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Seamless to feature in intimate apparel growth

DATE: 2008/11/14

According to a new report by Global Industry Analysts, seamless intimate apparel is to feature strongly in the growth of the World Market for Knit Underwear & Nightwear which it predicts will reach $78.5 billion by 2012.

The intimate apparel market is driven mainly by style, and fashion with equal importance accorded to comfort, and novelty. The industry is marked by new fabric developments, and innovations in prettier, and more comfortable garment designs.

The report says that the growing trend towards innerwear worn as outerwear has been richly beneficial to the lingerie market and the introduction of camisoles in trendy colors and T-shirts with built-in bras bears testimony to these trends.

The market nevertheless is confronted with a mixed bag of opportunities and challenges and for instance, fierce competition has resulted in falling prices, continuous shift of production to low-cost countries, while the ageing population in developed markets is increasingly frustrating growth opportunities. Developing regions, on the other hand, hold immense opportunities for future growth, given their favourable demographics, rising standards of living, growing affluence, and widespread adoption of Western lifestyles. Manufacturers are therefore fast expanding their business operations into South America, Central Europe and Asia.

Products expected to score the maximum gains in the upcoming years include seamless intimates, such as, seamless bras and panties, given consumers' desire for seamless and imperceptible undergarments. Demand for plus-size inner wear is rapidly expanding in Western markets. Obesity is touted to be the primary reason for the growing demand of large-size innerwear. Stores now offer suitable lingerie to customers who earlier depended on specialists for customized bras.

The global knit underwear and nightwear market is expected to grow at a CAGR of about 3.45% during the period 2011-2015. Europe dominates the global market for knit underwear & nightwear, while Asia-Pacific represents the fastest growing market. North America and Europe together collar over 65% of the global market estimated in 2008.

The European women's knit underwear and nightwear market is expected to reach US$18 billion by 2012. Men's intimate wear has witnessed sweeping changes with the entry of renowned fashion designers, and apparel majors. Growth in this market is largely encouraged by changing behavioural patterns of metropolitan men, who are becoming increasingly appearance conscious, and willing to spend additional bucks on personal grooming, and apparel. The men's knit underwear and nightwear market, in the United States is expected to cross US$5.7 billion by 2015. A key noteworthy trend in this market is the changing retailing dynamics. Online retailing is gradually rising in popularity with the Internet's e-catalogues becoming popular shopping destinations. Though, fashion underwear represents only a small portion of overall sales, the segment is witnessing tremendous growth in online sales.

Leading players in the global and regional marketplace include Benetton Group S.p.A, Bella Di Notte S.L, Berkshire Hathaway, Fruit of the Loom Inc., Cia Hering, Calvin Klein Inc., Delta Galil Industries Ltd, Donna Karan International Inc, Formfit, Gunze Ltd, Jockey International Inc., Joe Boxer, Maidenform Brands Inc, Perry Ellis International Inc, PT Great River International Tbk, Parisa AFR Apparel International Inc, Berlei, The Bali Company, Triumph International, Tefron Ltd, Warnaco Group Inc, Wacoal Holdings Corp, and Wacoal America Inc, among others.

"Knit Underwear & Nightwear Market: A Global Strategic Business Report", published by Global Industry Analysts, Inc., provides a comprehensive review of market trends, product profile, recent developments, mergers, acquisitions, profiles of major players and other strategic industry activities. Analysis is presented for major geographic markets such as US, Canada, Japan, France, Germany, Italy, the UK, Spain, Russia, Asia-Pacific, Latin America and rest of world. Analytics for the period 1991 through 2015 are provided in terms of product segments including women's knit underwear and nightwear, men's knit underwear and nightwear, and children's knit underwear and nightwear.

For more details about this research report, please visit
http://www.strategyr.com/Knit_Underwear_And_Nightwear_Market_Report.asp

Source: CNTEX

20,000 to lose jobs as Tirupur knitwear exports decline

DATE: 2008/11/14

The economic recession sweeping the Western world has started taking its toll on the knitwear industry in Tirupur. According to The Hindu, about 20,000 workers are to lose their jobs as a consequence.

Exports have plummeted steeply in the first half of this financial year and projections for the remaining half of the year apparently look unenthusiastic. Speaking to The Hindu, Mr A. Sakthivel, President of the Tirupur Exporters Association, said about 20,000 workers employed in different segments of the manufacturing chain in the knitwear cluster would lose their jobs very soon owing to the market crunch.

„Retrenchment has become imperative as exports for the first six months of this financial year ending September 30 has declined to Rs. 5,050 crore from Rs. 5,350 crore registered during the corresponding period last fiscal," he said. In terms of earnings in US dollars, the downturn was pegged at 10 percent.

Mr Sakthivel told the Hindu that there had been a 30 per cent decline in orders placed with the Tirupur knitwear cluster and many units have now reduced the number of shifts and resorted to a five-day week routine following a drop in the orders.

Mr Sakthivel called for the government to come out with an aid package to help the exporters out of the predicament. He said that interest on pre-shipment and post-shipment credits levied by banks should be brought down to six per cent without any link to Prime Lending Rate and that a moratorium on repayment of term loans should be imposed for a period of at least two years.

