

Jute Market Report for June 2018

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3rd July 2018

Bangladesh

Raw Jute: During the month under review the raw jute demand from the international market as well as from local market increased, but due to the scarce availability of fibres, most of the sellers were not interested in selling. The major demand originated from Pakistan and India. India was in the market for high quality long jute like BTE HD, BTE CS, BTE KS and jute cuttings like BTCA and BTCB. Indian buyers procured about 3.000 mtons. During the month under review Pakistan was in the market for both high and low quality of Meshta and Tossa Jute and bought about 6.000 mtons.

Furthermore there was regular demand from China, Vietnam, Russia and other countries for high and low quality raw jute.

The Local demand from jute yarn and twine spinning mills as well as composite jute mills has been on a regular level during the month under review. BJMC was also in the local market and covered their requirements.

Export prices of both high and low quality fibres appreciated during the month under review. Prices have increased for high quality fibres about USD 70,00 to 80,00 per mton and about USD 30,00 to 40,00 per mton for low quality fibres.

Raw jute exports from July 2017 up to April 2018 were 1,062,931 bales against 1,025,633 bales during the same period under review in the year 2016-2017.

New Crop: Unfavourable weather conditions since the time of sowing and heavy rainfalls from early June onwards affected most of the jute growing areas. The untimely rain as well as hailstorms in most of the jute growing areas caused severe setbacks for the jute growers and led to a growth of grass and weeds, which covered low lying jute fields. This is hindering the growth of the jute plants and the farmers are facing huge difficulties to root out the grass and weed plants, as the fields are quite wet and muddy.

The District Department of Agriculture Extension (DAE) states that 2,025 acres of jute fields have been destroyed by hailstorms and untimely rainfalls. Most of the farmers would disagree to that statement and claim that the actual loss of jute fields is much higher.

From mid-June onwards the weather conditions improved and the badly needed light rain accompanied by sufficient sunshine is quite favourable for the growth of the jute plants. In case the weather conditions will remain same, one expects to receive a good fibre length, but at this moment the jute plants are only 1ft to 1,5ft in the affected fields, but should have a length of 3ft to 4ft, since the sowing took place in the first week of April.

Local sources reported that sowing in areas like Greater Faridpur, Jessore and Pabna was about 20% to 25% less compared to last crop. In areas like Mymensingh, Rajshahi and Rangpur sowing was about 50% less compared to last year. The main reason for the low interest of the



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farmers to cultivate jute is the adverse weather condition as well as the low price compared to other crops. According to the District Department of Agriculture Extension (DAE) jute of local and tossa varieties were cultivated at 22,626 acres of land, which is 3,211 acres less than last year.

At this moment it is expected that this year's crop production will be about 30% to 35% less compared to last year's crop. Local sources are reporting that this year, one can expect a crop production of 4,5 Mio to 4,8 Mio bales compared to 6,2 Mio to 6,5 Mio bales in 2017.

New crop Meshta and Kenaf fibre are expected to be available from mid-July and new crop Tossa fibre from end July / early August.

Jute Yarn and Twine: During the month under review a regular demand was reported for both high and low quality of Jute yarns and twines from major importing countries like Turkey, Iran, India, China, Vietnam, Indonesia, Malaysia and Middle East countries, Europe and USA.

Local demand for sacking and hessian yarn for packaging increased during the month under review.

Export prices increased by about USD 30 to 50 per mton depending on jute yarn/twine count and quality. As a result of the Eid holidays, which took place during the month under review, the jute yarn and twine mills were facing shortages of labour, which led to a reduction of their regular production capacity of 20% and caused delays of shipments.

Jute Goods: During the month under review, the export demand for hessians and sackings remained on the same level as in May 2018. Business was done with buyers from Africa, Europe, Australia, USA, Iran, China and Vietnam. India was also in the market for unstitched jute cloth. The local demand for sacking and hessian quality bags for packaging purposes increased during the month under review.

Demand for Jute CBC from the regular importing countries in Europe, UK and Japan was a little bit slower compared with the demand during previous months.

During the month under review export prices for sackings, hessians and CBC remained unchanged.

