

Jute Market Report for January 2025

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3rd February 2025

Bangladesh

Raw Jute: During the month under review, raw jute demand from both India as well as from Pakistan was ruling on a regular basis. Pakistan placed orders of about 1.500 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 HD KS, BTR HD CS and BTR NB CS, as well as jute cutting BTCB and placed orders in the range of 2.000 to 2.500 mtons. Nepal procured around 2.000 mtons of Long Tossa Jute BTR HD, BTR KS, BTR CS and BTR BS.

International buyers from importing countries such as China, Vietnam, Russia and Tunisia were buying more or less on a regular level during the month under review.

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 were in the market to cover their regular requirements, but due to limited availability, especially of higher grades of raw jute, they were forced to purchase whatever was available.

As mentioned in our previous reports, the market is basically controlled by raw jute traders and stockists, who took advantage of the demand from both the domestic and the international market and due to the scarce availability of fibre, the prices increased further during the month under review.

Export prices of raw jute consequentially increased further by about USD 20,00 to USD 30,00 per mton during the month under review. A trend which is most likely to continue until end of this crop year.

Raw jute exports from July to August 2024 amounted to 86.025 bales against 241.911 bales during the same period in 2023. Though these figures may be surprising, but one needs to take into consideration that during that time Bangladesh was going through times of political turmoil and that factories were forced to remain closed for days, due to the ongoing unrest all over the country.

Weather: As expected for this time of year, the country experienced persistent low temperatures and foggy weather conditions. These weather conditions caused significant disruptions, including congested highways and blocked terminals. Poor visibility on roads and highways caused delays in transport and logistics, further impacting the movement of jute and related goods between regions.

The adverse weather also contributed to slower progress in harvesting and processing activities, potentially affecting the overall efficiency of the jute sector supply chain during this period.

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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 level during the month under review. Same applies for buyers from China, Indonesia, Malaysia, Uzbekistan, Vietnam, as well as countries of the Middle East. After the festive season, both European and US customers started their purchasing activities.

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 in combination with a pick-up in demand, export prices for both high and low quality of jute yarn and twine increased further by USD 10,00 to 20,00 per mton during the month under review.

The situation for local jute yarn and twine spinning mills showed signs of improvement due to sustained demand from both local and international markets. Most of the mills, especially the solvent and mid-range mills, have seen an increase in order bookings and are now able to operate at regular production levels. This increase in demand has enabled these mills to maintain a steady pace of production, helping to stabilise the local industry.

As a result, the outlook for the local mills is relatively positive, with most plants operating at or near full capacity to meet ongoing demand.

Jute Goods: During the month under review, export demand for jute goods showed notable activity in various markets. Demand for sacking, particularly from buyers in African countries and the Middle East, continued to increase, reflecting a sustained upward trend. Meanwhile, demand for Hessian remained steady, with a steady level of orders observed. Similarly, export demand from countries such as the USA, Australia, China, Vietnam and Europe remained stable, particularly in the second half of the month.

India maintained a steady demand for unsewn Binola and BTwill fabrics, contributing to stable market conditions for these products. In addition, demand for Jute CBC (Cloth for Bagging and Other Applications) remained steady with regular orders from major importing countries such as Europe, UK and Japan.

Locally, demand for Hessians and sackings for packaging purposes also remained at a steady level, maintaining stability in the domestic market.

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

Hessians:	remained unchanged
Sacking:	increased by approx. 3 to 4 %
CBC:	remained unchanged

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Maritime Transport: Yemen based Houthis declare end to ship attacks in the Red Sea which is a big relief for international shipping. As a result of the ceasefire in Gaza, the Suez Canal could be navigable again in future. Freight rates could therefore soon fall. This would mean a significant relief for international shipping. More than 100 merchant ships have fallen victim to rockets fired by the Houthi militia from Yemen since November 2023. Almost all container shipping companies have cancelled their voyages through the Red Sea. Instead of using the Suez Canal to travel from Asia to Europe, they opted for the almost two-week longer journey around Africa.

According to calculations by investment bank Jefferies, the diversions currently tie up 12.5 per cent of global container capacity. If, following a ceasefire in the Red Sea, the freed-up transport capacities return to the market, logistics experts at sea expect freight rates to plummet.

