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NEWS CLIPPINGS –08-02-2019

RBI takes sharp U-turn, lowers repo rate by 25 bps in first cut since Aug 2017	Economic Times https://economictimes.indiatimes.com/markets/stocks/news/rbi-takes-sharp-u-turn-lowers-repo-by-25-bps-in-first-cut-since-aug-2017/articleshow/67879981.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

NEW DELHI: In a major policy shift, the six-member monetary policy committee (MPC) headed by Governor Shaktikanta Das on Thursday lowered the repo rate by 25 basis points to 6.25 per cent in a 4-2 vote. RBI has thus cut rate for the first time in 17 months. The last rate cut happened in August 2017

The MPC also changed the policy stance to 'neutral' from 'calibrated tightening'. This was first money policy review for the former economic affairs secretary, who took over as RBI Governor in the second week of December 2018.

In post-policy interaction with media, Das said that shift in stance to neutral provides flexibility to meet growth challenges. "Farm output was expected to decelerate in FY19. Continuing deflation in food and crude led to decline in headline inflation," he added.

Das also emphasised on the need to strengthen private investment activity.

Headline inflation is projected to remain soft in the near term reflecting the current low level of inflation and the benign food inflation outlook. Consumer price inflation is seen at 2.4 in January-March period and 3.2-3.4 per cent from April to September.

Beyond the near term, some uncertainties warrant careful monitoring, RBI said.

April-September GDP growth, meanwhile, is seen at 7.2-7.4 per cent. "GDP growth for 2019-20 is projected at 7.4 per cent – in the range of 7.2-7.4 per cent in H1, and 7.5 per cent in Q3 – with risks evenly balanced," the central bank said in the policy statement.

Deputy Governor Viral Acharya and another MPC member, Chetan Ghate, voted for status quo in interest rates, while Das and three others voted for a cut in interest rates.

Economists were largely expecting RBI to change policy stance first and then go for a rate cut in April, thereby smoothening expectations.

Repo or repurchase rate is where RBI lends money to commercial banks. India's consumer inflation has averaged at 3 per cent in last five months against RBI's Parliament-mandated target of 4 per cent. The economy is estimated to grow at 6.8 per cent during the second half of FY19.

“A rate cut should support the rupee as FPIs’ equity investments stand at seven times that in debt. Global rate pressures are also receding: our US economists see their 50 bps rate hike call for 2019 less likely with the Fed turning dovish,” global brokerage BofAML said in a report.

In its last policy review, RBI had said with both inflation and growth developing ‘soft spots’, it would wait and watch for a better assessment of the situation before coming up with an appropriate risk management policy.

Economists see upside risks to inflation following the recent Budget announcements.

Cotton and Currency Markets	**Kotak Commodities Research Desk** **For more details contact :** Research@kotakcommodities.com & aurobinda.gayan@kotakcommodities.com

A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
20191	42200	75.29
Domestic Futures price (Ex-Warehouse Rajkot) January		
Rs/Bale	Rs/Candy	USD Cent/lb
20680	43221(-84)	77.11
International Futures		
NY ICE USD Cents/lb. (March 2019)		72.81(-0.85)
ZCE Cotton: Yuan/MT (May 2019)		15250
ZCE Cotton: USD Cents/lb.		102.56
Basis difference (ICE March -Domestic Spot)		2.48(+1.13)
Cotlook A Index - Physical		82.85
WTI Crude USD / Barrel		52.64(-1.37)
B. Currency		
USD/INR	Close	Previous Close
Spot	71.42	71.46(-0.11)
USD Dollar Index	96.57(0.19)	

Cotton Guide

Again a downward movement in the range of 1 cent. The ICE cotton futures settled in the downward direction. The ICE March futures settled at 72.81 cents/lb with a negative decline of -0.85 cents. The ICE May contract settled at 73.92 with a negative decline of -94 points whereas the July contract settled at 75.31 with a negative decline of -91 points. The cotton contracts ended in negative figures with the news of Trump not intending to meet President Xi before US China trade deadline.

On the other hand the MCX contracts the MCX February contract ended with slight negative figures ranging between -10 and -40 Rs. The MCX February contract ended with a negative change of -40 Rs thus settling at 20,680 Rs/Bale, the MCX March contract ended at 20,980 Rs/bale with a negative change of -10 Rs. The volume for the most active contract decline by 1433 lots whereas the open interest for MCX February marginally increased by 19 lots.

