LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

1st
JUNE
2024

News Highlights

NATIONAL

GLOBAL

NATIONAL

Global Recovery May Have Propelled India's FY24 GDP Growth To 8%: SBI

The State Bank of India’s (SBI) artificial neural network model points to a 7.4-per cent quarterly gross domestic product (GDP) growth for the fourth quarter (Q4) of fiscal 2023-24 (FY24). Global economic recovery may have propelled India’s FY24 GDP growth to 8 per cent, it noted in its latest ECOWRAP newsletter.
Corporate India continued to report strong numbers, though some pressure on profitability surfaced to the fore after long quarterly spells of balance sheet strengthening.

Around 2,400 listed entities of Indian Inc reported top line growth of 9 per cent in Q4 FY24, while earnings before interest, taxes, depreciation and amortisation (EBIDTA) grew by around 21 per cent in Q4 FY24 compared to almost flat top line in all previous quarters of the fiscal (26 per cent in the previous quarter).

However, profit after tax (PAT) growth declined to around 12 per cent from 42 per cent in the previous two quarters on year-on-year (YoY) basis.

Leading indicators show a secular growth trend across urban and rural landscape, though the incremental growth in rural economy is picking up faster, the newsletter said. Urban indicators showed marked improvement in recent months.

Above normal monsoon augurs well for rural economy by boosting domestic supplies of pulses, oilseeds and cereals.

Corporate gross value added (GVA) grew by around 18 per cent in Q4 FY24 compared to 20 per cent in Q4 FY23 and 26 per cent in Q3 FY24.

Sectors like banking, automobile, capital goods, consumer durables and pharmaceuticals have reported excellent numbers during the quarter ended March 2024.

Home

Georgia reaches out to India to begin free-trade agreement talks

Georgia reaches out to India to begin free-trade agreement talks | Economy & Policy News - Business Standard (business-standard.com)

Home

MC Analysis: GDP numbers show early signs of investment-led growth with strong multipliers

For the sake of analyses, it can be sometimes useful to carve out a country's national income data into consumption and investment slices. A relevant question to ask would be: which of the two (consumption or investment) has been doing the heavy lifting for the broader economy's growth?

The latest national income data that the national statistical office has put out on May 31 makes for an interesting reading.

The headline numbers show that the Indian economy has cantered onto a fast lane. Real or inflation-adjusted gross domestic product (GDP) grew 8.2 percent in 2023-24.

The noteworthy piece of statistic, however, is that much of this growth over the last 12 months appears to have been investment-led. Gross fixed capital formation (GFCF), a mainstream proxy to measure economy-wide investment activity, grew 8.2 percent on an inflation-adjusted constant prices basis in 2023-24 compared to 6.2 percent growth in 2022-23. At the aggregate level, GFCF accounted for more than a third—33.5 percent—of the total GDP (in constant prices) in 2023-24. Directionally, it is higher, albeit marginally, from 33.3 percent of GDP that GFCF accounted for in 2022-23.

If GFCF were to expand at high single digits in the coming years, it could mark a significant pivot in the structure of India's GDP—from being heavily consumption dependent to being investment-driven.

For too long, the Indian economy has been characterised by reliance on consumption expenditure. Household spending has been the strongest edifice of India's economic story over the last few decades, partly driven by a swelling middle class whose spending ability and appetite and the resultant demand for goods and services have served as the primary growth machine.

Economies react to consumption-led levers with a greater immediacy. When families spend more on goods and services, companies add capacity lines to meet extra demand. Most of this demand-led growth is a function of people's income levels, not just of their current income levels, but also of what they think of their future incomes. For instance, the key determinant of a household to buy a car or a house is not its current income levels, but what it thinks about its ability to finance the car or house purchase over several years since most of these are bought on loans. To that extent, consumption-led growth is more prone to income volatility risks, something which India and the rest of the world experienced during the Covid-19 pandemic or in the aftermath of the financial market crash of 2008.

Investment-led growth, on the other hand, is a slow-moving variable. Such growth is qualitatively different and offers more solidity to the macro-economy to withstand exogenous policy and event shocks.

The national income data show that the construction sector grew 9.9 percent (in constant prices) in 2023. This stands out more so because this has come on the back of a very high base of 9.4 percent growth in the previous year, perhaps mirroring the high pace of infrastructure project execution such as roads, highways, ports and airports.

