LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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News Highlights

NATIONAL

India's projected GDP growth for Q1 FY25 in 7-7.1% range: SBI ECOWRAP

India's projected gross domestic product (GDP) growth for the first quarter (Q1) of fiscal 2024-25 (FY25) based on the State Bank of India's (SBI) Nowcasting model would be in the range of 7-7.1 per cent, with a downward bias.
However, the gross value added (GVA) will be below 7 per cent and may come in the range of 6.7-6.8 per cent, SBI said in the August 26 issue of its newsletter ECOWRAP.

The global economic growth outlook remains uncertain, but softening inflation has made space for monetary policy easing.

The indicators of corporate performance in Q1 FY25 point to moderation in sales growth of manufacturing companies in both nominal and real terms, although excluding the petroleum sector, a better outturn emerges.

Staff costs inched up in the manufacturing sector, but debt servicing capability measured in terms of the interest coverage ratio remained stable. Against this backdrop, profit margins have declined and this will pull down manufacturing growth, the newsletter noted.

The Indian corporate sector, with around 4,000 listed entities, reported both top line and bottom-line growth of around 9 per cent year on year (YoY) in Q1 FY25.

Corporate GVA grew by around 10.9 per cent in Q1 FY25 compared to 17 per cent in Q4 FY24 and 26 per cent in Q3 FY24.

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Growth strong in APAC in 2024-25, may slow in China, India in 2025

Growth in Asia-Pacific economies is expected to remain strong this year and the next, driven by better trade, robust investment and sustained consumer spending, according to Moody's Analytics.
The outlook for the region next year is good, even though economic growth in China and India will likely slow over the coming year, a report authored by Steven Cochrane, chief Asia-Pacific (APAC) economist at the company, said.

"Growth will accelerate in Southeast Asia, supported by trade, investment, consumption, generally stimulative fiscal policy, and, by early next year, easing monetary policy," Cochrane noted.

Southeast Asia, particularly Malaysia and Vietnam, is benefiting from robust investment spending from local and international sources, he noted.

Moody's Analytics has maintained its gross domestic product growth projection for the Philippines at 5.9 per cent this year, slightly below the low end of the government's 6-7-per cent target.

The growth forecast for the Philippines this year is the third highest in the region, after India (6.8 per cent) and Vietnam (6.4 per cent). That is followed by Indonesia (5.2 per cent), Malaysia (5.1 per cent) and China (4.8 per cent).

Moody's also kept its 6 per cent forecast for 2025 for the Philippines, which is also below the government's target range of 6.5-7.5 per cent, but is still the third fastest growth in the region.

"The Philippines and Indonesia will not lag far behind Vietnam, but their economies are not as closely tied to the global economy. An aggressive push by both countries to improve their infrastructure will support high rates of growth," Cochrane said.

Geopolitical risks also add uncertainty to the outlook amid conflicts over the disputed West Philippine Sea and the current conflict in the Middle East. The outcome of the US November election will also impact the region, media outlets in the Philippines reported.

The Philippine economy grew by 6.3 per cent in the second quarter. This was faster than the 4.3-per cent expansion in the second quarter of last year and the revised 5.8-per cent growth in the first quarter this year. Growth in the first half of the year stood at an average of 6 per cent.

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IDF in India: Flexibility for upcycling of textile waste

Trützschler and the Indian company Gimatex have a long relationship that began in 2006. Since then, they have successfully collaborated on many projects. Gimatex has used Trützschler's IDF successfully in direct spinning. Now, they are using it to turn textile waste into valuable ring yarn.

Gimatex Industries Pvt. Ltd. has high standards for quality and sustainability. The company operates fully integrated facilities with ginning, spinning, recycling, weaving and processing units in Hinganghat, within India's major cotton-growing region of Vidarbha. It also runs a state-of-the art fabric processing unit in Dholka, near Ahmedabad. As a family-owned company with over 125 years of history, it has a lot in common with Trützschler. Together, the two partners are working in close collaboration with the shared aim of extending that long history far into the future.

"Our clients demand consistent quality and competitive prices," says *Mr. Vineet Mohota, director at Gimatex.* "We meet those demands by always leveraging the latest technologies to boost quality, save energy and make progress for sustainability. Trützschler is a strong partner for that work."

