



Week 37, 2017

## Tea market report 11 - 15 September 2017

Nearly all teas gained in Kenya this week, highlighting persistent strong demand. Last Friday it was announced that sale 41 will not be cancelled due to the presidential re-election, but will rather be scheduled one day early. Pre-election interest in the market was clear, further bolstered by the conclusion of Eid festivities. Auction quantities remain strong for this time of the year; precipitation is generally increasing as well as temperature in some regions. Auction quantities remain very small in Malawi and with demand present, all but one lot were purchased in the auction. Temperatures continue to seasonally rise, yet with reduced rainfall in the past two months there also comes reduced excitement for the crop intake potential. That being said; irrigated gardens are showing fairly good intake.

Demand showed its strength this week in Colombo; as the exit of one buyer took place, two completely new buyers stepped in. Prices may have dropped from the very unrealistic levels, but the rest of the market remained firm for many types, while others faced no such problems, and continued to gain. Weather took a drastic wet turn this week, leading to flooding, landslides, and transport delays. Oddly enough, warnings of persistent dry weather to come were made. Demand picked up this week in Jakarta, turning around notably from last week, with out-lots reducing from 23% to 11%. Auction quantities remain seasonally low in the coming weeks, as July and August have been very dry in Java. Short rains are beginning to appear, while temperature in estates remains very cool in the morning and can drop to 8 degrees at night. Under these conditions, auction quantities will remain at current levels or even fall further into October and November. North Indian markets met good demand at generally firm to dearer rates. August crop ended positively, with North India expecting to close above 5 m.kg for the month. Darjeeling unrest continues, a resolution meeting is scheduled for 16 October, but at the state level; likely a resolution needs to come from Delhi. Sale 39 is cancelled due to holidays. Plucking conditions are ripe ahead of a strong typhoon en route to Vietnam. Albeit main seasonal plucking and good crop intake, producers are still below full capacity. Strong demand persists, concerns over supply are present, and prices are trending dearer.

*'The secret of getting ahead is getting started.'* – Mark Twain

### 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 38	Week 39	Week 40
Mombasa	131,860	136,059	132,220
Blantyre	2,160	2,040	N/A
Colombo	5.82 m.kg	5.9 mln.kg	N/A
Jakarta	12,860	11,080	N/A
Kolkata	171,035	N/A	N/A
Guwahati	163,212	N/A	N/A

### KENYA

**Auction** – There was improved strong demand with nearly all teas gaining. BP1s sold irregularly dearer at the top, firm to 18cts dearer for below best, irregularly steady for good mediums, steady to easier for mediums, and firm to dearer for plainer types. PF1s sold firm to dearer, up to 10cts for best, 8cts for below best, and 12cts for good mediums. PDs, firm to dearer, up 5cts for bests, 8cts for below bests, 10cts for good mediums and plainer and 15cts for mediums. D1s sold firm to dearer, up to 15cts.

**Demand** – Absorption rate was improved with reduced out-lots. Unilever was quite strong buying across all types and Egypt was strong in picking up dusts. Yemen was very active on better PD/D1s. Bazaar, Sudan, Afghanistan and Somalia were also more active. Other markets showed maintained demand but were mostly out-bid.

**Weather** – East of Rift: reduced rainfall and warmer temperatures. Crop reduced in areas near Nairobi and maintained around Mt Kenya. West of Rift: Kericho experienced increased rainfall and low temperatures; crop improving. More rain in Sotik; crop maintained.

### MALAWI

**Auction** – Good general demand at firm to dearer rates again this week. BP1s were neglected. PF1 Sc met good demand, firm to dearer at the top. PF1 Seedlings gained 3-7cts. PFs were neglected, while PDs were not on offer, and D1s met good demand; gaining 11cts. Offgrade fannings traded firm to 2cts dearer, and offgrade dust remained firm.

**Weather** – Warm to hot temperatures during the day with mostly sunny and hazy conditions. Day temperatures have been increasing, however night and early morning temperatures remain generally cool to locally cold.



## **SRI LANKA**

**Auction** – Continued strong demand was present in Colombo. HG – Western BOP/BOPF all around 15-20cts dearer, except better BOPFs which sold firm to 15cts easier. N. Eliya BOP/BOPF gained 30-40cts. Uva and Udapussellewa; BOP remained firm at the top and gained 10cts for the rest, BOPF all around gained 20-30cts. LG – OP1 sold 5-10cts easier at the top, firm for best and below best, and 10cts dearer at the bottom. BOP1 sold firm except for select best, 10cts easier. OP/OPA all around gained 5-10cts, except best OPA which remained firm, and below best OPA which shed 5cts. Pekoe and Pekoe1 all around gained 10-15cts, except Pekoe1 select best which remained firm. FBOP/FBOP1 shed 10cts at the top, gained 5cts at the bottom, and remained firm for below best. FF1/FF all around gained 5-10cts. Tippiess/specials sold 10-20cts dearer. Most offgrade teas generally gained 10-20cts. Dusts with quality gained 20-40cts, others remained firm.

**Demand** – Clear demand persisted. Turkey, Iraq and Libya showed strong activity and demand. Dubai improved demand. Less demand was shown from Japan, Unilever and North America. Syria and Pakistan priced out in current market conditions.

**Weather** – Heavy precipitation was reported across Sri Lanka. Rains become flood conditions, hampering transportation and even delayed the closing of an auction. The extent of rain and lack of sunshine are negatively impacting crop.

## **INDONESIA**

**Auction** – There was improved demand for 11,680 packages with 12% remaining unsold. Java Orthodox sold at firm to dearer levels up to 14cts for BOPs, while Sumatra Orthodox met less demand at steady to easier rates; many teas were neglected. Java CTC sold irregular in line with quality.

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

## **BANGLADESH**

**Auction** – Strong demand was present for the 41,419 packages on offer, at generally dearer rates. Reduced demand for plainer types, which eased in values and witnessed some withdrawals.

## **INDIA**

### **Kolkata**

**Auction** – The CTC market met strong demand, Assams sold firm to dearer at the top, and irregularly easier at the bottom. The orthodox market met strong demand, high quality broken leaf teas sold firm, while whole leaf teas sold firm to dearer at the top and irregularly firm for others.

**Demand** – In the CTC market HUL was active, Tata showed improved demand, and Western Indian buyers were focused on high quality teas. Middle East buyers were the most active in the orthodox market, with CIS active and HUL more selective.

### **Guwahati**

**Auction** – The CTC market met good demand, teas at the top met steady rates, fannings types sold easier. Dust market met strong demand. Good and best types sold firm, with the remainder in line with quality.

**Demand** – Tata was active in the CTC market, HUL more selective, Western Indian buyers operating on quality teas, and exporters showed no demand. In the dust market Tata showed the strongest demand, while HUL was active.

### **Siliguri**

**Auction** – No report.

### **Coonoor**

**Auction** – Dust. Opened to strong demand. Rates went 3 to 8 dearer.

### **Coimbatore**

**Auction** – CTC leaf and Dust experienced strong demand. Teas gained 2 to 4 cts

### **Cochin**

**Auction** – Leaf. Fair demand. Better types sold irregularly easier, whilst plainer types were firm. Dust: Fair demand at steady levels closely following quality. Plainer types firm.

*All price movements quoted in USD per kilo.*

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