

Jute Market Report for March 2020

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Bangladesh

COVID19 Update: In order to control dispersion of the Corona Virus, the Bangladesh Government decided to close all governmental and private offices as well as non-essential services from March 26th until April 4th and extended the period to April 11th, today on April 1st. Most of the factories and mills have also been forced to shut down their operations, as workers absentee hampered the continuation of the production significantly. The inland transportation as well as the shipment sector is distinctly limited, too.

Raw Jute: During the month under review India as well as Pakistan were in the market for both high and low quality Tossa and Meshta fibre and cuttings. Buyers from Pakistan purchased around 2.000 mtons of both high and low quality Long Tossa fibre mainly BTE BS, CS and KS as well as Jute Cuttings BTCA and BTCB. Indian buyers procured around 1.500 mtons of both high and low quality Long Tossa (BTE BS, CS and KS) and BTCA and BTCB Cuttings during the month under review.

Normally import demand from the latter countries is much higher during this period of the year, but the outbreak of COVID19 affected the business of both countries significantly and led to less import demand during the month under review.

Due to the worldwide COVID19 crisis, international buyers from countries like Vietnam, Russia and others were not in the market with mentionable quantities during the month under review. The slowly improving COVID19 situation in China brought Chinese customers back to the market and some smaller quantities were purchased during the second half of March.

More or less regular demand was 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 exiguous demand from the international markets during the month under review, fibre prices remained stable for both high and low quality of fibres.

According to local information, BJMC mills were in the market with smaller quantities.

The statistics about raw jute exports during the period of July 2019 up to December 2019 were unfortunately not published when this report was prepared.

New Crop: Sowings of Meshta Fibre and White Jute started in low land areas such as Greater Mymensingh, Tangail, Siragonj, Netrokona, Madaripur and Sariatpur during the first week of the month under review. Weather conditions were quite favourable at that time. Provided that the weather conditions will continue to be favourable, it is assumed that the outcome of new crop Meshta and White Jute fibre will be around 5-10 per cent higher than last year. The farmers are quite motivated to plant Meshta and White Jute, as well as Tossa, because of the relatively high

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market prices. As the seeds for Meshta and White Jute are of local origin, one can expect that there shall be no significant interruptions in seed supply, which may be caused by the COVID19 situation.

Sowings for Tossa Jute are expected to start from mid of April. At this moment it is too early to forecast the outcome of new crop, especially as 30 to 40 per cent of the seeds are imported from India. In case the lockdown in India will be prolonged, an acute shortage of Tossa seeds may arise.

During the beginning of the month under review Bangladesh enjoyed moderate rainfalls mixed with good sunshine, i.e. ideal conditions for Meshta and White Jute sowings. But since more than two weeks growers are desperately waiting for rain.

Jute Yarn and Twine: During the month under review export demand of both high and low quality jute yarn and twine from the major importing countries like Turkey, The Middle East and Iran was observed slow. Same applies for the demand from other regular buyers of Jute Yarns and Twines from countries like China, Vietnam, Russia, African countries and Europe.

A minimal demand from local market for both Hessian and Sacking Quality was observed during the month under review. Because of the poor demand from international markets, the export prices remained stable for both low and high quality jute yarns and twines during the month under review.

As mentioned above, due to the outbreak of COVID19 in Bangladesh, most of the jute mills were forced to stop their production at least from March 26th until April 11th.

Jute Goods: During the month under review export demand from countries like Africa, Europe, Australia, USA, China and Vietnam was on an average level, but since it is unknown when shipments can take place, a lot of mills were unwilling to accept larger orders. 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 was rather sluggish.

Export price development Jute Goods:

Hessians:	unchanged
Sackings JBA:	unchanged
CBC:	unchanged

Latest news: Users of Chittagong port fear that the limited delivery of imported goods may lead to a serious container congestion and will slow down operations at the country's premier maritime port. The number of containers at the port yard is increasing significantly since the importers are



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taking delivery of containers slowly as the country is going through a general holiday from March 26th till April 11th to curb the spread of coronavirus.

The total storage capacity of Chittagong port is 49,018 TEUs. However, the number of loaded containers at the port yard has already risen to 40,000 TEUs. Around 90% of the country's exports and imports are executed through Chittagong port which is located by the estuary of the Karnaphuli River.

