



Week 48, 2017

## Tea Market Report 27 November – 1 December 2017

Perfect market mechanics drove the Mombasa auction this week, with continually healthy and outstanding auction figures, a clear easy trend was recorded. Egyptian types were the only teas not to receive a downward stroke thanks to healthy competition. The October crop figure was released at 43.4 m.kg up from 2016's 41.3 m.kg. 2017 production has been largely defined as a deficit from 2016, attributed to low volumes in the beginning of the year. Owing to recent large production volumes, the gap has now been reduced to 41 m.kg. In other news, the President was sworn in this week, precipitation has decreased, and the mercury has risen. The auction in Malawi was quick winded, the limited teas on offer were met with decreased demand at easier rates. Rains continue and the acceleration of crop intake is eagerly expected.

The market in Colombo again saw mix results, with generally fair demand for the Low Grown teas and decreased demand for the High Grown teas. Western BOPs and better Western BOPFs gained, but the remainder of High Grown teas were sold firm to easier. OP1s and BOP1s gained amongst the Low Grown teas, but the others sold firm to easier. The improving weather conditions came crashing down this week, with torrential rains across the island; landslides and disruptions unfolded as a result. Jakarta met less demand, with a notable 24% of teas remaining unsold. Although many teas met steady to easier rates, some gains were observed. Java BOP, BOPF, and dust all met dearer rates, up to 20cts for BOP and 11cts for dusts. Wet weather continues; crop and quality is responding positively. North Indian markets met good demand, with teas selling at rates very much in line with quality, from firm to dearer. South Indian markets met fair demand, selling in line with quality at steady to easier rates. The October crop figure puts Indian production ahead of 2016 by 26.2 m. kg. Production was up in all regions, with the exception of Darjeeling, as expected due to the earlier strikes. In Vietnam the last hooray of tea plucking is coming to an end, where all remaining contracts are attempting to be fulfilled, prices remain dearer in general.

*"The world is the great gymnasium where we come to make ourselves strong." – Swami Vivekananda*

### Crop figures (in m.kgs)

	Oct 17	Oct 16	Jan-Oct 17	Jan-Oct 16
Malawi	1.8	2.8	37.8	36.8
Sri Lanka	25.5	18.7	258.4	237.7
Kenya	43.4	41.3	347.0	388.0
India	177.3	151.1	1089.8	1074.4

### Upcoming auction quantities (pkgs)

	Week 49	Week 50	Week 51
Mombasa	167,935	172,500	178,260
Blantyre	Cancelled	N/A	N/A
Colombo	6.50 m. kg	6.41 m.kg	N/A
Jakarta	13,140	N/A	N/A
Kolkata	185,117	189,099	174,785
Guwahati	184,684	188,005	191,403

### KENYA

**Auction** – Fair general demand. BP1s sold steady to easy, best shed up to 8cts, good mediums up to 15cts, and plainer types up to 5cts easier, only top quality BP1s sold firm to dearer. PF1s sold steady to easy, shedding up to 8cts for best types. 10cts for below best, 22cts for good mediums, and 10cts for mediums. PDs followed the same trend, shedding 9 to 19cts for below best, up to 8cts for good medium, 12cts for medium, and 10cts for plainer types; best PDs sold irregularly steady to easier. D1s eased up to 10-15cts for below best, 8cts for good mediums, 12cts for mediums, and 10cts for plainer types; best types sold steady to easier and better good mediums firm.

**Demand** – Dominant demand was shown by Egypt while Pakistan packers were more active. Yemen and Bazaar were more active but at lower levels while activity from Afghan was maintained. Sudan and UK were less active with Russian and Iran subdued.

**Weather** – East of Rift: significantly reduced rainfall and warmer temperatures; crop reducing in most areas. West of Rift: Kericho – reduced rainfall, moderate temperatures; crop remains high. Less rainfall in Sotik; crop maintained.

### MALAWI

**Auction** – Minimal demand at easier rates. Only PF1 seedling, PDs, and offgrade fannings and dust were on offer. PF1 Seedling eased 6cts, offgrade fannings sold easier, and offgrade dust met good demand.

**Weather** – Most parts of the southern and central regions have received rain from Sunday. Thyolo and Mulanje received significant rain. Crop intakes picking up and will accelerate soon.



