



Week 3, 2018

## Tea Market Report 15 – 19 January 2018

The largest auction of the year took place in Mombasa this week at 179k packages, which was met with good overall demand; less than 10% of teas were withdrawn. PF1's were the highlight of the show, generally gaining around 10cts, other teas met irregular rates. Auction quantities begin to decrease in the coming weeks, remaining over 160k in the next two weeks, then dropping to 154k. Weather conditions continue into a seasonally sunny, warm and dry period, driving the downward supply slope. In Malawi, only BP1, PF1 Sc, PF1 Seedling and offgrade fannings/dust were on offer, of which 1200 packages were sold. Auction quantities remain sparse and limited, for which forward/direct contract fulfilment and weather conditions seem to be responsible. A recent prolonged dry spell has had concerning effects on crop, bolstered by fall army worms continuing to cause havoc in some areas. None the less, the rains appear to be coming, and crop is on the up and up.

The market in Colombo did not cool off this week, excellent demand continued, led by Russia, with many teas jumping up 20-30cts. Not only is the persistent demand supporting the rising values, but crop supply is emerging on a disappointing note this year, as very cold nights and hot bright days are insistent, with little to no rain. Overall, long terms effects on supply exist beyond the current weather conditions, including residual effects from a prolonged drought at the end of 2016 and more limited usage of plant control products; outcomes therefore become more dependent on labour availability. In Jakarta, the market met fair demand for 12,840 packages, 21% remain unsold, at all around firm to dearer rates. Many teas were left unsold because of producer price limitations being increased, which were not accepted by buyers. Precipitation continues, albeit less sunshine; crop level is being maintained. North Indian markets generally met fair demand, except for in the Kolkata orthodox market. No sale will take place next week due to holidays, sale 4 will take place January 30<sup>th</sup>, sale 5 is cancelled, and sale 6 will take place February 6<sup>th</sup>. South India markets in Coonoor and Cochin met good demand, most teas advanced, with the exception of Coimbatore, where the market met fair demand. Conditions remain cloudy and wintery. In Vietnam, sunshine, light rain, and mild winter conditions give hope that spring season could be coming in March. Until then open contracts are still being fulfilled, and prices remain firm to dearer.

*"Nothing is permanent in this wicked world - not even our troubles."* – Charlie Chaplin

### Crop figures (in m.kgs)

	Nov 17	Nov 16	Jan-Nov 17	Jan-Nov 16
<b>Sri Lanka</b>	24.8	27.8	283.4	265.4
<b>Kenya</b>	45.4	39.9	392.4	427.9
<b>India</b>	118.9	128.9	1,209	1,203
	Dec-17	Dec-16	Jan/Dec 17	Jan/Dec 16
<b>Malawi</b>	5.7	5.6	45.6	43.1

### Upcoming auction quantities (pkgs)

	Week 4	Week 5	Week 6
<b>Mombasa</b>	168,677	162,534	154,010
<b>Blantyre</b>	1,360	1,700	N/A
<b>Colombo</b>	7.49 m.kg	7.25 m.kg	N/A
<b>Jakarta</b>	12,600	N/A	N/A
<b>Kolkata</b>	No sale	129,538	95,935
<b>Guwahati</b>	150,465	144,156	N/A

### KENYA

**Auction** – Good general demand. Best BP1 sold irregularly firm with select best dearer, below best steady to 5cts easier, good mediums firm to 10cts dearer, mediums steady to 20cts easier, and plainer types steady to easier. PF1 sold firm to dearer, best up to 8cts, below best 12cts, good mediums 10cts, mediums 8cts, and plainer types irregularly steady to easier. Best PD sold irregularly steady with select lines dearer, below best steady to 8cts easier, good mediums steady to 7cts easier, mediums steady to easier with better sorts dearer, and plainer types sold firm to 4cts dearer. Best D1 sold firm to dearer, below best steady to easier, good mediums firm to dearer, mediums steady to 8cts easier, and plainer types firm to 5cts dearer.

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

**Weather** – East of Rift: hot and dry with just a trace of rain in some areas. Crop maintained in areas near Nairobi but reducing further north. West of Rift: warm sunny conditions, crop maintained. Some rainfall in Sotik with warm temperatures; crop maintained.

### MALAWI

**Auction** – Good demand for selective, available grades. BP1 met good demand 1-2cts dearer. PF1sc taken out with a majority under bid. PF1 Seedling firm to 1cts dearer, for the few lots sold. No PF, PD, or D1 were on offer. Offgrade



fannings met improved demand, 8cts dearer, and offgrade dust gained 3cts for the few lots on offer.

