

Jute Market Report for July 2023

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Bangladesh

Raw Jute: During the month under review, raw jute demand from India was at a regular level. Indian buyers were in the market for old crop long Jute Tossa grades such as BTR BS, SMR and Jute Cuttings BTCB and placed orders of about 4.000 mtons. In addition deliveries of previous orders, which were undelivered so far, were executed during the month under review. Pakistan was in the market for long Jute Tossa and long Meshta grades. However, Pakistan placed orders of about 2.500 mtons, only.

Same as during the month of June, most international buyers refrained from placing bigger orders during the month under review, in anticipation of new crop arrival. Though, a couple of enquiries from importing countries like China, Nepal, Vietnam, Tunisia and Russia were circulating in the market, only a few orders were placed.

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 was on a regular level and mills placed orders according to their current demand.

Raw Jute and Meshta export prices remained stable during the month under review.

Raw jute exports from July up to February, 2023 were 657.443 bales against 503.082 bales during the same period under review in the year 2021/2022.

New Crop: According to latest local reports, due to lack of rainfall during the entire month of July, jute farmers were facing severe difficulties to harvest and ret the plants, which is expected to lead to a reduction of the overall White Jute and Meshta crop of around 30 per cent. Besides the lower crop volume, quality of the fibre may also be hampered as sufficient rainfall is badly needed during harvest season. Since most of the canals, rivers and water bodies were not carrying sufficient water, farmers struggle to execute proper retting of the fibre.

The plants have to undergo retting, a process involving submerging them in stagnant or slow-moving waters for about 8 to 14 days, depending upon water temperature and mineral content. This procedure lets bacteria and moisture rot away much of the cellular tissues, facilitating separation of the fibre from the stem. But the lower rainfall led to a reduction in the number of water bodies available for this purpose. Farmers have been found to have left their harvested plants on the fields in villages under Sadarpur, Nagarkanda and Saltha upazila in Faridpur and Baliakandi and Sadar upazila in Rajbari. Those who are opting for water bodies some distance away from their crop fields are forced to pay around BDT 700 to 800 per day, which is BDT 200 to 300 more than usual.

According to the Department of Agricultural Extension (DAE) in Rajshahi district, jute was cultivated on 19,600 hectares of land, 442 hectares more than last year. But it is feared that the crop yield

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will be less due to less rainfall. As the water bodies dried up, many farmers did not harvest jute due to lack of places to ret and many of those who have harvested their jute are compelled to dump those on the ground due to lack of water.

The occasional light to moderate rainfalls, which took place by end of the month under review only, have reduced the scorching heat to some extent, but unfortunately it has not brought any benefit to jute and Aman paddy rice cultivation.

Generally speaking, jute acreage in Bangladesh increased this season as growers expanded cultivation, encouraged by better prices after last year's harvest, according to the Department of Agricultural Extension (DAE). Preliminary estimates show that jute cultivation edged up 2 per cent to 745.000 hectares in the current season, up from 729.000 hectares in 2022.

Jute cultivation declined in the southwest and western districts of the country as many farmers switched to other crops because of scanty rainfalls last season. However, acreage has not dropped in the central district Faridpur and the north-eastern division of Mymensingh. Accordingly, the yield may be good in these regions but overall production may be less compared to last year's crop volume.

Some 738.580 bales (one bale equals 180 kilogrammes) of jute were produced in Faridpur while 484.135 in Rajbari in fiscal year 2020-21, according to the latest data available from the Bangladesh Bureau of Statistics. According to the Bangladesh Bureau of Statistics around 7.725.083 bales were produced around the country last year. This year the expected crop volume from Faridpur is 1.222.280 bales and from Rajbari 681.250 bales.

Weather: During the month under review, the entire country suffered from excessive heat and lack of rainfall, which lead to dried out rivers and canals. It was only by end of the month under review when the country witnessed light to medium rainfalls.

Jute Yarn and Twine: Export demand for both low and high quality grade jute yarns and twines from markets such as Turkey, China, India and Europe was more or less on a regular level, during the month under review. Furthermore a certain demand for low and high quality grade jute yarns and twines from other international markets such as Vietnam, Indonesia, Malaysia, Uzbekistan, USA and countries of the Middle East, was also observed less during the month under review.

Local demand for Sacking and Hessian quality jute yarn and twine for packaging purposes increased compared to June during the month under review.

Export price: Export prices for both light and heavy count jute yarn and twine remained stable, during the month under review.

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Jute Goods: During the month under review export demand for both Hessians and Sackings from buyers in Europe, Australia and USA increased compared to previous months. Demand from other importing countries such as India, South Korea, Indonesia, Iran China and Vietnam was on a regular level during the month under review. African buyers were mainly in the market for Sackings. India was regularly in the market for unstitched Binola and B-Twill fabrics.

Jute CBC demand from the regular importing countries like Europe, UK, New Zealand and Japan was on a regular level during the month under review.

Local demand for Hessians and Sackings for packaging purposes was observed on a regular level during the month under review.

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

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

Miscellaneous: The Bangladesh Government has floated an international tender to lease around 630.000 square feet of rooftop spaces on factory and warehouse buildings at 13 state-owned jute mills to install solar systems. The Bangladesh Jute Mills Corporation (BJMC) has called upon interested parties to submit their proposals by 25 July. According to the tender documents, the lease will initially be for a duration of 20 years, with the possibility of extension based on the satisfactory performance of the initial lease. After the completion of the tenure, ownership of the solar parks will be transferred to BJMC.

