LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

6th JUNE 2024

News Highlights

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India's Gimatex Launches Innovative Siro Compact & CVC Yarn

It has been a rather busy fortnight for the Indian economy. Close on the heels of robust **corporate** earnings and an **enduring 7 percent** GDP growth, the nation awaits ballots getting counted in less than 24 hours followed by the verdict on the interest rates from the Reserve Bank of India on June 7. While the election results may not impact the economy directly, nonetheless a prospect of an NDA Government led by BJP coming back to power, as signalled by Exit Polls, could have a direct bearing on the economic policy or, to some, a sign of continuity.

LOK SABHA ELECTION RESULTS 2024

The Indian economy is poised at a critical point and the momentum in terms of GDP growth continues. While the fineprint on the state of the economy would emerge after the formation of the new government and announcement of the Budget in 2024, the general consensus is that no steps should be undertaken that could have the potential to derail the GDP trajectory.

Policy Continuity a big factor

According to Motilal Oswal report on the economy after the exit polls were made public, “The victory of PM Modi/BJP augurs well for the economy and capital markets as it provides stability and continuity in policymaking with a single-party majority government, which will be expected to continue pushing its economic agenda. Fundamentally, India is witnessing its own mini-Goldilocks moment with excellent macros, solid corporate earnings. This verdict and consequent political stability and continuity in policy-making will act like an icing on the cake, in our view.”

100-day plan a key aspect to watch

Garima Kapoor, Senior Vice President, Economist, Elara Securities retained the FY25 growth projection at 7% and explained that “The announcement of final Budget in July

2024 by the new government (we project a comfortable victory for Modi-led BJP) with the announcements of 100-day plan may offer further policy clarity and direction as to next growth levers. The key risk to India's growth outlook, in our view, comes from potential slowdown in the global economy due to lower-than-expected rate cuts by the central banks and continued geopolitical tensions. A delay in rate cuts in the US and volatile food inflation suggest that India's rate cut cycle is unlikely to commence before Q4FY25. We expect a 25bps cut in FY25E."

Private capex cycle crucial

A likely upside is also anticipated if the private capex cycle gets entrenched firmly. The 48-day long 7-phase election process no doubt saw a significant moderation of the capex cycle and based on the pipeline of approvals/sanctions, one can only expect that there is a gradual pickup after the results announcement. The smart uptick in GST collection and surplus dividend receipts from the RBI are also expected to boost the capex cycle.

According to Rumki Majumdar, Economist, Deloitte India, "The strong growth in this quarter bodes well for investors, who are waiting for sustained cues in consumer demand, to invest. Strong capital investment by the government is already crowding in private investments. One of the biggest drags was exports which contracted by -7.7% YoY. The contraction in exports after eight quarters of double-digit growth is a concern. While the contraction was broad-based, the good news is that exports in electronics goods remained strong. The accelerated digitization around the globe and India's determination to accelerate efforts towards self-sufficiency in the electronics space aided in the growth. The pick-up in capex spending by the government, the rise in demand for new residential properties, and falling input prices (WPI and fuel prices) boosted these sectors. But the biggest boost came from the services sector. This was fueled by strong growth in the 'financial, real estate and business services' sector."

RBI rate decision on June 7

Experts however highlighted that in terms of events that can impact the economy, a significant attention is on the RBI as the Monetary Policy Committee begins its quarterly meeting on rates a day after the results announcement. The RBI's stance and interest rate outlook coupled with inflation expectations are key factors to watch out for.

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Cargo Traffic At Major Indian Ports Up 3.75% YoY In May 2024: IPA

[Cargo traffic at major Indian ports up 3.75% YoY in May 2024: IPA - Fibre2Fashion]

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Deutsche Bank Expects 6.9% Expansion In India's Real GDP In FY25

Deutsche Bank recently said strong growth and a narrower fiscal deficit can lead to a sovereign rating upgrade for India. The German brokerage expects a 6.9-per cent expansion in the country's real gross domestic product (GDP) in FY25, which may go down to 6.5 per cent in FY26.

