

# Jute Market Report for June 2024

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3<sup>rd</sup> July 2024

## Bangladesh

**Raw Jute:** During the month under review, raw jute demand from India as well as from Pakistan was on a regular level. Indian buyers were in the market for high qualities of long jute like BTR NB KS, BTR NB CS and BTR BS as well as Jute Cuttings BTCB. In total around 4.500 mtons were procured. Buyers from Pakistan were in the market for long Jute Tossa grades such as BTR BS, BTR CS and BTR KS as well as Jute cuttings BTCB. In total, Pakistan placed orders of about 3.000 mtons.

In view of new crop arrivals drawing nearer demand from other international buyers from importing countries such as China, Vietnam, Nepal, Tunisia was more of a sporadic character, as most of the importers preferred to wait for new crop fibre, during the month under review.

Local demand from jute yarn and twine spinning mills, composite jute mills as well as raw jute processors for both high and low quality raw jute continued to be on a regular level, especially high grade fibre were strong in demand during the month under review. However, due to scarce availability of high grade fibre, mills were forced to adjust their demand to availability of fibre.

Export prices for higher quality grades of raw jute fibre increased further by USD 30,00 per mton, prices for lower quality grades witnessed an increase of USD 10,00 per mton during the month under review.

Raw jute export during the period of July 2023 up to January 2024 of the (fiscal year 2023-2024) amounted to 592.986 bales against 555.196 bales during the same period in the fiscal year 2022-2023.

**Next Crop:** Reports published in the beginning of the month under review indicated arrivals of smaller quantities of Meshta fibre, but in view of price levels circulating in the market, local market participants did not respond to offers made, preferring to wait until Meshta harvest is in full swing. Due to adverse weather conditions during sowing and growth of the plants, a lower production of Meshta fibre in comparison to last year is expected. Stockists may take advantage of that situation, which may lead to an artificial shortage accompanied by higher prices during the early period of the coming season. Forecasts for Tossa Jute crop are quite optimistic due to later sowings compared to Meshta fibre and accordingly more favourable weather conditions. However, the weather conditions during the next four to six weeks are crucial for crop development and a reliable crop forecast can be shared thereafter, only.

**Weather:** During the month under review, the entire country witnessed a good mix of sunshine and moderate rainfall, during the second half of June though, low land areas were flooded due to heavy rainfalls.

**Jute Yarn and Twine:** Export demand for both high and low quality grade jute yarns and twines from regular importing countries like Turkey, Europe, China and India continued to be on a regular

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level during the month under review. A certain demand from other international markets such as Vietnam, Indonesia, Malaysia, Uzbekistan and USA as well as countries of the Middle East was given, but overall purchase volume was less compared to previous month.

Local demand for both Sacking and Hessian quality jute yarns and twines for packaging purposes was less during the month under review.

Export prices for both high and low quality of jute yarn and twine remained stable during the month under review.

Traditionally the mills faced a shortage of labour after Eid holidays, where labours have the tendency to extend holidays and return to factories later than expected. Especially small and medium size factories are seriously affected by the shortage of workforce, which leads to a reduced production capacity and consequential delays in shipment of existing orders.

**Jute Goods:** During the month under review export demand for both Hessians and Sackings from buyers in Europe, Australia and USA remained stable, whereas export demand from other importing countries such as African countries, China and Vietnam decreased during the month under review. India bought unstitched Binola and B-Twill fabrics in more or less usual quantities.

Local demand for Hessians and Sackings for packaging purposes reduced during the month under review.

Jute CBC demand from the regular importing countries like Europe, UK, and Japan continued to be on a regular level during the month under review.

During the month under review, export prices developed as follows:

Hessians:	remained stable
Sacking:	remained stable
CBC:	remained stable

**Miscellaneous:** Bangladesh Jute Products Exhibition Centre inaugurated in Bhutan: (...) Environment, Forest and Climate Change Minister Saber Hossain Chowdhury has said under the leadership of Prime Minister Sheikh Hasina, the incumbent government has taken various initiatives to fulfil Bangladesh's commitment to protecting the world's environment by disseminating Bangladeshi eco-friendly and biodegradable jute products all over the world, including Bhutan. He made the remarks while speaking at the inaugural session of the Bangladesh Jute Products Exhibition Centre in Thimpu, Bhutan, on June 24th. Bhutanese Prime Minister Dasho Tshering Tobgay inaugurated the exhibition, organised by the Bangladesh Embassy in Thimpu.

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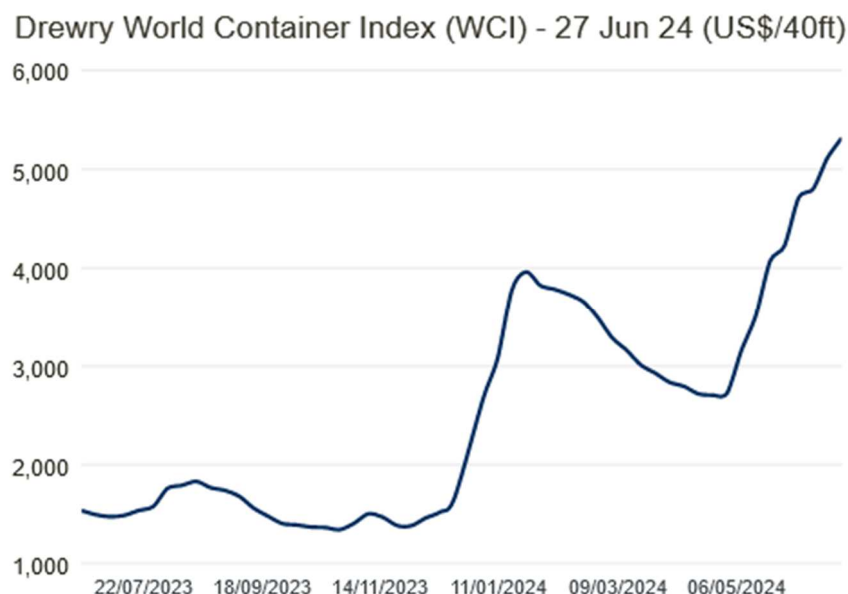
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Saber Chowdhury said Bhutan-Bangladesh friendship will be stronger by setting up an exhibition centre for jute products of Bangladesh for the first time abroad. It will not only protect the environment but also play a positive role in bilateral trade.

