

Jute Market Report for May 2022

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3rd June 2022

Bangladesh

Raw Jute: During the month under review, raw jute demand from Pakistan and India slightly decreased compared to previous months. Pakistan was in the market for long Jute Tossa and long Meshta as well as Tossa cuttings, such as BTCA and BTCB, as well as OMC meshta cuttings. After Eid holidays, Pakistan placed orders for about 3.500/4.000 mtons. Indian buyers were in the market for long jute Tossa varieties such as BTR NB KS, BTR NB CS and BTR BS as well as BTCA and BTCB jute cuttings and purchased around 3.000/3.500 mtons, in total.

International buyers from countries like Nepal, Vietnam and Tunisia continued to observe the market but did not place bigger orders. In view of the recurred outbreak of COVID-19 in various cities in China and the consequential lockdowns in many parts of the country, raw jute demand from China was poor during the month under review.

Financially solvent local jute yarn and twine spinning mills, as well as composite jute mills and raw jute processing units were in the market. However, they only purchased according to current requirements.

The local market prices were slightly decreasing in the month under review. Due to reduced demand from international markets as well as local buyers, stockists who have large quantities of raw jute in store are desperately trying to dispose of their stock. According to local information, around 1,2 to 1,5 million bales are more or less unsold in the warehouses of the stockists.

Raw Jute export prices decreased by about US\$ 50,00 to 60,00 per mton during the month under review.

Raw jute exports during the period from July 2021 to January 2022 amounted to 440.637 bales against 384.865 bales during the same period in 2020/21.

New crop: According to local reports, jute plants of Meshta, White Jute and Tossa are growing in a healthy way so far. If the currently existing favorable weather conditions remain during the next 3 to 4 weeks it is to be expected that production may be better than in recent years. However, farmers continue to monitor weather conditions.

Rajshahi, in the north-western part of the country, marks a rise in jute farming in recent years. Over 1.45 million bales of jute are expected to be produced from 222,000 hectares of land in all eight districts in Rajshahi division during the current season. The target has been set to produce 560,000 bales of jute from 48,827 hectares of land in Rajshahi, Chapainawabganj, Naogaon and Natore districts under Rajshahi Agricultural Zone, and 893,000 bales from 77,986 hectares of land in Bogura, Joypurhat, Pabna and Sirajganj districts under Bogura Agricultural Zone.

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According to the local Deputy Director of the the Department of Agricultural Extension (DAE), field-level officials and farmers are very hopeful that they will see better jute yields this season throughout the north-west region of the country, including the vast Barind area. Currently, farmers of that region are showing more interest in farming jute and are seen cultivating the growing plants with much enthusiasm as they have achieved record production and fair prices in recent years.

Weather: After heavy rains, parts of Bangladesh were hit by severe flooding during the 2nd half of the month under review, killing at least 57 people and sending 90,000 people into emergency shelters. In the northeast of the country, around two million people were isolated by the floods. It was the worst flooding in almost 20 years. Both Bangladesh and India are prone to frequent flooding and are considered major victims of climate change.

Jute Yarn and Twine: During the month under review export demand for both high and low quality of Jute yarn and twine from major importing countries such as Turkey, Iran and China continued to be on a rather low level. More or less same applied for other export demand from India, countries of the Middle East, Vietnam, Europe and USA.

In view of the reduced international demand, many of small and medium size jute yarn and twine spinning mills are closed or operating with a reduced capacity, running their factories virtually hand-to-mouth. Only the financially solvent mills that have made advance sales are able to continue their production.

Local demand for sacking and hessian quality jute yarns and twines was reportedly poor during the month under review.

Export price: Export prices for both light and heavy count of jute yarns and twines decreased about USD 40,00 - 50,00 per mton during the month under review.

Jute Goods: Export demand for Hessians and Sackings from Europe, Australia, Iran, China, Vietnam and USA continued to be quite sluggish during the month under review.

