

Jute Market Report for September 2018

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4th October 2018

Bangladesh

Raw Jute: Since the beginning of the month, Pakistan, India and Nepal were in the market on regular basis. Pakistan bought about 7,000 mtons long Meshta, long Tossa jute as well as Jute cuttings for shipment for September and October, 2018. India bought about 4,000 mtons of high quality long jute like BTE HD, BTE CS, BTE KS and Jute Cuttings BTCA shipment for September and October, 2018. Nepal bought about 2,000 mtons long jute BTD HD, BTE KS and BTE CS shipment for September and October, 2018. Regular inquiries were received from the other raw jute importing countries, among others China, Vietnam, Russia, Tunisia. However only little business actually materialized.

Domestic demand increased from the private jute yarn and twine spinning mills, composite mills and of other raw jute processing industries. They were regularly in the market to procure raw material fibre. Nonetheless the fact remains that as per requirements, fibre availability in the local market was not adequate to meet existing demand.

Usually at this time of the year, availability of fibre in the local market is sufficient as had been observed during previous the years. It has been reported that due to the late sowing and late harvesting, this year farmers were not able to bring the new crop in the local market on time.

Prices for high quality fibre have increased by about USD 15,00 per mton but prices of low quality fibre remained more or less unchanged during the month under review.

Though the state-run Bangladesh Jute Mills Corporation (BJMC) were in the market but due to lack of fund, their purchase quantity bought by them was hardly worth mention. According to the sources, they may get some fund from the government during end of this month or in early November. It is assumed that after getting the fund from the government, they will be fully active in the market for procurement.

Meanwhile, BJMC has set a target to purchase 1.95 million quintals of raw jute this season through its 94 purchase centres.

The purchase started in the first week of July and the Corporation could buy only 12 per cent of their target so far.

The country produced 1.44 million mtons (8.0 million bales) of raw jute during the last fiscal year (FY '18). This fiscal year's production target was fixed at 1.51 million tonnes (8.4 million bales), but it would be difficult to achieve it.

The prices of raw jute have seen an increase of 30 percent since beginning of the current harvesting season, compared to the previous year, amid crop losses caused by unfavorable climatic condition in many districts.

On the other hand, jute mills are affected by the supply crunch of quality raw jute.



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According to the Department of Agriculture Extension (DAE) data, jute acreage has rather increased by 10 percent to 0.79 million hectares this year.

But untimely rain and river erosions during May-July period have damaged a sizeable amount of crops in Faridpur, Gopalganj, Shariatpur, Madaripur and Rajbari districts, farmers and jute millers said.

Raw jute export figures for the period of July 2018 were not yet published when this report goes to press.

Weather conditions during the month under review remained hot and humid with scattered rainfalls.

Jute Yarn and Twine: During the month under review it has been witnessed that export demand of jute yarn and twine from the major importing country picked up even from Turkey though it remains to be seen as gradual improvement of their currency. Export demand was generally sluggish from other major importing countries like Iran. On the other hand regular inquiries were received from India, China, Vietnam, Indonesia, Malaysia, Uzbekistan, Turkey and other Middle Eastern countries. African countries, Europe, and USA were active as well: However, business materializing was limited. Future demand is totally dependent on international demand. In that context the situation in Turkey needs to be watched very carefully.

Although the Turkish currency has strengthened since last month in the wake of the Turkish Central Bank raising interest rates to 24 %, and the Lira has since strengthened from record low, it is still down 37 % against the US-Dollar since the start of this year with the cost of fuel and other imports soaring. The situation in Iran, another important jute yarn and twine importing country needs to be carefully watched, too, in view of US-sanctions to be imposed early November.

Demand from local market for jute yarns of both Hessian and Sacking Quality was sluggish. During the month under review export prices hovered around the level of the preceding month. This applying for both high and low quality of jute yarn/ twine.

It has not gone unnoticed that during the current year quite a number of jute yarn and twine spinning mills were compelled for financial reasons to close down their shutters.

Jute Goods: There was regular export demand for finished jute goods, both Hessians and Sackings, from African countries for (Binola and B-Twill), Europe, Australia, USA and from Middle East countries as well as China and Vietnam. India was also regularly in the market for importing unstitched cloth. Local demand for Hessians and Sackings was less than during the preceding month.

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Though regular inquiries for CBC were received from Europe, Australia and New Zealand, actual buying taking place was rather modest.

Local prices during September increased on the average approx.:

Hessians:	2 %
Sackings:	5 %
CBC:	2 %

A Memorandum of Understanding (MoU) was signed on Tuesday 2nd October 2018 between BJMC and Futamura Chemical Ltd., a UK-based company, to manufacture the "Sonali Bag" commercially. Sonali bags are biodegradable and environmentally-friendly polybags made of jute.