To be sure, the government has been emphatically focused on the investment-led growth model. In the Interim Budget for 2024-25, which was presented on February 1, Finance Minister Nirmala Sitharaman pencilled in a capital expenditure of Rs 11.1 lakh crore, a growth of 11.1 percent over 2023-24.

The focus on capital expenditure relies on the principle that higher public investment in infrastructure projects unleashes economic growth through multipliers.

This has grown on the back of a 33 percent—from Rs 7.5 lakh crore in 2022-23 to Rs 10 lakh crore in 2023-24.

Highways and ports are long gestation projects, but can create jobs, with cascading benefits on intermediate industries such as cement and steel. The government’s decision to do the heavy lifting on capital expenditure appears to be a part of the well-crafted medium-term strategy to not just accelerate the pace of infrastructure project execution, but also to trigger a cycle of private sector investment, or what economists sometimes describe as the “crowding in” phenomenon.

The GFCF growth in the national income data seem to suggest that there could be early signs of this trigger kicking-in.

Home

India's blockbuster FY24 GDP growth is just the trailer: PM Modi

Prime Minister Narendra Modi on May 31 said that the Q4 GDP growth data for 2023-24 shows robust momentum in Indian economy which is poised to further accelerate.

In a post on X (formerly Twitter) PM Modi also thanked the hardworking people of the country saying, "8.2% growth for the year 2023-24 exemplifies that India continues to be the fastest growing major economy globally. As I've said, this is just a trailer of things to come.."

India's gross domestic product (GDP) grew at a faster-than-expected year-on-year rate in the January-March quarter, helped by government spending and resilient consumer demand. Economists expect the momentum to remain strong this year.

The full-year 2023-24 GDP growth has been revised upwards to 8.2 percent from the second advance estimate of 7.6 percent, data released by the Ministry of Statistics and Programme Implementation on May 31 showed.

Real Gross Value Added (GVA) has grown by 7.2 percent in FY24 thanks to the manufacturing sector, whose GVA rose by 9.9 percent in 2023-24 over a contraction of 2.2 percent in 2022-23 as well as due to the mining and quarrying sector that grew 7.1 percent in the previous fiscal over 1.9 percent in FY23.

Commenting on the robust GDP growth in FY24, Finance Minister Nirmala Sitharaman said that India's growth momentum will continue in the third term of PM Modi.

In a post on X (formerly Twitter), Sitharaman said, "Today's GDP data showcases robust economic growth with a growth rate of 8.2% for FY 2023-24 and 7.8% for Q4 of FY 2023-24. This remarkable GDP growth rate is the highest among the major economies of the world. It is worthwhile to note that the Manufacturing sector witnessed a significant growth of 9.9% in 2023-24, highlighting the success of the Modi government's efforts for the sector."

Further, India's G20 Sherpa Amitabh Kant noted, "The latest estimates for FY 24 reveal a remarkable Real GDP growth of 8.2%, surpassing the 7.0% growth in the previous year. This exceptional performance is a testament to India's robust economic momentum and resilience."

The 16th Finance Commission chairman Arvind Panagariya on Friday said GDP growth at 8.2 per cent for 2023-24 is a "great news for India".

Former Chief Economic Adviser KV Subramanian noted, “India's GDP growth at 8.2% for FY23-24. Feel gratified as in Sep-2021, when few believed it, I'd said in many interactions that I expect India to have 7%+ GDP growth.”

The blowout GDP data will be roundly cheered by India's policymakers, with the government's chief economic adviser V Anantha Nageswaran earlier this month saying that there was a high possibility of India’s economic growth touching 8 percent in FY24.

Home

Modi Govt turned around banking sector, over Rs 10 lakh crore bad loans recovered in 10 years: Nirmala Sitharaman

Finance minister Nirmala Sitharaman on Friday said the Modi government has turned around the banking sector through various reforms and improved governance which has led to banks recovering more than Rs 10 lakh crore from bad loans between 2014 and 2023.

She said the Enforcement Directorate has investigated around 1,105 bank fraud cases, which resulted in the attachment of Rs 64,920 crore worth of proceeds of crime. As of December 2023, assets amounting to Rs 15,183 crore have been restituted to the Public Sector Banks (PSBs).