The Government of Bangladesh is reportedly working on a draft jute policy. There is no such policy in the country, which is very much necessary to make the jute sector an important player in the national economy. It is also a long-felt demand of the jute millers who are demanding formation of a fund similar to the Export Development Fund (EDF). The jute ministry has started working on a plan to form a Tk 100 billion fund to provide low-cost loans for the development of the nearly US-\$ 1,0 billion export earning jute sector.

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India

Raw Jute (New Crop): The weather conditions are quite favourable for jute plant growth with regular rainfalls and sufficient sunshine. It is expected that the quality of the new crop will be better than last season, as long as the weather conditions will continue to be as favourable as during the month under review. The harvesting in low land areas already started and it is expected that the new crop will arrive by mid-July. The current height of the plants is between 140 cm and 170 cms.

Jute Balers Association (JBA) slightly increased the quotations as follows: TD-4 IRs 4.300 and TD-5 IRs 3.950, each per 100 kg / quintal. JCI is set to increase the number of its purchasing centres and will offer incentives to co-operative societies in a bid to boost the procurement of raw jute under the minimum support price operation. During the last crop year (July 2017-June 2018), JCI has procured around 338.000 bales of raw jute under minimum support price operation. It is expected that this year, the quantity of raw jute procured under minimum support price will increase compared to that of last year.

Jute Goods: Jute CBC demand still very dull and the mills are very keen to sell. The demand for Hessians from both, export and domestic market is still on a quite low level with no changes in prices. Selected jute mills price gap now higher by about 7 percent. It is reported that some fresh enquiries were circulating in the market and it is expected that some business can be realized.

Government ordered approx. 220.000 bales of B-Twill bags during June. Prices remained unchanged during the month under review, only selected mill's prices for B-Twill bags were higher by about 3%. Government orders of B-Twill bags in July expected to be around 200.000 bales.

Until 2022 India is planning to ban disposable plastic bags and packaging, Prime Minister Narendra Modi announced on June 5th. India with its 1, 3 billion people will grow fast, but it is important that the growth is sustainable and that the substantial progress will not damage the environment.

An article which appeared in the Telegraph 22.06.18 may be of interest to the readers of this report and copy of said article "*TERMS SET FOR EASING JUTE PACKING RULES*" is attached to this report (page 4).

Jute goods production of IJMA jute mills and jute mills reporting to IJMA during May 2018 amounted to 88.100 mtons of which 3.000 mtons were jute yarns/twines.

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22nd June '18 / Telegraph

Terms set for easing jute packing rules

A STAFF REPORTER

Calcutta: The standing advisory committee which recommends jute-packaging norms to the government has called for a conditional dilution on the use of jute bags to pack foodgrains for jute year 2018-19 (July-June).

The committee, while recommending the commodity wise reservation under Jute Packaging Materials Act, has proposed 100 per cent of the foodgrains produced be reserved for the packaging of jute.

However, if the mills fail to supply the bags on receiving the entire requirement from the procuring agencies within 30 days, the department of food and public distribution may allow the dilution of packaging material of up to 10 per cent at a time and 30 per cent

IFS AND BUTS



- Full jute packaging of bags under certain terms:
- Mills must meet the entire order within a month
- Otherwise, there will be dilution to the tune of 30%
- Mills will get relief if there are bunching of orders by the food department

in the whole year, with the approval of the textile ministry.

Conversely, if the procuring agencies do not place indents according to the supply plan prepared by the department of food and public distribution and if there is a bunching of indents (orders exceeding 2.5 lakh bales a month), the procuring agency is unlikely

to have the benefit of dilution and the mills may get additional time to meet the requirement.

In case the mills fail even after the extension, the dilution provisions would be applicable. The issue of the timely supply of jute bags for the purpose of packaging has remained a key area of concern on both sides – the procuring agencies and the mills.

The department of food and public distribution while presenting its view before the committee has noted that the placement of early indents is difficult for the procuring agencies as the assessment of crop size and the arrangement of funds take time.

The department had sought relaxation in procurement based on the projected requirement and the industry's ability to supply the bags.