The Indian economy has exhibited 'remarkable resilience' despite higher rates for longer, the Russia-Ukraine war and the pandemic. A strong pick-up in real GDP growth during FY24 can be also attributed materially to a very low GDP deflator, it noted.

Analysts there said New Delhi's commitments on fiscal deficit to 5.1 per cent in fiscal 2024-25 (FY25) and further down to 4.5 per cent in FY26 'look more credible now'. The figure was 5.6 per cent in FY24 against the budgeted 5.8 per cent.

"A faster-than-anticipated pace of fiscal consolidation could pave the way for a sooner-rather-than-later sovereign rating upgrade for India," the analysts said in a note.

Courtesy the higher than expected dividend announcement by the Reserve Bank of India (RBI) at Rs 2.1 lakh crore, the fiscal deficit for FY25 can come down to 5 per cent as against the budgeted 5.1 per cent.

As a cautionary note, Deutsche Bank pointed out that while the real GDP grew by 8.2 per cent, real gross value added growth was 1 percentage point lower at 7.2 per cent.

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Strong Indian Participation Welcomed At Upcoming Global Sourcing Expo

India's Prime Minister Shri Narendra Modi has stated that India's greatest textile strength is its ability to connect the glorious history of Indian tradition with today's talent technology with traditions. It's a thread that brings together style, sustainability, scale, and skill.

Julie Holt, global exhibition director for the upcoming Global Sourcing Expo Sydney, who recently attended Bharat Tex in New Delhi, says she couldn't agree more with the sentiment that India's textile superpower is that of its strong history of various textile traditions, which includes hand wovens and handlooms, hand dyes and intricate beadwork. "These skills are painstakingly honed and passed down through generations to give Indian textile products a unique look and feel that cannot be recreated with the use of only modern manufacturing techniques."

"Furthermore, at Bharat Tex it was clear that there are some exciting new developments and focus across the entire value-chain in India which are going to further propel India's growth in the textile sectors in coming years."

Many Indian export councils and trade organisations have historically had a strong presence at the Global Sourcing Expo in Australia Melbourne and Sydney. This year is the second year that the event is held biannually and the upcoming edition to be held at the Sydney International Convention Centre from Wednesday 12 to Friday 14 June 2024 will feature another strong showing by India. "As a truly global event, we welcome the participation of a broad range of Indian companies and participation by The Federation of Indian Export Organisations and Council for Leather Exports India.

Prime Minister Modi has further emphasised the importance of the '5 Fs' in India's textile value chain: Farm to Fibre, Fibre to Factory, Factory to Fashion and Fashion to Foreign, signifying the crucial role that exporting and participation in international exhibitions like the Global Sourcing Expo play in reducing the distance between local manufacturers, artisans and the larger market. The government has also introduced funding and sponsorship schemes that allow smaller companies to participate in the Global Sourcing Expo under the umbrella of the various trade association pavilions, which see dozens of manufacturers and artisans showcasing their products to buyers from New Zealand and Australia.

This platform also provides a golden opportunity for exhibitors to foster international networks and explore potential business and creative collaborations with the goal of boosting textile exports from India to global markets.

India has a sustainability advantage

Speaking to the long history between Indian export and trade organisations and the Global Sourcing Expo, Julie shares that the Australian market is attractive for a wide range of reasons. "In many cases, cultural familiarity and strong diaspora networks help encourage trade between our two countries and Australia is seen as a strong and fashion-conscious market with a high spending propensity on fashion. It is also well understood that there is a paradigm shift in sourcing and that the sourcing map is changing rapidly."

"Exporters in India and other countries also understand that Australian consumers are very focused on sustainability and quality, and the demand for ultra-fast fashion is beginning to wane. Instead, consumers are shifting toward quality fabric, materials and production, handmade and unique fashion, all elements that have traditionally and proudly been associated with India," she adds.

Sustainability is at the forefront of the 2024 Global Sourcing Expo, recognising the growing calls from consumers for ethical production practices and traceability in the supply chain. Here, Julie believes that India's wealth of raw materials, particularly natural fibres such as cotton, silk and jute, and preference for traditional manufacturing processes will be a significant advantage. "Sustainability and eco-friendly practices are front and centre for Indian companies, recognising the opportunity to not only help the market, but also capitalise on new marketing opportunities by following sustainable practices."

