

Jute Market Report For May 2024

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5th June 2024

Bangladesh

Raw Jute: During the month under review, raw jute demand from India as well as from Pakistan was increasing significantly. Especially Indian buyers were strongly in the market for high qualities of long jute like BTR NB KS, BTR NB CS and BTR CS. In total around 15.000 mtons were procured for shipment in May and June 2024. Buyers from Pakistan were in the market for all grades long Jute Tossa grades and long Meshta grades as well as Jute and Meshta cuttings such as BTCA, BTCB, SMC, and OMC. In total, Pakistan placed orders of about 3.500 mtons. Nepal was in the market for BTE KS and BTE CS and placed orders of around 3.500 mtons in total.

In view of rising market prices export demand from other international buyers from importing countries such as China, Vietnam, Tunisia and Europe was more of a sporadic character 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 increased during the month under review.

Since the end of the season is drawing nearer and availability of high quality fibre is getting more and more scarce, export prices for these higher quality grades of raw jute fibre increased further by USD 60,00 to 70,00 per mton, prices for lower quality grades however remained more or less stable during the month under review.

Raw jute export during the period of July 2023 up to December 2023 of the (fiscal year 2023-2024) amounted to 503.864 bales against 455.062 bales during the same period in the fiscal year 2022-2023.

Next Crop: New crop sowings for Meshta/Kenaf, Tossa and White Jute have been completed during the month under review. However, especially the crops of which sowings took place earlier, such as Meshta/Kenaf and White Jute, suffered from insufficient rainfalls. The scorching heat has affected a certain percentage of sowings badly and lead to concerns about fibre length and quality of same. Contrary to that, Tossa Jute plants are showing a promising growth, as sowings took place later. Luckily the weather conditions during the month under review were favourable, with a good mixture of sunshine and rain, which helped growth of Tossa Jute plants. Same applies for the weather conditions in major growing areas for Meshta/Kenaf and White Jute, such as Mymensingh, Tangail, Sirajgonj, Netrokana, Madaripur and Sariatpur, where a proper mix of rain and sunshine was ruling during the month under review, as well.

Overall production costs are gradually increasing due to rising labor costs as well as energy prices. As many farmers were not getting fair prices for their produce over the last two years, some of them discontinued fibre cultivation and decided to switch to other crops. In consequence, the overall crop volume may be less this year in comparison to last.



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Weather: As mentioned above, the entire country witnessed a good balance of sunshine and moderate rainfall. With the onset of cyclone Remal towards end of the month under review, the situation however changed significantly. On May 26th, made landfall in Bangladesh and caused widespread damage in coastal regions. Hundreds of houses were destroyed, trees and electric poles were rooted up and flash flooding affected several coastal and inland districts, as well as offshore islands. In addition to that, cyclone Remal caused damage on around 3.074 hectares of land in Jessore district, out of which around 972 hectares were cultivated with jute. In total 23.550 hectares of land are have been cultivated with jute in the district of Jessore, this year.

The various extreme weather events in recent years and consequential crop damages or even losses highlight the increasing importance of crop insurance for the agricultural sector. At the moment the overall insurance penetration rate in the country is below 0,5 per cent. Expected impacts of crop insurance include the protection of smallholder farmers and their investments from financial losses due to climate risks, greater resilience against the global climate change through capacity building and agro-advisory services and improved access to loans due to insurance cover.

The impact of cyclone Remal also lead to significant disturbances of port operations in Chittagong. 19 ships were sent back to the deep sea during high tide and in addition 49 bulk cargo vessel, which were obstructed from unloading goods and were sent back to the deep sea, as well.

Jute Yarn and Twine: Export demand for both high and low quality grade jute yarns and twines from regular importing countries like Turkey, Europe and Iran continued to be steady during the month under review. Same applies for demand from other international markets such as India, China, Vietnam, Indonesia, Malaysia, Thailand, Uzbekistan, USA, African countries, Europe and countries of the Middle East.

Local demand for both Sacking and Hessian quality jute yarns and twines for packaging purposes was on a regular level during the month under review.

Export prices for both high and low quality of jute yarn and twine increased by around USD 30,00 to 40,00 per mton during the month under review.

It is reported that financially solvent big and medium size jute mills are fully booked with their orders and are running at full capacity level. Many small and medium size mills continue to struggle to cover their raw jute demand and are in consequence unable to sell much in advance.

Jute Goods: During the month under review export demand for both Hessians and Sackings from buyers in Europe, Australia and USA increased again. Export demand from other importing countries such as Iran, China and Vietnam was on a regular level. Demand from African countries mainly for Sackings increased significantly, during the month under review. India, as usual, bought unstitched Binola and B-Twill fabrics.

WILHELM G. CLASEN GmbH & Co. KG
Burchardstraße 17
20095 Hamburg, Deutschland
Amtsgericht Hamburg, HRA 120531

Tel. +49 40 32 32 95-0
Fax +49 40 32 19 16
info@wgc.de | www.wgc.de
USt.-ID-Nr. DE307976040

Deutsche Bank AG (BIC: DEUTDE33) |
IBAN: DE10 2007 0000 0010 9520 00
DZ Bank AG (BIC: GENODE33) |
IBAN: DE42 2006 0000 0000 1382 08

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Local demand for Hessians and Sackings for packaging purposes continued to be on a regular level during the month under review.