Weather – It was sunny and warm during the day with increased rainfall particularly in Mulanje. More rainfall has been forecasted for this week. Some parts of the country are still in dry spell with crops at a high risk of going past the permanent wilting point if they miss the current window of water availability. Crop intakes are universally picking up as we head towards the next peak.

#### **SRI LANKA**

Auction – Good general demand. HG – Western BOP sold firm to 10cts easier. Better Western BOPF sold firm to 10cts easier, others firm to 10cts dearer. N. Eliya BOP/BOPF eased 20cts. Uva/Udapussellewa BOP eased 10cts and BOPF sold firm. LG – OP1 gained; select best 15cts, best 15-20cts, below best 15cts, and bottom 20cts. BOP1 select best sold steady to 5cts easier, best, below best, and bottom all gained 20cts. OP and OPA select best sold 10cts dearer, best up 15cts, below best up 10-15cts, and bottom firm. Pekoe 1 select best sold firm, best up 15cts, below best and bottom up 20cts. Pekoe select best sold firm, best up 10cts, below best and bottom up 5-10cts. FBOP/FBOP1 up 10-15cts. FF1 best and below best up 5cts, firm at the bottom. FF and BOP/BOPF sold firm. Tippiess and specials up 10cts. Off grade – liquoring fannings eased 10-15cts. LG fannings eased 10cts, except best; firm. Best BP sold firm, others up 10cts. Best BM 20cts easier, best and below best firm, bottom 10cts easier. Dust – HG best types sold firm to 10cts dearer, other 10-15cts easier. Secondaries sold firm, except better types; 10cts easier. LG better sorts firm to 10cts dearer, others firm.

Demand – Turkey, Iraq, Russia, and Unilever were very active. Iran was active. Saudi Arabia, Japan, and North America slow. Dubai showed improved demand. Syria, Hong Kong, and Pakistan out priced.

Weather – Wester, Udapussellawa, and Uva experienced bright weather, while Nuwara Eliya had sunny weather with occasional scattered showers. Low Growns, Ruhuna and Sabaragamuwa, experienced mixed weather conditions with scattered showers.

#### **INDONESIA**

Auction – Prices for Java/Sumatra Orthodox were slightly firm to dearer levels except for Java BOP/PF/BT and Sumatra secondary grades (BT2/PF2/D3). CTC was selling mostly at firm to dearer levels.

Weather – Java: cloudy and lack of sunshine with moderate rain was report in most planting districts. Cold and windy during the night with low temperatures in the West. Sumatra: Irregular showers were reported.

#### **BANGLADESH**

Auction – Fair demand for the 42,362 CTC packages on offer, which met easier rates. Dust met good demand at irregular rates. Next sale has 45,737 packages on offer.

#### **INDIA**

##### **Kolkata**

Auction – CTC teas met fair demand. Assam's decreased in quality and met easier rates, higher quality teas remained firm. Orthodox teas met good demand, Whole leaf teas sold irregularly firm, brokens sold irregular to slightly easier. Leafy fannings firm to dearer.

Demand – In the CTC market, HUL and Tata were very selective, exporters active on larger broken teas, Western India showed demand for higher quality. In the orthodox market, Middle East and CIS were active while HUL had no presence.

##### **Guwahati**

Auction – Fair demand in the CTC market. All teas sold at irregular rates, easing in line with quality.

Demand – Western India and local buyers were operating, Tata and HUL very selective.

##### **Siliguri**

Auction – No report.

##### **Coonoor**

Auction – CTC teas met good demand. Better teas sold at irregular rates. Medium and plainer teas were generally firm to dearer, particularly the blacker sorts. Fannings tended slightly easier. Orthodox teas met strong demand all around. CTC dust met good demand. Best and good liquoring teas were irregular and occasionally lower with quality. Remainder generally eased 2-4cts. Orthodox dust primary BOPD met good demand, secondaries were irregular to easier.

##### **Coimbatore**

Auction – CTC and dust met fair demand, steady to occasionally dearer.

##### **Cochin**

Auction – Orthodox teas met good demand. Select best Nilgiris sold in line with quality, firm to dearer. Medium whole leaf and smaller primary brokens up 3cts and more. Larger brokens sold firm, fannings were heavily withdrawn. CTC teas met good demand. Liquoring brokens firm to dearer, plainer types around last, in line with quality. Dust met good demand. Best category and popular marks sold firm to dearer, up to 4cts. Select clean mediums sold dearer up to 5cts. Plainer types; firm to dearer.

*All price movements quoted in USD per kilo.*

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