Jute Market Report for February 2024

1st March 2024

Bangladesh

Raw Jute: During the month under review, raw jute demand from India as well as from Pakistan was on a regular level. Indian buyers were observing the market for BTR HD, BTR NB and BTR CS, as well as BTCB jute cuttings. In total Indian buyers were placing orders of about 2.000 mtons during the month under review. Pakistan was in the market for various long Jute Tossa grades and long Meshta grades and Tossa cuttings like BTCA and BTCB as well as Meshta cuttings SMC and OMC and placed orders of about 2.500 mtons, in total.

Nepal was in the market for long Jute Tossa grades BTR NB, BTR KS, BTR CS, as well as BTCB cuttings. In total, Nepal placed orders of about 1.500 mtons. Export demand from other international buyers from importing countries like China, Vietnam, Russia and Tunisia was on a relatively low level, even though enquiries were circulating in the market, during the month under review.

Local demand from jute yarn and twine spinning mills, composite jute mills as well as raw jute processors for both high and low quality raw jute was on a regular level.

In view of the scarce availability, export prices for higher quality grades of raw jute fibre increased further by USD 20,00 per mton, whereas prices for lower quality grades remained stable during the month under review.

Raw jute exports from July 2023 to September 2023 (fiscal year 2023-2024) were 310.318 bales against 211.520 bales during the same period in the year 2022.

Weather: During the first half of the month under review, the entire country witnessed relatively low temperatures and foggy weather. These weather conditions lead to congested highways and disruption of traffic. During the second half of February though weather conditions improved and the entire country enjoyed bright and sunny weather.

Jute Yarn and Twine: Export demand for both low and high quality grade jute yarns and twines from markets such as Turkey and Iran continued to be on a regular level during the month under review. Same applies for export demand for low and high quality grade jute yarns and twines from other international markets such as India, African countries, countries of the Middle East and Europe. Due to Chinese New Year celebrations, demand from China as well as Vietnam ruled on quite a low level, during the month under review.

Local demand for Sacking and Hessian jute yarns and twines for packaging purposes was on a regular level.

The situation of the local jute yarn and twine spinning mills improved, due to the increase in demand. Most of the mills, especially the big and medium size mills are more or less booked with

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orders up to March, whereas the position of small mills presents itself as quite difficult, as they are lacking sufficient amount of orders to keep their productions running on a regular level.

Export prices for both high and low quality jute yarn and twine increased by about USD 20,00 to 30,00 per mton, during the month under review.

Jute Goods: During the month under review export demand for both Hessians and Sackings from buyers in Europe, Australia and the United States of America increased. Buyers from African countries were in the market mainly for Sackings. Export demand from countries like India, South Korea, U.A.E., Indonesia, Iran, China and Vietnam was more or less on a regular level during the month under review. India furthermore was regularly in the market for unstitched Binola and B-Twill fabrics.

Jute CBC demand from the regular importing countries like Europe, UK, New Zealand and Japan was on a regular level during the month under review. Local demand for Hessians and Sackings for packaging purposes continued to be on a standard level during the month under review.

During the month under review, export prices developed as follows:

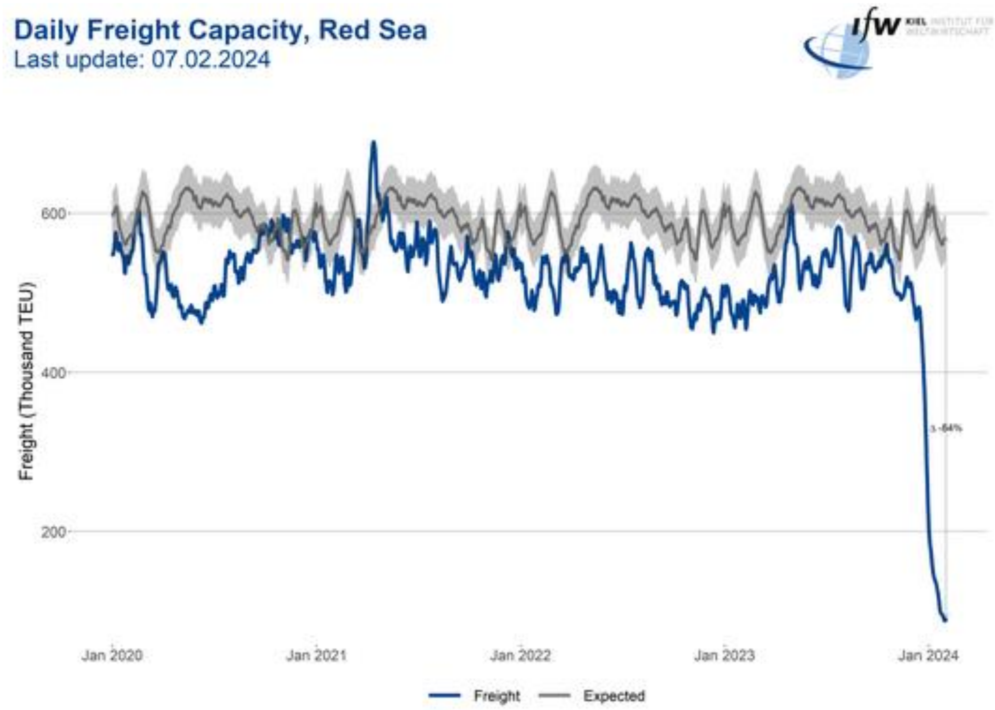
Hessians:	increased by about 4 per cent
Sacking:	increased by about 2 per cent
CBC:	increased by about 2 per cent

