

Jute Market Report for August 2023

-1/5- 1st September 2023

Bangladesh

Raw Jute: During the month under review, raw jute demand from India was more or less at a regular level, even though the overall quantity which was ordered was less compared to the previous month. Indian buyers were in the market for long Jute Tossa grades such as BTR BS, BTR CS, BTR NB, BTR HD, SMR and Jute Cuttings BTCB. In total, Indian buyers placed orders of about 2.000 mtons. Pakistan was in the market for long Jute Tossa grades BTR BS, BTR CS, BTR KS, BTD CS, long Meshta fibre of different grades, as well as jute cuttings BTCA and BTCB. Pakistan placed orders of about 2.500 mtons, in total.

International buyers from importing countries like China, Nepal, Vietnam, Tunisia and Russia were in the market with an increased demand.

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 were in actively in the market and placed orders according to their current demand.

While raw Jute and Meshta export prices showed a downward trend during the first two weeks of the month under review, price were on the rise again during the second half. Overall, export prices remained stable during the month under review.

Raw jute exports from July up to March, 2023 were 768.496 bales against 563.829 bales during the same period under review in the year 2021/2022.

New Crop: As already reported in our market report for the month of July, especially White Jute and Meshta were badly affected by lack of rainfalls when sowings took place as well as the insufficient availability of water to execute the retting of plants during harvest time. According to various local sources, both quality and crop yield are not up to mark and a shortage of some 25 to 30 per cent is expected for White Jute and Meshta. As experienced in previous years, local stockists try to take advantage and build up stocks of both crops. Even though we witnessed bad crop years in recent times, it seems as if this year's White Jute and Meshta crop yield may come out as even worse to what the market experienced before. The figures stated are yet to be officially confirmed, though. In contrary to the difficult crop situation of White Jute and Meshta, the outlook on this year's Tossa Jute crop seems to be quite promising. White Jute and Meshta sowings normally take place around 4 to 6 weeks earlier than Tossa Jute sowings, which is why the background of same is better, as sufficient rainfall was given during sowings of the latter.

Jute farmers from one of the jute growing areas in Magura district are losing interest in jute cultivation as they are not getting enough water for retting raw jute for lack of rainfall. Farmers said rivers, canals have been dried up due to scanty rain and they are being forced to rot jute in the ponds that may affect the quality of jute fiber. As already reported before, a lot of farmers are forced

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to carry their harvested plants to other areas in hopes of finding suitable water bodies which have increased the production cost.

Falling exports of jute and jute goods is now having an effect on jute growers as prices of the natural fibre have fallen during the current harvesting season. The development comes at a time when farmers increased jute acreage by 2 percent to 7.45 lakh hectares in the current season, up from 7.29 lakh hectares previously. The high prices of raw jute in the last two years prompted many carpet producers in importing countries to switch to alternatives to jute yarns and twines. In addition to that, wars in different parts of the world and a corresponding debilitation of the particular economies as well as the economic slowdown in China, one of the biggest buyers of jute yarns and twines, are the main reasons for the difficult the situation the industry is facing.

Bangladesh exported US-\$ 912 million worth of jute and jute goods in the fiscal year 2022-23, down by 19% from a year ago. Of these export earnings, nearly \$500 million came from yarn and twine, down by over 28% compared to a year ago. Exports to Turkey, the major market for Bangladesh's jute yarn and twine, has declined significantly from over 200.000 mtons to around 100.000 mtons now. Due to the decline in export demand, a carryover stock of more than 20 per cent is to be seen as being realistic.

Weather: During the month under review, the entire country witnessed a good mixture of light to heavy rainfalls and sufficient sunshine.

Jute Yarn and Twine: Export demand for both low and high quality grade jute yarns and twines from markets such as Turkey and Iran was on a regular level, during the month under review. Demand for low and high quality grade jute yarns and twines from other international markets such as China, Vietnam, Indonesia, Malaysia, Uzbekistan, USA, Europe and countries of the Middle East, was on a more or less regular level during the month under review. Most buyers placed orders according to their current demand.

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

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, Australia, Iran, China, Vietnam and USA increased again compared to previous months. Furthermore African buyers were in the market mainly for Sackings. India was regularly in the market for unstitched Binola and B-Twill fabrics.

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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 was observed on a regular level during the month under review.

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

Hessians:	remained stable
Sacking:	decreased by approx. 1 to 1,5%
CBC:	remained stable

Miscellaneous: Jute and jute goods exporters could come under more pressure in India as New Delhi plans to impose countervailing duty (CVD) on their shipment, at a time when they are already facing an anti-dumping duty (ADD) in the market. India has started investigation to levy CVD as it thinks that its domestic industry is being hurt by the subsidies provided by Bangladesh. CVDs are tariffs on imported goods that are imposed to offset subsidies given by the exporting country's government, while an ADD is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value.

The IJMA mainly indicated that the export of a large volume of locally made jute sacks, which are used in the packaging of rice, and similar bags is affecting its local jute industries. Dhaka is expected to discuss the ADD issue with New Delhi during the bilateral meeting between Prime Minister Sheikh Hasina and Indian Prime Minister Narendra Modi during the forthcoming visit next month.

In 2017, India imposed anti-dumping duties ranging from \$19 to \$352 per tonne for five years on jute exported from Bangladesh. India renewed the measure back in 2022.

Financial Sector: Almost all major foreign currencies like the European Union's euro, British pound sterling, Chinese renminbi, Japanese yen and Indian rupee are following in the footsteps of the US dollar in becoming stronger against the local currency.

