

Jute Market Report for February 2023

-1/5- 28th February 2023

Bangladesh

Raw Jute: During the month under review, raw jute demand from major importing countries like Pakistan, India and Nepal increased compared to previous months. Pakistan was in the market for long Jute Tossa grades like BTR NB CS, BTR NB BS, BTR HD CS, BTR HD BS, BTE HD, BTE BS, BTD HD, as well as Tossa cuttings such as BTCA and BTCB. In total, Pakistan placed orders of about 5.000 mtons. Indian buyers were in the market for long Jute Tossa varieties such as BTR NB CS, BTR NB KS and BTR BS SMR as well as jute cuttings BTCB and placed orders of about 2.500 mtons.

Demand from other importing countries like China, Vietnam, Russia, Tunisia and others continued to be sluggish during the month under review.

The market activities of local jute yarn and twine spinning mills as well as composite jute mills were on a regular level, during the month under review.

Raw Jute and Meshta prices increased further by about US\$ 10,00 to 15,00 per mton during the month under review. As mentioned in previous reports already, due to scarce availability of higher quality grades it is assumed that upward price tendency for the higher grades of fibres is likely to continue until end of the season.

Raw jute exports from July up to September, 2022 were 211.520 bales against 122.164 bales during the same period under review in the year 2021.

In order to increase jute cultivation and production, the Bangladesh Government announced an incentive covering BDT 81 Mio. It is planned to give away free jute seeds to around 400.000 small and medium size farmers across the country. According to the Bangladesh Ministry of Agriculture, each farmer gets one kilogram of jute seeds per bigha of land (1 acre = 1,613334802 bigha = 4.046,86 sqm). The distribution of seeds is going to begin sometime soon, according to the Ministry.

The Bangladesh Ministry of Agriculture furthermore published an official statement, declaring jute an agricultural product with immediate effect. This entitles jute growers to have access to all kinds of incentives, such as low-interest loans, rebates on electricity and more, as enjoyed by other agricultural producers, already.

Weather: During the first half of the month under review, the entire country witnessed low temperatures and foggy weather which lead to congested highways and blocked terminals, due to low visibility. The second half of February was dominated by bright sunshine all over the country.

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Jute Yarn and Twine: Due to the major catastrophe in Turkey, where a series of earthquakes caused severe damages to housing and infrastructure and led to a humanitarian disaster, on February 6th, exports of jute yarns and twines to Turkey came to an almost complete standstill. Several ports in Turkey were hit hard and the Limak Port in Iskerenderun was damaged to such an extent that it left the Maritime Authorities in Turkey with no other options but to shut down the port, for the time being. The centre of the Turkish carpet industry, the major importer of jute yarns and twines from Bangladesh, is located in Gaziantep, which is only 70 kilometres away from Kahramanmaraş, the epicentre of the devastating earthquake and is badly affected itself.

Import demand for both high and low quality of jute yarn and twine from Iran, another major market for jute yarns and twines, increased during the month under review. Same applies for the demand from other international markets such as Uzbekistan, Indonesia, Malaysia and China. Demand from African countries, Europe and USA during the month under review was relatively slow, though.

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

As already stated in previous reports, the overall situation of local jute mills continues to be quite alarming, but due to an increase of demand, many of the small and medium size jute mills, were in position to run their mills with two shifts, again.

Export price: Driven by the shortage of good quality fibre and the increase of demand, export prices for light count jute yarn and twine further increased by around US\$ 30,00 to 40,00 per mton during the month under review. Export prices for heavy count jute yarn and twine continued to remain stable, during the month under review.

Jute Goods: During the month under review export demand for both Hessians and Sackings from buyers in Europe, USA, Iran and Australia declined. India was regularly in the market for unstitched Binola and B-Twill fabrics.

Jute CBC demand from the regular importing countries like Europe, Australia and New Zealand slightly decreased during the month under review.

An increased local demand for Hessians and Sackings for packaging purposes was observed.