The arrivals have been estimated to be around 170,000 lint equivalent bales (1 bale = 170 kg) (private estimates). The average Price of Shankar 6 is around 42200 Rs/Candy. The Cotlook Index A has been adjusted to 82.85 cents/lb CFR Far Eastern Ports with a positive change of +0.20 cents.

ICE cotton futures failed to hold the recovery rally and witnessed decline after last two days rise. Meanwhile price almost retraced 38.2% of the range (81.85-70.65) during last week and erased its gains as weakness in strength persists in the market. The RSI continued to trade below 50 suggesting momentum is still lagging for price to move above the 21 day EMA . In the near term strong supports exists around 71.90, followed by 70.60,70.00 levels. Likewise crucial resistance seen around 74.60,75.18, followed by 76.50 levels. For the day price is expected to consolidate in the range of 72.60-73.90 range. In the domestic markets trading range for Feb futures contract will be 20550-20850 Rs/Bale

Currency Guide

Indian rupee may witness choppy trade against the US dollar amid mixed factors but overall bias is still weak. Rupee appreciated marginally yesterday as RBI's interest rate cut helped equity markets edge up however RBI's monetary policy stance is negative for the currency. RBI cut interest rate by 0.25% to 6.25% and changes its monetary policy stance from calibrated tightening to neutral. RBI's stance has also fuelled expectations of another cut later this year. Also weighing on rupee is weakness in global equity market. Asian equity markets came under pressure as hopes of US-China trade deal were quashed by reports that President Donald Trump and his Chinese counterpart Xi Jinping was "highly unlikely" before the March 1 deadline set by the US for reaching a trade deal. Also weighing on market sentiment is downbeat growth outlook of Bank of England and European Commission. BOE said Britain faced its weakest economic growth in 10 years in 2019, blaming mounting Brexit uncertainty and the global slowdown The European Commission sharply cut its forecasts for euro zone economic growth citing global trade tensions and an array of domestic challenges. Concerns about European economies and shift in monetary policy stance of Australian central bank have also helped push US dollar higher. The US dollar index rose for a fourth day Thursday. However, rupee may gain some support from weakness in crude oil price. Brent crude has slipped to $61 per barrel amid global economic concerns. Rupee may witness choppy trade as market players assess impact of RBI decision however general bias is weak given weaker risk sentiment and general strength in US dollar. USDINR may trade in a range of 71.2-71.85 and bias may be on the upside.

Cotton imports to surge by 80% as output hits 9-year low: Report	**Business Standard** https://www.business-standard.com/article/reuters/india-s-cotton-imports-to-surge-as-output-hits-9-year-low-trade-body-119020701094_1.html

The country could import 2.7 million bales in 2018/19 marketing year ending on September 30, up from 1.5 million bales a year ago, he said.

India's cotton imports are likely to jump 80 per cent from a year ago as production could fall to the lowest level in nine years due to low rainfall in key growing region, a senior industry official told Reuters on Thursday.

Higher imports by the world's biggest cotton producer could support global prices, trading near their lowest in more than a year. The drop in Indian supplies could help rivals such as the United States, Brazil and Australia increase cargoes to key Asian buyers such as China, Bangladesh and Pakistan.

"The production is not sufficient to fulfil local consumption. From March onwards imports will pick up," said Atul Ganatra, president of the Cotton Association of India (CAI).

The country could import 2.7 million bales in 2018/19 marketing year ending on September 30, up from 1.5 million bales a year ago, he said.

Spinning mills have imported 548,000 bales by the end of January out of total contracts of 1 million bales signed so far in the current marketing year, Ganatra said.

India imports cotton mainly from the United States, Brazil and Egypt.

"Due to dry weather farmers were forced to uproot plants early. They couldn't go for third and fourth picking," he said.

Rains in Gujarat and Maharashtra, which account for more than half of India's cotton production, were nearly a quarter below normal during the June-September monsoon season in 2018.

India is likely to produce 33 million bales in the current season, down from earlier estimate of 33.5 million bales and last year's output of 36.5 million bales, CAI estimates.

The drop in output is likely to lead to lower cotton shipments from India.

India's exports could fall 27.5 per cent from a year ago to 5 million bales, the lowest level in a decade, Ganatra said.

In June, traders were expecting India to export as much as 10 million bales amid strong demand from China due to the trade dispute between Beijing and Washington.

Trade bodies have been reducing cotton production estimates for the current season due to low rainfall and as pest attacks curtail per-hectare yields.

