

Jute Market Report for December 2023

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2nd January 2024

Bangladesh

Raw Jute: During the month under review, raw jute demand from India as well as from Pakistan increased compared to previous months. Indian buyers were observing the market for BTR NB and BTR HD, as well as BTCB jute cuttings. In total Indian buyer were placing orders of about 3.500 mtons during the month under review. Pakistan was in the market for various long Jute Tossa grades and long Meshta grades and Tossa cuttings like BTCA and BTCB as well as Meshta cuttings SMC and OMC and placed orders of about 3.000 mtons, in total.

Nepal was in the market for long Jute Tossa grades BTR HD, BTR KS, BTR CS, as well as BTCB jute cuttings. In total, Nepal placed order of about 1.500 mtons. Export demand from other international buyers from importing countries like China, Vietnam, Russia and Tunisia increased as well during the month under review.

Due to the increase of both local and international demand, raw jute traders as well as stockists try to control the market and have increased the market prices, during the month under review.

Local demand from jute yarn and twine spinning mills, composite jute mills as well as raw jute processors for both high and low quality raw jute were in the market and placed orders on a more or less regular level according to their requirements. Especially towards the end of the month under review big spinning mills have been actively in the market and procured larger volumes of raw jute.

In view of the increased demand, export prices for higher quality grades of raw jute fibre increased by USD 60,00 per mton, prices for lower quality grades increased by USD 40,00 per mton during the month under review.

Raw jute exports in July 2023 (fiscal year 2023-2024) were 55.366 bales against 56.854 bales during July in the year 2022.

Weather: Since beginning of the month under review, the entire country witnessed decreasing temperatures. From mid of December Bangladesh faced foggy weather.

Jute Yarn and Twine: Export demand for both low and high quality grade jute yarns and twines from markets such as Turkey, Uzbekistan and Iran increased during the month under review. Same applies for export demand for low and high quality grade jute yarns and twines from other international markets such as India, China, Vietnam, Indonesia, Malaysia, Japan and countries of the Middle East was on a regular level, as well. Even though buyers based in Europe and the United States of America were in market, less orders were placed due to festive season.

The situation of the local jute yarn and twine spinning mills is precarious, especially small and medium size mills are facing financial difficulties and struggle to run their mills.

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Export prices for both high and low quality jute yarn and twine increased by about USD 40,00 to 50,00 per mton, during the month under review.

Jute Goods: During the month under review export demand for both Hessians and Sackings from buyers in African countries, as well as the Middle East increased. Export demand from countries like USA, Australia, China, Vietnam and Europe was on a regular level. India was regularly in the market for unstitched Binola and B-Twill fabrics.

Jute CBC demand from the regular importing countries like Europe, UK and Japan was ruling at a relatively low level during the month under review. Local demand for Hessians and Sackings for packaging purposes increased during the month under review.

During the month under review, export prices developed as follows:

Hessians:	stable
Sacking:	stable
CBC:	stable

Miscellaneous: According to a report published by the Financial Express on December 16th, Jute returns as environmental-friendly product while the world plans multi-billion-dollar bets for green growth but Bangladesh's famous fibre faces anti-dumping duty and indirect foreign purchase as barriers to potential business. Speakers from home and abroad at a discussion in Dhaka said the sector's growth remained stunted despite rising demand for jute and jute goods in the global market, because of such barriers. Citing example, they said some European countries are now importing jute products from Turkey instead of direct procurement from Bangladesh. Turkey imports jute from Bangladesh, they mentioned as regards the re-export of the product. The jute-sector prospects and means of revival came in focus at a discussion on 'Projecting Jute as the Fibre of the Future: Challenges and Potential', organized by the foreign ministry in Dhaka Government plan for divesting itself of holdings in the jute industry and offering private investors full stakes for seizing market figured high.

Furthermore it was reported, that agricultural scientists are working on developing further jute varieties towards enhancing the volume, strengths and quality of the fabrics. He stressed finding pragmatic solutions to some of the persistent challenges like procuring and supplying jute seeds in a timely and cost-effective manner.

The jute sector emerged as the best performer on the Dhaka Stock Exchange in 2023, boasting an 11 per cent surge in its market value, while the travel and leisure sector became the worst performer, enduring a sharp decline of 25 per cent. Of the 20 sectors on the stock market, 12 experienced price appreciations up to 11 per cent, and five underwent price correction up to 25 per cent, while three remained unchanged, according to EBL Securities The small-cap jute sector posted the highest gain of 11 per cent during a challenging period when the imposition of floor prices had a dampening effect on overall market sentiment.

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The market has been in the doldrums throughout the year due to the deterioration of macroeconomic indicators, dwindling foreign exchange reserves and political uncertainty. The jute sector, comprising three small-cap firms, posted the highest annual gain.



Source: The Financial Express, December 30th, 2023

Financial Sector: The Bangladesh Taka is expected to depreciate further against the US dollar due to huge outflows, said the Bangladesh Bank in its quarterly. The observation comes as Bangladesh registered a higher deficit in its external account stemming primarily from an elevated level of deficit in the financial account driven by negative trade credit and increased outflow of other investments. The local currency has lost its value by about 28 percent since January 2023 when foreign exchange reserves started to decline at a faster rate.