"Recently, India's banking sector achieved a significant milestone by recording its highest-ever net profit, crossing Rs 3 lakh crore. The banking sector turned around due to PM Shri @narendramodi's strong and decisive leadership. Our government atoned for the UPA's sins in the banking sector through comprehensive and long-term reforms," Sitharaman said in a post on X.

She said there has been no leniency in recovering bad loans, especially from large defaulters, under the Modi government and the process is ongoing.

This is in stark contrast to the situation before 2014 when @INCIndia led UPA government turned the banking sector into a cesspool of bad loans, vested interests, corruption and mismanagement.

"It's a pity that opposition leaders are still unable to distinguish between write-offs and waivers. After the 'write-offs' as per RBI's guidelines, banks actively pursue the recovery of bad loans. And, there has been no 'waiver ' of loans for any industrialist. Between 2014 and 2023, banks recovered more than Rs 10 lakh crore from bad loans."

Slamming the Congress-led UPA's tenure for mismanaging the sector she said the 'seeds' of the NPA crisis were sown during the @INCIndia-led UPA era through 'Phone Banking' when loans were given to undeserving businesses under pressure from UPA leaders and party functionaries.

"Under the UPA, obtaining loans from banks often depended on powerful connections rather than a solid business proposition. Banks were forced to neglect proper due diligence and risk assessment before sanctioning these loans," she said.

Sitharaman said the Modi government implemented a comprehensive 4R's strategy of Recognising NPAs transparently, Resolution and Recovery, Recapitalising PSBs, and Reforms after coming to power in 2014. "Our reforms addressed credit discipline, recognition and resolution of stress, responsible lending and improved governance. We replaced political interference in banks with professional integrity and independence," she said.

The minister said the Modi government will continue to take decisive measures to strengthen and stabilise our banking system, ensuring banks support India's growth path to Viksit Bharat by 2047.

"The UPA Alliance, dominated by dynastic parties, used banks for their own 'Parivar Kalyan' (family welfare). In contrast, our government has leveraged banks for 'Jan Kalyan' (public welfare)," she said Efforts to expand banking in India faltered for decades due to Congress's limited actions beyond bank nationalisation, which benefitted mainly the educated and elite. Before 2014, banking access was largely restricted to cities, she said.

"We remain committed to further driving financial inclusion and empowering the underprivileged," Sitharaman said.

Home

ED attached Rs 64,920 crore in 1,105 bank frauds, FM says on revival of PSU lenders

The Enforcement Directorate has attached Rs 64,920 crore from around 1,105 bank fraud cases so far, Finance Minister Nirmala Sitharaman reiterated in in a thread of posts on the social media platform X on May 31.

“As of December 2023, assets amounting to Rs 15,183 crore have been restituted to the public sector banks (PSBs). There has been no leniency in recovering bad loans and the process is ongoing,” the finance minister said.

The banking sector, considered the backbone of a nation’s economy, recently achieved a significant milestone by recording its highest-ever net profit, crossing Rs 3 lakh crore in 2023-24, up from Rs 2.2 lakh crore in FY23.

During FY 2023-24, public sector banks recorded the highest-ever aggregate net profit of Rs 1.41 lakh crore, a four-fold surge over Rs 36,270 crore in FY 2014. The lenders declared a dividend of Rs 27,830 crore to their shareholders in FY24. Net NPAs of the state-run banks declined to 0.76 percent in March 2024 from 3.92 percent in March 2015, and from a peak of 7.97 percent in March 2018, she said.

Banks previously placed under the RBI's Prompt Corrective Action (PCA) framework have shown significant improvement, leading to the removal of all PCA restrictions. Due to reforms, the public sector lenders' ability to raise capital (equity and bonds) has improved. The PSBs have mobilised Rs 4.34 lakh crore from the market between FY 2014-15 and FY 2023-24, she said.

Access to credit is essential for nurturing entrepreneurship, self-employment and financial independence. Bank Credit growth (non-food) was 16 percent in FY24, the highest in the last 10 years. “Agricultural credit has increased 2.5-fold to Rs 21.55 lakh crore in FY 2022-23 from Rs 8.45 lakh crore in FY 2014-15. The Kisan Credit Card (KCC) scheme has provided timely and hassle-free credit to farmers, with over 7.36 crore operative KCC accounts,” the finance minister said.

