

EXTRACT

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China raises 2009 cotton output forecast to 6.8m tons

DATE: 2009-11-27

The China Cotton Association said Wednesday that the country's cotton output will likely reach 6.8 million metric tons this year, up from its previous estimate of 6.7 million tons. Weather conditions in major producing regions were favorable for crop growth in October, compensating the negative impact of wet weather earlier, the association said in a monthly market report posted on its Web site. According to the association, growers it surveyed said that 82% of their crops had been harvested and 57% sold by end-October, according to the association. China is the world's largest cotton producer, consumer and importer. Its production totaled 7.5 million-8 million tons last year.

Meanwhile, domestic prices extended a rally that started in early October, despite the start of a new round of state reserve auctions last Friday, when the China National Cotton Reserves Corp. started to sell 139,000 tons of cotton from 2008's harvest and 360,000 tons from the 2006-07 harvest. The weighted average price of Tuesday's auction rose to CNY15,352 (\$2,248) a ton, up from CNY14,974/ton Friday. China had sold 2.12 million tons of cotton over the past few months to ensure domestic supply, but the expectations of lower production this year prompted traders and textile firms to buy actively, concerned that prices will rise even higher.

Source: Dow Jones Newswires via CNTEX

East Asia to standardize senior-friendly products

DATE: 2009-11-24

Korea, China and Japan have agreed to cooperate in standardizing senior-friendly products, industry officials said yesterday. Participating in the eighth Northeast Asia Standard Cooperation Forum in Guilin, China, the three decided to standardize the size and measurement of portable bathtubs, safety handles and gears that assist the elderly in their daily lives. Efforts to meet these international standards will mutually be made in phases.

"The three countries make up a sizable market in the world economy and this is another step we're taking to improve international trade efficiency," said Yoon Jeong-ku, a division director at the Korean Agency for Technology and Standards. The agency, affiliated with the Ministry of Knowledge Economy, also proposed the standardization of "green technology," which calls for uniformity in assessing quality of plastics before they are recycled into textile goods. China and Japan are taking

Source: China Textile Network Company

this under consideration. "Active cooperation among the three countries will enable a shift in leadership from the International Organization for Standardization. It is also a preemptive step for a possible free trade agreement among the three nations," said Nam In-suk, administrator of the KATS. The annual forum will include a separate session for an in-depth discussion from next year onwards. Possible topics include energy efficiency and welfare standards.

Source: *koreaherald* via CNTEX

Guangdong garment exports to the United States unexpectedly increase 27.1 percent

DATE: 2009-11-24

While growth decline of China's textile and garment exports expanded to 12.5 percent in October, Guangdong garment exports to the United States provided an unexpected increase of 27.1 percent. China's total garment exports amounted to US \$87.896 billion from January to October of 2009, down 10.9 percent year on year. Guangzhou Customs statistics show that Guangdong garment exports recorded US \$18.25 billion from January to October this year, down 10.4 percent compared with the same period last year. October exports registered US \$1.92 billion, down 16.2 percent year on year, 9.9 percent from the previous month.

Situation of garment exports to the United States continued to improve while overall circumstances was still under uncertainty. From January to October this year, Guangdong garment exports to the United States reached US \$3.47 billion, an increase of 14.5 percent year on year, especially October exports fetched US \$420 million, a substantial increase of 27.1 percent. In contrast, exports Hong Kong and the EU showed no obvious signs of improvement.

From January to October this year, Guangdong garment exports to Hong Kong scored US \$4.42 billion, down 15 percent year on year, apparel exports to the EU marked US \$4.23 billion, down 13.1 percent year on year. Exports to the three markets mentioned above accounted for 66.4 percent of total value of Guangdong garment exports. China's apparel exports to the U.S. is expected to take the lead in recovery due to some positive factors such as elimination of quotas, as Chinese apparel exports to the United States achieved an increase of 4.5 percent in the first 9 months this year.

Source: CNTEX news

China Textile has difficulty to breakthrough in ASEAN market after ACFTA in force

DATE: 2009-11-24

It has only over a month's time left for China - ASEAN Free Trade Agreement to come into effect on January 1, 2010, thus, a more open and a large regional market will soon open to Chinese textile and garment industry. This may mean a gospel to Chinese textile industry in theory, under the increasingly grim trend of global trade protectionism. According to China - ASEAN Free Trade Agreement, as well as China - ASEAN Free Trade Area built on the agreement, China's exports of textiles, shoes and apparel products are expected to get zero-tariff treatment from the ASEAN. From a common sense of view, China's preponderant textiles, shoes and apparel products will reap a much larger export market, this may mean hopes of survival to many troubled export enterprises in developed markets in Europe and the United States.

