

Jute Market Report for January 2022

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Bangladesh

Raw Jute: During the month under review, raw jute demand from Pakistan and India declined, due to increased raw jute market prices and scarce availability of fibre. Pakistan was in the market for long Jute Tossa and long Meshta as well as Tossa cuttings, such as BTCA and BTCB. In total, Pakistan placed orders for about 3.500 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 jute cuttings for BTCA and BTCB. However the purchased quantity was not worth to mention. The reluctance to place orders is justified by the significant increase of raw jute prices.

Same as already observed in previous months, other foreign buyers from countries like China, Nepal, Vietnam, Russia and Tunisia continued to cover their short-term demand, only. Only the ones, who were forced to buy, did so, all others decided to opt out, due to the high market price level.

The local jute yarn and twine spinning mills as well as composite jute mills were regularly in the market but only the financially solvent mills could afford to place bigger orders. Small and medium size mills continued to place orders to cover their short term demand, only.

Raw Jute and Meshta prices increased further by about US\$ 35,00 to 40,00 per mton during the month under review.

In view of the continuously rising raw jute prices, a meeting between the Bangladesh Jute Mills Association (BJMA), the Bangladesh Jute Spinners Association (BJSA) and Bangladesh Jute Association (BJA) was arranged. During that meeting the parties collectively agreed that they will not buy at prices higher than BDT 3,000 per maund (37,32 kg) from January 20th onwards.

During the last couple of weeks, raw jute prices soared by BDT 800 per maund (37,32 kg) and reached a price level of BDT 3,700 to 3,800 per maund (37,32 kg) in the local market, which was BDT 2,800 to 3,000 in December.

The jute industry blames middlemen and stockists for the significant increase of market prices, as they are illegally stockpiling the fibre and consequentially create an artificial shortage of supply, in order to gain higher profits. According to the BJMA only 30 per cent of raw jute was so far used and / or exported, whereas the remaining 70 per cent are stockpiled in warehouses of the traders.

The high raw jute market prices lead to increased production prices and the bigger part of the industry is accumulating significant losses, as most customers are unable to accept the high prices. Certain international buyers are already shifting their attention away from jute to alternatives and this trend needs to be stopped in the mutual interest of the entire industry. BJMA, BJSA and BJA already announced to submit a memorandum to the Minister of Textiles and Jute demanding for mobile court operation against illegal stockpiling.

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During a recent meeting between the Bangladesh Jute Mills Association (BJMA), the Bangladesh Jute Spinners Association (BJSA) and Bangladesh Jute Association (BJA) and the Bangladesh Minister of Textiles and Jute, Mr. Golam Dastagir Gazi, it was announced that the Bangladesh Government is set to launch a special drive against illegal stockpiles of raw jute, in order to ensure smooth supply to the local industry.

In a statement, the Bangladesh Minister of Textiles and Jute furthermore said, that “the government will take stern action against dishonest hoarders in order to maintain the supply trend of exporting jute and jute goods from Bangladesh. The Department of Jute has been directed to take the necessary measures, such as prohibiting unlicensed dishonest traders from buying and selling raw materials and prohibiting the sale and purchase of wet jute, he added.”

In consequence, raw jute traders and stock keepers will not be allowed to stock more than 1,000 maunds (37.320 kg) of raw jute for more than one month.

Raw jute exports during the period from July to September 2021 amounted to 122.164 bales against 119.144 bales during the same period in 2020.

Weather conditions: During the first half of the month under review the entire country faced low temperatures and, foggy weather with low visibility, which lead to congested highways and ferry terminals and results in delayed export shipments.

Jute Yarn and Twine: Export demand for both high and low quality of Jute yarn and twine from regular importing countries like Turkey and Iran was on a regular level during the month under review. Same applies for demand from other international markets such as India, USA, African countries, Europe and the Middle East. In view of Chinese new year celebrations, demand from China as well as Vietnam was observed less during the month under review.

As already mentioned above, significant increases of raw jute prices, makes it difficult for jute mills to continue the production at a more or less regular level, which nowadays even applies to financially solvent jute spinning mills. Production capacities were already reduced from 3 to 2 shifts per day and in case the current situation continues, a significant number of jute mills might be forced to shut down their operations.

Export price: Export prices for light and heavy count of jute yarns and twines increased further by around US\$ 70,00 to US\$ 80,00 per mton during the month under review.

