

Jute Market Report for November 2019

-1/4- 3rd December 2019

Bangladesh

Raw Jute: During the month under review India, Pakistan as well as Nepal continued to be in the market for procurement of fibres. But due to poor availability of the fibres, they could not cover their entire demand. Demand from India concerned long Tossa Jute BTR KS, BTR CS, BTE HD as well as BTCA cuttings. Indian jute mills have bought about 5.000 mtons raw jute for shipment in November and December, 2019. Pakistan was in the market for both high and low quality of Tossa fibres and placed order for about 2000 mtons of Long Tossa Jute and BTCA cuttings also for shipment in November and December, 2019. Nepal based raw jute importers bought around 2000 mtons of Long Tossa Jute and BTCA cuttings during the month under review. A rather sluggish demand from other raw jute importing countries like China, Vietnam, Russia and Tunisia was observed. Due to scarce availability of good quality raw jute, a lot of sellers were not in position to offer.

Regular demand was also observed from the private jute yarn and twine spinning mills, composite mills and other raw jute processing industries. But even though the solvent mills were prepared for cash spot purchases, they were unable to cover their requirements.

During a recent visit to Bangladesh, we were told that the season for Kenaf and Meshta is already over and that the same applies for high grade Tossa and White Raw Jute, as well. The customers who have not yet covered their requirements for the season, will face serious difficulties to meet their requirements. Furthermore the exported volumes of BTR and BWR to India is causing an acute shortage of jute cuttings in the local market.

During the month under review, fibre prices have increased about USD 20,00 to USD 30,00 per mton for high and low quality of fibres.

Raw jute exports during the period of July 2019 up to August 2019 were 100,689 bales against 147,888 bales during the same period under review in the year 2018.

Weather conditions especially during the first two weeks of the month under review were very unpleasant. The strong cyclone "Bulbul" hit Bangladesh during the 1st week of November and deracinated trees, damaged dwellings and croplands in various districts such as Pauakhali, Bhola, Satkhira and Khulna. Around 4-5.000 houses were severely damaged. From mid of November onwards the weather conditions improved.

As per information from local sources, BJMC was in the market but due to high fibre prices and scarce availability, BJMC was unable to cover their needs.

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Jute Yarn and Twine: A regular export demand of high quality jute yarn and twine from the major importing countries like Turkey and Iran is reported for the month under review. Both countries were in the market for high and medium quality jute yarns and twines. Regular import demand has been observed from other importing countries like India, China, Vietnam, Indonesia, Japan, Europe, USA, Uzbekistan and Middle East countries.

Demand from local market for both Hessian and Sacking Quality was steady. During the month under review export prices increased on the average by about USD 40,00 per mton.

Due to the scarce availability of proper quality raw jute and the consequential increase of market prices, which is expected to continue throughout the season, one has to assume that the prices for jute yarns and twines will continue to increase until next crop. Local jute mill owners told us that they cannot remember having experienced a similar situation before.

The local jute yarn and twine spinning mills are booked up to January 2020, but according to local sources certain mills will face difficulties to continue their production in full swing, due to the acute raw material crisis. Factories that have not yet covered their demand in large parts, might be forced to reduce their production later this season.

Jute Goods: During the month under review export demand of finished goods, both Hessians and Sackings increased compared to previous months. Especially buyers from Africa, Europe and USA placed bigger orders. The export demand from other countries like China, Vietnam, Japan, Australia and Middle East countries was on an average level. India was regularly in the market as buyer of unstitched Binola and B-twill bags.

During the month under review there was regular export demand for Carpet Backing Cloth from importing countries in Europe, Australia and New Zealand. Local demand for hessians and sackings increased in comparison to the demand ruling in October 2019.

Export prices increased for the following qualities of

Hessians:	about 2 - 3 %
Sackings JBA:	about 2 - 3 %
CBC:	about 2 %

The Bangladesh Jute Spinners Association published a circular on July 31st, 2019 and sent a reminder to all member on November 20th, 2019 which states that from January 1st, 2020 no business transactions shall be allowed except businesses against irrevocable confirmed L/C payment or payment received in advance. This action is taken in order to avoid the risk of foreign buyers defaulting on contracts.

