

Jute Market Report for October 2019

-1/3- 8th November 2019

Bangladesh

Raw Jute: Since beginning of the month under review India and Pakistan continued to be in the market for procurement of the fibers. Demand from India concerned long jute BTR KS, BTR CS BTR HD BTR NB. Indian jute mills have bought about 10.000 mtons raw jute for shipment in October and November, 2019.

There was demand from Pakistan for both Meshta and Tossa. Nonetheless due to poor availability of Meshta and higher prices, Pakistani jute mills purchased mostly long jute like BTE BS, BTE KS and jute cuttings BTCA as well as BTCB. They purchased about 5.000 mtons for shipment in October and November, 2019. Regular enquiries were observed from other raw jute importing countries like Nepal, China, Vietnam, Russia and Tunisia. However, purchasing activities were rather sluggish. Regular demand was also observed from the private jute yarn and twine spinning mills, composite mills and other raw jute processing industries. It was noticed that as per requirements, fibre availability in the local market was not sufficient. Sometimes it was difficult to obtain offers from the jute balers as they didn't show much selling interest due to scarcity of the fibers in the local market.

During the month under review, fibre prices have increased about USD 20,00 to USD 30,00 per mton for high and low quality of fibres.

Raw jute exports during the period of July 2019 up to August 2019 were 100,689 bales against 147,888 bales during the same period under review in the year 2018. Weather conditions during the month under review remained pleasant overall. Although scattered rainfalls were observed at the end of the month of the month.

Jute Yarn and Twine: Export demand of high quality jute yarn and twine from the major importing countries like Turkey and Iran picked up during the month under review. Both countries were regularly in the market for purchasing high quality jute yarn as per their requirements. Regular import demand has been observed from other importing countries like Indonesia, Uzbekistan and Middle East countries for CB and CRT quality. India, China and Vietnam continued to be in the market to cover their import requirements. Import demand from African countries, Europe and USA increased as well.

Demand from local market for both Hessian and Sacking Quality was steady. During the month under review export prices increased on the average by about USD 30,00/40,00 per mton. It is being assumed that once the major import countries will become again more active in the market, prices of jute yarn and twine will appreciate. Mills have already been booked with orders up to December 2019. Besides, due to scarcity of the fibers of required qualities and higher raw jute prices, most of the mills are unwilling to offer for forward shipments.

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According to market sources, if fibre supply crisis in the local market continues, its impact on local spinning mills will be seriously felt. In that case there is every possibility of some jute yarn and twine mills being compelled to shut down for lack of fibre of suitable quality.

Jute Goods: Export demand of finished goods, both Hessians and Sackings, came from Africa, Europe, Australia, USA, Middle East countries, China as well as Vietnam. India was regularly in the market as buyer of unstitched cloth as well as sacking bags Binola, B-twill and L- twill.

During the month under review there was export demand for Carpet Backing Cloth from regular importing countries in Europe, Australia and New Zealand. Local demand for hessians and sackings remained stable.

Export prices increased for the following qualities of

Hessians:	about 2 - 3 %
Sackings JBA:	about 2 %
CBC:	about 2 %

Most of the private composite jute mills are busy with fulfilment of their existing orders and solvent mills are not showing much interest to offer for forward shipment. As per information from the local sources, BJMC were in the market on regular basis to procure raw jute as per their current requirements.

The Ministry of Textiles and Jute has sought necessary government steps to settle the issue of anti-dumping duty imposed by India on Bangladeshi jute goods, Bangladesh officials said.

Only 3.998,20 mtons of jute goods were exported to India this year against against 8.985 mtons in the previous year. According to the Ministry of Textiles and Jute, about 36,435 mtons of jute goods were exported to India in the fiscal year 2015-16 before the imposition of the Anti-Dumping Duty. It should be recalled that it was on 5th January 2017 that India's Finance Ministry imposed the anti-dumping duty for a period of five years on the import of jute products from Bangladesh at rates ranging between USD 19,30 and USD 351,72 per mton amid allegations of dumping of jute goods like jute yarn, twine, jute sacking bags and hessian fabrics.

Bangladesh exports more or less 30 % of its exportable jute goods to India, with the state owned Bangladesh Jute Mills Corporation (BJMC) having the largest share. India is the second largest export market for Bangladeshi jute goods.

The country's jute industry is passing through a tough time due to the anti-dumping duty imposed by India, industry insiders said.

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Latest news: On 2nd November 2019, the National Board of Revenue slashed the source tax on exports to 0.25 % from 1 % to help increase the competitiveness of Bangladeshi products in the international market.

The move followed demands from exporters after the rate of source tax on export proceeds rose to 1 % from this fiscal year. Taxmen were unwilling to extend the privilege of reduced source tax on exports to increase collection from exporters to attain their higher tax targets. The tax authority reduced advance of source tax on export earnings of garment twice last fiscal year—from 1 % to 0.60 % and then to 0.25 %— in the face of demands from apparel makers. Apart from garment, jute goods were enjoying 0.60 % withholding tax on export proceeds since July 1, 2016. The reduced rate ended on June 30 this year.

India

Raw Jute: JBA quotations remained unchanged. TD-4 IRs 4.975,00 and TD-5 IRs 4.675,00 per 100 kg. Prices were ruling firm and maintained the level they have reached. Good business was reported before Diwali holidays and jute mills are still as buyers in the market. Indian jute mills were building up stocks of raw jute and were thus regularly in the market and in this way contributed to a firm price trend. Monsoon has withdrawn. However, Cyclonic rains prevailed 2 to 3 days during last fortnight.

Jute Yarn: There was good demand for yarn 9.5 Lbs of Hessian quality.

Jute Goods: Prices of Hessians ruled firm and increased 5 % during the second half of the month under review. Selective jute mills demanded premiums of about 3 %. Prices of Sackings remained almost unchanged with easy availability of required low grade raw jute. Open market price also ruling easier. New Government orders during the month under review were for 150.000 bales with backlog having reached nearly 50.000 bales at the end of the month under review. As far as Jute CBC is concerned, future availability may be tight due non-availability of good quality fibre as required for manufacturing Jute CBC.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in July 2019 amounted to 101.00 mtons of which 5.200 mtons were jute yarns/twines. Updated figures are not yet available.

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