

Jute Market Report for March 2022

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1st April 2022

Bangladesh

Raw Jute: During the month under review, raw jute demand from Pakistan and India continued to be on rather dull. Pakistan was in the market for long Jute Tossa and long Meshta as well as Tossa cuttings, such as BTCA and BTCB. In total, Pakistan placed orders for about 3.000 mtons. Indian buyers were in the market for long jute Tossa varieties such as BTR NB KS, BTR NB CS and BTR BS as well as BTCA jute cuttings and purchased around 2.000 mtons, in total.

International buyers from countries like China, Nepal, Vietnam and Tunisia were observing the market but did not place bigger orders. The war between Russia and Ukraine seriously affected the market in both countries as well as in surrounding countries. Imposed financial sanctions against Russia lead to serious supply chain disruptions and have an immediate effect on commodity prices.

Local jute yarn and twine spinning mills, as well as composite jute mills and raw jute processing units were in the market and purchased according to current requirements and availability.

Overall export price level remained stable during the month under review, even though small reductions in prices were observed until mid of March, market prices quickly picked up again during the second half of the month under review.

Raw jute exports during the period from July to October 2021 amounted to 180.525 bales against 217.903 bales during the same period in 2020. Export figures up to November 2021 were not available at the time this report was published.

New crop sowings: By end of the month under review sowings of Meshta, Kenaf and White Jute commenced in low land areas of Bangladesh, such as Mymensingh, Tangail, Sirajgonj, Netrokona, Madaripur and Sariatpur. Tossa sowings are expected to set in by mid-April, subject to sufficient rainfall.

Weather conditions: During the first couple of weeks of the month under review the entire country faced scorching sunshine along accompanied by a heat wave. However by end of the month rainfall was observed throughout Bangladesh, including low land areas.

Jute Yarn and Twine: During the month under review export demand for both high and low quality of Jute yarn and twine from major importing countries such as Turkey, Iran and China continued to be on a rather low level. More or less same applied for other export demand from India, countries of the Middle East, Vietnam, Europe and USA.

Due to the ruling raw jute market situation, many of small and medium size jute yarn and twine spinning mills are closed or operating with a reduced capacity. It is only the financially solvent mills, which are in position to continue their production.

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Export price: Export prices for both light and heavy count of jute yarns and twines remained stable during the month under review. The main reason for the stability of market prices is the continuously slow demand from major importing countries.

Jute Goods: Export demand for Hessians and Sackings from Europe, Australia, Iran, China, Vietnam and USA was quite sluggish during the month under review. Jute CBC demand from the regular importing countries like Europe, UK, Australia and New Zealand was also quite slow during the month under review.

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

Hessians:	stable
Sacking:	stable
CBC:	stable

During the month under review a three day exhibition on the diversified use of jute took place in Dhaka. At the event, Agriculture Minister Muhammad Abdur Razzaque said the agriculture ministry had prepared a roadmap to attain self-sufficiency in jute seed production, in order to minimize the dependency on import of jute seeds from India. The target is to be in position to cultivate the required volume of seeds in Bangladesh in three years from now. At the moment, Bangladesh requires some 5.500 mttons of jute seeds, which is mainly imported from India so far.

On occasion of "The National Jute Day 2022" Prime Minister Sheikh Hasina published a message in which she stated: "The present government has been working relentlessly to improve the living standard of the common people. Our goal is to establish Bangladesh as a developed-prosperous country by 2041 and I believe that jute and jute goods would be one of the main means in achieving that goal."

The ultimate goal of the event is to create awareness about the jute sector itself as well as to bring back the golden heritage of the golden fibre.

COVID-19 update: Bangladesh witnessed a further reduction of fresh cases, i.e. the number of daily new cases dropped from 799 cases on March 1st to 72 cases on March 30th.

Freight Market: A. P. Moller-Maersk Group said the Shanghai lockdown will severely hurt trucking services and increase transport costs, as China's intensifying efforts to fight the spread of Covid-19 further rattles global supply chains. Shanghai began to lock down half of the city on March 28th and intends to do the same to the other half for four days starting on April 1st in a two-stage testing exercise.

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While it has kept its airports and deep-water port open, it has imposed stringent movement curbs, barring unapproved vehicles from streets and telling millions of people not to leave their homes.

"Trucking service in and out (of) Shanghai will be severely impacted by 30 per cent due to a full lockdown on Shanghai's Pudong and Puxi areas in turn until 5th April," Maersk, the world's second-largest container shipping company, said in an advisory to clients. It adding that warehouses in Shanghai would be closed until April 1st. "Consequently, there will be longer delivery time and a possible rise in transport costs such as detour fee and highway fee."

India

Raw Jute: The ruling market prices quoted by the Jute Balers Association (JBA) end of last month were fixed by the Indian Jute Commissioner as follows: TD-4 IRs 6.800 and TD-5 IRs 6.500 per 100 kgs. However market prices fluctuating between IRs 7.000 to 7.300 for TD-5. At the day this report was prepared it was IRs 7.150.

According to local reports, jute mills received some 421.000 bales in March against 466.000 bales during the month of February.

Action from regulating authority are still expected but so far market price level remained more or less stable. According to local sources stockists and raw jute traders tend to offer limited quantities according to mill's daily requirements. Since the daily demand of the jute mills did not increase significantly, prices are not expected to decline. The first indicators of new crop should be a deciding factor when it comes to market price level.

Weather conditions: There are early indications of another more or less normal monsoon in India, this year. First north-wester rainfall took place by end of February, but since then no further showers were witnessed. The current weather conditions are quite warm with temperatures around 36 degrees Celsius, in some parts of the country temperature went up to even 43 degrees Celsius.

Jute Yarn and Twine: In view of the increasing market prices for jute yarn and twine imports from Bangladesh, local demand for jute yarns and twines increased during the month under review.

Jute Goods: Situation during the month under review presents itself as follows: Prices for Hessians increased by around 4 per cent compared to February 2022. Selective mills asking for premium of 7 % against prices quoted by „standard“ mills. Export demand continued to remain dull during the month under review. Same applies more or less for local demand. During the month under review market prices for sackings marginally increased and ruling around: IRs 107.000 to 113.000 per mton, with selective mills asking for premium of 6 % against prices quoted by „standard“ mills.

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B-Twills: The Indian Government placed orders of 225.000 bales of B-Twill bags during the month under review. The mill's backlog is almost caught up, now. Expected order volume for April is expected to rule around 225.000 bales.

Availability of Jute Carpet Backing Cloth is reported from May delivery, prices seem to continue to ease somewhat. However only a handful of producers are actively in the market.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in December 2021 amounted to 98.400 mtions of which 1.900 mtions were jute yarns/twines. January and February figures were not published when this report was under preparation.

Covid-19 update: The overall situation is declared as normal and all Covid-19 related restrictions are withdrawn from April 2022.

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