



Week 51, 2017

## Tea Market Report 18 – 22 December 2017

The last auction of the year in Mombasa also came as the largest at 178,260 packages, which met strong and improved demand. Most lines met dearer rates, and with minimal number of outlots. The auction will pause next week. On the year, 6,912,913 packages have been auctioned, 200k behind 2016, but overall prices and the market value are higher than previous years. The rains continue to subside, replaced by hot and dry conditions. Thanks to soil moisture retention, the crop is being maintained. In Malawi, the very small auction quantity of 1,000 packages met reluctant demand at current levels, all teas were taken out under bid. The first auction of 2018 is cancelled, and volumes still await buffering, rains continue, and the tea is on the way.

In Colombo, headlines were hit by the Russian government instating a temporary ban on the import of Sri Lankan teas following the discovery of a Khapra beetle in a Sri Lankan tea arrival. In the Colombo market, the impact of the Russian ban was hardly visible. There was good wide spread demand across the board, except for a few grades such as BOP1 and clean OP/OPAs that are usually dominated by Russia, all others sold mostly firm to dearer. These grades picked up as the sale went on, but still took considerably lower rates. This was the only movement that can be directly linked to the “bug story”. High Grown BOP/BOPF also did not face any major movements, the decline that started 2 weeks ago continued in the same fashion, dust declined as well. Crop intakes are yet to see a boost since the heavy rains, but the weather has continued to simmer down. There was less demand in Jakarta for the 17,600 packages on offer, however most Javan CTC and orthodox teas sold firm to dearer, while Sumatran orthodox’s sold steady to firm. One producer is still holding firm on the promotion of price limits in the market, but others have given into the free market, allowing for the steady flow of their teas. Cooler, wet conditions persist and both crop volumes and quality are improving. North Indian markets met fair demand all around, with generally firm to irregularly rates, in Kolkata outlots decreased from the previous week. Assam production continues to slow, with most factories closed and maintenance work on the gardens fully underway. The final leaf plucking is underway in Vietnam, but due to colder conditions, volumes of the final plucking appear to be one third of the volume observed for the same period last week. Exporters are pushing hard to fulfil open contracts.

“All that you can take with you is that which you’ve given away.” – Pa Bailey

### Crop figures (in m.kgs)

	Oct 17	Oct 16	Jan-Oct 17	Jan-Oct 16
<b>Sri Lanka</b>	24.77	27.71	283.38	265.39

	Oct 17	Oct 16	Jan-Oct 17	Jan-Oct 16
<b>Malawi</b>	1.8	2.8	37.8	36.8
<b>Kenya</b>	43.4	41.3	347.0	388.0
<b>India</b>	177.3	151.1	1,089.8	1074.4

### Upcoming auction quantities (pkgs)

	Week 52	Week 1	Week 2
<b>Mombasa</b>	No sale	170,046	165,476
<b>Blantyre</b>	No sale	Canceled	N/A
<b>Colombo</b>	No sale	5.89 m.kg	6.11 m.kg
<b>Jakarta</b>	No sale	11,040	N/A
<b>Kolkata</b>	181,458	153,841	N/A
<b>Guwahati</b>	No sale	189,071	141,410

### KENYA

**Auction** – Improved general demand. BP1’s sold generally easier, best types sold steady to 5cts easier, below best steady, good mediums firm to 10cts dearer, mediums firm to dearer, and plainer types steady to easier. PF1’s sold firm to dearer, gaining up to 8cts for bests, 20cts for below best, 18cts for good mediums 10cts for mediums; plainer types sold irregularly steady to easier. PD’s generally gained, selling irregularly firm to 10cts dearer for best types, up to 20cts dearer for below best, firm to 15cts dearer for good mediums, firm to 8cts up for mediums, and steady to 8cts easier for plainer types. D1’s sold firm to dearer for bests, below bests sold firm to 8cts dearer, good mediums firm to dearer, mediums up 5cts, and plainer types eased 8cts.

**Demand** – There was strong and dominant activity from Pakistan packers and Yemen while Bazar, Afghanistan, Egypt and Sudan were more active. Interest from UK and Somalia was maintained. Kazak and Iran were operating but Russia was slower.

**Weather** – East of Rift: rains subsided and conditions are getting hot and dry; crop is maintained. West of Rift – Kericho – most parts of this region recorded minimum showers, crop reducing. Some rainfall in Sotik with warm temperatures, crop is maintained.



