



Week 20, 2017

Tea market report 15-19 May 2017

The Mombasa auction met good demand at dearer rates with 134,729 packages on offer, up from 132,000 packages the previous week. More players were active with many overseas representatives present for the tea convention. Prices went up and buyers were active at all levels. Auction quantity figures continue to recover from early drought induced shortages, with levels now ahead of 2015. Seasonal trends are well aligned with previous years, but still at lower volumes. Healthy cropping conditions and ongoing rainfall support potential for steady to increased auction quantities in the short term. Upward price trends in latest auctions may begin to meet some resistance, but consistent demand is present. The Malawi market met improved demand at dearer rates, while auction quantities remain well below last year. Released April crop figure is in line with the reduced 2017 supply levels; a decrease from 5.9m.kgs in 2016 to 5.7m.kgs was reported. Factories are continuing to close for their annual maintenance.

The market in Colombo had the largest offering in 2 years at 8.4m.kgs. Amidst significant supply, Low Grown teas continued an upward price trend and achieved an all-time auction record value at \$4.48/kg on average. Demand for HG teas has seen relief and is expected to remain stable. LG demand is persistent, albeit increasing prices. While the value on low grow teas remains minimal; big players are closely watching this market. Strong demand over the previous week was seen in Jakarta, with unsold packages decreasing by one half to 4%. Teas generally met steady to easier rates. Particularly dry and hot weather conditions have been observed on Java, indicating the possible onset of dry season. Moving to Vietnam, the northern provinces have encountered unusually cool weather, inconsistent with both recent and previous annual trends. The main season continues to develop, however green leaf quantity remains limited, samples are expected to be available in the coming weeks. Good demand and dearer rates exist for the limited quantities which are available. Good cropping conditions persist in both North and South India, with excellent growing conditions continuing in the north. Strong demand is expected to accompany quality trends in the coming weeks.

"Someone's sitting in the shade today because someone planted a tree a long time ago." – Warren Buffet

Crop figures (in m.kgs)

	Apr 16	Apr 15	Jan-Apr 17	Jan-Apr 16
Malawi	5.7	5.9	25.1	25.0

	Mar 17	Mar 16	Jan-Mar 17	Jan-Mar 16
Malawi	7.1	7.7	19.4	19.1
Colombo	26.4	22.21	66.56	70.42
India	56.1	70.7	88.6	105.8
Kenya	34.5	45.3	90.1	139.6

Forthcoming auction quantities (pkgs)

	Week 21	Week 22	Week 23
Mombasa	131,634	131,700	137,700
Blantyre	5,540	4,880	N/A
Colombo	8.48 m. kg	7.50 m. kg	N/A
Jakarta	16,000	N/A	N/A
Kolkata	110,661	111,467	81,576
Guwahati	N/A	72,426	72,410

KENYA

Auction – Good general demand for the 134,729 packages on offer. BP1s traded firm to 20cts dearer. PF1s traded firm to 10cts dearer. PDs, as well as D1s, traded firm to 10cts dearer.

Demand – Visiting buyers from Pakistan and Afghanistan had strong demand. Strong demand also came from Yemen and Sudan, while activity from Egypt, Kazakh and Iran increased. Interest from Bazaar and Somalia was maintained, while Russia and UK were slower.

Weather EoR: increased rainfall in most areas was observed with cold temperatures at night. Crop has picked up in areas near Mt. Kenya, and is further expected to increase soon in areas close to Nairobi. Meteorologists warn of suppressed rainfall and an earlier winter onset. WoR: rains increased, day temperatures warmer, crop continues to improve but at a slower rate.



MALAWI

Auction – The 5,580 packages on offer met improved demand with 25% remaining unsold. BP1s and PF1 Sc were both neglected, while some were taken out under bid. PF1 Seedling met very good demand, up 4-7cts. PFs were neglected due to poor quality. PDs met strong demand up 5-11cts. D1s saw good demand, 6cts dearer. Offgrade fngs met improved demand at firm to 2cts dearer rates, and offgrade dust was nominally 7cts dearer.

Weather – Partly cloudy to warm conditions were observed during the day, with cooler conditions at night. Lower temperatures over the weekend with isolated rain and fog in some areas. Crop intakes continue to decline. Ruw and Kasembaraka have closed for annual maintenance

SRI LANKA

Auction – With a notable 8.35m.kgs on offer good demand persisted for Low Grown and others, and less demand for ex estate and off grades. All HG teas traded 10-15cts easier. Most LG teas traded 10-25cts easier, except lower qualities which traded firm up to 15cts dearer, and tippies which traded 20-30cts dearer. Off grades traded all around 10-40cts easier. Dust types traded up 10-15cts.

Demand – Strong demand from Turkey and Libya. Syria, Iraq, and Saudi Arabia were active, while Iran and Dubai showed improved demand. Hong Kong and North America were less active.

Weather – Conditions varied across different locations from bright mornings with gloomy afternoons and moderate evening showers to overcast. Evening precipitation was heavy in some areas while non-existent in others.

INDONESIA

Auction – Very Good demand for 13,380 packages, with 4% remaining unsold during the auction. Prices were generally steady to easier for orthodox, except for some selected gardens following quality. CTC also followed the steady to easier trend except with the exception of fannings types.

Weather – Java: bright and sunny during morning hours and very humid during the day, and partly cloudy in the afternoon and night with no rainfall in West Java. Central/East Java reported bright sunny weather in the morning with occasional rain. Sumatra: partly cloudy with moderate rain was reported in Central/South, the north reported bright and sunny weather with no rain.

BANGLADESH

Auction – Demand increased over previous weeks at slightly lower prices. Local buyers were fairly active.

INDIA

Kolkata

Auction – CTC market witnessed fair demand, with high quality Assams traded irregularly easier, and remaining types trading easier. The orthodox market met strong demand. Second flush character teas traded firm to 10cts dearer. Flowery broken teas traded 10-20cts dearer. Fannings types traded up to 10cts dearer.

Demand – HUL and internal traders had fair demand in the CTC market. Middle East and Iran traders were the active in the Orthodox market, where 84% of teas were sold.

Weather – Warm day time temperatures and sporadic showers at night were observed, ideal for growing conditions. Crop outturn is low in Assam, and a good second flush expected to begin in the coming week.

Guwahati

Auction – CTC and dust markets met fair demand.

Demand – Internal and HUL traders were fairly active, while Tata was more selective.

Siliguri

Auction – Market met strong demand with most teas trading at firm rates. Common sorts traded irregularly with some withdrawals.

Coonoor

Auction – CTC met good demand; best and good liquoring teas traded irregular to steady, medium and plainer teas were generally firm to dearer. Orthodox met good demand, although levels tended to be slightly lower. CTC dust met strong demand, with best trading irregular to slightly easier; remainder was generally firm to dearer. Orthodox dust, primarily BOPD's, were fully firm while the secondaries were dearer with quality.

Coimbatore

Auction – Orthodox lead had limited quantity on offer, and was steady. CTC and CTC dust met fair demand, steady to occasionally dearer.

Cochin

Auction – Orthodox leaf met fair demand, with select best Nilgiri HG steady to dearer and mediums firm to dearer, remained 6-10cts easier. CTC leaf met fair demand. All varieties traded irregular and 3-6cts easier. Dust met good demand. Best and popular sorts sold firm to dearer up to 10cts in line with quality. Mediums traded irregular and plainers eased in value with some withdrawals on browner sorts.