Indian farmers have adopted genetically-modified seeds known as Bt cotton that are resistant to boll worms, but it hasn't stopped infestations. Pink boll worms consume the fibre and seeds inside a cotton plant's boll, or fruit, and yields fall.

‘No proposal to modify February 12 circular’	The Hindu https://www.thehindu.com/business/no-proposal-to-modify-february-12-circular/article26207173.ece

Decision to remove 3 banks from PCA after considering capital infusion by Centre, says RBI Governor

Among the various issues RBI Governor **Shaktikanta Das** *touched upon during his first post-policy interaction with the media was the February 12 circular of the central bank which mandates insolvency proceedings under IBC for a debt servicing default beyond 180 days. Excerpts:*

What kind of inflationary impact does MPC see due to the policies announced in the Budget? How concerned is the MPC over fiscal slippage?

The impact of various budget proposals and other developments have been factored into our projections. The possibility of fiscal slippage has been discussed. The government has said 3.4% fiscal deficit this year and 3.4% next year.

That has also been factored into our inflation projections.

We are working on the basis of those numbers.

Will there be an interim dividend to the government?

With regard to interim dividend, as when the central board takes a decision, it will be announced.

Since you said that inflation will not rise above 3.9% for this calender year, did the MPC consider a 50 bps cut? Or do you think the space exists in 2019 itself?

There are several discussions that take place in the MPC. As and when the minutes are given on February 21, it will be known. The shift in stance of monetary policy also provides flexibility and the room to address challenges to sustain growth of the Indian economy over the coming months as long as inflation outlook remains benign. The MPC’s decision will be data-driven and in consonance with the primary objective of the monetary policy to maintain price stability, keeping in mind the objective of growth.

What convinced you to go for growth rather than inflation?

In the RBI Act, price stability has been defined as 4%, plus/minus 2. Once that target is on board, and in the next 12-month horizon we see that inflation remains at a maximum of 4% or below, then I think there is room to act. And, the Act also says, ‘keeping in mind the objective of growth’. So, the decision of the MPC has not gone beyond the RBI Act. And we are also saying the decision of MPC will be data-driven.

There have been demands to make certain changes in the February 12 circular. What is your view on the issue?

At the moment, there is no proposal to modify the February 12 circular.

RBI has removed three banks from PCA. How soon can we expect more banks to come out from PCA?

We have watched the performance of the three banks and analysed in detail. We also took into account the capital infusion by the government. There is no scope for discretion.

(Deputy Governor M.K. Jain):

As long as there is some improvement in the benchmark parameters, it will be examined at the appropriate time.

There are still concerns over liquidity for the NBFCs and the SME sector. How do you plan to address the issue?

The Reserve Bank is constantly, continuously monitoring the liquidity situation, and based on requirements, we will ensure that there is no liquidity scarcity.

What are the big concerns about the Indian economy going ahead?

One is the monsoon. The second is crude oil prices and the overall external situation, for example, Brexit and how the U.S. economy is recovering.

There are trade conflicts which are expected to get resolved but we do not know how much time it will take. So, these are the risk factors which will have an impact on our domestic economy, and which we are regularly monitoring.

EY launches GST DigiLearn – A cloud-based digital learning solution to support GST training needs	**Ciol.com** https://www.ciol.com/ey-launches-gst-digilearn-cloud-based-digital-learning-solution-support-gst-training-needs/

EY announced the launch of GST DigiLearn, a comprehensive, cloud-based digital learning solution to provide systematic and structured training support to meet the GST training needs across an organization. The solution contains the latest GST changes and offers advanced modular packs specifically meant for key functions – sales, procurement, legal, tax and accounts.

Built by EY subject matter and digital learning experts, GST DigiLearn offers 35 training modules with a total duration of 25 hours. It's available online and equipped to address potential and practical issues pertaining to GST. Additionally, the tool provides real-life business case-studies, with a focus on story-based and application-oriented learning approach.

Uday Pimprikar, Partner & National Leader, Indirect Tax, EY India commenting on the launch, says:

"The GST framework contains several nuances that are novel and do not have precedents. Structured education, imparting up to date and practical knowledge focusing on operational aspects of GST is an essential requirement to ensure efficiencies for organisations. GST DigiLearn meets these requirements by providing a comprehensive and updated GST training curriculum. It offers a flexible and agile modular delivery to organizations, helping them fully realize the benefits of GST while meeting compliance requirements in the most digital and user-friendly manner.”