Mr Sakthivel said duty drawback rates on cotton-based knitwear products should be enhanced from 8.8 per cent to 11 per cent. He told The Hindu that the cluster being primarily made up of small and medium scale enterprises, venturing into new markets in Far East and even in the domestic segment instead of the US and Europe looked tough owing to lack of any branding.

Source: CNTEX

China to step up efforts to improve urban and rural infrastructure

DATE: 2008/11/14

Chinese Minister of Housing and Urban-Rural Development Jiang Weixin said on Thursday that the ministry would put boosting domestic demands on top of its agenda and ramp up efforts on urban infrastructure and public utilities construction.

"Local housing and urban-rural development agencies should also step up efforts on the construction projects for the low-rent and affordable apartments," Jiang said at an internal tele-conference held here.

China plans to invest 900 billion yuan (131.8 billion U.S. dollars) for housing construction in the coming three years, which would benefit 7.47 million low-income households.

Jiang also urged local industry watchdogs to continue pushing forward the energy-saving work in the construction sector.

The ministry called on more efforts to better regulate the real estate market and to encourage and support reasonable housing consumption.

In a similar development, the Ministry of Agriculture said on Thursday the country would add 5.15 billion yuan to improve agricultural infrastructure projects and farmers' living standards, part of the country's 4 trillion yuan economy stimulus package unveiled on Sunday by the State Council, or Cabinet.

Source: Xinhua

CITI urges India's government to rescue textile industry

DATE: 2008/11/06

Faced with declining demand in India and abroad, the highly export weighted and labour intensive textile and clothing industry has urged Government for proper policy support. In a statement here, Mr. R.K. Dalmia, Chairman, Confederation of Indian Textile Industry (CITI) stated that the textile and clothing industry which is the largest employer in India’s manufacturing sector and one of India’s largest exporting industries is currently going through a very tough time and unless remedial measures have taken by the Government immediately, a large number of units will have to close, throwing lakhs of workers out of jobs.

Mr. R.K. Dalmia explained that the international credit crisis which has also spread to the Indian economy has resulted in a negative growth both in the case of production and exports by the textile and clothing industry. There are reports of spinning mills and garment units getting closed in different parts of the country and the fabric industry which is highly decentralized is also facing serious problems.

While the international credit crisis is beyond the reach of Indian the Government, the present crisis of the textile industry could have been prevented with proper policy support from the Government. One of the major problems that the industry faced today is liquidity crunch since the banks are not in a position to extend loans and where they provides loans, the interest rates are too high. Over Rs.2000 crore is pending with Government by way of Technology Upgradation Fund Scheme (TUFS) assistance which has not yet been released for the period beyond September 2007.

Mr. Dalmia urged the Government to make an additional provision of Rs.2000 crore immediately for TUFS for the current year so that the backlog of last year and the current year can be met. If it is impossible to provide such funds immediately, some relief measures will be required to improve the cash flow of the industry. Mr. Dalmia suggested in this regard that soft loans at concessional rates may be extended to textile and clothing industry against pending Government dues including TUFS assistance pending for a long period.

Mr. V.K. Ladia, Chairman of CITI's Sub-Committee on Investments stated that the delay in disbursement of TUFS assistance has contributed substantially to the current working capital problems of the textile and clothing industry. Government should either provide sufficient funds immediately or make loans available against pending TUFS claims at nominal interest, he added.

The cotton scenario is another area where Government has aggravated the problems of textile and clothing industry. Mr Shishir Jaipuria, Deputy Chairman, CITI stated that Government announced an increase of around 40% in Minimum Support Prices for Cotton for 2008-09. With the textile industry facing serious cash flow problems and credit crunch, cotton consumption is expected to decline significantly during cotton year 2008-09. This will naturally push down cotton prices. Average cotton prices in India was around Rs.19000 a candy in November 2007 which increased to around Rs.29,000 a candy a few months back.

However, because of the problems of the textile industry, cotton prices have now declined and in the face of declining consumption, prices are further likely to come down to around Rs.20,000-21,000 a candy. The Minimum Support price (MSP) announced by Government is 15 to 20% above the projected market price. "This would mean that most of the cotton will have to bought by the Government through MSP operations. Huge funds will be required for cotton procurement and huge losses will be suffered by Government for disposing it of at market prices", Mr. Jaipuria added.

Because of in-sufficient infrastructure for such large scale procurement operations, the current crisis of the textile industry would spread to the farming sector during the peak arrival season of November 2008?February 2009. Leaders of textile and clothing industry who addressed the press today suggested that Government should take prompt and concrete measures to enable textile industry to purchase and stock cotton or the remaining part of the current cotton year. This would be possible if working capital for cotton purchase is provided for a period of 9 months against the current 3-4 months at an interest rate of 7% applicable to agri products and the margin money for such working capital is reduced from the current 25% to 10%.

Power shortage is another major issue that the textile industry is currently facing. Mr. S.V. Arumugam, Vice Chairman, CITI who is also Past Chairman of SIMA stated that in Tamil Nadu, effectively there is a power cut of 50% at present and the situation is only likely to worsen in the coming months. Mr. Arumugam suggested that Government should encourage captive generation of power by textile units by reimbursing them the difference between the cost of self-generation and the cost of grid power.

