

Jute Market Report for April 2017

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5th May 2017

Bangladesh

Raw Jute: During the month under review interest from the international market was slow compared with foreign demand during previous month. Though there was regular demand from the main importing countries like Pakistan and India, demand from other jute importing countries was low. Pakistan was in the market both for high and low quality of long jute like BTR HD, BTR BS, BTR KS, BTE HD and BTE BS, jute cuttings like BTCA and BTCB besides long Meshta grades. Pakistan bought according to her requirements.

Indian jute mills were active buyers of both higher and low quality of fibres. Same time the state enterprise BJMC was also in the market, yet the purchases of the latter were at low level. According to the current demand for high quality of fibre availability has become less reflecting local and international demand.

During the month under review, export prices for high quality raw jute increased by about USD 25,00 to USD 30,00 per mton. However, prices of low quality of fibre remained unchanged.

Raw jute exports during the period of July 2016 up to February 2017 were 755.042 bales against 586.166 bales during the same period under review 2015/2016

New Crop: The farmers have completed jute sowings of Meshta and White jute with favourable weather conditions prevailing. Sowings of Tossa jute have started. However, due to adverse weather conditions with heavy rainfalls since mid-April, some jute fields in the low land areas have been flooded. The rainfalls have damaged jute plants, of which about 10 % to 20 % were affected.

According to the Department of Agriculture Extension (DAE), the farmers started sowings with more interest in jute cultivation since last year when the government declared jute as the national agriculture product and made use of jute sacks mandatory in various sectors and at the same time farmers have been getting fair prices. The prediction of the crop depends on favourable climate till harvesting period.

Jute Yarn/ Twine: Import demand of jute yarn/twine has increased from the carpet industry principally in Turkey and Iran. Besides, there was regular demand from the other importing countries like India, China, Pakistan, Vietnam, Indonesia, Malaysia, Uzbekistan, Tajikistan, Middle East countries, Europe as well as African countries and this concerned both high and low quality of jute yarn and twine. Due to the continuous labour shortage jute yarn and twine spinning mills are unable to run their production at full capacity. Thus, despite continuing increase of foreign demand jute yarn and twine spinning cannot take advantage of this because of capacity constraints. Most of the jute yarn and twine spinning mills are sold out until June 2017. Due to increasing foreign demand prices for both high and low quality of jute yarn/twine have increased by about USD 30,00 to USD 40,00 per mton during the month under review.

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Jute Goods: Export demand of finished goods concerning Sacking and Hessian qualities has significantly picked up compared with the level of demand during previous month. Most demand originated from USA, Europe and Africa. Besides, moderate demand continued from the other regular importing countries like China, Vietnam, Japan, Middle East countries and Australia. India were also importing Binola and B-Twill bags.

Due to harvesting paddy season local demand has also increased for Hessians and Sackings. At the same time shortage in supplies became noticeable because of limited production capacity which could not meet local demand. Notwithstanding increased local and international demand, composite mills are unable to cope with same. Besides, huge global demand for non-traditional jute goods has opened up windows of opportunity as the world is now putting more emphasis on eco-friendly goods. In addition to the global market, there is a large, expanding local market for diversified jute products since in Bangladesh there is growing awareness of environmental concerns and of the pollution as the Bangladesh market has been flooded with plastic goods. This regrettable development has not yet come to a halt, notwithstanding rigid implementation of the Government's packaging laws.

According to the JDPC about 30 to 35 percent of yearly jute production is now being used for making diversified jute goods. According to the official data from the government authority, Bangladesh exported non-traditional jute products worth BDT 7.5 milliard in the last fiscal year (July 2015/June 2016) and the exports have seen 25 percent annual growth. As per JDPC, they have been able to organize around 400 active diversified jute products makers. So far, 135 items have been developed by these small jute goods producers and more products will follow.

It is reported that the Bangladesh Government has a plan to set up a new BJMC mill which is to produce viscose from raw jute and will meet all domestic requirements and besides will be exported. During the month under review the market firmed up with price increases being as follows:

Sackings	plus 5 % to 6 % approx.
Hessians	plus 4 % to 5 % approx.
Jute CBC	plus 3 % approx.

India

Raw Jute: Local demand during the month under review was at a low ebb. Price hovered around IRs 3.975 per quintal grade TD-4, IRs 3.600 per quintal grade TD-5. On 17th April the Government of India increased the minimum support price (MSP) for raw jute by IRs 300 per quintal to IRs 3.500 per quintal to boost farmers' income. The increase corresponds to 9.3 % and applies for the 2017/2018 season. The increase in MSP would benefit the jute industry which supports the livelihood of around 4 million farm families and provides direct employment to 3.7 million workers in organised jute mills and in diversified units including tertiary and allied activities. Jute farmers are mainly concentrated in West Bengal, Bihar and Assam which account for over 95 % of the sowing area as well as in jute production in the country. New varieties of jute are being promoted by providing support for seed productions under the National Food Security Mission (NFSM) Commercial Crops.



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New Crop: Going by reports on sales of jute seeds, progress in sowings and areas under jute cultivation as well as weather conditions, which have prevailed so far, one might reckon with the possibility of a raw jute production to the tune of 8 million bales this year, subject to all going well. However, various factors including the unpredictable, capricious weather conditions during the next 2 months do not allow to make even a rough estimate at this moment. Estimated carry-over from the current season may be around 1.8 million bales. The trade reports likelihood of some 1.5 million bales minimum and maximum 2 million bales.

Sowings and weather in Northern and Assam area have been good during the month under review. In semi Northern area sowings are almost completed and rains were reported. In South Bengal reportedly 30 % of sowings are completed and are continuing in full swing as rains happened end of the month under review. Land area under jute cultivation is likely to be the same as last year. The monsoon should start during the first week of June, barring unforeseen events. As per official forecast, rains are likely to be normal this year. It is high time JCI should buy stocks to support and to ensure farmers having the MSP benefit.

Jute Goods: Hessian prices have been under pressure last month under review. Especially the weaker jute mills are cheap sellers. The Premium asked by selected mills for Hessians has increased from 5 to 8 %. Sacking prices continued to decline by 7 % during the first half of the month under review and by another 5 % during the second half of the month under review. The Indian Government placed order for supply of 100.000 B-Twill bags.

The Government of India has abolished imposition of Countervailing Duty (CVD) on Nepalese jute products. The Government of Nepal advised the Government of India that Nepal jute industry was already suffering from constraint of various kinds and that imposition of CVD on Nepali jute products had halted the export of Nepali jute products to India. The Government of India has considered the request of the Government of Nepal favourably and the Government of India has recently issued the notification no. 15/2017 Customs dated 20th April 2017. The notification exempts levy of additional customs duty on jute products which means that no Countervailing Duty shall be imposed on Nepalese jute products when imported into India. The abolition of CVD is likely to substantially enhance export of Nepalese jute products to India and thereby will help the people engaged in the jute industry of Nepal.

March 2017 production of IJMA jute mills and jute mills reporting to IJMA 94.400 mtons of which jute yarn and twine represent a share of 3.800 mtons.

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