Week 22, 2017

Tea market report 29 May - 2 June 2017

The Mombasa auction met increased demand at firm to dearer rates with 131,876 packages on offer, an expected outcome amidst the start of Ramadan and a bullish outlook with the end of the season in sight. April crop figures are in, down 6 m.kg from 2016 at 31.45 m.kg, but on par with the 2011-2016 average of 31.6 m.kg. Recent increased precipitation and forecasts for continued precipitation look to support crop levels in the coming weeks. With a large upcoming auction and mention that Afghan and Bazaar are not sitting on large stocks, lively upcoming auctions may be developing. The Malawi market met good demand and it was a rare week where most teas on offer sold. An increased offer is expected next week, amidst temperatures and crop intake continuing to decline. A firm to dearer outlook on the market conditions prevails.

Headline news hit Sri Lanka this week, as the worst drought in 40 years concluded with the worst floods since 2003. Further surprises occurred as no significant easing of the market took place, with many Low Grown teas selling at dearer rates. Although short term supply will be impacted by the rain in quality and logistics, healthy crop is still expected in the further coming weeks. Outlook on the market maintains uncertain on the short-term, amidst panic a firm position is predicted, with the expectation that Low Grown prices will and must ease. The market in Jakarta saw less demand this week, with low competition amongst big buyers. An increase in unsold packages was observed at 8% of the 14,880 on offer. Next week one of the largest auctions of the year is expected, with a steady to easier outlook. Longer term market movement is expected to see increased rates. Weather in Vietnam is hot, and crop intake is notably below supply and processing capacities. Market prices are trending dearer and demand is strong. Demand in Indian markets was not as strong as previous weeks, but overall remained fair.

"I think it's very important to have a feedback loop, where you're constantly thinking about what you've done and how you could be doing it better." – Elon Musk

Crop figures (in m.kgs)

	Apr 17	Apr 16	Jan-Apr 17	Jan-Apr 16
Malawi	5.7	5.9	25.1	25.0
Kenya	31.5	37.9	121.6	177.5

	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 23	Week 24	Week 25
Mombasa	137,700	131,876	130,856
Blantyre	5,640	4,580	N/A
Colombo	7.08 m.kg	7.74 m.kg	N/A
Jakarta	17,920	N/A	N/A
Kolkata	81,576	107,581	107,125
Guwahati	71,410	80,531	103,724

KENYA
Auction – Increased demand for the 131,700 packages on offer, with improved absorption and reduced out-lots. BP1s traded firm. PF1s, PDs, and D1s traded firm to 15cts dearer.
Demand – Strong demand from Pakistan, Yemen and Egypt while activity from Afghan, Bazaar, Russia and UK was increased. Activity from Kazak, Sudan and Somalia was maintained, but slower from Iran.
Weather EoR– reduced rainfall in most areas. Warm temperatures during the day, and cooler at night. Crop has picked up in areas near Mt Kenya but is still slow in areas close to Nairobi. WoR: maintained rainfall, day temperatures warm, crop continues to gradually improve.

MALAWI
Auction – The 4,880 packages on offer met good demand with 12.3% remaining unsold. PF1 Seedling and PDs met dearer rates, up 12 and 5cts respectively. Remaining teas saw rates 2-7cts easier, except BP1s which were mostly neglected.
Weather – Since Sunday the weather has been cold with patches of light rain and fog in low lying areas. The met department expects conditions to clear from Friday, giving way to dry and sunny weather conditions and higher day temperatures; conducive for early pruned tea bushes to flush. Crop intake has declined owing to current conditions.

SRI LANKA
Auction – Good demand persisted with a lower 7.5m.kgs on offer. Nearly all HG teas traded 10-15cts easier. Most LG teas traded 10-25cts dearer, except high qualities OP1s and BOP1s which traded 5-15cts easier. Off grades traded all around 10-30cts easier. Dust types 10-15cts easier for HG types and 10cts dearer for LG types .
Demand – Improved demand from Iran, Saudi Arabi, Dubai, and Russia. Less activity coming from Iraq, Libya, and Hong Kong traders.
Weather – Precipitation persisted across Sri Lanka, varying by location, with some bright daytime conditions. Low grow regions have recorded over 300-500 mm of rainfall within a 24-hour period earlier in the week.

INDONESIA
Auction – There was less demand for 14,880 packages, with 8% remaining unsold. Java Orthodox/CTC sold at irregular levels, while CTC BP1 was completely withdrawn. Sumatra orthodox teas were absorbed at steady to easier levels.
Weather – West Java: bright and sunny in the morning and very humid during the afternoon, partly cloudy in the evening and night with some rainfall. Central/East Java: partially bright and sunny in the morning with occasional rain. Sumatra: partly cloudy with moderate rain in central/south. Bright and sunny weather with no rain in the north.

BANGLADESH
Auction – Teas met rates following quality, with more flavourful teas achieving higher rates and plainer types easing.

INDIA
Kolkata
Auction – CTC market witnessed fair demand, with high quality Assams and Dooars trading dearer, and remaining types trading easier. The orthodox market met good demand, with high quality teas tending firm to dearer, leafy teas steady and fannings trading easier. Darjeelings eased and met good demand.
Demand – HUL and internal traders had fair demand in the CTC market. Middle East and CIS traders were the most active in the Orthodox market.
Weather – Non-stop rain since mid-May has resulted in terrible Upper Assam crop conditions. Assam conditions aside from Upper Assam remain satisfactory.

Guwahati
Auction – CTC teas met fair demand, higher quality teas sold steady to occasionally dearer, lower quality teas sold irregularly easier. The dust market met good demand, teas achieved rates according to quality, with lowest quality having withdrawals.
Demand – HUL traders were active, while other buyers remained more selective.

Siliguri
Auction – Good demand, most teas trading at steady rates.

Coonoor
Auction – CTC teas met good demand, best quality were dearer by 2-3cts, medium and fannings traded irregular, and plainer sorts were firm to occasionally dearer. Orthodox teas met fair demand at lower levels, and CTC dust met limited demand. High quality CTC dust teas were firm; other dusts were easier by 4-6cts with fair amount of withdrawals. Orthodox dusts were firm to occasionally dearer.

Coimbatore
Auction – The limited quantity of orthodox on offer met good demand. CTC and CTC dust met fair demand, easing 4-6cts.

Cochin
Auction – Orthodox leaf met limited demand, with best quality High Growns selling well, dearer 4-8cts. Plainer types met easier rates, up to 8cts. CTC teas met less demand, all easing 2-4cts. Dust met fair demand, easing 6-8cts with some withdrawals.

All price movements quoted in USD per kilo.