Jute CBC demand from the regular importing countries like Europe, UK, and Japan was on a regular level during the month under review.

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

Hessians:	increased by about 3 %
Sacking:	increased by about 3 %
CBC:	increased by about 2 %

Miscellaneous: The government is taking steps to address the issue of cheap raw jute exports to India, which has been putting negative impacts on the country's jute industry. The state minister for commerce has proposed imposing tariffs on raw jute exports - a move supported by jute mill owners and other industry stakeholders. "We'll impose tariffs on raw jute exports and set a minimum export price for the golden fibre. This action will safeguard local industries, ensure better prices for farmers, and increase government revenues," the minister said. (...)

He also highlighted the need for cancelling anti-dumping duties imposed by India, the abolition of the 2.0-percent source tax on raw jute, the supply of quality jute seeds and 30-percent cash assistance for the renewal of machinery in jute mills. Responding to these concerns, the state minister said: "We've initiated discussions with India about the anti-dumping duties. We'll continue these discussions once the elections in India are concluded."(...)

Agreeing to another demand of the BJMA during the meeting, the state minister said currently, raw jute is being exported via trucks through various ports, and the exact amount of jute export is unknown. As a result, the ministry has decided to make shipping mandatory for jute exports. The commerce ministry will also address this issue accordingly.

The meeting also addressed the issue of jute seed shortage, with stakeholders highlighting the need for policy support to address this crisis. Speaking on the occasion, FBCCI president said there is a critical need to recognise jute as an agricultural product. He has urged the government to take necessary steps to support jute farmers and industries. (...)

Source: The Financial Express, May 14th, 2024.

Maritime Transport: The costs of international shipping has shot up as business prepare to ship goods for the festive season far earlier than usual, in a sign of the far-reaching effects of disruptions from attacks in the Red Sea. The average cost of shipping a 40ft container between Asia and Europe at short notice, the figure that is the most sensitive to market prices, hit USD 4.343 during the second half of May. This average rate does not exceed the peak seen immediately after

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Yemen's Houthi militant group began targeting vessel back in November, but it is still about three time higher than the average rate ruling at the same period last year. The re-routing around the Cape of Good Hope adds at least 15 more day of transit time and may increase even more due to the highly frequented transit ports alongside this route.

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 6.175 and TD-5 IRs 5.675 per 100 kgs. This decrease of raw jute prices are due to favourable weather conditions and a reduced production during the month under review.

Local supplies of raw jute to Indian jute mills were ruling around 447,000 bales during the month under review (against 466,000 bales in April). At the end of April, raw jute stock with jute mills were 821,000 bales.

New crop: Sowings of new crop fibre is completed in all jute growing areas, also in South Bengal, which is the last area for sowing. Official figures concerning sowings and area under jute cultivation for 2024/25 jute crop are yet to be published, however it is expected that the area brought under cultivation shrank by around 15 per cent as alternate crops are more remunerative.

Weather: During the month under review, very warm weather was ruling in India. However, periodical rains were really helpful for sowings as well as growth of jute plants. Monsoon has already arrived in Kerala and is expected to reach Bengal, in time.

Same as in Bangladesh, India was confronted by Cyclone Remal during which six people lost their life in West Bengal. Remal left a trail of destruction, including damaged homes, uprooted trees and disrupted power lines. Train services as well as airport operations had been suspended for hours.

Jute Yarn and Twine: Demand for jute yarns made in India during the month under review continued to remain poor.

Jute Goods: Situation during the month under review presented itself as follows:

No change in the market situation of Hessians compared to the preceding month, with prices for Hessians having been slightly lower ruling at IRs 119,000 per mton at the time when this report was published. Selective mills are asking for premium of 6 % against prices quoted by „standard“ mills.

Price of Sackings is prevailing at IRs 85.000 per mton with selective mills asking for premium of 5% for exports against prices quoted by „standard“ mills.



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B-Twills: The Indian Government placed orders of about 225.000 bales of B-Twill bags during the month under review, which is less than expected. Order volume for June is expected to range somewhere around 175.000 bales.

No reports about orders of Jute Carpet Backing Cloth were published for the month under review, which indicates that demand should be rather poor.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for April 2024 were 82.200 mtons in total of which 3.000 mtons were jute yarns/twines.

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WILHELM G. CLASEN GmbH & Co. KG
Burchardstraße 17
20095 Hamburg, Deutschland
Amtsgericht Hamburg, HRA 120531

Tel. +49 40 32 32 95-0
Fax +49 40 32 19 16
info@wgc.de | www.wgc.de
USt.-ID-Nr. DE307976040

Deutsche Bank AG (BIC: DEUTDEHXXX)
IBAN: DE10 2007 0000 0010 9520 00
DZ Bank AG (BIC: GENODEFF200)
IBAN: DE42 2006 0000 0000 1382 08

Persönlich haftende Gesellschafterin: Wilhelm G. Clasen Services GmbH, Sitz Hamburg | Amtsgericht Hamburg, HRB 92992
Geschäftsführender Gesellschafter: Peter Clasen | Geschäftsführer: Oliver Reimer-Wollenweber