Jute Market Report for October 2024

8th November 2024

Bangladesh

Raw Jute: During the month under review, raw jute demand from both India as well as from Pakistan was rather slow. During the time of Durga Puja and Diwali festival Indian buyers were observing the market and only bought in bits and pieces, no significant volumes were purchased during the month under review. Pakistan placed orders of about 2.000 to 2.500 mtons of all grades of Long Tossa Jute BTR BS, BTR CS, BTR KS, BTD CS, as well as Tossa cuttings BTCA and BTCB.

International buyers from importing countries such as Nepal, Vietnam, Russia and Tunisia were in the market during the month under review, but due to the continuous increase of raw jute prices the overall purchase volume was much less compared to the demand these customers were in the market for.

Due to a combination of a rather unsatisfactory outcome of the last crop as well as hoarding activities from stockists and traders, speculating on a continuing increase of market prices, raw jute market prices were on the rise from the beginning of the season and have now reached a level of around BDT 4.000 per maund (=37,33 kgs) for good quality raw jute. Local jute yarn and twine spinning mills as well as composite jute mills are facing serious difficulties with the high market prices and the acute undersupply of good quality raw jute, which leads to significant disturbances in their manufacturing process.

As already mentioned in our previous report the interim government of Bangladesh planned to set in force the mandatory jute packaging law and to ban of polythene and polypropylene shopping bags across all superstores in the country from 1st October 2024, which has now been postponed until January 1st, 2025. However, in anticipation of same, the interim government shut down polythene and polypropylene factories across the country.

In consequence local demand for jute shopping bags increased significantly and so did the demand of raw jute. In view of the continuously rising market prices though, local jute yarn and twine twine spinning mills, composite jute mills and raw jute processing units were covering their current demand only and did not build up long positions. Some local buyers were even unable to cover their entire requirements, due to a shortage of fibre and sky-high prices. The artificially created shortage of fibre lead to a price situation which presents itself as follows: Finest quality raw jute fibre was sold at BDT 4.200 per maund (37,33 kgs) at the end of the month under review, whereas same quality was sold at BDT 3.200 per maund (37,33 kgs) only 20 days earlier.

According to the governmental department of jute this year's raw jute production is ruling around 7.574.000 bales (one bale = 182 kgs) against 8.414.000 bales in crop year 2023/24. In consequence it is assumed that raw jute market prices will continue to increase throughout the entire season.

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Export prices of raw jute consequentially increased further by about USD 80,00 per mton during the month under review.

In view of the current raw jute market situations, unofficial rumours about a possible export ban of unprocessed raw jute were circulating. Going by our local sources there are diverging opinions in both government and industry about such a measurement.

An export ban on raw jute was imposed in the years 1984, 2009/2010, 2015, 2018. Never in the past was an export ban beneficial for the sake of the industry and only caused concerns abroad about the reliability of Bangladesh as a sourcing country, which is why the bigger part of industry representatives is against imposing a ban on raw jute exports.

Raw jute export during the period of July 2023 up to May 2024 of the (fiscal year 2023-2024) amounted to 1.135.978 bales against 1.030.913 bales during the same period in the fiscal year 2022-2023.

Weather: Throughout the month under review the entire country faced a good mixture of medium to heavy rainfall mixed with bright sunshine. On October 24th though, cyclone Dana made fierce landfall in Cox's Bazar, leaving a trail of destruction in the district.

Jute Yarn and Twine: Even though export demand for both high- and low-quality grade jute yarns and twines from regular importing countries like Turkey, Iran Europe, Indonesia, Malaysia, Uzbekistan, China, Vietnam, USA, as well as countries of the Middle East increased was given buyers refrained from placing bigger orders due to volatile market situations ruling during the month under review.

Local demand for both Sacking and Hessian quality jute yarns and twines for packaging purposes increased during the month under review.

Due to the significant increase of raw jute prices, which came more or less unexpected, export prices for both high and low quality of jute yarn and twine increased by USD 100,00 to 120,00 per mton during the month under review.

