

Jute Market Report for May 2023

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2nd June 2023

Bangladesh

Raw Jute: During the month under review, raw jute demand from major importing countries like Pakistan, India and Nepal was on a regular level. Pakistan was in the market for long Jute Tossa and long Meshta grades as well as Jute and Meshta cuttings such as BTCA, BTCB, OMC and SMC. In total, Pakistan placed orders of about 4.500 to 5.000 mtons. Indian buyers were in the market for lower quality grades of long Jute Tossa such as BTR BS, BTR NB KS, BTR NB CS and BTR SMR as well as Jute cuttings BTCA and BTCB and placed orders of about 6.500 to 7.000 mtons.

Demand from other importing countries like China, Vietnam, Russia, Brazil and others continued to be sluggish during the month under review.

Even though 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 observed, the mills were unable to cover their demand, in view of an acute shortage of high quality fibre.

Raw Jute and Meshta export prices continued to remain stable during the month under review.

Raw jute exports from July up to December, 2022 were 455.062 bales against 373.622 bales during the same period under review in the year 2021.

New Crop: During the month under review new crop sowings for Meshta, Tossa and White Jute have been completed. According to local sources as well as our own findings during a recent trip to the country, growth of the plants is satisfactory and some reached a height of about 2 to 4 feet, already. The weather conditions during the month under review were quite favourable with a good mix of moderate rainfalls and warm weather with sufficient sunshine. These kind of weather conditions are imperative for good quality and quantity of fibre.

Weather: As mentioned above, the entire country faced a good mix of sunshine and moderate rainfalls. During the first half of the month, the entire country witnessed a mild to moderate heat wave and during the second half of May a combination of moderate to heavy rainfalls with sufficient sunshine.

Cyclone Mocha crashed through Myanmar and south-eastern Bangladesh on May 14th, sparing sprawling refugee camps but bringing a storm surge to swaths of Western Myanmar where communications were largely cut off. Mocha made landfall between Cox's Bazar in Bangladesh and Myanmar's Sittwe, packing winds of up to 195kmph (120mph) as the strongest storm to hit the Bay of Bengal in more than a decade. Jute growing areas however were not affected by Cyclone Mocha. The Chittagong seaport though continues to experience a backlog of container ships as a result of a 60 hour operation shutdown, caused by Cyclone Mocha. Even by end of the month

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under review, still 10 to 15 container vessels are waiting daily at the outer anchorage of the country's prime seaport, seeking berthing.

Jute Yarn and Twine: Export demand for both low and high quality grade jute yarns and twines from markets such as Turkey, Iran and Europe was more or less on a regular level during the month under review. Demand for both low and high quality grade jute yarns and twines from other international markets such as India, China, Vietnam, Indonesia, Thailand, Malaysia, Uzbekistan, countries of the Middle East, African countries and USA, was also observed during the month under review.

Local demand for both Sacking and Hessian quality jute yarn and twine for packaging purposes was on a regular level during the month under review.

Due to a reduced number of orders, as well as frequently increasing labour costs, several financially weak mills remained closed after Eid holidays. Most of the medium size factories struggle to keep their production running in view of the mentioned situation, too. It is only the financially solvent mills of larger size which are in position to operate the production according to their capacity.

Export price: Export prices for both light and heavy count jute yarn and twine remained stable, during the month under review.

Jute Goods: During the month under review export demand for both Hessians and Sackings from buyers in Europe, USA and Australia was observed to be on a regular level. Demand for Sackings from African countries as well as from other importing countries such as Iran, China and Vietnam was more or less on a regular level, as well. India 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 slightly increased during the month under review.

Local demand for Hessians and Sackings for packaging purposes was observed on a regular level during the month under review.