GST DigiLearn is relevant for senior management, functional heads, vendors, customers and other users. This solution is easily accessible on laptops/tablets.

Anurag Malik, Partner & India Workforce Advisory Leader, EY India says:

“As organizations adapt to GST, the need for learning sessions across industries and functions to understand GST and its nuances has significantly increased. GST DigiLearn is a cloud based GST learning platform which can be accessed anywhere, anytime across a variety of platforms (laptops, desktops and tablets). It has been developed to cater to critical learning needs of an organization, be it small or large, and empower the stakeholders to tackle any issues with respect to GST.”

Uday Pimprikar, added:

“Further the GST legislation is expected to witness frequent clarifications and amendments issued with a view to reduce ambiguities and remove areas of concerns. In addition, the integrated framework mandated by the legislation means that an organisation’s compliance efficacy is dependent on the understanding of the legislation by internal functions as well as by the external stakeholders namely vendors, customers, etc. EY GST DigiLearn solution addresses both these scenarios to drive maximum value to organizations.”

Italian region signs MoU with West Bengal govt	**Business Standard** https://www.business-standard.com/article/pti-stories/italian-region-signs-mou-with-west-bengal-govt-119020701447_1.html

An MoU was signed on Thursday between the Lombardy Region government of Italy and West Bengal government to promote industrial growth, technical skill development and research & innovation in both the regions.

Deputy Chief Minister of Lombardy Region government Fabrizio Sala and West Bengal Finance Minister Amit Mitra signed the MoU at the Bengal Global Business Summit (BGBS) here.

Also the minister for research, innovation, and export, Sala said the MoU will also help promote cooperation in manufacturing sector, investment and process standardisation.

"It will also help to exchange information on facilitations for trade exhibitions, trade fairs and business missions between the two regions," Sala said.

Another MoU was signed between the Indian Chamber of Commerce (ICC) and Jeollanamdo Province of the Republic of Korea on the sidelines of the BGBS.

Both sides have set a target of bi-lateral trade and investments amounting to USD 30 million in the next three years, an ICC statement said.

They also hoped the initiative would help exchange economic data that would lead to enhancement of business and trade in the fields of chemicals, fertilisers, petro-Chemicals, ports and ship building, SMEs, start-ups, agricultural produce, fisheries and other sectors.

Indo-Africa Strategic Economic Co-operation session holds in New Delhi on Feb 6	Devdiscourse.com https://www.devdiscourse.com/article/headlines/372169-indo-africa-strategic-economic-co-operation-session-holds-in-new-delhi-on-feb-6

The Commerce Minister said that synergy that exists between India and Africa can be gauged from the recent robust trends in Indo-Africa trade relations.

India has strong ties with Africa for centuries, and in recent times our development and economic partnership have become stronger. India and African countries share common interests in inclusive growth, trade and investment, and resilient economic partnerships. This was stated by Union Minister of Commerce & Industry and Civil Aviation, Suresh Prabhu while addressing the interactive session on Indo-Africa Strategic Economic Co-operation in New Delhi yesterday.

Suresh Prabhu said that the impressive growth in trade between Africa and India stems from a mix of factors, including a growing stock of foreign direct investment undertaken by African and Indian corporate entities and deepening economic and political ties illustrated by a number of strategic initiatives, particularly "Focus Africa" launched by the Government of India in 2002 to boost trade and investment between Africa and India. Other key drivers include the Government of India's Duty-Free Tariff Preference Scheme for Least Developed Countries launched in 2008 which has benefitted 34 African countries, Suresh Prabhu added.

The Commerce Minister said that synergy that exists between India and Africa can be gauged from the recent robust trends in Indo-Africa trade relations. Bilateral trade between Africa and India has increased from around USD 7 billion in 2001 to about USD 78 billion in 2014, before moderating to USD 60 billion in 2017, reflecting a commodity price decline.

The Minister said that while these initiatives bode well for bilateral trade, there remains substantial untapped trade potential. As per a joint study conducted by Exim Bank of India and Afreximbank, the value of untapped bilateral trade potential between India and Africa is more than USD 42 billion.

Suresh Prabhu further stated that a multi-pronged strategy is needed to provide a more holistic and sustainable approach for tapping this untapped potential. He said that any strategy for enhancing bilateral trade between Africa-India will therefore critically hinge on the scope for value chain integrations in various manufacturing and services segments.

