



Week 38, 2017

Tea market report 18 - 22 September 2017

The election date in Kenya has been changed from October 17th to the 26th of the same month. Until now we have no further information. Tea producers in the meantime, try to produce maximally to benefit from current prices. The market was very strong this week, mainly driven by large packers. Another strong factor was the end of the Eid holiday, buyers were rested and ready for fireworks. The weather in the planting districts is favourable, with increased rainfall and temperatures throughout East-Africa. In Malawi, the crop figure for August (seasonally the lowest production month) has been released and was 15% lower than last year. Auction quantities remain low, stabilizing around 2,000 packages. The weather is improving and especially the temperature at night is increasing, but rain is needed to boost crop.

Colombo's market showed another week of sharp increase, as buyers are covering their shorts before winter. OP1 and BOP1 were stealing the show in particular. The crop is ahead of last year, although marginally. Turkey remains the largest buyer, followed by Russia and Iraq. After the heavy rains of last weeks, the weather has calmed down, but sun is needed to really help the crop picking up. With the predicted drought, there is a lot of uncertainty for future offerings at the moment. Fair demand in Jakarta, where the out-lots were mainly teas from Sumatra. Broker and buyers could not agree upon the price. General trend of this week's auction was easier, although the auction figures are still in decline. Weather wise there were short and heavy rains reported during the night on West Java, which might herald the start of the rainy season. Late monsoon rains in Assam and Bengal, support current crop intake. With September being a little behind, the rains are helpful to catch up. Good demand was reported in northern India, resulting in 80% of the teas being sold. In the south of India demand picked up, with prices gaining accordingly. Crop is picking up after rainy weeks. In Vietnam, there have been good rains, due to Typhoon Doksuri. Some areas have received too much, resulting in poor leaf. Factories have begun to operate again, after the plucking was put on hold due to the heavy wind and rain.

"If the rain spoils our picnic, but saves a farmer's crop, who are we to say it shouldn't rain?" – Tom Barrett

Crop figures (in m.kgs)

| | August 17 | August 16 | Jan-Aug17 | Jan-Aug 16 |
|-----------|-----------|-----------|-----------|------------|
| Malawi | 1.50 | 1.78 | 34.5 | 32.6 |
| Sri Lanka | 24.68 | 23.26 | 206.97 | 199.02 |

| | July 17 | July 16 | Jan-Jul 17 | Jan-Jul 16 |
|-----------|---------|---------|------------|------------|
| Malawi | 1.5 | 0.8 | 33 | 30.8 |
| Kenya | 31.6 | 29.5 | 232.5 | 280.1 |
| Sri Lanka | 25.6 | 21.1 | 182.2 | 175.8 |
| India | 155.6 | 150.5 | 598.7 | 574.6 |

Upcoming auction quantities (pkgs)

| | Week 39 | Week 40 | Week 41 |
|----------|----------|------------|---------|
| Mombasa | 136,059 | 132,220 | 129,940 |
| Blantyre | 2,040 | 1,980 | N/A |
| Colombo | 5.9 m.kg | 5.9 mln.kg | N/A |
| Jakarta | 11,080 | N/A | N/A |
| Kolkata | 113,413 | No sale | 202,789 |
| Guwahati | 223,984 | No sale | 179,176 |

KENYA

Auction – Strong general demand throughout. BP1s trading firm to 8-12cts dearer, only good medium and plainer types trading firm to dearer. PF1s trading 8-15cts up, only plainer types holding firm. PDs all-round trading firm to 4-15cts dearer. D1s trading 4-12cts dearer, only good medium types trading irregularly firm to dearer.

Demand – Pakistan Packers, Yemen and Egypt were the main drivers. Demand from Sudan, Afghanistan, UK, Pakistan Bazaar and Kazakhstan increased last week. Iran and Somalia maintained.

