

# Jute Market Report for August 2022

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## Bangladesh

**Raw Jute:** During the month under review, raw jute demand from Pakistan as well as from India gradually increased again. Pakistan was in the market for long Jute Tossa as well as Tossa cuttings, such as BTCA and BTCB. In total, Pakistan placed orders for about 5.000 mtons. Indian buyers were in the market for long jute Tossa varieties such as BTR BS, BTR CS and BTR KS and purchased around 4.000 to 4.500 mtons, in total.

Demand from other international buyers from countries such as China, Vietnam, Tunisia and Europe increased as well, during the month under review.

Due to a significant increase of fuel prices, which includes diesel, kerosene and petrol, of about 45 per cent, production costs almost doubled and in consequence export prices for new crop fibre increased by about USD 20 to 30 per mton.

Raw jute exports during the period from July 2021 to March 2022 amounted to 563.829 bales against 490.780 bales during the same period in 2021.

Local raw jute balers, jute yarn and twine spinning mills as well as jute composite mills and raw jute processing units, started to procure new crop fibre according to their requirements, during the month under review.

**New crop:** As already reported in our July market report, the entire country struggled with a severe draught of about 35 days. Due to lack of timely rainfall farmers were forced to keep the harvested plants on the fields, which lead to severe damage of a certain percentage of the harvested fibre and affected the overall quality of the fibre negatively. However, during the month under review, the badly needed rainfalls finally took off, which enabled the farmers to finally start the retting process.

Due to the circumstances described above, the fibre lost it's original colour and consequentially the availability of high quality grades is less. Farmers of Faridpur district, also known as the hub of jute production, complained that they were facing additional production costs, as they were forced to use subterranean water lifted by shallow machines to start the retting process in time, for at least a part of their overall crop.

Furthermore, many farmers were forced to transport their harvest to other places for retting, as the availability of natural waterbodies in their particular areas has been significantly reduced due to lack of rainfall. However, according to them, local market prices in Faridpur are not reflecting the additional costs.

In summary this year's jute crop turns out to be a mixed bag of joy and sorrow. While new crop is expected to have a bumper yield, farmers in various different areas of the country are confronted with an unprecedented shortage of water.

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Official reports concerning this year's jute crop yield are yet to be published. However, according to our local sources, the estimated jute crop figures may be as follows :

Tossa Jute : approx. 5.500.000 to 6.500.000 bales  
Meshta & Kenaf : approx. 100.000 to 125.000 bales  
White Jute : approx. 80.000 to 120.000 bales

According to local reports, the carry over stock may be about 500.000 to 600.000 bales.

Old crop fibre (carry over stock) is currently sold at prices which are around USD 50 to 60 per mton lower in comparison to new crop fibre.

**Weather:** Since the beginning of the month under review, the entire country was blessed with long overdue light and heavy rainfalls with good sunshine in between.

**Jute Yarn and Twine:** During the month under review export demand for both high and low quality of Jute yarn and twine from importing countries such as Turkey, China, India and Europe was on a regular level. Furthermore a certain demand from other importing countries like Vietnam, Indonesia, Malaysia, Uzbekistan, countries of the Middle East and the United States, was observed during the month under review.

Local demand for sacking and hessian quality jute yarns and twines increased further during the month under review.

**Export price:** In view of the increased demand from both local and international markets, export prices for light and heavy count jute yarns and twines increased by about USD 50,00 - 60,00 per mton during the month under review.

The overall situation for local jute yarn and twine spinning mills in Bangladesh is quite complicated these days. In view of an acute shortage of electricity and consequential frequent load shedding, production capacities of the mills are significantly lower than usual.

In addition a lot of small mills are closed due to financial difficulties and restrictions of bank facilities.

**Jute Goods:** Export demand for Hessians and Sackings from Europe, Australia and USA increased during the month under review. Furthermore demand for Sackings was observed from African countries. Demand from countries such as India, South Korea, U.A.E., Indonesia, Iran, China and Vietnam was on a regular level during the month under review.