Finally, Julie shares that while the Global Sourcing Expo can be seen as a gateway to entering the Australian and New Zealand markets, the benefits of attending aren't limited to unlocking new business opportunities.

"Global Sourcing Expo also has an educational aspect, offering a wealth of practical resources and information. Participants will gain valuable market insights into the Australian and New Zealand markets and understand the latest trends, consumer preferences and regulatory requirements," she concludes.

Global Sourcing Melbourne held 19 – 21 November at the Melbourne Convention and Exhibition Centre is also on track to showcase the largest participation by Indian companies since its inception. It is exciting that India is embracing both the Sydney and Melbourne editions understanding the opportunities that the two major markets of Australia confer. It also enables continuity for both exporters and buyers and will further amplify the opportunities for sourcing from India.

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As India steps back intocoalition era, uphill roadfor tough reforms

As India steps back into coalition era, uphill road for tough reforms - The Economic Times (indiatimes.com)

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India seeks arbitration proceedings with Aus under WTO rules on services

India has sought arbitration proceedings under the WTO rules against Australia to resolve an issue with regard to services sector, as it could impact New Delhi's trade in services, an official said.

The official said India has already communicated to the World Trade Organisation (WTO) regarding its request for arbitration on the issue.

On November 17, 2023, Australia notified to the secretariat of the WTO about its intention to modify its schedule of specific commitments under the GATS (General Agreement on Trade in Services) to incorporate additional commitments relating to services domestic regulation.

GATS is a WTO agreement that came into force in 1995. India is a member of the Geneva-based organisation since 1995. WTO is a global tarde watchdog and adjudicates trade disputes among member nations.

As an "affected member", India has stated that Australia's intended modification of its specific commitments does not satisfy certain conditions, the official said.

"Thereafter... India and Australia entered into negotiations with a view to reaching an agreement. The period to conclude these negotiations was extended by mutual agreement until 19 April, 2024. However, no agreement could be reached. India, hereby, requests arbitration proceedings with Australia," the official said.

In February in Abu Dhabi, Over 70 WTO nations agree to take additional obligations under the General Agreement on Goods in Services (GATS) to ease non-goods trade among themselves and extend similar concessions to all other members of the WTO.

These obligations under their schedules in GATS seek to mitigate unintended trade restrictive effects or measures relating to licensing requirements and procedures, qualification requirements and procedures, and technical standards among themselves.

It will also benefit Indian professional companies which will now have equal opportunity to access markets in these 70 countries, if they meet the standards.

As per estimates, the move will help reduce services trade costs by 10 per cent for lower-middle income economies and 14 per cent for upper-middle income economies, with overall savings of USD 127 billion.

WTO disputes can be resolved through the arbitration process.

Another official said the arbitrator will decide the quantum of impact it would have on India.

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RBI likely intervened in NDF to support rupee, traders say

The Indian central bank likely intervened in the non-deliverable forwards market to support the rupee on Wednesday, which has been under pressure post the unexpected election outcome, seven traders said.

The rupee was last at 83.4475 to the U.S. dollar, up from 83.5300 in the previous session.

"RBI hammered (dollar/rupee) at open," a trader at a large private sector bank said.

The "idea here again is that the RBI is letting the market know that we are there" to prevent "large, unwanted moves", another trader said.

The rupee logged its biggest one-day percentage fall in a year on Tuesday following a narrower mandate for Prime Minister Narendra Modi's alliance.

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India Economy: The uneven policy road ahead

India, a widely diverse country of over 1.4 billion people and a self-proclaimed fast growing major economy, has multiple challenges confronting it. Even as the new government prepares to assume office, its economic agenda is cut out. The period immediately after a national election is perfect for tough policy decisions, and vital momentum can be generated early on in the electoral cycle. That is the good news. On the flip side, imminent coalition politics will render such action a little harder. On balance, I imagine change will occur, but more slowly.

