

RED SEA CRISIS

Due to persistent Houthi attacks, traffic in the Red Sea has dropped by 55% and container freight rates continue to rise.

According to the January 18 survey, the cost for a 40-foot container between Shanghai and Genoa increased by 21% compared to a week ago and reached an amount of \$6,282.

If we consider the annual trend, for Genoa, freight rates from Shanghai have more than doubled and today they are calculated at +126 percent.

Much of the growth in rates may be due to the diversion of ships from Suez to Good Hope, which leads to increased costs for Mediterranean ports and much longer transits.

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PAKISTANI TEXTILES SHINE AT HEIMTEXTIL IN FRANKFURT

The international textile products fair, Heimtextil 2024, which hosted over 2800 exhibitors from over 60 countries around the world, has ended.

Pakistan emerged as the fourth largest exhibitor country, with 273 manufacturers taking the opportunity to showcase their products, including bed sheets, towels, kitchen linens and other home textile items on an international stage.

A notable increase in shopper traffic and corporate engagement towards textile marketing has been noted this year, surpassing previous levels, which confirms the industry's resilience and potential for the future.

The sales of Pakistani products, during this exhibition, brought good results and optimism with the hope of leaving behind the weak demand that has appeared so far.

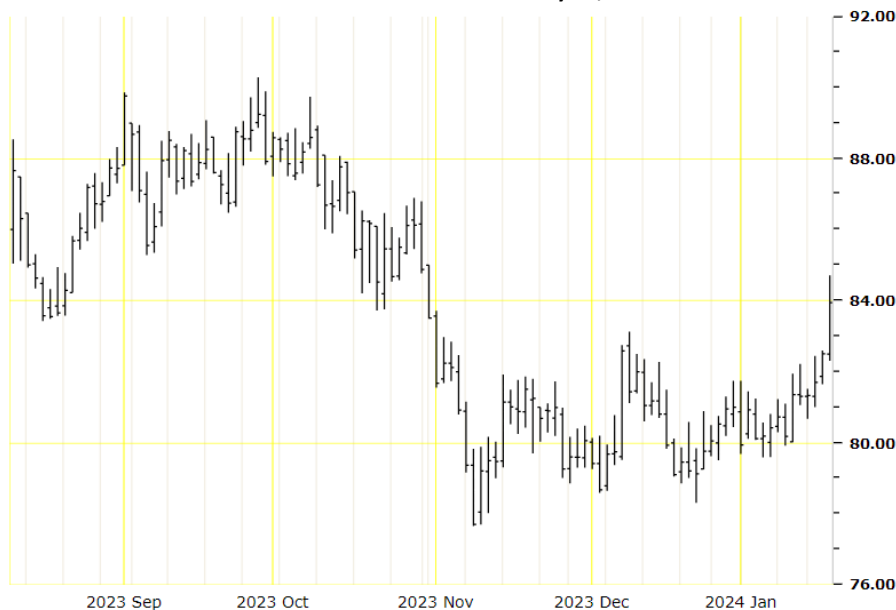
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TREND OF THE NEW YORK COTTON STOCK EXCHANGE

On the final trading day of last week, March cotton futures closed higher, hitting the 84.00 cents/lb mark. Old crop futures once again led the way for possible fresh gains, leaving the March contract with a net gain of 264 points for the week and a 373 points premium over December.

Export data, released last week, indicated 420,000 bales of cotton sold during the week ending 1/1/24. This was a 60% increase from the previous week, driven by sales in China. Cotton commitments totaled 9.06 million bales, compared to 8.86 million in the same period last year.

NEW YORK COTTON STOCK EXCHANGE – Close January 19, 2024 – Position MARCH 2024



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ECONOMY AND FINANCE

In December 2023, the **EUROZONE**'s annual inflation rate stood at 2.9%, up from 2.4% in November. A year earlier the rate was 9.2%.

As regards the **EUROPEAN UNION**, however, inflation was 3.4% in December 2023, up compared to 3.1% in November. A year earlier the rate was 10.4%.

The ECB confirmed the ongoing disinflation process, reiterating however that it is too early to declare the fight against inflation over and is issuing a warning to the markets, inviting them not to rush too far with bets on imminent rate cuts.

In the **UNITED STATES** the job market remains solid. Weekly claims for state unemployment benefits fell 16,000 to 187,000 from the previous week's figure which was revised to 203,000. This is the lowest level since September 2022 and is significantly lower than the 207,000 requests expected by analysts.

