

Jute Market Report for March 2023

-1/5-

3rd April 2023

Bangladesh

Raw Jute: During the month under review, raw jute demand from major importing countries like Pakistan and India was ruling on a regular level. Pakistan was in the market for long Jute Tossa and long Meshta grades as well as Jute and Meshta cuttings such as BTCA, BTCB, OMC and SMC. In total, Pakistan placed orders of about 2.000 mtons. Indian buyers were in the market for lower quality grades of long Jute Tossa such as BTR BS and BTR SMR and placed orders of about 4.000 mtons.

Demand from other importing countries like China, Vietnam, Russia, Tunisia and others continued to be sluggish during the month under review.

The market activities of local jute yarn and twine spinning mills as well as composite jute mills were on a regular level, during the month under review.

Raw Jute and Meshta prices increased further by about US\$ 30,00 to 40,00 per mton during the month under review. As mentioned 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 until end of the season.

Raw jute exports from July up to October, 2022 were 283.139 bales against 180.525 bales during the same period under review in the year 2021.

The Bangladesh Ministry of Agriculture has approved a proposal to import 5,200 mtons of jute seed from India this year against an overall demand of around 6,400 mtons of jute seeds.

According to an official press release of the Bangladesh Ministry of Agriculture, „The annual demand of country's jute seed including the most popular varieties like Mesta and Kenaf has been fixed at almost 6,369 tonnes. Of this, Bangladesh Agricultural Development Corporation (BADC) will supply 1,300 tonnes and the rest nearly 5,200 tonnes will be imported from India".

In 2023/24, Kenaf, Meshta and Tossa Jute will be cultivated on 764,000 hectares of land for which about 6,400 mtons of jute seeds is required to fulfill the cultivation targets. The government of Bangladesh has already issued permission to import 4,600 mtons of Indian tossa jute variety JRO-524 and another 576 mtons of Meshta and Kenaf seeds. However, back in 2022/23, the Bangladesh Government approved to import 5,000 mtons of jute seeds, but the net import quantity amounted to 4,166 mtons, only.

Since mid of the month under review sowings of Meshta and White Jute set in, mainly in low land areas such as Greater Mymensingh, Tangail, Sirajgonj, Netrokana, Madaripur and Sariatpur. Weather conditions have been favourable during the time of sowings. Sowing of Tossa Jute is yet to begin and is expected to take place sometime in April, subject to sufficient rainfall.

Jute Market Report for March 2023

-2/5-

3rd April 2023

Weather: During the first half of the month under review, the entire country witnessed scorching sunshine. However since mid/end of the month under review rainfall was reported for the entire country, which is beneficial for White Jute and Meshta sowings.

Jute Yarn and Twine: Export demand for both low and high quality grade jute yarns and twines from major markets such as Turkey and Iran was on a regular level, which, especially for Turkey, is relatively surprising taking into account the devastating earthquakes the country had to witness back in February.

What one can report about demand from Turkey and Iran applies as well for the demand for both low and high quality grade jute yarns and twines from other international markets such as India, China, Vietnam, countries of the Middle East, African countries, Europe and USA, during the month under review.

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, too.

Export price: Driven by the shortage of good quality fibre and the increase of demand, export prices for light count jute yarn and twine further increased further by around US\$ 40,00 to 50,00 per mton during the month under review. Export prices for heavy count jute yarn and twine continued to remain stable, during the month under review.

Jute Goods: During the month under review export demand for both Hessians and Sackings from buyers in Europe, USA, Iran and Australia was on a regular level. Demand for Sackings from African countries increased and demand from other importing countries such as Iran, China and Vietnam was more or less on a regular level. India was regularly in the market for unstitched Binola and B-Twill fabrics.

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

An increased 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:	remained stable
CBC:	increased by approx. 1 to 2%



Jute Market Report for March 2023

-3/5-

3rd April 2023

Miscellaneous: According to the latest report of the Food and Agriculture Organization of the United Nations (FAO), Bangladesh became the world's top producer of jute, kenaf and fibre products. The country now accounts for 58 per cent of global jute production and 53 per cent of jute, kenaf and fibre products.

