

Jute Market Report for February 2017

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1st March 2017

Bangladesh

Raw Jute: Raw jute market for high quality fibres continuously advanced and the upward trend lasted during the whole month under review. Jute yarn and twine spinning mills, composite jute mills as well as hoarders and jute shippers were active buyers of high quality jute. BJMC were in the market, but their buying activities were at a low level compared with those of private jute mills. The hoarders, who already during the last months were controlling the markets, showed again their strength during the month under review.

Export demand from Pakistan and India continued. Pakistan were in the market for both high and low quality of long jute and jute cuttings, both white and Tossa jute as well as long meshta. Demand for long meshta and white jute remained strong, but demand exceeded availability of fibres in the local market. India were in the market for high quality long jute, like BTE HD, BTR HD, BTR NB and BTR KS. On the other hand, export demand remained slow from Nepal, Vietnam, Russia and other jute importing countries. China hardly showed up as buyer during the period under review because of Chinese New Year holidays in that country (spring festival). No improvement in arrivals of raw jute in the terminal markets of Daulatpur and Narayanganj.

Due to rising demand for high quality jute, local and export prices of these fibres were showing an upward trend during the month under review. On the other hand, prices of low quality jute fibres remained unchanged. Thus, export price has increased for high quality fibres about USD 15,00 per mton. However, prices of low quality jute remained unchanged.

Raw jute exports during the period of July 2016 up to December 2016 were 558,901 bales against 546,118 bales during the same period under review in 2015.

Jute Yarn/Twine: Due to regular demand for high quality jute yarn from Middle East countries, like Turkey and Iran, market continuously appreciated. Strong export demand exceeded available production capacity, notwithstanding irregular demand from India resulting from implementation of anti-dumping duty in India and Chinese New Year Holidays, these factors did not affect the jute yarn market. After the end of holidays in China export demand of Sacking, Hessian and some CB quality of jute yarn picked up and contributed to the bullish trend of the market. Regular inquiries were received from Europe and African countries, both for high and low quality of jute yarn.

Due to continuing shortage of labour most of the mills suffered and production capacity was no more than 60 % to 70 %. For that reason jute yarn and twine spinning mills were reluctant to accept the new orders. Most of the mills were booked with orders up to capacity for the next 2 to 3 months. Because of increasing demand from foreign markets prices for both, high and low quality of jute yarn have increased about USD 60.00 to 70.00 per mton during the month under review.

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Jute Goods: The local demand for Hessians and Sackings for packaging continued to pick up during the month under review. Besides, export demand, especially for Sackings, originated from Africa, Europe, USA, Australia, Vietnam, Japan and Middle East countries. However, as already mentioned in the jute market report covering the month of January that, taking into account the volume of demand both from local buyers and foreign buyers, local jute mills do not have the required production capacities to satisfy existing demand. Furthermore, as had already been reported, Bangladesh Government has made jute packaging mandatory for additional 11 products to boost domestic use of the golden fibre, this caused additional pressure on both, public sector and private composite jute mills, to meet increased demand. Since local jute mills are showing more and more interest in catering for the requirements of the local market due to attractive payment terms and delivery modalities, most of the composite jute mills are booked with orders for the next 2 to 3 months.

During the month under review the market firmed up with increasing prices by as follows:

Sacking price	approx. 4 %
Hessian price	approx. 3 %
Jute CBC price	approx. 4 %

According to the Department of Jute, officials of the Ministry of Textiles and Jute, domestic use of jute goods is expected to see a robust growth with the inclusion of 11 new products in the mandatory jute packaging list. Local jute demand is likely to soar four times to as high as 3 million bales with the use of 1 billion jute sacks per year as a result of the extended list under the mandatory packaging rules. The Ministry of Textiles and Jute on January 21st issued a gazette notification amending the Mandatory Jute Packaging Rule-2013 and making the use of jute bags for agricultural products mandatory. From now on, it will be compulsory for growers and traders to use jute bags for packaging of chilli, onion, garlic, turmeric, ginger, pulses, coriander, potato, whole wheat, wheat flour, rice husk and bran. Currently, local use of jute is 700,000 to 800,000 bales with 250 to 260 million jute sacks a year, mainly due to the mandatory jute packaging of six products. The implementation of adding new products to the mandatory jute packaging list has increased remarkably the local use of jute. According to the jute department estimated local demand of jute sacks will rise to 1 trillion which will consume around 3 million bales of raw jute.

General: A nationwide transport strike started on 26th February and intensified. The strike started without any formal announcement. The strike was accompanied by outbreak of violence by transport workers. When this report goes to press strike operations went on.

India

Raw Jute: The market ruled fully steady during the month under review after an initial marginal rise of prices. Towards end of the month JBA prices were quoted as follows TD-4 IRs 4165 and TD-5 IRs 3815 per quintal for ready delivery. JCI were still procuring high grade jute on specific orders from 1 or 2 jute mills. However, not much purchasing activity was reported. The availability of low grade jute is plentiful, while the higher grades as usual were a bit more difficult to procure.



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Jute Yarn: Export oriented jute mills located in Free Trade Zone were procuring from Bangladesh 8.5 lbs jute yarn for manufacturing of Hessians.

Jute Goods: Hessian prices reacted about 4 %, but recovered to same level in sympathy with firm sackings' trend. Premium commanded by selective jute mills were lower by 5 to 6 % for May delivery. Sacking prices were ruling firm and appreciated by 4 %. Government order for March expected to be about 225,000 B-Twill Bags. Government order for February about 210,000 bales, but with backlog of about 225,000 bales it is unlikely to be fully executed. Reportedly most Indian jute mills are fully booked with Indian local supply Government orders for next 2 months or so and have hardly any spare capacity in Sackings to sell to local traders for delivery to the domestic market and overseas markets. As regards Hessians, they have the required capacity to meet demand, but due to continuing perennial shortage of labour with absenteeism of workers high quality deliveries are usually late and jute mills can only sell for April delivery at the earliest.

Imports from Bangladesh have come down significantly due to the imposition of the Ant-Dumping Duty. However, sacking cloth continues to be imported, as same was out the purview of the Indian official investigation and hence is not subject to duty.

January 2017 production of IJMA jute mills and mills reporting to IJMA 94,600 mtons, of which 2,900 mtons jute yarn.

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