Lower costs and higher productivity

Trützschler's Integrated Draw Frame (IDF) technology is at the heart of this collaboration. Gimatex is using these innovative solutions to produce high-quality yarn. In particular, IDF enables Gimatex to produce top-quality yarns from a uniquely wide variety of raw materials – from 100 percent cotton through to polyester, recycled fibers and blends of various different inputs.

Gimatex mainly uses Trützschler IDF to manufacture rotor yarns in a direct spinning process. Direct spinning means shortening the spinning process by eliminating draw frame passages. Fiber slivers are fed directly from the card into the integrated drafting passage. This direct spinning concept uses less electricity and less space than conventional draw frame passages, which helps Gimatex to cut costs while increasing output volumes – with no compromise in quality. Most often, IDF technology is used for rotor and vortex spinning. However, the team at Gimatex is now also one of the first spinning mills in India to develop a special IDF process for producing traditional and recycled ring yarn. This allows the company to leverage the same setup it uses for open-end yarn. The ring yarn produced in this unusual way is mostly coarser varieties and recycling blends for cotton / spandex (lycra) products, with Ne 10s and Ne 16s. The yarn goes through a blow room into a TC 15 card with IDF, before entering a Trützschler TD 10 draw frame, a speed frame and a ring frame.

Longstanding partnership

"The performance of Trützschler's IDF machines is great," says Mr. Mohota. "We also get support from Trützschler's expert teams. They're always available to give guidance and answer questions, and they're able to access data from around the globe to share best practices for every application." Gimatex and Trützschler have established a close relationship over a long period. IDF machines are a flexible, highly efficient and sustainable technology that is helping to extend that valuable partnership. As market conditions in India continue to evolve, we will keep working hand in hand to adapt to change successfully – while meeting high expectations from customers.

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India & Australia advance CECA negotiations in 10th round in Sydney

The 10th Round of the India-Australia Comprehensive Economic Cooperation Agreement (CECA) negotiations took place from August 19-22, 2024 in Sydney. The discussions focused on key areas including goods, digital trade, government procurement, rules of origin, and agri-tech. This round of negotiations, held after a gap of approximately five months since the 9th Round, was marked by intense dialogue aimed at bringing greater clarity and convergence on the remaining provisions.

Intersessional meetings were held between the two rounds to bridge differences and work towards alignment on these and other unresolved tracks. The Indian delegation was led by Rajesh Agrawal, chief negotiator and additional secretary, Department of Commerce, government of India, while the Australian side was headed by Ravi Kewalram, chief negotiator and first assistant secretary in the Department of Foreign Affairs and Trade (DFAT), Australia.

The negotiations saw significant efforts to narrow differences, with both sides striving to better understand each other's proposals and seeking ways to achieve convergence. These discussions were mindful of domestic sensitivities, with a shared goal of reaching a balanced and mutually beneficial outcome, the Ministry of Commerce and Industry said in a press release.

All five negotiating tracks presented their findings and outcomes in a joint meeting of the chief negotiators, who provided further guidance for the future direction of the talks. It was agreed that, given the clear understanding achieved on the proposals under the five tracks, track leads from both sides would develop an action plan for continued negotiations via virtual meetings before the next round, expected to take place in India.

In addition to the formal negotiations, the Chief Negotiators reviewed the broader bilateral trade and investment relations between India and Australia. Both sides reaffirmed their commitment to strengthening and enhancing the economic partnership, building on the positive impact of the India-Australia Economic Cooperation and Trade Agreement (ECTA), which came into force on 29 December 2022. Efforts were made to ensure that the CECA negotiations deliver meaningful benefits and a balanced outcome for both nations.

On the sidelines of the 10th Round, fruitful discussions were held with key stakeholders including Jodi McKay, national chair of the Australia India Business Council (AIBC), and Pat O'Shannasy, CEO of Grain Trade Australia. The round table meeting, organised by Australia, also saw the participation of the Consul General of India in Sydney. These discussions explored the feasibility of deepening economic cooperation between India and Australia through the CECA negotiations, with a particular focus on promoting investments.

The next round of the India-Australia CECA negotiations is likely to be held in November 2024 in India.

