



Week 2, 2018

Tea Market Report 8 – 12 January 2018

Attributed to recent low prices and decreasing auction quantities, pre-auction demand was strong this week in Kenya. As a result, prices for most categories gained, with the exception of plain BP1's. Big gains were seen from East of Rift PF1's which had recently slipped. As the auction continued, sellers raised the bar and out-lots increased in parallel. Temperatures are hot and warm in Kenya, with reduced rainfall. The coming auction packs a big punch at 179k packages, which could be the high point on the season. In Malawi, the new year kicked off with 4,640 packages which met selective demand. 37% of the offering remained unsold, largely PF1sc and PD types for which buyers were not putting up a big fight. Crop intakes have taken some drastic hits recently, and the auction figure will decrease by 75% in two weeks, however this is expected as a mere trough in the production rhythm.

In Colombo, excellent demand pushed the market up for virtually all categories and qualities. Disappointing crop intake has resulted from temperatures reaching true low points, following prolonged heavy rains at the end of 2017, these conditions are not inviting to big volumes. These conditions are directly impacting the market, and the thirst remained unquenched at the closing of the market. In Jakarta, there was fair demand for 9,700 packages with most teas being absorbed, 8% remained unsold. West Java CTC's, and Java and Sumatran orthodox teas sold firm to dearer, with the exception of BOP1 and BOP which sold steady to easier, accounting for the majority of withdrawals. Showers and sun are providing for increased crop volumes. Winter conditions are setting in across India. The market in Kolkata met good demand, albeit prices not advancing, while in Guwahati teas were met with fair demand, at irregular to easier rates. South India markets saw clear firm to dearer trends, with teas advancing a notch. In Vietnam, crop production has officially come to a complete close on the season, pruning moves forward.

"Only those who attempt the absurd will achieve the impossible. I think it's in my basement... let me go upstairs and check." – MC Escher

Crop figures (in m.kgs)

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

Upcoming auction quantities (pkgs)

	Week 3	Week 4	Week 5
Mombasa	179,439	168,677	162,534
Blantyre	4,000	1,360	N/A
Colombo	6.21 m.kg	7.49 m.kg	N/A
Jakarta	12,880	N/A	N/A
Kolkata	155,372	129,538	N/A
Guwahati	156,812	150,465	N/A

KENYA

Auction – Good, improved general demand. Best BP1's sold irregularly firm with select best dearer, below best firm to dearer, good mediums firm to 10cts dearer, mediums firm to 20cts plus dearer, and plainer types steady to easier. PF1's sold firm to dearer, best up to 8cts, below best 5-15cts, good mediums 10cts, mediums 8cts, and plainer types 10cts. PD's sold firm to dearer as well, bests up to 5cts, below bests 8cts, mediums 8cts, and plainer types 12cts. Best D1's sold irregularly firm, below best steady to 8cts easier, good mediums firm to dearer, mediums 8cts dearer, and plainer types firm to 10cts dearer.

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

Weather – East of Rift – Hot and sporadic showers in some areas; crop increased in areas near Nairobi but reducing further north. West of Rift – Kericho, warm sunny conditions with maintained crop. Some rainfall in Sotik with warm temperatures, crop maintained.

MALAWI

Auction – Selective demand. BP1's met good demand at firm rates. PF1sc taken out with a majority under bid. PF1 Seedling met fairly good demand, 2-5cts easier. PF's sold firm. PD's met good demand, slightly easier. D1's were not on offer. Offgrade fannings met good demand, 3cts easier, and offgrade dust met good demand.

Weather – Most parts of the country experienced a dry spell. Rains are however expected to resume. Thyolo and Mulanje were part of the few areas in the country to receive rain at the beginning of the month.



