



The Southern India Mills' Association

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NEWS CLIPPINGS –17-10-2018

Cotton ryots reap it rich	The Hindu https://www.thehindu.com/todays-paper/tp-national/tp-telangana/cotton-ryots-reap-it-rich/article25244240.ece
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Cotton farmers in Karimnagar district are reaping riches with good price for their produce. At the agricultural market yard in the town on Monday, they were offered a price which was more than the minimum support price (MSP) fixed by the Cotton Corporation of India (CCI).

Purchase of cotton at the market yard had commenced on Friday, when the traders offered Rs. 5,531 per quintal for 'A' grade and Rs. 5,217 for normal variety. The MSP was Rs. 5,450 for A grade and Rs. 5,150 for normal grade.

On Monday, cotton was procured at the highest price of Rs. 5,633 per quintal while the lowest was Rs. 5,287. A total of 248 quintals of cotton was procured by traders on the day. The availability of e-NAM (national agriculture market) had come in handy.

Cotton and Currency Markets	Kotak Commodities Research Desk For more details contact : Research@kotakcommodities.com & aurobinda.gayan@kotakcommodities.com
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A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
22015	46050	79.57
Domestic Futures (Ex-Gin) July		
Rs/Bale	Rs/Candy	USD Cent/lb
22990	48090	83.09
International Futures		
NY ICE USD Cents/lb. (Dec 2018)		78.33
ZCE Cotton: Yuan/MT (Jan 2019)		15500
ZCE Cotton: USD Cents/lb.		86.31
Cotlook A Index - Physical		---
B. Currency		
USD/INR	Close	Previous Close
Spot	73.821	73.573

Cotton Guide:

Cotton market on Tuesday traded steady with a very narrow range. December contract settled at 7833, down 30 points. The other months settled from 6 points lower to 12 points higher. Volume was 24,979 contracts. Cleared previous day were 24,863 contracts. China's ZCE futures have been holding just above 5 month lows, a similar pattern to ICE. The Market continues to trade in the same range of 75.50 to 79.50/80.40 cents for the past almost one month.

There was no major news on cotton. Cash sales of US cotton seemed almost non-existent. The unresolved trade war with China leads the list of concerns for cotton. Some chatter was that Chinese mills were choosing to buy non-US growths in support of the Chinese government.

There were continued discussions about damages from Hurricane Michael. In the heart of Georgia's growing region stretching into Southeast Alabama, there is little doubt damages have been severe. One description heard was that Michael was like a 55-mile wide tornado ripping through the largest growing region in the area. Growers commented that the storm picked the crop. Estimated losses ranged from 750,000 bales to 1.3 million bales. It might be that the starting point of the crop is more in question. Prior to the storm seasoned observers had the Delta and Southeast combined at record yields, well above the USDA projections. While some observers believe the losses from Hurricane Michael may keep growing, the market did not seem to find that as a threat. Demand needs to return. Interestingly, though, several sellers are not offering cotton until they see their crop outturns. Additional concerns were noted for the Texas crop with wet conditions and cold temperatures this week. Both yield and qualities are expected to be affected; another chip-away on supplies.

Domestic prices traded steady or slightly easy on Tuesday. Shankar-6 is quoted at Rs. 47,000 per candy, ex gin (81.10 cents/lb at today's exchange rate). Prices for Punjab J-34 are unchanged at an average of ₹4,620, ex gin (75.95 cents/lb)

The daily arrivals are gradually increasing. As of last week it was around 50 to 60000 bales which has increased to 80+K bales equivalent bales of 170kg. This includes 34,500 registered in the Northern Zone, 20,000 in Gujarat and 11,000 in Andhra Pradesh. On the futures front the October cotton ended the session at Rs. 22840 lower from previous close by Rs. 150 per bale. However, we think the trend is still positive and recommend buying on lower level. We have suggested a buy call in our weekly call section and are recommend to enter near Rs. 22700 levels. The details can be accessed from the report. For the day the trading range would be Rs. 22750 to Rs. 23000 per bale

Fx Guide:

Indian rupee has opened marginally higher to trade near 73.43 levels against the US dollar. Rupee has benefitted from improved risk sentiment. Asian equity markets trade higher after sharp gains in US market yesterday. Risk sentiment improved as upbeat US corporate earnings results reinforced optimism about US economy. However, weighing on rupee is general gains in US dollar amid optimism about US economy and positioning ahead of FOMC minutes. Minutes of the Fed's last meeting is expected to show confidence on US economic outlook and support for

continuing rate hikes. Also weighing on rupee is gains in crude oil price. Brent crude has inched up to trade near \$81.5 per barrel amid bigger than expected decline in US crude oil stocks and gains in US equity market. Rupee has benefitted from gains in equity market however global economic concerns and Fed's rate hike stance will continue to weigh. USDINR may trade in a range of 73.25-73.7 and bias may be on the upside

Cotton Control

The Hindu

<https://www.thehindu.com/todays-paper/tp-opinion/cotton-control/article25243061.ece>

A bill to provide for the control of dealings in cotton has been published in the Bombay Government Gazette: The crisis in cotton trade which occurred early in the current year created a general demand for action to be taken by the Government to restrict speculation that took place at the cotton settlements. The immediate needs of the situation were met by the passing of the Defence of India (Cotton contract) rules, 1918 which were published by the Government of India in the month of June. Those rules, however, were made as a purely temporary measure pending legislation in the local Legislative Council and the present bill has been prepared to take the place of the rules. The bill when passed will be called 'Bombay Cotton Contracts Control' (war provisions) Act, 1918

No country can benefit from slowing global economy: Prabhu

Business Line

<https://www.thehindubusinessline.com/economy/no-country-can-benefit-from-slowing-global-economy-prabhu/article25237016.ece?homepage=true>

No country can benefit from the decline in the world trade, and the slowing global economy is a concern for all nations including India, Commerce and Industry Minister Suresh Prabhu said on Tuesday.

For past six-seven decades, there was a lot of predictability in doing business globally, but in the course of last few months, "we are seeing a dramatic change in global trade," he said.

India is the "worst sufferer" of the declining trade and slow economic growth in the world as the country has huge stake and its share in the world trade is also increasing, he added.

He stressed that slowing global economy is a concern for India as it has the potential to reach \$5 trillion size before 2025 and \$10 trillion before 2035.

Imposing customs duties by the US on certain steel and aluminium products have triggered a trade war kind of situation in the world. It has also raised duties on Chinese goods. China too has hiked tariffs in retaliation.

The statement also assumes significance as India's exports declined for the first time in the current fiscal, contracting 2.15 per cent in September to \$27.95 billion due to a fall in shipments of key sectors such as engineering and gems and jewellery.

The World Trade Organisation (WTO) last month lowered the growth projections for trade to 3.9 per cent from the

4.4 per cent estimated earlier for 2018 due to trade tensions between the US and China.

Prabhu said that the ministry has set up a high-level think tank to suggest the government to promote exports and navigate through these global situations.

He said that the ministry has identified products and countries to promote exports.

“We have also prepared a well thought action plan for achieving \$5 trillion economy,” he said adding \$ 1 trillion would come from manufacturing, \$3 trillion from services sector and \$ 1 trillion from agriculture.

Talking about ease of doing business, the minister hinted that India has improved its ranking in the World bank’s doing business index.

“You will have a good news when World Bank will release its report,” he said. The report is scheduled to be released this month.

India is 58th most competitive economy in WEF index

Business Line

<https://www.thehindubusinessline.com/economy/india-ranks-58th-most-competitive-economy-in-wef-index/article25244640.ece?homepage=true>

India has been ranked as the 58th most competitive economy on the World Economic Forum’s global competitiveness index for 2018, which was topped by the US. India’s rank rose by five places from 2017, the largest gain among G20 economies, the WEF said.

On the list of 140 economies, the US is followed by Singapore and Germany at the second and the third positions respectively. India was ranked 58th with a score of 62.0 in the latest Global Competitiveness Report. “This is the largest gain among all G20 economies,” WEF said.

Meanwhile, neighbouring China was ranked at the 28th position in the overall list. According to the report, the top performers in the “upper and lower middle-income brackets”, such as China and India, are catching up with or even outperforming the average among high-income economies.

“China, is already more advanced when it comes to investing in research and development sub-pillar than the average high-income economy, while India is not far behind and let down only by its less-efficient bureaucracy for business creation and insolvency,” the report said.