The raw jute market situation forced especially small and medium sized jute mills to reduce their production capacities, some are even struggling to keep their mills running. A couple of small and medium size jute mills were already constrained to shut down their operations.

Jute Goods: During the month under review export demand for both Hessians and Sackings from buyers in Africa**,** Europe, Australia, China, Vietnam and USA continued to remain stable. India bought unstitched Binola and B-Twill fabrics.

Local demand for Hessians and Sackings for packaging purposes increased further in consequence of the announced halt of the use of polybags in supermarkets, during the month under review.

Jute CBC demand from the major importing countries like Europe, UK, and Japan was rather sluggish during the month under review.

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

Hessians:	increased by approx. 12%
Sacking:	increased by approx. 24%
CBC:	increased by approx. 10%

Maritime Transport: The transport of import and export cargo-laden containers at Chittagong port has been at a standstill since 21st October due to a strike by transport workers demanding fixed wages, appointment letters and identity cards from the government.

The Chattogram District Prime Mover Trailer, Concrete Mixture, Flatbed and Dump Truck Workers' Union called the 48-hour strike.

Amid the protest, no import containers from private depots entered or left the port that day. Due to the strike, the transport of imported goods from the port to different routes in the country has been stopped. No vehicles were coming with export goods either.

About 2,000 TEUs of export containers are brought to the port from the depots every day. Similarly, about 800 TEUs of import containers are brought to the depots. Due to the strike, the container movement has come to a standstill.

According to the Chittagong port, more than 3,000 import containers are delivered every day. Although the loading of containers onto ships inside the port is normal, no cargo is being released from the port.

India

Raw Jute: The ruling market prices quoted by the Jute Balers Association (JBA) end of last month were fixed as follows: TD-4 IRs 6.450, and TD-5 IRs 6.050 per 100 kgs, representing a 7 per cent increase of raw jute prices.

Local supplies of raw jute to Indian jute mills were ruling around 468.000 bales during the month of September (against 322.000 bales in August). At the end of September, raw jute stock with jute mills were 688.000 bales.

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New Crop deliveries are taking place in accordance with the demand. However, the overall quality is mixed and not up to mark when it comes to higher grades. The overall crop volume is now estimated with 5,5 Mio bales, may be even less. The area to be brought under cultivation in season 2024/25 is reportedly about 600.000 hectors which is about 15 per cent less than in season 2023/24.

Weather: As reported in our previous report, the monsoon season was satisfactory in terms of amount of rainfall, which riddles expectations of improved foodgrains crop yields. A target of 341 Mio tons of foodgrains production is set for 2024/25 crop year, representing a new record exceeding the target of 2023/24 by 2,7 per cent and 9 Mio tons. This may increase the governmental demand on jute bags for packaging purposes during the coming months, which would strengthen the position of the Indian jute industry. The sugar industry is instructed to jute bag for 20 per cent of their packaging which will lead to a significant increase in local demand of jute bags from November 2024 until end of April 2025.

Jute Yarn and Twine: Demand for jute yarns made in India during the month under review continued to remain poor.

Jute Goods: Situation during the month under review presented itself as follows:

Some minor changes of the market situation were reported for Hessians compared to the preceding month, with prices for Hessians having been slightly higher ruling at IRs 125,000 per mton at the time when this report was published. Selective mills are asking for premium of 5 per cent against prices quoted by „standard" mills.

Price of Sackings is prevailing at IRs 95.000 per mton with selective mills asking for premium of 4 per cent for exports against prices quoted by „standard"mills.

B-Twills: The Indian government ordered around 210,000 bales of B-twill sacks in October, which is lower than the expected order quantity. Order volume for November is expected to be a little higher with around 250.000 bales.

No reports about orders of Jute Carpet Backing Cloth were published for the month under review, even though some demand was reported.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for September 2024 were 80.100 mtons in total of which 2.600 mtons were jute yarns/twines. ■

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