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The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 8 of 2017 Jan 10, 2017

USD 68.06 | EUR 72.18 | GBP 82.65 | JPY 0.59

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
19529	40850	**76.60**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20490	42860	**80.37**

International Futures Price

NY ICE USD Cents/lb (March 2017)	72.99
ZCE Cotton: Yuan/MT (January 2017)	15,050
ZCE Cotton: USD Cents/lb	**83.44**
Cotlook A Index – Physical	**82.95**

Cotton & currency guide: Cotton price in India traded mixed. The spot price by end of Monday ended the session a tad lower by Rs. 50 at Rs. 41,250 per candy. However, the futures traded positive. The most active January future at MCX ended the session higher at Rs. 20210 up by Rs. 260 from the previous close. There is a slight disconnecting between them and likely that market may come into parity on today's trading session. In the meanwhile at the global front the ICE future which surged to 75 cents/lb has drifted down in last two trading sessions. This morning ICE March cotton future is trading at 72. 85 cents/lb down by quarter per cent. We believe market would be volatile today while the bias could be on the lower side. The fall in the global cotton price can be extended only if there is profit booking by the speculators in the market. Looking at the price behavior we expect cotton price in the global front may decline further to 72 cents. The spot price of cotton in India is expected to trade in the range of Rs. 41100 to Rs. 41300 per candy. The effect could be seen at the futures contract. We expect cotton futures to trade in the range of Rs. 19900 to Rs. 20150 per bale and recommend selling from higher levels.

From the spot front, nationwide, daily seed cotton arrivals are estimated at roughly 155,000 lint equivalent bales (170 kgs), including 35,000 from Gujarat and 55,000 from Maharashtra. According to the Cotton Corporation, cumulative new crop arrivals by January 6 were estimated at 10,314,000 lint equivalent bales, including over 2.4 million from Gujarat and almost 2.66 million from Maharashtra. The volume of arrivals by the same date in 2016 was 11,077,000 bales, representing a deficit in the current season of roughly 760,000.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

China Set for Trade War if Trump Imposes Tariffs

Donald Trump is brewing a battle with China on and off Twitter.

The U.S. President-elect—who will officially take office in two weeks—could very likely be provoking a trade war with the Asian powerhouse.

According to U.S. commerce secretary Penny Pritzker, China says it will retaliate if the proposed tariffs are in fact imposed, and its response won't spell good news for relations between the world's two biggest economies.

"The Chinese leadership said to me 'If you guys put an import duty on us we are going to do it on you'," Pritzker told the Financial Times in an interview, adding, "And then they said 'That will be bad for both of us.'"

Trump has been tough on trade throughout his campaign, reiterating most of his promises during the current transition period. He has said he will renegotiate NAFTA, nix the TPP and consider a 10 percent tax on all imports, among other things.

But China has been bearing the brunt of Trump's trade wrath.

The President-elect has promised to call China a currency manipulator and impose tariffs of up to 45 percent on its goods.

Trump has been clear about his feelings that China has been cheating the trade system and taking far too many America's jobs, and his promised policies appear set to punish the country for it.

Secretary Priztker, however, said Trump's views on China are oversimplified.

"If it was so terrible why would American business continue to want to do business in China?" she posed to the Financial Times. "But I think that the Chinese posture…towards foreign-developed products is changing towards favoring indigenous developed products…That's the issue I think that faces the next administration."

Whatever Trump decides about his trade dealings with China and the rest of the world, the issues shouldn't be raised or settled in 140 characters or less. The world seems quite tired of Trump's Twitter tirades.

Pritzker told the Financial Times in the same interview that, "you can't do policy in short headlines." And China took to its own media to address the issue, writing in its Xinhua News publication last week that Trump's "obsession with 'Twitter diplomacy' is undesirable," and that, "It is a commonly accepted that diplomacy is not a child's game—and even less is it business dealing."

Source: sourcingjournalonline.com– Jan 08, 2017

HOME

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Global Factory Activity: China Sees Six-Year High, Mexico Hits Three-Year Low

Manufacturing in key sourcing countries for the apparel and textiles sector was up and down in December, according to the IHS Markit Purchasing Managers' Index (PMI), an economic indicator for business conditions in a country.