A steady local demand for Hessians and Sackings for packaging purposes was observed as well.

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Jute CBC demand from the regular importing countries like Europe, UK, and Japan was on a regular level during the month under review.

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

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

During the fiscal year 2021/2022 exports of jute products, such as jute yarns and twines, sacks and bags posted a decline of 14 per cent compared to the previous year. This development is brought into connection with the anti-dumping duty on jute product exports from Bangladesh imposed by India back in 2017. Besides, the record level which container freight rates reached coupled with restrictions of liner services had a negative impact. This trend contradicts the overall export development of Bangladesh, which increased by more than 34 per cent during this fiscal year. Only the jute industry had to register a negative development. In consequence, the Bangladesh Government requested its neighbouring country to discontinue the measure, but is yet to receive an official response from the Indian Government.

**Shipment:** The addition of a number of equipment, including four quay gantry cranes, to the existing ones at Chattogram (Chittagong) port has increased the efficiency of the port when it comes to container handling. Accordingly waiting and berthing time is reduced significantly. Furthermore, the container storage capacity in the port yard increased from 49.018 TEUs to 53.518 TEUs.

The Bangladesh Inland Container Depots Association (BICDA) once again raised its charges for handling export containers by 25 per cent. In addition the private inland container depots (ICDs) increased their handling charges by some 23 per cent on both import and export containers. In sum, export charges increased by 48 per cent during the month under review. The significant hike of fuel prices are to be held responsible for this significant increase of handling charges, according to the BICDA.

Two and a half months after the fatal disaster at the privately owned BM Container Depot, in which 51 people were killed and over 200 got injured, the depot has partially resumed operations. BM Container Depot gained permission to temporarily handle empty containers.

**Bangladesh currency:** The Bangladeshi Taka (BDT) has fallen 10% over the past year. It sank to a record low this month as foreign exchange reserves tumbled and the trade deficit widened to a record level. Since 2010 the Bangladeshi Taka has lost just shy of 40% in value. At the start of 2010, the USD/BDT was trading at 68.78, rising in value to a high of 84.37 at the beginning of 2012. The Taka strengthened, pulling the pair down to 77.00 in August 2014. However, this was

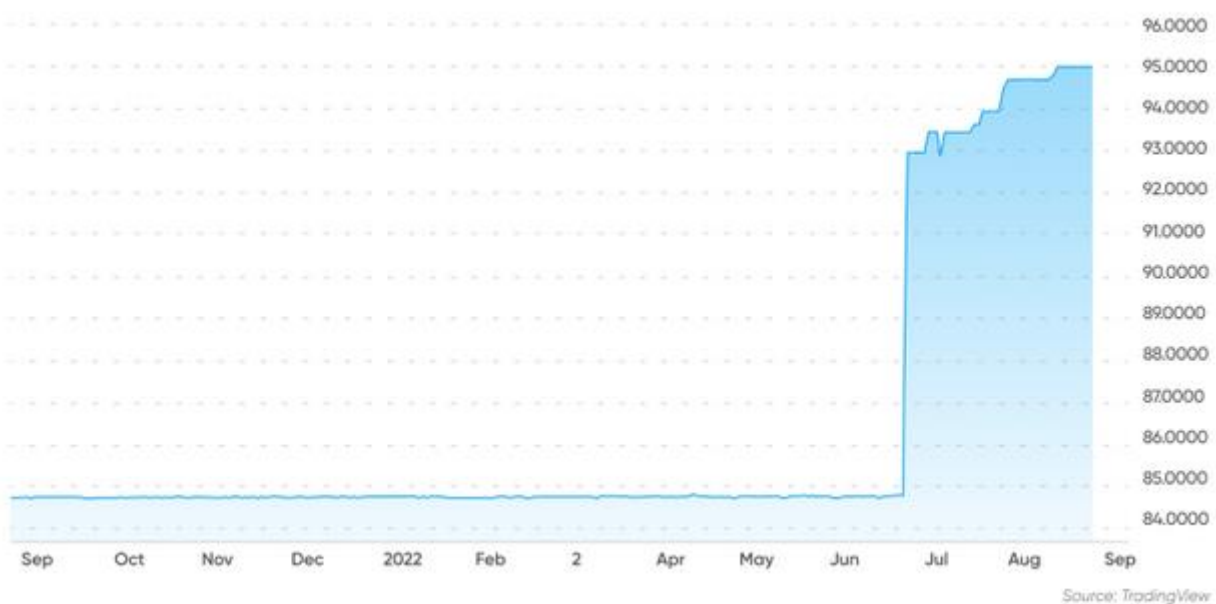
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short lived. The pair resumed its climb, reaching 80.00 in March 2017 and a record high of 95.00 in August 2022.

