

Jute Market Report for January 2020

-1/4-

4th February 2020

Bangladesh

Raw Jute: India as well as Pakistan were in the market during the month under review, but because of the scarce availability of high quality raw jute both were unable to cover their demand for high quality fibre.

Anyway, Indian buyers purchased around 4.000 mtons of both high and low quality Long Tossa fibre and Jute Cuttings BTCA and BTCB. Pakistan procured around 3.000 low quality Long Tossa and BTCB Cuttings during the month under review.

As stated in our previous market reports, the quality-wise bad outturn of last year's crop is causing huge difficulties to the entire industry and the situation is expected to become worse until arrival of New Crop in 2020. One may expect that farmers are motivated to cultivate Jute and Kenaf because of the high raw material prices ruling this season. Anyhow the unknown remains the weather conditions during the coming months prior and during harvest season.

According to local sources, international buyers of high quality fibre were forced to switch over to purchase lower qualities, by virtue of the already described situation of the raw jute market.

A rather slow demand from raw jute importing countries like Nepal, China, Vietnam and Russia was observed during the month under review.

Regular demand was also observed from the private jute yarn and twine spinning mills. Private composite mills and raw jute processing industries were in the market, as well. Due to the acute shortage of fibre and the correspondingly high prices, only the financially strong mills are able to continue to place their orders for raw material procurement.

During the month under review, fibre prices have increased further by about USD 50,00 to USD 60,00 per mton for high and low quality of fibres.

Raw jute exports during the period of July 2019 up to October 2019 were 408,513 bales against 325,911 bales during the same period under review in the year 2018.

Since mid of December until mid of January the entire country was facing low temperatures and foggy weather. As already mentioned in our market report for the month of December 2019, the consequential low visibility caused serious difficulties in transportation. Highways and roads were congested and the Daulatdia-Paturia ferry service was seriously disturbed.

As per information from local sources, BJMC were in the market to procure small quantities of raw jute, only. Besides the difficult situation of the raw jute market, liquidity difficulties BJMC were the main reason for the restraint of BJMC during the month under review. The government actually provided a loan of Tk, 1.16 Billion to BJMC to implement the new wage board for the workers of

Jute Market Report for January 2020

-2/4-

4th February 2020

the state-run jute mills. BJMC received the fund to pay the wages for eight weeks (January & February) under the latest wage board. This course of action describes the very difficult financial situation of BJMC quite well.

Jute Yarn and Twine: Regular export demand of both high and low quality jute yarn and twine from the major importing countries like Turkey, Iran and Middle East countries is reported for the month under review. Regular import demand has been observed from other importing countries like India, Europe, USA and African countries. Due to Chinese New Year celebrations, demand from China and Vietnam was comparatively sluggish.

A more or less regular demand from local market for both Hessian and Sacking Quality was observed during the month under review. Because of the raw jute crisis and the continuously rising fibre prices, the export prices increased again significantly by about USD 80,00 to USD 90,00 per mton for both low and high quality jute yarns and twines.

As aforementioned only financially solvent jute yarn and twine spinning mills are able to cover their material demand whereas financially weak mills are facing huge difficulties to keep their mills running. In case the raw material supply situation continues as it is expected by many, certain mills might be forced to discontinue their production. There is the risk that some mills having missed the market on the procurement side for financial reasons or otherwise might default on their commitments.

Jute Goods: During the month under review export demand of finished goods, both Hessians and Sackings was on a regular level. The export demand from other countries like Africa, Europe, Australia, USA and Iran was on an average level. India was regularly in the market as buyer of unstitched Binola and B-twill bags.

During the month under review export demand for Carpet Backing Cloth from importing countries in Europe, UK, Japan, Australia and New Zealand increased comparatively. Local demand for Hessians and sackings remained stable in comparison to the demand ruling in December 2019.

Export prices increased for the following qualities of

Hessians:	about 3 %
Sackings JBA:	about 3-4 %
CBC:	about 2 %

What applies for jute yarn and twine spinning mills does apply for jute composite mills as well. Only the financially strong mills, well equipped with raw material stocks, are able to operate in full swing whereas the financially weak factories are in serious difficulties and might not be in position to continue to keep their production running much longer.