While some markets, like China, saw conditions in very positive territory, Mexico's struggling economy weighed on its manufacturing sector.

Here's a look at December PMI's for countries key to apparel sourcing.

China

Production in China expanded at the fastest rate in nearly six years, thanks to an increase in new orders, according to the latest Caixin Purchasing Managers' Index (PMI).

The PMI reached 51.9 (over the 50 mark separating expansion from contraction) in December, up from 50.9 in November. According to IHS Markit, improved domestic demand was the key driver of new business growth.

"The sub-indices for output and new orders both hit multi-year highs while those for input costs and output charges continued to rise rapidly, underlining sustained inflationary pressure," Dr. Zhengsheng Zhong, director of macroeconomic analysis at CEBM Group, said. "It is still to be seen if the stabilization of the economy is consolidated due to uncertainties in whether restocking and consumer price rises can be sustainable."

Vietnam

Vietnam stayed on the expansionary side of factory activity in December, too. New orders, output and employment were all up, and the rate of purchasing activity expansion was "substantial," according to Markit.

The index came in at 52.4 in December, down from 54 in November, marking the 12th time in 13 months that manufacturing output increased, though at a slower pace.

"Solid growth in the final month of 2016 completed a generally positive year for the Vietnamese manufacturing sector," Andrew Harker from IHS Markit said. "Local firms continue to be able to secure new work, with a joint-record rise in new export business a key highlight from the latest survey. The sector therefor seems in good shape heading into 2017, wherein IHS Markit forecasts a rise in GDP of 6.3%."

Kenya

New orders are up and rising in Kenya.

Purchasing activity increased at the sharpest rate since Markit started surveying Kenya in 2014, and new orders rose at the fastest pace for 11 months.

The PMI came in at 54.1 in December, up from 53.3 in November.

"Strong domestic and external demand led to an improvement in business operating conditions during the festive period. Notably, job growth rose to a ten month high as firms scrambled to increase headcount in order to mitigate backlogs that have been building up over the past couple of months," Jibran Qureishi, regional economist at Stanbic Bank said. "However, input costs have been on upward trend which indicates to us that headline inflation looks set to rise from January 17 onwards."

Brazil

Things weren't so positive for Brazil in December.

Both new orders and production fell at their fastest rates in six months, which led to further reductions in buying levels and employment, according to Markit. The nation's ongoing economic recession is weighing heavily on the manufacturing sector's performance, as are weak demand and increasing competition. As such, businesses are starting to scale back on production volumes.

The PMI fell to 45.2 in December, down from 46.2 in November.

"This accelerated decline in new orders seen at the year-end adds to concerns over Brazil's manufacturing industry, with both domestic and export demand showing sharp weakness," IHS Markit economist Pollyanna De Lima said. "The outlook heading into 2017 appears gloomy amid various significant headwinds facing the Brazilian economy, including deteriorating labor market conditions, weak consumption, budget cuts, political disturbance and subdues demand in external markets."

India

India's manufacturing sector slid into contraction territory in December as output and new orders fell, and the rupee demonetization took a toll on manufacturing.

To manage, companies scaled back purchases and cut employment. Input costs also increased at a faster clip, while output charge inflation slowed.

The PMI fell to 49.6 in December from 52.3 in November.

"Having held its ground in November following the unexpected withdrawal of 500 and 1,000 bank notes from circulation, India's manufacturing industry slid into contraction at the end of 2016. Shortages of money in the economy steered output and new orders in the wrong direction, thereby interrupting a continuous sequence of growth that had been seen throughout 2016," De Lima said. "with the window for exchanging notes having closed at the end of December, January data will be key in showing whether the sector will see a quick rebound."

Mexico

Mexico saw its slowest growth in manufacturing since October 2013. Production volumes were down, new order growth further slowed and input prices saw a steep and accelerated incline—the peso's depreciation helped push those raw materials prices up.

The PMI was 50.2 in December, down from 51.1 in November, and only barely above contraction territory.

