



Week 40, 2017

Tea Market Report 2 - 6 October 2017

The push leading up to the Kenya re-election tamed this week while demand reduced, some teas eased, and out-lots increased. Weather conditions are supporting improved cropping and quality, with the exception of the hail this past week West of the Rift which caused some crop reduction. A lively auction in Malawi resulted in dearer rates, and only one lot of 20ps remained unsold. The top buyer was well contested this week as a smaller buyer stepped up in the auction. Auction quantities are slowly increasing, supported by rainfall trends that look positive. Although with a hint of uncertainty. Meteorological services officially released a statement on the 2017/2018 rainfall season indicating that from October to March a greater part of the country will experience normal rainfall. However, episodes of extreme weather events such as prolonged dry spells and floods may occur in some places, associated with the neutral El Nino conditions.

Strong demand took place in Colombo again for the 5.8 m.kg of tea which was on offer this week. Main grades attracted more demand as the sale progressed, while the off grades tended to be marginally lower. Russia dominated across multiple grades, Turkey maintained strong momentum, and both Iraq and Syria showed improved demand. Most grades and qualities continue to find strong support by the diverse markets which all continue to prop the market up. Crop levels are expected to be roughly maintained based on current weather patterns. The market in Jakarta met fair demand, with a clear split on interest between Sumatran and Javan teas; with significantly more interest being for the latter. The Bali International Tea Convention which was scheduled to take place 18-20 October will not take place as planned. Bali's biggest volcano, the Mount Agung is about to erupt. By precaution, the event has been relocated to Jakarta on the same date. Rain has returned in West Java and it seems that the dry season is now over. Demand in Vietnam persists while stocks are being depleted. Autumn conditions are setting in, but under wetter than normal conditions, leading to decrease leaf quality. Markets in India met good demand, only fair in the case of Coimbatore and the Guwahati CTC market. The September crop report for India, despite zero production in Darjeeling is up 10 m.kg from September 2016, owing completely to increased volumes in Assam Valley.

"The single biggest problem in communication is the illusion that it has taken place" - George Bernard Shaw

Crop figures (in m.kgs)

	August 17	August 16	Jan-Aug 17	Jan-Aug 16
Malawi	1.50	1.78	34.5	32.6
Kenya	32.7	29.6	265.2	309.7
Sri Lanka	24.7	23.3	207.0	199.0
India	167.98	158.7	766.72	733.27

Upcoming auction quantities (pkgs)

	Week 41	Week 42	Week 43
Mombasa	129,890	137,560	147,380
Blantyre	2,560	3,140	N/A
Colombo	6.33 m.kg	6.33 m.kg	N/A
Jakarta	13,660	10,660	N/A
Kolkata	202,789	183,005	N/A
Guwahati	179,176	98,564	N/A

KENYA

Auction – Reduced fair general demand. BP1s traded firm to dearer, up to 10cts, 8cts, and 4cts respectively for best, medium, and plainer types; good mediums traded irregularly firm. PF1s shed 10-15cts, except for mediums which sold irregularly steady and plainer types; firm to dearer. PDs sold firm to dearer, up to 5cts for bests and 8cts for below bests; except mediums which sold irregularly steady. Dusts sold firm to dearer for best types, irregularly steady to easier for below best, irregularly steady for good mediums, irregularly firm for mediums, and firm for plainer types.

Demand – There was reduced demand where some teas eased and out-lots increased. There was strong demand from Yemen while Pakistan Packers, Egypt, Kazak and Sudan were more active. Russia and Somalia showed maintained interest with Afghanistan, Pakistan Bazaar, Iran and UK less active.

Weather – East of Rift – Increasing rainfall. Sunny days and cool nights. Crop increasing. West of Rift – Maintained rainfall and low temperatures in Kericho; crop reduced due to hail. Reduced rainfall in Sotik; crop maintained.

MALAWI

Auction – Strong demand at dearer rates. Many teas gained; PF1sc at 8cts, PF1 Seedling 9cts, PDs 12cts, D1s 6cts, and offgrade fannings 3cts. BP1s were taken out under bid.