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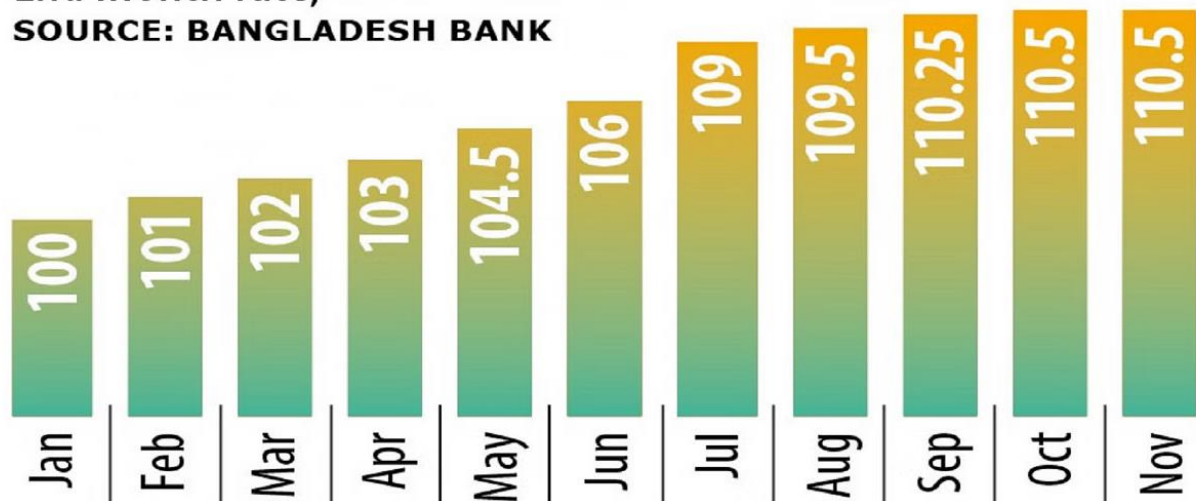
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TAKA-US DOLLAR EXCHANGE RATE

End month rate;

SOURCE: BANGLADESH BANK



Maritime Transport: Due to recent attacks on commercial vessels on the Red Sea, one of the busiest global shipping routes, launched by Iran-backed Houthies, sea freight rates increased significantly during the month under review. Around 12 per cent of the global trade, including 30 per cent of the world's shipping container volume, transit through this route.

With 158 vessels carrying approximately \$105 billion in ocean freight being diverted away from the Red Sea amid the risk of continuing Houthis' attacks, cargo prices are soaring. Just when Covid supply chain inflation seemed vanquished, ocean freight rates are increasing 40 per cent on some trade routes, and container prices are reaching \$10,000 as the Chinese New Year peak season is combined with this Red Sea Crisis. There is no short-term end to the attacks in sight.

Longer voyages will require more container ships to maintain the same service levels. According to Sea Intelligence, the switch to the around-Africa route will require 1.45 million to 1.7 million twenty-foot units of additional ship capacity. That, in turn, will help container lines absorb new building capacity that is now being delivered, which should keep container freight rates higher than they would have been minus the Houthi attacks.

Bangladeshi exporters are apprehending prolonged delays in shipment and a surge in transport costs.

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India

Raw Jute: During the month under review, the Jute Balers Association (JBA) did not publish a quotation, as no activity was reported at minimum price fixed. In November, prices were fixed as follows: TD-4 IRs 6.000 and TD-5 IRs 5.500 per 100 kgs. The reduced consumption of raw jute, caused by less demand from the Indian Government, as well as slower exports will keep selling pressure on stockists. It is expected that only after sowings for new crop jute took place, activity in market prices is to be seen.

New crop: Harvest of new crop fibre is completed in all jute growing areas. The crop yield of 2023/24 is expected to be about 8,0 Mio. bales compared to 9,3 Mio. bales in 2022/23. The carryover is estimated with around 2,5 Mio. bales.

Local supplies of raw jute to Indian jute mills were ruling around 445,000 bales during the month under review (against 434,000 bales in November).

Weather: During the month under review has set in though temperatures were still above 15°C in Bengal. According to the India Meteorological Department (IMD), 2023 was the second warmest year on record in the country since 1901. The annual mean land surface air temperature averaged over India during 2023 was 0,65°C above the long term average (1981-2010), making it the second warmest year on record since 1901. The highest warming was observed in 2016 when the anomaly was 0,71°C.

Jute Yarn and Twine: No significant changes in demand and price were reported for the month under review.

Jute Goods: Situation during the month under review presented itself as follows: Prices for Hessians were marginally up, ruling at IRs 118,000 per mton. Selective mills asking for premium of 6,5 % against prices quoted by „standard“ mills.

As mentioned in our previous market report, a 20 Mio shopping bag tender was concluded. The impact on hessian prices though is marginal, only prices for shopping bag fabric increased significantly by 20 per cent.

Market prices for Sackings continued to remain stable, fluctuating between IRs 80.000 and 96.000 per mton, with selective mills asking for premium of 15 % for exports against prices quoted by „standard“ mills. With increase of governmental orders, sacking prices are likely to increase. Indian sugar mills resumed their purchases of Atwill and Ltwill bags, during the month under review.

Due to poor orders from the Indian Government during the last three months, mills are holding large stocks of Btwill bags. In case the Indian Government maintains the projected 350.000 bales per month, mills are expected to resume normal production by February / March 2024.



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B-Twills: The Indian Government placed orders of about 450.000 bales of B-Twill bags during the month under review, against an expected order volume for November of 350.000 bales. Order quantity for January is expected to range somewhere to the tune of 350.000 bales.

No orders of Jute Carpet Backing Cloth were reported for the month under review. In consequence most of the mills stopped CBC production.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for October 2023 were 86,100 mtons in total of which 3.000 mtons were jute yarns/twines. Figures for November 2023 represent itself as follows: jute goods production 85.200 mtons in total of which 2.900 mtons were jute yarns/twines.

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