"December's PMI data indicated another loss of momentum for Mexico's manufacturing sector, with relatively subdued domestic demand leading to the weakest upturn in new orders for over three years," IHS Markit senior economist Tim Moore said. "Survey respondents commented on cautious spending patterns among clients and heightened global economic uncertainty."

Turkey

Employment in Turkey's manufacturing sector was up slightly, though output, new orders and new export orders all fell in contraction territory.
The PMI was 47.7 in December, down from 48.8 in November.

"The Turkish PMI remained below 50 in December, mainly reflecting the output and new orders components," IHS Markit senior economist Trevor Balchin said. "More positively, employment grew further during the month.

The depreciating lira was again responsible for an intensification of cost pressures, with the input price inflation accelerating further after a relatively moderate trend in the third quarter."

Source: sourcingjournalonline.com– Jan 09, 2017

HOME

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USA: Trade Deficit Up Again as Exports Stall, Imports Rise

Trade statistics released Jan. 6 by the Department of Commerce show that the U.S. monthly trade deficit in goods and services rose 6.6 percent in November to $45.2 billion following a 17.7 percent jump in October. Exports slipped 0.5 percent to $185.8 billion while imports rose 1.0 percent to $231.1 billion.

However, for the year to date the deficit was down 1.1 percent from 2015 due to a 2.4 percent decline in imports offsetting a 2.7 percent decrease in exports.

The goods deficit increased 5.4 percent to $66.6 billion in November. Imports of goods were up 1.4 percent to $189.0 billion, including an increase of $900 million in crude oil. Exports of goods were down 0.6 percent to $122.4 billion, including a $1.3 billion decrease in civilian aircraft as well as a $1.5 billion increase in industrial supplies and materials.

The services surplus grew 2.4 percent to $21.4 billion. Imports were down 0.7 percent to $42.1 billion and exports rose 0.5 percent to $63.5 billion.

Country/region	Deficit	% Change	Surplus	% Change
China	$28.4 billion	-1.7		
European Union	$13.8 billion	+7.0		
Japan	$5.7 billion	-1.7		
Mexico	$5.7 billion	-1.7		
Germany	$5.3 billion	+12.8		
Canada	$3.2 billion	+88.2		
Italy	$2.2 billion	No change		
South Korea	$2.2 billion	+57.2		
India	$1.8 billion	-25.0		
Taiwan	$1.3 billion	+30		
France	$1.3 billion	-18.8		
Saudi Arabia	$0.2 billion	No change		
Hong Kong			$2.5 billion	-3.8
South/Central America			$2.4 billion	+33.3
Singapore			$1.0 billion	-23.1
Brazil			$0.8 billion	+800
United Kingdom			$0.1 billion	Shift from $0.7 billion deficit

Source: strtrade.com– Jan 10, 2017

HOME

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First freight train from China to London launched

A freight train carrying garments, fabric, bags, suitcases and other household items from China to London has been launched. The train was flagged off from Yiwu West Railway station in China's eastern Zhejiang province on the first day of 2017. The train will pass through seven countries and cover more than 12,000 kilometres before reaching London.

The train is expected to reach London in third week of this month after passing through Kazakhstan, Russia, Belarus, Poland, Germany, Belgium and France.

London is the 15th city in Europe that has been added to China-Europe freight train services. This will improve China-Britain trade ties, and strengthen connectivity with western Europe.

It will also better serving China's Belt and Road Initiative, an infrastructure and trade network connecting Asia with Europe and Africa along ancient trade routes, the China Railway Construction Corporation said.

In January 2016, China had sent its first cargo train to Iran, which travelled a distance of 10,399 kilometres in about 18 days.

Source: fibre2fashion.com – Jan 09, 2017

HOME

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Bangladesh textile seminar to focus on sustainability

Bangladesh textile seminar that will kick off from February 16 will focus on sustainability in the textile industry. The two-day programme will analyse the Bangladesh textile industry to undertake various corporate social responsibilities.

The summit is a platform to connect with textile industry peers, existing customers and potential clients.

The conference aims at analysing the Bangladesh textile industry in order to get a better understanding of its textile market and avoid the risks while finding opportunities.