Jute Market Report for January 2020

-3/4-

4th February 2020

Latest news: Mohammed Mahbubur Rahman Patwari, a director of Alijan Jute Mills, has recently been elected chairman of Bangladesh Jute Mills Association for two years. The association also elected Sk Akram Hossain, managing director Afil Jute Mills, as vice chairman. The executive committee members are Muhammed Shams-uz Zoha, MA Raihan, Md Harunoor Rashid, Mohammad Shahjahan, Giridhari Lal Modi, Bijoy Kumar Modi and Md Zahid Miah.

Faridpur farmers have achieved success by producing high quality BJRI Tosha Jute-1 (Robi-1) jute seeds developed by scientists for the first time in Bangladesh.

Farmers are able to produce the seeds spending a very trifling amount and within a short time. They are happy with the abundant yield of this seed. Faridpur DAE is assisting them in the production of jute seeds. DAE official sources said, "If the production of seeds continues, we will be able to meet our needs with the seeds we produce within the next two to three years."

Faridpur district is well-known for producing diversified crops. The farmers of this district are always contributing to the economic development of the country by producing exceptional crops. The farmers of this district have responded by producing jute seeds this year.

This season, 30 farmers of Sadar upazila planted high-yielding BJRI Tosha Jute-1 jute seeds in mid-October on high lands, with training from the DAE. Since sowing they have been able to produce seeds with little care and with minimal fertiliser application. Some farmers are busy collecting seeds from the fields. Farmers who produce jute seeds said, "This is the first time we have produced jute seeds with the suggestion of the agriculture office."

"We have been producing jute with Indian seeds for so long. Many times the seeds did not perform well. Jute did not produce well. And that is why we are now producing our own seeds. We will produce jute with the seeds we produce. We are benefited by producing seeds."

Sadar upazila DAE officer, Anwar Hossain said the farmers of Faridpur Sadar upazila have achieved success by producing modern jute seeds under the technology of rice, wheat and jute seeds at the farmer level. Deputy Director of DAE Kartik Chandra Chakraborty, said Faridpur is at the forefront of Bangladesh in producing jute.

About 82,000 hectares of land is cultivated in the district.

"We hope to be able to produce about one to one and a half tonnes of seeds this year," he said, adding, "in the next two to three years we will be able to overcome dependence if seeds continue to grow."

Jute Market Report for January 2020

-4/4-

4th February 2020

India

Raw Jute: JBA quotations increased during the month under review up to TD-4 IRs 5.350,00 and TD-5 IRs 4.950,00 per 100 kg. Unauthorised figures are stating 6,4 Mio bales for the crop of 2018/19 and 7 Mio bales for the crop of 2019/20 with a carry forward of some 1,8 Mio bales.

Jute Yarn: During the month under review there were not much activities on the jute yarn market in India.

Jute Goods: Prices of Hessians increased during the month under review by around 6%. Selective jute mills demanded premiums of about 7 %. Prices of Sackings remained stable during the month under review. New Government orders during the month under review were for 300.000 bales with a backlog of 100,000 bales reported at the end of the month under review. As far as Jute CBC is concerned, not much demand of CBC is reported.

The Central Government has further extended the dumping duty on import from Bangladesh, which are ranging between USD 97.19 and USD 125.21 per mton. The controlling authority has imposed raw jute stock limits of eight weeks consumption for mills and 1,700 quintals for traders from January onwards.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in November 2019 amounted to 89,400 mtons of which 5,000 mtons were jute yarns/twines.

Latest News: On January 13th, the Champdany Northbrook Jute Mill management put up a notice of suspension of work, which would leave more than 4,000 jute mill workers jobless. From 16th December 2019, the jute mills management and the jute mill workers had been engaged in a tussle, with the workers strongly opposing the reduction of workers in every department of the jute mill while the mill management allegedly pressurized them for higher output of finished jute items.

Over 4,000 workers of the Bhatpara based Reliance Jute Mills, one of the oldest in the country, were left out in the cold after the authorities suspended production for an indefinite period in the wake of an agitation over payment of gratuity and retirement benefits to 165 labourers.

--ooooOOoooo--