



Week 36, 2017

## Tea market report 4 - 8 September 2017

In Kenya buyers were active and a good majority of teas gained; out-lots reduced amidst an increased offering. Temperatures are beginning to rise, rainfall increasing, and crop volume is logically responding and increasing. The presidential re-run election has been scheduled for October 17<sup>th</sup>. Previously election preparation and auction cancellation not only impacted buyer movements and stock building, but also realized auction quantities. Despite 21% of teas remaining unsold, the market in Malawi met good demand, at firm to dearer rates at the auction of 2,800 packages. Upcoming auction quantities will drop further, but crop is beginning to improve with a clear signal that winter has come to an end. Additional rain could support cropping, but meteorologists have predicted that the coming months will receive normal to below normal rainfall.

The Colombo market continued to generally move up with strong demand, as short positions, shipment deadlines, and a decreased auction offering pushed demand forward. Although some buyers are clearly out priced, tea is direly needed by others. Auction quantities will remain at the current reduced level for the coming weeks, but current production conditions indicate increased offerings in the coming months. The market in Jakarta this week was slow, with reduced demand. Out-lots increased to 23% as brokers chose not to meet low offers. Auction quantities decrease in the coming weeks, and predominately dry conditions persist. The markets in North India met good demand, however at rates which were irregular firm tending easy. Unrest in Darjeeling continues, and tea plantations are reported to be completely overgrown amongst the unrest which has now continued for nearly three months. Indian crop figures for July put the crop volume 3.4% ahead of 2016 for the month of July, and 4.2% ahead of 2016 on the year. Weather remains cool in Vietnam, and crop continues to improve in response, however still below demand and capacity of producers. The market remains active, demand is present, and prices remain firm to dearer.

*'Talent wins games, but teamwork and intelligence wins championships.'* – Michael Jordan

### Crop figures (in m.kgs)

	July 17	July 16	Jan-Jul 17	Jan-Jul 16
Malawi	1.47	0.89	33.0	30.8
Kenya	31.6	29.5	232.5	280.1
Colombo	25.6	21.1	182.2	175.8
India	155.6	150.5	598.7	574.6

### Upcoming auction quantities (pkgs)

	Week 37	Week 38	Week 39
Mombasa	133,343	131,860	136,059
Blantyre	2,060	2,160	N/A
Colombo	6.16 m.kg	N/A	N/A
Jakarta	11,680	12,860	N/A
Kolkata	102,133	171,035	N/A
Guwahati	163,212	176,548	N/A

### KENYA

**Auction** – Good general demand. BP1s traded firm to dearer; up to 10cts for best types, 12cts for below best, and 18cts for good mediums. Best and below best PF1s traded up to 10cts easier, while good medium, medium, and plainer types sold irregularly steady. PDs sold firm to dearer, up to 8cts for best and good mediums, 10cts for below bests, 5cts for medium and 4cts for plainer types. D1s also firm to dearer, up to 10cts for best and below bests types, and 5cts for medium and plainer types.

**Demand** – Most buyers increased activity, with a good majority of teas having gained. Yemen, Kazak, Somalia and Bazaar buyers were more forceful while Egypt and Sudan maintained purchasing levels. Afghanistan was active but at lower levels with Iran, Russia and UK slower. Absorption rates were good with reduced out-lots despite increasing offerings.

**Weather** – East of Rift: some rainfall, warmer temperatures. Crop increased in areas near Nairobi and maintained around Mt Kenya. West of Rift: Increased rainfall and lower temperatures in Kericho, crop improving. More rain in Sotik. Crop shows marginal improvement.

### MALAWI

**Auction** – Good general demand at firm to dearer rates. BP1s sold selectively at firm levels. PF1 Sc were taken out under bid, with two lots selling 2cts easier. PF1 Seedlings met mixed demand. PFs were neglected, PDs met selective interest, and quality D1s met good demand; 8cts dearer. Offgrade fannings met very good demand, up 3cts, along with offgrade dust.

**Weather** – The end of winter is clear and the beginning of the hot/summer season has begun. Day and night temperatures continue to seasonally pick up, along with crop intake.



## **SRI LANKA**

**Auction** – The market in Colombo met very good demand. HG – teas generally met dearer rates, up 10cts, except for Western BOP which was firm at the top and steady to 10cts easier at the bottom and N. Eliya BOPF which sold 10cts easier. LG – OP1s were 20-30cts easier at the top, firm for best and below best, and 5-10cts lower at the bottom. BOP1, FF1, FF and BOP/BOPF all met rates 10cts dearer. OP and OPAs sold firm at the top and 5-10cts easier at the bottom. Pekoe and Pekoe1 select best sold firm, remaining Pekoe1 types gained 10-15cts. FBOP/FBOP1 gained 5-10cts at the top and 10-15cts at the bottom. Tippiies and specials sold firm at the top and gained 10-15cts at the bottom. Off grade liquoring fannings lost 10cts at the top, firm for below best, and up 15-20cts at the bottom. Off grade LG fannings gained 10cts and off grade BOP1s sold firm at the top and gained 15cts for remaining types. HG dust gained 15cts, while LG dust lost 15-20cts.

**Demand** – Continued strong and notable demand from Turkey and Libya. Improved demand from Iran and Dubai. Less demand from Japan, Unilever and the U.S. Syria and Pakistan out priced in current market conditions.

**Weather** – Weather was reported to be consistently bright during the day, with evening showers throughout the week, except for N. Eliya and Ruhuna which reported daytime dull weather.

## **INDONESIA**

**Auction** – There was decreased demand for 13,060 packages, with 23% remaining unsold. Java Orthodox/CTC sold at steady to easier levels except for select High Grown BOP1/BOP/PF. Sumatra orthodox followed at steady to easier rates with many withdrawals.

**Weather** - Java: dry conditions were reported in most plantation districts. Some parts of West Java reported partly cloudy conditions with irregular rain during the night. Sumatra: dry conditions were reported.

## **BANGLADESH**

**Auction** – No report received.

## **INDIA**

### **Kolkata**

**Auction** – The CTC market met good demand. Assams sold irregularly steady to easier in line with quality. Strong demand in the orthodox market, most teas met irregular rates, firm to slightly lower.

**Demand** – Reduced demand from HUL, Tata primarily purchased mediums, and Western India was active on higher quality teas. Middle East, CIS, and HUL all active in the orthodox market.

### **Guwahati**

**Auction** – CTC teas met good demand, with best teas selling at steady rates, mediums firm, and good liquoring types irregularly easy.

**Demand** – Tata, HUL, and Western India all active, with Western India focused on liquoring types.

### **Siliguri**

**Auction** – Good demand, teas sold at irregularly firm levels.

### **Coonoor**

**Auction** – No report.

### **Coimbatore**

**Auction** – No report.

### **Cochin**

**Auction** – No auction.

*All price movements quoted in USD per kilo.*

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