Under PM MUDRA Yojana, loans worth Rs 28 lakh crore have been disbursed to over 48 crore people, with 68 percent of loans granted to women. Despite unfounded concerns shown by critics during the launch, NPAs under MUDRA are below 3 percent, reflecting the scheme's success, the post said.

Similarly, PM SVANidhi was launched to integrate urban Street Vendors into the formal economy. Loans worth over Rs 11,400 crore have been disbursed to 78 lakh street vendors, reducing their reliance on high-interest loans.

Stand-Up India Scheme has helped SC/ST individuals and women become self-reliant, with loans worth Rs 27,806 crore disbursed to over 2.28 lakh beneficiaries, Sitharaman said.

There are over 52 crore PM Jan Dhan accounts with deposits exceeding Rs 2.31 lakh crore. Over 55 percent of Jan Dhan accounts belong to women, and more than 66 percent are in rural areas. During Covid, 20.64 crore women received money directly into their Jan Dhan accounts, she added.

Banks under Congress regime

“The ‘seeds’ of the NPA crisis were sown during the Congress-led UPA era through ‘phone banking’, when loans were given to undeserving businesses under pressure from UPA leaders and party functionaries. Banks were forced to neglect proper due diligence and risk assessment before sanctioning these loans,” Sithraman said.

This led to a massive increase in bad debt and institutionalised graft. Many banks hid and avoided reporting their NPA by evergreening or restructuring them. "Various measures by our government and the RBI, such as the asset quality review, disclosed hidden mountains of NPAs and ended the accounting tricks used to hide them," she added.

"The Congress-era reckless and imprudent lending created the disgraceful legacy of the 'Twin Balance Sheet' problem, which we inherited in 2014," she said.

Twin balance sheet problem is when banks are under severe stress while the corporates are overleveraged to the extent that they cannot repay their loans.

Two former RBI governors have openly exposed the level of decay in the system left by the UPA regime. Raghuram Rajan, who also participated in Rahul Gandhi's 'Bharat Jodo Yatra' described the NPA crisis during the UPA era as a "historic phenomenon of irrational exuberance".

Similarly, former Governor Urjit Patel noted that the functioning of PSBs under the UPA suffered from "a perennial shortcoming on account of bureaucratic inertia and political meddling."

Reforms brought in

Banks Board Bureau (BBB) was created for transparent selection of non-executive Chairpersons and whole-time directors. Mission Indradhanush, provided for re-capitalisation of PSBs, infusing over Rs 3.10 lakh crore. The Insolvency an d Bankruptcy Code (IBC) was brought for faster recoveries.

Home

GDP growth surpasses estimates at 7.8% in Q4; FY24 tops 8%

India's gross domestic product (GDP) growth surpassed all expectations and stood at 7.8 percent in the January-March quarter, though slower versus 8.4 percent in the third quarter. The full-year 2023-24 GDP growth has been revised upwards to 8.2 percent from the second advance estimate of 7.6 percent, data released by the Ministry of Statistics and Programme Implementation on May 31 showed.

A survey of economists by Moneycontrol estimated Q4 GDP growth to slow down to 6.5-6.7 percent from 8.4 percent in the three months ended December 31, 2023. The survey showed 2023-24 GDP at 7.7-7.8 percent percent.

Prime Minister Narendra Modi noted that Q4GDP growth "exemplifies that India continues to be the fastest growing major economy globally."

The blowout GDP data will be roundly cheered by India's policymakers, with the government's chief economic adviser V Anantha Nageswaran earlier this month saying that there was a high possibility of India's economic growth touching 8 percent in in FY24.

It also comes on the same day as Moody's Ratings raised India growth forecast to 6.8 percent in the current fiscal from 6.5 percent earlier citing strong, economic expansion and post-election policy continuity.

Real Gross Value Added (GVA) has grown by 7.2 percent in FY24 thanks to the manufacturing sector, whose GVA rose by 9.9 percent in 2023-24 over a contraction of 2.2 percent in 2022-23 as well as due to the mining and quarrying sector that grew 7.1 percent in the previous fiscal over 1.9 percent in FY23.

However, farm sector growth is seen slowing down to 1.4 percent in FY24 against 4.7 percent in 2022-23. And, the GVA for the tertiary sector is seen lower at 7.6 percent in 2023-24 versus 10.0 percent in FY23 with trade, hotel, and transport related services estimated to nearly halve on-year at 6.4 percent in the previous fiscal.

