Jute Market Report for November 2024

9th December 2024

Bangladesh

Raw Jute: During the month under review, raw jute demand from both India as well as from Pakistan continued to be rather slow. Alongside Nepal, both countries were in the market, but no significant volumes were purchased during the month under review. Pakistan placed orders of about 2.500 mtons of all grades of Long Tossa Jute BTR BS, BTR CS, BTR KS, BTD CS, as well as Tossa cuttings BTCA and BTCB and Meshta cuttings OMC and SMC. India was in the market for BTC HD, BTD HD and BTE HD and placed orders in the range of 2.000 mtons.

International buyers from importing countries such as Nepal, Vietnam, Russia and Tunisia were in the market during the month under review, but due to the continuous increase of raw jute prices international buyers covered their short-term demand, only.

As already mentioned in our previous reports, raw jute market prices were on the rise from the beginning of the season and have now reached a level of around BDT 3.800 to 4.000 per maund (= 37,33 kgs) for good quality raw jute. Local jute yarn and twine spinning mills as well as composite jute mills continue to face serious difficulties with the high market prices and the acute undersupply of good quality raw jute, which leads to significant disturbances in their manufacturing process. The ones who have not yet covered their requirements for the coming months, will most certainly face serious difficulties in remaining competitive and being able to offer higher qualities of yarns and twines or fabrics and bags, until arrival of new crop in August 2025. During the month under review however, local demand from jute yarn and twine spinning mills as well as composite jute mills and raw jute processing units were in the market and covered according to their demand.

Prices of raw jute have risen by nearly 19 per cent year-on-year as demand outstrips supply following the government's ban on polythene bags. Farmers in key jute-growing districts say punishing heat during the March-April planting season has destroyed seed germination.

As a result, raw jute production is expected to fall to about 7,574,000 bales (a bale weighs about 182 kilograms) in the current fiscal year, down from 8,414,000 bales last year, according to the Bangladesh Jute Ministry.

The government's decision to ban polythene bags in supermarkets from October and across the country from 1 November also contributed to the price hike. According to jute growers and traders, the finest quality jute now costs around Tk3,800 per maund (37 kilograms), up from BDT 3,200 last year. Prices of medium-quality jute also shot up by BDT 600 per maund to BDT 2,600.

However, many farmers could not fully benefit from the higher prices as they sold their produce soon after the June-September harvesting period due to increased costs of farm inputs and labour. According to local sources, only 10-12 per cent of farmers currently have jute stocks. The rest has already been bought by small traders, known as stockists.

Export prices of raw jute consequentially increased further by about USD 30,00 per mton during the month under review, which represents a slowdown in inflationary spiral compared to previous months.

Raw jute export during the period of July 2023 up to June2024 of the (fiscal year 2023-2024) amounted to 1.344.835 bales against 1.242.794 bales during the same period in the fiscal year 2022-2023.

Weather: Throughout the month under review the entire country faced bright sunshine with relatively low temperatures especially in the North Bengal region.

Jute Yarn and Twine: Export demand for both high- and low-quality grade jute yarns and twines from regular importing countries like Turkey and Iran decreased during the month under review whereas buyers from China, Europe, Indonesia, Malaysia, Uzbekistan, Vietnam, USA, as well as countries of the Middle East remained stable during the month under review.

Local demand for both Sacking and Hessian quality jute yarns and twines for packaging purposes remained stable during the month under review.

Due to the continuous increase of raw jute prices, export prices for both high and low quality of jute yarn and twine increased further by USD 20,00 to 30,00 per mton during the month under review.

As mentioned before, the raw jute market situation hits especially small and medium sized jute mills hard and these are forced to reduce their production capacities significantly.

Jute Goods: During the month under review export demand for both Hessians and Sackings from buyers in Africa**,** Europe, Australia, China, Vietnam and USA continued to remain stable. India bought unstitched Binola and B-Twill fabrics.

Local demand for Hessians and Sackings for packaging purposes remained stable as well, during the month under review.

Jute CBC demand from the major importing countries like Europe, UK, New Zealand 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 approx. 3%
Sacking:	increased by approx. 2%
CBC:	increased by approx. 2%

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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 6.475 and TD-5 IRs 6.075 per 100 kgs, representing a marginal increase of raw jute prices.

Local supplies of raw jute to Indian jute mills were ruling around 502.000 bales during the month of October (against 468.000 bales in September). At the end of October, raw jute stock with jute mills were 791.000 bales.

New Crop deliveries are taking place in accordance with the demand. Contrary to earlier estimates the overall quality seems to better than expected. The overall crop volume estimates vary significantly. The Governmental department states a crop volume of 7,4 Mio bales, the Indian Jute Mills Association (IJMA) specifies 6,5 Mio bales, the Jute Balers Association (JBA) indicates 5,3 Mio bales and traders estimate the crop volume not to exceed 5 Mio bales. The area to be brought under cultivation in season 2024/25 is reportedly about 600.000 hectors which is about 15 per cent less than in season 2023/24.

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:

Some minor changes of the market situation were reported for Hessians compared to the preceding month, with prices for Hessians having been stable at IRs 125,000 per mton at the time when this report was published. Selective mills are asking for premium of 6 per cent against prices quoted by „standard“mills.

Price of Sackings is prevailing at IRs 95.000 per mton with selective mills asking for premium of 5 per cent for exports against prices quoted by „standard“mills.

B-Twills: The Indian government ordered around 80,000 bales of B-twill sacks in November, which is much lower than the expected order quantity. Order volume for December is expected to be a little higher with around 350,000 bales.

Even though the overall demand for Jute Carpet Backing Cloth was slow, some regular buying activities were reported for the month under review. Most of the mills produce carpet backing cloth with tuck-in selvedge these days, real selvedge production seems to phase out.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for September 2024 were 80.100 mtons in total of which 2.600 mtons were jute yarns/twines.

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