The inter-bank selling rate for each US dollar stood at Tk 109.50 last Thursday, up from Tk 95 exactly a year back. For each euro, it was Tk 119.66, up from Tk 95.15 in the previous year.

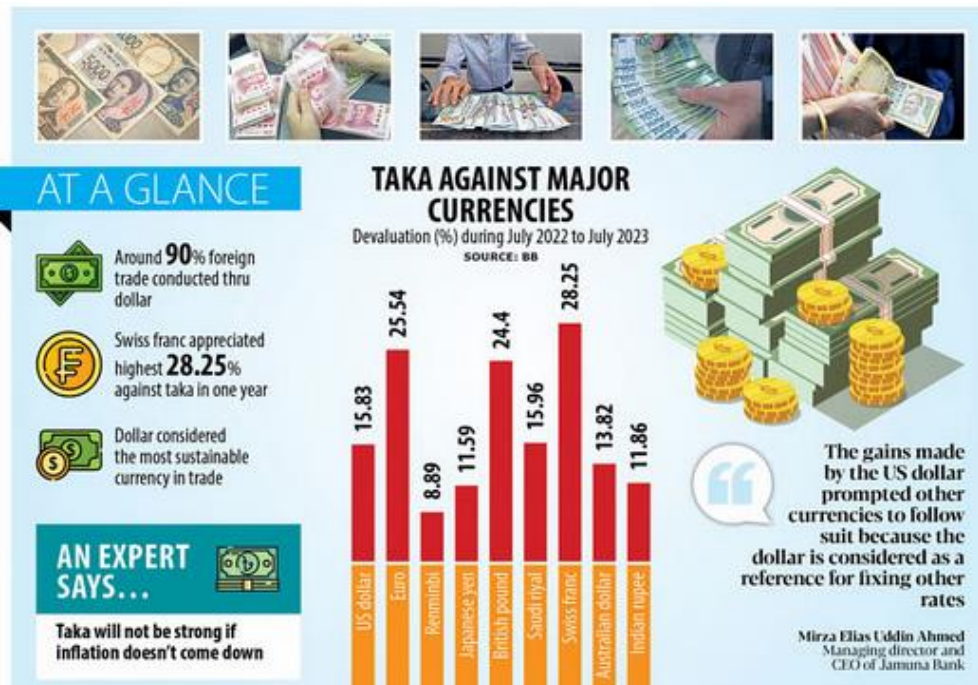
Almost all the currencies were devalued against the US dollar, that is why our local currency has weakened against the foreign currencies," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

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"It is very concerning that our local currency has weakened sharply due to skyrocketing inflation and interest rate in lending being low," he said. The taka will not be able to become stronger against the foreign currencies if inflation does not reduce, said the economist.

Inflation in Bangladesh stood at 9.69 percent in July, as per the Bangladesh Bureau of Statistics (BBS). In May, it was at an 11-year high of 9.94 percent.



Source: The Daily Star

Maritime Transport: A severe drought in Panama is leading to long delays and tough restrictions along one of the world's most vital trade routes. High temperatures and one of driest years on record have lead authorities in the Central American country to lower the number of crossings and bar ships with heavy loads from using the Panama Canal. In consequence shippers have to consider their options and manage their risks as congestion is on the rise.

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 5.800 and TD-5 IRs 5.400 per 100 kgs, which represents slighter lower figures as the ones ruling in June.

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New crop: In our market report covering the month of July, we mentioned that, due to the lack of sufficient water, jute plants withered in some areas. Luckily most of the plants recovered and could gain life after rains. Growth, both in height and stem may be affected, but nevertheless crop yield is likely to be better than the expected 8,0 Mio bales. According to latest estimates considering late rainfalls, the crop 2023/24 is expected to be about 8,0 to 8,5 Mio. bales compared to 9,3 Mio. bales in 2022/23. The carryover is still estimated with around 2,2 Mio. bales.

Local supplies of raw jute to Indian jute mills were around 510,000 bales during the month under review (against 447,000 bales in July).

Weather: The month of August was the hottest and driest in India since 1901. The country was facing a 43 per cent deficit in monsoon rainfalls. A bit of relief is, however, expected in September, as the forecasts expect normal monsoon rainfall activity. The overall seasonal (June to September) rainfall in India is likely to be “below normal” though.

Jute Yarn and Twine: Demand for jute yarns and twines continued to be negligible during the month under review. In consequence prices backed down by about 3 per cent.

Jute Goods: Situation during the month under review presented itself as follows: Prices for Hessians were slightly lower again, ruling at IRs 117,000 per mton. Selective mills asking for premium of 9% against prices quoted by „standard“ mills.

Market prices for Sackings were also a bit lower, fluctuating between IRs 86.000 and 97.000 per mton, with selective mills asking for premium of 11 % for exports against prices quoted by „standard“mills. In addition to the mandatory supply of Sacking to the Indian Government, some sugar mills showed interest for buying Atwill and Ltwill bags.

Due to new crop arrival pressure, prices were showing a downward trend and it is expected that prices may remain under pressure until Puja Festival season.

B-Twills: The Indian Government placed orders of about 350.000 bales of B-Twill bags during the month under review, which is better than the expected 270.000 bales. Order volume for August is expected to be to the tune of 250.000 bales.

There were no new orders for Jute Carpet Backing Cloth reported for the month under review. Some customers even asked to delay the shipments of already concluded orders.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for July 2023 were 105.200 mtons in total of which 2.800 mtons were jute yarns/twines.

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