Real GVA has been estimated to grow by 6.3 percent in Q4 of 2023-24, while nominal GDP for the last quarter of the previous fiscal is seen at 9.9 percent.

For the full-fiscal year of FY24, nominal GDP is seen at 9.6 percent, missing the Budget estimate of 10.5 percent.

"The 8.2 percent growth estimate for the FY24 is significant as it is above the psychological mark of 8 percent. The GDP numbers have been buoyed by a strong print in manufacturing supported by a low base given the negative growth printed in previous year. Mining and Quarrying has also helped the higher print. However, all other sectors have printed a decline over previous year and the low prints in agriculture and services are areas of concern," according to Ranen Banerjee, Partner and Leader Economic Advisory, PwC India.

Commenting on the robust GDP growth in FY24, Finance Minister Nirmala Sitharaman said that India's growth momentum will continue in the third term of PM Modi.

In a post on X (formerly Twitter), Sitharaman said, "Today's GDP data showcases robust economic growth with a growth rate of 8.2% for FY 2023-24 and 7.8% for Q4 of FY 2023-

24. This remarkable GDP growth rate is the highest among the major economies of the world. It is worthwhile to note that the Manufacturing sector witnessed a significant growth of 9.9% in 2023-24, highlighting the success of the Modi government's efforts for the sector."

Q4 GDP internals

Manufacturing sector GVA, though higher in FY24 on a year-on-year basis, witnessed a slowdown in the last quarter of the previous fiscal at 8.9 percent versus 11.5 percent in Q3.

Primary sector GVA remained flat on a quarter-on-quarter basis at 1.1 percent with farm sector showing a marginal rise of 0.6 percent from 0.4 percent in October-December, while mining and quarrying saw a sharp slowdown to 4.3 percent in Q4 versus 7.5 percent in Q3.

This means that unlike GDP, real GVA is seen slowing down to 6.3 percent in Q4 of FY24 from 6.8 percent in October-December.

The private final consumption expenditure (PFCE) grew at 4.0 percent on-year in the last quarter of the previous fiscal but remained flat versus Q3.

"Ind-Ra has been highlighting that the weakness in the consumption demand is due to its skewed nature towards goods and services largely consumed by the households belonging to the upper income bracket. Therefore, consumption demand continues to be narrowly based and its growth sustenance critically hinges on the recovery of goods and services consumed by the households belonging to the lower 50 percent of the income bracket," said India Ratings' Sunil K Sinha and Paras Jasrai.

Home

Reserve Bank of India to delay interest rate cut to late this year: Poll

The Reserve Bank of India will cut interest rates just once this year, most likely in October-December rather than next quarter, although there was no clear majority among economists polled by Reuters on the timing of the first move.

With a growing likelihood many major central banks, including the US Federal Reserve, delay cutting interest rates, there is little upside for the RBI to step in front.

With near-8 per cent growth, the fastest among major world economies, and above-trend inflation there is also little urgency for the RBI to begin cutting rates unless concerns emerge about a slowdown.

All but one of 72 economists in a May 17-30 Reuters poll expected the RBI to hold the repo rate at 6.50 per cent at the conclusion of its June 5-7 meeting, just a few days after election results are due.

"Taking a leaf out of the global monetary policy playbook, the RBI too is likely to err on the side of caution and adopt a significantly restrained approach to rate cuts," said Aditi Gupta, an economist at Bank of Baroda.

"Given how the domestic growth and inflation dynamics have been placed, we do not foresee a possibility of the RBI preceding the Fed."

Nearly half of economists surveyed, 33 of 71, predicted the RBI's first repo rate cut would take place in Q4 2024, giving a median forecast of 6.25 per cent. In April, the most popular choice for the first cut was Q3.

By end-2024, 33 of 71 said rates would be 25 basis points lower at 6.25 per cent, 15 said 6.00 per cent, and five expected 5.75 per cent or lower. The remaining 18 forecast no rate change this year.

Those predictions come despite widespread expectations inflation will stay above 4 per cent, the mid-point of the RBI's preferred 2 per cent-6 per cent range, this year and next.

At 4.83 per cent in April, inflation is expected to dip to 4.00 per cent next quarter before rising in subsequent quarters, the poll showed, averaging 4.5 per cent this fiscal year and next.