Miscellaneous: According to Agriculture Minister Abdus Shahid, Bangladesh is yet to achieve self-sufficiency in jute seed production and continues to depend on jute seed supplies from India. Since many years, the reduction of the dependence on imported jute seeds is a major topic in the jute industry, however unfortunately a major breakthrough in domestic jute seed production is yet to come. High-yielding varieties and production technology will have to be introduced, in order to increase jute cultivation and consequentially jute production in the country.

In order to support small and medium size farmers across the country, the Bangladesh Government has decided to provide BDT 7,49 crore (1 crore = 10 Mio) as incentive. Farmers are entitled to receive 1 kg of free seeds, which enables them to cultivate jute on 1 bigha of land (=approx. 1.333,33 sqm). According to the Bangladesh Government, disbursement will start at field level very soon.

Maritime Transport: The ongoing attacks on cargo vessel in the Red Sea by the Houthis and the re-routing around Africa continues to be a major concern and leads to higher freight rates as well as longer transit times. This being said, the German ocean carrier Hapag-Lloyd invested around USD 350 Mio into 125.000 new containers, in order to counteract an increasing shortage of containers, especially in Asian ports. Furthermore Hapag-Lloyd mentioned that the shipping company is in need of 10 to 15 per cent more vessels in order to perpetuate regular service.

The last update of Fleetmon/Kiel Trade Indicator about the daily freight capacity in the Red Sea shows a downfall of 84 per cent, as the following chart clearly shows:

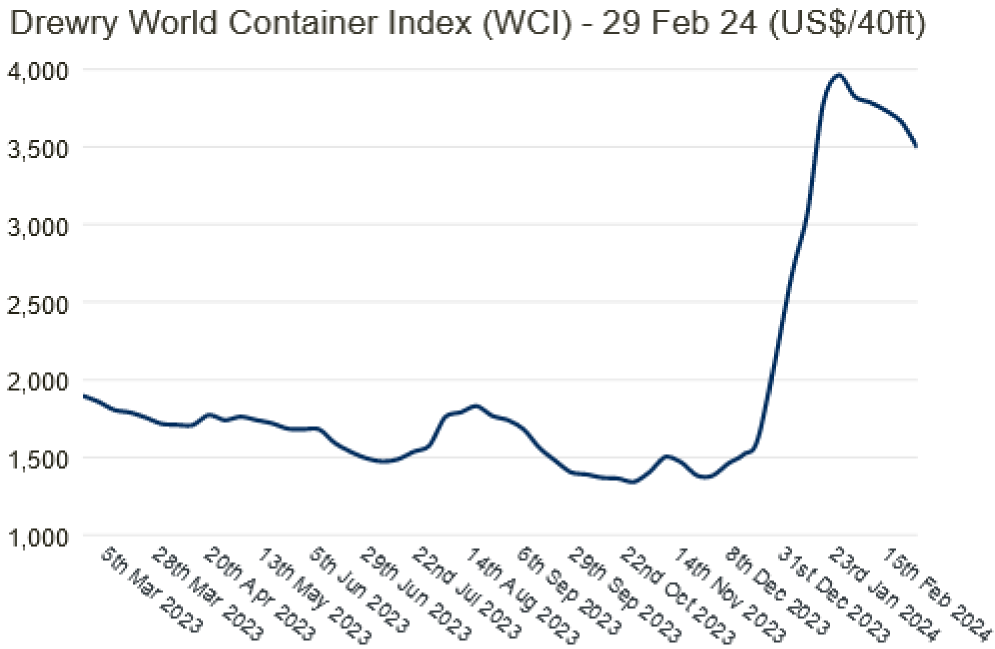


The graph measures the summed capacity of container ships in the Red Sea and the Suez Canal on a daily basis. Due to the particular geographical location of the Red Sea, the shipping here reflects the trading activity between Europe and Asia. The expected value is calculated from the average of 2017 to 2019, scaled to 2020 and 2021 using past growth rates.

