

Jute Market Report for December 2021

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3rd January 2022

Bangladesh

Raw Jute: During the month under review, raw jute demand from Pakistan and India was at a regular level, but due to increased raw jute market prices, the parties decided not to place orders for bigger quantities. Pakistan was in the market for long Jute Tossa and long Meshta as well as Tossa cuttings, such as BTCA and BTCB. In total, Pakistan placed orders for about 4.500 to 5.000 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 jute cuttings for BTCA and BTCB and placed orders for about 3.000 mtons.

Other foreign buyers from countries like China, Nepal, Vietnam, Russia and Tunisia were in the market as well, but as already observed in previous months, they continued to cover their short-term demand, only.

The local jute yarn and twine spinning mills as well as composite jute mills were in the market but in view of the market price situation as well as the scarce availability, especially of higher quality grades, most of the parties decided to place orders for their short term demand, only.

Raw Jute and Meshta prices increased further by about US\$ 20,00 to 30,00 per mton during the month under review. As stated above, availability, especially of higher quality grades, becomes more and more scarce and according to this it is expected that upward price tendency is likely to continue until end of the season.

Raw jute exports during the period from July to August 2021 amounted to 81.439 bales against 80.469 bales during the same period in 2020.

Weather conditions: From mid of December the entire country faced low temperatures and, typical for this time of the year, foggy weather with low visibility, which lead to congested highways and ferry terminals and results in delayed export shipments.

Jute Yarn and Twine: Export demand for both high and low quality of Jute yarn and twine from regular importing countries like Turkey and Iran was on a regular level during the month under review. Same applies for demand from other international markets such as India, China, Vietnam, Indonesia, Malaysia, Japan, Uzbekistan and the Middle East. European as well as buyers from the United States though were in the market with less demand than regular, mainly caused by the Festival Season.

Due to the significant increase of raw jute prices, most of the jute yarn and twine spinning mills are facing difficulties to ship their orders in time. Especially the mills which were not in position to cover the bigger part of their annual demand might face huge losses, in case they concluded long term contracts with their customers. In case the raw material market situation continuous to be as it is, prices for jute yarns and twines are expected to rise further during the coming months.

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A lot of jute yarn and twine spinning mills were already forced to reduce their production capacity significantly due to high market prices and scarce availability of raw jute.

Due to the various difficulties the industry is facing since years, general worries mounting among jute stock investors. Out of the three jute industry firms listed on the stock market, only one exporter of jute products posted a profit for 2020/2021. Auditors of the said companies have drawn attention to labour difficulties, inability to pay creditors, adverse key financial ratios, discontinuances of productions, inability to comply with terms of loan agreements, loss of markets and others.

Local demand for both Sacking and Hessian quality jute yarns and twines for packaging purposes was on a regular level during the month under review. However, local jute market is suffering from rather poor implementation of the mandatory packaging law.

Bangladesh enacted the Mandatory Jute Packaging Act 2010, which was enforced in January 2014, in order to promote the local jute industry sector as well as to make agriculture and development of the country more sustainable. Even though a good number of traders of the 19 listed products, such as rice, wheat, maize, sugar, spices and others, are using jute bags to pack their goods, there is still a significant number of traders, who are showing themselves reluctant to use jute bags, mainly for price reasons. Representatives of the local jute industry suggested that the Bangladesh Government should increase procurement of jute bags, in order to boost local sales. The decision of the Indian Government to pack 100 % of food grains and 20 % of the countrywide sugar production in jute bags could be guiding principle for Bangladesh, they said.

Export price: Export prices for light and heavy count of jute yarns and twines increased further by around US\$ 60,00 to US\$ 80,00 per mton during the month under review.

Jute Goods: Export demand for Hessians and Sackings from Africa, Europe, Australia and USA were on a regular level during the month under review. Same applies for exports of unstitched Binola and B-Twill fabrics to Indian buyers. Jute CBC demand from the regular importing countries like Europe, UK and Japan was on a lower level during the month under review. A decreased demand for Sacking and Hessian Jute Bags was observed from the local market.