Among the BRICS economies, China topped the list at 28th place with a score of 72.6, ahead of the Russian Federation (65.6, 43rd), India (62.0, 58th), South Africa (60.8, 67th), and Brazil (59.5, 72nd). India, however, remained the “South Asia’s main driving force.”

As per the report, India leads the region in all other areas of competitiveness except for health, education and skills, where Sri Lanka boasts the highest healthy life expectancy (67.8 years) and the workforce with the highest amount of

schooling (9.8 years). “These two countries (India and Sri Lanka) are also the ones that can rely on the most efficient infrastructure system. India has invested more heavily on transport infrastructure and services, while Sri Lanka has the most modern utility infrastructure,” it added.

As per the report, India’s greatest competitive advantages include its market size, innovation (in particular the quality of its research establishments and business dynamism (including the number of disruptive businesses). While the areas that the country needs to improve include, labour market (in particular workers rights), product market (in particular trade tariffs) and skills (in particular pupil-teacher ratio).

Other countries in the top 10 include, Switzerland (4th), Japan (5th), Netherlands (6th), Hong Kong (7th), United Kingdom (8th), Sweden (9th) and Denmark (10th).

The World Economic Forum’s Global Competitiveness Index 4.0 is a composite indicator that assesses the set of factors that determine an economy’s level of productivity - widely considered as the most important determinant of long-term growth. The GCI 4.0 framework is built around 12 main drivers of productivity -- Institutions, Infrastructure; Technological readiness; Macroeconomic context; Health; Education and skills; Product market; Labour market; Financial system; Market size; Business dynamism; and Innovation.

Buyer-seller meet for powerloom products begins

The Hindu

<https://www.thehindu.com/news/cities/Coimbatore/buyer-seller-meet-for-powerloom-products-begins/article25233587.ece>

Powerloom weavers and product manufacturers have showcased a range of products at the three-day buyer-seller meet held here from Monday.

The meet, organised by the Regional Office of the Textile Commissioner and the Powerloom Development and Export Promotion Council, has 27 stalls and the participants are from different parts of Tamil Nadu, Andhra Pradesh, and Karnataka.

The business-to-business programme is expected to generate business worth ₹1 crore during the three days. The powerloom products on display include apparels, home textile items, sarees, dhotis, shirting material, and bed sheets. Institutional buyers and traders are likely to visit the event and place orders directly.

The aim of the programme is to provide an opportunity to the powerloom industry to showcase its textile products and promote marketing activity of powerloom cloth manufacturers under the PowerTex India Scheme, said an official press release.

G. Bakthavathsalam, chairman of KG Hospital, inaugurated the meet.

**India on track to achieve \$350 bn
export target: FIEO**

SME Times

<http://www.smetimes.in/smetimes/news/top-stories/2018/Oct/16/india-export-target40951.html>

The overall exports in the month of September is close to USD 28 billion, which is the minimum exports we are looking for each month so as to reach milestone of \$350 billion, said exporters' body FIEO.

Reacting to official export figures released Monday, FIEO President Ganesh Kumar said that though the September data shows a marginal negative growth primarily due to high base effect last year, the aggregate value of exports in this September is much more than in the month of April, June & July of 2018 in which we recorded as high as 17 per cent growth.

The high growth witnessed in plastic and linoleum products, organic & inorganic chemicals, petroleum products and growth in drugs & pharma, cotton yarns/fabrics/made-ups and handloom products are positive signs for future exports, opined Gupta.

India's merchandise exports declined by 2.15 per cent in September on a year-on-year basis, even as the country's merchandise trade deficit registered its lowest in last 5 months despite the currently high global crude oil prices

The reduction in trade deficit would ease out concerns of current account deficit and may sombre the Rupee fluctuation to some extent, said the FIEO Chief.

Gupta reiterated his demand for augmenting the flow of credit to export sector as sharp decline in credit, when exports are growing at the double-digit, does not augur well for the future.

He appreciated the initiative taken by the Finance and Commerce Minister for addressing the issue and hope banks will positively respond to it.

Gupta exuded confidence that despite increasing protectionism and high volatility in currencies, Indian exporters have managed well to get new orders and remain bullish on exports in short to medium term basis.