Bangladesh

Raw Jute: During the month under review less purchase interest was observed by the main raw jute importing countries. Pakistan was in the market for Long Tossa Jute respectively Long Meshta and purchased around 5.000 mtons. Chinese and Nepalese buyers were in the market for Tossa fibres, mainly for BTR HD. China placed orders for around 1.000 mtons and Nepal based buyers ordered around 500 mtons in total. Other traditional raw jute importing countries such as India, Vietnam, Tunisia and Russia were not in the market with quantities worth to mention. Since the arrival of new crop fibre is drawing nearer, most customers were observing the market and speculate on falling prices after arrival of new crop fibre.

Demand from local jute yarn and twine spinning mills as well as composite jute mills and local raw jute processing units was less due to EID holidays and the strict country wide lockdown, which was imposed immediately after EID. This lockdown included all factories and in consequence jute mills were forced to suspend production from July 23rd. Initially it was planned that all export oriented factories will remain closed until August 5th, but July 30th the Bangladesh Government has decided to allow export-oriented factories to resume production from August 1st.

Raw jute exports during the period of July 2020 up to May 2021 amounted to 521.293 bales against 710.903 bales during the same period in 2020.

New Crop: As already stated in our previous market report, Meshta as well as White Jute are coming to the market very slowly. Due to the strict lockdown as well as EID celebrations during the month under review, arrival of new crop Meshta and White Jute slowed down even further and information about overall new crop volume of Meshta and White Jute is hardly available. In view of an expected decline of Meshta and White Jute, price tendencies for Meshta and especially for White Jute increased, whereas first price indications for Tossa Jute dropped, as it is expected that Tossa crop volume is going to be adequate this season.

Harvest of Tossa Jute started in certain distrcits, like Netrakona, where harvest started end of July and where water retting will being by early August onwards. In other areas, such as Birampur, Manshri, Nagdara, Maghan Banihari, Seyadhar and several villages in Mohanganj Upazila, harvest and retting of Tossa Jute started, as well.

According to the Upazila Agriculture OIffice, jute has been cultivated on 1.525 hectares in Mohanganj, 485 hectares in Barhatta, 950 hectares in Mandan and 850 hectares in Atparaupazilla, this year. In total around 4.910 hectares of land have been cultivated with jute in the district, this season. Jute harvesting season will be completed by end of August resp. early September in the rest of the country.

The Bangladesh Government set a target of 8,6 Mio bales of raw jute for this crop season and in case weather conditions will remain as favourable as they were during the last months, total raw jute crop volume might be ruling even higher at around 9 Mio bales. Anyway, the last couple of years, heavy rainfall as well as cyclones and thunderstorms during harvest season destroyed large volumes of new crop fibre and therefore one should exercise caution with too optimistic crop forecasts.

Due to delayed arrival of new crop and the scarce availability of old crop fibre, export prices were showing an upward trend for higher qualities and increased by around USD 50,00 / mton.

Weather conditions: Throughout the month under review Bangladesh witnessed continuous medium to heavy rainfalls and some low land areas, like Kurigram, Lalmonirhat, Rangpur, Nilpharmari and Gaibandha of the country went under water.

Jute Yarn and Twine: During the month under review, export demand for both high and low quality of Jute Yarn and Twine from countries like China, Vietnam, Russia, Europe and Middle Eastern countries was on a quite low level. Most customers limit their selves on price checking, in view of arrival of new crop fibre.

The import demand from Turkey, the major importing country of jute yarn and twines from Bangladesh continued to slow down further.

Due to Eid holidays followed by a strict lockdown of the entire country, in order to fight back the rising number of Covd-19 cases, local mills were forced to keep their factories closed during the bigger part of the month under review.

Local demand for both Sacking and Hessian quality of jute yarn for packaging purposes was minimal during the month under review.

Due to continuously slow international demand for light and heavy count jute yarns and twines, export prices dropped again by around USD 100,00 for both low quality yarns and twines and higher qualities.

Jute Goods: What applies for raw jute and jute yarn and twine demand, does also apply for export demand for Hessian and Sackings. All importers await the arrival of new crop and hope for better prices. Only a few orders from Europe, Australia and USA were registered. Also China and Vietnam were rather restrained and did not place larger orders.

Demand for Jute CBC from Europe, UK and Japan also reduced significantly during the month under review.

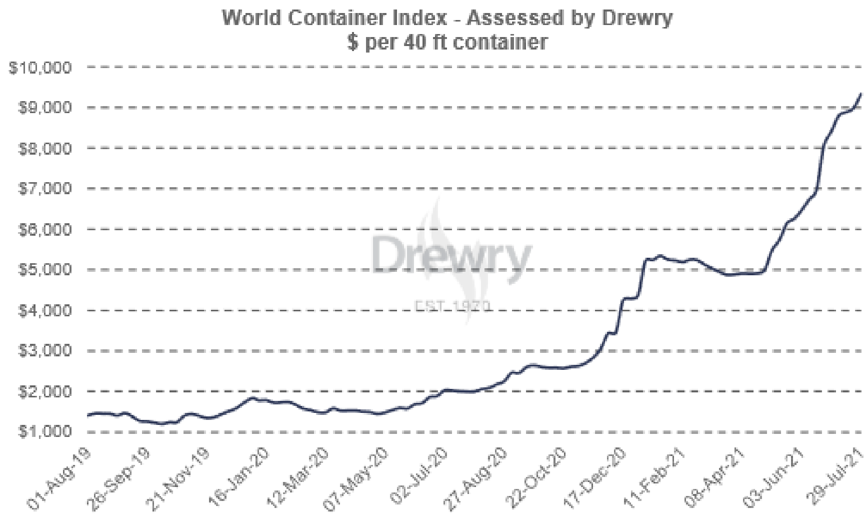
Due to the rather sluggish demand, export prices during the month under review decreased as follows:

Hessians:	approx. 2%
Sackings:	approx. 3%
CBC:	approx. 2%

Shipment: Import containers are piling up at an alarming rate at Chattogram (formerly Chittagong) port in consequence of the imposed lockdown and the consequential closure of all factories in Bangladesh. In order to decongest the port, the National Board of Revenue's (NBR) gave temporary permission to shift laden import containers from the port to inland container depots. Unfortunately the course of action did not improve the overall situation as most of the inland container depots are already chocked with a huge backlog of export cargoes. The backlog of export cargo hit a record high of 16.491 TEU's by mid of the month under review, already.

During the last couple of weeks, sea freight rates from Asia to Europe, African countries, USA, UK as well as South – and Central American countries increased further and reached a terrifying level. An end of the unbearable situation is not to foresee, yet. Experts assume that the situation will continue at least until end of the first quarter of 2022. Since the beginning of the crisis sea freight rates multiplied by 5. A 40ft container to be shipped from Shanghai to France, for example, is now costing around USD 17.000 against USD 2.000 prior to the crisis. CMA CGM, the third biggest shipping company in the world, gained USD 2,1 Billion during the first quarter of 2021, which is more than the annual earnings in 2020, which were ruling around USD 1,8 Billion.

The World Container Index (WCI) chart, assessed and published by Drewry, clearly illustrates the overall situation on the world freight market:



COVID-19: During the month under review number of Covid-19 infections continued to rise significantly. A lockdown during the first two weeks of July, was relaxed for a period of nine days during Eid-Ul-Adha holidays. After Eid celebrations, the Bangladesh Government was forced to re-impose the lockdown from July 23rd until August 5th in view of the continuously rising number of new cases and deaths in connection with Covid-19 infections. End July the country logged a record high of 15.192 new daily cases.

India

Raw Jute: On July 19th the Jute Balers Association (JBA) quoted for new crop fibre starting with: Grade TD-4 IRs 8.700,00 and Grade TD-5 IRs 8.400,00 per 100 kg. However, end July quotations of the Jute Balers Association were reduced and were ruling at IRs 6.800,00 for Grade TD-4 and IRs 6.500,00 for Grade TD-5 per 100 kg.

New Crop: During the month under review weather conditions continued to be most favourable with a perfect combination of rainfall and sunshine. These advantageous conditions did support a fantastic growth of the plants. The reported plant length varies between 10 to 16 ft with an average of around 12ft. The quality of the fibre is likely to be very good, as long the weather conditions continue to be that advantageous. Overall crop yield is indicated with around 9 Mio bales. As per Indian Jute Mills Association (IJMA) carry forward stock shall be around 0,295 Mio bales, only. For 2021/2022 around 750.000 hectares have been cultivated with jute against 650.000 hectares in 2020.

So far around 4.650 mtons of new crop fibre arrived to the market and it is expected that harvest of new crop fibre will continue until mid-September.

Indian jute cultivation is primarily concentrated in West-Bengal, Bihar and Assam. West-Bengal leads with nearly 80 per cent of jute acreage and 83 per cent of production, followed by Assam with a production share of 8 per cent.

Due to lower availability of jute and the lockdown in response to the second wave of the Covid-19 pandemic Indian jute mills had been operating at 50-60 per cent of their capacity till recently, but have ramped up production with increased arrivals of new crop raw jute. The consumption of Indian jute mills is estimated to be close to 7,0 to 7,2 Mio bales.

In order to tackle the acute shortage of labour, The Indian State Employment Directorate introduced a programme to provide skills training to the jobless youths to manage and control the modernised spinning and weaving departments in the jute mills.

Jute Yarn and Twine: There were hardly any market activities reported during the month under review.

Jute Goods: In view of a rather reserved position of international buyers as well as falling raw jute prices, prices of Hessians decreased further by about 5 per cent during the month under review. Selective mills asking for premium of 6 per cent against prices quoted by „standard" mills. Prices for Sackings also dropped by around 8 per cent, with selective mills asking for premium of 5 per cent against prices quoted by „standard" mills.

Availability of Jute Carpet Backing Cloth is reported from October, but since the jute mills are reluctant to reduce prices, most buyers refrain from placing orders.

The Indian Government ordered approx. 200,000 bales of B-Twill bags during the month under review. With arrival of new crop fibre and resumption of full swing production, this backlog will soon be completed.

At present most of the jute mills rush for buying new crop fibre as they are lacking sufficient stocks. It is expected that arrivals will pick up fast by mid of August.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in May 2021 amounted to 65.600 mtons of which 4.000 mtons were jute yarns/twines. More recent figures were not yet available when this report was published.

COVID-19: The current situation in India is uncertain with about 45.000 new cases per day. Earlier in July, daily new infection number was down to 35.000 new cases. The lockdown in India, with certain permissions, is extended until August 15th. Local train service did not resume so far and international flight remain suspended until August 2021.

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