



Jute Market Report for January 2023

-1/5-

1st February 2023

Bangladesh

Raw Jute: During the month under review, raw jute demand from major importing countries ruled more or less on same level as in December. Pakistan was in the market for long Jute Tossa grades like BTR NB CS, BTR NB BS, BTR HD CS, BTR HD BS, BTRE HD, BTE BS, BTD HD, as well as Tossa cuttings such as BTCA and BTCB. In total, Pakistan placed orders of about 2.000 mtons. Indian buyers were in the market for long Jute Tossa varieties such as BTR HD KS, BTR HD CS BTR HD BS, BTR NB CS, BTR SMR as well as jute cuttings BTCB and placed orders to the tune of about 2.000-2.500 mtons.

Demand from other importing countries like China, Vietnam, Russia and Tunisia continued to be sluggish during the month under review. The combination of scarce availability of good quality fibre and corresponding high prices, is surely one of the reasons for the reserved position of international raw jute buyers.

The market activities of local jute yarn and twine spinning mills as well as composite jute mills were on a regular level. However, in view of the scarce availability, especially of higher quality grades, most of the parties were forced to buy whatever was available.

Raw Jute and Meshta prices increased further by about US\$ 20-30 per mton during the month under review. As mentioned above and in previous reports already, due to scarce availability of higher quality grades it is assumed that upward price tendency for the higher grades of fibres is likely to continue unabatedly.

Due to lack of technology and proper management as well as missing crop science innovation, the jute sector was unable to adapt to global changes in economy as well as climate. Bangladesh Jute Research Institute (BJRI) therefore developed a new variety of jute which goes by the name of "BJRI Mesta-4" and launched new technologies to expand cultivation across the country. The technologies are meant to control a yellow pest, improve cropping pattern as well as seed production. According to Bangladesh Jute Research Institute (BJRI) the alternative cropping pattern was on using fallow land in between the cultivation of paddy rice.

The Bangladesh Government announced, that jute will be considered an agricultural product from now on. This status grants jute farmers access to incentives and financial support, same as for other agricultural products and should further motivate farmers to cultivate jute. Actually, considering a plant fibre and its industrial use and diversification of products an agricultural product is overdue and jute should have received this kind of recognition since long. The recent government declaration is expected to streamline and strengthen the staggering sector. In order to reduce the dependency on seeds supplies from India, the Bangladesh Textile and Jute Ministry prepared a strategic plan to produce quality seeds, locally.

WILHELM G. CLASEN GmbH & Co. KG
Burchardstraße 17
20095 Hamburg
Deutschland

Tel. +49 40 323295-0 · Fax +49 40 321916
info@wgc.de · www.wgc.de
Amtsgericht Hamburg
HRA 120531

USt-ID-Nr. DE307976040

Deutsche Bank AG (BIC DEUTDEHH)
IBAN DE10 2007 0000 0010 9520 00



Jute Market Report for January 2023

-2/5-

1st February 2023

Raw jute exports from July up to August, 2022 were 116.282 bales against 81.439 bales during the same period under review in the year 2021.

Weather: As usual for this time of the year, the entire country witnessed low temperatures and foggy weather which lead to congested highways and blocked terminals, due to low visibility on roads and highways.

Jute Yarn and Twine: Usually export demand for both high and low quality of jute yarn and twine from regular importing countries is comparatively slow. However, this year's market behaviour of regular importing countries like Turkey and Iran deviates and demand for both high and low quality of jute yarn and twine increased during the month under review. Same applies for the demand from other international markets such as India, Europe and USA. Due Chinese New Year celebrations from January 21st until 27th, Chinese buyers were in the market, but their demand was quantity wise less than regular.

Local demand for both Sacking and Hessian quality jute yarn and twine for packaging purposes was at a regular level during the month under review.

As already stated in previous reports, the overall situation of local jute mills is quite alarming, as most of the small and medium size mills were forced to reduce the production capacity up to 50 per cent, due to lack of sufficient orders. It is only the financially solvent mills, which are in position to keep their production running on a more or less regular level of capacity.

It is not only the lack of orders which causes concern to the jute industry, it is also the significant gas price hike, which spells trouble for industries of pretty much all sectors. For larger industries, the price of gas spiked nearly threefold in recent times and the consequences are obvious, significantly increasing production costs and an automatic reduction of competitiveness in international markets, just to name a few.

Export price: Driven by the shortage of good quality fibre and the consequentially high raw jute prices, export prices for light count jute yarn and twine further increased by around US\$ 30,00 per mton during the month under review. Export prices for heavy count jute yarn and twine remained stable, though.

Jute Goods: During the month under review export demand for both Hessians and Sackings from buyers in African countries, continued to rule on a relatively high level. Demand from other markets such as Europe, USA, Iran and Australia were at average level. India was regularly in the market for unstitched Binola and B-Twill fabrics.

Jute CBC demand from the regular importing countries like Europe, Australia and New Zealand increased during the month under review.