On March 6th, Bangladesh celebrated its domestic jute industry with the 'National Jute Day 2023' and exhibitions and fairs were held across the country. This year's theme for this event was 'Contribution of Jute Industry, Building Smart Bangladesh'.

Even though the Bangladesh Government enacted the Mandatory Jute Packaging Act already back in 2010, a larger number of commodity packaging is still done in plastic. For this, Textiles and Jute Minister Golam Dastagir Gazi directed the Department of Jute to strengthen its campaigns so that everybody uses jute bags instead of environmentally harmful plastic bags.

The major global rating agency Moody's downgraded its outlook of Bangladesh's banking system from stable to negative in the beginning of the month under review. A crushing development which is set to make foreign transactions more difficult and more cost intense for both economy and banking sector.

Container movement through Chattogram port began a downward trend in the second half of 2022 that has stretched into the first two months of the current calendar year. Last June, a total of 262,477 twenty-foot equivalent units (TEUS), including empty ones, were transported to and from the port while the figure dropped to 230,902 TEUS the following month. Container movement has fallen gradually each month since then with only two indications of recovery coming in August and November. With this backdrop, container movement has declined by more than 27 per cent in the last eight months ending with February, when only 168,074 TEUS were transported.

When talking to some international transportation specialists, we learned that sea freight business will continue to be unpredictable in the future. The large number of new container ships being built is pushing into the market and should in all likelihood lead to overcapacity. Whether the possible overcapacities will also be bearable and what effects this could have on international freight rates cannot be answered seriously at present.

Contrary to that statement, other insiders of the industry claim that there is currently no sign of a bubble in the marine sector, as the ratio of orders to active fleet is currently only 26 per cent. The contradictory nature of these statements clearly shows that any forecasts about the development of the freight market and sea freight rates are currently extremely difficult to make.

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Jute Market Report for March 2023

-4/5-

3rd April 2023

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 6.250 and TD-5 IRs 5.750 per 100 kgs, which represents same figures as the ones ruling last month. However, the jute minimum support price is increased by >6 per cent or IRs 300 to IRs 5.050 per quintal, for next jute season from July 2023.

Same as in Bangladesh, first sowings started during the month under review. According to local reports more than 60 per cent of the sowings in lower Assam and more than 30 per cent in North Bengal are completed by end of March. Early reports indicate that the area under cultivation shall more or less of the same size as last year, but the increase of minimum support price (MSP) will surely help induce farmers for cultivation of jute.

Bangladesh raw jute business with Indian buyers continued to be limited to lower grades, such as KS, CS and BS of North Bengal and Hard District as well as for SMR during the month under review.

Local supplies to Indian jute mills were around 552,000 bales during the month under review (against 590,000 bales in February).

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 now around 1,450,000 bales.

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 compared to February, ruling at IRs 131,000 per mton. Selective mills asking for premium of 10% against prices quoted by „standard“ mills. Export demand as well as local demand was ruling on a quite low level.

Market prices for Sackings slightly decreased, fluctuating between IRs 94.000 and 97.000 per mton, with selective mills asking for premium of 10 % against prices quoted by „standard“ mills.

B-Twills: The Indian Government placed orders of about 150.000 bales of B-Twill bags during the month under review, which exceeded earlier expectations. Accordingly order volume for April is expected to be to the tune of 150.000 bales. It is expected that the demand from the Indian Government will remain poor for the coming three months.

Orders for Jute Carpet Backing Cloth continued to be sluggish.



Jute Market Report for March 2023

-5/5-

3rd April 2023

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for January 2023 were 103.900 mtons in total of which 2.500 mtons were jute yarns/twines. For February 2023 Jute goods production of IJMA jute mills and jute mills reporting to IJMA were 99.900 mtons in total of which 3.200 mtons were jute yarns/twines.

Weather: During the last ten days of the month under review, Nor'wester showers occurred 6 to 7 times. The weather forecast for May indicates severe heat, which should be beneficial for jute cultivation.

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