Weather – Most areas experienced sunny, hazy and hot windy weather conditions. Dust devils raced across the countryside resulting from warm and moist easterly daytime airflow. Some areas received sporadic light rains, only in estates around Mulanje Boma. Chitakale, Esperanza and some parts of Minimini reported light rain last Thursday.



SRI LANKA

Auction – Strong demand at the Colombo auction. HG – Most HG teas traded firm up to 20cts dearer, except better Western BOPFs and Uva/Uda BOP and BOPF which sold firm. LG – OP1, OP, and Pekoes followed a similar trend; 10-15cts dearer for select best types, firm for bests, and 10-15cts dearer for lower types. BOP1 sold firm at the top, and gained 5-10cts for others. OPA also firm at the top, 5cts easier for best and below best, and firm to 5cts dearer at the bottom. Pekoe1 sold firm, except for select bests which gained 10cts. FBOP, FBOP1, and FFs sold firm at the top and 5cts easier at the bottom. FF sold firm for bests, and 10cts easier for below best and bottom. BOP, BOPF, and Tippiess sold firm. Most off grades sold 10-30cts easier, except BOPIA which gained 5-10cts for better types. Dusts shed 10-25cts, except secondaries which sold firm.

Demand – Unilever, Turkey showed strong demand. Improved demand from Syria, Iraq, Dubai, Japan, and North America. Moderate to slow demand from Saudi Arabia and Libya; Iran, Hong Kong, and Pakistan showed to be out priced.

Weather – Western Region experienced rainy weather. Nuwara Eliya experienced rainy weather in the beginning of the week, changing to bright weather later in the week. Uva/Udapussellawa Region experienced bright weather. Low Grown - Ruhuna bright mornings with evening showers, while Sabaragamuwa reported rainy weather.

INDONESIA

Auction – There was fair demand for 10,080 packages with 17% remaining unsold. Java Orthodox and CTC sold at firm to dearer levels except for orthodox secondary grades PF2/BT2. Sumatra Orthodox continued steady to easier with many withdrawals. A majority of the outlots were Sumatran teas that met very little demand. Javas are maintaining a higher demand.

Weather - Java: partly sunny condition in the morning and cloudy with some heavy rain in West/Central Java later in the day. East Java remained dry. Sumatra: partially sunny with irregular showers was reported in North/Central/South Sumatra.

BANGLADESH

Auction – Strong demand at irregularly firm to dearer rates, with all teas selling. All teas on offer were CTC. Local blenders took most teas. Next sale has 43,056 packages on offer.

INDIA

Kolkata

Auction – CTC market met good demand. Teas at the top sold firm, others sold irregularly easier. Strong demand was present in the orthodox market. Good OPs sold firm and others tended easier. BOP sold steady to irregular, and fannings sold dearer.

Demand – Demand in the CTC market was decreased from major blenders, Western India was active on liquoring teas, and exporters on larger grades and fannings. Middle East and CIS were active in the orthodox market, while HUL remained very selective.

Guwahati

Auction – Fair demand was present in CTC market, all teas sold irregular to easy in line with quality. Dust met good demand at generally steady rates.

Demand – Internal market was most active, while HUL and Tata were present. Major blenders were the most active in the dust market.

Siliguri

Auction – No report.

Coonoor

Auction – CTC market met good demand. Best and good liquoring teas sold irregular to occasionally lower. Remainder sold fully firm to dearer. In the orthodox market, well-made teas generally sold dearer, stalkier teas remained firm. The CTC dust market met strong demand. Better types sold firm to dearer. Medium and plainer sorts generally 4-6cts dearer. Orthodox dusts met fair demand, firm to slightly easier.

Coimbatore

Auction – CTC market met fair general demand. Good teas sold at steady rates, others tended lower.

Cochin

Auction – Orthodox teas met good demand. Quality teas sold dearer, other shed 3-5cts. Mediums shed 4-8cts. CTC teas met fair demand, 4-6cts. Best and good liquoring clean mediums sold easier following quality. Plainer types firm, and others slightly easier.

All price movements quoted in USD per kilo.

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