

# Jute Market Report for December 2020

-1/4-

4<sup>th</sup> January 2021

## Bangladesh

**Raw Jute:** During the month under review, raw jute demand from Pakistan, India and Nepal remained more or less on the same level as in November. Pakistan placed orders of about 3.000 to 4.000 mtons for more or less all grades of Long Tossa Jute and Meshta/Kenaf as well as Tossa and Meshta/Kenaf cuttings, such as BTCA, BTCB and OMC. Indian buyers were in the market for Long Jute Tossa varieties such as BTR NB KS, BTR NB CS and BTR BS as well as BTCA cuttings and placed orders of around 4.000 mtons in total.

Demand from international buyers like China, Vietnam, Nepal and Russia continued to be quite slow during the month under review. The scarce availability of raw fibre and the consequentially high market prices in combination with coming Christmas and New Year holidays were most likely the main reasons for the restraint position of most of the buyers.

Demand from local jute yarn and twine spinning mills as well as jute composite mills was on a regular level, whereas local raw jute processing units did not place large order, due to the high prices and the scarce availability of proper quality fibre. In fact the market prices reached another record high and were ruling around BDT 3.500 per maund (=37,33 kgs) during the month under review.

Contrary to expectations from the market and despite the request from the Bangladesh Jute Spinners Association (BJSA) as well as the Bangladesh Jute Mills Association (BJMA) the Bangladesh Government decided not to restrict export of raw jute for the nonce. The Bangladesh Government announced, that by not restricting raw jute exports it aims to increase receipt of these foreign trade activities and furthermore wants to ensure fair prices. However local jute yarn and twine spinning mills as well as composite jute mills are expecting serious consequences for production and export of jute goods, in view of the high market prices and acute shortages of fibre. The secretary general of BJSA released a statement in which he confirms these worries of the industry.

Corresponding to the shortage of fibre Raw Jute and Meshta prices increased further by about USD 20,00 to 30,00 per metric ton.

Raw jute exports during the period of July 2020 up to November 2020 amounted to 217.903 bales against 389.166 bales during the same period in 2019.

**Weather conditions:** From mid of the month under review the entire country witnessed low temperatures and foggy weather which lead to congested highways and blocked terminals, due to low visibility on roads and highways.

**Jute Yarn and Twine:** Regular export demand for both high and low quality of Jute yarn and twine is reported from regular importing countries like Turkey and Iran during the month under review.

## *Jute Market Report for December 2020*

-2/4-

4<sup>th</sup> January 2021

Same applies for the demand from other international markets such as India, China, Vietnam, Indonesia, Malaysia, Uzbekistan and The Middle East. However Europe and US based customers were quite slow in view of the coming Christmas and New Year celebrations

The overall situation of the local jute yarn and twine spinning mills is quite tense, especially for those who were unable to cover their raw material demand in large parts until now. These factories will certainly face huge losses, in case they concluded long term contracts with their customers.

In consequence the trend of significant reduction of production capacities of small and medium size mills continued and significant delays in shipments are quite common these days. The quite alarming situation on the freight markets with sky high freight rates and acute container shortages rendered the situation inevitable.

Local demand for both Sacking and Hessian quality of jute yarn for packaging purposes remained stable during the month under review.

The export prices for light and heavy count jute yarns and twines increased further by around USD 30 to 40 per metric ton during the month under review. In view of the proceeding shortage of raw jute the price situation for jute yarns and twines might escalate further during the months to come.

**Jute Goods:** Export demand for both Hessians and Sackings, especially from buyers in Africa, increased during the month under review. Demand from other countries such as Europe, USA, China, Vietnam, Iran and Australia were on an average level. India was regularly in the market for unstitched Binola and B-Twill fabrics.

Jute CBC demand from the regular importing countries like Europe, UK and Japan was rather slow during the month under review.

Export prices during the month under review have increased as follows:

Hessians:	approx. 2 to 3 %
Sackings:	approx. 2 %
CBC:	approx. 2 %

The Bangladesh Government decided to buy 50 per cent of jute bags and sacks from private manufacturers and the rest from traders following the closure of the mills under the Bangladesh Jute Mills Corporation (BJMC). The Textiles and Jute Ministry issued a circular to this effect on December 6. In January 2014, the government had made it mandatory to source half of the jute bags and sacks for the packaging of paddy, rice, wheat and fertilizer from the jute mills run by the BJMC and the rest from private sources. But the government shut all of the 25 jute mills of the BJMC in July to get rid of continuous losses.

## *Jute Market Report for December 2020*

-3/4-

4<sup>th</sup> January 2021

The corporation used to supply half of the jute bags and sacks used by the food department and the Bangladesh Chemical Industries Corporation.

The latest decision came at a meeting at the Textiles and Jute Ministry on 2<sup>nd</sup> December. Lokman Hossain Miah, Textiles and Jute Secretary, presided over the meeting.

The government purchases bags and sacks from manufacturers as well as traders. As a result, it has become difficult to ensure the quality of the vast number of sacks being bought, said a representative from the Central Procurement Technical Unit (CPTU), according to the meeting minutes.

The representative said half of the sacks could be bought from manufacturers, and the rest from the traders. It is not possible to buy sacks from the manufacturers alone as per the order of the textiles and jute ministry, said a food ministry representative. In Bangladesh, the annual demand for jute bags and sacks is 195.65 crore pieces (=1.965.650.000 pcs.), the jute department said.

**Maritime transport:** The ongoing space and shortage of container crisis is very alarming, especially as most shipping lines suspended acceptance of bookings for shipments to Europe and only few of them were ready to accept bookings at record high freight rates. One can only hope that the situation improves when Chinese New Year, which takes place on February 12th, draws nearer.

### **India**

**Raw Jute:** During the month under review there was a growth in market which was reflected by higher quotations of the Jute Balers Association (JBA): Grade TD-4 IRs 6.450,00 and Grade TD-5 IRs 5.950 per 100 kg. During the month under review deliveries from mukams to Jute sharply dropped.

**Jute Yarn and Twine:** During the month under review local demand and also prices for jute yarns decreased. We did not receive reports about exports worth to mention.

**Jute Goods:** Prices of Hessians remained almost unchanged with minor fluctuations during the month under review. Selective mills asking for premium of 7 per cent against prices quoted by „standard“ mills. Prices for Sackings decreased by about 2 per cent and selective mills asking for premium of about 1 per cent.

Availability of Jute Carpet Backing Cloth continuous to be rather poor, as most overseas customers placed long term orders with the manufacturers. The Indian Government ordered approx. 250,000 bales of B-Twill bags during the month under review. With this reduced order quantity the backlog is now around 150,000 bales.

## *Jute Market Report for December 2020*

-4/4-

4<sup>th</sup> January 2021

Reliance, Weaverly and Northbrook Jute Mills continued to suspend their production due to acute shortage of raw jute. Champdany added to this list due to workers unrest. It is expected that additional mills are going to join in coming months.

**Maritime transport:** Similar to the situation in Bangladesh, Indian suppliers are struggling with the ongoing space crisis and an acute shortage of container. In consequence, shipments are delayed and shippers are unable to give at least a tentative forecast as they are not receiving reliable information from the shipping lines.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in September 2020 amounted to 90.100 mtms of which 5.300 mtms were jute yarns/twines. Updated figures for October and November were unavailable at the time the report was issued.

--ooooOOoooo--