

Jute Market Report for December 2017

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2nd January 2018

Bangladesh

Raw Jute: Besides regular demand from India and Pakistan, a continuous demand from international buyers as well as from the local buyers of raw jute was observed during the month under review. Pakistan bought approx. 8.000 mtons of Meshta, Long Tossa Jute and Jute Cuttings. India was in the market for about 3.000 mtons of high quality jute like BTR KS, BTR NB, BTR HD and jute cuttings BTCA for shipment in December 2017 and January 2018. It has been reported that the local raw jute suppliers could not cater for the total demand of their buyers, which is presumably caused by the acute shortage of high quality fiber.

Other raw jute importing countries like China, Nepal, Vietnam, Russia, Brazil and others were also active in the market during the month under review, but it concerned rather small quantities.

As a result of a situation of an acute shortage of high quality fibers and a continuous demand both from local buyers and international raw jute purchasers, the export prices increased by USD 25 – 30 per mton during the month under review.

As per official statistics the export volume during the period of July to September 2017 was about 194.295 bales. During the same period in the year 2016 the export volume was with about 212.827 bales remarkably higher than in 2017.

It has been reported, that BJMC's raw jute purchases were at rather low level during the month under review, but according to certain sources it is expected that BJMC may obtain some fresh liquidity from their export sales by end of December and that in this case BJMC is likely to increase their raw jute purchases from January 2018 onwards.

General: Because of rather unfavorable weather conditions with low temperature and low visibility, caused by fog and haze throughout almost the whole country, the highways and terminals were congested and blocked. The Daulatdia-Paturia ferry terminal for example was completely congested by trucks and other transportation vehicles, because the authorities were forced to stop the ferry transportation during the night, in order to reduce the high risk of accidents to a minimum.

Jute Yarn/Twine: For the major jute yarn and twine importing countries like Turkey, Iran, India, China, Vietnam, Indonesia, Malaysia and countries from the middle east a slow but regular demand was observed during the month under review. It has been reported that the demand from Europe and USA was slower than expected during the month of December. The main reason for the described situation was of course the festive season and the fact that the end of the year was drawing nearer. The local demand especially for sacking and hessian quality yarns and twines, which is used for sack and bag production increased during the month under review. Because of the stronger local demand for sacks and bags, most of the jute yarn and twine spinning mills were quite busy with their production. The export prices remained unchanged during the month under review.



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Jute Goods: The export demand for Hessians and Sackings from traditional buying countries like Africa, Europe, Australia, USA, Iran, China and Vietnam was quite sluggish during the month under review. On the contrary the local demand for sacking and hessian bags increased and BJMC as well as private composite jute mills are well booked with orders. It has been observed, that the demand for CBC from Europe, Australia and Japan was very slow in December 2017.

During the month under review export prices remained at the same level as in November 2017. No significant increases of prices have been observed.

According to the Export Promotion Bureau (EPB) the shipments of raw jute and jute goods increased by 16,51 % to USD 451,16 million during January to November 2017 in comparison to the same period in 2016.

India

Raw Jute: During the month under review the prices for raw jute stabilized, but it is expected that due to an increase of fibre prices in Bangladesh, Indian raw jute prices will increase further. JBA quotations at the end of the month were TD-4 IRs 3,850 and TD-5 IRs 3,450 per quintal.

New Crop: It is reported that the stockiest were active in upcountry regions. The buying and selling activities during the month under review have been described as normal. It has been observed that the purchases of JCI are quantity wise unlikely to surge during the month under review. In December the JCI jute supply linkage against governmental orders was around 10-12%.

Jute Goods: During the month under review the supply of Jute CBC was at ease with a quite slow demand, mainly because of the festive season and the fact that the end of the year was drawing nearer. The local demand for Hessians continued to be very poor, same applied for the export demand of Hessians. The market prices remained almost unchanged during the month of December. The production of Sackings is in full swing, as there is a strong seasonal domestic demand and sufficient orders from the Government. Because of the regular supplies of Sacking from Bangladesh, the market prices for Sacking decreased by about 2% during the month under review. Nonetheless certain mills' prices enjoyed a premium of about 4%. The total amount of B-Twills ordered by the Government was about 325,000 bales during the month under review. Certain sources reported, that about 200,000 bales would backlog up to end of December 2017. The main reason for that is an acute shortage of workers, which are needed for the production of Sacking. However the Government insists on timely delivery of their orders. It is assumed that the coming month will determine the price level for the coming months.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA during November 2017 amounted to 93.400 mtons of which 4.400 mtons were jute yarns/twines.

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