



Jute Market Report for March 2019

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2nd April 2019

Bangladesh

Raw Jute: During the month under review there was a slight increase of demand for both high and low quality of fibres from Pakistan, India as well as Nepal, whereas the demand from other international markets such as China, Vietnam, Russia, UK, Brazil was less than expected. Pakistan was in the market for high as well as low quality of fibres like BTE BS, BTE KS and BTE CS and for jute cuttings BTCA and BTCB. In total Pakistan placed orders for about 5000 mtons of long jute and jute cuttings. India was in the market for 4000 mtons of long jute and jute cuttings, i.e. BTE HD, BTE BS, BTE KS, BTE CS and cuttings BTCA and BTCB.

There was regular local demand for both high and low quality of long jute from private jute yarn and twine spinning mills, composite jute mills and raw jute processors. But since the availability of high quality fibre is limited, the mills were unable to cover their entire demand.

Bangladesh Jute Mills Corporation (BJMC) were in the local market, however their purchasing activities were limited reportedly, due to lack of finances.

The fund crisis and policy inconsistency of BJMC continue to be major hindrances. The situation is particularly alarming. Nine national jute factories across Khulna and Jessore had to shut down, which in turn has caused lower production among the state-run jute factories.

Raw jute prices increased by about USD 20,00 - USD 30,00 per mton for both high and low quality.

Raw jute export figures from the period of July 2018 up to February 2019 were 467,204 bales against 574,432 bales during the same period under review in the year 2017-2018.

The Daily Star reported on March 13th, that scientists have developed a high yielding, fast growing jute variety that is expected to cut import dependence for seeds of the natural fibre, said officials. Named BJRI Tossa Pat-8, the breed was developed by Bangladesh Jute Research Institute (BJRI) under a genome sequencing project taken up after scientists led by Maqsoodul Alam decided the jute plant's complete set of genetic instructions in 2010. The new race will provide 20-24 percent higher yield than an Indian one, JRO-524, popular among farmers and grown extensively because of higher output and shorter maturation period compared to existing high-yield varieties developed by local scientists. The Indian variety yields 3,02 tonnes per hectare in four months. Bangladesh annually requires 6,000 tonnes of jute seed which is cultivated on around 700.000 hectares of land. The Indian strain is grown on around 80 percent of that area. The BJRI has so far developed seven high-yield varieties of tossa jute but the locally developed breeds could not win hearts of farmers to that extent. The latest type, cleared by National Seed Board at the end of last month, is expected to make a difference. It grows taller than the other varieties and the number of fibre bundles is also higher compared to the Indian one and Tossa Pat-2, said BJRI Principle Scientific Officer Md Shaihidul Islam.

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“This variety will provide higher yields than Indian ones for the same duration. We are very hopeful to be hundred percent successful. This new seed will bring a revolutionary change in jute cultivation”, he said. The BJRI, through the Department of Agricultural Extension (DAE), plans to grow the variety on 3,000 plots for demonstration in growing regions in the coming sowing season at the end of this month. Besides, it plans to distribute two tonnes of seed among growers, particularly in Rangpur, Dinaijpur, Faridpur and Jashore districts, in the ensuing season with the objective to fast popularize the variety, said Islam. Md Azim Uddin, chief seed technologist of the seed wing of the agriculture ministry, said higher harvests from the seeds would enable farmers to cultivate a lesser area of land. Farmers, mainly in Dhaka, Khulna, Rajshahi and Rangpur divisions, grow jute and harvest 1,5 mio. mtons of it annually. Mills consume 1 mio. mtons of the natural fibre to make yarn and twine, sacks and bags to mainly cater to international markets. Some 250.000 mtons of raw jute is exported and the rest is used by growers according to estimates by Bangladesh Jute Spinners Association. The DAE has targeted to bring 800.000 hectares of land under jute cultivation in the coming season, up from 758.000 hectares the previous year.

New Crop: During the last week of March sowings for Meshta and White Jute started in low land areas of Bangladesh like Greater Mymensingh, Tangail, Sirajgonj, Netrokona, Mdaripur and Sariatpur. Sowings for Tossa Jute is expected to begin by mid of April 2019. At the moment the wheather conditions all over Bangladesh are favourable with moderate rainfalls and good sunshine. So far we have not received any crop estimates and of the size of the area for sowing.