Jute Goods: Export demand for Hessians and Sackings from Europe, Australia, Iran and USA was on a regular level during the month under review. Same applies for exports of unstitched Binola and B-Twill fabrics to Indian buyers. Jute CBC demand from the regular importing countries

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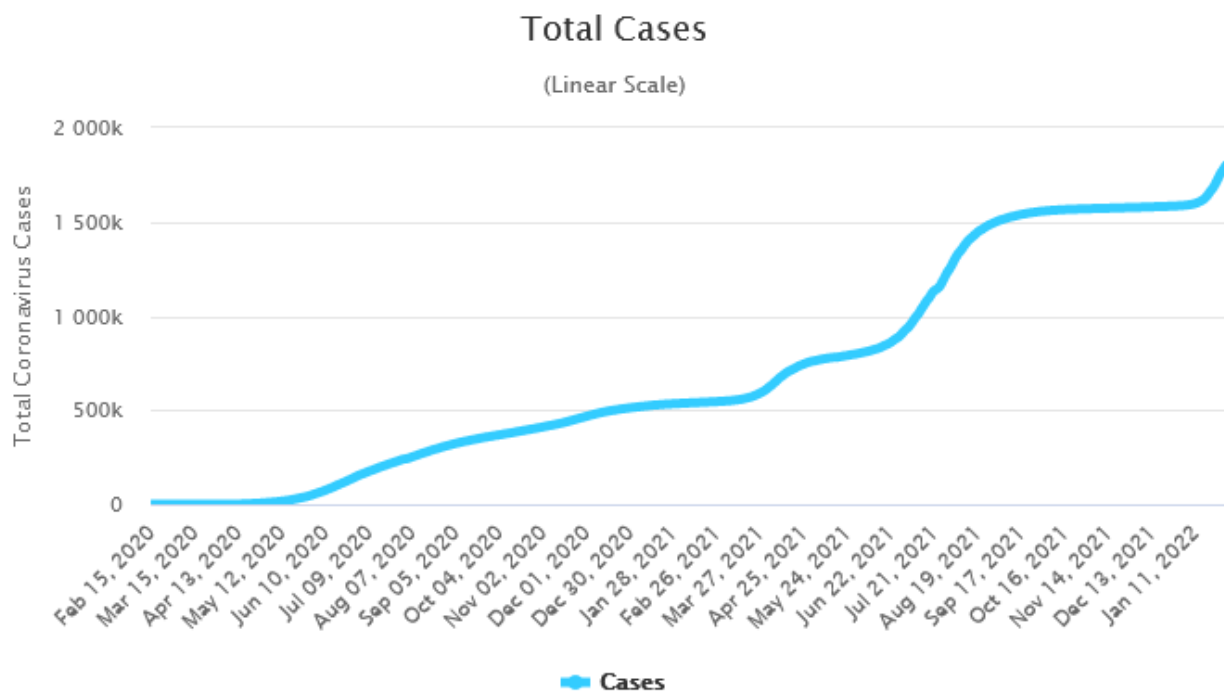
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like Europe, UK, Australia and New Zealand increased during the month under review. A regular demand for Sacking and Hessian Jute Bags was observed from the local market.

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

Hessians: approx. 4 %
 Sacking: approx. 3,5 %
 CBC: approx. 4 %

COVID-19 update: By end of the month under review Bangladesh witnessed the highest number of fresh cases, i.e. 12.183 and 34 deaths from Covid-19, since September 22nd, last year. According to Bangladesh Health Minister Mr Zahid Maleque, “the actual Covid-19 caseload in Bangladesh at present is most definitely higher than what is being reported officially.” As of January 27th, 35,82 per cent of the population have been vaccinated twice and 0,86 per cent received the booster dose.



Source: www.worldometers.info

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Ocean Freight Rates: The two major freight indexes, SCFI & NCFI, reached record-high figures on the last day of the previous year. Never has container shipping from Bangladesh begun a year on such a high level. The overwhelming consensus is that in 2022 ocean freight market will remain strong for ocean carriers and expensive for cargo shippers.

For 2022, following scenarios might have a strong impact on the ocean freight rate situation for shipments from Bangladesh:

- 1) Impact of Omicron and future Covid-19 variants on consumer demand as well as effective shipping capacity and factory output
- 2) Port labor contract negotiations which may cause disruptions which directly impact port terminal efficiency
- 3) China- Taiwan geopolitical tensions

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. These fixed rates however do not reflect market realities with prices fluctuating between IRs 7.000 to 7.300 for TD-5. According to local reports, jute arrivals were 620.000 bales in November and 441.000 bales during December 2021.

Jute Yarn and Twine: Demand for Indian Jute Yarns and Twines continues to be regressive and accordingly prices are dropping further, as well.

Jute Goods: Situation during the month under review presents itself as follows: Prices for Hessians were firm and around 3,5 per cent higher compared to December 2021. 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 for local demand. Prices for sackings noted unchanged at: IRs 106.000 to 113.000 per mton, with selective mills asking for premium of 5 % against prices quoted by „standard“ mills.