An article which appeared in The Daily Star on 3rd October 2018 may be of interest to the readers of this report and copy of said article "*Deal signed for commercial production*" is attached to this report (page 5).

The interbank exchange rate of the US Dollar against the Bangladesh Taka started to inch up during the last 2 days after remaining static for 3 months to BDT 83.75. Bangladesh Bank official said the US-Dollar started to strengthen during the last few days amid increase of imports. The Bangladesh Taka was one of the regional currencies that lost least value.

India

Raw Jute: Prices at the end of the month under review were ruling at following level: TD-4 IRs 4.440,00 and TD-5 IRs 4.140,00 per 100 kg.

Crop 2017/2018: 7.43 mio bales. Crop 2018/19: estimated to be 6.2 mio bales.

With a carry-over of estimated 2.6 mio bales there will be no shortage of raw jute during the current crop year. The requirements of the Indian Jute Industry are adequately covered. The land area for sowings this year was 494.150 hectares compared with 653.740 hectares last year. Arrivals of raw jute of New Crop should be at a peak 200.000 kgs in mukams but no confirmed reports.

Jute Yarn: No export activities worth to mention during the month under review. It seems that the Indian jute industry is more and more relying on imports of Bangladesh jute yarn.

Jute Goods: Demand for Hessians both locally and for export was dull during the month under review and prices remained unchanged. Sackings ruled firm because of comfortable orders from Indian Government. The Government for September 2018 totalled 325.000 bales of B-Twills. No activity worth to mention in the case of Jute CBC.



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Ms. Smriti Irani, the Indian textile minister stated on 30th September 2018 that jute mills would not be fully paid by the Centre against government orders, if they fail in making full payment to their labourers and farmers. The Indian textile minister informed that the Central Government has made a special arrangement and a decision was expected soon, to see that the industry gets the entire payment against the order from Government for B-Twill bags only after farmers and labourers were fully paid. She has also stressed upon the need of diversification of jute products.

The Indian Rupee continued to be under pressure and nears a record low with IRs 74,00 against one US-Dollar. The Indian Rupee has fallen sharply this year losing about 12 percent against the US-Dollar in part because of economic problems in countries such as Turkey and Argentina but also because of sluggish export and high imports have driven up the country's current account deficit.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA during August 2018 amounted to 87.800 mtons of which 3.700 mtons were jute yarns/twines.

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JUTE POLYMER BAG
Deal signed for commercial production

STAFF CORRESPONDENT

Bangladesh Jute Mills Corporation (BJMC) and the UK's Futamura Chemical Company yesterday signed a Memorandum of Understanding (MoU) for the commercial production of Sonali Bag -- a jute-made, biodegradable and environment-friendly bag.

State Minister for Textiles and Jute Mirza Azam attended the MoU signing ceremony, which was held at the ministry's meeting room in the Secretariat, reported state-run news agency BSS.

BJMC Secretary AKM Tareque and Futamura Chemical Company General Manager Graeme Coulthard signed the MoU on behalf of their respective sides.

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Deal signed

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"The name 'Sonali Bag' was given by Prime Minister Sheikh Hasina. The commercial production of jute-made bag will begin within six to nine months," Azam said after signing the MoU, adding that the price of the Sonali Bag would be relatively high in the beginning, but will decrease along with the increase of production.

He hoped that the demand of the bag will be high in the market.

Since 2010, noted scientist and chief scientific officer at BJMC Dr Mubarak Hossain had been trying to invent a biodegradable polymer from jute fibre.

In 2015, he finally found success.

Speaking to The Daily Star earlier, Mubarak said jute polymer had the potential to usher in a new era in the packaging industry, in Bangladesh and across the world, by replacing the conventional petroleum-based polymers such as polythene and polypropylene.

It can also help boost the country's economy, given the rising demand for environment-friendly bags in developed countries, he added.

Mubarak further said although biodegradable, this jute polymer is water and air resistant and is 1.5 times stronger than polythene. It also decomposes in soil within five to six months as opposed to polythene which could take several hundred years.

In May 2017, two years after the ground-breaking invention, the government began a trial production under a project named "Sonali Bag" at the state-run Latif Bawani Jute Mills in Dhaka's Demra.

Textiles and Jute Ministry's Secretary Md Faizur Rahman Chowdhury, BJMC Chairman Md Mahmudul Hassan and Mubarak Hossain, among others, were present at the ceremony.