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

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

Hessians:	decreased by approx. 2 %
Sacking:	decreased by approx. 2-3 %
CBC:	decreased by approx. 2 %

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Private jute spinning mills have sought waiver of source tax levied on raw jute as such a measure affects farmers and jute mills. They also demanded exemption of source tax on export subsidy. Currently, the Bangladesh Government deducts 2.0 per cent source tax on raw jute purchase, and 10 per cent on cash incentive from export earnings.

According to an article published in The Business Standard of 1st June 2022, the High Court of Bangladesh has directed relevant Government Authorities to ensure the packaging of 19 essential items in the eco-friendly jute bags for export, import, and sales, to fully enforce the Mandatory Jute Packaging Act 2010.

The Financial Express reported that on 25th May, the Ministry of Textiles and Jute (MoTJ) handed over on Wednesday Tk 5.74 billion to Bangladesh Jute Mills Corporation (BJMC) for payment of dues salaries to the workers of the state-run closed jute mills. (As reported in previous Jute Market reports, 25 jute mills belonging to BJMC were closed by the Government of Bangladesh on 1st July 2020.) The amount will also be used for payment to raw jute suppliers and for other expenditures.

India

Raw Jute: The ruling market prices quoted by the Jute Balers Association (JBA) end of last month were fixed by the Indian Jute Commissioner as follows: TD-4 IRs 6.800 and TD-5 IRs 6.500 per 100 kgs. Some stockists / sellers are now liquidating their stocks as no one knows exactly about the actual availability, so prices are expected to decline.

Arrivals of Raw Jute: Figures for May 2022 were not yet available when this report was published.

New crop sowings: Sowings have almost been completed. According to forecasts, approximately the same area is planned for jute sowing in 2022 as in the previous year (approx. 750.000 hectares have been cultivated with jute in 2021), however no official figures are yet available. With timely rain and an early monsoon, prospects for new crop are good. So stockpiling may not be worthwhile at this level, given all the favorable factors.

Weather conditions: At the moment, the weather in India is good with rains and good sunshine. This will be beneficial for the growth of the standing jute plants. At the moment, the height of the plants is indicated with 1,5 to 3 ft.

Maintaining its earlier forecast of "normal" monsoon rainfall this season, the India Meteorological Department (IMD) refined its forecast on Tuesday: Thus, there would be a greater likelihood of spatially 'well-distributed' rainfall in most parts of the country, including the critical 'core monsoon zone' consisting of the rain-fed agricultural regions. The 'well-distributed' rainfall would give much needed spurt to farm sector growth and overall economy.

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Banking on the forecasts, the Agriculture Ministry has set an all-time record target of foodgrain production at 328 mio. mtons for the 2022-23 crop year (July-June cycle) which is over 4% higher than the approximate output of 314 mio. mtons in 2021-22.

Jute Yarn and Twine: Local demand for jute yarns and twines continued to be poor during the month under review.

Jute Goods: Situation during the month under review presents itself as follows: Prices for Hessians further decreased by around 2.5 per cent compared to April 2022. Selective mills asking for premium of 7 % against prices quoted by „standard“ mills. Export demand continued to remain dull during the month under review. Same applies more or less for local demand.

During the month under review market prices for sackings slightly increased and ruling around: IRs 103.000 to 110.000 per mton, with selective mills asking for premium of 5 % against prices quoted by „standard“ mills.

B-Twills: The Indian Government placed orders of 225.000 bales of B-Twill bags during the month under review. The mill's backlog is caught up, except orders placed with mills which are currently not in operation. The order volume for June is of approx. 250.000 bales and is expected to increase further.

Availability of Jute Carpet Backing Cloth is reported from June delivery, prices seem to continue to ease somewhat. However there are no reports about fresh orders.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in April 2022 amounted to 94.300 mtons of which 4.500 mtons were jute yarns/twines.

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