

Jute Market Report for October 2023

-1/5- 3rd November 2023

Bangladesh

Raw Jute: During the month under review, raw jute demand from India as well as from Pakistan was again ruling on a relatively low level, even though as well as Nepal was in the market, the overall quantity which was ordered was even less compared to previous month. Indian buyers were observing the market for BTC HD, BTD HD and BTE HD, but again without placing any larger orders during the month under review. Pakistan was in the market for long Jute Tossa grades BTR BS, BTR CS, BTR KS, BTD CS and Tossa cuttings like BTCA and BTCB as well as Mehsta / Kenaf cuttings SMC and OMC and placed orders of about 1.500 mtons, in total only.

What applied for India and Pakistan continued to apply for other international buyers from importing countries like China, Vietnam and Tunisia, as well.

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.

Export prices for both lower and higher quality grades of raw jute fibre remained stable during the month under review.

Jute growers in Bangladesh are facing deepening woes as local prices have been in a downward slide amid a consistent decline in exports, caused by a global economic slowdown. Furthermore, local sales in the domestic market are scant at best due to the government's indifference towards enforcing a law making it mandatory to pack certain commodities in jute bags.

Export earnings from jute and jute goods have been lodged in a downward spiral since fiscal 2021-22 and the trend has continued in fiscal 2022-23. Exports of jute and jute goods dropped by nearly 10 percent year-on year.

Jute growers in the main growing areas, Rajbari and Faridpur, are suffering the most from the declining prices as they invest a lot of time and money to raise the crop. With this backdrop, growers are demanding the government to intervene and ensure reasonable prices.

An increased demand of jute bags in the domestic market could have helped the farmers during times of a reduced global demand and would have helped getting higher prices for their produce. Unfortunately the mandatory packaging act, implemented in 2010, which makes it mandatory to use jute bags for packaging of 19 commodities, is yet to prevail. The government's intention was to protect the interests of jute growers while also reducing the use of plastic bags. Under the given circumstances, many jute growers may switch to other crops, such as tobacco and vegetables in the coming season.

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Raw jute exports from July 2022 up to May, 2023 were 1.030.913 bales against 563.829 bales during the period from July to March in the year 2021/2022.

Weather: During the month under review, the entire country witnessed a good mixture of light to heavy rainfalls and sufficient sunshine. However, the cyclonic storm Hamoon made a fierce landfall at Cox's Bazar on October 24th, leaving a trail of destruction in the district.

Jute Yarn and Twine: Export demand for both low and high quality grade jute yarns and twines from markets such as Turkey and Iran was ruling on a regular level during the month under review. It was observed that less enquiries were circulating in the market during the second half of the month under review. Export demand for low and high quality grade jute yarns and twines from other international markets such as India, China, Vietnam, Indonesia, Malaysia, Uzbekistan, USA, Europe and countries of the Middle East was on a regular level, as well.

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

Export prices for light count jute yarn and twine remained stable, during the month under review.

Jute Goods: During the month under review export demand for both Hessians and Sackings from buyers in African countries, Europe, Australia and USA was a bit sluggish compared with previous months. India though was regularly in the market for unstitched Binola and B-Twill fabrics.

Jute CBC demand from the regular importing countries like Europe, UK, New Zealand and Japan was rather slow during the month under review.

Same applies for local demand for Hessians and Sackings for packaging purposes during the month under review.

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

Hessians:	decreased by approx. 2 %
Sacking:	decreased by approx. 2 %
CBC:	decreased by approx. 2 %

Miscellaneous: A good two months before the planned parliamentary elections in Bangladesh, violent protests have broken out in the country. Opposition members have been protesting and announcing road blockades since the last weekend in October. At least two people were killed in clashes between police and demonstrators and dozens were injured. International observers are concerned that the violence in Bangladesh will escalate further in the coming days. As a result,

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several embassies felt compelled to call on both the opposition and the government to show moderation.