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Andhra Pradesh to Unveil New Textile Policy, Says Minister

India's Andhra Pradesh state will unveil a new textile and garments policy aimed at attracting significant investments in the sector, which the government has recognised as a crucial driver of employment and economic growth, as reported by the S Savitha, State Textile Minister.

Savitha highlighted the state's commitment to creating a favourable environment for investment. She noted that the textile industry is eager to invest in Andhra Pradesh, and the government is actively working to support this.

Savitha mentioned that many industrialists had either left the state or ceased operations during the previous government's administration.

She pointed out that there are numerous opportunities for establishing textile units in the agro textiles, geo textiles, and mobile textiles sub-sectors within the state.

Additionally, Savitha emphasised that Andhra Pradesh ranks second in the nation for silk production, sixth in cotton production, and seventh in jute production. The state is home to nine textile and apparel parks, including three in the private sector.

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US Fed set to announce first rate cut in four years next month: How will it impact India's RBI policy? Experts weigh in

US Federal Reserve Chair Jerome Powell expressed confidence in cutting interest rates for the first time in four years, saying that inflation was near the US central bank's two per cent target. This comes as India's Reserve Bank of India (RBI) is focused on withdrawal on accommodation, and the Monetary Policy Committee's (MPC) stance continues to be disinflationary until a durable alignment of headline inflation with the target is achieved. “The time has come for policy to adjust," Powell said in his keynote speech at the Fed's annual economic conference in Jackson Hole, Wyoming. “The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks."

Meanwhile, the RBI's rate-setting panel believes that food prices remain elevated, which may adversely affect core inflation. According to RBI Governor Shaktikanta Das, food inflation pressures are showing little signs of abatement in the near term, and monetary policy has to remain vigilant to potential spillovers of food price pressures to the core components.

US Fed chair Powell on upcoming rate cuts

Federal Reserve chair Jerome Powell said Friday that the "time has come" for the United States to start cutting interest rates. He added that his "confidence has grown" that the battle against inflation is on track.

"The time has come for policy to adjust," he said in a keynote speech at the Jackson Hole Economic Symposium in the US state of Wyoming, according to prepared remarks, adding: "The direction of travel is clear."

His reference to multiple rate cuts was the only hint that a series of reductions is likely, as economists have forecast. Powell emphasized that inflation after the worst price spike in four decades inflicted pain on millions of households, appears largely under control.

According to the Fed’s preferred measure, inflation fell to 2.5 per cent last month, far below its peak of 7.1 per cent two years ago and only slightly above the central bank's two per cent target level.

Some Fed officials said a half-point Fed rate cut in September would become more likely if there were signs of a further slowdown in hiring. The next jobs report will be issued on September 6. In the last policy decision, Powell said if US inflation continues to fall, “a reduction in our policy rate could be on the table" when the Fed next meets in September.

RBI MPC Stance

The RBI at its last bi-monthly MPC meeting decided to keep the benchmark interest rate (repo rate) unchanged at 6.5 per cent citing inflationary concerns. However, MPC members Dr. Ashima Goyal and Prof. Jayanth R. Varma voted to reduce the repo rate by 25 basis points and change the stance to neutral.

The remaining four members voted to maintain the status quo on the policy rate for the ninth consecutive time. According to RBI Deputy Governor Dr. Michael Debabrata Patra, the remit of RBI's monetary policy is to adjust demand conditions to the state of supply because the accumulation of price pressures threatens the outlook for both inflation and growth.

‘’This is critical for the ‘last mile of disinflation’ and anchoring inflation expectations. Food inflation may soften due to good monsoons, steady improvement in kharif sowing, rising reservoir levels, and a likely favourable rabi season output," said the RBI Governor.

‘’At such a crucial juncture, steady growth impulses allow monetary policy to unambiguously focus on supporting a sustained descent of inflation to the target. The best contribution monetary policy can make for sustainable growth is maintaining price stability," added Das.

Experts on RBI policy stance amid US Fed's rate cut signals

D-Street analysts said that the likelihood of the Federal Reserve opting for a substantial 50-basis point rate cut in September hinges on the central bank's assessment of the employment and inflation balance leading up to the meeting. Although indicators suggest a potential rate decrease, the odds of such a significant cut are still uncertain.