The summit is also platform for international buyers to learn the latest sourcing strategies and trends in Bangladesh textile industry, and for suppliers it is a way to find the solution to the problems they face while investing in factories.

Meanwhile, it is also an opportunity for exchanges, communication and mutual assistance.

Experts from various organisations including Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Institute of Development Studies and Center for Policy Dialogue will be speaking at the programme.

These speakers will focus on several issues such as latest development situation and prospects of the textile industry in Bangladesh, best solution for textile sustainability in Bangladesh and ethical sourcing, buyers' practice to the suppliers' corporate social responsibility audit in Bangladesh among others.

The programme will also host a panel discussion on sustainable sourcing and developing trends in Bangladesh textile market.

Source: fibre2fashion.com – Jan 09, 2017

HOME

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Pakistan: 'Textile package not enough to save export sector'

In the absence of adequate business-friendly environment, the upcoming package of Rs 75 billion for six export oriented sectors would not ensure full scale recovery of the export oriented industry, said analysts.

According to the news reports, Prime Minister Nawaz Sharif is likely to announce an incentive package for five or six export-oriented sectors to the tune of Rs 65 -75 billion of which textile sector would be the top beneficiary.

"The package could go some way in making the textile sector competitive internationally but core issues like uncompetitive exchange rate, higher electricity/gas prices, poor power supply, out dated technology, undiversified product base and low cotton quality will continue to hamper a full scale recovery of the sector", said Zeeshan Azhar, an analyst at Foundation Securities.

The said incentives would add to the incentives long in place since the effect of Textile Policy FY14-19 and the FY17 budget. Currently, rebate on local tax varies between 1-4 percent of Free on board (FOB) value on 10 percent incremental exports over last year.

This rebate could go up to 3-8 percent of FOB value.

The new tax rebate could be on 10 percent incremental exports or be extended to full FOB value. The impact on companies' bottom line would be muted in the former case but sizable in the latter, added Azhar.

The government believes the package is necessary to encourage exporters who are struggling due to lower demand from major export markets, stable US Dollar-Pakistani Rupee parity, and incentive package announced by competitors like India, Bangladesh and Vietnam.

He added that the downward trajectory in textile exports has shown some respite over the last 2 months but our prognosis of the sector remains weak.

The scope and impact of the upcoming textile package is still to be seen.

The initial blueprint as indicated by news flows reveals that the government would refund 3/4/6/8 percent taxes on yarn & grey fabric/processed fabric/home textile & knitwear/garments respectively, provide freight subsidy to exporters, remove regulatory duty and customs duty on key export oriented industrial inputs including raw materials, remove import duty and sales tax on industrial machinery, and simplify duty rebate, bond and export refinance schemes to facilitate Small Medium Enterprises (SME) exporters. "These measures are aimed at reducing the exporters cost of doing business, making them more competitive in the international marketplace and technological revival of the industry".

Source: dailytimes.com.pk - Jan 10, 2017

HOME

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Cambodian Industries Wary of Tax-Free Trade with Vietnam

Cambodian businesses and industries are expressing caution about pursuing free trade with Vietnam, even as the Commerce Ministry renewed a bilateral deal eliminating tariffs for dozens of goods.

The agreement, the details of which were released last week, allows 39 goods to be exported and 29 to be imported tax-free. However, those involved in trading with Vietnam said domestic businesses face significant risks even as the deal allows them to export more to Vietnam than their Vietnamese counterparts can sell tax-free in Cambodia.

Vietnamese producers “already have a competitive advantage, which will be a significant threat for local manufacturers,” said Chou Ngeth, senior consultant at regional firm Emerging Market Consulting, citing both pricing and desirability.

According to the latest Vietnamese customs data, almost $2 billion of goods passed from Vietnam to Cambodia in the first 11 months of last year, dwarfing the estimated $641 million that traveled in the other direction.

There are dangers even for those Cambodian companies that are able to make inroads into Vietnamese markets, Mr. Ngeth said, with Vietnamese demand for Cambodian materials liable to be fickle.

"We may become a reserve [market] that secures their supply to satisfy Vietnam's export commitments," he said. "They will buy raw materials from Cambodia only if there is a local supply shortage."

