

Jute Market Report for April 2022

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2nd May 2022

Bangladesh

Raw Jute: During the month under review, raw jute demand from Pakistan and India increased compared to previous months. Pakistan was in the market for long Jute Tossa and long Meshta as well as Tossa cuttings, such as BTCA and BTCB, as well as OMC meshta cuttings. In total, Pakistan placed orders for about 4.000 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 and BTCB jute cuttings and purchased around 7.000 mtons, in total.

International buyers from countries like Nepal, Vietnam and Tunisia continued to observe the market but did not place bigger orders. In view of the recurred outbreak of COVID-19 in various cities in China and the consequential lockdowns in many parts of the country, raw jute demand from China was very poor during the month under review.

Financially solvent 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.

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 December 2021 were not available at the time this report was published.

New crop sowings: According to local reports, Meshta and White Jute sowings have been completed during the month under review. All of the major growing areas for Meshta and White Jute, such as Mymensingh, Tangail, Sirajgonj, Netrokona, Madaripur and Sariatpur initially reported ideal weather conditions with a good mixture of sunshine and rainfall. However by end of the month under review the country witnessed a severe heat wave, which might deteriorate the health of the plants.

Sowing of Tossa jute in all major jute growing areas set in during the month under review, as well. In Narsingdi the Department of Agricultural Extension (DAE) has taken up a programme to cultivate jute on 3,810 hectares of land in the particular district with the production target of 35,950 bales of jute during the current season.

Tossa jute will be cultivated on 2,230 hectares and Meshta on around 120 hectares of land in that area. Farmers of that region are showing more interest in farming jute this season as they got fair prices for their crops, last year. The Bangladesh Agriculture Development Corporation (BADC) also provided the farmers with jute seeds, promising higher yields.

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Weather conditions: During the first couple of weeks of the month under review the entire country faced scorching sunshine mixed with moderate rainfalls. As already mentioned above, by end of the month under review the country witnessed a severe heat wave.

The German daily newspaper *Frankfurter Allgemeine Zeitung* just published an article, which broaches the issue of the current heat wave, South Asia is currently facing.

Even though such a heat wave prior to monsoon time is quite common, it distresses the region unexpectedly early this year. In wide regions of India, Pakistan as well as Bangladesh temperatures up to 40 degrees Celsius are reached and it is expected that temperatures up to 50 degrees Celsius will be reached in that region.

Various internationally renowned meteorologists are quite concerned by the unexpected early point of time of extreme heat, which was expected to take place in June or July. The consequences for the agricultural sector are already apparent, as wheat yield in India declined by 10 to 35 percent, due to lack of sufficient water.

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. The war in Ukraine is strongly affecting the demand on jute yarn and twine imports especially in that particular region in a negative way.

In view of the declined international demand 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 made advance sales are in position to continue their production.

Local demand for sacking and hessian quality jute yarns and twines was reportedly poor during the month under review.

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 continued to be quite sluggish during the month under review. Jute CBC demand from the regular importing countries like Europe, UK, Australia and New Zealand continued to be quite slow during the month under review.

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

Hessians:	stable
Sacking:	stable
CBC:	stable

COVID-19 update: Bangladesh witnessed a further reduction of fresh cases, i.e. the number of daily new cases dropped from 81 cases on April 1st to 17 cases on April 30th.

Freight Market: In view of new lockdowns in China and the consequentially longer lead times in Chinese ports, such as Shanghai and Ningbo, the freight market does not seem to calm down sometime soon.

A major and very renowned German freight forwarder reported in its latest circular letter about the accusations made by US-authorities towards the shipping companies, in which the US-authorities complained about anti-competitive behaviour and the significant increase of ocean freight rates at greatly reduced services, as well as the unproportional increase of demurrage and detention charges. The addressed shipping companies made notice of the allegations, however there are so far no reports about an official statement to these accusation towards the US congressional investigation committee.

Following the first direct container shipping service between Chattogram and Italy launched in February this year, several European forwarders have taken the initiative to commence similar services in order to get rid of the long delays in transporting cargo on the current routes using transshipment ports. A UK based forwarding company has already chartered three vessels with a total capacity of more than 1,500 twenty-foot equivalent units (TEUs). When considering the number of containers leaving Bangladesh towards Europe every month, this is of course just a drop in the ocean, but these endeavours are exemplary for the urgent needs of alternatives to current offers.

According to local reports, Chattogram port might be able to accommodate bigger vessels of up to 200 metres in length having a draught of up to 10 metres, sometime in the near future. At the moment vessels with a maximum draught of 9.5 metres, the vertical distance between the waterline and the bottom of the ship's hull, and of up to 190 metres in length can berth at Chattogram port.

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 7.200 to 7.300 for TD-5. At the day this report was prepared it was IRs 7.300.

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According to local reports, jute mills received some 390.000 bales in April against 421.000 bales during the month of March.

New crop sowings: Initial sowing in Assam and a part of sowing which took place in North Bengal was washed away by heavy rainfalls. Replantation had been executed immediately, however due to subsequent absence of sufficient rainfall, growth of the plants is affected. Sowing in South Bengal is reportedly rather slow so far with only 20 per cent of the overall sowing area.

Weather conditions: As mentioned above, weather conditions in India are quite abnormal with extremely high temperatures in some part of the country. We received divergent monsoon forecasts from different sources. Certain reports report about indications of another more or less normal monsoon in India, this year. Whereas other reports forecast a “new normal” monsoon, which will most likely carry less rain than in previous years.

Jute Yarn and Twine: Local demand for jute yarns and twines was poor during the month under review.

Jute Goods: Situation during the month under review presents itself as follows: Prices for Hessians decreased by around 5 per cent compared to March 2022. Selective mills asking for premium of 8 % 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 and it appears that consumers are shifting to alternate means. During the month under review market prices for sackings marginally increased and ruling around: IRs 103.000 to 105.000 per mton, with selective mills asking for premium of 4 % against prices quoted by „standard“ mills.

B-Twills: The Indian Government placed orders of 200.000 bales of B-Twill bags during the month under review. The mill’s backlog is almost caught up, except orders placed with mills which are currently not in operation. Expected order volume for May is expected to rule around 200.000 bales.

Availability of Jute Carpet Backing Cloth is reported from June delivery, prices seem to continue to ease somewhat. However there are no report about fresh orders.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in February 2022 amounted to 79.900 mtons of which 4.800 mtons were jute yarns/twines. In March Jute goods production of IJMA jute mills and jute mills reporting to IJMA amounted to 92.300 mtons of which 5.300 mtons were jute yarns/twines.

Covid-19 update: The overall situation is declared as normal and all Covid-19 related restrictions are withdrawn from April 2022. Only in some parts of the country alerts were reported.

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