

Jute Market Report for January 2018

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5th February 2018

Bangladesh

Raw Jute: During the month under review a regular demand from Pakistan was observed. Even though Pakistan buyers were mainly in the market for Meshta fibre, they were unable to cover their entire needs, due to non-availability of Meshta fibre. In total, Pakistan was in the market with around 6.000 mtons, mainly Long Tossa Jute and a minimum quantity of Meshta for shipment in January and February 2018. The market activities of India and Nepal were also regular and it has been reported, that they were purchasing mainly high quality fibres like BTR KS, BTR NB, BTR HD, but due to an acute shortage of high quality fibre, the suppliers were so far unable to supply according to the orders from India and Nepal.

Other raw jute importing countries like China, Vietnam, Russia, Tunisia, Brazil and El-Salvador were also in the market with a regular demand. Same applies for the domestic demand for high and low grade qualities from the private jute yarn and twine spinning mills, composite mills, as well as raw jute processing industries.

On January 18th, the government of Bangladesh has announced an export ban of uncut BTR and BWR with immediate effect. They are basing their decision on section 13 of Jute Law 2017. Furthermore it has been reported, that certain private jute millers have asked the government of Bangladesh to impose an export duty on raw jute. Their target is to force India to overthink their anti-dumping duty on imports of jute goods from Bangladesh.

Due to an acute shortage of high quality fibers, the export prices increased by USD 20 - 25 per mton during the month under review. The prices for low grade qualities increased by USD 10 – 15 per mton.

As per official statistics the export volume during the period of July to October 2017 was about 318.309 bales. During the same period in the year 2016 the export volume was 349.595 bales.

It has been reported, that BJMC's raw jute purchases were still quite slow during the month under review, as the expected fresh funds from the government have not yet been distributed. Hence BJMC still needs to cover around 40% of their raw jute requirement.

General: As already reported in our jute market report for the month of December 2017, the weather conditions in Bangladesh were quite unfavorable. Until mid of January low temperature and low visibility, caused by fog and haze was disturbing the inland transportation throughout the whole country.

Jute Yarn/Twine: During the month under review the export demand for high and low grade jute yarns and twines increased remarkably. Especially countries like Iran, Turkey, India, China, Vietnam, Indonesia, Malaysia, Uzbekistan, Africa, USA and countries from the Middle East were in the market. Furthermore it is reported, that also European buyers were actively buying jute yarns and twines in January.

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The export prices for high and low grade quality yarns and twines increased by USD 25 – 30 per mton during the month under review and it is expected that the prices will increase further, because of the gradual increase of export demand for jute yarns and twines. When it comes to the domestic market, a continuous demand for sacking and hessian yarns and twines, mainly for packaging of rice and other commodities, has been observed. Due to the increased demand from both, export market and domestic market, most of the jute mills are fully booked until February 2018.

Jute Goods: During the month under review it has been observed that the export demand from African countries for sackings increased remarkably. Besides that, a regular demand for Hessians and Sackings from Europe, Australia, USA; Iran, China, Vietnam has been recorded. India was regularly in the market for unstitched cloth of Binola and BTwill. The export demand for CBC from the traditional buyers in Australia, New Zealand and Europe was reported being very slow during the month under review. The domestic demand for Hessians and Sackings however increased in the month of January 2018. Most of the composite mills of the private sector are busy with their running orders.

The market price situation for Sacking, Hessian and CBC remained unchanged during the month under review.

India

Raw Jute: During the month under review the prices for raw jute increased and it is expected that the Indian raw jute prices will increase further. JBA quotations at the end of the month were TD-4 IRs 4,250 and TD-5 IRs 3,850 per quintal.

New Crop: The estimated crop for 2017-18 is 95 lac bales. In 2016-17 the estimated crop was 92 lac bales. So far we have not received any official reports concerning sowing and area under cultivation.

Jute Goods: During the month under review the demand for Jute CBC was observed being quite slow. When it comes to the local demand for Hessians, we have received reports that are stating that the demand continues to be very poor. The export demand of Hessians was reported as regular but the requested quantities were not very much encouraging. During the month under review the market prices for Hessians from general mills increased by about 3 per cent. Selected mills kept their prices unchanged and are operating with prices, which are about 7 per cent higher than the general market price level.

The total amount of B-Twills ordered by the government was about 300,000 bales during the month under review. Certain sources reported, that about 150,000 bales would backlog up to end of January 2018. The government has asked the mills and IJMA to inform about their guaranteed supply capacity for the next three months and increased the pressure on the mills by stating, that in case of short supply, the government is ready to look for alternate packaging material. This situation lead to a sharp increase of prices for BTwills.

Most of the mills in India reported, that they are still facing an acute shortage of workers. The general market price tendency is on an upward trend, but so far with slow pace.



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The Indian Textiles Minister Smiriti Irani emphasised the need to increase the cooperation between businesses of India and Bangladesh in areas like jute and fabrics, when speaking at the Indo-Bangladesh Multi Sectoral Cooperation International Conference on January 31st. She suggested that Bangladeshi companies, that are leaders in jute diversification, can cooperate with the Indian jute industry, in order to explore the world market. Being confronted with complaints about the anti-dumping duty on imports of jute from Bangladesh, she said that the dumping of the commodity has impacted the livelihood of the farmers, lower income workers and the entire Indian jute industry.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA during December 2017 amounted to 99.900 mtons of which 3.900 mtons were jute yarns/twines.

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