USD/BDT one-year price chart



## 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 6.550 and TD-5 IRs 6.050 per 100 kgs. As already stated in our previous market report, the premium for higher continues its upward trend. The premium for TD-4 increased by IRs 250 to IRs 500 per 100 kgs.

**New crop:** During the month under review around 70 per cent of the harvest of new crop fibre has been completed. Local supplies to Indian jute mills picked up as well and around 456,000 bales against 444,000 bales in June were delivered. According to current estimates this year's crop is expected to rule somewhere around 9,5 Mio bales compared to 9 Mio bales in 2021/22.

Contrary to earlier estimates the carry over stock is unlikely to exceed 1 Mio bales. This information is based on inventory of about half a million bales with IJMA mills and estimated further stocks with non IJMA mills as well as traders.

Same as in Bangladesh the shortage of water continues to badly affect the retting process.

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Some trial orders for raw jute from Bangladesh were placed, but according to local sources, quality of this year's crop is down by some 20 per cent. Raw jute from the so called hard district in Bangladesh reportedly come with croppy tops and longer roots than last year. As equivalent grades in India are competitive it is expected that the import demand from Bangladesh may remain rather slow.

**Weather conditions:** Even though India witnessed some rainfalls during the month under review, the amount of water turned out not to be sufficient for a proper execution of the retting process of the jute plants. The city of Kolkata for example has recorded a rain deficit of some 20 per cent in August, which is the third month in a row this season, where it has had a shortfall of rainfall. Kolkata had ended July, which normally is the rainiest of the monsoon months, with a deficit of 41 per cent. Same applied for Gangetic Bengal with a rain deficit of 47 per cent.

**Jute Yarn and Twine:** Local demand for jute yarns and twines again continued to be poor during the month under review.

**Jute Goods:** Situation during the month under review presents itself as follows: Prices for Hessians remained stable. Selective mills asking for premium of 11 % against prices quoted by „standard“ mills. Export demand as well as local demand gradually picked up during the month under review.

During the month under review market prices for sackings remained unchanged and ruling around: IRs 100.000 to 108.000 per mton, with selective mills asking for premium of 5 % against prices quoted by „standard“ mills.

**B-Twills:** The Indian Government placed orders of 280.000 bales of B-Twill bags during the month under review. The order volume for September is expected to be around 250,000 to 300,000 bales. Indian jute mills are now allowed to use hessian looms to produce B-Twill bags with an undertaking to commit themselves to continue such increased supply at least for one year. Interested mills are accordingly not allowed to produce Hessians on these converted looms.

Orders for Jute Carpet Backing Cloth are slowly picking up, as it is feared that prices are firming up, due to poor availability of high quality raw jute, which is required to produce proper quality Jute Carpet Backing Cloth. In consequence of the rising prices for higher raw jute grades, prices for Jute Carpet Backing Cloth fall into line and are now higher by about 5 per cent.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in April 2022 amounted to 94.300 mtons of which 4.500 mtons were jute yarns/twines. Official figures for May and June 2022 were still not available when this report was published.

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