Jute Market Report
for April 2021

3rd May 2021

Bangladesh

Raw Jute: During the month under review, raw jute demand from Pakistan as well as from India was on a rather low level. Pakistan placed orders of about 3.000 mtons for more or less all grades of Long Tossa Jute and Long Meshta/Kenaf as well as Tossa and Meshta/Kenaf cuttings. They mainly bought BTE BS, CS and KS as well as BTCA and BTCB cuttings for shipment in April and May 2021.

Even though Indian buyers were in the market for long jute qualities like BTR NB, BTR CS and jute cuttings BTCA and BTCB, the Indian parties placed order for small quantities, only. Nepal was in the market for BTR NB, BTR KS and BTE CS and placed order of around 1.500 mtons in total.

In view of the scarce availability of raw fibre and the consequentially high market prices, enquiries and purchases from other international markets, such as China and Vietnam, were less during the month under review.

In consequence to the sluggish demand during the month under review, export prices for low quality fibre declined by USD 100,00 per mton and around USD 50,00 for the residues of the higher quality grades.

Demand from financially solvent local jute yarn and twine spinning mills as well as composite jute mills and local raw jute processing units was on a regular level and orders were placed according to demand and availability of fibre.

Raw jute exports during the period of July 2020 up to January 2021 amounted to 384.865 bales against 614.215 bales during the same period in 2019. Due to the declared country wide lockdown and the consequential closing of governmental offices, raw jute export figures up to February 2021 are yet to be published.

New Crop: In view of an ongoing drought with no rainfall for the last 20 to 25 days, Meshta and White Jute sowings were hardly completed and farmers were forced to collect water from local water pumps to continue the sowings. The lack of rainfall in combination with an ongoing heat wave and high temperatures lead to desiccation of plants in certain areas as well as slow-growing of the plants.

Even though Tossa sowings started in certain areas during the month under review, it is reported that larger parts of sowings is being delayed, due to adverse weather conditions.

In case weather conditions continue to be contrarious, it is expected that new crop quantity will be less and in consequence prices to be high at the beginning of the season. However, it is by far too early to predict outcome of new crop and forecasts at this stage are to be taken with a pinch of salt.

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According to a report of the Department of Agriculture Extension (DAE) office published early April, farmers cultivated jute on 1,780 hectares of land in seven upazilas of the district. The Agriculture office sources said target of jute cultivation was fixed on 31,400 hectares of land in the district this year which is 1,250 hectares more than the last year with the production target of 3,78,474 bells of jute.

Of the total land, farmers cultivated jute on 10,915 hectares of land in Islampur upazila, 5,187 hectares in Dewanganj, 3,925 hectares in Sarishabari, 3,740 hectares in Jamalpur Sadar, 3,592 hectares in Madarganj, 2,199 hectares in Bakshiganj and 1,842 hectares in Melandah upazila.

Weather conditions: As mentioned above, during the month under review the entire country witnessed a heat wave and almost no rainfalls.

Jute Yarn and Twine: Export demand for both high and low quality of Jute Yarn and Twine from regular importing countries like India, China, Turkey, The Middle East, Uzbekistan, Indonesia and Malaysia continued to slow down. Same applies for demand from other international markets such as Europe and USA. The main reasons are scarce availability of fibre, consequentially high prices and less availability of suppliers being in position to offer.

In addition the imposed lockdown in Bangladesh leads to less availability of workers in the mills and thus slower production.

In view of the ongoing shortage of fibre, the small and medium size mills, which continued their production, were forced to further reduce their capacity from three to one shift per day. The financially more solvent mills, continue to operate with three shifts but less production capacity, in order to keep their labourers.

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

Due to slow international demand for light and heavy count jute yarns and twines, export prices dropped by around USD 100,00 to USD 150,00 per mton for low quality yarns and twines and by around USD 100,00 per mton for higher qualities.

Jute Goods: Export demand for both Hessians and Sackings from countries such as Africa, Europe, USA, Australia, China and Vietnam reduced further during the month under review. Same applies for Jute CBC demand from the regular importing countries like Europe, Australia and New Zealand during the month under review.