B-Twills: The Indian Government placed orders of less than 180.000 bales of B-Twill bags during the month under review, as mills continue to be unable to supply full requirements. The current backlog decreased and is around 150.000 bales, now. Expected order volume for February is around 200.000 bales.

Availability of Jute Carpet Backing Cloth is reported from April delivery, prices are firm.

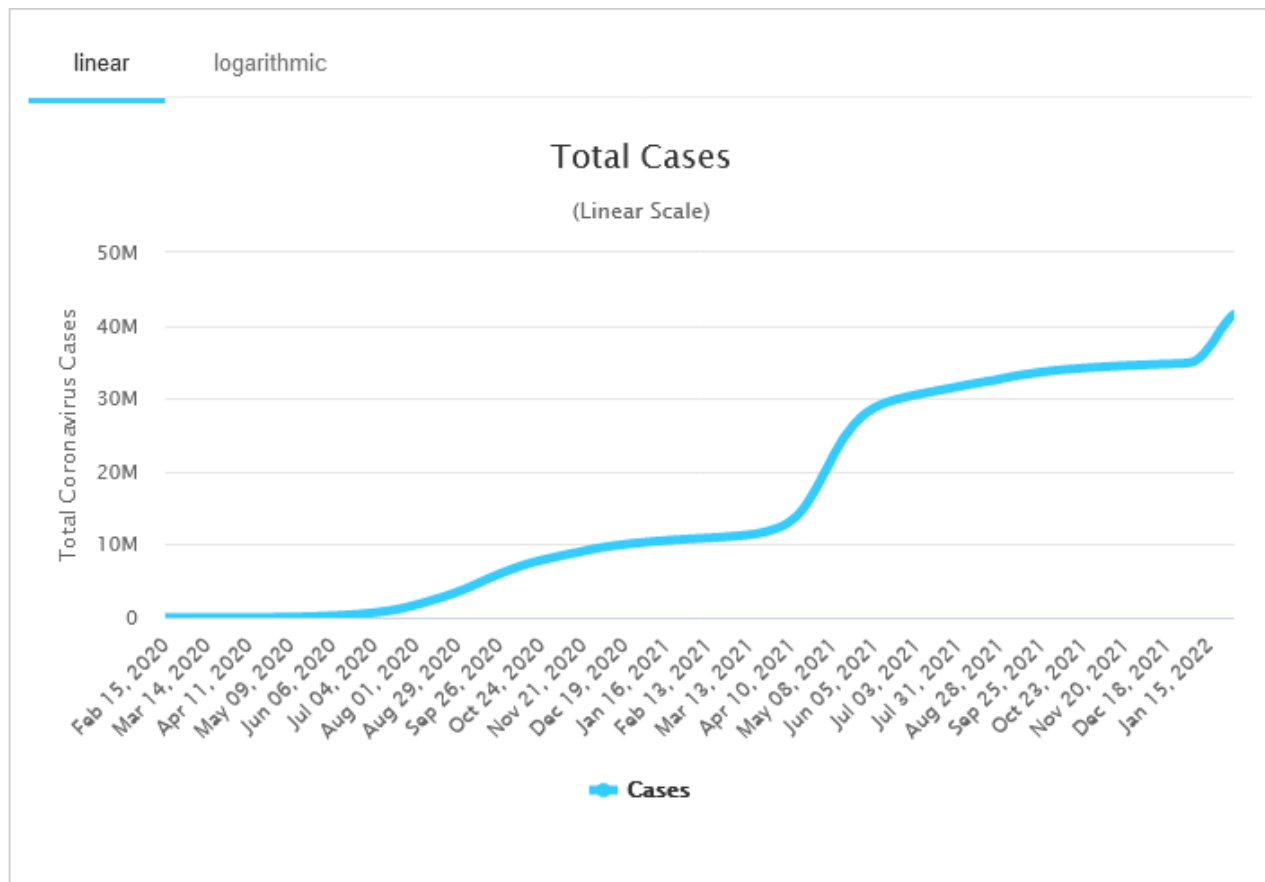
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Jute goods production of IJMA jute mills and jute mills reporting to IJMA in November 2021 amounted to 91.700 mtons of which 1.800 mtons were jute yarns/twines. For December 2021 production of IJMA jute mills and jute mills reporting to IJMA amounted to 98.400 mtons of which 1.900 mtons were jute yarns/twines.

Covid-19 update: The new variant of the virus Omicron is still causing concern in India, but it seems as if the situation is under control and near peak, now.



Source: www.worldometers.info

Ocean Freight Rates: Ocean freight rates ex India continued to settle down at a high level.

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