However, from a realistic point of view, it is still difficult to ascertain whether the ASEAN can really expand its "demand" after the commencement of the agreement. Some people think that ASEAN is difficult to digest overfull production capacity in China. On the other hand, many Chinese enterprises have already enjoyed zero-tariff treatment from ASEAN countries through other free trade zones set

up by 2002 in ASEAN countries before the agreement entering into force, which means that relevant market development already carried out. Therefore, some companies believe that it is difficult to achieve a breakthrough of development in the ASEAN market after China - ASEAN Free Trade Agreement enters into force.

Source: www.ccfgroup.com via CNTEX

China homeware chain sells Aussie brands

DATE: 2009-11-24

Australian products are to take prominence on the shelves of a new chain of home decor retail stores in China. China-based manufacturer Thomas Bryson International Ltd, which is listed on the Australian Securities Exchange, will for the first time open a chain of Thomas Bryson homeware stores throughout China. Chairman Roger Sexton, who is based at the group's Australian headquarters in Adelaide, said each store would feature a section of Australian-made products, including food, wine and cosmetics from established Australian brands.

"The Australian way of life, and our clean and natural environment, is the envy of many people throughout the world, including the Chinese," Dr Sexton told AAP on Monday. "There's a fascination about Australia in China, the way that the Americans had a fascination with Australia 30 to 40 years and the Japanese did, the Chinese do now." The first store will be 13,000 square metres and will open in Shaoxing, in Zhejiang province, early next year. Stores are also planned for Shanghai, Suzhou, Kunshan and Changshu, opening in 2010 and 2011. "While the focus of our Thomas Bryson Home stores is very much on the domestic market of China in the short to medium term, it is hoped that the expansion of the brand within China will allow the stores to migrate into other countries and areas in the Asia Pacific region over time, including Taiwan, Hong Kong, the Philippines and Thailand," he said.

As well, store locations are being sought in Sydney and Melbourne. Dr Sexton said while the company continued to grow globally, it had put new vigour into building its domestic China business at a time when that country's economy was heading towards a new phase of growth. "There's a huge expansion in houses in China as part of the Chinese government stimulus, they're encouraging home building but also just the affluence of the Chinese," he said. Thomas Bryson International is a global textile company engaged in the supply and marketing of high-end fabrics, home textiles and luxury fashion d'cor. The company currently manufactures and distributes fabrics, apparel, garments, home textiles and home d'cor domestically and to Europe, USA, South America and South Africa. In August, Thomas Bryson reported a 7.2 per cent lift in 2008.09 net profit \$4.86 million. Shares in the company, which listed on the Australian exchange in March this year, were untraded on Monday. They last traded at 40 cents.

Source: AAP via CNTEX

Home Textile exports show recovery signs

DATE: 2009-11-23

CTEI Exclusive: Home textile, once a sector that was experiencing very good growth in textiles, is fighting for their survival in 2009 with dismal overseas market hit by the economic crisis. In this article we have analysed export performance of main home textiles including bedding products, carpet, curtain and towel based on official export data during the first three quarters of 2009. Although home textile export shows a little recovery signs since 2009, significant gains at that time will be hard to come by, and won't be nearly enough to prevent other sizeable slippage in overall home textile activity.

Source: China Textile Network Company

Bedding products: decreasing amplitude down

During the first nine months of the year 2009, China bedding products export was 0.987 billion pieces (\$2.115 billion), dropping 5.12 percent (12.22%), with the decreasing amplitude down 0.63 percentage points (1.45%) compared with that in the past eight months.

Looking further, from January to September, the export of cotton bedding products was 0.34 billion pieces (\$1.295 billion), posted 20.75 per cent (-19.44%) decline from the previous year's period. The price was up 1.64%; The export of chemical fiber bedding products was 0.62 billion pieces (\$ 0.769 billion), up 6.71% (4.09%) y/y. The price was down 2.36%; The export volume of linen bedding products led the slump, down 35.38 percent from the previous year's period while the price was up 16.7%.

Carpet: exports shrink

According to data surveyed by China Customs, from January to September, China carpet export was 30,000 tons (\$1.052 billion), down 0.43 per cent (-10.5%) from the previous year's period. The price was up 10.26%. Carpet export had hit rock bottom in Feb. and then shows recovery signal, which may demonstrate the carpet enterprises ability to underscore their confidence that it will enter the recovery period.

Curtain: exports dip slightly

From January to September, China curtain export was valued at about \$1.194 billion (0.342 billion pieces), down 3.87 per cent (-0.41%) from the previous year's period. The price was down 3.5%.

Towel: prices inching up

From January to September, China towel export was valued at about \$0.681 billion (0.339 billion pieces), down 13.57 per cent (-14.04%) from the previous year's period. The price was inching up 0.5 per cent which shows the added value is improved.

