

Jute Market Report for November 2022

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Bangladesh

Raw Jute: During the month under review, raw jute demand from major importing countries like Pakistan and India was again quite slow. Although both countries, as well as Nepal were in the market, their buying activities were even lower than previous months. India was in the market for BTC HD, BTD HD and BTE HD and ordered around 2.000 mtons. Pakistan purchases did not exceed 2.500 mtons of all grades of long Jute Tossa BTR BS, BTR CS, BTR KS, BTD CS as well as Tossa cuttings like BTCA and BTCB and Meshta / Kenaf cuttings SMC and OMC.

Demand from other importing countries like China, Vietnam, Tunisia and Russia continued to be on a low level during the month under review, as well.

What applied for international markets did also apply for the demand from local jute yarn and twine spinning mills, composite jute mills as well as raw jute processing units.

Because of low demand from both international and local markets, export prices have been decreased by about USD 70 to 80 per mton, during the month under review.

Raw jute exports during the period from July 2021 up to June 2022 were 801.223 bales against 586.570 bales during the same period in the year 2021.

Weather: During the month under review the entire country witnessed bright sunshine. From mid of November, especially the North Bengal region faced low temperatures.

Jute Yarn and Twine: Export demand for both high and low quality of jute yarn and twine from importing countries such as Turkey and Iran decreased even further during the month under review. More or less similar is the export demand from other international markets like India, China, Vietnam, Indonesia, Malaysia, and Uzbekistan, countries of the Middle East, Europe and the United States of America.

Local demand in Bangladesh for sacking and hessian quality jute yarns and twines continued to decline during the month under review.

Export price: In view of the decreased demand from both local and international markets, export prices for jute yarns and twines experienced a continuous downward trend during the month under review, with decline reaching about USD 80.00 to USD 100.00 per mton depending on quality.

A significant difference in prices between small respectively medium size mills and well established big mills was observed. The main reason for this situation is that small and medium size mills tend to sell their produce even at lower prices in order to ensure continuous cash flow as well as production, whereas the mills which are financially stable tend not to undercut their costings by an unreasonable level.

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The overall situation of the jute industry may be described as critical. In view of a significant decrease in demand, caused by the worldwide crisis, lead to a situation in which the lion share of the industry is operating with decreased capacities and where some mills were even forced to shut down. In addition to the unsatisfactory situation on the demand side, the unavailability of good quality raw jute, is causing a slowdown in production for many mills. The scarce availability of good quality raw jute is a result of the drought situation the farmers were facing during retting season, as already described in detail in our previous publications.

Jute Goods: Export demand from Europe, Australia, USA, Iran, China and Vietnam for Hessians and Sackings was observed being relatively low during the month under review. Inquiries for Sackings from African countries though were circulating in the market. Same applies for unstitched Binola and B-Twill fabric demand from India. Demand from the local market for Sacking and Hessian quality of jute bags for packaging continued to decrease.

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

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

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

Transportation: As already reported a couple of months ago, ongoing direct shipments from Bangladesh for example to Europe are taking place since a while and it seems as if direct shipping from Bangladesh has benefitted businesses with reduced cost and reduced voyage time. These positive effects on Bangladesh economy instilled confidence in MLOs and Shipping Agents about the potential of direct shipping from Bangladesh. According to local sources, direct shipment has halved the voyage time and cut shipping costs by 40%.

The country seems to prepare its infrastructure to augment and expand the present initiative of direct shipping. With further expansions of Chattogram port, being the major port in Bangladesh, which global ranking was 64th in 2021, as well as Mongla Port which comes back to life after decades of low level activities, in 2015-2016, Mongla Port handled 5.798 million tons of cargo, 25,597 TEUs containers and 14,969 cars, whereas it handled 11.945 million tons of cargo, 29,785 TEUs containers and 14,474 cars in 2020-2021, one is already in possession of two well organized port locations.

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Besides expanding the capacities of the two seaports, the government is building Bangladesh's deep sea port at Matarbari in Cox's Bazar district. Construction of largescale facilities will enable mother vessels to dock at Matarbari and reduce dependence on 'third-country EXIM'. It is expected that the deep sea port has great potential to emerge as a new international hub for transshipment. So far, Bangladesh's exports and imports have been third-country dependent. Feeder vessels transport goods to a third-country port where goods or containers are on-boarded mother vessels sailing for destination ports across the continents.

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 6.450 and TD-5 IRs 5.750 per 100 kgs. The premium for TD-4 continued to be at IRs 700 for 100 kg. The discount for TD-6 has also increased to now being IRs 1.100 for 100 kg.

New crop: Local supplies to Indian jute mills slowed down during the month under review and were around 693,000 bales which were delivered during the month under review (against 882,000 bales in October). 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.

The carryover is unlikely to exceed one million bales. This estimates is based on an inventory of some 500,000 bales with IJMA mills and an appraised additional stock with non IJMA mills and traders.

Weather conditions: During the month under review India faced dry weather with a gradual decline in temperature.

Jute Yarn and Twine: 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 continued to be under pressure but remained unchanged at IRs 135,000 per mt. Selective mills asking for premium of 10% against prices quoted by „standard“ mills. Export demand continued to be slow but the local demand for Hessians was even less.

During the month under review market prices for Sackings were marginally higher compared to prices in October and were ruling around: IRs 95.000 to 100.000 per mton, with selective mills asking for premium of 5 % against prices quoted by „standard“ mills.

India's jute industry is traditionally benefitting from its strong domestic demand and is accordingly less dependent on export demand than the jute industry in Bangladesh. Most of the mills are able

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to run their factories in more or less full swing, even during times where international demand is slow, which is the case at the moment. The mills which are focussed on shopping bag fabric or shopping bag production, products which are almost completely designated for exports, are obviously more vulnerable than mills, which are producing for the domestic market as well.

B-Twills: The Indian Government placed orders of about 200.000 bales of B-Twill bags during the month under review. The order volume for December is expected to be much higher.

Orders for Jute Carpet Backing Cloth were slowing down, as consumer buyer booked shipments up to March 2023. Accordingly, prices eased to a certain extent.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in October 2022 amounted to 88.800 mtons of which 3.100 mtons were jute yarns/twines.

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