

Jute Market Report for July 2019

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1st August 2019

Bangladesh

Raw Jute: Demand for Raw Jute from both local and international market was on an average level during the month under review. Since end of the season was drawing nearer, buyers were unable to cover their requirements quality wise, because of unavailability of fibres. There were regular enquiries from Pakistan, India, and Nepal. India was mainly in the market for jute cuttings BTCA and BTCB and placed orders for around 3000 mtons. Pakistan was in the market for both high and low quality of Tossa jute as well as jute cuttings BTCA and BTCB and purchased some 3000 mtons of both long jute and jute cuttings.

Export demand from other raw jute importing countries like China, Vietnam, Russia, and others was sluggish.

There was regular local demand from jute yarn and twine spinning mills as well as from composite jute mills. However, compared with existing demand, fibre availability in local market was rather poor. BJMC was observing the market but did not place orders during the month under review.

Export price was showing an upward trend for both low and high quality jute. Price for high quality long jute increased by about USD 20,00 / mton.

Raw jute exports during the period July 2018 up to June 2019 were 757,697 bales against 1,099,422 bales during the same period under review in the year 2017/2018.

During the first week of the month under review weather conditions sunshine with rain alternate, but since mid of July weather conditions changed for the worse. Heavy rainfall and floods hit almost all jute growing areas in Bangladesh. The death toll in monsoon flooding in South Asia has risen to 152 as millions of people and animals continue to face the brunt in Nepal, India and Bangladesh. Public transport as well as goods traffic is seriously affected by the monsoon flood as well and leads to huge delays of shipments from Chattogram port as well as other ports in Bangladesh.

New Crop: Sufficient rainfalls was badly needed for proper retting and good quality of the fibre from the beginning of the month under review. Unfortunately heavy rainfall turned into flood and damaged jute fields of low-lying northern and north-eastern areas since mid of July. These areas got heavily flooded and farmers are afraid that quality of the fibre will seriously affected. Additionally the farmers are now forced to do the retting of the fibre with muddy flood water instead of fresh water which is needed for proper retting. It is estimated that around 10 to 15 per cent of this year's crop is damaged. Harvest of new crop fibre already started in small scales in certain jute cultivation areas, but fibre is coming rather slowly to the market. It is assumed that all types of fibre, such as White Jute, Tossa Jute and Kenaf/Meshta will be available in the market by end of August. The Department of Agriculture Extension (DAE) said around 12,770 hectares of land were brought under the farming of jute with the production target of 1,363,897 mtons.

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Market sources said price of the cash crop may be high this season due to government's direction on mandatory use of jute bags in packaging food grains.

Rajshahi a district in the north-western part of the country, marks a rise in jute farming in recent years. In 2019, jute cultivation surpassed to 271 hectares of land than the target fixed by the Department of Extension in Rajshahi. This year jute was cultivated on 13,846 hectares of land as against the target of 13,575 hectares. Last year the so called golden fibre was cultivated on 12,825 hectares of land, DAE sources said. Harvest has started in the district recently. Some farmers said per hectare production of jute is satisfactory because there were no pest infestation in jute fields this year.

Jute Yarn and Twine: Export demand from the major importing countries like Turkey not withstanding their dramatically deteriorating economic situation and Iran increased for both high and low quality yarn during the month under review. Regular demand was also observed from India, Indonesia, Malaysia, Uzbekistan, Europe, Australia and USA. The import demand from China and Vietnam was rather sluggish during the month under review. Local demand for Sacking and Hessian quality yarn for packaging requirements increased. Export prices went up about USD 30,00 per mton for both light and heavy count jute yarns and twines. Most of the solvent mills are busy with their regular production up to August/September, 2019.

Jute Goods: During the month under review, the export demand for Hessians and Sacking increased from the regular importing countries like Europe, Australia and USA. Furthermore it is reported that the export demand for Sackings from African countries like Sudan increased during the reporting month. There was regular demand for Hessians and Sackings from importing countries such as Iran, China and Vietnam. India was in the market for unstitched jute cloth.

Local demand continued on the same level as during previous months for sacking and hessian quality of jute bags for packaging purpose. A steady demand for Jute CBC from the regular importing countries like Europe, UK and Japan is reported for the month under review.

Export prices during the month under review increased as follows:

Sackings: Increased approx. 2%
Hessians: Increased approx. 2% - 3%
CBC: unchanged

Bangladesh Jute Mills Association (BJMA) has sought 30 per cent cash subsidy on export earnings from jute goods to help survive their units. The association has sent a letter to the Ministry of Textiles and Jute recently in this regard. It has requested the government to provide the subsidy from this fiscal year. Jute goods exporters are enjoying 12 per cent cash incentive on their earnings currently. Abdul Barik Khan, secretary general of the BJMA said, "They are facing a bad time as

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the export earnings from jute goods dropped significantly in recent time. Of the total 190 jute mills, 52 have already been closed in the last seven years because of decline in the export earnings. Some of the running units became sick recently”, he said. “So we have requested the government to increase the subsidy,” he furthermore said. Mr. Khan also stressed the need of implementation of the Mandatory Jute Packaging Act 2010, which was enforced in January 2014. It is also necessary to modernise machinery of jute mills to reduce production cost, he added. However the export earnings from, jute sector dropped by more than 21 per cent in the just past financial year compared to that of previous fiscal year. Export Promotion Bureau (EPB) data shows the sector earned US-\$ 1.025 Billion in the financial year 2017/18. The export earnings of jute sacks and bags dropped by more than 32 per cent and jute yarn and twine by 20 per cent in the last fiscal year compared to that of previous fiscal, the statistic also shows.

India

Raw Jute: JBA quotations at the end of the month under review: TD-4 IRs 4.475 and TD-5 IRs 4.275,00 per 100 kg. The estimated carry forward is 1,8 Mio bales at the moment. This year’s estimation for jute growing areas is 494,150 hectares compared to 653,740 hectares in 2018. For 2019/20 we have not yet received any reports.

New Crop: The growth of the standing plants is most satisfactory and no cause of concern. As per reports plants even in some mukams jute is nearly 12 feet in height. Rainfalls slowed down in Assam and North Bengal but many areas are flooded. Loss of crop caused by heavy floods is expected, but we have not received details about extent of losses so far. Harvest will take more time than expected and is expected to be completed by end of August.

Jute Yarn and Twine: Small demand for jute yarn and twine is reported. Due to an acute shortage of workers mills are deploying workers in finishing section and buy yarn to compensate the production loss in spinning.

Jute Goods: Hessian prices remained unchanged during the month under review. Selective mills now asking for a higher premium which is about 8 percent. Sacking prices have been stable with no changes in raw jute prices.

Indian Government ordered last month about 350.000 B-Twill bags. The backlog is likely to increase by about 150.000 bales. For the next six months an average purchase volume of 350.000 bales is expected, but current mills production for supplies to government is only about 250.000 bales. Therefore the state procurement agency has requested mills to inform about their supply position, so that alternative means can be arranged.

The minimum support price (MSP) for coming season increased up to IRs 3950 per 100 kg compared to IRs 3700 per 100 kgs in 2018/19.



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The anti-dumping duty on jute yarn and twine imports from Bangladesh has been extended further to avoid cheap imports. In addition duty imposed on imports of cloth for bags in any form.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in June 2019 amounted to 81.300 mtons of which 4.200 mtons were jute yarns/twines.

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