Jute Yarn and Twine: During the month under review export demand for jute yarn and twine from the regular importing countries like Turkey, India, China, Vietnam, Indonesia and Malaysia was rather slow, which was already the case in January and February of 2019. Europe and the USA were also in the market, but with rather small demand. Regular demand was observed from Iran and the Middle East. There was regular demand from the local market for jute yarns/twines of Sacking and Hessian qualities for packaging purposes. The prices for jute yarn/twine export prices went up by about USD 20,00 - USD 30,00 per mton for both high and low quality of Jute yarn and twine. Jute yarn and twine spinning mills in Bangladesh have well filled order books which keep them busy.

It remains to be seen what impact the latest fall in value of the Turkish lira will have on jute yarn and twines demand from Turkey, one of the largest outlets if not the largest of the two a.m. items. The Financial Times of April 2nd is reporting: The value of the lira suffered sharp swings in the run-up to polling day, bringing back memories of a market meltdown in August last year that left the currency down almost 30 per cent against the dollar at the end of 2018.

Jute Goods: Regular export demand of finished goods for hessians and sackings has been observed from international markets like Africa, Europe, Australia, USA, China and Vietnam. The good demand for sackings and hessians from the local market continued during the months under review.

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Jute millers have urged the government to withdraw the source tax on export proceeds next fiscal year, according to a budget proposal of the Bangladesh Jute Mills Association (BJMA). The trade body, representing private millers, said an anti-dumping duty slapped by India in 2017 and falling demand in other markets has caused a slump in export receipts, putting the jute industry in trouble. So, the 0.60 percent source tax on export earnings should be waived, said the proposal submitted to the National Board of Revenue (NBR) in the middle of this month. Jute goods exporters have been paying 0.60 percent withholding tax on export proceeds since July 1, 2016. The existing rate will expire on June 30 this year. Jute and jute goods exports dipped 25 percent year-on-year to \$498.66 million in the July-January period of the current fiscal year of 2018-19, according to Export Promotion Bureau data. The BJMA demanded formation of a Tk 10,000 crore low-cost fund for the development of the jute industry in which 4 crore people, including farmers and workers, were directly and indirectly involved. Farmers, mainly in Dhaka, Khulna, Rajshahi and Rangpur divisions, grow jute and harvest 1,5 Mio tonnes of it annually. Mills consume 1 Mio tonnes of the natural fibre to make yarn and twine, sacks and bags to mainly cater to international markets. Some 2,5 Mio tonnes of raw jute are exported and the rest is used by growers, the Bangladesh Jute Spinners Association estimated.

The country's export earnings from jute goods could be increased to around Tk 250 billion from existing Tk 80 billion annually subject to properly addressing the challenges being faced by the sector, according to sector insiders. Among the jute products, they said, the global demand for only the jute made shopping bags would be around 500 billion pieces at present. But the country is yet to tap the potentials due to lack of proper and time-befitting strategy as well as non-implementation of the government policies.

The global demand for different types of jute products is on the rise due to the environment-friendly nature of the items being used from household purposes to automobile industry input. "Bangladesh could increase its jute goods export significantly to different countries if we can diversify the products," the Managing Director of a company in Bangladesh told the Financial Express.

CBC: Same as during the previous month, there was less export demand for jute CBC from the regular importing countries like Europe and Australia and New Zealand.

During the month under review export prices appreciated:

Hessian:	Price increased approx. 4 to 5%
Sacking:	Price increased approx. 5 to 6 %
CBC:	Price remained unchanged

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Addendum dd 4th April 2019:

Jute mill workers of Bangladesh are continuing their unrelenting strike to press for a set of demands including implementation of a wage commission. We attach article which appeared in The Daily Star on April 4, 2019:

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Workers carry on strike at Khulna, Ctg jute mills

Block roads over arrears, other demands

They also blocked roads and railways at different points as part of their 72-hour strike that began around 6:00am on Tuesday. The blockade, from 8:00am to 12 noon, caused travellers to suffer.

Their other demands include implementing the National Wage Scale-2015, paying gratuities and insurance claims of retired and deceased workers, reinstating the workers who lost jobs during previous workers' demonstrations, regularising the jobs of temporary workers and authorising the mills authorities to recruit workers.

In Khulna, workers of nine jute mills in the Jashore and Khulna industrial region blocked the Dhaka-Khulna highway at different points in the city, including BDR Camp, Phulbari Gate, Daulatpur and Natun Rasta intersections. They also blocked Dhaka-Khulna railway at the city's Nayabati, Natun Rasta, and Daulatpur points.

