

# Jute Market Report for July 2018

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3<sup>rd</sup> August 2018

## Bangladesh

**Raw Jute:** During the month under review the raw jute demand from the local as well as from the international market was on an average level, but since the end of the season was drawing nearer and the availability of fibres was scarce, the buyers were not able to cover their entire requirements. The major demand originated from Pakistan and India. India was in the market for high quality long jute like BTE HD, BTE CS, BTE KS and jute cuttings like BTCA and BTCB. Indian buyers procured about 4.000 mtons. During the month under review Pakistan was in the market for both high and low quality of Meshta and Tossa Jute and bought about 5.000 mtons.

Furthermore there was regular demand from China, Vietnam, Russia and other countries for high and low quality raw jute.

The local demand from jute yarn and twine spinning mills as well as composite jute mills has been on a regular level during the month under review. BJMC was also in the local market but refrained from buying and observed the market, only.

Export prices of both high and low quality fibres appreciated during the month under review. Prices have increased for high quality fibres about USD 50,00 to 60,00 per mton and about USD 30,00 to 40,00 per mton for low quality fibres.

Raw jute exports from July 2017 up to May 2018 were 1,126,271 bales against 1,188,985 bales during the same period under review in the year 2016-2017.

**New Crop:** During the month under review heavy rainfalls hit jute growing areas and set jute fields of low lying northern and north eastern areas under water, which might have a negative effect on the quality of the fibres. The late harvesting as well as the floods are the main reasons for the delayed arrival of new crop fibres to the market. At this moment it is expected that all fibres like Tossa, White and Meshta will be available by end of August. Local sources are expecting a shortfall of about 30% overall compared to last year's crop. The crop of last year was around 62-65 Mio bales and according to the latest information we have, this year's crop is around 45 – 48 Mio bales. As the forecast for the new crop is not very promising, the market is alarmed and the current market prices for new crop fibres are overheated. One expects that the situation might calm down once the new crop is available.

**Jute Yarn and Twine:** During the month under review regular demand was reported for both high and low quality Jute yarns and twines from major importing countries like China, Vietnam, Indonesia, Malaysia, Uzbekistan, Iran, Turkey, Middle East countries, Europe and USA. Local demand for sacking and hessian yarn for packaging increased during the month under review.

Export prices increased by about USD 50,00 per mton for light count yarn and by about USD 40,00 for heavy count yarns and twines. Most of the jute yarn and twine spinning mills are busy with their regular production.

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**Jute Goods:** During the month under review, the export demand for hessians and sackings increased. Buyers from Europe, Australia and USA were in market for potato bags, in order to be prepared for the potato crop. In addition to that, business was done with buyers from Africa, Iran, China and Vietnam. India was also in the market for unstitched jute cloth. The local demand for sacking and hessian quality bags for packaging purposes remained on the same level as during the previous month.

Demand for Jute CBC from the regular importing countries in Europe, UK and Japan slightly increased compared with the demand during previous months.

During the month under review an increase of export prices for sackings (3%), hessians (4%) and CBC (1%) was observed.

## India

**Raw Jute (New Crop):** The farmers in India were desperately waiting for rainfalls during the first half of the month under review. Since two weeks it is raining continuously, which will help to improve the quantity of the crop and will also enhance the quality of the fibre. This year the sowing amounts to 494,150 hectares against 653,740 hectares last year. It is reported that this year's crop is around 6,2 Mio bales, whereas the outcome of last year's crop was around 7,43 Mio bales. Nonetheless the crop is expected to be better in quantity and quality than assumed earlier this year. The carry-over is estimated with 2,6 Mio bales. At the moment the plant height range is between 190 cms to 240 cms. Due to the continuous rainfall during the month under review, the arrivals of new crop fibre are very small. It is expected that the new crop fibre will be available in the market from mid-August. At the moment it is expected that the prices will not rise at the beginning of new crop season, but this may change in case of big orders for new crop qualities.

The Jute Balers Association (JBA) quotations during the month under review are as follows: TD-4 IRs 4.350 and TD-5 IRs 4.000, each per 100 kg / quintal. So far we have no information about JCI procurement figures.

**Jute Goods:** Jute CBC demand remains very dull during the month under review. The demand for Hessians from both, export and domestic market is slightly recovering with somewhat higher prices on fresh export orders. Selected jute mills price gap now higher by about 8 percent. The domestic market did not pick up during the month under review and due to the heavy rainfalls the movements were also on a very low level.

Government ordered approx. 200.000 bales of B-Twill bags against expected 250,000 bales during July. Prices remained unchanged during the month under review, only selected mill's prices for B-Twill bags were higher by about 4%. Government orders of B-Twill bags in August expected to be around 250.000 bales.



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Jute goods production of IJMA jute mills and jute mills reporting to IJMA during June 2018 amounted to 79.600 mtons of which 2.600 mtons were jute yarns/twines.

The Reserve Bank of India (RBI) lifted the policy rate by 25 basis points to 6.5 per cent on August 2<sup>nd</sup>, having raised rates by the same amount at its last meeting in June. That was the first rise since Narendra Modi's government took power in 2014. Explaining its decision, the RBI said one factor was this month's increase in the "minimum support prices" guaranteed to farmers by the government.

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