The Commerce Minister expressed hope that a resurgent Africa and a rising India can create a new paradigm for South-South Cooperation. He stressed on the need for right kind of investments in Africa, focusing on accessing the market coupled with the development of manufacturing capacities, seeking low-cost labour while focusing on human resource development and exploring the natural resources along with improving the infrastructural facilities.

Speaking on the occasion, Commerce Secretary, Dr Anup Wadhawan said that Africa-India economic relations have grown from strength to strength over the years, and the partnership has entered a new era, underscored by stronger economic links and a mutually trusted development partnership.

Dr Wadhawan said that India has emerged as an important development partner in the continent and the volumes of development assistance have increased manifold. African countries account for nearly 40% of operational Lines of Credit (LOC) extended by the Government of India. This increase in Indian development assistance is coming at a time when foreign aid of most developed countries has been registering a decline, Commerce Secretary added.

India Vaults eight slots to 36th rank in IP Index	**Business Line** https://www.thehindubusinessline.com/economy/indias-ip-ranking-goes-up-eight-notches-to-36-in-us-chambers-index/article26203662.ece

However, US body red-flags ‘serious challenges’ on the patent front

Acknowledging the improvement in India’s innovation ecosystem, the US Chamber of Commerce has moved India up eight places in its international intellectual property (IP) index by ranking it 36th amongst 50 countries in 2019.

“The improvement reflects important reforms implemented by Indian policy makers toward building and sustaining an innovation ecosystem for domestic entrepreneurs and foreign investors alike,” the report card, released by the US Chamber of Commerce’s Global Innovation Policy Center (GIPC) on Thursday, pointed out.

“The reforms that helped improve India’s ranking include its accession to the WIPO Internet Treaties, the agreement to initiate a Patent Prosecution Highway with international offices, a dedicated set of IP incentives for small business and administrative reforms,” said Patrick Kilbride, Senior Vice President of GIPC.

Key issues

The report also focuses on thorny issues. According to the report, the key problems in India include barriers to licensing and technology transfer, strict registration requirements, limited framework for the protection of bio-pharmaceutical IP rights, patentability requirements outside international standards, lengthy pre-grant opposition proceedings and previously used compulsory licensing for commercial and non-emergency situations.

“If India can surmount the serious challenges that remain, including with regard to patent eligibility and enforcement, it can build a robust innovation-led growth model for other countries to emulate,” Kilbride said.

While the report suggests that India’s patent rules are over and above global norms, New Delhi has been steadily refuting it by stressing that it is in strict adherence to World Trade Organisation’s TRIPS mandate.

The report ranks economies based on 45 indicators covering patent, trademark, copyright and trade secrets protection. For the second year in a row, India’s score represented the largest gain of any country measured on the index, which covers over 90 per cent of global gross domestic product, the report said. Last year, India had ranked 44th of 50 economies in the index

Nepal, India review trade treaty	Business Standard https://www.business-standard.com/article/pti-stories/nepal-india-review-trade-treaty-119020700761_1.html

Senior officials from Nepal and India met on Thursday in Pokhara to review the trade treaty between the two neighbours.

The Indian delegation is led by Bhupinder Singh Bhalla, Joint Secretary (South Asia), Department of Commerce, while Ravi Shankar Saiju, Joint Secretary, Ministry of Industry, Commerce and Supplies is leading the Nepalese delegation during the two day meeting.

This is the second Nepal-India Joint Secretary-level meeting to review the trade treaty that was signed between the two countries in 2009.

During the two-day meeting, India will respond to Nepal's proposal of updating treaty submitted in the first meeting held in New Delhi in August 2018, officials said.

Nepal has requested India to help reduce its increasing trade deficit through free access for its products in Indian market.

In April last year, India and Nepal agreed to review trade treaty to further promote trade and investments between the two countries.

'New solar policy not so bright'	The Hindu https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/new-solar-policy-not-so-bright/article26209687.ece

Industry says billing method will cut benefits to low tension rooftop segment

Industry players expressed disappointment over the new Tamil Nadu solar policy 2019 as it cuts the benefits to the domestic Low Tension (LT) rooftop segment by changing the billing methodology and offers no support to the industrial and commercial segments.

The policy unveiled on Monday aims to have an installed solar energy generation capacity of 9,000 MW by 2023, with 40% to be earmarked for consumer category solar energy systems. At present, the State has a solar power capacity of 2,431.49 MW. The policy also said the consumer category solar energy will be exempted from electricity tax for two years. All LT consumers would come under the category, a State government official said. The net feed in mechanism in the policy applies to all in consumer category, he added.