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

Hessians:	stable
Sacking:	stable
CBC:	stable

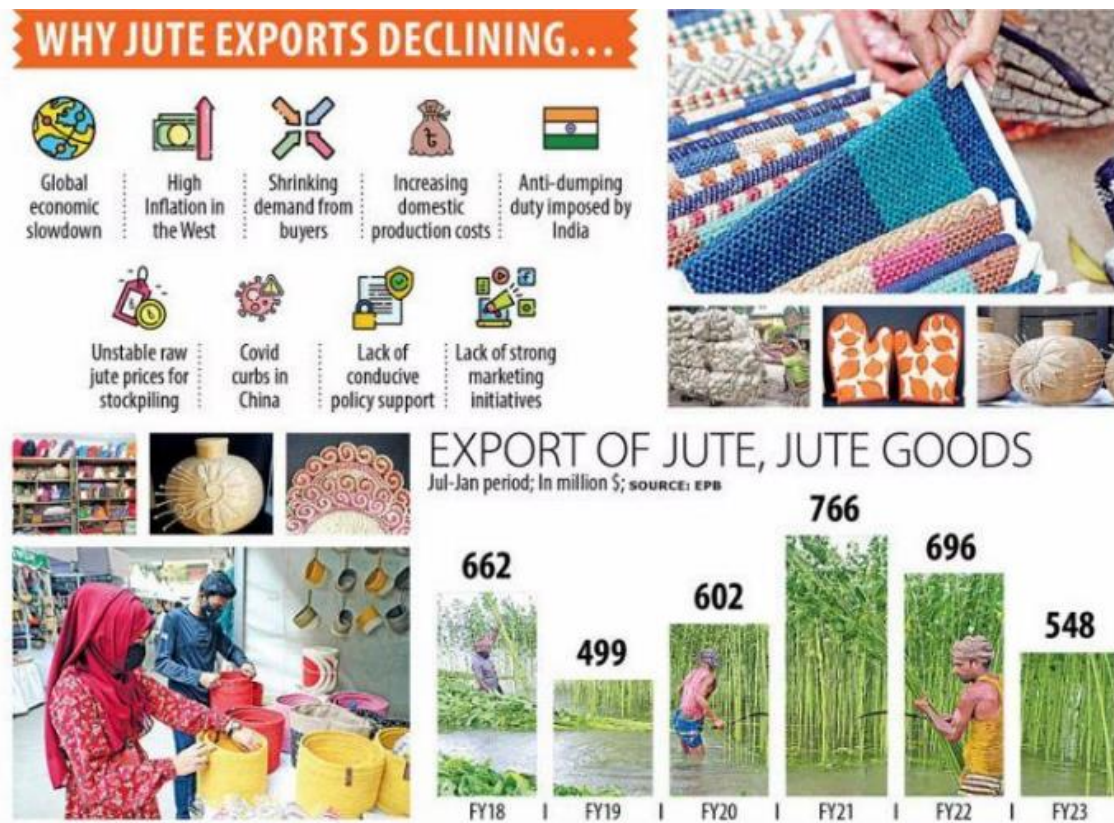
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Miscellaneous: On February 6th, the Bangladesh newspaper „*The Daily Star*“ published an article summarizing the reasons for the slump of jute export shipments from Bangladesh during the last two years in a row.

Obvious reasons such as a global economic slowdown or the war in Ukraine were mentioned along with sectoral difficulties like a shrinking demand in major markets like Turkey, increase of domestic production costs as well as the persisting anti-dumping duty imposed by the Indian government.

In our previous jute markets reports, we already covered the difficult situation of the Bangladesh jute industry, but the following illustration gives quite a good summary of the current state of the sector:



Source: The Daily Star

When talking to our local sources, we learned, that representatives of the industry expect that demand from export markets shall remain rather slow during the first half of 2023 and may pick up during the second half of the year, only.

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India

Raw Jute: The ruling market prices quoted by the Jute Balers Association (JBA) end of last month were fixed as follows: TD-4 IRs 6.250 and TD-5 IRs 5.750 per 100 kgs.

Bangladesh raw jute business with Indian buyers continued to be limited to lower grades, such as KS, CS and BS of North Bengal and Hard District during the month under review since availability of higher grades is limited and prices of Bangladesh raw jute were not considered to be attractive.

Local supplies to Indian jute mills were around 590,000 bales during the month under review (against 621,000 bales in January).

According to latest estimates the crop 2022/23 is expected to be about 9.5 mio. bales compared to 9 mio. bales in 2021/22. The carryover is unlikely to exceed one million bales. This estimate is based on an inventory of around 1,000,000 bales with Indian jute mills.

Jute Yarn and Twine: Demand for jute yarns and twines continued to be negligible during the month under review. The already described situation in Turkey adds on to slow demand on jute yarns and twines from India.

Jute Goods: Situation during the month under review presented itself as follows: Prices for Hessians continued to remain stable, ruling at IRs 134,000 per mton. Selective mills asking for premium of 9% against prices quoted by „standard“ mills. Export demand resumed but remained for a very short period of time, as customers tend not to build up stocks, but to satisfy exigent demand, only.

Market prices for Sackings slightly decreased, fluctuating between IRs 95.000 and 97.000 per mton, with selective mills asking for premium of 2 % against prices quoted by „standard“ mills.

B-Twills: The Indian Government placed orders of about 300.000 bales of B-Twill bags during the month under review, which exceeded earlier expectations. Accordingly order volume for March is expected to be to the tune of 200.000 bales.

The Central Government of India has approved reservation norms for mandatory use of jute in packaging of rice, wheat and sugar for 2022-23. The mandatory reservation norms under the JPM Act of 1987 provide for full reservation for packaging of food grains and 20 per cent reservation for packaging of sugar in jute bags, which will be a big boost for West Bengal. The jute industry occupies an important place in the economy of West Bengal where nearly 75 jute mills are located and provide livelihood to workers and farmers.

Orders for Jute Carpet Backing Cloth continued to be sluggish.



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Jute goods production of IJMA jute mills and jute mills reporting to IJMA for for December 2022 were 107.700 mtons in total of which 3.100 mtons were jute yarns/twines. Unfortunately updated figures for January and February were not published when this report was under preparation.

Weather: India witnessed hardly any winter season's rains during the month under review. According to various sources, including US agency NOAA, warns of a high probability of El Nino setting in, later this year. The latest update gives a 49 per cent probability of an El Nino developing in the June-July-August period. However, a clearer picture is likely to emerge only by April or May.

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WILHELM G. CLASEN GmbH & Co. KG
Burchardstraße 17
20095 Hamburg
Deutschland

Tel. +49 40 323295-0 · Fax +49 40 321916
info@wgc.de · www.wgc.de
Amtsgericht Hamburg
HRA 120531

USt-ID-Nr. DE307976040
Deutsche Bank AG (BIC DEUTDEHH)
IBAN DE10 2007 0000 0010 9520 00