

Jute Market Report for May 2019

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4th June 2019

Bangladesh

Raw Jute: The overall demand from international markets for Raw Jute was rather slow during the month under review. India, Pakistan and Nepal were regularly in the market but the ordered quantity was less than in previous months. India was in the market for both high and low quality of raw jute, such as BTE HD and jute cuttings BTCA and BTCB. In total India purchased around 2.000 mtons during the month under review. Pakistan placed orders for around 1.000 mtons of Tossa Jute such as BTE BS, BTE CS and BTE KS as well as for jute cuttings BTCA and BTCB. Nepal purchased around 2.500 mtons of Tossa Jute like BTE KS and BTE CS as well as jute cuttings BTCA and BTCB during the month under review. The demand from other international markets such as China, Vietnam, Russia and Brazil was quite poor during the month under review.

There was a certain local demand for both high and low quality of long jute from private jute yarn and twine spinning mills, composite jute mills and raw jute processors, but since the availability of high quality fibre is limited, the mills were unable to cover their entire demand.

Bangladesh Jute Mills Corporation (BJMC) were in the local market, as funds from the government were expected prior to Eid festival early June. Due to the bad outcome of last year's crop the jute mills in Bangladesh are plagued by a dearth of raw materials. The looms of the BJMC owned jute mills Platinum Jubilee Jute Mill in Khulna for example stay idle due to a lack of raw jute. In fact the nine state-owned jute mills in Khulna and Jashore are lagging way behind their production targets because of a lack of raw materials.

It seems that the present crisis in the state-owned jute mills will hardly be over with the Tk 189,14 crore allocated by the government to BJMC to pay the workers their dues. This may placate the workers for the time being, but as their other demands, including implementing the new wage scale cannot be met with this money, there are chances of further unrest. And unless steps are taken to completely restructure the sector, the problems the sector is currently facing will persist.

Raw jute prices increased by about USD 15,00 - USD 20,00 per mton for high quality fibres. The raw jute prices for lower grades remained stable during the month under review.

Raw jute export figures from the period of July 2018 up to April 2019 were 618,071 bales against 854,109 bales during the same period under review in the year 2017-2018.

New Crop: Sowings for Meshta, Tossa Jute and White Jute have been completed during the month under review and as per local reports the plants have already grown up to 2 to 5 foot and more. The weather conditions during the month under review were quite favourable with less rainfalls in the beginning of the month under review and warm weather with sufficient sunshine. By end of the month under review moderate rainfalls were reported. Moderate rainfalls at regular intervals up to harvest is imperative for good quality and quantity of fibre. As per various local newspaper articles the farmers are quite optimistic of good jute output. Due to quite favourable

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weather condition jute cultivators in Rangpur are expecting a good yield of the crop. Various sources are furthermore reporting that sufficient water supply, necessary agri-inputs and congenial weather condition have made the farmers optimistic of a good output of the crop. Growers are being given necessary advised and assistance in this regard to boost the production of the crop this year.

Jute Yarn and Twine: During the month under review export demand for high quality Jute Yarn and Twine from the major importing countries such as Turkey and Iran increased again compared to previous months. Furthermore a satisfactory demand for low and high quality Jute Yarn and Twine from markets like Uzbekistan, Indonesia, Malaysia, India and China was observed during the month under review. Demand from African countries, USA and Europe was rather slow during the month of May. There was regular demand from the local market for jute yarns/twines of Sacking and Hessian qualities for packaging purposes. The export prices for high quality jute yarn/twines increased about USD 60,00 - USD 70,00 per mton. For low quality jute yarns and twines an export price increase of USD 30,00 – USD 40,00 was observed during the month under review. It is reported that only the solvent mills are booked with their existing orders up to August 2019, whereas the mills, which are facing financial difficulties are in trouble to fill their order books.

Jute Goods: Regular export demand for finished goods for Hessians and Sackings has been observed from international markets like Africa, Europe, Australia, USA, China and Vietnam. The demand for sackings and hessians from the local market remained stable during the month under review.

CBC: Same as during the previous months, there was less export demand for jute CBC from the regular importing countries like Europe, UK and Japan.

During the month under review export prices appreciated:

Hessian: Price increased approx. 3-5 %
Sacking: Price increased approx. 3-5 %
CBC: Price remained unchanged

The Ministry of Jute and Textiles has urged the finance ministry to provide cash incentives to 49 more diversified products. The jute ministry sent a letter with the request and a list of proposed products to the finance division on May 8th. Presently, 232 diversified jute goods exporters receive 20 per cent cash subsidy. Besides, the jute yarn and twine exporters and hessian exporters get 7 per cent and 12 per cent cash incentives respectively. The main reason for this request is the shrinking foreign markets and a poor demand from the local and international market. The jute industry in Bangladesh relies heavily on exports, which accounts more than 80 per cent, because of a restrained response from the domestic market. But in recent years exports of jute goods nosedived due to the falling demand in two major markets, Turkey and India. While the Turkish

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market is facing a serious economic and political crisis, which is affecting demand for imports from its carpet industry, the Indian market shrunk remarkably after the implementation of an anti-dumping duty on jute goods deriving from Bangladesh.

India

Raw Jute: The price tendency of the market during the month under review was again showing a downward trend. JBA quotations at the end of the month under review: TD-4 IRs 4.700 and TD-5 IRs 4.500,00 per 100 kg. The estimated carry forward is indicated with 1,6 Mio bales. This year's estimation for jute growing areas is 494,150 hectares compared to 653,740 hectares in 2018.

New Crop: Sowings in Assam, South – and North Bengal are completed. Good growth of the plants is reported, the highest in Assam with a height of nearly six feet, in North Bengal five to six and in South Bengal three to four feet. The weather conditions are quite good with sufficient rainfalls and a temperature between 39-46 °C at the moment. The monsoon rains likely to be delayed by a week or so and during the month of July one expects 95 per cent rainfall. In case of continuous favourable weather conditions with sufficient rainfalls new crop in India is expected to be available during July. The estimation of this year's crop is 7,9 Mio bales compared to 7,2 Mio bales in 2017/18. Although the crop estimates given by the various agencies have differed, indications were, that this year would be good for jute farmers.

Jute Yarn and Twine: Market continued to be absolutely dull during the month under review.

Jute Goods: During the month under review the production regularised with not much change on the demand side. The market prices for Hessians remained unchanged with selective mills offering around 7% higher than the market level. Jute CBC is easy available with a reasonable lead time.

Due to less governmental orders for Sackings the prices eased by about 4 per cent.

As expected about 100,000 bales of B-Twills have been ordered during the month under review. Dispatches are almost completed with no backlog at the moment. For the month of June and onwards orders of around 350,000 bales are expected.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in April 2019 amounted to 35.000 mtons of which 1.300 mtons were jute yarns/twines.

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