Risk in a concentrated export market

The export destination of China's home textile products are considered to be highly concentrated. This is reflected by the statistical data of the past couple of years when, the top export destination of the following products - bedding products, curtain and towel- is United States. Unfortunately, United States which stands as the major market for Chinese home textile exports, has become gloomy under the expanding impact of crisis. The quantities of export that we saw two years ago are not there. In this regard, China home textile industry should reduce its reliance on the single export market and diversify export markets. Otherwise, Chinese factories have to continue to adapt or close down while they wait to see if Americans will reopen their wallets.

When we look at the table, we see from January to September, bedding products export to the United States accounts for 23.31 percent of the country's overall bedding products export. The Chinese bedding products was affected in 2009 by the crisis amongst its American customers. China exported bedding products worth \$ 0.493 billion: this is 25.13 per cent less than the previous year. Japan and France defended the fast growth countries for curtain import from China in the first nine months of the year 2009. Japan's economic growth accelerated in the third quarter of this year to record the second straight expansion recovering from the worst financial crisis since the great depression. Curtain export to Japan accounts for 10.77 percent of China's overall curtain export, with volume of \$129 million, up 11.73% y/y. Export price was up 11.53% which shows the added value of Chinese curtain is improved.

France's gross domestic product for the third quarter grew 0.3 percent, confirming an economic recovery is in place. China's Curtain export to France accounts for 4.12% percent of China's overall curtain export in the first nine months of the year 2009.

Export market share of China's home textiles in Jan. - Sep. 2009.

Bedding products	prop. %	Carpet	prop. %	Curtain	prop. %	towel	prop. %
U.S.	23.31	Japan	20.06	U.S.	37.49	U.S.	24.72
Japan	13.82	U.S.	19.75	Japan	10.77	Japan	13.76
Kazakstan	10.47	Germany	5.02	UK	7.83	Russia	4.82
UK	5.40	Australia	3.63	Germany	5.23	UAE	3.25
Australia	4.66	Saudi Arabia	3.30	France	4.12	Australia	3.17
others	42.33	others	48.24	others	34.56	others	50.28

Source: CTEI Exclusive via CNTEX

Cotton prices will get cheaper again!

DATE: 2009-11-23

The market continued to move sideways to higher, depending on which month we are looking at. While December closed within its narrow 66.42 to 69.05 cents range for the 27th consecutive session, the widening spread has allowed March to display a steady uptrend over the last couple of weeks, settling today at its highest level since October 2008.

The liquidation of the December contract continued in an orderly and speedy fashion, as only 12,444 contracts remained open before today's session. Total open interest finally declined by about 25'000 contracts from its recent high of 194,000 contracts, but it has still held up considerably well during this liquidation period as speculators maintained a keen interest in cotton. March OI has already risen to 119,207 contracts, which is just slightly below the highest level we saw in the December contract (120,380 lots). With March now assuming the spot month position at 73.00 cents, it may take a while for the market to digest this extra 400-point jump in the futures price. In just seven weeks, since October 2nd, the spot month has advanced by no less than 1200 points, which is difficult to swallow for most mills. However, a lot has happened during these seven weeks, as the US and Chinese crops have suffered weather related setbacks and the trend of outside markets has acted in support of higher cotton prices (weak US dollar, strong stocks and commodities).

While the quality issues of the US crop are already well known by the market, we have just received the first snapshot of the Chinese crop. According to the China Fiber Inspection Bureau, only 79% of the 2.8 million bales classed so far were of Grade 3 or better (versus 95% last season), with 81% measuring 28 mm or longer (also 95% last year). Only 54% had mike readings between 4.3 and 4.9, compared to 77% a year ago. Although the statistical sample is still small, it seems to confirm that we are dealing with a below average crop in China this season, both in terms of size and quality.

The Chinese domestic market has been reflecting these concerns for quite some time and the March contracts on the CNCE and ZCE exchange are currently trading above one dollar. The Chinese government has announced another auction for 500,000 metric tons to keep the local market under control, digging deeper and deeper into its stockpile. This on-going depletion of Chinese stocks creates a lot of future support, as the Chinese government will probably want to refill its strategic reserve once international prices become more attractive again. Although the press in the US and Europe is full of stories about an overheating Chinese economy, the Chinese leadership is seemingly willing to throw more fuel on the fire. Last week China's President Hu Jintao told Asia-Pacific business leaders that China would take 'vigorous' steps to boost household spending and thereby reduce its reliance on investment and exports for economic growth. He was quoted as saying 'our focus in countering the crisis is to expand domestic demand, especially consumer demand. We want to increase people's ability to spend'.

