

Jute Market Report for January 2019

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5th February 2019

Bangladesh

Raw Jute: During the month under review increased demand was noticeable from Pakistan, India and Nepal for high as well as low quality fibres. The leading jute yarn and twine spinning mills, as well as private composite jute mills were in the market with a regular demand as well.

Due to scarce availability of high quality fibres, the local suppliers were unable to supply the required quantities.

India was in the market with approx. 2.500 mtons of long jute such as BTE HD, BTE KS and BTE CS and jute cuttings BTCA and BTCB for shipment in January and February. Pakistan purchased around 7.000 mtons of long jute Tossa qualities like BTE KS and BTE CS as well as jute cuttings BTCA and BTCB, also for shipment in January and February.

There were some enquires from other raw jute importing countries like China, Vietnam, Russia, and Tunisia. However, actual purchases remained at low level.

BJMC was in the market with regular demand during the month under review.

Due to the local and international increase in demand and less availability of fibres of both high and low quality fibres, export prices appreciated significantly by USD 80,00 to 90,00 per mton during the month under review.

Especially from early until mid of January the entire country was facing low temperatures and foggy weather. Due to these adverse weather conditions the inland transport slowed down mainly because of low visibility on the streets and rivers. The ferry services from Paturia to Daulatdia, which is the route to two major ports in the southern part of the country were suspended in the morning and evening. This caused severe gridlocks on both sides of the river. In consequence highway terminals were congested.

Raw jute exports from July 2018 up to December 2018 were 283,501 bales against 253,456 bales during the same period under review in the year 2017.

Jute Yarn and Twine: During the month under review export demand of Jute Yarn and Twine improved for both high and low quality yarn and twines. Demand was principally coming from major importing countries like Turkey, Iran, India, Vietnam, Indonesia, Malaysia, African and Middle East countries. Regular enquiries were also observed from Europe.

China was in the market in early January but due to the Chinese New Year holidays less enquiries from China were observed from middle of the month onwards.



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During the month under review, upward price trend continued and export prices increased by about USD 70,00 to 100,00 per mton both for high and low quality jute yarn and twine. Due to increase in demand from international markets, most of the mills were kept quite busy with execution of export orders during the month under review.

An increased local demand for sacking and hessian yarn and twines was observed during the month under review.

Jute Goods: There was regular export demand for finished goods both Sackings and Hessians. Demand improved especially from African countries. Besides African countries, there was demand for Hessians and Sackings from Europe, Australia, USA, Iran, China and Vietnam. India was regularly in the market for unstitched cloth of Binola and B-Twills. Demand for Jute CBC from regular importing countries in Europe as well as Australia, New Zealand, UK and Japan increased during the month under review. The local demand for both Hessians and Sackings showed an upward trend as well.

During the month under review, export prices showed the following trend:

Hessians:	Price increased approx. 5 %
Sackings:	Price increased approx. 4 %
CBC:	Price increased approx. 3 %

The jute sector demands urgent bailout measures. Few people can remain unconcerned at the news of the decline in the export earnings of the country's jute and jute products. This is what has happened in the first half of the current fiscal year, 2018-19. The news is potently disconcerting. According to a recent FE report, the earnings from jute declined by 26 per cent in July-December of 2018 compared with the corresponding period in the previous fiscal year (FY). People directly involved in the sector have ascribed the falling demand of jute and jute products to global trade adversities.

According to the latest data coming from the Export Promotion Bureau, Bangladesh exported jute and jute goods worth \$421 million in July-December 2018 of the ongoing FY. The figure was \$574 million in the first half of the last fiscal year. Against the backdrop of the steady rise in the global demand for the Bangladeshi jute and jute products, with the farmers and the people in the jute sector looking to better days, few were prepared to experience this damper. That this export shrinkage will have negative impacts on the country's resurgent jute sector needs no in-depth analysis.

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The declining trend in the earnings from export of jute and jute products is feared to cause jitters in the sector. Jute was once the backbone of the nation's economy. The fabled golden fibre used to engage large numbers of farmers in its cultivation in the vast jute producing regions. This agro-segment was accompanied by the countrywide mills and factories manufacturing jute yarn and gunny sacks. After an agonizingly long pause in its production following the invasion of polythene products, jute had lately started re-emerging. The sector in Bangladesh experienced a new lease of life. Upon whetting expectations of the farmers and entrepreneurs involved in the jute farming and jute goods sector, the crop was attached a great priority --- both nationally and globally. Thanks to its biodegradable nature, jute in no time found a premier place in the search for an alternative to plastic, polypropylene etc.

In a generalized observation, a 'European economic slowdown' has been blamed on the latest plunge in export earnings from jute. Jute goods exporters point the finger at the cut in the import of the Bangladeshi jute yarn by a few countries which make carpets targeting Saudi Arabia, USA and other Western countries. The carpet yarn importing countries have apparently lowered the volume of imports due to the 'economic slowdown'. Jute sector insiders also cite the anti-dumping duty imposed by India on a number of Bangladeshi jute products since 2017 for the disruption caused to the country's jute export earnings. With troubling developments in the background, the jute sector asks for urgent bailout measures. The job could be made easier by giving a final shape to the long-awaited draft jute policy. Such a policy can play a critical role in formally integrating the jute sector with the national economy.

India

Raw Jute: The tendency of the market during the month under review was very firm with local prices rising. JBA quotations at the end of the month under review: TD-4 IRs 5.025 and TD-5 IRs 4.725,00 per 100 kg. The estimated carry forward is 1 Mio bales at the moment. This year's estimation for jute growing areas is 494,150 hectares compared to 653,740 hectares in 2018.

Jute Yarn and Twine: Market was absolutely dull during the month under review. Jute yarn imports from Bangladesh continue.

Jute Goods: Hessians: Piecemeal oversea orders were observed during the month under review. Prices have risen during the month under review by about 3 %, mainly because of an increase of raw jute prices. Selective mills are sellers at prices which are 4 % higher than those of "ordinary" jute mills.

Sackings: During the month under review the market ruled firm with huge governmental orders, in fact the governmental order quantities are higher than the capacities of the mills. Prices have risen by about 1,5 % during the month under review and the firm trend persists.



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The Government placed fresh order for January delivery, so far around 300.000 bales of B-Twill bags. Orders for further 200.000 bales are placed for February delivery and additional orders will be placed soon. Bangladesh imports of sacking cloth cut to size and hemmed for sewing (both sides) bags and of jute yarns continue.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in December 2018 amounted to 92.300 mtons of which 3.500 mtons were jute yarns/twines.

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