WILHELM G. CLASEN GmbH & Co. KG
Burchardstraße 17
20095 Hamburg
Deutschland

Tel. +49 40 323295-0 · Fax +49 40 321916
info@wgc.de · www.wgc.de
Amtsgericht Hamburg
HRA 120531

USt-ID-Nr. DE307976040

Deutsche Bank AG (BIC DEUTDEHH)
IBAN DE10 2007 0000 0010 9520 00

Jute Market Report for January 2023

-3/5-

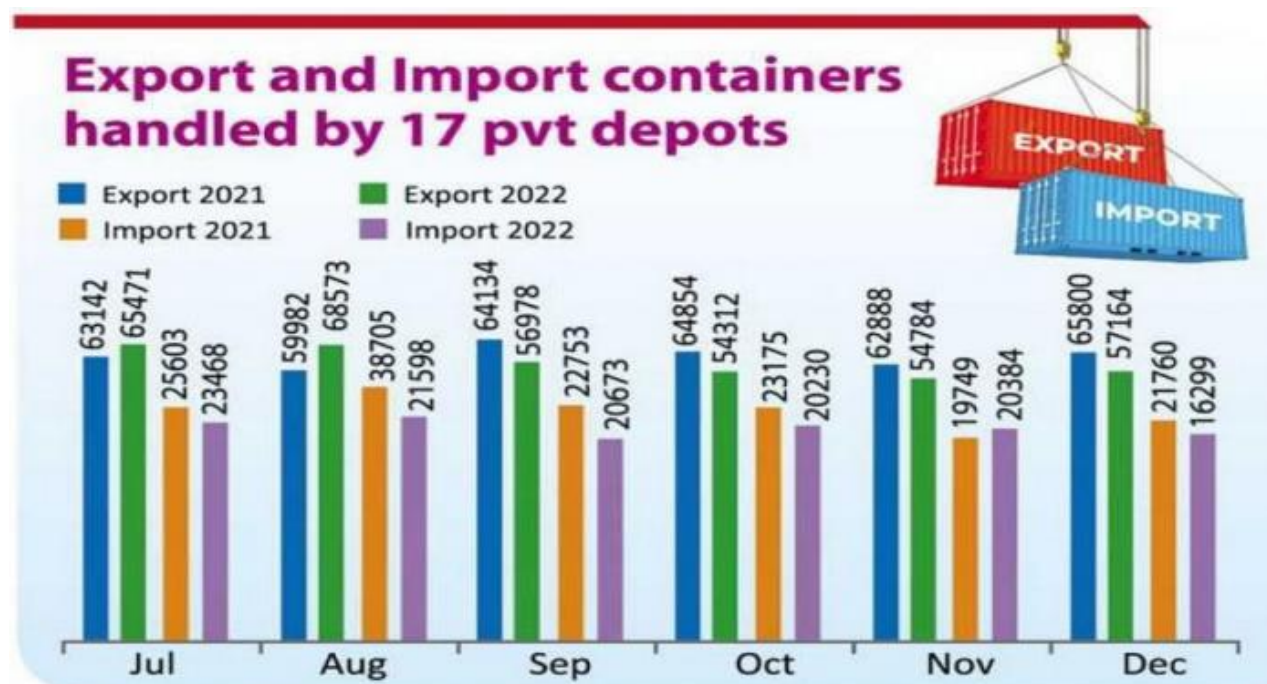
1st February 2023

A stable local demand for Hessians and Sackings for packaging purposes was observed.

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

Hessians: increased by approx. 2 %
 Sacking: increased by approx. 2%
 CBC: increased by approx. 2%

Miscellaneous: Both, export and import container volumes declined over the past six months to December 2022. The handling of outbound export containers has fallen since September 2022 in a row while imports have seen a sharp year – over – year decline since July 2022, except a marginal growth in November 2022.



Source: The Financial Express / BICDA (Bangladesh Inland Container Depots Association)

According to local sources, the war in Ukraine and the restrictions on imports played their part in contraction of the external trade and the trend in January 2023 is not satisfactory, as the war is still ongoing and financial belt-tightening at home continues.

Jute Market Report for January 2023

-4/5-

1st February 2023

A new era of Chattogram port seems to begin as a vessel with 10 meters draught berthed at a jetty of Chattogram port for the first time, mid of January. It is expected that the increased draught limit enables the transportation of more cargoes and containers per vessel and one hopes that this may ease congestion at the seaport, which handles about 90 per cent of import and export shipments of the country. The annual trade volume of Bangladesh amounts to USD 135 billion.



Source: The Daily Star

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 6.500 and TD-5 IRs 5.800 per 100 kgs.

Bdesh raw jute business with Indian buyers was limited to lower grades, such as KS, CS and BS of North Bengal and Hard District during the month under review since availability of higher grades is limited and prices of Bangladesh raw jute were not considered to be attractive.

Local supplies to Indian jute mills were around 621000 bales during the month under review (against 709,000 bales in December).

Jute Market Report for January 2023

-5/5-

1st February 2023

According to latest estimates the crop 2022/23 is expected to be about 9.5 mio. bales compared to 9 mio. bales in 2021/22. The carryover is unlikely to exceed one million bales. This estimate is based on an inventory of some 1,000,000 bales with Indian jute mills.

Jute Yarn and Twine: Demand for jute yarns and twines continued to be negligible during the month under review.

Jute Goods: Situation during the month under review presented itself as follows: Prices for Hessians stabilized, ruling at IRs 134,000 per mton. Selective mills asking for premium of 10% against prices quoted by „standard“ mills. Export demand is still very low, same applies for local during the month under review.

Market prices for Sackings slightly increased, fluctuating between IRs 98.000 and 100.000 per mton, with selective mills asking for premium of 3 % against prices quoted by „standard“ mills.

B-Twills: The Indian Government placed orders of about 300.000 bales of B-Twill bags during the month under review. The order volume for February is expected to be to the tune of 270.000 bales.

Orders for Jute Carpet Backing Cloth continued to be sluggish.

Weather: India's January rainfall has hit a five-year low at 12,4 mm, which represents a 25 per cent shortfall. December 2022 had also recorded the lowest quantum of rainfall with 13,6 mm since 2016. The deficit in rain may have an impact on winter crops (rabi crop), such as wheat, barley, peas or mustard, in certain areas.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for November 2022 amounted to 100.400 mtons of which 3.300 mtons were jute yarns/twines. Production figures for December 2022 were 107.700 mtons in total of which 3.100 mtons were jute yarns/twines

--0000OO0000--