



Week 1, 2018

## Tea Market Report 1 – 5 January 2018

In Kenya, the 171k packages on offer, down from the 178k, met a somewhat mixed bag of interest as some teas gained and some slipped. Overall, the gains exceeded the losses and brokers reported good general demand. November statistics were released, with the monthly production at an all-time record of 45.4 m.kg, with annual crop volume standing at 392 m.kg. Exports have also increased, Pakistan remains as the largest importer of Kenyan teas, 13% ahead of last year, with other major destinations recording negative year on year growth. At 179k packages, sale 3 next week stands at a record volume, followed by a dip in sale 4. Growing areas up country are drier than normal and the usual high crop volumes that are regularly observed at the beginning of the year might not be achieved. In Malawi, the first auction of the year won't take place until next week, with 4,440 packages on offer; the first auction with regained volumes. Meanwhile rains continue along with crop intake increasing.

In Colombo, accumulated demand over the course of two weeks and a small sale resulted in rather buoyant market conditions to welcome the new year. Low Grown teas gained in value with strong, wide spread demand. However, High Grown teas faced a major drop, primarily attributed to a strong decline in demand from Japan. Although the year ended on a dim note due to the Russia ban on Ceylon tea imports attribute to a Khapra beetle discovery, the hinderance will remain in 2017, as Russia lifted the ban effective December 30th. The matter was resolved within a short span with minimal impact. There was continued less demand for 11,000 packages in Jakarta, with 19% remaining unsold. Java and Sumatra orthodox teas generally sold at steady to easier levels, while CTC's sold firm to dearer levels. Mixed weather conditions of bright and rainy conditions have been observed, with crop volumes maintained. North Indian markets met fair demand all around, at generally firm to irregularly easier rates. Colder weather in Assam can be seen in the browner leaf descriptions with colory thin liquors. In Vietnam, the season is concluding, and farmers are pruning. Weather is cold and humid. The market remains hot with demand, but volumes are sparse.

*"Cheers to a new year and another chance for us to get it right." – Oprah Winfrey*

### 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

### Upcoming auction quantities (pkgs)

	Week 2	Week 3	Week 4
<b>Mombasa</b>	165,476	179,439	168,677
<b>Blantyre</b>	4,440	4,000	N/A
<b>Colombo</b>	6.11 m.kg	6.21 m.kg	N/A
<b>Jakarta</b>	9,700	N/A	N/A
<b>Kolkata</b>	148,831	155,372	N/A
<b>Guwahati</b>	141,410	156,812	N/A

### KENYA

**Auction** – Fair general demand. Best BP1's sold irregularly firm to dearer, below best steady to 8cts easier, good mediums firm to 20cts dearer, mediums irregularly dearer (Eps up by 60cts or more), plainer types steady. Best PF1's eased up to 10cts, below best eased 10-20cts, good mediums eased 8cts, mediums sold irregularly firm to dearer, and plainer types firm to dearer. Best PD's eased up to 8cts, below best generally eased 5cts, good mediums firm to 10cts dearer, mediums irregularly firm, and plainer types sold firm to dearer. D1's eased up to 8cts at the top with select lines dearer, below best eased up to 10cts, good mediums sold firm to dearer, mediums irregularly steady and plainer types sold firm to dearer.

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

**Weather** – East of Rift: hot and dry with clear skies; crop holding, but expected to start reducing if rains come late. West of Rift – Kericho – Scattered showers, crop reducing. Some rainfall in Sotik with warm temperatures, crop maintained.



## **MALAWI**

Auction – No sale.

Weather – Both Mulanje and Thyolo continue to receive good rain. Mulanje received more favourable rains than Thyolo, which is normal; crop intakes increasing.

## **SRI LANKA**

Auction – Excellent demand took place in Colombo, with the exception of HGs. HG – Western BOP and BOPF eased 10-15cts. N. Eliya BOP and BOPF shed 30-40cts. Uva/Udapussellewa BOP and BOPF sold firm. LG – OP1's select best sold firm, best gained 10cts, below best 20cts, bottom firm. BOP1 gained 10-30cts, in line with quality. OP's generally gained 10cts, 10-15cts at the bottom. OPA select best gained 5-10cts, best and below best sold firm, and bottom gained 10cts. Pekoe1's gained 25-30cts. Pekoe's gained 15-25cts, with the larger gains at the bottom. FBOP/FBOP1, FF1, and BOP/BOPF sold firm. FF sold firm, except best types, up 10cts. Tippiess/specials all gained 10-15cts. Off grades – liquoring fannings gained 10-20cts, with largest gains at the bottom. LG fannings gained 15-20cts. BP's gained 20cts, BM's gained 15-20cts, except best types which eased 10cts. BOP1A's gained 10-15cts. Dust – HG sold firm to 15cts easier, secondaries firm to 10cts easier. LG's sold firm to 15cts dearer.

Demand – Turkey beta and bazaar, Syria, Iran very active with strong demand. Iraq, Dubai, Libya showed improved demand. Saudi Arabia, Unilever, and North America were slow. Pakistan out priced. Russia was active.

Weather – Western Region experienced bright weather while Uva had bright weather and cold nights. N. Eliya/Udapussellewa Regions experienced rainy weather. Low Growns, Sabaragamuwa and Ruhuna, districts experienced dry weather.

## **INDONESIA**

Auction – Java and Sumatra orthodox sold steady to easier except for select Java PF/Dust/F2 and Sumatra BOPF/Dust/PF2. CTC teas sold firm to dearer.

Weather – Java: mixed weather was reported in most planting districts. Bright and dry during the week with light/intermittent rains and very humid conditions during the day in the west. Sumatra: irregular showers were reported in West/North/South Sumatra.

## **BANGLADESH**

Auction – Strong demand for the 41,536 CTC packages on offer, prices were in line with quality. Next sale has 42,604 packages on offer.

## **INDIA**

### **Kolkata**

Auction – CTC teas met reduced demand. Best quality Assams sold irregularly steady, others sold easier in line with quality. Orthodox teas met good demand; smaller whole leaf types sold irregularly steady, bolder leaf types sold fully firm, broken and fannings sold irregularly easy

Demand – HUL showed demand for mediums, Tata was selective and Western India showed demand for liquoring teas in the CTC market. CIS buyers were active in the orthodox market, while Middle East and HUL were selective.

### **Guwahati**

Auction – Fair demand in the CTC market. Good liquoring teas sold irregularly easier in line with quality, clean mediums sold steady, and browner sorts were heavily withdrawn. Good and best types sold irregularly easier. Select clean mediums and plainer types sold steady. Others tended easier in line with quality.

Demand – In the CTC market, Western India showed demand for liquoring teas, Tata and HUL were active, and exporters were selective. In the orthodox market Western India showed demand for liquoring teas, Tata and HUL were active, while internal buyers were less active.

### **Siliguri**

Auction – No report.

### **Coonoor**

Auction – No sale.

### **Coimbatore**

Auction – CTC and dust met strong demand, firm to 4-10cts dearer.

### **Cochin**

Auction – Orthodox leaf met fair demand, better HG's sold firm, others irregular, medium's firm to 6-8cts dearer. CTC teas met good demand, better types firm to 4-6cts dearer, others steady to occasionally dearer. Dusts met good demand, firm to 4-6cts dearer.

*All price movements quoted in USD per kilo.*

To read previous issues, please see our website: [www.vanrees.com](http://www.vanrees.com)