

Jute Market Report for December 2024

-1/5-

6th January 2025

Bangladesh

Raw Jute: During the month under review, raw jute demand from both India as well as from Pakistan was picking up again. Alongside Nepal, both countries were in the market. Pakistan placed orders of about 5.500 to 6.000 mtons of all grades of Long Tossa Jute and Long Meshta fibre, as well as Tossa cuttings BTCA and BTCB and Meshta cuttings OMC and SMC. India was in the market for BTR NB KS, BTR NB CS and BTR BS, as well as jute cutting BTCA and BTC and placed orders in the range of 3.000 to 3.500 mtons. Nepal procured around 1.500 mtons of Long Tossa Jute BTR HD, BTR KS and BTR CS and BTCB cuttings.

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

During the month under review, local demand from jute yarn and twine spinning mills as well as composite jute mills and raw jute processing units continued to be restricted to cover current demand, in view of high raw jute prices and the scarce availability of same.

According to local reports, raw jute traders and stockists are trying to control the local jute market by increasing the prices of the fibre and creating an artificial shortage in the availability of the fibre. The local jute industry accuses the middlemen and stockists of being responsible for the significant increase in market prices in order to make higher profits by illegally hoarding the fibre. The high market prices of raw jute inevitably led to higher production costs and most of the industry is incurring significant losses as most customers are unwilling and / or unable to follow the market and accept the high market prices.

Export prices of raw jute consequentially increased further by about USD 20,00 per mton during the month under review.

Raw jute exports in July 2024 amounted to 45.526 bales against 55.366 bales during the same period in 2023.

Weather: Throughout the month under review the entire country faced relatively low temperatures and foggy weather leading to reduced visibility on roads and highways causing congestion and blocked terminals.

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 was on a regular during the month under review. Same applies for buyers from China, Indonesia, Malaysia, Uzbekistan, Vietnam, as well as countries of the Middle East. Due to the forthcoming festive season, demand from importers based in Europe and the USA was relatively low, during the month under review.



Jute Market Report for December 2024

-2/5-

6th January 2025

Local demand for both Sacking and Hessian quality jute yarns and twines for packaging purposes continued to remain 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 per mton during the month under review.

The overall situation of the local jute yarn and twine spinning mills is quite tense, especially for those who have not been able to meet much of their raw material requirements so far. These mills will certainly face huge losses if they have long term contracts with their customers. If the situation in the raw jute market remains as it is, prices for jute yarn and twine are expected to rise further in the coming months.

Jute Goods: During the month under review export demand for both Hessians and Sackings especially from buyers in Africa increased during the month under review. Export demand from other markets such as Europe, USA, China, Vietnam, Iran and Australia were at a regular level. 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 relatively low level during the month under review.

Jute spinners are struggling as exports show no signs of recovery and domestic demand remains tepid amid lax implementation of the mandatory jute packaging law.

Industry players say falling demand for jute has forced jute yarn makers to cut production by up to 40 per cent, with only two dozen out of a total of 77 spinners under the Bangladesh Jute Spinners Association (BJSA) operating at full capacity. Jute yarn is the sector's main export item, and shipments of jute yarn and twine have been declining since their peak of around USD 800 million in the 2020-21 fiscal year. Many foreign buyers have switched to cotton yarn and polypropylene (PP) due to the high prices of jute yarn, caused by the increase in raw jute prices.

Total earnings from the natural fibre-based yarn slumped to USD 492 million at the end of fiscal year 2024, according to the Bangladesh Export Promotion Bureau (EPB).

Shipments of jute sacks and bags also declined during these years, bringing total earnings to USD 855 million in fiscal year 2024, representing a 6 per cent decline from the previous year. In the July to November period of 2024, exports of jute and jute goods fell by 10 per cent year-on-year to USD 341 million.

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: DEUTDE33XXX)
IBAN: DE10 2007 0000 0010 9520 00
DZ Bank AG (BIC: GENODE33XXX)
IBAN: DE42 2006 0000 0000 1382 08

Jute Market Report for December 2024

-3/5-

6th January 2025

According to the Department of Agricultural Extension (DAE), Bangladesh's jute production in the fiscal year 2025 fell 18 per cent year-on-year to 7563000 bales (one bale weighs about 182 kilograms). Many mills that used to run three shifts a day have reduced production to a single shift.

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

Hessians:	increased by approx. 2%
Sacking:	increased by approx. 2%
CBC:	remained unchanged

Maritime Transport: From the year 2025, the following events are expected to affect the current current ocean freight market.

-The Red Sea crisis will have lasted for more than 400 days, making a significant return of container ships to the unlikely to return to the area.

-The suspension of the ILA port strike will come to an end, possibly leading to new strike action by the ILA, which is expected to disrupt ports on the US East Coast and in the Gulf.

-Donald Trump is inaugurated and introduces new and increased tariffs, which could strongly influence supply chain and sourcing strategies.

-The Chinese Lunar New Year begins, leading to factory shutdowns, demand and prices ahead of the festivities, and expected supply chain disruptions until mid-February.

-The reshaping of global ocean alliances.

Unfortunately, container transit times have risen sharply on almost all trade lanes worldwide in recent months. This is not only due to the detours around the Cape of Good Hope, but also due to congested ports, dockers' strikes, extreme weather conditions and a shortage of containers.

According to a study by a US analyst firm, the average transit time from booking a shipment to collection of the container has increased by an average of 25 per cent between Asia and Europe. However, even trade lanes that had never transited the Red Sea before the security crisis, have also seen a sharp increase in transit times. On the route from South America to Europe one saw an average increase of 5 days to 54 days.

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 6.325 and TD-5 IRs 5.825 per 100 kgs, representing a decrease of raw jute prices.

Jute Market Report for December 2024

-4/5-

6th January 2025

Local supplies of raw jute to Indian jute mills were ruling around 570.000 bales during the month of November (against 503.000 bales in October). At the end of November, raw jute stock with jute mills were 945.000 bales.

New Crop deliveries are taking place in accordance with the demand. Contrary to earlier estimates the overall quality seems to be 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 hectares which is about 15 per cent less than in season 2023/24.

It is expected that raw jute market price remains subdued as most mills built up sufficient inventory almost equal to two month's consumptions.

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 slightly higher at IRs 126,000 per mton at the time when this report was published. Selective mills are asking for premium of 5 per cent against prices quoted by „standard“ mills.

Price of Sackings is prevailing at IRs 93.000 per mton with selective mills asking for premium of 13 per cent for exports against prices quoted by „standard“ mills.

B-Twills: The Indian government ordered around 320,000 bales of B-twill sacks in December, which is slightly less than the expected order quantity. Order volume for January and the next four to five months is expected to be around 300,000 bales per month.

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.

The Indian rupee ended 2024 on a weaker note, depreciating 2.8% against the US dollar to close the year at 85.59. Throughout 2024, the US dollar strengthened against most major currencies. It gained 11 per cent against the Japanese yen, 3.1 per cent against the South African rand, 27 per cent against the Brazilian real, 22 per cent against the Mexican peso, 13.7 per cent against the



Jute Market Report for December 2024

-5/5-

6th January 2025

Korean won, by comparison the Indian rupee remained relatively stable, although the 85.59 exchange rate at the end of 2024 marked the seventh consecutive year of depreciation for the Indian currency.

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. Figures for October, November and December 2024 were not published when this report was prepared.

--0000OO0000--

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: DEUTDE33XXX)
IBAN: DE10 2007 0000 0010 9520 00
DZ Bank AG (BIC: GENODE33200)
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