# Jute Market Report for August 2024

 5th September 2024

## Bangladesh

**Update:** Since August 5th when Sheikh Hasina the former prime minister of Bangladesh fled the country, Dhaka, Bangladesh's capital, has been transformed and posters as well as slogans advertising Sheikh Hasina's party Awami League (AL) have vanished from billboards. Along with the appearance of Bangladesh's capital the overall mood has changed significantly, according to local information.

Now it is about time for a political transformation and since August 8th the interim government, lead by Nobel peace laureate Muhammed Yunus has overseen a fast leadership overhaul of key governmental institutions. A new chief justice as well as a new central-bank governor have been appointed, already. Furthermore, the interim government embarked on police reforms to restore trust in law enforcement.

Life seems to return to normal, as schools, banks and offices reopened and factories are operating again. Same applies for police stations, which raises the hope that the many ordinary people who have spent weeks guarding their neighbourhoods at night can return back to normalcy.

However, at the very moment most police stations are staffed by soldiers, as the police is fearing retaliation for violence committed during the recent protests. The Bangladesh army though do not have the capacity and the manpower to do this forever, which is why it is mandatory to redeploy the police, at the earliest.

Question remains whether the interim government will get sufficient time to reform the political system of the country, to insulate the judiciary, the police as well as the electoral system from political capture. So far, overall conjecture of pretty much all political parties in Bangladesh is that the political environment needs to be ready before an election can take place, even though everybody wants an election as soon as possible.

**Raw Jute:** During the month under review, raw jute demand from India as well as from Pakistan was on a relatively low level. Indian buyers were observing the market, but did not place any larger order, whereas buyers from Pakistan were in the market for long Tossa Jute and long Meshta. In total, Pakistan placed orders of about 2.000 to 2.500 mtons.

International buyers from importing countries such as China, Vietnam, Russia and Europe continued to monitor the market and started to place orders 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 remain active and placed order according to their requirements.

Export prices of raw jute fibre, driven by a rising local demand during the month under review, increased by about USD 50,00 per mton during the month under review.

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Raw jute export during the period of July 2023 up to March 2024 of the (fiscal year 2023-2024) amounted to 825.746 bales against 768.496 bales during the same period in the fiscal year 2022-2023.

**New Crop:** In our last reports, we reported about a drop of Meshta/Kenaf as well as White Jute crop yield in comparison to last year caused by unfeasible weather conditions during sowings and growth of the plants. According to local sources both crop quality and quantity suffered more than expected and some market players predict a shortfall of some 30-35 per cent for both White Jute and Meshta. These figures are not of official character and need to be taken with a pinch of salt, but however there is an increasing indication that these predictions may be not too far away from the factual realities. As usual and observed many times in the past, local stockists try to profit from this situation by building up large stocks of both Meshta and White Jute.

Contrary to what we have to report about White Jute and Meshta crop, the overall crop yield of Tossa Jute fibres appears to be satisfactory, official figures though were not available when this report went into press. Motivated by relatively high market prices for Tossa Jute last year, quite a few stockists and traders are rushing to build up large stocks of new crop Tossa fibre.

**Weather:** Bangladesh experienced continuous medium to heavy rainfall until mid of the month under review, followed by severe flooding, which affecting more than 5.5 million people. The floods, ruling in 11 districts, claimed around a thousand lives and damaged critical infrastructure, including power lines, roads and communication systems.

Furthermore, the floods have disrupted supply chains, particularly between Dhaka and Chattogram, with several points on the Dhaka-Chattogram highway submerged. Train services have been suspended, causing significant delays in the movement of goods. Many vehicles are stranded on the highway due to flooded engines, causing severe traffic congestion.

**Jute Yarn and Twine:** Export demand for both high- and low-quality grade jute yarns and twines from regular importing countries like Turkey, Iran Europe, China, Vietnam, USA, African countries as well as countries of the Middle East remained stabled on a relatively low level during the month under review. Most customers were checking prices in anticipation of new crop arrival and covered only the quantities which are needed to keep their production running.