"In the long term, this could put local producers at risk by relying heavily on Vietnamese buyers," he said.

Keo Mom, CEO of Ly Ly Food Industry, which has previously exported crackers to eight countries, including Vietnam, said there were many hurdles in shipping products into Vietnam.

"Selling Cambodian products in Vietnam is very difficult," she said. "Even though the tax will be eased up for us, their hygiene protocol is strict."

Ms. Mom said it took her eight months to jump through the legal hoops necessary to get her company's product into Vietnam.

Vietnamese companies were at an advantage when facing Cambodia's relaxed policies, she added.

"The Cambodian government should do the same thing as Vietnam to control the quality of goods that are going to increasingly flow into Cambodia through this deal," she said.

Up to 300,000 tons of rice and 3,000 tons of unprocessed tobacco—as well as a range of other goods from biscuits and bicycles to textiles—are eligible to be exported from Cambodia tax-free. On the reverse journey, the 29 products include rice, dairy products and construction materials.

Tariff-free exports of rice may expand Cambodian producers' options, but there is no guarantee of high returns, said Moul Sarith, secretary-general of the Cambodia Rice Federation.

"Even with the [deal], if the price is too low compared to the quality of rice, it still isn't going to be successful," he said. Nonetheless, "it is better to have a legal agreement than not to have one, and this shows their interest in buying our rice."

Ho Sivyong, director of the Commerce Ministry's export-import department, noted that the arrangement with Vietnam is a precursor to most trade across Asean becoming tariff-free by next year.

Source: cambodiadaily.com- Jan 10, 2017

HOME

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Nigeria: Revamping the textile industry

The latest attempt by the Federal Government of Nigeria to revamp the moribund textile industry in the country is worthwhile, even though, the new move may be questionable in sincerity since previous efforts never yielded the desired results.

So, the newly announced plan is heartwarming. But it should not be followed by the heart-ache of inaction. The textile industry remains comatose amid the worsening mass unemployment which the sector would normally have ameliorated and a lot needs to be done if the industry would be revived.

Against that background, the unveiling, the other day, of what Minister of State, Industry, Trade and Investment, Hajia Aisha Abubakar, called government's plan for resuscitating the nation's textile sector, should be seen as a desirable one but it must be followed with concrete steps towards concrete achievements.

The measures, which include reversing the trend of companies leaving Nigeria, stopping smuggling and counterfeiting of textile materials and making patronage of made-in-Nigeria goods by government agencies a priority are not altogether new. Most are ideas enunciated before but poorly enforced. The difference this time around, therefore, should be in actualisation.

For instance, smuggling of textile materials remains a flourishing business which Nigeria has been unable to stem.

The Customs department appears helpless or, in some cases, officials even collude with the importers. Consequently, textile fabric of all sorts from China, in particular, flood the Nigerian market to the disadvantage of locally produced ones.

The minister said during a tour of textile factories in Kano as part of activities to mark the North-West Regional Customer Forum which was organised by the Bank of Industry (BoI) that gas supply, smuggling and counterfeiting were the major problems which need to be addressed to revive the textile industry. But the question which automatically arises is: Does Nigeria have the will to really tackle these problems? May that will be found!

Abubakar said the Export Expansion Grants (EEG) previously offered as incentive by government to textile industry operators was grossly abused by stakeholders, leading to its scraping while the search for an entirely different way for better and effective implementation is now on.

The EEG scheme was introduced to stimulate export-oriented industrial activities in order to significantly lead to the growth of the non-oil export sector. The policy was stopped after it was abused. But government, reportedly, is reviewing it with a view to boosting industrial production for export and the textile sub-sector is potentially a major beneficiary.

The minister’s visit to some textile facilities in Kano appropriately served as an eye opener for her and a first-hand experience of a decay Nigeria has always lived with. Most of the plants are in serious operational distress with some threatening to shut down due to harsh business environment arising from inconsistent government policies.

However, the launch, not too long ago, of the National Policy on Cotton, Textile and Garment (CTG) as part of the National Industrial Revolution Plan (NIRP), is a redeeming factor.