Bilateral Indo-Bangladesh Trade: Bangladesh is going to defend its position and question India's logic in imposing countervailing duty (CVD) on jute and jute goods from Bangladesh to India, said Senior Commerce Secretary Tapan Kanti Ghosh yesterday. (...)

Earlier, Bangladesh proposed several times that India refrain from retaining any ADD once it ceases on December 31. Commerce Minister Tipu Munshi, during his visit to India in December last year, called for the removal of the ADD. In response, India said the first 200,000 tonnes of Bangladeshi jute and jute goods annually would be allowed to enter the country duty-free but any additional amount would be subject to duties. Jute and jute goods shipments to India stumbled due to the ADDs, which range from 5 percent to 30 percent. (...)

In 2017, India imposed ADDs ranging from \$19 to \$352 per tonne on jute exported from Bangladesh for five years. It renewed the measure in 2022. (...)

Source: The Daily Star, October 29th, 2023

Maritime Transport: Direct shipping from the Chattogram port to major ports worldwide, including those in Europe, is coming to a halt as shipping lines are discontinuing their operations owing to reduced freight charges, export bookings and import orders.



Source: The Business Standard, October 12th, 2023

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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 6.000 and TD-5 IRs 5.500 per 100 kgs, which represents higher figures as the ones ruling in previous months. These quotation prices are based on minimum price for transactions fixed by the regulating authority. However, no regular transactions reported presently.

In order to check continuous fall in prices, regulatory authority fixed minimum prices, but for the last three weeks, no business was reported at these increased rates. However, some weaker mills with poor inventory showed interest after Puja holidays. In case it turns out that these kind of mills are going to resume buying on a regular basis, these prices should stabilize. A further downfall in prices is not expected for the near future. Actually the contrary is assumed, prices should move up gradually, now.

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 still estimated with around 2,2 Mio. bales. New arrivals reportedly reduced to about 100,000 maunds (1 maund = 37,3242 kgs).

Local supplies of raw jute to Indian jute mills were ruling round 702,000 bales during the month under review (against 664,000 bales in September).

Weather: Monsoon retreated on October 19th, since then weather is dry and temperatures are gradually decreasing.

Jute Yarn and Twine: Demand for jute yarns and twines increased for the first time since long during the month under review. In consequence prices increased by about 7 per cent.

Jute Goods: Situation during the month under review presented itself as follows: Prices for Hessians were stable, ruling at IRs 113,000 per mton. Selective mills asking for premium of 10% against prices quoted by „standard“ mills.

Market prices for Sackings were again lower compared to previous months, fluctuating between IRs 80.000 and 96.000 per mton, with selective mills asking for premium of 20 % for exports against prices quoted by „standard“ mills. In addition to the mandatory supply of Sacking to the Indian Government, sugar mills continued to buy Atwill and Ltwill bags.

Due to continuous decrease of sacking prices, the import of cut sacking cloth from Bangladesh reduced and imported volume of sacking and hessian quality jute yarns and twines went up, during the month under review.

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B-Twills: The Indian Government placed orders of about 170.000 bales of B-Twill bags during the month under review, which matches earlier expectations. Order volume for November is expected to be much higher and shall range somewhere to the tune of 350.000 bales.

There were only very few new orders of Jute Carpet Backing Cloth for the month under review.

Miscellaneous: According to a report published by the Times of India on October 29th, Kharif acreage has gone up by two hundred thousand hectares compared to 2022 despite below normal monsoon rainfall, but the country's foodgrain output (148,600,000 tonnes) during this season is estimated to be 4,5 per cent less than the production of the summer-sown crops reported for the same agri-season last year. Typical Kharif field crops are rice, sugar cane, sesame, maize, ground nuts, soya beans, turmeric and cotton. Kharif crops are arable crops that are sown on the Indian subcontinent (India, Pakistan, Bangladesh) in spring and early summer and harvested in autumn to winter ("summer crops", "autumn harvest"). Kharif crops are set in contrast to Rabi crops. The latter are sown in winter and harvested in early summer.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for September were not published when this report was prepared.

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