

Jute Market Report for January 2017

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1st February 2017

Bangladesh

Raw Jute: Export trend remained same as in December 2016. However, price trend was upwards due to regular local demand. It is reported that nearly 9.000 mtons to 10.000 mtons of raw jute have been exported from Bangladesh in the month of January 2017, out of which about 4.000 mtons long jute like BTR, BWR and jute cuttings to Pakistan. Besides, Pakistan fed the market with regular enquiries for good quality of Meshta and White Jute. But due to poor availability and deteriorating quality of Meshta and White Jute shippers did not show much interest to offer as per their buyers' quality requirements of higher grades of Meshta and White Jute.

The jute importing countries India, China, Nepal, Vietnam and Russia were in the market among others, but demand was rather sluggish and the overall demand situation did not improve, compared with the situation during the preceding month. India was in the market for high quality jute, like BTR HD, BTR NB, BTR KS and BTE HD. On the other hand, local demand has increased both for higher and low quality of fibres. The local yarn and twine spinning mills as well as composite jute mills were active buyers. The state enterprise BJMC was also in the market but was less active, compared with the local private composite jute mills.

Raw jute arrivals in the local market were less compared with arrivals at terminal markets during the preceding month. Local raw jute market is being controlled by hoarders and financially strong shippers.

During the month under review local prices for soft district areas fibres advanced. Due to increasing of local demand and poor availability of fibres, export price of raw jute has increased by USD 20,00 to 25,00 per mton both for high and low quality fibres.

Raw jute export figure from the period of July 2016 up to November 2016 were 436,544 bales against 537,459 bales during the same period under review in 2015.

The Bangladesh currency Taka hovered around the level BDT 77.30 to BDT 78.39 = USD 1,00.

Jute Yarn/ Twine: During the month under review import demand of jute yarn/twine continued to be brisk. Turkey and Middle East countries were regularly in the market to cover their requirements. Bangladesh jute yarn and twine mills were also receiving regular inquiries for low and high quality of yarn from China, Vietnam, Indonesia, Malaysia, Europe and African countries. Most of the mills are fully booked with orders until March. Though foreign buyers are willing to pay premiums for early delivery periods, capacity constraints of the Bangladesh jute yarn and twine spinning mills do not allow them to commit themselves for early delivery periods.

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Immediately after imposing the anti-dumping duty on jute yarn and jute goods by the Government of India with effect from 5th January 2017 exports to India slowed down a bit. The duty has been imposed in the range of USD 19,00 to USD 352,00 per mton on all types of jute yarns and twines. According to the industry insiders, in spite of strong demand continuing from foreign markets the production capacity of most jute yarn and twine mills has not been improved due to ongoing labours shortages. Most of the mills are taking new orders based on about 60 % of their production capacity.

Due to increasing foreign demand and rising prices of raw jute, the prices for both high and low quality of Jute yarns/twines have increased about USD 50,00 to 60,00 per mton during the month under review.

Jute Goods: There was continued demand for Sackings and Hessians from both foreign buyers and local buyers during the month under review, same as during the preceding month. Though enquires from India slowed down temporarily after imposition of anti-dumping duty on jute goods it should be noted that few products, such as Sacking cloth and jute goods, manufactured by jute industries located in the Export Processing Zones (EPZ) are exempted from Indian anti-dumping duty. On the other hand, regular enquires were received from China, Vietnam, and Japan, Europe, Sudan and other Middle East countries, USA, Australia as well as African countries. With ongoing increased demand for jute goods the supply situation has not so much improved because the industry is suffering from labour shortages, which seem to have become more severe.

Because of rising domestic and foreign demand both, prices have increased by as follows:

Sacking: approx. 3%
Hessian: approx. 2%
Jute CBC: approx. 3 to 4%

According to the private jute mills use of jute bags made in the country has increased to 90 percent due to proper implementation of jute packaging law. Local consumption will further increase while 11 more products should be packed by jute, including turmeric, onion, ginger, garlic, coriander, potato, flour, pulses, rice bran and chilli. Industry insiders said that the move would help jute goods makers in Bangladesh to face the fall-out of the anti-dumping duty imposed by India accounted for 17 percent or 141.000 mtons jute goods exports registered during the fiscal year 2015/2016 according to data compiled by the Department of Jute (DOJ). According to private jute mills domestic consumption of jute bags made in the country was around 10 percent before implementation of jute packaging law. According to the data from Department of Jute (DOJ), jute goods production rose to 963.000 mtons in the last fiscal year, plus 11 percent from previous year. Increased demand also encouraged farmers to grow jute on increased amount of land in the last cultivation season.



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13 days after imposition of anti-dumping duty exports of jute yarns/twines and jute goods from Bangladesh to India exports from Bangladesh have started again. India's Jute Importers Association had submitted a writ against imposition of anti-dumping duty by the Indian Ministry of Finance. The Indian High Court ruled halt and declared until 14th February Indian buyers can import jute yarns/twines and jute goods same as before. The decision taken by Indian High Court allow Indian buyers, who purchased jute yarns/twines and jute goods prior to imposition of Indian anti-dumping duty, to receive the goods from Bangladesh for which quite a few Indian importers had already made advance payments to their Bangladesh suppliers including the state enterprise BJMC to receive the goods without having to pay the anti-dumping duty which was introduced on 5th January 2017. What will happen after 14th February remains to be seen.

India

Raw Jute: Prices are easing slowly. JBA quotations at the end of the month under review were: TD-4 IRs 4.000, TD-5 IRs 3.650 per quintal for ready deliveries. Reportedly JCI are procuring high grade jute on specific orders.

Jute Goods: During the first half of the month under review Hessian prices advanced by 5 percent. However, by end of the month under review they were 2,5 percent lower. The industry is plagued by workers' absenteeism which severely affects production. Selected jute mills producing premium quality Hessians are asking prices which are about 8 to 10 percent above those quoted by jute mills producing standard hessians. Delivery not before March 2017. Sacking prices went up by 2 percent at the start of the month under review and have maintained their level during the remainder of the month. During the first half of the month under review the Indian Government placed orders for 300.000 B-Twill bags. With a backlog of nearly 200.000 bales chances are that the possibility of timely delivery may be excluded.

Export shipments of jute goods during the month under review were subject to frequent delays. It was difficult to manage space with shipping companies. Even after having paid higher freight shipping companies were unable to accept containers due to low draft at river Ganga since end December. Situation may improve after 10th of February. This is what shipping lines are expecting

December 2016 production of IJMA jute mills and of those mills reporting to IJMA was 82,200 mtons, of which jute yarn/twine 2,700 mtons.

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