The strong dependence of Bangladesh's economy on its ready-made garment sector (RMG) continues to be a headache for the countries policy makers, as recently published statistics, confirmed. The RMG's share in overall exports is over 84 per cent followed by leather and leather products accounting for 2,22 per cent, home textiles with 2,03 per cent and the jute sector being responsible for 1,68 per cent in current fiscal year (FY) 2023 (July to May). Bangladesh's 2020 rank on the Economic Complexity Index based on the Harmonized System (HS) 1992 classification was 102nd, lower than its competitors Cambodia (92nd), Pakistan (89th), Vietnam (61st), India (45th) and China (20th). Since 2005, Bangladesh has added only 10 products, and these products contributed to \$2 per capita in 2020, according to The Growth Lab at Harvard University.

According to a recently published report by the US Department of State, the political and security situation in Bangladesh may become volatile ahead of next parliamentary election of the country. "Bangladesh is historically moderate, secular, peaceful, and stable, but as the country nears general elections in late 2023/early 2024, the political and security situation may become volatile,"

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the US Department of State wrote in the executive summary of the report, titled '2023 Investment Climate Statements: Bangladesh'.

Freighting: According to the recently published 2023 edition of “Lloyds List One Hundred Ports”, the Chattogram port has lost the advancement it made the previous year and slipped three notches down to become the 67th busiest port in the world in 2022 in terms of annual throughput of containers. The journal showed that the Chattogram port has posted a 2.2 percent fall in container handling. The Chattogram port handled a total of 3.142.504 twenty-foot equivalent units (TEUs) of containers in 2022, down from 3.214.548 TEUs in 2021.

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 6.175 and TD-5 IRs 5.775 per 100 kgs, which represents slighter lower figures as the ones ruling in June.

New crop: As already mentioned in our previous market report, the plants in India were suffering from extremely hot weather and lack of required rainfalls. Due to the lack of sufficient water, jute plants withered in some areas, but could gain life after rains. However, growth, both in height and stem is badly affected. Accordingly crop volume and quality will be reduced. Especially in Murshidabad plants are severely affected whereas growth in Nadia is mixed, somewhere better while somewhere worse. Crops in Assam and North Bengal are reportedly more or less regular. Harvest commenced in all growing areas and arrival of new crop fibre is expected for the month of August. Piecemeal arrivals were already reported from North Bengal and Assam for the month under review.

Local supplies of raw jute to Indian jute mills were around 447,000 bales during the month under review (against 568,000 bales in June).

According to latest estimates considering adverse weather conditions, the crop 2023/24 is expected to be about 8,0 Mio. bales compared to 9,3 Mio. bales in 2022/23. Earlier estimates were ruling around 8,7 Mio. bales which were reduced to around 8,2 Mio. bales, later. Due to the delay of rainfalls a more realistic evaluation of the crop size may be possible in a fortnight. The carryover is still estimated with around 2,2 Mio. bales.

Weather: As things stood by end of July, the northwest region of India had an overall rain surplus of 33 per cent (since June 1st), central India 14 per cent and south India 6 per cent. However, east and northeast India continued to reel under a deficit of 25 per cent. Most south Bengal districts and Kolkata received less than the normal rainfalls. Kolkata itself sees the driest July in at least seven years, with a seasonal shortfall of around 56 per cent. In summary monsoon rainfalls during the month under review were very irregular and erratic.

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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 were slightly lower again, ruling at IRs 120,000 per mton. Selective mills asking for premium of 8% against prices quoted by „standard“ mills.

Market prices for Sackings remained more or less unchanged, fluctuating between IRs 90.000 and 97.000 per mton, with selective mills asking for premium of 8 % for exports against prices quoted by „standard“mills. According to local report, there were hardly any activities in exports of Sackings, except mandatory supply to the Indian government.

Barring new crop arrival price pressure, no significant changes in prices are expected.

B-Twills: The Indian Government placed orders of about 270.000 bales of B-Twill bags during the month under review, which is again less than the expected 350.000 bales. Order volume for August is expected to be to the tune of 200.000 bales or more.

Orders for Jute Carpet Backing Cloth continued to be sluggish. Among the few mills producing Jute Carpet Backing Cloth, some mills were forced to suspend production.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for May 2023 were 104.900 mtons in total of which 3.000 mtons were jute yarns/twines. Statistics for June 2023 show jute goods production of 95.800 mtons in total of which 3.000 mtons were jute yarns/twines.

Miscellaneous: Prices for agricultural products such as rice, tomatoes and other staples have surged in recent weeks as the erratic arrival of India's annual monsoon has upended agricultural production. While heavy rains in some areas washed out crops, their arrival here and elsewhere is stocking fears of poor harvests and higher prices. This surge in food inflation has become a swelling source of concern for Prime Minister Narendra Modi's government, which last week banned exports of several rice varieties after weeks of public anger over high prices. The monsoon, which passes across India from June to September, often triggers volatility in food prices. Yet scientists warned that the rains were becoming less reliable, leading to frequent flooding in some areas and droughts in others.

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