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Latest news: On November 13th, the Ministry of Textiles and Jute (MoTJ) has sought a fresh allocation of over BDT 11 Billion from the government for the state-run Bangladesh Jute Mills Corporation (BJMC). Of the amount BDT 10 Billion will be spent for jute procurement by the BJMC and BDT 1,3 billion for payment of wages and allowances of workers of the state regency. Currently, jute traders, labourers and other staffers have been forming human chains demanding payment of their dues. The mills under BJMC have financially gone broke. For this reason, the employees are also in trouble, a BJMC official said. At present BJMC is the biggest employer in the industrial sector and provides direct jobs to about 70,000 workers as well as 5,500 officers.

On November 25th, state-owned jute mill workers brought out a hunger procession in Khalishpur industrial area in Khulna. The procession ended at the Platinum Jute Mills Gate. A seven-day agitation programme was announced under the banner of "State-owned Jute Mill Collective Bargaining Association (CBA) and Non-CBA Sangram Parishad". They announced programmes of symbolic hunger strike on November 27th, demonstration procession on December 2nd, strike on December 3rd, gate meeting on December 8th and hunger strike on December 10th at their respective mill gate. The workers demanded the implementation of wages commission, cancellation of public private partnership (PPP), payment of PF and gratuity of retired workers, employees and officers, regular payment of weekly wages to workers and realisation of workers' interest in the issue of jute season. As per official statements, the government is will try to fulfil the demand of the workers.

Users of Chattogram (formerly Chittagong) Port alleged that a section of port officials, employees and equipment operators were taking bribes, harassing them and wasting time. Speaking at a public hearing at the auditorium of Chattogram Port Authority (CPA), they also complained that irregularities are committed during the delivery of goods and containers from the port and also during loading, unloading and transfer of goods and containers inside the port. ACC Commissioner (investigation) AFM Aminul Islam, also the chief guest at the programme, directed the CPA Chairman to investigate the allegations and submit reports to the graft watchdog within a stipulated time. He stressed the need for strong monitoring of the activities of the field-level officials and employees. CPA Chairman Rear Admiral Zulfikur Aziz said services of the port have improved over the last few years due to several steps taken by them. He assured the port users of resolving the prevailing problems.

India

Raw Jute: JBA quotations increased during the month under review up to TD-4 IRs 5.200,00 and TD-5 IRs 4.850,00 per 100 kg.

Jute Yarn: During the month under review there were not much activities on the jute yarn market in India.



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Jute Goods: Prices of Hessians remained unchanged during the month under review. Selective jute mills demanded premiums of about 5 %. Prices of Sackings remained also almost unchanged with easy availability of required low grade raw jute. New Government orders during the month under review were for 125.000 bales with backlog almost zero at the end of the month under review. As far as Jute CBC is concerned, not much demand of CBC is reported.

Latest News: In order to improve the productivity and quality of raw jute through a carefully designed intervention, called the Jute ICARE, the Government has been supporting approximately 200,000 jute farmers by disseminating improved agronomic practices such as line sowing using seed drills, weed management by using wheel-hoeing and nail-weeders, distribution of quality certified seeds and also providing microbial assisted retting. These interventions have resulted in enhancing the quality and productivity of raw jute and increasing income of jute farmers by IRs 10,000 per hectare.

In this connection, to support diversification of jute sector, the National Jute Board has collaborated with National Institute of Design and a Jute Design Cell has been opened at Gandhi Nagar. Further, promotion of Jute Geo Textiles and Agro-Textiles has been taken up with the State Government particularly in the North Eastern region and also with departments such as Ministry of Road Transport and Ministry of Water Resources.

The Office of the Jute Commissioner has imposed stern curbs on unauthorized imports of raw jute from Bangladesh and Nepal. India's jute mill owners, who circumvent the guidelines to source from the two latter countries, will face imprisonment for one year and also have their property forfeited under Essential Commodities Act, 1955.

A recent report by the Union textiles ministry points out that the competitiveness of the domestic jute industry has been eroded by cost advantage policies pursued by Bangladesh government and lukewarm efforts by the Indian jute manufacturers. Bangladesh's jute mills enjoy a 15-20 % cost advantage due to low wages and 35 % cheaper power tariff.

Raw jute imports from Bangladesh have been consistently on a rise. India imported 0,3 Mio bales in 2018-19 and this fiscal, the imports from Bangladesh are tipped to rise 33 % to 0,4 Mio bales of 180 kgs each.

Against escalating imports, jute goods exports from India have witnessed a downtrend on volume terms. Data from the National Jute Board (NJB) illustrates that exports tanked 32 % between 2014-15 and 2018-19. In value, finished jute products exports rose 10 % in the same period.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in October 2019 amounted to 88,900 mtons of which 4,600 mtons were jute yarns/twines.

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