‘’The strongest tail wind comes from the expected rate cuts by the Fed which will spill over to other central banks including the RBI. The Indian economy now needs monetary stimulus through rate cuts and this is likely in the next policy meeting," said Dr. V K Vijayakumar, Chief Investment Strategist, Geojit Financial Services.

Market experts also say the recent shift in foreign investors' stance towards the domestic market and the anticipation that the RBI will align with the Fed's actions are expected to foster a positive outlook for the Indian stock market in the near term.

‘’Currently, traders estimate a 38 per cent chance of a 50-basis point reduction, up from an earlier expectation of 33 per cent, while a 25-basis point cut has a 62 per cent probability. In response to a potential Fed rate cut, Indian stocks that may benefit include those in the IT, BFSI (Banking, Financial Services, and Insurance), Auto, and Realty sectors," said Palka Arora Chopra, Director of Master Capital Services Ltd.

According to Chopra, a Fed rate reduction typically weakens the US dollar, increases liquidity, and lowers borrowing costs, positively impacting these sectors. ‘’The rate cuts will be welcomed positively by the Indian market because the RBI is following the US Fed's lead when it comes to interest rates, and their announcements will spur additional rate cuts in India, which will enhance liquidity, attract capital inflows, and strengthen the value of the rupee," added Chopra.

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India's GDP growth estimated at a five-quarter low of 6.5% in Q1FY25: Economists

India's economic growth is expected to have slowed down to a five quarter low of 6.5% in the first quarter of FY25, below the RBI's recent projections, amid a contraction in government capital expenditure due to elections and the impact of summer heatwaves on some sectors of the economy, according to economists.

The gross domestic product (GDP) growth is estimated to be in the wide range of 6% to 7% in Q1FY25 as against GDP growth of 8.2% in Q1FY24 and 7.8% in Q4FY24.

The Reserve Bank of India (RBI) in its August monetary policy had revised downwards India's growth forecast for April-June quarter by 20 bps to 7.1% on account of muted government capex, lower corporate profitability and lower core output.
The central bank, however, retained full year FY25 GDP growth estimates at 7.2%.

“The general momentum of domestic economic activity has witnessed some moderation in the first quarter of the fiscal, with some high frequency indicators indicating an adverse impact of the general elections along with the excessive summer heat conditions in some sectors of the economy. Lower growth in industrial output along with lower than expected profitability may translate to weaker GVA growth in the manufacturing sector," said Suman Chowdhury, Executive Director and Chief Economist, Acuité Ratings & Research.

Chowdhury estimates a moderation in GVA and GDP growth to 6.0% and 6.4% respectively in Q1FY25. He believes a partial recovery in rural demand during the quarter is likely to lead to a better growth in private consumption. His full year GDP growth forecast stands at 6.8%.
Rating agency ICRA has projected India's GDP growth to moderate to a six-quarter low of 6.0% in Q1FY25 from 7.8% in Q4FY24, amidst a contraction in government capital expenditure and a dip in urban consumer confidence.

The growth in the gross value added (GVA) is estimated to ease to 5.7% in the April-June 2024 quarter from 6.3% in the March quarter, driven by the industrial sector, along with a mild easing in the expansion in services and a slight pick-up in the agricultural GVA growth.

"For the full-year FY2025, ICRA expects a back-ended pick-up in economic activity to boost the GDP and GVA growth to 6.8% and 6.5%, respectively. In particular, there is considerable headroom for the GoI's capital expenditure, which needs to expand by 39% in YoY terms in July-March FY2025 to meet the Budget Estimate for the full year. This is expected to catapult GDP growth back above 7% in H2 FY2025, said Aditi Nayar, Chief Economist, Head-Research & Outreach, ICRA.
Soumya Kanti Ghosh, Group Chief Economic Advisor at State Bank of India forecasted GDP growth for Q1FY25 to be 7.0% - 7.1%, and GVA at 6.7% - 6.8% with a downward bias.
"The global economic growth outlook remains uncertain but the softening inflation has made space for monetary policy easing. The indicators of corporate performance in Q1 2024-25 point to moderation in sales growth of manufacturing companies in both nominal and real terms, although excluding the petroleum sector, a better outturn emerges," Ghosh said.

