic supply is also boosting imports, as Indian farmers hold off on deliveries in the hope of achieving higher prices later in the crop year.

Usually Indian mills import cotton in the second half of the crop year as domestic supplies dwindle.

But this year they began importing in January as local prices jumped due to limited supplies, said Chirag Patel, chief executive of Indian exporter Jaydeep Cotton Fibers.

The state-run Cotton Advisory Board has forecast production of 35.1 million bales in the current crop year, but industry officials say production is likely to be around 34 million bales as output was hit in southern states of Andhra Pradesh and Tamil Nadu by a drought.

The rampant rupee has also dented cotton exports from India.

"Because of currency fluctuation right now Indian cotton is not competitive in the world market," said Jaydeep Cotton Fibers' Patel. "Traders want to export but they couldn't sell."

The country has so far contracted to export 4.5 million bales in the current crop year, and total exports in the season could be around 5 million bales, down 30 percent from a year ago, he said.

Pakistan, Bangladesh, China and Vietnam are key buyers of Indian cotton.
(1 Indian bale = 170 kg)

Source: finance.yahoo.com- Mar 31, 2017

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## Textile India 2017 to suggest 10-year roadmap for growth

Several Union ministers, key policymakers and representatives of the global textile and apparel industry will deliberate on the issues facing the sector at the upcoming mega textile event ‘Textile India 2017’. The 3-day international event, to be held in Gandhinagar during June 30-July 2, is expected to suggest a 10-year roadmap for the sector’s growth.

Textile India 2017 will, for the first time, mark the positioning of an annual textile trade event in the country on the annual calendar of global trade events. There will be a mega exhibition which will showcase the strength of the textile-garment value chain in India.

The event will provide an excellent platform for B2B interactions and for exploring investments and technological tie-ups across various segments in the textiles value chain.


Alongside, an international conference will be held with participation from global and national leaders of industry, technical experts and senior policy makers from the Union and state governments. It is likely to witness participation of several dignitaries including Union textiles minister Smriti Irani, MSME minister Kalraj Mishra and power minister Piyush Goyal.

Discussions would be centred on making India a global sourcing hub and an investment destination, exploring the growth potential of technical textiles, identifying productivity and product diversification challenges for natural fibres, and skilling requirements in high value chain.

Further, given the mutual complementarities between the textile industries of India and China, leading Chinese textile companies and industry associations have been invited to attend the upcoming textile event. Earlier this week, the Consulate General of India in Shanghai organised a roadshow in Zhejiang's Shaoxing to spread awareness amongst Chinese textile companies about the event.

Nearly 120 textile companies from fabrics, machinery and yarn sector participated at the Shaoxing roadshow. A detailed presentation on the overall scope, scale and participation guidelines for Chinese companies was made by Pushpa Subrahmanyam, additional secretary, ministry of textiles.

She also answered queries of Chinese companies on issues related to investments in textile practice in India.

Source: fibre2fashion.com - Mar 31, 2017

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## Indian garment exports up 4.5% in Apr-Jan 2016-17

The exports of readymade garments have witnessed a positive growth of 4.5 per cent in INR terms and 1 per cent in USD terms during April-January, 2016-17, as compared to the same period of previous financial year.

During April-January, India exported garments worth Rs 91,467.85 crore in 2016-17 to the world as compared to Rs 87,560.23 crore in 2015-16.

The RMG export figures were revealed by Ajay Tamta, minister of state for textiles, while replying to a Lok Sabha question.

Tamta also said that the government has announced a special package of reforms for apparel sector in June, 2016 targeting employment generation and exports.

The special package includes Employee Provident Fund Scheme reforms (12 per cent employer's share of Provident Fund is paid by the government), introduction of fixed term employment, additional incentives under ATUFS and enhanced duty drawback coverage through ROSL.

In addition to the special package for apparel, there are some other initiatives and schemes of the government that are also contributing to exports promotion, added Tamta.

These initiatives include 3 per cent Interest Equalization scheme for manufacturer exporters of readymade garments, Integrated Skill Development Scheme, Amended Technology Up-gradation Fund Scheme, 2 per cent MEIS scheme and All India Duty Drawback.

Source: fibre2fashion.com- Mar 31, 2017

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# ‘Expedite work on pharma city, textile park’

The Telangana government has decided to speed up the work on Hyderabad Pharma City and Mega Textile Park.

## Review meeting

Chief Advisor to Government Rajiv Sharma, who held a review meeting with the officials of departments concerned here on Friday, said in the first phase of Pharma City, construction would be taken up on 2,000 acres.

He also looked into the status of environmental clearances, master plan, provision of basic amenities, detailed project report, environmental impact assessment studies and other issues.

He said the officials should meet once in 15 days to monitor the work related to Pharma City.

He directed the officials to organise a meeting with the industrialists and managements of pharmaceutical sector. Land required for the manufacturing unit, research and development, ancillary units, bulk drugs and other units were also discussed in the meeting.

The meeting also resolved to examine the incentives offered to the pharma industry by other States. Mr. Rajiv Sharma said proposals for phase-wise construction of Mega Textile Park in Warangal be considered.