The following is how benefits get reduced for the customer. For example, take a residential house that consumes 2,000 units of EB power and gives 1,200 units every month to the grid from solar power system per month. As per the earlier policy, if the price of EB power is Rs. 6 per unit, the consumer will be billed only for 800 units and the amount will be Rs. 4800.

As per the new policy, the consumer will pay 2000X Rs. 6- 1200 X tariff to be determined by the Tamil Nadu Electricity Regulatory Commission (TNERC). Assuming, if TNERC fixes a rate of Rs. 3.50, then the consumer will pay 2000 X Rs. 6 – 1200 X Rs. 3.50 = Rs. 7800/, over 60% higher then the current price.

Vague on subsidies

K. E. Raghunathan, founder of Solkar Solar Industry Ltd welcomed the policy's emphasis on preparedness of Tamil Nadu Generation and Distribution Corporation Ltd. (Tangedco) in terms of updating the billing system and installing bidirectional service connection energy meter, but said it was vague about the subsidies to be offered for setting up roof top systems. "Industry is happy that the State has finally released a new solar policy. The previous policy expired 2 years ago. However, the policy doesn't provide much needed support for rooftop solar in the form of net metering or net billing for HT industrial and commercial segment. This is a crucial requirement for the particular segment to help achieve the 9 GW ambitious target," Manu Karan vice-president - Business Development, CleanMax Solar, said.

K. V. Sajay, head, Solar and Wind at Hero Future Energies, said the industry will be further encouraged provided there is clarity on prevailing issues such as dedicated feeder, open access charges including the cross subsidy surcharge.

India's Cotton output pegged at 8-year low	**Business Line** https://www.thehindubusinessline.com/markets/commodities/indias-cotton-output-pegged-at-8-year-low/article26206040.ece

Water shortage in growing regions has hurt crop prospects

With a shortage of water in cotton-growing regions, India is staring at the lowest output of the fibre crop in nearly a decade. In its latest estimates, the Cotton Association of India has further trimmed the crop size by 5 lakh bales to 330 lakh bales of 170 kg each for season 2018-19 with a major loss in output in the key producing States of Gujarat, Telangana and Karnataka.

On Thursday, the CAI released its monthly crop estimate for January 2019, where it lowered the crop estimate for the third time in a row as crop loss weighed. The latest crop estimate for the year 2018-19 sees output at the lowest level since 2010-11, when India's cotton crop was 332.25 lakh bales.

CAI data revealed that a sharp decline in output is projected in cotton heartlands such as Gujarat and Karnataka to the extent of 20 per cent each, while Telangana is to witness a 13 per cent dip in output. The association has estimated the cotton crop for Gujarat — the largest grower in the country — at 83.5 lakh bales as against 105 lakh bales reported last year.

All-India cotton output was estimated at 365 lakh bales for the year 2017-18, which, according to CAI, will be about 330 lakh bales for 2018-19, registering a decline of nearly 10 per cent.

From its earlier crop estimates for 2018-19, CAI has reduced its crop estimate for Telangana by 2.50 lakh bales, Andhra Pradesh by 50,000 bales and Karnataka by 2 lakh bales.

"In the Southern Zone of the country, farmers have uprooted their cotton plants due to moisture deficiency as a result of which there is no scope for 3rd and 4th pickings," said Atul Ganatra, President, CAI.

The estimated crop size of 330 lakh bales is the lowest in a decade. Following this, India is set to lose its status of 'numero-uno cotton producer' in the world to China. The yields in India have also been lower, hurting crop prospects. As against China's yield of over 1,755 kg per hectare, India produces just 485-500 kg per hectare.

During the first four months of the 2018-19 season (October 2018-January 2019), total cotton supply is projected at 198.80 lakh bales, which consists of the arrival of 170.32 lakh bales up to January 31 2019 and imports of 5.48 lakh bales. The opening stock at the beginning of the season is estimated at 23 lakh bales.

CAI has estimated cotton imports at 27 lakh bales, 12 lakh bales higher than the previous year's estimated import of 15 lakh bales.

Overall estimated domestic cotton consumption is likely to be 316 lakh bales, which is 4 lakh bales lower compared to what was estimated last month. CAI has estimated exports for the season 2018-19 at 50 lakh bales, which are 19 lakh bales lower than the 69 lakh bales estimated last year.