He believes profit margins of India Inc have declined which will pull down manufacturing growth. He expects agricultural growth to rebound to 4.5% - 5% in FY25 adding around 30 bps over RBI forecast.

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GST taxpayers without valid bank accounts to be barred from filing GSTR-1 from Septemer 1

GST taxpayers who do not furnish bank account details to GST authorities will be barred from filing outward supply return GSTR-1 from September 1, GST Network (GSTN) has said in an advisory.

As per GST Rule 10A, a taxpayer is required to furnish details of a valid bank account within a period of 30 days from the date of grant of registration, or before furnishing the details of outward supplies of goods or services or both in Form GSTR-1or using Invoice Furnishing Facility (IFF), whichever is earlier. "From 1st September, 2024 this rule is being enforced. Therefore, for the tax period August-2024 onwards, the taxpayer will not be able to furnish GSTR-01/IFF as the case may be, without furnishing the details of a valid bank account in their registration details on the GST portal," GSTN said in an advisory dated August 23.

The GST Council in its meeting in July last year, had approved an amendment to Rule 10A to strengthen the registration process and to effectively deal with the menace of fake and fraudulent registrations in goods and services tax (GST).

As per the amendment, a registered taxpayer was required to furnish the details of the bank account having his name and PAN within 30 days of the grant of registration or before the filing of a statement of outwards supply in Form GSTR-1/IFF (invoice furnishing facility), whichever is earlier.

In the advisory, the GSTN asked all the taxpayers who have not yet furnished the details of valid bank accounts to add their bank account information in their registration details by visiting the GST portal.

"...in absence of a valid bank account details in GST registration, you will not be able to file GSTR-1 or IFF as the case may, be from August 2024 return period," the GSTN advisory added.

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GST slabs recast very much on the table, says FM

Rationalisation of the Goods and Service Tax (GST) rates and change in slabs are "on the discussion table," finance minister Nirmala Sitharaman said on Tuesday, adding that a fresh process will be initiated in this regard at the GST Council meeting on September 9.

The minister's statement indicates the Narendra Modi 3.0 government will accord high priority to the much-awaited structural overhaul of the comprehensive indirect tax.
A committee of officers will present the status of the current GST rates and the revenue trends after the GST was rolled out in July 2017 at the 54th Council meeting.

The re-constituted Group of Ministers, headed by Bihar deputy chief minister Samrat Choudhary, would make a detailed presentation in front of the Council on the work done so far and the unfinished agenda. "A short discussion on rate rationalisation may happen among ministers in the Council," Sitharaman said. She, however, added that any decision on the rate rejig would take longer as the GoM would need time to prepare its recommendations.

Official sources said that the GoM is currently looking into various aspects of rate rationalisation. This includes ascertaining whether commodities of similar nature have the same GST rates so that there are no classification disputes. Reducing the number of slabs from four now to three is under consideration.

The reconstituted GoM had its first meeting last week, after which state finance ministers who are a part of the ministerial panel spoke against the need to tweak the four major tax slabs under the indirect tax regime.

The GST Council meets at least once in a quarter.

At present, the GST structure has four slabs – 5%, 12%, 18%, and 28%.

As per an RBI study, the weighted average tax rate under the GST had come down to 11.6%, from 14.4% at the time of its launch as against the revenue-neutral rate (RNR) of 15.5%. Sources said the weighted average rate has even come down further to below

11%. However, some experts have pointed out that the RNR of the GST base was actually lower and there is no need to follow the 15.5% rate. They cite the current buoyancy in tax collections.

As the proceeds from the GST compensation cess will be enough to repay loans, taken to compensate states in the past, ahead of the scheduled time (March 2026), sources said the Council will discuss the way forward on these cesses.

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Textiles Ministry Approves Start-Up Grants and B.Tech Courses in Technical Textiles

The Ministry of Textiles, under the leadership of its Secretary, convened the 8th Empowered Programme Committee (EPC) meeting today at Udyog Bhawan, New Delhi. The meeting focused on advancing India's technical textiles sector, which is poised to play a significant role in the nation's industrial and educational landscape.

