Jute Market Report
for June 2022

1st July 2022

Bangladesh

Raw Jute: During the month under review, raw jute demand from Pakistan and India was on a regular level. Pakistan was in the market for long Tossa grades BTR BS, BTR CS, BTR KS as well as Tossa cuttings BTCA and BTCB. In total, Pakistan placed orders for about 5.000 mtons. Indian buyers were in the market for long jute Tossa varieties such as BTR KS, BTR NB CS and BTR BS and purchased around 2.000 to 2.500 mtons, in total.

In view of the forthcoming crop season, international buyers preferred to wait until arrival of new crop fibre, instead of placing bigger orders during the month under review. However, some enquiries from importing countries such as China, Nepal, Vietnam and Ethiopia were circulating in the market, but only a few orders materialized.

Same as the bigger part of international buyers, local jute yarn and twine spinning mills, as well as composite jute mills and raw jute processing units were also very much reserved to buy and preferred to wait for new crop fibre.

In consequence of the restrained buying activities of both local and international raw jute customers, local market prices continued to decrease during the month under review.

Raw Jute export prices decreased by about US$ 40,00 - 50,00 per mton during the month under review.

Raw jute exports during the period from July 2021 to January 2022 amounted to 440.637 bales against 384.865 bales during the same period in 2020/21.

According to information published by the Metropolitan Chamber of Commerce & Industry Dhaka (MCCI), export performance for jute and jute goods for the period of July 2021 to May 2022 was US-$ 1,05505 Billion compared to US-$ 1,08981 Billion from July 2020 to May 2021.

New crop: The recent severe floodings in North Bengal areas dampen expectations of a bumper crop as Jute farmers were hit hard by the floods, especially in North Bengal, where the lion share of Meshta and White Jute is cultivated. In East Bogura district the floodings caused severe damage to the jute plants, as same have been under water for quite a long time. According to the Bogura Agriculture Extension Department approximately 4.056 hectares of land have been more or less completely destroyed by the recent floodings in the district. Until such time as the floodings took place, around 50 per cent of the jute plants were cut, only. In Bogura district jute was cultivated on around 13.619 hectares this year, compared to 13.415 hectares in 2021.

In the four districts of Khulna Agriculture Zone, Khulna, Bagerhat, Satkhira and Narail over 0,45 Mio bales of jute are expected to be produced this season. In total 38.110 hectares of land were brought under jute cultivation, which is 747 hectares and 57.000 bales more than the set target.

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The overall jute crop expectation in the country remains to be optimistic, even though the severe floodings are a good reason to be concerned about the outcome of this years jute and kenaf crop. One can only hope that the country will not have to witness other metereological disturbances until arrival of new crop.

Our own observations, while being in the country in early June, were that growth of the plants as well as are land brought under cultivation are very much satisfactory. Especially the high market prices of last year's crop, seem to have motivated farmers to grow more jute than in the past.

At the time we were in the country, most of our respondents expected a carry-over stock of some 1 to 1,2 Mio bales, but since India as well as Pakistan continued to procure raw jute from Bangladesh, the carry-over stock may be less than that. This obviously depends on purchase behaviour of both countries until arrival of new crop to the market.

Weather: Throughout the entire month, Bangladesh was facing heavy rainfall which lead to severe flooding in various parts of the country.

Jute Yarn and Twine: During the month under review export demand for both high and low quality of Jute yarn and twine from importing countries such as India, China and Europe continued to slightly decrease. Overall production capacity of local jute yarn and twine spinning mills exceeded by far the demand from countries like Turkey, Iran, Vietnam, Indonesia and countries of the Middle East, during the month under review.

In view of the reduced international demand, many of small and medium size jute yarn and twine spinning mills continued to remain closed or to operate with a reduced capacity, running their factories virtually hand-to-mouth. Only the financially solvent mills that have made advance sales are able to continue their production.

Local demand for sacking and hessian quality jute yarns and twines was on a regular level during the month under review.

Export price: Export prices for both light and heavy count of jute yarns and twines decreased about USD 50,00 - 60,00 per mton during the month under review.