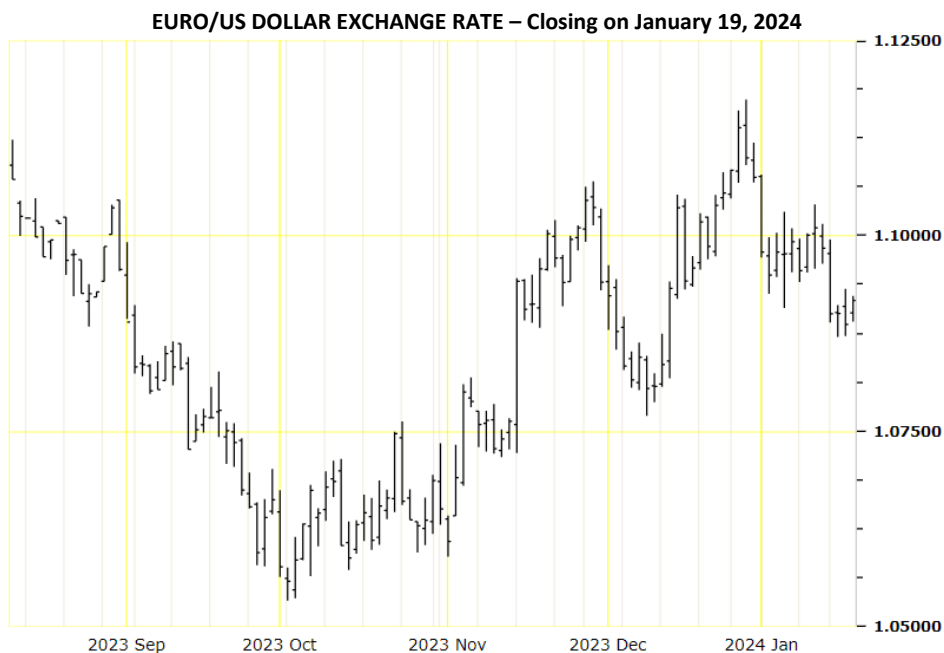
While the data tends to be particularly volatile at the turn of the year, the decline in claims for benefits is a sign of the resilience of the US labor market, which could lead financial markets to further reduce bets on an interest rate cut FED as early as March, although Raphael Bostic, president of the Atlanta FED, expects the first interest rate cut only in the third quarter of the year.

CHINA is struggling to emerge from the crisis. According to current data, the economy grew 5.2% last year. It's one of the weakest annual numbers in more than three decades, affected by the crippling housing crisis, sluggish consumption and global turmoil. However, China's industrial production grew 6.8% year-on-year in December, accelerating from 6.6% in the previous month and beating market forecasts of 6.6%. This was the strongest expansion in industrial production since February 2022, supported by robust activity in both the mining sector (4.7% compared to 3.9% in November) and the manufacturing sector (7.1% compared to 6.7%). However, all the stock market indices are very weak.

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EURO/US DOLLAR EXCHANGE RATE

The **DOLLAR** gains ground as investors' expectations of a rate cut in March by the FED decrease, consequently, the **EURO** loses slightly at the beginning of the week, even after the slowdown in expectations of an early rate cut in the EU; however, it manages to recover over the weekend and closes around the 1.09 area.



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ENERGY

GAS futures listed on the Amsterdam TTF fall below 30 euros per MWh for the first time since October 2021. Contracts for the month of February close the week at 28.435 euros per MWh.

The price is kept down by the stocks that ensure Europe has the necessary supplies to deal with the harsh climate and the transit difficulties of methane tankers on the Red Sea.

Despite the sharp reduction in transits in the Suez Canal, **CRUDE OIL** prices have not been affected so far but the risks remain high. Brent in London closed the week at 78.60 USD per barrel and in New York crude at 73.43 USD per barrel.

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TREND OF FIBER AND YARN PRICES IN THE MAIN PRODUCING COUNTRIES

In **PAKISTAN**, yarn prices continued to rise, benefiting from the positive climate generated by Heimtextil and the difficulties in sourcing from other countries.

INDIA fiber and yarn prices remained stable last week, due to a recovery in demand.

In **CHINA**, cotton yarn prices have increased further in the last seven days, also confirming the end of a long-term inventory reduction trend while polyester fiber prices have remained stable.

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January 22nd 2024