SRI LANKA

Auction – Excellent demand took place in Colombo. HG – Western BOP eased 10-15cts for better sorts, others sold firm to 10cts easier. Better Western BOPF's sold firm to 10cts easier, others firm to 10cts easier. N. Eliya BOP/BOPF eased 10-20cts. Uva/Udapussellewa BOP eased 10cts and BOPF sold firm. LG – OP1's select best gained 50cts, best firm, below best up 30cts, bottom up 15-20cts. BOP1 gained; 40cts for select best, best 25cts, below best 15-20cts, and bottom 25-30cts. Select best and best OP's sold firm, below best gained 20-25cts, and 30cts at the bottom. OPA select best sold firm, best up 5-10cts, below best 30-35cts dearer, and 30cts at the bottom. Select best Pekoe1's sold firm, best 10-15cts dearer, below best 20-25cts up and 15cts up at the bottom. Pekoe's sold firm for select best and best, below best up 10cts, bottom 10-15cts up. FBOP/FBOP1 bests gained 10cts, others up 5-10cts. FF1 bests up 5-10cts, bottom up 10cts. FF sold firm as well as BOP/BOPF, except at the bottom, up 10cts. Tippiess/specials all gained 10-15cts. Off grades – liquoring fannings gained 30cts, bottom 10cts. LG fannings gained 30-40cts. BP's best types sold firm, others up 10cts. BM's up 30-40cts. BOP1A's select best firm, best 20-25cts dearer, below best 45cts dearer, and bottom 35-40cts dearer. Dust – HG sold 10-15cts easier, except best types, firm to 10cts dearer. Secondaries sold firm except better types, 10cts easier. LG's sold firm, except better types, firm to 10cts dearer.

Demand – Turkey bazaar and beta, Iran, Japan and Russian were active. Syria, Saudi Arabia, Hong Kong and Pakistan were outpriced. Libya and Iraq were very strong demand, with Iraq providing a driving force in the market. Dubai improved demand. North America and Unilever were slow.

Weather – Western/Nuwara Eliya experienced dry weather with cold nights. Uva/Udapussellawa had bright weather with cold nights. Low Growns reported dry weather.

INDONESIA

Auction – Prices for Java/Sumatra Orthodox was slightly firm to dearer, except for primary grade BOP1/BOP which sold steady to easier with many withdrawn. West Java CTC sold firm to dearer and East Java CTC sold steady to easier.

Weather – Java: mixed weather was report in most planting districts; bright and dry in the morning hours with light/intermittent rains at night. Sumatra: irregular showers were reported in West/North/South Sumatra.

BANGLADESH

Auction – Good demand for the 42,604 CTC packages on offer, at irregularly firm to easier rates. Dust met good demand at firm to slightly dearer rates. Next sale has 41,316 packages on offer.

INDIA

Kolkata

Auction – CTC teas met good demand. Best quality Assams sold steady, other lower quality teas tended easier. Orthodox teas met good demand; whole leaf types sold in line with quality having some withdrawals, bolder broken and other brokers sold firm. Fannings eased with improved demand.

Demand – Good demand in the CTC market from HUL, Tata active on medium types, exporters active and local buyers showed fair support. In the orthodox market, Middle Eastern and CIS buyers were operating and HUL showed interest in whole leaf types.

Guwahati

Auction – Fair demand in the CTC market. All sorts met irregular rates, lower quality teas eased.

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

Siliguri

Auction – No report.

Coonoor

Auction – CTC leafy teas met strong demand, best types dearer 3-4cts, mediums and plainer types up 4-6cts. Orthodox leafy teas sold dearer for best types, secondaries gained as well, with smaller advances. CTC dust met strong demand, all sorts 2-4cts dearer, except plainer types which eased. Orthodox dust, primary BOPD's met good demand, secondaries sold irregular around last.

Coimbatore

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

Cochin

Auction – Orthodox leaf met fair demand, HG's sold dearer in line with quality, medium's sold irregular to 2-3cts easier. CTC teas met good demand, 4-6cts dearer. Dusts met good demand, firm to 2-5cts dearer.

All price movements quoted in USD per kilo.

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