



# Jute Market Report for July 2017

-1/3-

1<sup>st</sup> August 2017

## Bangladesh

**Raw Jute:** India and Pakistan both were active in the market. Indian jute mills bought about 2,000 to 2,500 mtons of high quality fibre like BTR KS, BTR NB, and BTR HD from old crop. Whereas Pakistan was in the market for both high and low quality of long jute like BTD HD, BTE HD, BTR KS, BTR NB, BTR HD and jute cuttings like BTCA. They bought about 4,000 to 5,000 mtons (old crop). Other raw jute importing countries like China were restrained as they are waiting for new crop to be fully available in the market.

All kinds of jute yarn and twine spinning mills as well as composite jute mills were active in the market to procure raw jute fibres. Same time the state enterprise BJMC was also in the market. During the month under review export prices for low quality of fibres remained unchanged. However, prices for high quality of raw jute export increased by about 10.00 to 15.00 USD per mton.

Export volume of long jute and jute cuttings amounted to 1,126,271 bales during the period of July 2016 up to May 2017 against to 778,035 bales during the same period under review of the crop year 2015/2016 (according to BJA report).

**New Crop:** During the month under review, due to adverse weather with heavy rain falls, fibres are coming rather slowly in the market. It is expected that arrivals of White Jute and Meshta fibre at terminal markets will pick up appreciably during the second half of the current month. Harvesting of Tossa jute has been started during the month under review. In some areas harvesting is continuing on a small scale. The full crop/harvest of Tossa will be ready in the market within mid-August. Besides, because of constant heavy rainfalls for last couple of weeks, most of the jute growing areas are flooded. As a result of flood and late harvesting new crop is coming to the market slower than usual.

Estimated production of the crop year 2017-2018 is 6 to 6.5 million bales; including Meshta, White and Tossa jute. According to the market observation, this year's Meshta production may be around 10 to 15 % less compared with last year's crop which was around 1.5 million bales. Production of White jute may be around 35 % less against production of last year which was around 66,000 bales. Tossa jute production this year is estimated to be approximately some 10 % less than of last crop year which was around 5.5 million bales.

**Jute Yarns/ Twines:** Regular demand was observed both for high and low quality jute yarn from regularly importing countries such like China, Vietnam, Indonesia, Malaysia, Uzbekistan, Iran, Turkey and other Middle East countries, Europe and USA. During the month under review it was observed that market remained steady for the heavy counts of jute yarn but for the light counts of jute yarn the market showed a slight upward tendency. Export prices for high quality of jute yarn have increased about USD 15.00/20.00 per mton during the month under review and prices for low quality of jute yarns and twines have increased by about USD 10.00/15.00 USD per mton end of the month.

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## ***Jute Market Report for July 2017***

-2/3-

1<sup>st</sup> August 2017

**Jute Goods:** Export demand from Europe, Australia and USA increased compared to the previous month, because the Potato season has started in these countries. Demand of African countries was a bit sluggish, but reportedly there are certain indications that demand from these countries may increase from August onwards.

During the month under review local demand was slow and export prices were as follows:

Sacking: plus 1 to 2 % (approx.)  
Hessian: plus 1 to 2 % (approx.)  
CBC: plus 1 to 2 % (approx.)

### **India**

**Raw Jute:** The expectation of a good new crop this year had its impact on prices of what was left from old crop. JBA quotations at the end of the month under review: TD-4 IRs 3,700 and TD-5 IRs 3,350 per quintal which means old crop prices are now at the bottom line. Now due to the factors like shortage of rains/water in North Bengal with likely delay in arrivals, question mark on quality etc.(see observations under heading of New Crop) have contributed to arrest further fall of raw jute prices. Sentiment is no more bearish. Thus, a further decline of old crop and new crop raw jute prices is not expected at present. Latest estimate of crop 2016/2017: 10 million bales, but this estimate may still need correction since absolute clarity as to the exact quantity does not yet exist. The carry-over of old crop 2016/2017 is estimated to plus/minus 2.5 million bales, but no official statistics are available so far. For the current year 2017-2018 the crop estimate is still 8 million bales, which is likely to be more but no firm report yet as arrivals are poor.

**New Crop:** More recently there were heavy rainfalls and floods in some parts of jute cultivation areas. In other parts weather was normal. In semi-northern area plants have attained full height reported to be up to 430 cm. In South Bengal area plants have attained full height up to 380 cm. Although some crop losses are anticipated due to floods etc.

Growth of the standing plants is excellent and reportedly 25 % of plants are already cut. When this report goes to press official reports on jute sowings and land under jute cultivation this year are not yet available. After continuous rainfalls for a week, sun and rains both are normal now. As per weather forecast intensity of rains is likely to weaken now. Scarcity of rains/water are reported in North Bengal and crop loss is apprehended last but not least because cut jute stored for long for want of washing will lose weight. Up to the time of writing arrivals were insignificant. They are likely to improve after a week or so. There were no reports of market interventions by the Jute Corporation of India during the month under review. The fact that North Bengal is facing water shortage for washing raw jute might have an impact on higher quality of fibre. If there will be no sufficient rainfalls/water within the next 7 to 10 days, this will have an impact on crop as well as quality.



## ***Jute Market Report for July 2017***

-3/3-

1<sup>st</sup> August 2017

**Jute Goods:** Some jute mills still report lower production due to labour shortages continuing. Regular availability of jute CBC within about two to three months' lead time. With the introduction of the new Goods and Services Tax (GST) with effect from 1<sup>st</sup> July 2017 Hessian shipments were stalled for 3 weeks. By end of the month under review skeleton shipments of Hessians were resumed as a trial as exporters wanted to check the implications of the new tax system with actual shipments in small lots. Now that implications are clear, full-fledged shipments will resume from August. Hessian prices declined by 3 percent during the month under review. Selected mills continue to be sellers of Hessian cloth and demand a premium of 10 % compared with other jute mills. Sacking prices eased by 2 percent. The bulk of selling mills are those without Government orders. Despatches against Government orders of B-Twill bags slowed down during the month under review. The backlog in deliveries increased to about 90,000 bales. August order is expected to amount to 250,000 bales.

Shipments of jute goods started with implementation of new tax (GST) system. The new tax is likely to increase export prices by about 3 %. However, it depends on further consideration by Indian Government from 1<sup>st</sup> of October 2017. The present impact of GST is resulting in reduced drawback incentive of 5 % to 1.5 %, which means jute goods export prices will become higher by 3.5 %. Indian Government has indicated revision of rates with effect from October, which may be on either side.

As far as Bangladesh imports during the month under review are concerned there have been no activities worthwhile to mention.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA during June 2017 amounted to 84,400 mtons of which 2,900 mtons jute yarn/twines).

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