India is set to overtake Germany and Japan shortly in aggregate GDP to emerge as the third largest global economy after US and China, a feat already accomplished in 2011 if GDP is measured in Purchasing Power Parity (PPP) dollars. With more than 7.5 percent real GDP growth in the last three financial years, India is now the fifth largest economy in the World GDP ranking list along with endless bragging rights (See Table 1) Projections are also optimistic about the future. The International Monetary Fund (IMF) in April 2024, raised India’s GDP growth projection for FY25 by 30 basis points to 6.8 percent on the back of strong domestic demand, rising public infrastructure spending, and a swelling of the working-age population. The World Bank too forecast growth at 6.6 percent for FY25.

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India plans new shipping firm to capture revenue from growing trade

India plans to set up a new shipping company to expand its fleet by at least 1,000 ships in the next decade, as Asia's third-largest economy seeks a bigger chunk of revenue from surging trade, two government officials said.

The South Asian nation is spending billions of dollars to refurbish infrastructure in its race to become a world-class manufacturer with Prime Minister Narendra Modi, who won a third term this week, aiming for it to be a developed nation by 2047.

The yet-to-be-named firm will be jointly owned by state-run companies in the oil, gas and fertiliser industries, which would provide it with business, along with the state-run Shipping Corp of India and foreign companies.

India's oil and shipping ministries did not respond to requests for comment.

The aim is to reduce freight outgoings to foreign firms by at least a third by 2047, said the sources, who sought anonymity as they were not authorised to speak to the media.

"Current estimates show freight costs will rise to $400 billion as we boost our exports and imports by 2047," said one of the sources, who has direct knowledge of the matter.

Indian companies paid freight costs of $85 billion in the financial year 2019/20, of which $75 billion was paid for use of foreign vessels, the source added.

The turn to foreign carriers comes as India's shipping fleet has not kept pace with its surge in trade, including imports of energy and exports of refined oil products.

India has a fleet of about 1,500 large vessels including tankers, gas carriers, container ships and dry bulk carriers, the sources said.

In January India's oil and shipping ministries agreed that all state-run oil companies and the planned company work together, a government document seen by Reuters showed.

They would draw on the expertise of the Shipping Corp of India in "tanker acquisition and ownership, operations and other areas of shipping", it added.

On May 16, the two ministries formed a joint working group of government and industry officials to devise a roadmap, the document showed.

The new firm will be based at GIFT IFSC, a financial centre in Modi's western home state of Gujarat that aims to compete with hubs such as Singapore by offering fiscal incentives and a more streamlined regulatory environment.

It would draw seed capital from a maritime development fund of roughly 300 billion rupees ($3.6 billion) the government plans to set up in a tie-up with major port authorities, the first source said.

To secure low-cost, long-term loans for financing ship-building, the two ministries want state-run companies to sign 15-year charter deals with the new firm.

That represents a shift from the current practice of booking specific voyages or one- or two-year charters.

"In return the state-run companies can also become stakeholders in the new ship owning and leasing entity," the source added.

"The plan is to consolidate the government-side cargo demand from other ministries, mainly the energy and fertiliser cargoes."

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New government must untangle the GST complexities, says trade body

New government must untangle the GST compexities, says trade body - The Hindu

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RBI's Monetary Policy Committee second meeting of FY25 from June 5-7

The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) is set to conduct its second meeting for the ongoing financial year 2024-25 (FY25) from June 5 to 7. Market analysts predict that the RBI will maintain the repo rate at 6.5 per cent, as persistent food inflation remains a concern for the inflation outlook.

Dates of the RBI MPC: June 5-7, 2024

What is expected from the RBI's upcoming monetary policy?
Repo rate: The repo rate, the rate at which the RBI lends money to commercial banks, is anticipated to remain unchanged at 6.5 per cent. According to a poll by *Bloomberg*, economists expect the central bank to maintain the repo rate at 6.5 per cent for the eight consecutive time.

Monetary policy stance: The MPC is likely to retain its current stance of 'withdrawal of accommodation', indicating a cautious approach towards monetary easing.