European Commission cuts down growth forecast amid slowdown concerns	**Devdiscourse.com** https://www.devdiscourse.com/article/international/371918-european-commission-cuts-down-growth-forecast-amid-slowdown-concerns

The European Commissionsharply cut on Thursday its forecasts for economic growth in the euro zone this year and next because of an expected slowdown in the largest countries of the bloccaused by global trade tensions and growing public debt.

In its quarterly economic forecasts, the EU executive also revised down its estimates for the inflation in the 19-country currency bloc next year, which now is expected to be lower than forecast by the European Central Bank - likely complicating the bank's plans for an interest rate hike this year. The Commission said eurozone growth will slow to 1.3 per cent this year from 1.9 per cent in 2018 and is expected to rebound in 2020 to 1.6 per cent.

The new estimates are less optimistic than the Commission's previous forecasts, released in November when Brussels expected the eurozone to grow 1.9 per cent this year and 1.7 per cent in 2020. Growth in the 27-nation European Union - without Britain which is planning to leave in March - is expected to slow to 1.5 per cent this year from 2.1 per cent in 2018. Next year, the bloc is forecast to expand by 1.8 per cent.

All countries of the European Union are poised to continue growing, with the bloc expected to post its seventh consecutive year of expansion, but the larger member states will brake significantly. In Germany, the bloc's largest economy, growth is expected to slow to 1.1 per cent this year from 1.5 per cent in 2018. The Commission had previously forecast 1.8 per cent growth for Germany this year.

France, Italy, Spain and the Netherlands are also forecast to reduce the pace of their expansion, with Italy expected to be the slowest economy in the whole EU with a mere 0.2 per cent growth this year. The Commission cited global trade tensions and China's slowdown as the main drag for the European Union's economy.

But it also mentioned renewed concerns on debt sustainability, mostly in Italy, as a cause for the slowdown as Rome passed a free-spending budget forecast to have limited effects on growth. The economic slowdown forecast by the Commission is worse than that seen by the ECB in its latest projections released in December when the bank expected the eurozone to grow by 1.7 per cent this year.

In a further concern for the ECB, the Commission expects euro zone inflation to be at 1.4 per cent this year, below ECB estimates of 1.6 per cent rate, and further away from the bank's target of a rate close to 2.0 per cent. After December, ECB policymakers have said that the bank's new forecasts in March are likely to be revised down.

High-Level China-US Trade Talks to Resume Next Week	**New Delhi Times** https://www.newdelhitimes.com/high-level-china-us-trade-talks-to-resume-next-week/

High-level talks between the United States and China are set to resume next week in hopes of ending an escalating trade war between the two economic superpowers.

U.S. Treasury Secretary Steve Mnuchin confirmed to reporters Wednesday at the White House that he and Trade Representative Robert Lighthizer are headed to Beijing "with a large team."

Both the Americans and Chinese express a desire to reach an agreement to avert a March 2 deadline imposed by Washington for an increase in U.S. tariffs on Chinese products. If no deal is achieved, tariffs on $200 billion in Chinese goods will increase from 10 percent to 25 percent.

"These are very complicated issues. We're making progress, but there's still a lot of work to do," Mnuchin told reporters.

Talks held last week in Washington among negotiators for the two countries were very productive, according to the treasury secretary.

U.S. President Donald Trump, in his State of the Union address on Tuesday night, said any new trade deal with China "must include real, structural change to end unfair trade practices, reduce our chronic trade deficit and protect American jobs."

Trump previously had indicated he might travel to Beijing to meet with President Xi Jinping to finalize a deal.

"We'll see what progress is made next week," responded Mnuchin when asked Wednesday about that. "There's no plan set at the moment but right now we're focused on next week and making more progress."

The discussions center on demands from Washington for Beijing to make deep structural changes to its economic and trade policies. The United States wants China to reduce subsidies for government-run industries, increase purchases of American agricultural and manufactured products, end forced technology transfers and improve protections for U.S. intellectual property.

There have been reports that aggressive cyber hacking by China also will be added to the agenda of next week's talks.

“We’ve always talked about cyber issues. This is something we’ve been consistently talking about with them and the importance of them adhering to the cyber agreements,” Mnuchin responded to a question from VOA on this topic. “This is not a new issue. This has been on the agenda.”

Trump last Friday said ending the trade war with China could produce the “biggest deal ever made.”