It's not as if Chinese consumers weren't already spending! In October vehicle sales rose 76% from a year ago and they are up by 45.2% for the first 10 months. Other economic indicators were very strong as well in October, with industrial production up 16.1% and retail sales gaining 16.2% compared to a year earlier. But it is not just China that is seeing accelerating growth, as India's industrial production beat expectations as well in September, growing by 9.1% year-on-year. As long as we see these kinds of numbers from the two most populous economies, we shouldn't have to worry too much about cotton consumption. Even though mills have been successful with their hand-to-mouth strategy for several years in a row, we are getting the impression that this strategy may not work as well this time around. The seasonal shortfall is real and it is being exacerbated by the quality issue. In addition to the friendly supply/demand situation in cotton we have a speculative community that believes in commodities as an asset class, with Ag products garnering particular interest. The certified stock may have contained the market for the last three or four weeks, but with December now practically out of the way, the path is once again clear for speculators to run the show for the next 10-12 weeks.

So where do we go from here? Unless we see an unexpected shift in the macro picture, we believe that cotton prices will be very well supported throughout the season and mills may want to consider securing their supplies sooner rather than later. Cotton prices will get cheaper again, but probably not this season and we wouldn't be surprised to see current crop invert above new crop as we head into spring and summer. Plantings will increase considerably next season if prices hold, but that won't help anyone who is in need of cotton now. While March may have to do some consolidating over the next week or two, we believe that speculators will eventually take this market higher and that it won't be too long before May or July trade with an eight in front of them.

Source: Plexus Cotton Market via CNTEX

China plays hardball with a US desperate to forge policy consensus

DATE: 2009-11-23

As President Barack Obama's trip to Beijing demonstrated, the days when US leaders could get anywhere lecturing China on economic policy are long gone. The Chinese not only brushed off Obama's appeals this week but harangued the United States for its own shortcomings. And Obama's inability to wring agreement from China's leaders casts a long shadow over prospects for reinvigorating the global economy. The immediate issues centred on technical matters of currency valuation and import-export policy. Beyond the specifics, however, was the simple question of whether the leading industrialised nations could forge agreements on policies that promoted overall economic welfare.

And at least on the evidence of Obama's visit to Beijing, the answer may be no. While the developed nations of both Asia and the West are bound together in a system of trade and global finance, they have yet to develop an effective system for making policy decisions in the interest of the whole. Instead, while rhetorically committed to mutual cooperation, Beijing and other capitals make independent decisions for individual reasons from short-term self interest to internal politics and a desire to flex power on the world stage. Obama was not alone in asking China to reconsider its economic strategy. Indeed, the head of the International Monetary Fund, Dominique Strauss-Kahn, was in Beijing making the same pitch during Obama's visit, arguing that change was in China's interest, as well as the world's. All the appeals were rejected. Nor was the larger problem visible only in Beijing. Throughout his Asia trip, Obama pushed host governments to adopt policies that relied less on selling exports to US consumers and to open their markets to more US goods. The responses were muted at best.

Dollar peg

In the case of China, that means it will stick to a policy of using government authority to peg the value of its currency to the dollar instead of letting it fluctuate in response to independent market forces, as other major currencies do. China's policy helps its economy even as it hobbles US efforts to create jobs and return to prosperity by stepping up imports. Theoretically, with the dollar falling in value, American products should be cheaper and more competitive overseas. But China, by concurrently reducing the value of the yuan, prevents US companies from gaining that advantage. China's already-cheaper products remain cheaper. One result is huge US deficits in trade with China. In the first nine months of 2009, the deficit was \$165.8 billion (Dh609 billion). In part, China's refusal to assume greater currency flexibility reflects a growing nationalism and an impulse to flex its new economic strength in the diplomatic arena. Behind the scenes, it also reflects an effort to cover over a serious split between two of China's most powerful groups its central bank on one side and China's rich new manufacturing sector, supported by the ministry of commerce. Officials of China's central bank have been warning political leaders that keeping the yuan artificially low ultimately could hurt China by exacerbating the country's trade imbalance problem and bringing in a flood of so-called hot money, or speculative funds from investors.

Revaluation debate

"It's not the right time for the renminbi to appreciate," says Wu Haoliang, general secretary of the Foshan Textile Association, a group that represents about 3,000 manufacturers in Guangdong province in southeast China. "Exports are not looking optimistic at all. We're continuing to decline. We know under the current environment that depreciation is not possible." On why a revaluation in China is imperative, Victor Shih, a China political economy specialist at Northwestern University, said: "That's part of what's needed to rebalance the economy." But given the domestic pressures facing Beijing, Shih says he doesn't expect Chinese leaders to allow the yuan to rise until China's exports turn positive for at least two quarters.

Source: gulfnews.com via CNTEX