GDP and inflation forecasts: While some market analysts believe the RBI might revise its FY25 GDP growth projection, the inflation forecast is expected to remain unchanged.

Chair and members of RBI MPC
The RBI MPC will be chaired by RBI Governor Shaktikanta Das. The committee comprises six members in total.

The other five members are: Shashanka Bhide, Ashima Goyal, Jayanth R Varma, Rajiv Ranjan, and Michael Debabrata Patra.

RBI Governor Das' tenure as the RBI Governor is slated to conclude in December this year.

Highlights of the last RBI MPC meeting
In the previous MPC meeting, which was the first for FY25, the RBI decided to keep the repo rate unchanged at 6.5 per cent.

This decision marked the seventh consecutive time the rate had been held steady, aligning with market expectations

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RBI rate-setting panel starts deliberations on monetary policy, decision on Friday

RBI MPC meeting: RBI rate-setting panel starts deliberations on monetary policy, decision on Friday - The Economic Times (indiatimes.com)

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CBIC starts electronic disbursal of duty drawback to exporter's bank accounts via PFMS

CBIC starts electronic disbursal of duty drawback to exporter's bank accounts via PFMS - The Economic Times (indiatimes.com)

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International Demand Keeps Brazilian Cotton Prices Stable

The international demand for North American cotton surged in May, significantly impacting global markets. Prices in the Far East rose, bolstering values at ICE Futures in New York. This trend has positively influenced Brazilian cotton prices, which have been buoyed by higher export parity values, despite the ongoing harvest of the 2023-24 crop, which is anticipated to yield a good production, as per the Centre for Advanced Studies on Applied Economics (CEPEA).

CEPEA's recent calculations indicate that export parities FAS (Free Alongside Ship) increased by 7.3 per cent from May 20-27. By May 27, the parities were BRL 4.0868/pound ($0.7902/pound) at the port of Santos (SP) and BRL 4.0973/pound ($0.7922/pound) at the port of Paranaguá (PR). Concurrently, the Cotlook A Index, representing product delivered in the Far East, rose by 5.82 per cent, reaching $0.9085/pound on May 27. Additionally, the dollar appreciated by 1.23 per cent against the Brazilian real during the same period, closing at BRL 5.172 on May 27, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

Domestically, the CEPEA/ESALQ cotton Index saw a minor decline of 0.54 per cent, ending at BRL 3.9024 ($0.74) per pound on May 31.

Data from the Secretariat of Foreign Trade (SECEX) reveals a significant increase in Brazilian cotton shipments in May. In the first 12 producing days of the month, exports totalled 141.4 thousand tons, marking a 134.4 per cent increase compared to the entire month of May last year, which recorded 60.32 thousand tons. However, this figure was still 41.4 per cent lower compared to April 2024, which saw shipments of 241.5 thousand tons.

Over the 2022-23 season (from August 2023 to the partial of May 2024), Brazil exported 2.265 million tons of cotton, reflecting a 56.3 per cent increase from the 2021-22 crop (August 2022-July 2023), which totalled 1.45 million tons.

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ITM 2024 Exhibition Kicks Off In Istanbul

ITM 2024 Exhibition, one of the most important meeting points of textile technology leaders, opens its doors. ITM 2024 Exhibition, which will bring together textile technology manufacturers, global investors and professional visitors from all over the world, will accelerate the economy with the billion euro business volume it will create thanks to machine sales and new collaborations.

ITM 2024 International Textile Machinery Exhibition, which will be held in partnership with Tüyap Tüm Fuarcilik Yapim A.S. and Teknik Fairs Inc. and in cooperation with Textile Machinery and Accessories Industrialists Association (TEMSAD), opens its doors to its visitors at Tüyap Fair and Congress Center between 4-8 June 2024. ITM 2024 Exhibition, which will be organised this year with the motto ‘Discover the Future’, will offer an unmissable opportunity for those who want to discover the latest innovations in the sector, establish new business contacts and shape the textile world of the future together. The latest products to be exhibited at ITM 2024 Exhibition, which will bring together nearly 1300 domestic and foreign companies and company representatives from more than 70 countries; will meet with thousands of qualified buyers. Global textile investors from many countries where textiles are active such as Pakistan, Bangladesh, Uzbekistan, India and Egypt will prefer ITM 2024 Exhibition. Thanks to the latest technologies to be exhibited at ITM 2024 Exhibition, machine sales and new investment decisions to be taken, the textile machinery sector will gain a great momentum in the world and in Turkey.

