



Week 43, 2017

## Tea Market Report 23 - 27 October 2017

The Mombasa auction offering this week increased by 10,000 packages from the previous week, and after a slow start the action improved towards the close. Most teas eased except for BP1s. Auction quantities are on the rise, with more healthy offerings expected through the year end. The Kenyan Presidential Re-election is ongoing, amid very low voter turnout, some voting has been delayed due to clashes in select regions. The outcome of the election is quite clear but for the future impacts, only time will tell. Unattuned to politics, crop is turning out well and supporting the continually increasing auction volumes. Strong demand with generally dearer rates took place in Malawi. Weather conditions remain hot, dry and windy. As a result, crop outturn is limited; the auction has been cancelled for the following two weeks.

Excellent demand took place in Colombo for the 6 m.kg on offer. Although most High Grown teas eased, N. Eliya notably gained. Low Grown teas generally traded firm to dearer, with exceptions across select grades and qualities. Although good rainfall has been continual in the past month, along with sufficient sunlight, offerings are not improving and will dip below the 6 m.kg mark. Winter buying is imminent, but supportive supply will be impacted by the current outturn conditions. The auction in Jakarta saw reduced demand at steady to easier rates; 17% of teas remained unsold. Rain has returned to West Java and as clear result, auction quantities are expected to rise. Winter nears in Vietnam, with cooling temperatures and precipitation decreasing, crop volume is decreasing, but heavy demand is pushing for maximum volume. Most teas produced are under contract immediately, and prices trend dearer. In North India, good demand at generally steady to firm rates was observed. Similar to North India, the monsoon has ceased in Vietnam, temperatures are reducing, and bright teas are expected in the coming weeks. The first sale of Darjeeling tea took place this week for approximately 400 packages, the first sale in over three months. Tea met prices between 10-25 USD.

*"Change is the law of life. And those who look only to the past or present are certain to miss the future"* – John F. Kennedy

### Crop figures (in m.kgs)

	Sept 17	Sept 16	Jan-Sept 17	Jan-Sept 16
<b>Sri Lanka</b>	25.5	20.0	232.6	219.0

	August 17	August 16	Jan-Aug 17	Jan-Aug 16
<b>Malawi</b>	1.50	1.78	34.5	32.6
<b>Kenya</b>	32.7	29.6	265.2	309.7
<b>India</b>	167.98	158.7	766.72	733.27

### Upcoming auction quantities (pkgs)

	Week 44	Week 45	Week 46
<b>Mombasa</b>	143,755	149,780	N/A
<b>Blantyre</b>	2,640	2,200	N/A
<b>Colombo</b>	6.12 m. kg	5.71 m. kg	N/A
<b>Jakarta</b>	12,440	N/A	N/A
<b>Kolkata</b>	198,127	190,700	N/A
<b>Guwahati</b>	182,442	183,318	N/A

### KENYA

**Auction** – Fair general demand. BP1s gained, up to 10cts for best types and 12cts for below best. Mediums and plainer types sold irregularly firm to dearer, and irregularly steady respectively. PF1s eased, best types up to 15cts, below best 10cts, good mediums 8cts, mediums 10cts, and plainer types remained irregularly firm. PDs eased as well, sheading 10-12cts, except good mediums which sold irregularly steady to easier. Dusts shed up to 10cts at the bottom, and sold irregularly steady at the top.

**Demand** – There was more activity from Pakistan Packers, Yemen, Kazak, Russia and Bazaar. Afghan was less active. There was maintained support from Egypt, Sudan and Somalia. UK was operating but Iran was quieter.

**Weather** – East of Rift – Increased rainfall, with sunny day time conditions and cool nights; crop increasing. West of Rift – Increased rainfall, moderate temperatures in Kericho; crop reduced due holidays. Increased rainfall in Sotik; crop maintained.

### MALAWI

**Auction** – Strong demand at firm to dearer rates. BP1s gained 3cts, PF1 Sc sold firm to 2cts dearer, PF1 Seedlings sold fully firm to 3cts dear, PDs sold firm, and PFs were absent from the auction all together. D1s gained 9cts and offgrade fannings shed 14cts despite good demand.

**Weather** – Dry, hot and windy conditions continue. Tea bushes are taking a hit from the heat, and crop intakes are seasonally low, especially in Thyolo.



#### **SRI LANKA**

**Auction** – Excellent demand. HG – Generally traded easier, with Western BOP shedding 10cts, BOPF 20-25cts, and Uva/Udapussellewa BOP/BOPF 20cts, except N. Eliya BOP/BOPF which gained 30-40cts. LG – OP1, OP, FF1, BOP/BOPF all sold firm. BOP1 sold firm at the top and bottom, and gained 10-15cts for best and below best. OPA and Pekoes shed 10-15cts for select best and best types, while other types sold firm. Pekoe1s all around eased 10-15cts. FBOP/FBOP1 sold firm at the top and up 10cts for others. FFs gained 10cts for bests, others firm. Tippiies and specials gained 10-20cts for best and below best while others sold firm. Off grades - liquoring fannings gained 10-20cts, LG fannings sold firm at the top and up 10cts at the bottom, and BOP1A eased 15cts for bests and gained 10cts for others. BP/BM eased, except bottom BMs which gained 10cts.

**Demand** – Turkey, Iraq and Libya showed strong demand. Hong Kong, Japan, and North America were less active, with a particular slowing from Unilever. Pakistan still outpriced.

**Weather** – Western/N. Eliya experienced rainy weather conditions while Udapussellawa had bright mornings with occasional evening showers. Bright weather was observed in Uva. Low Grown, both Sabaragamuwa and Ruhuna reported rainy weather.

#### **INDONESIA**

**Auction** – There was less demand for 11,380 packages with 17% remaining unsold. Java Orthodox and CTC sold at steady to easier levels except for select Orthodox BOPI/Dust and CTC BP1/D1. Sumatra Orthodox sold steady to easier with many lots being withdrawn.

**Weather** – Java: cloudy with isolated thunderstorms and heavy showers during the afternoon/night. Better crop expected in the weeks ahead. Sumatra: Partly bright and sunny with irregular showers.

#### **BANGLADESH**

**Auction** – Strong demand at fully firm to dearer rates for the 50,041 packages on offer. Next sale has 47,832 packages on offer.

#### **INDIA**

##### **Kolkata**

**Auction** – CTC teas met good demand. Quality Assam's sold firm, remaining sold barely steady. Orthodox teas met good demand. Most teas sold steady to firm, with main grade whole leaf types easing and smaller broken and fannings types occasionally dearer.

**Demand** – Western India, HUL, Tata, Blenders and Western India all active for CTC teas, Western India focused on liquoring types. Middle East most active in the orthodox market with CIS and HUL less active.

##### **Guwahati**

**Auction** – Good demand in the CTC market. Most teas sold steady to firm, lower quality teas tended irregularly lower.

**Demand** – Tata, HUL, and Western India all operating, Western India most active on liquoring types.

##### **Siliguri**

**Auction** – No report.

##### **Coonoor**

**Auction** – No sale.

##### **Coimbatore**

**Auction** – Fair demand for CTC leaf and dust at easier rates; down 2-4cts.

##### **Cochin**

**Auction** – Orthodox teas met fair demand at easier rates. Select best Nilgiris eased 2-4cts, mediums sold irregularly lower, 4-6cts. CTC teas met fair demand, selling irregular to easier for better types; remaining types sold firm. CTC dust met good demand. Best types sold steady to easier in line with quality, mediums and plainer types sold firm to dearer.

*All price movements quoted in USD per kilo.*

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