While recognising that the Cotton, Textile and Garment policy was key to revamping the textile industry, Vice President Yemi Osinbajo had, sometime ago, during a meeting with industry stakeholders, said that patronage of made-in-Nigeria products by Nigerians was important and could contribute to the revival of the textile and garment industry. That explains why government recently directed that uniforms for military personnel and for many public schools students should, henceforth, be purchased from local sources.

It is not known to what extent that directive has been complied with but it is certainly a desirable one.

It is sad that the once bubbling Nigeria's textile industry collapsed with mass retrenchment of workers as the consequence. To get the sector back on its feet should, therefore, be the overriding concern of both the government and all stakeholders and funds needed to set the ball rolling should be made available by all means.

The N10 billion textile revival fund approved by the Bank of Industry in 2010 has already served as a good starting point. The Manufacturers Association of Nigeria (MAN) has even acknowledged that the fund actually increased capacity utilisation from 29.14 per cent to the current 50 per cent.

In addition, first things must be done first: Nigeria must produce cotton, kenaf and other associated raw materials needed for the textile industry and research should be initiated to develop the raw materials base.

There are many steps to follow in the process of revamping the sector and no stone must be left unturned to revive the textile industry for its multiple benefits to Nigeria.

Source: guardian.ng- Jan 09, 2017

HOME

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NATIONAL NEWS

A section of textiles industry wants higher GST

A segment of the upstream textile industry has now asked for 12 per cent GST on textiles and garments. In fact, textiles are essential goods and the lowest GST rate of five per cent looks likely on them.

So it's not that a tax waiver or a low rate of tax is everyone's choice. The question is why the industry should take a higher tax burden on itself.

A 12 per cent tax incidence under the GST regime for the entire textile and garment industry will benefit only a few large man-made fiber companies with an integrated set-up.

Natural fiber-based textile players will be at a disadvantage if the tax rates go up.

Natural fibers like cotton fiber are produced out of raw cotton and, since no duty will be paid on the raw material due to the fact that it's a farm produce, the entire 12 per cent tax burden will fall on the ginners/spinners who produce cotton fiber/yarn.

Only an integrated player with weaving, processing and garmenting facilities can offset the input tax costs against output tax liability.

Currently, natural fibers — including cotton — do not attract any excise duty, while a 12.5 per cent excise duty is levied on man-made fibers such as polyester.

A four to six per cent value added tax is imposed by states on both man-made and natural fibers.

Source: fashionatingworld.com – Jan 09, 2017

HOME

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Gujarat govt, SGCCI to sign MoU for mega textile park

The government of Gujarat will sign a memorandum of understanding (MoU) with the Southern Gujarat Chamber of Commerce and Industry (SGCCI) for the development of a mega textile park.

The agreement that will be inked during the upcoming Vibrant Gujarat Summit aims to come up with a mega textile park worth Rs 1,800 crore at Pinjrat near Olpad in Surat.

The four-day Vibrant Gujarat Summit will begin from January 10. The establishment of mega textile park will bring about a change in the Surat textile sector, said SGCCI president BS Agarwal.

The government will be allotting 70 lakh square metres of land for the textile park.

With a total investment of around Rs 10,000 crore, the park will accommodate nearly 100 textile processing units, 40 water-jet weaving units, 225 garmenting units and other textile ancillary units, according to a leading daily.

Huge textile processing units, each with an average manufacturing capacity of around 3 lakh metres of fabric per day, will be set up in the textile park. Of the total production, 50 per cent will be converted into apparel and home textiles while the remaining will be sold to other parts of the country.

At present, the processing units in Surat that are situated in Pandesara, Kadodara, Palsana and Sachin industrial have only one Common Effluent Treatment Plant (CETP) per unit, said Agarwal.

Surat is unable to produce apparel in huge quantity due to lack of facilities for proper disposal of effluents. This is hampering the Surat export market as garments in huge quantity of same quality are required for exports

Source: fibre2fashion.com– Jan 09, 2017

HOME

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Cotton prices climb 10% owing to fall in supply

The World's second-largest producer of cotton, India, has witnessed a solid increase in stocks by 10% in the past two weeks period owing to falling supplies in the spot markets, and drop in exports by mills.