Weather – East of Rift: Increased rainfall throughout, warmer temperatures and crop is picking up. West of Rift: Kericho experienced better rains and some hail reported, temperatures remain low, but crop is increasing. Sotik had more rains and maintained crop. Uganda: Better rains and increasing crop. Rwanda/Burundi: Increasing showers and crop stable.

MALAWI

Auction – Good general demand at irregular rates. BP1s taken out. PF1 Sc selective demand around last levels. PF1 Seedling met good demand at 3-5usc easier levels. Off grade fngs continued with good demand at 4usc dearer rates. Off grade dusts gained 3usc. Other types not on offer.



Weather – Warm to hot temperatures during the day and also at night temperatures are picking up. Crop intake in Mulanje better than Thyolo, but some rain would be very welcome.

SRI LANKA

Auction – Excellent demand at the Colombo auction. HG – Western BOP/BOPF all around 10-20cts dearer, only Western BOPF better sorts firm. Eliya BOP/BOPF gained 40cts. Uva/Uda; both BOP and BOPF firm to up to 20cts dearer. LG – OP1 all-round 15-20cts dearer, only best and bottom firm. BOP1 select best firm, best and below best 10-15cts dearer, bottom 20-25cts up. OP generally 5-25cts dearer, only bottom firm. OPA select best, best and bottom firm, below best up to 10cts dearer. Pekoe1 all-round 15-25cts dearer. Pekoe generally firm to 20-30cts dearer, best firm. FBOP/FBOP1 all-round 10-15cts dearer. FF1 select best firm, others 5-10cts up. FF and BOP/BOPF overall 10-15cts dearer. Tippiess/specials select best & best types went up 50cts, others 20cts. Offgrade teas generally gained 10-40cts, some types firm and Liq. Fgs bottom eased 10cts. Dust HG 20-30cts dearer, secondaries from 10cts dearer to 10cts easier. LG better types firm, others eased 15-20cts.

Demand – Turkish bazar very active, so were Iraq and Libya. Syria, Pakistan and Iran short, but outpriced. Improved demand from Dubai and Unilever stepped in too.

Weather – The Western and LG areas experienced rainy weather. N. Eliya/Uda had bright mornings with scattered evening showers. Uva reported bright mornings and evening showers.

INDONESIA

Auction – Fair demand for 12,720 packages on offer, 12% remained unsold. Java Orthodox sold at irregular levels where Sumatra Orthodox was steady to easier with many withdrawals. Java CTC steady, except for the well-made PF1 and D1s.

Weather – Java: Mostly dry conditions throughout the week at all planting districts. However, some short and heavy rains started last week during the night. Sumatra: dry conditions reported for the whole island. Quality improving for most plantations at Java, where Sumatra maintained.

BANGLADESH

Auction – Strong demand at firm to dearer rates, especially for the liquoring teas. Blenders and local buyers active. Next sale has 47,205 packages on offer.

INDIA

Kolkata

Auction – Market met strong demand for CTC. Assams selling steady around last levels, where browner types sold irregularly easier. Leafy, broken and fannings trading firm. Whole leaf teas traded irregular, around last levels.

Demand – Major Blenders active, Western India operating, so did exporters. ME active, CIS & HUL operating.

Guwahati

Auction – Good demand for Guwahati's CTC market. The best Assams trading irregularly at last week's levels, mediums trading steady.

Demand – Western India and internal market operating. Fair support from major packers.

Siliguri

Auction – Good demand at sale 37. All teas trading around last levels.

Coonoor

Auction – CTC: strong demand for leafy teas, all-round firm to 4-6cts dearer. Orthodox: well-made leafy teas generally at dearer prices, the lower quantities and dusty types all easier.

Coimbatore

Auction – CTC: both leaf and dust trading firm to 2-4cts dearer.

Cochin

Auction – CTC: fair demand for leaf, most types sold lower, only plainer types trading firm. Dust met good demand at firm to dearer levels, where plainer types traded around last week's prices. Orthodox met good demand at irregular rates, dictated by the quality.

All price movements quoted in USD per kilo.

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