Source: IfW Kiel/Fleetmon.com

Emissions from container ships, car carriers and dry bulk ships diverting from the Red Sea are set to increase as much as 70 per cent as vessel operators increase speeds to compensate for the longer route around the Cape of Good Hope. The speed increases follow nearly a decade of slow steaming by most ocean carriers in a bid to economise on fuel use and minimise their carbon emissions.

The latest update on Drewry Shipping Consultants World Container Index (WCI) is self-explanatory and presents itself as follows:



Source: Drewry

India

Raw Jute: As already announced the Jute Balers Association (JBA) resumed JBA quotations for minimum price which were fixed as follows: TD-4 IRs 5.800 and TD-5 IRs 5.300 per 100 kgs. However prices of raw jute continues to be rather weak.

New crop: Harvest of new crop fibre is completed in all jute growing areas. The crop yield of 2023/24 is expected to be about 8,0 Mio. bales compared to 9,3 Mio. bales in 2022/23. The carryover is estimated with around 2,5 Mio. bales. Official figures concerning sowings and area under jute cultivation for 2024/25 jute crop are yet to be published, we expect to receive first indications in the course of March.

Local supplies of raw jute to Indian jute mills were ruling around 594,000 bales during the month under review (against 472,000 bales in January).

Weather: Winter time in India is almost over and some rainfalls took place during the second half of the month under review.

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Jute Yarn and Twine: Due to less domestic demand of finished products, local demand of jute yarns and twines reduced consequentially during the month under review. Prices for jute yarns and twines went down by 6 per cent correspondingly.

Jute Goods: Situation during the month under review presented itself as follows: Prices for Hessians slightly decreased and were ruling at IRs 116,000 per mton. Selective mills asking for premium of 6 per cent against prices quoted by „standard“ mills.

Market prices for Sackings decreased as well during the month under review and were ruling around IRs 86.000 per mton, with selective mills asking for premium of 5 per cent for exports against prices quoted by „standard“ mills. The main reason for this development is a lower order volume of the government and the almost finished seasonal demand of the domestic sugar mills.

B-Twills: The Indian Government placed orders of about 250.000 bales of B-Twill bags during the month under review, which is around 100.000 bales less than expected. Order quantity for March is expected to range somewhere to the tune of 300.000 bales.

Even though jute prices are already ruling at a very low level, market prices continue to be under pressure. Reduced demand from abroad as well as from domestic markets are to be blamed for the latest market price development.

No orders of Jute Carpet Backing Cloth were reported for the month under review. In consequence most of the mills stopped CBC production and are using the idle looms for shopping bag production now.

Miscellaneous: According to estimates of the Indian Government, wheat procurement to be around 300 to 320 lakh mtons (1 lakh = 100.000) during the rabi marketing season, stating in March. These figures represent an increase of around 23 per cent compared to the quantity procured last year and will be enough to meet the food security requirement and for future market interventions.

After decades of duty free imports of jute and jute products from both India and Bangladesh into the EU, India is now excluded from the duty exemption quota for jute fabrics and jute bags.

Customs tariff numbers for which duty exemption continues to be granted for India as well as Bangladesh are 5303 for raw jute and 5307 for jute yarns and twines.

For jute fabric (Customs tariff numbers 5310 1010 00 and 5310 9000 10) generally an import duty of 4 per cent applies, however previously India and Bangladesh were both excluded from that rule. Since 2024, the 0 per cent quota applies for imports from Bangladesh only, being one of the least developed countries. India, not falling into that category, is explicitly excluded from that quota now.

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For jute bags and sacks (Customs tariff number 6305 1090 00) an import duty of 4 per cent generally applies. Same as for jute fabrics, Bangladesh enjoys a 0 per cent quota, whereas 3,2 per cent of import duty applies for imports from India.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for December 2023 were 95,000 mtons in total of which 3.100 mtons were jute yarns/twines. Figures for January 2024 represent itself as follows: jute goods production 105.200 mtons in total of which 2.700 mtons were jute yarns/twines.

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