With farmers holding the crop due to lack of cash inflow in the market, post the recent demonetisation move, prices are expected to remain bullish.

On Saturday, Shankar 6 cotton prices in the Rajkot mandi were trading at Rs 40,000-41,000 per candy of 356 kg each, from Rs 37,500 -38,000 per candy, a fortnight ago.

While domestic demand and prices remain firm, everyone is trying to meet their export shipment deadlines. We expect a bullish sentiment to prevail.

Moreover, traders said that we could also see an upward trend of 10% in the coming days with exports and domestic demand picking up amid fall in arrivals in mandis.

Further, news from Cotton Corporation of India stating that it will procure 1520 lakh bales of 170 kg each of cotton in the year ahead, too has supported the prices. Currently, major purchases were happening from Gujarat, Maharashtra, Andhra Pradesh, Punjab and Karnataka.

Source: indiainfoline.com- Jan 09, 2017

HOME

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Implementation of Indo-Japan FTA needs to be expedited: Nirmala

The pace of implementation of Indo-Japan free trade agreement needs to be further enhanced in order to exploit the huge potential of the pact, Commerce and Industry Minister Nirmala Sitharaman said today.

The issue among others was discussed during the meeting between Sitharaman and her Japanse counterpart Hiroshige Seko.

She stated that the pace of implementation of India-Japan Comprehensive Economic Partnership Agreement (CEPA) has been rather steady and needed to be enhanced with faster pace to tap the huge potential of India-Japan bilateral trade, an official statement said. Japan's Economy Trade and Industry Minister Seko said that there is a huge potential for Indo-Japanese Cooperation and mentioned that 25 Japanese companies are participating in Vibrant Gujarat Summit with great enthusiasm.

The Japanese side requested that the issue of Transfer Pricing assessment and other ones as raised by Japan Chambers of Commerce and Industry in India (JCCII)from time to time need to be resolved for attracting greater Japanese investments in India, the statement said.

The Japanese business delegates briefed about their business presence in India and intimated that they wanted to diversify their business in India in Sectors such as Agriculture, Power, Electronics, Railways, Logistics Sectors, manufacturing of ATMs etc and wanted to contribute to the development of India.

The Japanese side expressed interest in enhancing cooperation in the area of Intellectual Property Rights (IPR) between India and Japan and intended to train Indian IPR examiners in Japan. They expressed the need for a high level meeting between India and Japan on IPR cooperation.

Minister of METI, Japan also extended an invitation to 100 IPR Examiners for training in Japan, the statement said. Sitharaman requested the Japanese side to take steps to increase Indian Exports to Japan in Sesame seeds, Surimi fish and Indian generic drugs.

She said that the Japanese Industrial Townships (JITs) in India would be transformational and will bring in significant Japanese investments and further strengthen India- Japan Economic Cooperation.

On the logistics front, she mentioned that India plans to build Logistics University wherein the cooperation from Japan would be needed.

Source: moneycontrol.com– Jan 09, 2017

HOME

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Yarn stocks pile up in mills as sales plummet

Yarn sales in western Tamil Nadu have plummeted as production in spinning mills has come to a grinding halt since the demonetisation drive started. As a consequence, yarn stocks are getting piled up in the city mills, most of which rely on migrant labourers who have stopped work.

"Since the demonetisation move, they (migrant labourers) are unable to come to work because they don't have bank accounts. Opening a bank account is an issue as they do not have identity proofs," Gopal Maheshwary, a yarn merchant in the city, said.

"Many of them have returned to their hometowns and will come back only when there is sufficient cash flow in the market," he further said.

With the shortage of labour, owners of spinning mills are unable to run their units on a daily basis. "The number of shifts has come down to two or one per day. With inadequate workforce, we are unable to carry out production to the capacity, resulting in piling up of yarn stocks," Maheshwary said.

"On any given time, most big spinning mills have stock of 15 days to 30 days. Now, it has piled up to three or four months," he added.

Some merchants said the loss incurred due to the fall in production has doubled. "Textile industry has been facing a dull market in the past two years. Yarn exports have come down.

