

Jute Market Report for November 2023

-1/4- 4th December 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. Indian buyers were observing the market for BTR NB and BTR HD. In total Indian buyer were placing orders of about 2.000 to 2.500 mtons 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 Meshta / Kenaf cuttings SMC and OMC and placed orders of about 2.000 mtons, in total only.

Nepal was in the market for long Jute Tossa grades BTR HD CS, BTR NB BS, BTR NB CS, BTR NB SMR, BTR JASHORE CS, BTR JASHORE BS and BTR JASHORE SMR. Export demand from other international buyers from importing countries like China, Vietnam, Russia and Tunisia continued to be on a low level 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.

As already highlighted in our previous market reports, farmers in most of the jute growing districts are unsatisfied with the current market price level. According to local reports, jute prices on local markets decreased at least by BDT 800 to 900 per maund (1 maund = 37,3242 kgs) compared to previous year, whereas production costs has doubled. In consequence, farmers decided to keep their jute in stock at home and not bringing jute for sale to the weekly village markets, for the time being. Going by local reports, a lot of farmers are turning to alternate crops, which promise to bring in more profit, such as potato production.

Export prices for higher quality grades of raw jute fibre increased by USD 20,00 to USD 30,00 per mton, whereas prices for lower quality grades remained stable during the month under review.

Raw jute exports from July 2022 up to June, 2023 were 1.235.108 bales against 801.223 bales during the period July to June in the year 2021/2022.

Weather: During the first half of the month under review, the entire country witnessed sufficient sunshine. However, by mid of November the cyclonic storm Midhili made a fierce landfall at Bangladesh's coast, causing significant damage to homes and disruptions in transportation and power supply. Even though Midhili brought weak winds only, rainfalls which came along with the cyclonic storm damaged certain crops especially in the coastal regions.

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 was ruling on a regular level during 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 and countries of the Middle East was on a regular level, as well.



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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: Since mid of the month under review export demand for both Hessians and Sackings from buyers in African countries, Europe, Australia and USA increased. Same applies for demand from countries of the Middle East as well as Asia. India 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 increased as well 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:	stable
Sacking:	stable
CBC:	stable

Miscellaneous: The National Board of Revenue (NBR) decided to extend reduced tax benefits for jute goods producers for three years until 2025/26. The corporate tax rate for jute goods producers will be 10 %, almost one third of the 27,5 % tax rate for non-listed-companies. This decision is based on the consistently falling exports of jute goods due to declining demand in major export markets.

The significant decline of jute and jute goods exports, shows no sign of improvement as shipment continued to shrink by 1 % during the first four months of the current fiscal year. Data published by the Export Promotion Bureau (EPB) show that foreign currency earnings from the jute sector were USD 1,161 Bn in fiscal year 21. Since then, export currency earnings continued to decline to around USD 1,128 Bn in fiscal year 22 and to USD 912 Mio in fiscal year 23. According to the EPB, export data is categorised into four groups: raw jute, jute yarns and twines, jute sacks and bags, as well as other jute-oriented merchandise. It is only the latter group, which experienced positive growth of around 20 % in the period from July to October, whereas earnings from raw jute declined by 29 %, jute yarns and twines by 5 % and jute sacks and bags by 23 %.

Bilateral Indo-Bangladesh Trade: India has imposed anti-dumping duty on Bangladeshi jute products since January 2017. The country now wants to impose a new countervailing duty (CVD) on jute products. Exporters say that if India's new initiative to impose tariffs succeeds, there will be a major blow to Bangladeshi jute exports. However, CVD cannot be levied on a product if there is an anti-dumping duty. It is prohibited by the World Trade Organization (WTO) as well as Indian law.

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In view of India's interest in this regard, Bangladesh held a meeting with the Directorate General of Trade Remedies (DGTR) of the Commerce Department of the Ministry of Commerce and Industry in Delhi on October 30. Former Director General of WTO Cell of Ministry of Commerce and member of Bangladesh Competition Commission, led the delegation of three members of Bangladesh in the meeting.

During the meeting, Bangladesh made a verbal request to India not to impose CVD while the imposition of anti-dumping duty on jute products remained in force. After that Bangladesh made the same request to DGTR in writing last Tuesday (November 21).

India began its push to impose CVD last August. The DGTR wrote to the Bangladesh High Commission in Delhi on August 4 that they wanted to settle the issue of CVD on Bangladeshi jute products on an amicable basis. The letter also said that the Indian Jute Mills Association (IJMA) has requested imposition of CVD on jute products produced in Bangladesh or exported from Bangladesh in a petition.

IJMA complained DGTR that Bangladesh exports jute sacks and similar bags used in rice packaging to India. Bangladesh is providing huge subsidies on the import of capital machinery used in the jute industry and is also providing cash incentives to companies producing jute and jute products. These are affecting the Indian jute industry.

India in January 2017 imposed anti-dumping duties ranging from \$19 to \$352 per ton on Bangladeshi jute exports for a period of five years. After the expiry of the period on January 1, the country extended the period for another five years. In such a situation, if India implements the new CVD initiative, it will have a negative impact on the entire jute sector of Bangladesh.
Source: The Textile Today, 25th November 2023

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. These quotation prices are based on minimum price for transactions fixed by the regulating authority. However, very few transactions reported at these levels presently.

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.

Local supplies of raw jute to Indian jute mills were ruling around 434,000 bales during the month under review (against 702,000 bales in October).

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Weather: During the month under review weather is dry and temperatures are gradually decreasing, but no winter so far. Heavy rainfalls in October covered shortfall in previous months and also helped Kolkata to reach 98 % of its seasonal monsoon rain count for this year.

Jute Yarn and Twine: After demand for jute yarns and twines increased for the first time since long during October, demand reduced again during the month under review. In consequence prices decreased by about 2 %.

Jute Goods: Situation during the month under review presented itself as follows: Prices for Hessians were marginally up, ruling at IRs 115,000 per mton. Selective mills asking for premium of 7,5 % against prices quoted by „standard“ mills.

According to local sources, a tender based large order of 20 Mio shopping bags for publicity is expected from a domestic source. This may have impact on hessian prices.

Market prices for Sackings remained stable, 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. Due to poor orders placed by the Indian Government, many mills are holding high stocks, overflowing storage space and are keen to sell, in order to liquidate inventories and to improve cash flow. Indian sugar mills reduced their purchases of Atwill and Ltwill bags, during the month under review.

The high inventories of Sackings have an impact on imports of cut sacking cloth from Bangladesh which reduced same as imports of sacking and hessian yarns and twines did during the month under review.

B-Twills: The Indian Government placed orders of about 175.000 bales of B-Twill bags during the month under review, against and expected order volume for November of 350.000 bales. Order quantity for December 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 September 2023 were 98.300 mtons in total of which 3.100 mtons were jute yarns/twines. Figures for October 2023 represent itself as follows: jute goods production 86.100 mtons in total of which 3.000 mtons were jute yarns/twines

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