On March 6th, Bangladesh celebrated the National Jute Day-2020 for the fourth time throughout the country amid enthusiasm with a view to making jute goods popular among the people. On the eve of the day, President M Abdul Hamid and Prime Minister Sheikh Hasina issued separate messages greeting the people involved with the jute sector. In their messages, they hoped that jute will play a positive role in the economic development of the country as well as protection of the environment once its multiple usages are ensured. President Hamid, in his message, said the government has taken various initiatives, including modernization of the state-owned jute mills, to bring back the glorious past of the jute sector. "The Mandatory Jute Packaging Act 2010 and the Mandatory Jute Packaging Rule 2013 have been implemented to increase the domestic demand for jute," the president said, adding that the Jute Act-2017 has also been enacted in this regard. Instead of artificial polythene, he also mentioned that the initiative has been taken to make the environment-friendly 'Golden Bag' from jute which is also perishable. Abdul Hamid hoped that the use of environment-friendly jute products would accelerate flourishing of the industry. The Mandatory Jute Packaging Act-2010 and the other rules regarding this are already playing a positive role for protecting the environment and the public interest, said Prime Minister Sheikh Hasina, in her message. The premier said that the jute production in the country has increased by enacting the Jute Act-2017. "As a result, the interest of all stakeholders of the jute sector has been ensured," she added. "The present government has been working relentlessly to improve the living standard of the common people. Our goal is to establish Bangladesh as a middle-income country by 2021 and the developed and prosperous one by 2041," she said. Ahead of the Mujib Year, the prime minister hoped the Ministry of Textiles and Jute can contribute more to the country through environment-friendly jute and jute-goods.

India

COVID19 Update: In order to control spread of the Corona Virus, the Indian Government decided to close all governmental and private offices, as well as factories from March 23rd until April 14th. The Indian Jute Mills Association has sought exemption from the Centre to resume their operations during the 21-day nationwide lockdown imposed to contain the coronavirus outbreak, saying that shortage of jute bags could lead to a disruption of food grain supply. The industry body also urged West Bengal Chief Minister Mamata Banerjee to give permission to restart operation in the mills. "Non-availability of packing material at the time of food grains arrival can derail the procurement

WILHELM G. CLASEN GmbH & Co. KG
Burchardstraße 17
20095 Hamburg
Deutschland

Tel. +49 40 323295-0 · Fax +49 40 321916
info@wgc.de · www.wgc.de
Amtsgericht Hamburg
HRA 120531

USt-ID-Nr. DE307976040

Deutsche Bank AG (BIC DEUTDE33)
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process and create law and order problem in various states," the IJMA said in a letter to Textiles Minister Smriti Irani on Thursday. It also requested that the mills engaged in the manufacture of jute sacking bags, an important material under the Essential Commodities Act, 1955, be exempted from the lockdown and allowed to resume production, the industry body said.

Workers in jute mills are either living in quarters in the mill premises or staying nearby, and hence the need to avail public transport does not arise, the official of the association said. The IJMA also assured the Centre and the West Bengal government that the mills will abide by the safety guidelines and ensure adequate availability of masks and sanitisers for workers.

Raw Jute: JBA quotations slightly increased during the month under review to TD-4 IRs 5.400,00 and TD-5 IRs 5.000,00 per 100 kg.

During last fortnight market has become flat and no movements – not only in jute but other commodities too.

Jute Yarn: Because of the given situation there were not much activities on the jute yarn market in India.

Jute Goods: What applies for jute yarns and twines, does apply for jute goods as well. The market has remained dull with nothing doing and is likely to remain so as long as the current situation marked by the Corona virus pandemic with all its implications prevails and influences sentiment.

It is reported that loaded container, which were already moved from the mills are stranded and / or held up at port. From March 30th the Indian Government slackened measures for port operations but work force is missing. Even customs are facing an acute shortage of staff. Barring exception for essential items, there is hardly any movement. Most of the roads are empty and no private or public vehicles are moving.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in February 2020 amounted to 41,000 mtons of which 1,700 mtons were jute yarns/twines.

Latest News: The moratorium on Yes Bank by Reserve Bank of India could have a rippling effect on the operating jute mills and wages of hundreds of thousand workers associated with the industry just ahead of the Holi festival season. According to jute industry sources, payments to mills got stuck in totality though 60 per cent of the payment is not associated with Yes Bank. The Yes Bank crisis has led to halting in payment release for the mills. The immediate fallout is a threat over wages and advance payments to mill workers. Approximately two hundred thousand workers are associated with the jute mills in West Bengal.

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