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

Hessians:	increased by approx. 3%
Sacking:	increased by approx. 3%
CBC:	increased by approx. 2%

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Miscellaneous: Exports of jute and jute goods fell by 20,25 per cent to US-\$ 770,82 Mio during the first ten months of the current fiscal year 2022-23 (July-June), as per provisional data released by the Bangladesh Export Promotion Bureau (EPB). The decline is attributed to global economic challenges affecting international trade across various sectors. The exports of raw jute amounted to US-\$169,05 Mio during the period from July to April of the current fiscal year, compared to US-\$ 177,50 Mio during the same period last year. Export shipment of jute yarn and twine was valued at US-\$ 420,35 Mio from July to April this fiscal year, significantly less than the previous year's export shipment of US-\$ 601,59 Mio. Exports were down 30,13 per cent against the corresponding period of last year. Exports of jute sacks and bags decreased by 4,96 per cent to US-\$ 100,37 Mio during the period under review. The previous year's export shipment was valued at US-\$ 105,61 Mio during the same period.

The interbank exchange rate for the US Dollar has increased to BDT 108,75, the highest ever in the country's history. Banks traded a dollar between BDT 108,50 and BDT 108,75 on May 22nd, down 24,28 per cent from a year ago, data from the Bangladesh Bank showed. The interbank exchange rate increased almost every working day during the month under review. The rate was BDT 106,80 for a dollar in the interbank platform on May 1st. The local currency has been facing depreciation for the last one year due to the higher import payments and slower-than-expected export earnings and remittance inflow.

In order to develop warehouse facilities for faster and safer handling of export goods, big shipping companies, freight forwarders and logistics entrepreneurs are teaming up with private inland container depots in Chattogram (Chittagong). Maersk already built two warehouses with another one in the making, All port Cargo Services also built one warehouse, same as Expr Freight which is still under construction. Furthermore, a good number of other companies already secured space in order to build additional warehouses. These warehouse facilities may help to reduce the time for quality control of export goods, as well as prevent theft or damages.

India

Raw Jute: The ruling market prices quoted by the Jute Balers Association (JBA) end of last month were fixed as follows: TD-4 IRs 6.250 and TD-5 IRs 5.750 per 100 kgs, which represents slighter lower figures as the ones ruling last month.

New crop: According to local reports, jute sowing figures in North Bengal and Lower Assam are around 20 per cent higher than last year. However, figures we received for Semi Norther and South Bengal are 20 per cent respectively 10 per cent lower than last season. Altogether, it is indicated that the area of land brought under cultivations is going to be more or less same as last year. However, we are yet to receive official reports about the total area under jute cultivation. Length of the plants cultivated in West Bengal reached about 4 to 5 feet, in Assam about 6 to 8 feet and in upper Assam almost 10 feet, already.

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Local supplies of raw jute to Indian jute mills were around 540,000 bales during the month under review (against 547,000 bales in April).

According to latest estimates the crop 2023/24 is expected to be about 8,7 mio. bales compared to 9,3 mio. bales in 2022/23. The carryover is estimated with around 2,2 mio bales.

Weather: So far weather conditions are favourable with sunshine supported by periodical norwester rains. In South Bengal there are reports about insufficient rains, but as long as some norwester rains occur pending arrival of monsoon rains, plants should not be damaged.

Jute Yarn and Twine: Demand for jute yarns and twines continued to be negligible during the month under review.

Jute Goods: Situation during the month under review presented itself as follows: Prices for Hessians were slightly lower, ruling at IRs 127,000 per mton. Selective mills asking for premium of 4% against prices quoted by „standard“ mills. Export demand as well as local demand continued to be on a quite low level and was even shrinking compared to April.

Market prices for Sackings slightly decreased, fluctuating between IRs 90.000 and 96.000 per mton, with selective mills asking for premium of 5 % against prices quoted by „standard“mills.

B-Twills: The Indian Government placed orders of about 225.000 bales of B-Twill bags during the month under review. Order volume for June is expected to be to the tune of 350.000 bales.

Orders for Jute Carpet Backing Cloth continued to be sluggish.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for April 2023 were 101.500 mtons in total of which 3.700 mtons were jute yarns/twines.

Miscellaneous: The Indian government has estimated the country's foodgrain output in crop year 2022/23 will hit a record of over 330 Mio mtons, which is 14 mtons more than the production in the previous corresponding year, despite the unseasonal rains that hit North and West India in March.

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