## **SRI LANKA**

**Auction** – Split demand in Colombo, with fair demand for the LG and less demand for the HG. HG – Western BOP select best sold firm 10cts easier, other types firm to 10cts dearer. Western BOPF gained 10-20cts at the top, others sold firm to 10cts easier. N. Eliya BOP sold firm, while BOPF sold firm at the top and 10-20cts easier for other types. Uva/Udapussellewa BOP sold firm, BOPF shed 10cts. LG – OP1 select best and below best gained 10cts, best and bottom sold firm. BOP1 gained 20cts for select best, 10-15cts for best, 5cts for below best, and remained firm at the bottom. OP/OPA eased 5-15cts, except at the bottom, firm. Pekoe1 sold firm, except for best types which eased 5-10cts. Pekoes eased 15-20cts. FBOP/FBOP1 sold firm except below best which gained 5cts. FF, FF1, BOP/BOPF, and Tippiies/Specials sold firm except for bottom FFs which eased 10cts. Off grades – liquoring fannings sold firm, except at the top which eased 20-30cts. LG fannings gained 10cts except for best types, firm. BPs gained 20cts, BM sold firm at the top and 10cts dearer for others. BOP1A shed 10-15cts for select best and below best, best and bottom sold firm. Dusts generally sold firm except better secondaries which gained 10-15cts and most HGs which gained 20cts.

**Demand** – Turkey, Saudi Arabia, Russia, North America and Hong Kong slow. Syria, Iraq, Libya active. Iran, Dubai, and Unilever increased demand. Pakistan outpriced. Good demand from Japan.

**Weather** – Weather conditions have turned cruel. Heavy rains continue, raising threats of floods and more landslides. Persistent gloomy conditions are adversely affecting the crop intake.

## **INDONESIA**

**Auction** – Less demand for the 15,200 packages on offer with 24% remaining unsold. Java Orthodox and CTC were selling at steady to easier levels except for best Orthodox BOP/BOPF/Dust and CTC BP1. Sumatra was steady to easier especially for West Sumatra orthodox which were mostly withdrawn.

**Weather** – Java: cloudy with isolated thunderstorms and heavy showers during the afternoon and evening. Rainfall increasing with low temperatures and windy nights. Sumatra: regular showers were reported across Sumatra.

## **BANGLADESH**

**Auction** – Good demand for the 46,293 packages of CTC teas, but with reduced competition meeting slightly easier rates. Next sale will have 47,288 packages on offer.

## **INDIA**

### **Kolkata**

**Auction** – CTC teas met good demand. Well-made Assam's sold firm, remainder traded irregularly easier. Orthodox teas met good demand. Whole leaf types tended irregularly lower, broken leaf sold irregularly steady. Fannings types met less demand and eased 8cts. Darjeeling teas met good demand, with all grades selling at firm levels.

**Demand** – Major blenders were the most active in the CTC market, with Western India active on higher quality teas, exporters showed demand for broken and fannings types. Middle Eastern and CIS buyers were active in the orthodox market, with less demand from HUL and internal buyers.

### **Guwahati**

**Auction** – Good demand in the CTC market. Best Assams sold firm, while others sold irregularly easier in line with quality. Dusts followed a similar trend.

**Demand** – HUL was active in the CTC market, while Tata was selective. Major blenders were the most active in the dust market.

### **Siliguri**

**Auction** – No report.

### **Coonoor**

**Auction** – CTC leafy teas met fair demand, generally 2-6cts easier. Good liquoring teas took the largest losses, while plainer teas eased 2-4cts. Medium types sold steady. Orthodox leaf sold firm to dearer at the top, others easier, with stalkier teas being partially withdrawn. CTC dust met fair demand, generally 4-8cts easier, except plainer types which sold at steady rates. Orthodox dust sold steady to easier, secondaries eased in line with quality.

### **Coimbatore**

**Auction** – CTC leaf and dust met fair demand at barely steady rates.

### **Cochin**

**Auction** – Orthodox leaf met fair demand, select best Nilgiris eased in line with quality, others saw a fair number of withdrawals. CTC leaf met fair demand at steady rates. Dusts met good demand, firm for best types, plainer types met minimal demand, with some withdrawals, others tended lower.

*All price movements quoted in USD per kilo.*

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