Visitors to the ITM 2024 Exhibition, where innovations from every field of textile from weaving to knitting, from yarn to digital printing, from finishing to denim will discover innovative, nature-protecting, pioneering technologies in digitalisation for a sustainable future. Company owners who will be able to get information from experts about the technologies they will use in their factories; will develop their products and direct their investments.

Focus of ITM 2024: Digitalisation, Artificial Intelligence and Automation

Machines designed to increase production efficiency and reduce costs, new production techniques such as digitalisation, artificial intelligence and automation will be one of the focal points of ITM 2024. Machines and equipment designed to reduce environmental impact and manufactured from sustainable materials will come to the fore at ITM 2024. Topics such as the use of recyclable materials, energy efficiency, waste reduction solutions, smart weaving machines and production monitoring systems will also be discussed at ITM 2024.

Sustainable Denim Technologies at ITM 2024

The ‘Denim Technologies Special Section’, which will enable companies in the denim sector to introduce their sustainable innovations and latest technologies to the whole world, will guide buyers and brands looking for reliable information on sustainable products.

The specialised hall where the latest technologies for the sector will be exhibited will also offer a great opportunity for its visitors. Visitors to the ‘Denim Technologies Special Section’, where machinery and chemical manufacturers such as washing, bleaching, dyeing, cutting, patterning, finishing, drying, ozone used in denim production will have the opportunity to see innovations closely for the first time.

Visa Facilitation will Increase the Number of Visitors

The fact that many countries such as India, Pakistan, Bangladesh, Indonesia, Vietnam, Egypt, Algeria, Tunisia, Morocco, Iran, Uzbekistan and Turkmenistan, which are the shining stars of the textile world with their great potential and production power, have visa agreements with Turkey increases the importance of ITM 2024 Exhibition. The fact that the textile manufacturers of the countries that have visa problems when travelling to Europe do not have this problem when coming to Istanbul plays an important role in increasing the number of exhibitors and visitors of ITM 2024 Exhibition.

Transportation and Accommodation Facilities Make ITM 2024 a Centre of Attraction

On the other hand, the fact that the exhibition is held in Istanbul, which is geographically the closest point connecting the countries to each other, turns ITM 2024 Exhibition into a centre of attraction for both exhibitors and visitors. Istanbul, which is located within a 3-hour flight distance to the world's major trade centres, provides easy access to both the surrounding provinces and the surrounding countries by air, sea and land. In addition to European countries; investors from the Middle East, North Africa, Turkic Republics and Balkan countries will be able to reach Istanbul after a 3-hour flight and visit the ITM 2024 Exhibition. In addition, thanks to the proximity of the hotels to the fairgrounds, visitors coming to the ITM Exhibition from home and abroad will not have difficulties in terms of accommodation.

Technical Textiles of the Future at HIGHTEX 2024

HIGHTEX 2024 International Technical Textiles and Nonwovens Exhibition, Turkey's first and only exhibition in its field, will be held simultaneously with ITM 2024. HIGHTEX 2024 Exhibition, which will host nonwoven products, raw materials used in production and the latest technologies in the field of technical textiles, will accelerate the technical textile sector thanks to new collaborations.

Technical textiles and nonwoven products will be integrated into more industries and living spaces in the future. HIGHTEX 2024, one of the world's most prestigious technical textile and nonwoven fairs, will be an important platform for those who want to accelerate this integration process and shape the future of the industry. A wide range of products will be exhibited at HIGHTEX 2024, from medical textiles produced with advanced technology to high-performance materials used in the aviation and automotive industry, from hygiene products to innovative solutions developed for the agriculture and food industry. Especially the products to be presented in innovative areas such as smart textiles and geotextiles will be among the most striking elements of HIGHTEX 2024 Exhibition.