Companies related to handloom and readymade garments should be called for a meeting, he opined. The proposals for mini-parks should be submitted to the Centre, he added.

## Investors’ meet

An investors’ meet in connection with the Textiles Summit would be held here on April 21.

Source: thehindu.com- Apr 01, 2017

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## Smriti Irani to launch powerloom package in Surat

Union minister for Textiles, Smriti Irani will announce the package on powerloom sector from Bhiwandi in Maharashtra in presence of Maharashtra chief minister Devendra Fadnavis on April 1.

The country's largest powerloom sector in the city is eagerly waiting for the ministry of textiles, Government of India for the big ticket announcement of a package for the powerloom sector on April 1.

Official sources said that Union minister for textile Smriti Irani will be announcing the package of powerloom sector from Bhiwandi in Maharashtra and that she will connecting live through the video conferencing with Surat, Malegaon and Erode—the four biggest power loom and weaving industry in the country.

Union minister of state for textiles, Ajay Tamta and joint textile commissioner, SP Verma will be present at the event for the launch of the package for the powerloom sector.

Irani will connect with Tamta and others in different centres through the video conferencing linkage to announce the scheme.

Talking to TOI, Navsari MP, CR Paatil said, "Around four to five schemes for the powerloom sector will be announced on April 1.

Textile minister Smriti Irani will announce the package from Maharashtra and will connect live through video conferencing in Surat and other textile centres"

Source: timesofindia.com- Mar 31, 2017

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# Apparel industry hit by overvalued rupee: AEPC

Apparel exports from India are not picking up despite government support primarily because of strong rupee and depreciation of currencies of competing countries like China, Bangladesh and Vietnam, according to the Apparel Export Promotion Council (AEPC). Indian rupee has appreciated by 5.8 per cent over the last 3-5 months affecting export orders.

On the other hand, in the last 12-18 months, Chinese yuan depreciated by 13 per cent, Bangladeshi taka by 6 per cent and Vietnamese dong by 7 percent. China got highest FDI during this period and still the country resorted to depreciate yuan just to protect its exports and employment.

So, while other countries started taking recourse to depreciating their respective currencies during the last one- and- a- half year, Indian rupee got appreciated, against the prevailing trend, the AEPC said in a statement.

The industry was very hopeful after the special package offered to it in June 2016, where significant financial and investment incentives were offered, besides critical labour flexibilities, with the aim to generate 100.3 lakh additional jobs and $30.04 billion additional exports. Despite this kind of support to the industry, exports are hardly picking up.

Also, in the last one year, cotton prices have increased by 24.7 per cent on an average, across all categories. In fact some categories have seen hike of up to 35 per cent. This too is affecting India's export order book.

"The growing cotton prices and rupee appreciation is not only going to nullify the intended impact of the package, but also weaken India's position against our competitors, if left unchecked," said AEPC chairman Ashok Rajani.

"Exporters are not able to book orders due to overvalued rupee as apparel exports are highly price-sensitive. According to RBI REER, rupee was overvalued by 18 per cent in Feb 2017 and now it is almost 20 per cent. It calls for a carefully considered strategy and more pragmatic approach to arrest the rise of rupee in overall interest of export endeavour and boosting employment in our country.

"Also, I request the government to fast track the roll out of the special package with full reimbursements of the ROSL claims and implementation of the optional PF provision provided in the package," he added.

Source: fibre2fashion.com- Mar 31, 2017

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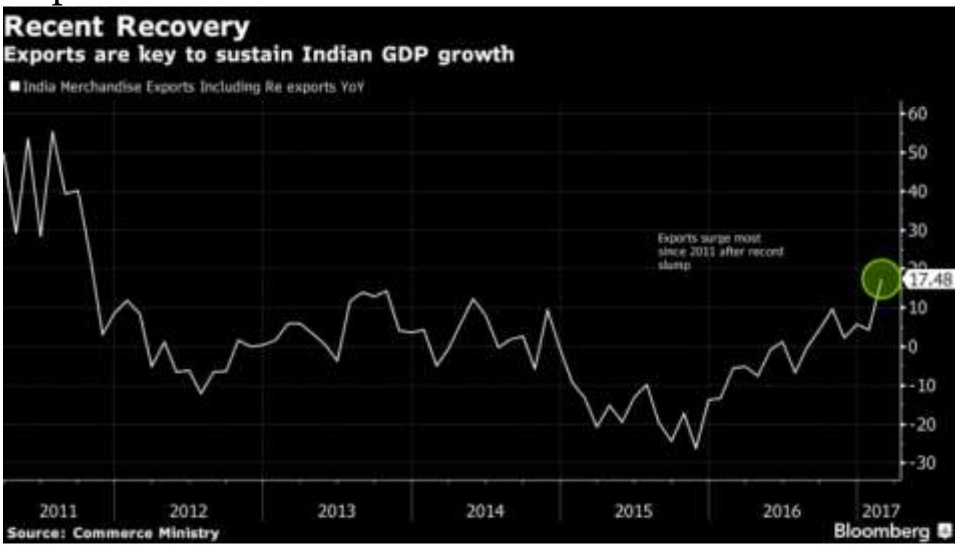
## Markets Open for Indian Exports as Saudis Redecorate Their Homes

Saudi Arabia's love for fancy homes is expanding the lucrative Middle Eastern market for Indian exporters, boosting a recovery in overseas shipments.




