

# Jute Market Report for November 2017

-1/3-

1<sup>st</sup> December 2017

## Bangladesh

**Raw Jute:** During the month under review it has been observed that Pakistan was regularly in the market for Tossa Long Jute and Long Meshta. Furthermore, it is reported that Pakistan could not cover their total requirements of higher grades of Long Meshta due to non-availability of suitable quality fibre. Pakistan has bought about 7.000 mtons of raw jute, mainly Long Tossa, and a minimal quantity of Meshta for shipment in November and December 2017. India was also regularly in the market for high quality fibres like BTR KS, BTR NB and BTR HD. However, due to scarcity of high quality grades the shippers were unable to supply the required quantities. Other raw jute importing countries too were in the market during the month under review.

During the month under review there was regular domestic demand for higher and lower quality fibre. Due to poor availability of high grade qualities prices increased by about USD 20,00 to 30,00 per mton. The prices for low grade qualities increased by USD 15,00 to 20,00 per mton. Exports during the period July 2017 to August 2017 amounted to 120.529 bales against 116.163 bales during the same period in 2016.

**Jute Yarn and Twine:** Traditional buyers from Iran, Turkey, India, China, Vietnam, Indonesia, Malaysia, Uzbekistan, Africa, USA, and Middle East countries were regularly in the market, whereas the demand from Europe was a bit lower than expected. Domestic demand for sacking and hessian yarns, which are used for the production of potato and rice bags, picked up during the month of November. Prices for lower and higher qualities increased by about USD 25,00 to 30,00 per mton. Most of the jute yarn and twine spinning mills in Bangladesh are fully booked until January 2018.

**Jute Goods:** During the month under review there was regular demand for Hessians and Sackings from Africa, Europe, Australia, USA, Iran, China and Vietnam. As already observed in previous years, the demand from Europe and USA is a bit less during the period between November to January. India covered its regular requirements for unstitched cloth of Binola and B-Twill in November. The export demand from the traditional buyers in Europe, Australia and New Zealand for Jute CBC was quite slow during the month under review. The domestic demand for hessians and sackings picked up and is expected to increase further until end of this year. A price increase of about 2 % for sackings and 2-3 % for hessians has been reported, whereas the prices for CBC remained unchanged. What has been reported for jute yarn and twine spinning mills applies also for jute composite mills, most of them are fully booked until January 2018.

**BJMC:** It has been reported that the procurement from BJMC was rather sluggish during the month under review. BJMC was in the market but only with small quantities. Certain sources have reported that the main reason for that is a current shortage of funds. Most of the BJMC mills are running with existing orders.



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-2/3-

1<sup>st</sup> December 2017

**Additional Information:** The following article appeared in the FINANCIAL EXPRESS on November 22<sup>nd</sup>, 2017:

Quote

As per the Export Development Fund (EDF) the government is going to create a low-interest fund worth Tk 100 Billion for the jute sector. The fund formation is now at the final stage as Financial Institutions Division has recently sought opinion from the finance division in this regard. The funds will be provided to the clients at a rate of 2 per cent interest. Earlier, the Ministry of Textiles and Jute sent letters to the finance ministry and the central bank to create the special fund for the development of the jute sector, according to information available with Finance Institutions Division.

Sector insiders said they have long been demanding formation of the fund as jute producers and exporters are facing financial crisis to run their business. They have also urged the government to launch the fund as early as possible. Bangladesh Jute Mills Association (BJMA) Secretary Abdul Barik Khan said the government set up the EDF worth Tk 2,5 Billion in 1988 for the exporters who are producing goods by importing raw materials. Even though jute goods producers and exporters are using local raw materials, they are not getting such facilities, he said. „If the government provides funds, the jute sector will get a new life as it is passing through a bad time“, he added.

170 mills are running under BJMA, 94 under Bangladesh Jute Spinners Association (BJSa) and 23 under Bangladesh Jute Mills Corporation (BJMC). Nearly 40 million people are directly or indirectly engaged in the sector.

The country earned US-\$ 167,84 million from exports of raw jute and US-\$ 794,58 million from jute goods in the fiscal year 2016-17 while US-\$ 173,17 million from raw jute exports and US-\$ 746,41 million from jute goods in the fiscal year 2015-16.

Unquote

## **India**

**Raw Jute:** During the month under review not much fluctuation in price and premium for higher grades have been reported. JBA quotations at the end of the month were TD-4 IRs 3,875 and TD-5 IRs 3,475 per quintal.

**New Crop:** The pressure of selling has eased because of stability in prices during the month under review. The supply is now against orders and not on price to fix (PTF) basis. The procurement of JCI is gradually increasing, but not enough to bail out farmers. Still JCI supply linkage against Governmental order is below 20 %.



## ***Jute Market Report for November 2017***

-3/3-

1<sup>st</sup> December 2017

**Jute Goods:** The supply situation for Jute CBC is at ease with a fall in demand. The domestic as well as the export demand for hessian is still quite poor. However, export orders from regular customers to mills of their preference continue. A bulk order of sacking bags from the Government has supported the hessian price. A general increase of prices by about 3 % has been observed. Selected mills had to increase their prices by even 10 %, as they did not increase their prices earlier. The demand for sacking is good because of a seasonal demand and sufficient governmental orders. Selected mills increased their prices for sackings between 3-4 %. The total quantity of B-Twills ordered by the government in November is about 230.000 bales, which is quite close to the expected quantity of 250.000 bales. The general production is reported as being normal. The mills are trying to increase sacking production. When it comes to imports from Bangladesh mainly imports of cloth for the production of B-Twill bags and other sacking bags took place during the month under review.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA during October 2017 amounted to 82.200 mtons of which 3.300 mtons were jute yarns/twines

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