The workers demonstrated under the banner of Collective Bargaining Agent (CBA) and Non-CBA Oikya Parishad, reports our Khulna correspondent.

Sahanaj Sharmin, president of employees union at Platinum Jubilee Jute Mills, told The Daily Star that workers did not get their salaries regularly, but Bangladesh Jute Mills Corporation officials were getting their salaries regularly. "If our demands are not met, we will go for tougher movements," she warned.

Workers of nine jute mills yesterday observed the work abstention in Chattogram, adds our staff correspondent there. During the work abstention, workers of Amin Jute Mills blocked Chattogram-Hathazari road and rail lines in the port city's Baizid area.

Kamal Uddin, CBA office secretary at the jute mills, said the district administration assured them of implementing the National Wage Scale-2015. "We don't believe in assurances as the earlier promises were not fulfilled. We will continue our agitation until our demands are met," he said.
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India

Raw Jute: The price tendency of the market during the month under review was marginally down. JBA quotations at the end of the month under review: TD-4 IRs 4.975 and TD-5 IRs 4.675,00 per 100 kg. The estimated carry forward is 1 Mio bales at the moment. This year's estimation for jute growing areas is 494,150 hectares compared to 653,740 hectares in 2018.

New Crop: Sowings in Assam are already in full swing. Whereas sowings in other jute growing areas start around mid of April 2019 after the Bengali New Year on April 15th. The current weather conditions are warm and very humid, without any rainfalls during the last week of the month under review.

Update: A weather forecast report from Skymet as appeared in Times of India of 4.4.2019 is attached to this report (see page 6). Downgrading its initial assessment of normal rains, private weather forecaster Skynet said that India is likely to see a below normal monsoon this year with central and east India at most risk of poor rainfall due to the projected presence of ELNINO during the season. The deficit of rains may cause loss in growth of jute plant but better rains during August/September should improve quality of raw jute.

Jute Yarn and Twine: Market continued to be absolutely dull during the month under review.

Jute Goods: The Indian Jute Mills reduced their production of hessian during the month under review, mainly because of less orders. The market prices for Hessians remained unchanged with selective mills offering around 3% higher than the market level. With sufficient orders jute CBC production booked almost up to June 2019 shipment, availability of high quality raw jute, both locally and from Bangladesh, also improved, but the production capacity is limited.

With sufficient orders for Sackings in their books and a positive outlook for the next season, the mills feel comfortable. The prices for Sacking during the month under review ruled firm but unchanged. Imports from Bangladesh are likely to be reduced as a dumping duty was imposed on cut cloth with hemming as well.

Government orders for March 2019 are of below 100.000 bales of B-Twill bags. The major backlog in supply is likely to be completed during the month under review.

Since stockholders are speculating on a re-election of Prime Minister Narendra Modi, the Indian stock market records a high growth. The Indian Rupee appreciates and Goldman Sachs recommends stock purchases again. The general election in India starts on April 11th and will take place on seven days until May 19th, 2019.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in February 2019 amounted to 85.300 mtons of which 3.700 mtons were jute yarns/twines.

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T.O. India 04/04/19.

Monsoon likely to be below normal, forecasts Skymet

**Amit Bhattacharya &
 Vishwa Mohan | TNN**

New Delhi: Downgrading its initial assessment of normal rains, private weather forecaster Skymet said on Wednesday India is likely to see a below-normal monsoon this year, with central and east India at most risk of poor rainfall, due to the projected presence of El Nino during the season.

Skymet pegged country-wide rainfall during the monsoon period (June-September) at 93% of the long period average. Of greater concern for agriculture is the forecast of weak rains during June and July, when most of the sowing for the kharif (summer) crop normally takes place.

The forecaster said rainfall is likely to be 23% below normal in June and 9% below par in July, usually the wet-

KHARIF DELAY?

- Weak monsoon in June-July, likely deficit of 23% in June, 9% in July
- Better rains in second half, 2% above normal in August, near-normal in September
- Kharif sowing likely to be delayed but farm output may not take a hit
- Central India, parts of east at risk of poor rains

test month of the year. The forecasts for August and September are brighter, with rainfall pegged close to normal at 2% above and 1% below, respectively.

Skymet said MP, Marathwada, Vidarbha, parts of interior Karnataka, Bihar, Jharkhand and parts of Bengal are at risk of poor rains.