Necip Güney, chairman of the Board of Teknik Fairs Inc:

‘ITM 2024 Exhibition will be the Lifeblood of Our Industry that Invests with Determination and Develops Its Technologies’

"Our ITM 2024 Exhibition will be a lifeblood for our textile machinery industry, which has been trying to improve its R&D investments and technologies with an unending determination despite the difficult economic conditions that the whole world has been going through, especially in the last 2 years. More than 60 thousand professional visitors from all over the world, from Asia to South America, from Africa to the Balkans, will meet with branded companies in the sector. I believe that our textile machinery sector will make a big leap thanks to new investment decisions, machinery sales and business partnerships. As the ITM organisation team; we have meticulously prepared for our ITM 2024 Exhibition in order to offer the best exhibition experience to valuable exhibitors and visitors. We will continue to contribute to the development of the exhibition industry with our innovative approaches and professional perspective."

Zeynep Ünal Öztop, Tüyap Fair Group chief executive officer

'I Believe We will Break Participant and Visitor Records'

"ITM International Textile Machinery Exhibition is the second largest exhibition in the world and the largest exhibition in Eurasia this year. The ever-growing structure of the sector will enable new business contacts in our exhibition. In addition, HIGHTEX Exhibition, which has been successfully organised for years, continues to be the first and only exhibition of the region. The textile sector plays an important role in our country's economy with its production power, foreign trade volume and employment potential. The leading players of the sector compete with the world's leading companies in the development of technologies that consume less resources, are easy to use, follow trends and are environmentally friendly. Textile manufacturers are also eagerly waiting to learn about digital transformation, sustainability principles and revolutionary innovations that will shape the future of the industry. This year, we aim to contribute to export connections and the national economy by bringing together more than 1300 companies and company representatives from more than 70 countries and more than 60,000 business people from more than 100 countries in Istanbul, and I am confident that we will break a record in the number of exhibitors and visitors."

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PMI Signals Modest Improvement In US Manufacturing Sector: S&P Global

New orders returned to growth in the US manufacturing sector in May, supporting a faster expansion in production midway in the second quarter (Q2) of the year, according to S&P Global.

Meanwhile, business confidence picked up and positive expectations regarding the future for the sector contributed to the hiring of additional staff, a renewed rise in purchasing activity and a build-up of stocks of finished goods.

The rate of input cost inflation quickened to the fastest in the month in just over a year, with firms raising their selling prices in response.

The seasonally adjusted S&P Global US manufacturing purchasing managers' index (PMI) rose to 51.3 in May, after having posted in line with the 50 no-change mark in April. The reading signaled a modest improvement in the health of the manufacturing sector, the fourth in the last five months.

May saw a renewed expansion in new orders, following a modest reduction in April. While customer demand improved during the month, overall economic conditions remained muted, according to respondents in an S&P Global survey.

As such, the rate of expansion in new orders was only marginal. In fact, the rise in total new business was softer than that seen for new export orders, which increased at the fastest pace in two years.

Firms reported signs of improving demand in Europe, alongside growth in new orders from Asia, Canada and Mexico.

The increase in new orders, alongside better material availability, led manufacturers to expand production at a solid pace in May, with the rate of growth quickening from that seen in April.

Firms were also confident that production will rise over the coming year, thanks to optimism that the renewed expansion in new orders will be sustained in the months ahead. Plans to increase capacity also contributed to positive sentiment, S&P Global said in a release.

Optimism regarding future new orders and production requirements encouraged manufacturers to take on additional staff, raise purchasing activity and accumulate stocks of finished goods.

Employment increased for the fifth consecutive month in May, and at the fastest pace since July 2023.

Meanwhile, the rise in purchasing activity in May was the first in three months, but only marginal.

Stocks of finished goods on the other hand increased for the second month running, and to a larger extent than in April.

Expansions to capacity and recent muted demand conditions meant that manufacturers continued to lower their backlogs of work. The pace of depletion was only slight, however, and the weakest since February.

The rate of input cost inflation continued to accelerate, quickening for the third consecutive month in May to the fastest since April 2023. The latest increase was also sharper than the pre-pandemic average.