However, the ship operators are still taking a wait-and-see approach as the agreement has only just been reached. Shipping lines will analyse the latest developments and their impact on the security situation in the Red Sea. For the time being it is announced that shipping lined will continue the reroute via Cape of Good Hope and will only use the passage through the Red Sea again when the security situation allows it.

Miscellaneous: Abandoned and closed state-owned jute mills in Bangladesh will be converted into fertiliser storage facilities, according to a senior agriculture ministry official. Mohammad Emdad Ullah Mian, secretary of the agriculture ministry, said the initiative would help address potential shortages of the key agricultural input in local markets. Domestic fertiliser crises will be eliminated. As part of a long-term plan, steps have been taken to increase the country's fertiliser storage capacity," he said.

Mian informed that the move is expected to save Bangladesh between Tk 1,500 crore and Tk 2,000 crore annually by reducing the need for local importers to place multiple orders. At present, fertiliser importers have to limit their purchases considering the country's existing storage capacity. As a result, they have to order multiple batches of the agricultural input every year, which increases logistics costs and exposes them to exchange rate fluctuations.

He was speaking at the closing ceremony of a training programme for agricultural journalists at the Press Institute of Bangladesh in Dhaka yesterday. In addition, Mian said a separate project to build new warehouses was also to increase the country's fertiliser storage capacity. However, we do not want to increase the total budget for such agricultural projects by a single taka in the coming days," he added.

Mian also said that a balance will be struck in the funding of such projects, with unnecessary initiatives being discontinued while those that are essential will receive higher allocations. The agriculture secretary also said that instead of focusing only on developing new seeds for crop production, efforts should be made to increase the supply of those already in use.

Source: The Daily Star, 21 January 2025

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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 6.650 and TD-5 IRs 6.150 per 100 kgs, representing an increase of raw jute prices. The Indian government has announced a 6% increase in the MSP for jute for the new season well in advance of the sowing season. This shows that Govt. is keen to support and encourage raw jute cultivation, farmers and labourers. Minimum support price for season 2025-26 will accordingly be ruling around IRs 5.650 per 100kg.

Local supplies of raw jute to Indian jute mills were ruling around 496.000 bales during the month of November (against 570.000 bales in November). At the end of December, raw jute stock with jute mills were 957.000 bales.

New Crop deliveries are slowing down which causes an increase of market prices. 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 hectares which is about 15 per cent less than in season 2023/24.

Contrary to expectations, raw jute prices firmed on improved government demand for bags, leading to an increase in production. With government orders likely to remain at these levels and demand for packaging of other agricultural products continuing to be supported, the price of raw jute is likely to remain firm.

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:

A couple of changes of the market situation were reported for Hessians compared to the preceding month, with prices for Hessians having been slightly higher at IRs 133,000 per mton at the time when this report was published. Selective mills are asking for premium of 3 per cent against prices quoted by „standard“ mills.

Price of Sackings is prevailing at IRs 102.000 per mton with selective mills asking for premium of 6 per cent for exports against prices quoted by „standard“ mills.

B-Twills: The Indian government ordered around 300,000 bales of B-twill sacks in January, which is exactly the expected order quantity. Order volume for February and the next four to five months is expected to continue to rule around 300,000 bales per month.



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Even though the overall demand for Jute Carpet Backing Cloth was very erratic but existent. Most of the mills produce carpet backing cloth with tuck-in selvedge these days, real selvedge production seems to phase out.

Miscellaneous: The overall average of winter grown crops increased in 2024-2025 compared to previous crop year, with sowing of wheat getting more attention of farmers compared to oilseed, resulting in a 2,8 per cent increase of acreage in favor of wheat and a decline of 4 per cent to the disadvantage of oilseeds. The overall acreage of all crops combined increased by 2 per cent. This will most likely subsequently lead to an increase of jute bags demand from the Indian government.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for November 2024 were 72.700 mtons in total of which 3.200 mtons were jute yarns/twines. Figures for December 2024 were 88.600 mtons in total of which 3.300 mtons were jute yarns/twines.

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