Local demand for both Sacking and Hessian quality jute yarns and twines for packaging purposes which was already minimal during the last month under review decreased further in August.

Due to higher raw jute prices and increasing inland transportation costs, export prices for both high and low quality of jute yarn and twine increased by USD 30,00 to 40,00 per mton during the month under review.

Most of the financially solvent mills had advance sales and their production capacities were booked until October, whereas a lot of small and medium size mills were even struggling to remain operational and could not gather advance sales.

**Jute Goods:** During the month under review export demand for both Hessians and Sackings from buyers in Europe, Australia and USA continued to remain stable. Export demand from other importing countries such as African countries, Syria, Iran, China and Vietnam was on a regular during the month under review, too. As usual, India bought unstitched Binola and B-Twill fabrics.

Local demand for Hessians and Sackings for packaging purposes reduced further 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:

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|---|---|
| Hessians: | increased by approx. 2% |
| Sacking: | increased by approx. 1% |
| CBC: | increased by approx. 1% |

**Maritime Transport:** As already described above, the severe floods in 11 districts lead to a severe disruption of the inland transportation in Bangladesh. Officials said daily container deliveries from Chattogram port normally average around 4.000 TEUs. However, deliveries fell to over 3.900 TEUs on 21 and 22 August and have since dropped below 1.000 TEUs after the floods hit the country. All road traffic has come to a virtual standstill, stranding thousands of vehicles and creating a severe shortage of trucks to move goods. As a result, the cost of transporting goods has almost doubled due to the shortage of vehicles.

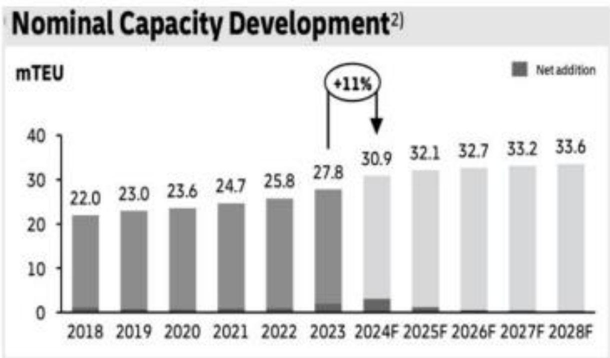
Export goods, including readymade garments, are usually loaded into containers at private depots in Chattogram before being transported to the port. Normally, around 3.500 trucks deliver these goods to 19 depots in Chattogram every day. However, according to the Bangladesh Inland Container Depot Association, only 985 trucks delivered goods in the first 24 hours after the flood, a 72% drop on previous days.

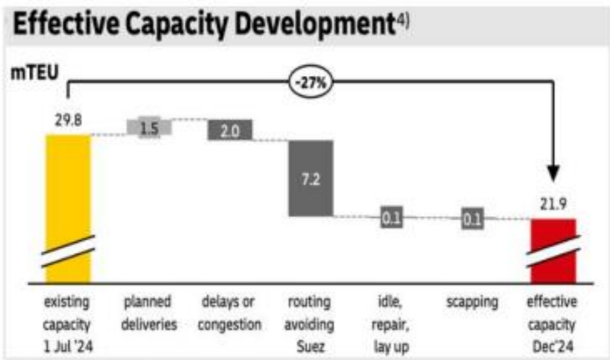
Despite fewer goods arriving, there are no problems in sending containers to the port and the congestion of export containers has eased. The general secretary of the Export Depot Association, said there are normally about 8.000 export containers at the 19 depots. During the quota reform protests, the number jumped to over 15.000. On 16 August, the number of containers reached 15.075 TEUs. On August 24th there were 11.035 export containers at the depots, still around 3.000 TEUs more than usual.

The Red Sea disruptions have exacerbated congestion on alternative routes and impacted intra-regional services. On August 24th, an oil tanker was ablaze and drifting in the Red Sea after what appeared to be the most serious attack on shipping by Houthi rebels in more than two months. The hundreds of Houthi attacks on commercial vessels have killed four mariners, sunk two vessels and caused several serious fires aboard ships. The Cape of Good Hope is now the diversion for almost all merchant ships travelling from Asia to Europe.