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Vietnam's Rank Up 5 Spots In Southeast Asia's Green Economy 2024 Index

Vietnam's position rose by five spots in an index in the Southeast Asia's Green Economy 2024 report recently released by Bain & Company, GenZero, Standard Chartered and Temasek.

The nation has set ambitious climate targets, including a non-binding net-zero goal by 2050, with a 2030 emissions target of 781 metric tonnes of carbon dioxide equivalent, up from 458 in 2020.

The country's progress includes reducing emissions per capita to 4.7 tonnes, achieving a 43-per cent renewable energy share in power generation, attaining 3 per cent battery EV sales, curbing tree loss by 14 per cent and expanding forest land.

Introduced in May 2023, the Power Development Plan VIII (PDP8), outlines a comprehensive strategy to phase out coal by 2050, while significantly increasing the contribution of solar, wind and hydroelectric power to the national grid.

The Just Energy Transition Partnership (JETP) plans to draw in $15.5 billion in investment and emphasises the importance of public-private collaboration in accelerating the green transition.

The country is also developing carbon pricing instruments and an Emissions Trading System, scheduled to be operational by 2028. This initiative, led by the department of climate change under the ministry of natural resources and environment, is a critical step towards reducing greenhouse gas emissions and creating a market-driven approach to carbon reduction.

Vietnam saw a 79-per cent decline in private green investments in 2023, largely attributed to delays in executing major national road maps and the high cost of capital, between 10 per cent and 12 per cent.

Despite the need for a capital investment of $34 billion for its green transition, the government could secure only $200 million in private investments last year.

The country also lacks a carbon market registry and Voluntary Carbon Market standards. Though initiatives like a developing carbon tax and incentives for electric vehicles, solar power and green buildings are under way, challenges persist in attracting sufficient private investments, the report by the private companies noted.

Delays in the implementation of key policies like PDP8 and JETP have hindered large-scale investments. The country offers fewer financial incentives and subsidies for decarbonisation compared to regional rivals. This lack of support affects corporate willingness to invest in green technologies, the report pbserved.

In response to these challenges, Vietnam is making strategic adjustments. It is updating its feed-in tariffs for wind and solar projects and offering incentives for electric vehicles and green building construction.

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ICE Cotton Records Modest Gains Following Heavy Sell-Off

ICE cotton managed to record mild gains on Tuesday after heavy losses due to selling pressure by speculators. It touched an 18-month low before witnessing a recovery. Good crop conditions in Texas and a stronger dollar index were the main factors weakening market sentiments. Lower crude oil prices also put additional pressure on the US cotton market.

According to trade analysts, the US cotton July contract settled 33 points higher at 73.48 cents per pound (0.453 kg). The December contract settled at 73.51 cents, up 16 points on Tuesday. ICE cotton was trying to stabilise after heavy losses in the last couple of trading sessions.

The dollar index remained flat yesterday. However, it was still high enough to push buyers away. If the dollar index eases, it may support the cotton market with attractive lower prices.

Currently, US cotton markets are enjoying good trading volume. Yesterday, the trading volume was 64,425 contracts, compared to 72,670 contracts cleared earlier. Certified stocks in ICE indicate that the deliverable No. 2 cotton futures contract inventory has risen to 126,714 bales as of June 3, 2024.

Currently, weather and crop conditions are great in the US, which are indicative of a higher crop size. Generally, speculators are betting on these factors and slow demand.

Traders are now waiting for US cotton export sales data, which is due tomorrow, to take new positions. Currently, Brazilian and Australian cotton is making a significant dent in US cotton markets.

On Wednesday, ICE cotton July 2024 traded 1.11 cents higher at 74.59 cents per pound. Cash cotton traded at 69.73 cents (up 0.33 cents), the October (new crop) contract at 74.92 cents (up 0.59 cents), the December 2024 contract at 74.57 cents (up 1.06 cents), the March 2025 contract at 76.27 cents per pound (up 1.06 cents), and the May 2025 contract at 77.68 cents (up 0.92 cents).

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