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

Hessians:	approx. 6%
Sackings:	approx. 5%
CBC:	approx. 4%

Port situation: Since the imposition of the country wide lockdown on April 14th, a sharp fall in delivery of imported goods from Chittagong/Chattogram port is reported. Importers are not taking delivery of containers in time and in consequence a huge number of containers occupy around 72 per cent of the total storing capacity of Chittagong/Chattogram port.

Chittagong port, one of the oldest natural ports in the subcontinent, turned 134 on April 25th and obtains 58th position among ports of the world regarding handling of containers. The Bangladesh Government has already taken numerous projects for development of the port, in order to be able to handle the continuous growth of container handling. In 2020 container handling growth rate was 2,9 per cent.

COVID-19: The Bangladesh Government imposed a country wide lockdown on April 14th, with all government, semi-government, autonomous and private offices remaining closed. This leads to certain delays when it comes to export document remittances and might prolongate delivery of same to the final receivers.

Furthermore public transportation services are suspended, which makes it even more difficult for factory workers, living in remote areas to reach the factories. This, as mentioned above, increases shortages of workers in the mills and causes delays in production and shipments. The lockdown is extended until May 16th for the time being.

BJMC: The Bangladesh Government has floated an international tender to lease out 25 state-run jute mills for a period of five to 20 years even though industrialists seem uninterested on the short-term deals. The tender, issued by Bangladesh Jute Mills Corporation (BJMC) on April 27, aims to encourage both domestic and foreign entrepreneurs to join the jute industry through an open bidding system. The government closed all state-run jute mills on July 1st last year, prompted by heavy losses and excessive production costs, laying off more than 50,000 workers in three categories: permanent, temporary and substitute.

India

Raw Jute: During the month under review the quotations of the Jute Balers Association (JBA) increased further: Grade TD-4 IRs 8.475,00 and Grade TD-5 IRs 7.975 per 100 kg. The Indian government decided to increase the Minimum Support Price (MSP) from IRs 4.225 to IRs 4.500 per 100 kg, in order to support farmers.

New Crop: During the month under review sowings continued to take place, but same as in Bangladesh, heavy rainfalls are badly needed. Occasional rainfall in North Bengal was reported during the month of April and a thunderstorm with moderate rainfalls is expected for the first week of May. Forecasts indicate that around 588.000 hectares are planned for jute sowings in 2021, compared to 666.000 hectares in 2020. The latest estimations indicate around 5 Mio bales of new crop fibre with a carry forward stock of around 2,6 Mio bales.

Jute Yarn and Twine: Prices for Jute Yarns and Twines remained on same level as in March, due to weak demand for Hessians.

Jute Goods: Prices of Hessians decreased marginally by about 2 per cent due to slower demand during the month under review. Selective mills asking for premium of 6 per cent against prices quoted by „standard“ mills. Prices for Sackings though increased further by about 3 per cent and selective mills asking for premium of about 2 per cent.

Availability of Jute Carpet Backing Cloth for August is reported, however, due to high prices, buyers are reluctant to place orders and expect a fall in prices by that time.

The Indian Government ordered approx. 200,000 bales of B-Twill bags during the month under review. The backlog is still around 100,000 bales. As already reported in one of our previous reports, second hand jute bags as well as PP bags are allowed to be used for packaging. In consequence governmental orders to mills slowed down.

Waiverly, Reliance and Nuddea Jute Mills continued to suspend their production due to acute shortage of raw jute. Other mills resumed production either with low or full capacity depending on their financial abilities.

The announced stock monitoring by the Indian Jute Commissioner is in force, but it still appears to be difficult to fully enforce the same.

COVID-19: India is badly suffering from Covid-19 with around 385.000 daily new cases at the moment. This of course has an immediate effect on production, documentation and shipment. Delays in all sectors are the result of the very alarming situation in India, at the moment.

The Indian Rupee has swung from emerging market to laggard as the country battles a ferocious wave of coronavirus infections, prompting concerns among global investors that a nascent economic recovery will crumble. The rupee has dropped about 3 per cent to 75.14 per US-$ since the start of April.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in March 2021 amounted to 84.000 mtons of which 2.400 mtons were jute yarns/twines.

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