

Jute Market Report for October 2020

-1/4- 3rd November 2020

Bangladesh

Raw Jute: During the month under review, raw jute demand from Pakistan, India and Nepal was on a regular level. Pakistan placed orders of about 7.000 mtons for more or less all grades of Long Tossa Jute and Meshta/Kenaf as well as Tossa and Meshta/Kenaf cuttings, such as BTCA, BTCB and OMC. 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 and placed orders of around 3.000 mtons in total.

Chinese buyers were in the market for both Long Tossa Jute and Tossa cuttings and purchased about 2.500 mtons in total.

Other international raw jute customers from countries like Vietnam, Russia and Tunisia were in the market as well, but most buyers were rather reluctant to place bigger orders, in view of the high market prices.

It is indeed a fact that this year's raw jute prices have reached a record high with prices for good quality raw jute ruling around BDT 3.000 per maund (=37,33 kgs). These record high prices are a mixed blessing for the industry, as on the one hand farmers are pleased about the high prices they can achieve and might be motivated to plant even more jute than in previous years, but on the other hand local jute yarn and twine spinning as well as jute composite mills are not at all happy about the abnormally high raw jute prices.

Same applies of course for buyers of raw jute, jute yarns and twine, as well as jute goods. By virtue of the sky high raw jute prices everyone from farmers to traders are hoarding jute and hope for further price increases. This leads to an acute undersupply and seriously disturbs the manufacturing process of the local jute mills.

The local jute yarn and twine spinning mills as well as composite jute mills procured according to their demand but a lot of the local buyers were unable to cover their entire requirements, because of the acute shortage of fibre and sky high market prices.

Corresponding to the shortage of fibre Raw Jute and Meshta prices increased further by about USD 60,00 - 70,00 per metric ton.

Raw jute exports during the period of July 2020 up to September 2020 amounted to 119.144 bales against 137.048 bales during the same period in 2019.

Weather conditions: During the month under review the entire country witnessed moderate rainfalls combined with good sunshine.

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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 increased during the month under review. Same applies for the demand from other international markets such as India, China, Vietnam, Indonesia, Malaysia, Uzbekistan, The Middle East, Europe and USA.

Local demand for both Sacking and Hessian quality of jute yarn for packaging purposes was on a regular level during the month under review.

The export prices for light and heavy count jute yarns and twines increased further by around USD 60 to 70 per metric ton during the month under review.

The trend of significant reduction of production capacities of small and medium size factories continuous in view of the acute shortage of fibre and record high raw jute prices. A lot of mills work with two instead of three shifts and another couple of mills were forced to shut down.

Unfortunately it is reported that certain mills do not honour their commitments and either delay shipments or pushing their customers to pay higher prices than agreed. The defaulting factories are protected by the current market situation, as their buyers are unable to procure elsewhere and forced to accept this unethical behaviour in most cases.

Jute Goods: Export demand for Hessians and Sackings from Africa, Europe, Australia and USA increased during the month under review. Exports of unstitched Binola and B-Twill fabrics to Indian buyers were on a regular level.

Jute CBC demand from the regular importing countries like Europe, UK and Japan was on a regular level during the month under review.

An increased demand for Sacking and Hessian Jute Bags was observed from the local market.

Export prices during the month under review have increased as follows:

Hessians:	approx. 5 %
Sackings:	approx. 4 %
CBC:	approx. 4 %

BJMC: During month under review The Bangladesh Government announced that they will clear the dues of laid-off and retired workers of 25 shuttered state-run jute mills by November this year.

A total of 34,716 workers, including 24,609 who have been laid-off, have not received their pay even though three-and-a-half months have passed since the government permanently closed the 25 state owned mills operating under the umbrella of The Bangladesh Jute Mills Corporation.



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The Ministry of Textiles and Jute estimates that retired and laid-off workers would get a total of BDT 3,800 crore.

A couple of days earlier, at least 25 people, including three police personnel, were injured in a clash between police and jute mill workers on Khulna-Jashore highway yesterday morning. The clash broke out when nearly 1.000 laid off workers of the jute industrial belt in Khulna and Jashore blockaded the highway to press home their 14-point demand, which includes the reopening of 25 state owned jute mills.

Covid19: Due to unavailable Covid19 statistics, it is difficult to judge about the current situation in the country. International agencies report that around 45 per cent of the population are infected, most of them being asymptomatic. The infection rate in poorer areas are as high as 74 per cent. The Bangladesh Government has recently requested for US-\$ 2,0 Billion in aid funds from the World Bank, IMF, ADB et cetera to purchase vaccines.

India

Raw Jute: During the month under review the market appreciated which was reflected by higher quotations of the Jute Balers Association (JBA): Grade TD-4 Irs 6325,00 and Grade TD-5 Irs 5825 per 100 kg.

Jute Yarn: During the month under review there was a good demand for jute yarns and twines for local consumption. However there are no reports about exports worth to mention.

Jute Goods: Prices of Hessians remained unchanged during the month under review. Selective mills asking for premium of 5 per cent against prices quoted by „standard“ mills. Prices of Sackings decreased by about 3 per cent as well and selective mills asking for premium of about 4 per cent. Availability of Jute Carpet Backing Cloth is rather poor until March 2021, as most overseas customers placed long term orders with the manufacturers. The Indian Government ordered approx. 235,000 bales of B-Twill bags during the month under review. Even though no order was placed in September backlog is still around 250,000 bales.

The production capacity in India reached about 90 per cent of the pre-lockdown period. However the market prices are unlikely to decrease in view of the acute crop shortage. Raw Jute Stockists are convinced of a stable demand and releasing small quantities with gradual increase of prices.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in September 2020 amounted to 90.100 mtons of which 5.300 mtons were jute yarns/twines.

Covid19: The overall number of cases sharply declined from 90,000 cases per day at peak to around 65,000 cases per day. Accordingly the Indian Government eases off the lockdown little by little.

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India's coronavirus lockdown has led to a crippling shortage of containers that is hurting the country's exporters, who are battling to take advantage of economic recoveries elsewhere. Prices of shipping containers to destinations such as the US and Africa have more than doubled and there is a three-week backlog to secure booking at some Indian ports. India is grappling with the aftermath of a lockdown that did little to curb the spread of the disease but obliterated economic activity. While India's exports rose for the first time in six months in September, imports fell 19,6 per cent compared with same period last year.

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