

# Jute Market Report for June 2020

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2<sup>nd</sup> July 2020

## Bangladesh

**Raw Jute:** With the withdrawal of lock down from the ongoing Covid19 pandemic on 30th May 2020 there were inquiries from the major importing countries like India and Pakistan.

Inquiries were observed from other regular importing countries too such as China and Vietnam. However, these were mainly made just for purpose of price checking and actual purchase interest was minimal. For the time being buyers prefer to watch the market and the development of New Crop.

Pakistan was in the market for long jute of Tossa variety like BTR KS and BTR CS as well as jute cuttings like BTCA and BTCB. Pakistani buyers have purchased about 2000 mtons including long Jute and jute cuttings for June shipment.

On the other hand India started to be in the market regularly. However, the quantity bought by India was minimal.

Reported demand from other jute importing countries, among others Russia and Brazil, was at very low level.

The local jute yarn and twine spinning mills as well as composite jute mills were active buyers after withdrawal of the lock down euphemistically called general holidays by the Bangladesh Government.

Export prices for low quality of long jute as well as jute cuttings have been reduced by about USD 20,00 per metric ton but prices of high quality long jute remained stable.

Raw jute exports during the period of July 2019 up to January, 2020 were 614.215 bales against 473.066 bales during the same period under review in the year 2019.

**New Crop:** According to the local information, Meshta, White and Tossa jute have started to arrive in the local market slowly. It is expected that during the first half of July arrivals will pick up and that by middle of July they will have reached volume with the local market being in full swing after mid of July, 2020.

As per local information, due to continuous heavy rainfalls over the last two months, the standing plants did not grow well specially in low land areas of Bangladesh. Thus length of the fibre of the new crop is likely to be less and it is thus assumed that quantity will available this year will be less compared with last year.

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**Weather conditions:** Sometimes moderate rainfalls, sometimes heavy rainfalls with alternate sunshine were observed throughout the month under review. At the end of the month, due to heavy rainfall there was flooding in low land areas of Bangladesh.

Heavy onrush of water from hilly areas from upstream have already inundated most of the districts in the northern and eastern regions of the country.

Low lying and char areas and crop fields in Kurigram, Gaibandha, Bogra, Sylhet, Sirajganj, Tangail Sunamganj, Lalmonirhat, Nilphamari, and Jamalpur, have been flooded while thousands of people have been left stranded.

Under these circumstances, people are enduring a lot of hardship with the added risk and fear of corona virus infection which continues to spread.

District Department of Agricultural Extension Department (DAE) sources said that jute on 1,075 hectares already have been damaged.

The Flood Forecasting and Warning Centre (FFWC) are saying that flood situation in the country may worsen over next 4-5 days and 20 districts likely to be affected. FFWC also said that rainfall will increase across the country in the next two to three days, only to worsen the ongoing flood situation.

It is also assumed that the flooding may spread to some central districts like Faridpur, Madaripur, Shariatpur, Rajbari, and Munshiganj in a couple of days, as water levels continue to rise in the next four to five days.

**Jute Yarn and Twine:** There was export demand for both high and low quality of Jute yarn and twine from regular importing countries like Turkey, Iran and other Middle East countries. After the gradual withdrawal of lock down in India, import demand from the latter country progressively increased.

Increase in regular import demand from China, Vietnam and Russia was noticeable. Buyers in Europe and Africa were reported to be active in the market and they purchased as per their requirements.

Local demand continuously increased both for Sacking and Hessian quality of jute yarn for packaging purposes.

During the month under review jute yarn and twine spinning mills were endeavouring to follow the new MEP (Minimum Export Prices) announced by BJSA.

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Situation of jute yarn/ twine and spinning mills and composite jute mills in Bangladesh: According to the local information, due to shortage of raw material some insolvent mills have been closed. Besides due to the ongoing outbreak and spread of the Covid19 pandemic, presence of labour in the mills is inadequate. In this situation some mills have been compelled to run their operations in two shifts instead of three shifts.

**Jute Goods:** Regular export demand of finished goods observed increased for Hessians and Sackings from African countries, China and Vietnam. Import demand from Europe, Australia and the USA appreciated during the month under review.

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

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

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

**BJMC:** The Government of Bangladesh has decided to shut down the operation of the 25 ailing jute mills run by state owned Bangladesh Jute Mills Corporation (BJMC) due to huge amounts of recurring losses year after year. BJMC incurred losses in 44 years out of 48 after 1972-73 fiscal year. The cumulative loss of the BJMC stood at BDT 106.74 billion in 2018-19 fiscal year since 1972. The jute mills are to be shut this month and are to be reopened under what is termed public-private partnership (PPP) within next six months, if everything goes well. Some 25,000 permanent workers of BJMC Jute Mills will be given a „golden handshake“ while dues and other retirement benefits of around 9,000 workers who already retired would also be paid by September.

In this context it may be recalled that the past immediate Minister of Finance Mr. Abul Maal Abdul Muhith pleaded for closure of BJMC run jute mills time and again during his tenure ending in December 2018 since BJMC jute mills were incurring staggering losses year after year which were unsustainable for the country. However, at the time BJMC was still considered by the Government of Bangladesh to be a sacred cow and nobody listened to him.

**COVID19 Pandemy:** Despite all efforts the Bangladesh Government has not yet succeeded to arrest the spread and contain the pandemic and this particularly felt in the greater region of Dhaka causing a lot of hardship to the population and very negatively interfering with public life and working lives. Some people say that the situation is worsening and they cannot see the curve flattening in the near future.

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## India

**Raw Jute:** During the month under review the market appreciated which was reflected by higher quotations of the Jute Balers Association (JBA): Grade TD-4 Irs 5.000,00 and Grade TD-5 Irs 4.650 per 100 kg. **The crop for 2019-2020 is estimated at 6.4 million bales. Carry over from 2019-2020 is expected to be 2.6 million bales.** (\*)

**New Crop:** Early rough forecast 5.5 to 6.0 million bales. Jute sowing this year covering a cultivation area of 588.000 Hectars (provisional estimate) compared 666.000 Hectars last year.

The Monsoon is timely and rains so far in excess by about 22 %. There is need for bright sun for better quality and growth of healthy plants. Height of standing plants varies from 0.90 meter to 1.50 meter.

New Crop arrivals unlikely before end of **July**. (\*) They may be even delayed.

**Jute Yarn:** Business activities not worth to mention.

**Jute Goods:** Prices of Hessians increased by about 4 % since the lockdown. Selective mills asking for premium of 4 % against prices quoted by „standard“ mills. Prices of Sackings appreciated by about 1 %. B-Twill bag Government June 2020 orders: 280.000 bales with backlog now about 75.000 bales. The Indian Government decided to allow the use of PP bags to the extent that Indian jute mills are unable to meet the demand for jute bags for packaging agricultural commodities.

According to IJMA the jute industry suffered huge losses because of the impact of the lockdown and is grappling for survival. 150.000 mtons of production of jute goods has been lost, estimated to be valued IRs 12.5 millions.

(\*) *Highlighted sections are corrections to the first edition of this market report.*

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