

Jute Market Report for February 2020

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2nd March 2020

Bangladesh

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. Due to acute shortage of Meshta and high grade Tossa fibre, suppliers were unable to deliver the required quantities.

Buyers from Pakistan purchased around 4.000 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 3.000 low quality Long Tossa (BTE BS, CS and KS) and BTCA and BTCB Cuttings during the month under review.

It cannot be emphasized enough the rather bad outturn of last year's crop is causing huge difficulties to the entire industry. Due to the difficult situation on the raw jute market and the continuously rising fibre prices, international buyers from countries like Vietnam, Russia and others were rather unobtrusive and did not place bigger orders during the month under review. The outbreak of the Coronavirus in China influenced the purchasing behaviour of Chinese buyers significantly and most of them refrained from sending their enquiries.

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.

During the month under review, fibre prices have increased further by about USD 30,00 to USD 40,00 per mton for high and low quality of fibres.

Raw jute exports during the period of July 2019 up to November 2019 were 537,833 bales against 399,516 bales during the same period under review in the year 2018.

As already mentioned in our market reports for the months of December 2019 and January 2020, low visibility and foggy weather caused serious difficulties in transportation. Highways and roads were congested and the Daulatdia-Paturia ferry service was seriously disturbed. Authorities even had to stop ferry transportation at night.

According to local information, BJMC were in the market with smaller quantities and financed their fibre purchases by selling off their stocks of finished goods.

Jute Yarn and Twine: Regular export demand of both high and low quality jute yarn and twine from the major importing countries like Turkey and Iran was observed during the month under review. Other regular buyers of Jute Yarns and Twines from countries like Uzbekistan, Indonesia, Malaysia, African countries and Europe were in the market as well, but due to high market prices the buyers placed less orders than usually.

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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.

It is expected that market prices will continue to rise as long as raw jute prices are not falling drastically, which is not expected to happen until arrival of new crop in August / September 2020.

The local jute spinning mills are more or less booked with orders up to April 2020.

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 slightly decreased. Local demand for Sackings increased in comparison to the demand ruling in January 2020 whereas the demand for Hessians decreased during the month under review.

Export prices increased for the following qualities of

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

Most of the local composite jute mills are busy with their existing orders and are booked up to April/May 2020.

Latest news: The country's private jute mills have urged the authorities concerned to take necessary measures, including imposition of duty on uncut low-grade raw jute, to ensure reasonable prices of raw jute in the local market. They also demanded the authorities to instruct the dealers not to stock more than 1,000 maunds (40 kg = 1 maund) of raw jute a month. Bangladesh Jute Mills Association (BJMA) put forward the demands in a letter to the Ministry Textiles and Jute. Other demands included using sea port for exporting raw jute, imposing restriction on the sales of wet raw jute and not to allow any trader without license.

The association said the price of raw jute has increased by Tk 150-200 per maund, pushing up the production cost. As a result, they were not getting export orders at higher prices, it added. When contacted, Abdul Barik Khan, secretary general of the BJMA, alleged that a section of dishonest traders and middlemen have stocked raw jute to make an artificial crisis in the local market.

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Besides, he said, they came to know that a significant volume of raw jute is being exported in the name of low-grade uncut Bangla Tossa Rejection (BTR) and Bangla White Rejection (BWR).

Only 3.0 to 5.0 per cent of the total production of raw jute is low-graded, he added. A section of traders are exporting high quality raw jute in the bundle of uncut raw jute, he alleged, adding that it is another reason for the scarcity of raw jute in local market. If such shortage continues for long time, it would be difficult to run many mills smoothly, he said. Mr Barik however, pointed out that the government withdrew the restriction on export of uncut low-grade raw jute in the middle of last year, following a writ petition by the traders. The Ministry of Jute and Textiles banned the export of the BTR and BWR in 2018 following requests of the jute millers, he mentioned. Some 7.0 to 8.0 million bales of raw jute are produced in the country each year.

According to the Bangladesh Export Promotion Bureau jute and jute goods exports increased when other export-earning sectors flat lined during the first half of the Bangladesh fiscal year (July – December 2019). The earnings from the jute sector rose by about 21 per cent to USD 602 million compared to 2018. Jute and Jute goods account for 2 per cent of the total annual export receipts of more than USD 40 billion. For the jute sector had to witness fluctuations in shipments for various reasons. A prolonged crisis in the Middle-East as well as the anti-dumping duty imposed by the Indian government are two out of many reasons for the up and downs of the industry.

India

Raw Jute: JBA quotations slightly decreased during the month under review to TD-4 IRs 5.300,00 and TD-5 IRs 4.900,00 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 decreased by around 2 per cent as export orders slowed down during the month under review. Selective jute mills demanded premiums of about 8 %. Prices of Sackings were slightly firm by around 1 per cent during the month under review. New Government orders during the month under review were for less than 250.000 bales with a backlog of 125.000 bales reported at the end of the month under review. It is expected that Government orders will sum up to around 450,000 bales in March. As far as Jute CBC is concerned, not much demand of CBC is reported.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in January 2020 amounted to 90,300 mtons of which 1,500 mtons were jute yarns/twines.

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Latest News: The Jute industry in West Bengal is facing difficulties due to dearth of working capital as banks have allegedly tightened the lending standards for the sector. The lender have been seeking “clear land papers” from mill owners for extending loans. At present three major jute mills remained closed due to working capital crunch. Lack of banking credit has hit several jute mills in the state. Mill owners are not getting adequate credit to run their businesses. Banks make lending norms more stringent for land titles, which is uses as collateral.

Workers of closed Weaverly Jute Mills at Shyamnagar in North 24 Parganas district allegedly ransacked the office of the unit and torched two vehicles after the management put up a notice to continue suspension of work. The work at the mill has been suspended since January 29th as the promoters witnessed a slowdown in business and were struggling with fund crunch.

Following the alleged fraud perpetrated by billionaire jeweller Nirav Modi and Mehul Choksi the banks become extra cautious. They are seeking clear land paper before sanctioning loans. Indian Jute Mills Association chairman Raghavendra Gupta said access to bank credit against the land title is a challenge, though the state government had brought in a legislation and subsequently, amended a relevant law to solve the problem. “Currently, lands of the mills belong to the state and had been given to the millers for a specific purpose. A legislation and the amended law enabled the government to offer land to mill owners for a lease of 99 years to solve this perennial title issue,” Gupta said. He hoped that the mills will be able to supply monthly three lakh bales of jute bags to the government.

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