## **MALAWI**

**Auction** - No teas were sold in the auction, as all lines were taken out under bid.

**Weather** - Another week of fairly good rains. Mulanje received more rains than Thyolo, which is typical. Good rains are forecasted for this week and next week as well. Crop intake is increasing.

## **SRI LANKA**

**Auction** - Fair general demand took place in Colombo. HG - Western BOP eased 10cts. Better Western BOPF sold firm to 10cts easier, others eased 10cts. N. Eliya BOP and BOPF shed 20cts. Uva/Udapussellewa BOP sold firm, BOPF sold firm to 10cts easier. LG - OP1's select best eased 15cts, best and below best gained 5cts, and bottom sold firm. BOP1 select best sold firm; best, below best and bottom eased 5-10cts. OP select best eased 10-15cts, best eased 10cts, below best up 10cts, and bottom up 5-10cts. OPA select best shed 10cts for select best, best and below best firm, at the bottom 5cts were gained. Pekoe 1 select best eased 20-25cts, best and below best sold firm and eased 5-10cts at the bottom. Pekoe select best and best sold firm, below best gained 10cts, and bottom gained 5cts. FBOP/FBOP1 eased 10-15cts, except best, firm. FF1 and BOP/BOPF sold firm. FF sold firm, except best types, up 5cts. Tippiess/specials all gained 5-10cts. Off grades - liquoring fannings gained 10-30cts, except at the bottom, 10cts easier. LG fannings eased 10-15cts at the top, below best firm, and the bottom gained 10-20cts. BOP1A sold firm except best types, up 20cts. Dust - HG sold firm, secondaries firm to 10cts dearer. LG's sold firm to 10cts easier, better sorts firm.

**Demand** - Turkey, Syria, Iraq very active with strong demand. Iran and Dubai showed improved demand. Saudi Arabia, Unilever, Russia and North America were slow. Pakistan out priced. Japan showed good demand.

**Weather** - Western/Udapussellewa Region experienced bright weather with occasional evening showers. Nuwara Eliya had rainy weather, while Uva Region was dry and bright. Low Growns - Sabaragamuwa experienced bright weather and Ruhuna experienced bright weather with occasional showers.

## **INDONESIA**

**Auction** - There was less demand for 17,600 packages with 24% remaining unsold. Prices for Java Orthodox was slightly firm to dearer for selected RA main grades BOPF/PF and secondary grades BT/PF2/D3/F2. BOP1/BOP were completely withdrawn. Java CTC was sold irregularly firm to dearer level except for BP1's for which broker's limit remained too high. North/West Sumatra orthodox remained steady to firm.

**Weather** - Java: cloudy conditions with isolated thunderstorms and regular rains were reported on Java. The heaviest rain was experienced over the weekend. Nights were windy with temperatures down to 13°C in South Bandung. Sumatra: regular showers were reported.

## **BANGLADESH**

**Auction** - Strong demand for the 48,794 CTC packages on offer. Broken sold generally dearer, fannings sold firm at the top, mediums gained, and plainer types eased. Dusts sold in line with quality. Next sale has 47,810 packages on offer.

## **INDIA**

### **Kolkata**

**Auction** - CTC teas met good demand. Best quality Assams sold irregularly steady, others sold irregularly easier. Orthodox teas met fair demand; whole leaf types sold irregular in line with quality, bolder leaf types sold firm, better broken types sold irregular with withdrawals, lower broken and fannings also had withdrawals with less demand.

**Demand** - HUL, Tata and Western India were operating in the CTC market. Exporters showed improved demand, while local buyers were less active. Middle East and CIS were active in the orthodox market, while HUL was more selective.

### **Guwahati**

**Auction** - Fair demand in the CTC market. Teas generally sold irregular to easier, except select clean and bright teas which sold firm.

**Demand** - In the CTC market, Western India was operating, HUL less active and Tata very selective.

### **Siliguri**

**Auction** - No report.

### **Coonoor**

**Auction** - CTC teas met strong demand, generally 4-7cts dearer. Orthodox teas met good demand, and sold dearer with quality. CTC dust met strong demand, blacker good and medium types gained, up 3-5cts, plainer types sold firm with some withdrawals. Orthodox dust gained, secondaries sold steady to dearer.

### **Coimbatore**

**Auction** - CTC and dust met strong demand, firm to occasionally dearer.

### **Cochin**

**Auction** - Orthodox leaf met good demand, select best Nilgiri's sold firm to easier, mediums firm to dearer. CTC teas met good demand at steady rates. Dusts met good demand, steady to dearer for best types, others remained firm with some withdrawals on browner sorts.

*All price movements quoted in USD per kilo.*

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