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

Hessians:	approx. 4 %
Sacking:	approx. 3 to 4 %
CBC:	approx. 3 %

COVID-19 update: The overall situation seems to improve further as the number of new daily cases were more or less stable.

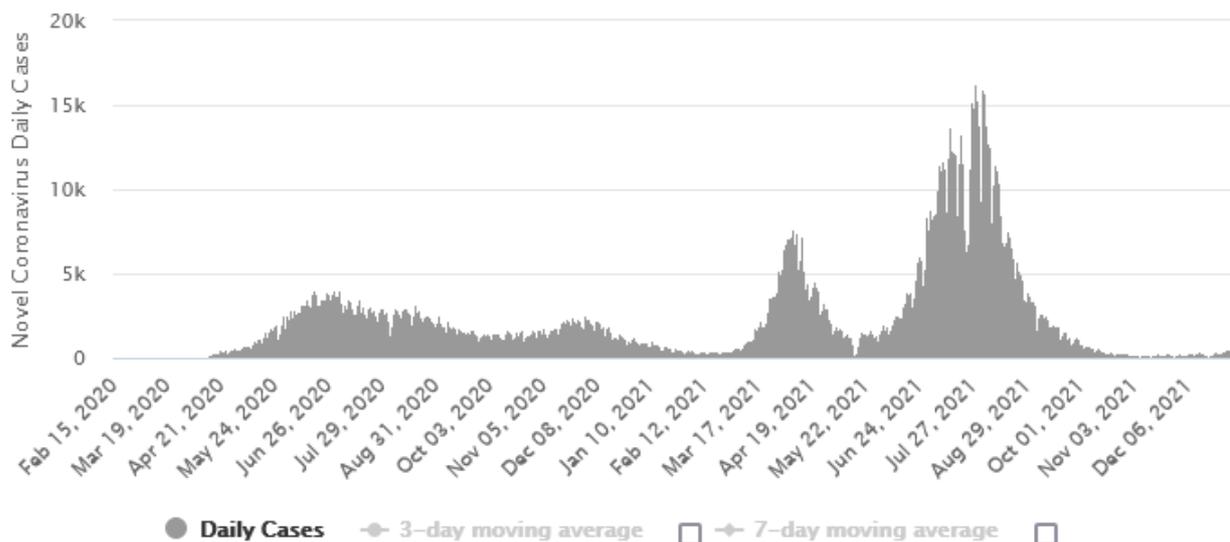
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Daily New Cases

Cases per Day
 Data as of 0:00 GMT+0



Source: www.worldometers.info

Ocean Freight Rates: During the month under review, the trend of ocean freight rates which were settling down at a high level continued. However, Bangladesh ports were facing navigational delays due to heavy vessel movements.

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. These fixed rates however do not reflect market realities with prices fluctuating between IRs 6.800 and 7.400 for TD-4.

Jute Yarn and Twine: Demand for Indian Jute Yarns and Twines continuous to be regressive and accordingly prices are dropping further, as well. Demand is mainly coming from local mills consumption and for sewing of jute bags.

Jute Goods: Situation during the month under review presents itself as follows: Prices for Hessians eased. Selective mills asking for premium of 8 % against prices quoted by „standard“ mills. In view of festival season, export demand was subdued during the month of December, same

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applies for local demand. Prices for sackings improved: Now IRs 106.000 to 113.000 per mton, with selective mills asking for premium of 5 % against prices quoted by „standard“ mills.

B-Twills: The Indian Government placed orders of approx. 200.000 bales of B-Twill bags during the month under review, as mills continue to be unable to supply full requirements. The current backlog increased and is around 200.000 bales, now.

Availability of Jute Carpet Backing Cloth is reported from March delivery, prices are marginally lower than in November 2021.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in October 2021 amounted to 57.000 mtons of which 800 mtons were jute yarns/twines. Figures for November were not published when this report was under preparation.

Covid-19 update: The new variant of the virus Omicron is causing concern in India. So far around 1.300 Omnicron cases were detected. At the same time, the number of daily cases increased to around 30.000.

Ocean Freight Rates: Same as Bangladesh, ocean freight rates ex India rates likely to settle down at a high level.

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