(...) Among others, Bangladesh Ambassador to Bhutan Shivnath Roy and Embassy Counselor Sujan Debnath spoke on the occasion. Besides, the leaders of Bhutan Chamber of Commerce, a large number of Bhutanese businessmen, importers and handicraft traders were present. After the inauguration, Bhutanese leaders and businessmen visited the exhibition centre and Bangladeshi jute products. They were impressed by the versatile goods produced from Bangladesh jute like jute bags, shoes, carpets, tissue boxes, kitchen items, clothing, office files, conference files, pen-holders and home furnishings.(...) Source: The Business Standard, June 24<sup>th</sup>, 2024

According to Bangladesh's Textiles and Jute Minister Jahangir Kabir Nanak, the Bangladesh government is working to revive the jute sector as per the directives of Prime Minister Sheikh Hasina. It is planned to organise a jute farmer conference towards end of the year. Bangladesh is seeking to become self-sufficient in jute seed production, which is currently imported from India.

**Maritime Transport:** Ocean freight container spot rates have risen sharply on the world's major trades since the beginning of May, prompting speculation that the peak season has arrived early in 2024. Drewry's World Container Index rose 2 per cent mid-June to USD 4.801 per 40ft container.



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The Far East to North Europe trade has seen the biggest increase, rising 30 per cent from USD 3.500/40ft on 1 April to USD 4.500/40ft on May 16<sup>th</sup>. This is 198 per cent higher than 12 months ago (USD 1.500/40ft). The beginning of June even saw rates rise to USD 7.500/40ft.

From the Far East to the Mediterranean, rates have increased by 22 per cent since April 1<sup>st</sup> (USD 4.200/40ft) to reach USD 5.000/40ft on May 16<sup>th</sup>, which represents a 100 per cent increase on rates ruling some 12 months ago (USD 2.500/40ft). By the first week of June 2024, it had risen to USD 8.000/40ft.

From the Far East to the US West Coast, rates shot up by 29 per cent since the beginning of April (USD 3.500/40ft) to reach USD 4.500/40ft on May 16<sup>th</sup>. 214 per cent higher than 12 months ago (USD 1.400/40ft).

From the Far East to the US East Coast, rates have risen by 21% since April 1<sup>st</sup> (USD 4.600/40ft) to reach USD 5.600/40ft on May 16<sup>th</sup>. An increase of 129 per cent from 12 months ago (USD 2.400/40ft). By mid-June, rates increased to USD 7.200/40ft.

Key factors driving current rate increases over the past 2 weeks are the following:

- A record demand in Q1 2024 vs Q1 2023, up 9.2%
- Earlier peak season due to earlier shipments due to longer transits
- US tariffs on imports from China
- Congested transshipment ports
- Container availability issues in major transshipment ports in Asia
- Ocean carriers skipping some port calls in the Red Sea and Middle East and Mediterranean ports circumvention of Africa due to disruptions in the Red Sea straining limited capacity on African routes. This has created a need for more vessels to meet the increased demand.
- Brazil and Mexico plan to impose additional tariffs on Chinese electric vehicles in July, prompting carmakers to pre-emptively ship large volumes to these regions.

## India

**Raw Jute:** The ruling market prices quoted by the Jute Balers Association (JBA) end of last month were fixed as follows: TD-4 IRs 6.000 and TD-5 IRs 5.500 per 100 kgs., representing a slight decrease of raw jute prices.

Local supplies of raw jute to Indian jute mills were ruling around 567.000 bales during the month under review (against 447.000 bales in May). At the end of May, raw jute stock with jute mills were 894.000 bales.

**New crop:** Sowings of new crop fibre is completed in all jute growing areas and revised estimations estimate an overall crop volume of around 5,5 Mio bales for this year compared to 8,5 Mio bales



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2023-24. Area brought under cultivation in 2022-23 was 620.000 hectares, in 2023-24 slightly lower with 610.000 hectares and in 2024-25 the total area under jute cultivation is estimated with some 600.000 hectares of land.

**Weather:** During the month under review, monsoon has arrived Bengal, these periodical rains in combination with proper sunshine are indeed helpful for the upcoming new crop.

**Jute Yarn and Twine:** Demand for jute yarns made in India during the month under review continued to remain poor.

**Jute Goods:** Situation during the month under review presented itself as follows:

No change in the market situation of Hessians compared to the preceding month, with prices for Hessians having been slightly lower ruling at IRs 115,000 per mton at the time when this report was published. Selective mills are asking for premium of 10 per cent against prices quoted by „standard“ mills.

Price of Sackings is prevailing at IRs 82.000 per mton with selective mills asking for premium of 16 per cent for exports against prices quoted by „standard“ mills.

B-Twills: The Indian Government placed orders of about 250.000 bales of B-Twill bags during the month under review, which is less than expected. Order volume for July is expected to be a bit more, but official indications are yet to be published.

No reports about orders of Jute Carpet Backing Cloth were published for the month under review, which indicates that demand should be rather poor.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for May 2024 were 87.200 mtons in total of which 2.700 mtons were jute yarns/twines.

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