Export volumes to the Arab nation rose 16 percent last year -- outstripping other markets -- led by an 80 percent surge in ceramics and tiles, according to Maersk Line, the South Asian unit of the world's largest container shipping company.

Overall export growth quickened to 11 percent from 2 percent the previous year, and the trend seems to have continued with government data for February showing the biggest jump in value since 2011.

"Increase in construction activities and redecoration of homes due to an improvement in the Saudi Arabian economy were the key reasons for this demand," said Franck Dedenis, managing director for the India, Sri Lanka and Bangladesh cluster at Maersk.

Indian shipments were more competitive because the Chinese raised prices to upgrade their factories, while Spain shifted its sourcing base to India, according to the report.

Diversification offers India some protection from any trade war between the U.S. and China, its biggest partners. Prime Minister Narendra Modi's government can't afford to be shy: exports need to grow about 15 percent each year to ensure gross domestic product expands 8 percent -- the level needed to create enough jobs -- according to his top economic adviser.

Merchandise exports rose 17.5 percent in February from a year earlier to $24.5 billion, after a record slump. This jump is partly flattered by the previous year's data but also by a 47 percent growth in engineering goods, such as iron and steel. Container trade volumes, which account for about 55 percent of India's merchandise trade, grew 10 percent in 2016, twice as fast as the year earlier.

"The surge in export growth is a combination of both price and quantity effect," said Soumya Kanti Ghosh, an economist at State Bank of India. This indicates that the bellwethers of global activity are improving, he said.

Risks to the outlook include rising handling rates at ports and the relative strength of the rupee -- among the best performers in Asia this year -- that could make Indian exports less competitive.

Port operators will continue to "experience healthy growth in cargo in the near term," though this will be lower than recent years as lower coal imports offset higher iron ore exports, according to a March 28 report from ICRA Ltd.

India can boost exports by up to $5.5 billion by improving the efficiency of the supply chain and prioritizing digitization, according to Maersk.

While exports to the U.S. and UK remained consistent, Kenya was India's second-fastest-growing destination in 2016 due to demand for garments, appliances, kitchenware and automobiles.

"Big traditional markets such as Europe and North America had some troubles since 2009," Dedenis said by phone.

"Indian exporters have been trained to look for new markets ever since and that has been realized very much in 2016 with three areas; Africa, Latin America and the Middle East."

Source: bloomberg.com - Mar 31, 2017

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## Even as sale ends, retailers H&M, Zara still offering big discounts

For shoppers the sale season continues as several promotional offers by retailers are still going on unlike previous years when they ended by mid-February. Brands like H&M, Zara, Vero Moda, Marks & Spencer, among others are continue to offer discounts or promotions on select items.

For instance, H&M and Zara have a tag in their stores saying mid-season-sale and are offering discounts on select items. Zara is offering flat 50% discount on select items while H&M has a large section of the store displaying items on sale with apparels starting from as low as `500.

Marks & Spencer is offering denims and jeggings saying buy one and get the second one at half the price. Brands like Lee are exhorting consumers to try its newest range of body optix denim and win gift voucher worth `500.

Vero Moda is offering one top free with purchase of two tops, Wrangler says shop for `5,995 and get gift voucher worth `1,500 or shop for `4,495 and get gift voucher worth `750. Eastern wear brand Seven East is offering up to 50% off on select items. Besides apparels, watch brand ASPEN, Anne Klein too have 50% off.

Analysts say that with stiff competition from online retail as well as international brands like H&M, Zara, entering the country the retail scenario is changing. Individual brands and retailers are trying to attract customers by offering sales.

Sunil Shroff, CEO, Viviana Mall said, “In January-February most of the retailers offered end-of-season-sale across malls which continued till end of February. The move helped retailers witness around 15% to 20% higher sales during this period compared to last year.

While the flat sale across brands is over, many brands are continuing with promotional offers and sale on select merchandise to gain customer loyalty.”

Aggressive discounts are likely to impact the margins of retailers by at least 15 to 20%, while sales may have increased by around 20%, Rajat Wahi, partner and head, consumer, retail and agri sectors, KPMG, told FE. Rajneesh Mahajan, executive director, Inorbit Malls, said, “At Inorbit too select brands are continuing with sale and promotions while the fresh stock for summer is on display.

This helps the retailers to attract customers and showcase their new range of fashion. This time, the duration of sale was longer than previous years. Around six-week sale used to happen in previous years, while this time it continued for almost eight to nine weeks and many retailers announced sale ahead of the schedule. The focus is to drive sales and recover money from the dead stock”.

Source: financialexpress.com - Apr 01, 2017

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