In a significant move to foster innovation, the committee approved grants of approximately INR 50 lakhs each to four promising start-ups under the 'Grant for Research & Entrepreneurship across Aspiring Innovators in Technical Textiles (GREAT)' scheme. These start-ups are working on cutting-edge projects in key strategic areas such as composites, sustainable textiles, and smart textiles, which are critical for the growth and modernization of the industry.

In a parallel development aimed at strengthening the academic infrastructure, the EPC also sanctioned a grant of approximately INR 20 crores to five educational institutes. These funds will be used to introduce specialized B.Tech courses in technical textiles. The new courses will cover various applications including geotextiles, geosynthetics, composites, and civil structures, reflecting the growing importance of technical textiles in multiple sectors.

This initiative aligns with the broader goals of the National Technical Textiles Mission, which seeks to position India as a global leader in technical textiles by promoting innovation, research, and education. The introduction of these courses is expected to build a strong foundation for the next generation of engineers and innovators in the technical textiles domain.

By empowering start-ups and academic institutions alike, the Ministry of Textiles is taking decisive steps to ensure that India not only meets its domestic demands but also becomes a key player in the global technical textiles market.

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Ministry of Textiles Approves ₹50 Lakh Each to Four Start-ups

The Ministry of Textiles has approved four start-ups with a grant of approximately fifty lakh rupees each at the eighth Empowered Programme Committee meeting chaired under the National Technical Textiles Mission in New Delhi today. The four startups have received grants under the Grant for Research and Entrepreneurship across the Aspiring Innovators in Technical Textiles scheme. These startups are focused on key strategic areas of composites, sustainable textiles, and smart textiles.

The committee has also approved a grant of approximately twenty crore rupees to five education institutes to introduce courses in technical textiles under the 'General Guidelines for Enabling of Academic Institutes in Technical Textiles'. The approved institutes have proposed to launch a new B.Tech courses in different fields of technical textiles, including geotextiles, geosynthetics, composites, civil structures, etc.

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GLOBAL

G20 merchandise export growth stagnates in Q2 2024

G20 merchandise export growth flattened in the second quarter (Q2) of 2024, measured in current US dollars, following a rise in the previous quarter, according to the latest data from the Organisation for Economic Co-operation and Development (OECD). This slowdown was largely attributed to a decline in exports from the European Union (EU), which impacted overall growth figures.

Despite the stagnation in exports, G20 merchandise imports grew by 1.2 per cent in Q2 2024, marking a recovery after seven consecutive quarters of negative growth. This increase was primarily driven by strong import activity in the US and the EU, as per OECD.

In North America, merchandise export growth stagnated in the US during Q2 2024, partly due to reduced exports of industrial supplies and materials. Canada experienced a decline in exports. However, both countries saw an increase in imports.

The EU reported a 0.9 per cent decrease in exports, mainly driven by a downturn in Germany, where sales of chemicals and other manufactured goods were reduced. Nevertheless, the EU recorded positive import growth of 0.2 per cent, marking the first positive quarter since Q2 2022.

In the UK, exports fell by 2 per cent, while imports surged by 8.3 per cent, fuelled by increased demand for machinery and transport equipment.

East Asia presented a mixed picture, with robust merchandise export growth in China and Korea. Conversely, Japan's exports declined by 2.1 per cent, partly due to the impact of a weak yen. After experiencing negative import growth in Q1 2024, imports in China, Korea, and Japan rebounded in the second quarter.

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Cotton Prices Rise As Acreage Drops 9% To 110 Lakh Hectares

Cotton candy prices rose by 0.57% yesterday, closing at ₹58,020, driven by concerns over reduced acreage in the current kharif cropping season. The area under cotton cultivation decreased by approximately 9% to 110.49 lakh hectares (lh) compared to 121.24 lh last year, with the Cotton Association of India (CAI) projecting an even lower total acreage of around 113 lh for this year, down from 127 lh in the previous year. This reduction is largely attributed to farmers shifting to other crops due to lower yields and high production costs. The CAI has also highlighted a tighter cotton balance sheet for the upcoming season, driven by higher-than-expected exports to Bangladesh, which have surged from 15 lakh bales to 28 lakh bales. India’s cotton production and consumption for 2023-24 are both estimated at around 325 lakh bales.

