Week 15, 2017

Tea market report 10-14 April 2017

The auction volume in Mombasa is gradually going up, but demand is not. This resulted in an easier market this week, with an increased out-lot figure. The better types met increased demand and prices, while the poorer sorts suffered, with many being neglected. Last week the official export figures were released for the first two months of 2017. Although the February crop was about half the crop of last year, the February export increased 20%. Pakistan and UK imports increased approximately 50% over 2016 figures. Egypt also showed a 30% increase, providing a better understanding where demand is coming from. The rains are continuing, although with significant variance between growing regions. With the rains the leaf intake is improving, which should be reflected in the auction figures over the next weeks. Malawi's crop figure for March was released, down eight percent from last year, but due to a good February we are still ahead of last year's figure. The figure is within range of the five and ten year averages. There has been much more rain than last year which has not been beneficial to the crop figure. However, in the long run the bushes will have less water stress during the dry season. Last week's auction met selective demand, with generally easier prices. In particular, the Seedling PF1s met good demand, albeit also trading at lower prices.

A very active auction in Jakarta with local packers preparing for the Ramadan season, left only one percent of the teas unsold. This went hand in hand with generally higher prices for this week. It has been said that from May onward the auction traded teas will already be in a Jakarta warehouse, decreasing the lead time on shipments.

After a holiday, the North Indian auction started at slightly higher rates compared to last year. The orthodox teas in the room met particularly strong demand, but at the same levels as last year. Darjeeling was not on offer this week. The growing regions in the north of Vietnam are expected to pluck in the next few weeks, where other areas have already started. The petrol tax is currently being reconsidered as the impact will be large for farmers. One of the possibilities is to increase this tax step-by-step.

There seems to be a lot of tea coming in the next months, but there is significant demand as well. The season in Argentina is about to close.

"It's OK to have your eggs in one basket, as long as you control what happens to that basket." – Elon Musk

Crop figures (in m.kgs)

	Mar 17	Mar 16	Jan-Mar 17	Jan-Mar 16
Malawi	7.1	7.7	19.4	19.1

	Feb 17	Feb 16	Jan-Feb 17	Jan-Feb 16
India	13.5	17.1	32.5	35
Kenya	22.6	44	55.6	94.3
Sri Lanka	18.5	23	40	48.2

Forthcoming auction quantities (pkgs)

	Week 16	Week 17	Week 18
Mombasa	130,297	133,590	132,188
Blantyre	No auction	7,100	N/A
Colombo	6.2 m. kg	N/A	N/A
Jakarta	11,960	10,600	N/A
Kolkata	33,266	49,567	N/A
Guwahati	31,101	55,833	N/A

KENYA

Auction – Fair general demand with 13% remaining unsold. BP1 best and below best trading firm to up to 5cts up, good medium opened steady but closed up to 20cts dearer. Medium and plainer types trading steady. PF1s best and below best trading 10-12cts dearer, good medium types were firm. Medium and plainer types eased up to 5cts. PDs generally trading 4-10cts easier, with some lots firm. D1s best and good medium types trading firm to dearer. Below best, medium and plainer types eased 5-8cts

Demand – There was strong demand from Yemen while Afghanistan, Bazaar, Iran and Sudan were more active. There was maintained support from Pakistan packers, Somalia and Kazak with UK less active and selective. Egypt was slower with Russia operating.

Weather EoR – Showers maintained and increasing temperatures in areas near Nairobi. Other areas have received less showers. WoR – Moderate rainfall in Kericho and increased showers in Sotik. Temperatures improving and so are growing conditions, although crop is still behind for this time of the year. Uganda received well distributed rainfalls with increasing crop. Rwanda & Burundi had some showers and crop maintained.

MALAWI
Auction – Selective demand for the 6,700 pkgs on offer. BP1s most taken out under bid. PF1sc neglected. PF1 seedling trading from 2cts dearer to 4cts easier. PFs trading 2-7cts dearer. PDs shed up to 3cts. Offgrade fngs up to 2ct dearer. Offgrade dust shed 7cts.
Weather – Less rains were received last week and this was followed by heavy downfall on Tuesday this week. Cool temperatures continue to be experienced during the night and it's warm and sunny during the day. Crop intakes are healthy for this time of the year and current quality is good for both leaf and cup.

SRI LANKA
Auction – No auction due to Easter.
Demand – No auction due to Easter.
Weather – No auction due to Easter.

INDONESIA
Auction – There was good demand for 13,270 packages with 1% remain unsold. General price trend was firm to dearer except for selected North Sumatra Orthodox BOP1/BOPF/PF, trading up to 18cts easier.
Weather – Java: Bright and sunny mornings, with thunderstorms in the late afternoons. Occasional showers in most the planting districts. Sumatra: Partly cloudy with moderate rains.

BANGLADESH
Auction – No auction this week.

INDIA

Kolkata
Auction – CTC – Good demand, good Assam tea sold between Rs. 230-250. Best sorts reaching up to Rs. 350, opening Rs. 20-25 higher than last year. Dooars sold between Rs. 220-2.40, meaning an increase of 15-20Rs. compared to last year. met strong demand at last year's prices. Orthodox market opened to strong demand, prices around last year's levels.
Demand – Western India & local packers were the main drivers of the market while HUL & TGBL were quiet. ME active, CIS & internal market operating.

Guwahati
Auction – Market opened to fair demand. Select best teas trading around last. Other types generally eased and met some withdrawal.
Demand – TBGL quiet. HUL selective. Western India and internal market operating.

Siliguri
Auction – No report received.

Coonoor
Auction – No sale due to Easter holidays.

Coimbatore
Auction – No sale due to Easter holidays.

Cochin
Auction – No sale due to Easter holidays.

All price movements quoted in US$ per kilo.