If the talks collapse, however, the U.N. Conference on Trade and Development is warning the repercussions will go well beyond the trans-Pacific trading route.

UNCTAD predicts that if the increased tariffs go into effect next month, there will be a downturn in the global economy and instability in commodities and financial markets; however, the European Union would stand to benefit, capturing about $70 billion of U.S.-China bilateral trade, while Japan, Mexico and Canada would each take more than $20 billion.

New industrial and tariff policy soon	**Nation.Pk.Com** https://nation.com.pk/08-Feb-2019/new-industrial-and-tariff-policy-soon

Advisor to Prime Minister on Commerce, Textile, Industry & Production and Investment Abdul Razak Dawood has said the government would announce soon the new industrial and national tariff policy in consultation with all stakeholders and was taking steps to enhance inter-provincial coordination.

Razzak Dawood said this in a recent meeting with members of Overseas Investors Chamber of Commerce and Industry in Karachi, a private news channel reported on Thursday.

He said this year, the incumbent government with effective measures of promoting the country’s exports products would make a huge breakthrough of achieving the export target of 27 billion dollars.

He said the PTI government was efficiently managing the financial matters of the country and taking consolidated steps to boost the national economy through increasing its trade and export activities.

He said the countries, including China, Japan, Indonesia and others were cooperating with Pakistan to support its exports volume by giving space to its products like rice, fruits and others.

READ MORE: House Speaker Pelosi: 'There will not be another shutdown'

In a bid to encourage multi-national companies to set up joint ventures (JVs) with local partners, Razak said the government would offer some incentives to these companies. “A level playing field would be given to existing and new local and foreign investors,” he said.

Replying to a question, he said there was a dire need to bring foreign investment in the manufacturing sector to promote value-added exports.

Egypt- Trade Ministry holds first meeting to formulate upgraded version of Export Support Programme	Menafn.com https://menafn.com/1098085295/Egypt-Trade-Ministry-holds-first-meeting-to-formulate-upgraded-version-of-Export-Support-Programme

The Ministry of Trade and Industry hosted the first meeting to formulate new version of the Export Support Programme, with the participation of the heads of Export Councils.

The minister of trade and industry, the advisor for SMEs, and the general coordinator of the Export Councils, Hossam Farid, said that this meeting comes within a framework of implementing the prime minister's instructions to the ministry of trade and industry to prepare a new programme that is more effective than the current programme to stimulate Egyptian exports to foreign markets.

Farid noted that the meeting stressed the importance of focusing on axes of the new programme especially deepening local components in the industry, increasing added value, developing small enterprises, encouraging access to new markets, increasing labour force rates and expanding the benefits of export incentives in the region and the border areas.

He revealed that it is scheduled to announce the programme in its new version by the end of February.

The meeting discussed the settlement of the amounts due to exporters, where a number of agreed proposals were presented by all industrial sectors subject to the Export Support Programme, which will be presented to the prime minister at a meeting with Export Councils.

A number of export support programmes in a number of countries including South Africa, Turkey, Sri Lanka, India, America, China, Brazil, Russia and Ukraine have also been presented during the meetings.

The number of companies benefiting from the current export support programme is about 2,000 companies in seven sectors, which are the most important contribution to the national economy, including textile industries, agricultural crops, food industries, engineering industries, furniture, leather, and chemical industries.

The value of subsidised exports during the fiscal year (FY) 2017/18 reached about $5.8bn, and so far about EGP 2bn out of EGP 4bn have been allocated to the export support programme during the current FY.

Chemical and Fertilisers Export Council chairperson Khaled Abou El Makarem said that Prime Minister Mostafa Madbouly gives this file special importance, and therefore each council is due to submit its own proposals during upcoming meetings. The final plan will be presented within three weeks to the minister of trade and industry and then will be presented to the prime minister before the end of February.

Abou El Makarem added that the new programme of export subsidies, which will be called a new name, the export incentive programme, will be suspended in March this year, with the implementation of the new programme from first of March.

One of the most important proposals for the new regime, according Abou El Makarem, is that a large part of the support should be non-financial so as to not burden the state budget, and the other part of the subsidy will be services to be provided to exporters as well as financial subsidy.

In late January, the prime minister held a meeting with heads of Export Councils opened a dialogue on a new export incentive programme, which is currently being prepared by the ministry of trade and industry to replace the current export support programme to provide more effective means to boost exports.