However, the gap created by higher exports and imports will tighten the availability of cotton stocks, with an estimated 70 lakh bales available for consumption up to September 30. If the new crop is delayed, this could further strain the supply of mills. Globally, the 2024/25 cotton balance sheet shows reductions across production, consumption, and stock levels, with world production down by 2.6 million bales due to lower output in the United States and India. Consumption has also decreased, particularly in China, leading to a reduction in world-ending stocks to 77.6 million bales.

Technically, the Cottoncandy market is experiencing fresh buying, with open interest increasing by 0.57%. The price finds immediate support at ₹57,940, with further support at ₹57,870. On the upside, resistance is likely at ₹58,090, with potential testing of ₹58,170 if the upward momentum continues.

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ICE cotton slips as dollar strengthens, market eyes weather forecasts

ICE cotton experienced some losses due to resistance at higher levels. A rebound in the dollar index from lower levels pulled down US cotton futures yesterday. However, higher crude oil prices limited the fall in ICE cotton. Traders are not currently focusing on demand dynamics and weather conditions around the world.
Yesterday, the ICE cotton December contract settled at 70.26 cents per pound (0.453 kg), down 0.65 cents. Initially, the contract had reached 71.36 cents, marking the highest level since July 2019.

The dollar index recovered from an eight-month low and settled with slight gains. A stronger dollar made cotton more expensive for overseas buyers, contributing to the decline in the natural fibre.

The trading volume for the day was recorded at 26,305 contracts, which was lower than the 33,680 contracts traded the previous Friday. Open interest, a measure of market activity, decreased by 3,024 contracts, bringing the total down to 228,910. Certified stocks at ICE remained stable, starting the day at 9,413 bales, with no changes reported.

The USDA's weekly crop growth report showed a slight decrease in the US cotton quality rate to 40 per cent, down from 42 per cent the previous week. This compares to a 33 per cent quality rate at the same time last year. The boll setting rate for US cotton was reported at 89 per cent for the week, up from 84 per cent the previous week and slightly above the five-year average of 88 per cent.

Weather forecasts indicate potential rain in the 6-10 day outlook, which could help alleviate drought conditions in some areas. Despite the possibility of rain, the overall market sentiment remains cautious, influenced by a combination of declining demand, currency fluctuations, and speculative positioning.

Currently, ICE cotton for December 2024 is trading at 70.36 cents per pound, up 0.10 cents. Cash cotton is trading at 66.08 cents (down 0.71 cents), the October contract at 70.91 cents (up 0.33 cents), the March 2025 contract at 71.83 cents per pound (up 0.10

cents), the May 2025 contract at 73.03 cents (up 0.07 cents), and the July 2025 contract at 73.59 cents (up 0.03 cents). A few contracts remained at the same level as the last closing, with no trading noted today.

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Pakistan: Jamaat-e-Islami announces nationwide shutter-down strike against inflation on August 28

The Jamaat-e-Islami (JI) Naib, Emir Liaqat Baloch announced that the religio-political party would hold a shutter-down strike across the country on August 28 to mount pressure on the government to provide relief to the masses, Geo News reported.
Baloch, while addressing a press conference in Islamabad on Monday, said that the trader community made a unanimous decision to observe a nationwide strike against inflation, high electricity prices and imposition of hefty taxes.

He warned that any attempt by the government to stop the strike would push the country into anarchy.
The politico reminded that his party staged a 14-day protest in Rawalpindi and held negotiations with the federal government. The ministers had signed an agreement after accepting the JI's demands for providing relief to the inflation-hit nation earlier this month, as reported by Geo News.

Baloch added that a one-month deadline was set to review the contracts with independent power producers (IPPs) in the agreement. He further demanded the Pakistan government to implement the agreement.
Baloch also hinted at starting a long march to Islamabad if needed. He added that his party had just postponed the sit-in after signing an agreement with the government, however, they would continue their struggle to get relief for the nation.
Before announcing the strike, JI Emir Hafiz Naeem ur Rehman announced another protest two weeks ago, saying that his party would give a call for peaceful protest by joining hands with trader groups.
Notably, the announcement of protests came after the party postponed its 14-day long sit-in on August 9 following successful negotiations with the government over demands including slashing high power tariffs and reviewing agreements with the IPPs which have been under the spotlight as people are paying hefty bills blamed on capacity payments being made to independent power producers, Geo News reported.

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