We were incurring anything between 15% and 25% loss as compared to the business two years ago. Due to demonetisation, the loss has doubled," said secretary of Coimbatore Yarn Merchants and Brokers Association C T Nehru Ramanathan.

He said officials from the central government should visit the region to take stock of the industry's problems. "We need Centre's support to revive," said Ramanathan. With fall in yarn supply, weaving units have also shrunk their output.

"Most weaving units have temporarily closed. They only function two or three times a week.

Or may be for festivals or important orders," said the president of Federation of Tamil Nadu Yarn Merchants Association, T Ramasubramaniam.

Source: timesofindia.com - Jan 09, 2017

HOME

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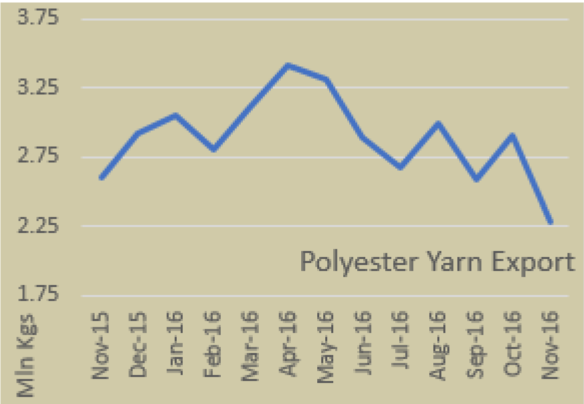
India's polyester yarn export shrink 9.9% in November



India's 100% man-made fibre yarns export was at 5 million kg in November, comprising 2.28 million kg of polyester yarn, 2.15 million kg of viscose yarn and 0.59 million kg of acrylic yarn.

Polyester yarn exports were down 9.9 per cent in value while viscose yarn exports value surged 67.7 per cent during the month. Acrylic yarn exports declined 28 per cent in November.

Unit price realization was down US cents 6 a kg for polyester from a year ago and that of viscose yarn fell US cents 35 a kg. Acrylic yarn unit price realization rose US cents 50 a kg year on year basis.

Polyester spun yarns were exported to 34 countries in November aggregating US$5.2 million with unit price realization averaging US$2.29 a kg. A total of 2.28 million kg was exported, of which, 25.5 per cent was shipped by Turkey alone.

Five new destinations were found for polyester yarn in November, of which, Mexico, Dominican Republic, and South Korea were the major ones.

Source: yarnsandfibers.com- Jan 09, 2017

HOME

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Myntra says end-season sale helped recover ground

Online fashion retailer Myntra says its three-day seasonal sale last week helped it recoup the growth it lost in the two months to December after the central government's demonetisation exercise.

"The timing of the sales was interesting. I think people were looking for good deals, due to the impact of demonetisation," said Ananth Narayanan, chief executive officer.

This 'end of season sale' (EORS) is the apparel industry's usual way to clear stocks ahead of a new season. Growth in sales on Myntra and its Jabong unit had slipped to 50 per cent from 80 per cent during the preceding months, as customers who buy apparel through cash-on-delivery put off purchases in the aftermath of the currency shortage, due to withdrawal of Rs 500 and Rs 1,000 notes from circulation.

Narayanan did not quantify the value generated in the three-day sale on the platform that sold apparel with discounts of as much as 80 per cent. He said the growth would help it achieve the target of $1 billion revenue in 2016-17. Myntra saw year-on-year growth of 230 per cent in the number of orders placed and about 12.5 million user visits.

It also helped Jabong as a brand. "They just used the Myntra EORS umbrella and did not invest much in marketing. This is the ideal kind of synergy I wanted between the two companies -- a growth synergy as opposed to a cost synergy," added Narayanan.

Flipkart, which dominates India's online fashion market through Myntra and Jabong, with a two-thirds share, is looking at the fashion portals to turn profitable. Myntra has talked about being profitable by March 2018, as it cuts costs, reduces discounts and launched more private brands that earn it higher margins.

For the year ending March 2016, Myntra had a loss of Rs 816 crore on revenue of Rs 1,069 crore, according to regulatory filings sourced by data firm Tofler.

Source: business-standard.com- Jan 10, 2017

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