This detour adds up to 12 days to the journey and is around 20 to 30 per cent more expensive, but the price of moving a container from Asia to Europe or the East Coast of the US has risen far more than the higher transport costs justify. The Shanghai to New York route, for example, reached freight rates of up to $9,600 in July, roughly three times the same time last year and only 40 per cent below the peak during the Covid-19 pandemic.

Empty sailings on the Asia-EU route reflect the ongoing capacity challenges. While new vessel deliveries are providing some relief, future capacity dynamics remain uncertain.




Source: 1) Accenture Cargo; 2) Drewry, net addition = delivery minus scrapping; 3) Alphaliner; 4) Alphaliner, SeaIntel, Linerlytica, Drewry

A gradual stabilisation is expected towards the end of the year as peak season demand eases and new capacity enters the market, subject to geopolitical stability.

Moderate demand growth is expected on the main trade lanes, but new vessel deliveries and port congestion are likely to prevent a rapid return to pre-pandemic levels. While peak season demand may ease, the interplay of new capacity and potential economic headwinds will shape rate dynamics.

While there are signs of improvement in some ports, congestion remains a critical issue. Labour strikes, schedule changes and the recent Crowd strike outage contribute to ongoing operational challenges.

Especially strikes stretching from USA and Canada to India are threatening a wave of disruptions to US supply chains ahead of Christmas season. Freight forwarders have warned that labour disputes at Canada's two biggest railroad operators could be followed by a strike at ports on the US east coast. This unrest could worsen with planned industrial action at ports across India.

## 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 5.350 and TD-5 IRs 4.950 per 100 kgs., representing a slight decrease of raw jute prices.

Local supplies of raw jute to Indian jute mills were ruling around 307.000 bales during the month under review (against 334.000 bales in July). At the end of August, raw jute stock with jute mills were 721.000 bales.

**New crop:** The area brought under cultivation is reportedly ruling around 600.000 hectares, which would be around 15 per cent lower compared to last year. The overall crop volume is still estimated with around 5,5 Mio bales for this year compared to 8,5 Mio bales 2023-24.

According to local reports Assam plants remained at a height of about 10 feet and harvest almost completed during the month under review. North Bengal plants are ruling around same height and slightly above, harvest has been completed in the meantime. South Bengal plants even reached a height of nearly 14 feet and around 75 per cent of harvest is complete. From certain areas reports of water shortage reached us, which has an immediate impact on quality of the fibre as water is needed for the retting process.

New crop fibres deliveries started during the month under review, but as moisture level of the fibre is still above 20 per cent, offtake is rather slow so far. When it comes to the quality of new crop fibre, we received mixed reports and it may take some time until one can get a clearer picture on new crop fibre quality.

**Weather:** India this year experienced its wettest July-August in 30 years, with total rain count of these two months registering a 12 per cent higher count than the long period average. The all-India weighted average rainfall in this period was 599,7 mm, highest since 1994 (645,9 mm). Flood-like situations occurred in some places. Even though the good amount of rainfall was beneficial for the retting process, lack of sunshine caused difficulties in reducing the moisture level of the fibre during the month under review.

**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:

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Some minor changes of the market situation were reported for Hessians compared to the preceding month, with prices for Hessians having been slightly higher ruling at IRs 115,000 per mton at the time when this report was published. Selective mills are asking for premium of 7per cent against prices quoted by „standard"mills.

Price of Sackings is prevailing at IRs 80.000 per mton with selective mills asking for premium of 20 per cent for exports against prices quoted by „standard"mills.

In our report covering the month of July we reported about sharp decline in production and a comfortable carry over stock of around 2,5 Mio to 3 Mio bales. Not much has changed here and mills production continues to be at a low level, which is why there is no immediate possibility of a price increase.

B-Twills: The Indian government ordered around 275,000 bales of B-twill sacks in August, providing relief to Indian jute mills. Order volume for September is expected to be a little less with around 250.000 bales.

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 July 2024 were 72.100 mtons in total of which 3.100 mtons were jute yarns/twines.

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