Jute Goods: Export demand for Hessians and Sackings from Europe, Australia, Iran, China, Vietnam and USA continued to be quite sluggish during the month under review.

Jute CBC demand from the regular importing countries like Europe, UK, and Japan continued to be quite slow during the month under review.

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

Hessians:	decreased by approx. 2 %
Sacking:	decreased by approx. 2-3 %
CBC:	decreased by approx. 2 %

According to a report published by The Business Standard of 30th June 2022, “The government has finalised seven private firms to lease out seven more state-run jute mills located in Dhaka, Chattogram Khulna zones for 5-20 years. Earlier, in the first phase, Bangladesh Jute Mills Corporation (BJMC) leased out four jute mills through a tender. The newly lease-out jute mills are Jatio Jute Mills, RR Jute Mills, MM Jute Mills, Gul Ahmed Jute Mills, Jessore Jute Industries, Daulatpur Jute Mills and Platinum Jute Mills. […]

In the face of mounting losses for years, the government shut down 25 state-owned jute mills in July 2020, bidding farewell to around 25,000 workers. In April 2021, the government decided to lease out 17 of the 25 state-run jute mills to the private sector for 5 to 20 years, along with the possibility of extending this period at a later time.“

Shipment: In consequence of the explosion at an inland container depot on June 4th with at least 48 fatalities, the Chattogram Port Authority has taken steps to tighten fire safety measures, to modernise warehousing of dangerous goods and speed up delivery. One of the directives is aimed at making it mandatory for importers to pick up hazardous materials within 72 hours after arrival at the port. Additional directives to be announced soon.

According to a report published by „The Financial Express“ of 23th June 2022, „Bangladesh and the European Union (EU) have agreed to accelerate the removal of idle containers from the Chittagong Port premises in order to increase cargo-handling capacities and improve health and safety situation in the port, which is the largest gateway for Bangladesh's trade with the EU.“

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 6.650 and TD-5 IRs 6.450 per 100 kgs. Furthermore the Indian Government increased the Minimum Support Price (MSP) for next season to IRs 4.750 per 100 kgs, which was IRs 4.500 per 100 kgs last season.

New crop: New crop sowings have been completed during the month under review. Even though it is expected that the area of land brought under cultivation is larger than last year, we are yet to receive official confirmation of the size of cultivated area. New crop yield estimates are 9,5 Mio bales compared to 9 Mio bales in 2021. By end of June carry forward was approximately 1,9 Mio bales. According to local reports, growth of the plants is good and even faster than expected. By end of June, plants reached a height in between 5ft to 10ft.

However, severe floods in Assam are likely to damage the jute crop up to a certain degree. On the contrary, North Bengal farmers report about scarcity of rainfalls, which is likely to affect the crop in that area, as well. Harvest is likely to start during the second half of July.

In case weather conditions in July will be favourable, one may expect prices to come down further, due to sufficient carry-over stocks and promising crop expectations.

Weather conditions: At the moment, weather conditions in India are more or less normal, but with a certain deficit of rains in some areas. As monsoon reached India by end of the month under review only, it is too early to assess the character of this year's monsoon time. In any case, monsoon spread all over India, but appears to be weak, so far.

Jute Yarn and Twine: Local demand for jute yarns and twines continued to be poor during the month under review.

Jute Goods: Situation during the month under review presents itself as follows: Prices for Hessians further decreased by around 3 per cent compared to May 2022. Selective mills asking for premium of 10 % against prices quoted by „standard" mills. Export demand as well as local demand continued to remain dull during the month under review.

During the month under review market prices for sackings slightly decreased and ruling around: IRs 98.000 to 100.000 per mton, with selective mills asking for premium of 5 % against prices quoted by „standard" mills.

B-Twills: The Indian Government placed orders of 250.000 bales of B-Twill bags during the month under review. The order volume for Juli is of approx. 250.000 bales, as well.

Availability of Jute Carpet Backing Cloth is better as there were placed only a few orders during the month under review.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in April 2022 amounted to 94.300 mtons of which 4.500 mtons were jute yarns/twines. Official figures for May 2022 were not available when this report was published.

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