Mr. Arumugam stated that Tamil Nadu accounts for 40% of spinning activity in India and 30% of the entire industrial activity in the textile chain. Most of the units in the textile chain in Tamil Nadu are currently facing the risk of closure unless remedial measures are taken immediately. Around 3000 mw of captive power is available in Tamil Nadu and by giving exemption to SKO, LDO and furnace oil for customs and excise duty to a certain extent the problem can be reduced. By doing so, the huge investment that has already taken place, for captive generation of 3000 mw will immediately come into operation and the mills can reduce the power problem.

Mr. R.K. Dalmia explained that the power situation in other textile producing States is also bad, though the situation is not as critical as in Tamil Nadu. Mr. Dalmia requested Government to take remedial action for improving the power situation, or to remove customs duties and excise duty on fuel used for self-generation of power. Mr. R.K. Dalmia pointed out that a substantial reduction in drawback rates had been effected by Government recently, while competing countries like Pakistan and China have effected substantial increase in export incentives.

Source: www.ccct.org.

China can minimize negative external economic impact

DATE: 2008/11/05

China will minimize any negative external economic impact and maintain stable, relatively fast growth if it applies appropriate macroeconomic measures, a senior official with the National Development and Reform Commission (NDRC) told Xinhua on Tuesday.

Han Yongwen, spokesman and secretary-general of the top economic planning agency, said he based this assessment on the huge, sound economy China has built over the past three decades and the enormous domestic market.

He believed China could minimize any negative impact by expanding domestic demand and increasing investment in crucial infrastructure, particularly in rural areas.

According to Han, although gross domestic product (GDP) growth slowed to the single-digit rate of 9.9 percent in the first three quarters of this year, that was still more than the average for each of the past 30 years. The rate partly reflected the government's macro-control efforts, which emphasized maintaining growth while curbing inflation.

Han noted in the first nine months, the economic structure further improved, and the three major driving forces of the economy -- exports, investment and consumption -- tended to be balanced.

The chief economic problem was worsening downward pressure, he pointed out, citing exports being driven down by shrinking demand abroad, as well as weak domestic demand and higher costs, which were hurting corporate investment sentiment.

However, he stressed: "Facing these difficulties, we should enhance confidence. It is imperative for us to perceive favorable conditions and positive factors for acting against the negative outside environment and promoting development in a scientific way."

He believed economic fundamentals were sound and China's risk prevention abilities had been reinforced over the past 30 years. There was much potential to expand domestic demand.

To increase domestic demand, more money would go to farmers, rural areas and agricultural production, and more investments would be made in railroads, urban rail systems and environmental protection facilities, he said.

The country would encourage enterprises to increase investment and push forward technical progress, Han added.

Wu Xiaoling, former deputy governor of the People's Bank of China (PBOC), the central bank, said over the weekend that fiscal and other policies were of more importance than monetary policy to maintain economic stability amid a complex global economic situation.

She urged China to pursue stable monetary policy in the face of risks from lingering inflationary pressure and an economic slowdown.

Han's comments were echoed by NDRC Vice Minister Liu Tienan, who said the government should continue efforts to expand domestic consumption amid an uncertain global economy.

Liu urged accelerated industrial restructuring, innovation and a change in the development mode.

Su Ning, deputy governor of the PBOC, also agreed with Han, saying there was still room for more domestic consumption. Sun added the central bank would adopt a flexible and prudent monetary policy.

Fu Ziying, Vice Minister of Commerce, said it would be tougher to maintain stable export growth next year because of global financial turmoil. Fu said the government should increase support to export-oriented enterprises.

Source: Xinhua

Cotton Futures Drop as Tumbling Equities Raise Demand Concerns

DATE: 2008/10/27

Cotton fell for the third straight day as commodities and global equities tumbled, raising concerns that consumers will have less disposable income as the economy slides into a recession.

Global cotton demand will drop more than expected a month ago as slowing retail sales and tightening credit cut purchases by textile mills, industry researcher Cotlook Ltd. said in a report yesterday. The Standard & Poor's 500 Index fell as much as 6.1 percent today on concern the deepening economic slump will reduce earnings.

“Cotton is down with a lot of other commodities because of what's happening with the equities overnight and the energy prices,'' said Sharon Johnson, a senior analyst at First Capitol Group in Roswell, Georgia.

Cotton futures for December delivery dropped 2.85 cents, or 5.8 percent, to 46.23 cents a pound on ICE Futures U.S. in New York. Earlier, the price touched 46.08 cents, the lowest since Oct. 16. The most-active contract has fallen 28 percent in the past year.

The Reuters/Jefferies CRB Index of 19 raw materials plunged as much as 3.3 percent, led by gasoline, cotton and copper. Today's drop marked the lowest level for the index since January 2004.

Cotlook lowered its consumption forecast for China by 1.9 percent from a month ago to 10.4 million tons and estimated the Indian subcontinent will use 7.24 million tons, 1.2 percent less than expected in September.

Source: Bloomberg