Economic growth was forecast to average 6.8 per cent this fiscal year and 6.6 per cent next.

"With the still-robust growth outlook creating no urgency to cut rates and inflation still above target, driven mainly by food ... we do not expect the majority of the MPC to see a reason to cut before December," Shreya Sodhani of Barclays noted.

While a smaller number of forecasters provided rate views well into next year, median forecasts showed no further cuts beyond 6.00 per cent.

Home

Farmers turn away from cotton, 30 per cent decline in crop area

[Farmers turn away from cotton, 30 per cent decline in crop area : The Tribune India]

Home

India's fiscal deficit improves to 5.6% of GDP in FY24, lower than target of 5.8%

[India's fiscal deficit improves to 5.6% of GDP in FY24, lower than target of 5.8% - The Economic Times (indiatimes.com)]

Home

Will take decisive steps to stabilise banking system: FM Sitharaman

Union Finance Minister Nirmala Sitharaman on Friday said the government is dedicated to expanding formal banking access and will continue to take decisive measures to strengthen and stabilise the banking system.

This will ensure that banks support India's growth path to Viksit Bharat by 2047.

“Our government has ‘banked the unbanked’ and ‘funded the unfunded’, in line with the ethos of Antyodaya. We remain committed to further driving financial inclusion and empowering the underprivileged,” Sitharaman said in a series of posts on ‘X.

FM also said the 'Samudra Manthan' of sorts in the banking sector under PM Narendra Modi's leadership yielded positive results along with expected challenges during the 'churn’.

“Due to our government’s policy response to recognition of stress, resolution of stressed accounts, recapitalisation and reforms in banks, the financial health and robustness of public sector banks (PSBs) have improved significantly since 2014,” she added.

FM pointed out that the Modi government has turned banks from being 'NPA-laden nightmares' into 'Pillars of Jan Kalyan'.

During FY24, PSBs recorded the highest-ever aggregate net profit of Rs 1.41 trillion, almost 4 times higher than Rs 36,270 crore in FY14.

PSBs declared a dividend of Rs 27,830 crore to shareholders (Centre’s share Rs 18,088 crore) in FY24.

Net non-performing assets (net NPAs) of PSBs declined to 0.76 per cent in March 2024 from 3.92 per cent in March 2015. They were at a peak of 7.97 per cent in March 2018.

However, gross NPA ratio of PSBs declined to 3.47 per cent in March 2024 from 4.97 per cent in March 2015. The peak of 14.58 per cent was in March 2018.

The finance minister, in her posts, said that bank credit growth (non-food) was 16 per cent in FY24, the highest in 10 years.

“This would not have been possible without a significant improvement in the banking sector's health. Resilience has increased, with the provisioning coverage ratio (PCR) increasing to a healthy 92.99 per cent in March 2024 from 46.04 per cent in 2015,” she added.

Sitharaman also added that due to reforms, PSBs' ability to raise capital (equity and bonds) has improved.

PSBs have mobilised capital of Rs 4.34 trillion from the market between FY15 and FY24.

“Macro stress tests for credit risk indicate that banks are well-capitalised. All banks comply with the minimum capital requirements even under adverse stress scenarios,” she added.

Home

GLOBAL

US Cotton Exports Rise In Week Ending May 23: USDA

Net export sales of US’ Upland cotton totalled 222,600 RB (running bales, each weighing 226.8 kg or 500 pounds) for the week ended May 23 of the current season, 2023-24, up 10 per cent from the previous week and 25 per cent from the prior 4-week average.

According to the export sales report from the US Department of Agriculture (USDA) for the week ended May 23, the export sales increased primarily for China (191,900 RB, including 400 RB switched from Hong Kong), Vietnam (8,500 RB, including 900 RB switched from China, 300 RB switched from Japan, and decreases of 500 RB), Bangladesh (5,900 RB, including decreases of 200 RB), Turkiye (5,100 RB, including decreases of 200 RB), and South Korea (4,400 RB). However, the increases in the exports were offset by reductions for Guatemala (7,100 RB) and Hong Kong (400 RB).

For the coming season 2024-25, Upland cotton's net export sales of 78,100 RB were primarily reported for Turkiye (26,400 RB), El Salvador (20,900 RB), Thailand (8,800 RB), Guatemala (7,300 RB), and India (4,400 RB). The exports of 172,200 RB were down 16 per cent from the previous week and 21 per cent from the prior 4-week average. The destinations were primarily China (52,500 RB), Turkiye (30,700 RB), Vietnam (20,200 RB), Pakistan (15,300 RB), and Indonesia (12,100 RB).

The net export sales of Pima totalled 5,400 RB for the week ended May 23, down 46 per cent from the previous week and 10 per cent from the prior 4-week average. The increases were primarily for India (2,000 RB), China (1,300 RB), Peru (800 RB), Bangladesh (500 RB), and Vietnam (400 RB).

Total net sales of 200 RB for 2024-25 were for Japan. Exports of Pima cotton reached 6,300 RB, down 53 per cent from the previous week and 20 per cent from the prior 4-week average. The destinations were primarily China (1,900 RB), Vietnam (1,800 RB), Peru (600 RB), Pakistan (600 RB), and India (500 RB).

Home

ICE Cotton Witnesses Heavy Losses Due To Better Weather, Huge Sell-Off

ICE cotton has pared its early gains amid heavy volatility. Although a weaker US dollar was a positive sign for cotton, improved weather conditions and a sell-off in other commodities and equity markets led to extraordinary selling, causing losses of over 4 per cent in US cotton.

According to trade analysts, the US cotton July contract settled 334 points lower at 77.76 cents per pound (0.453 kg). The December contract settled at 76.51 cents, down 159 points on Thursday.

Although the US dollar index was weak, which is generally considered positive for cotton prices, ICE cotton ignored the currency markets and faced heavy selling, considered purely speculative moves. Crude oil was slightly weak on inventory data, bearish demand, and economic outlook, putting extra pressure on cotton prices.

On Thursday, certified stocks dropped by 59,978 bales to 133,448 bales, driven by 666 new certifications and 60,909 decertifications. This is the largest single-day decertification since July 5, 2018. Typically, such a reduction would boost front-month prices, but it didn't happen, showing how market fundamentals are losing influence.

The US cotton belt is enjoying one of the most favourable weather conditions, with only 5 per cent of the area under drought conditions. Some areas are overly wet, but this may not cause any harm at present. Cotton traders are waiting for the US export sales report, which is due today. If any improvement in demand shows, the market will take support and move forward; otherwise, it may remain under pressure.

On Friday, ICE cotton July 2024 traded 0.65 cents lower at 77.11 cents per pound. Cash cotton traded at 74.01 cents (down 3.34 cents), October (new crop) contract at 77.05 cents (down 0.96 cents), December 2024 contract at 75.97 cents (down 0.54 cents), March 2025 at 77.61 cents per pound (down 0.68 cents), and May 2025 at 78.97 cents (down 0.82 cents).

Home

Cotton Fell As Sluggish Milling Demand Remains Concern In Midst Of Low Yarn Demand

Cotton candy prices experienced a decline of -1.13% yesterday, settling at 57880, primarily driven by sluggish milling demand amidst muted global demand for yarn. However, the downside was limited as demand for Indian cotton remained robust, particularly from countries like Bangladesh and Vietnam. Additionally, prospects of a better crop in countries such as Australia added pressure on prices. The International Cotton Advisory Committee (ICAC) projected increases in cotton-producing area, production, consumption, and trade for the next season, 2024-25.

In India, cotton stocks are expected to decline significantly in 2023/24, reaching their lowest level in more than three decades due to lower production and rising consumption. This decrease in stockpiles is anticipated to support global prices while potentially impacting domestic textile companies' margins. For the marketing year 2024/25, India's cotton production is estimated to decrease by two percent, with mill consumption expected to rise as yarn and textile demand improve in major international markets. Additionally, China's cotton imports are forecasted to increase on higher domestic and international demand for textile and apparel products.

Technically, the cotton candy market is under fresh selling pressure, with a 1.77% increase in open interest to settle at 345 contracts while prices declined by -660 rupees.

Presently, support for Cottoncandy is observed at 57480, with a potential test of 57090 if this level is breached. Resistance is likely at 58480, and a move above could see prices testing 59090. Traders will closely monitor economic indicators and technical signals for further insights into Cottoncandy's price trajectory.

Home

BANGLADESH RMG EXPECTS 10% GROWTH IN NEW MARKETS

Bangladesh RMG expects 10% growth in new markets - Apparel Views

Home