



Week 10, 2018

Tea Market Report 5 - 9 March 2018

Going into the Mombasa auction, dwindling volumes and the associated bullish sentiment were turned around by news of rain. In the end, most buyers were passive and prices eased. The absorption rate was reduced and the largest number of out-lots was recorded on the year, with slow to zero post auction activity. The rain has indeed arrived, right on time as expected and auction quantities are expected to pick up, albeit climate experts warn that the rains will be short lived. In Malawi, strong purchasing activity continued, although mostly at slightly easier rates. Off-grades stood out however, which amongst a short supply met strong demand. Warm, hot, and at times very wet conditions are holding crop levels. Overall agricultural production has been estimated to have dropped approximately 10% due to the decreased precipitation trend, estates are doubtful that another peak will occur in this season's production.

The hottest market continues to cool in Colombo, with excellent cropping conditions demand seem to be easing off gradually. Except for small Pekoes and BOP1, teas were firm to lower with less general demand. High Grown teas however presented a different story which generally gained, except seasonal teas which have lost quality due to the increase in precipitation. In Jakarta, low demand remains a norm, with a third of the teas not finding a home in the general auction. Producer price limits and buyer restrictions due to unfilled payments still remain as limitations. The ever present cloudy and precipitous conditions also remain a norm with crop levels currently being maintained. In North India, the markets have taken a pause to await further volumes and the production season to resume. South India markets showed mixed demand; good demand in Coonoor and fair demand in Coimbatore and Cochin. Dry and sunny conditions persist with crop continuing to drop. In Vietnam, weather is warming up with widespread cloud cover, especially in the north. Spring season is expected to start in the next 1-3 weeks, with some variation by area due to different pruning schedules.

"If you're not making mistakes, then you're not doing anything. I'm positive that a doer makes mistakes." – John Wooden

Crop figures (in m.kgs)

	Dec-17	Dec-16	Jan/Dec 17	Jan/Dec 16
Malawi	5.7	5.6	45.6	43.1
India	70.0	64.0	1278.8	1267.4
	Jan-18	Jan-17		
Sri Lanka	24.27	21.69		
Kenya	40.8	33.0		

Upcoming auction quantities (pkgs)

	Week 11	Week 12	Week 13
Mombasa	126,273	122,280	133,419
Blantyre	5,300	N/A	N/A
Colombo	6.21 m.kg	5.73 m.kg	N/A
Jakarta	14,440	N/A	N/A
Kolkata	Cancelled	N/A	N/A
Guwahati	N/A	N/A	N/A

KENYA

Auction – Reduced general demand. Best BP1 steady to 10cts easier with select lines firm, below best 5-10cts easier, good medium up to 10cts easier, medium irregularly steady to easier, plainer steady to 5cts easier. Best PF1 up to 8cts easier, below best 5-10cts easier, good medium irregularly steady, medium steady to 8cts easier, plainer types irregular with better leaf firm to dearer. Best PD steady to 8cts easier with select lines firm, below best 8-12cts easier, good medium 8-15cts easier, medium steady to 8cts easier, plainer types steady to 10cts easier. Best D1 irregularly steady, below best steady to easier, good medium firm to 2cts up, medium steady to 8cts easier, plainer steady to 5cts easier.

Demand – There was more activity from Pakistan packers but Afghan and Bazaar were slower. Interest from Kazakhstan and Russia was maintained with Sudan, Egypt and Iran less active. UK was less active and selective while Somalia was active at the plainer end.

Weather – East of Rift – medium to heavy rains in most areas and cool nights. Crop still declining but is expected to increase in a few weeks. West of Rift – Kericho, increased rainfall, some hail and low temperatures, crop still low. Sotik, increased rains and improved growing conditions, crop expected to increase.



MALAWI

Auction – Fairly good demand at irregular rates. BP1 taken out under bid. PF1 Sc two lots on offer traded 6cts easier. PF1 Seedling met fairly good demand with a fair weight of teas taken out under bid, mediums gained 3cts while the better types shed up to 5cts. PF was neglected due to poor quality. Poor dust shed 2cts while the cleaner descriptions gained 2cts. Offgrade fannings sold firm to dearer and offgrade dust met rates nominally 2cts dearer.

Weather – Partly cloudy, warm to hot during the day with heavy rains in some areas particularly in the central and northern regions. Crop intakes steady, most estates doubtful of one more peak.

SRI LANKA

Auction – Decreased demand. HG – Western BOP all round firm, Western BOPF select best and best 20cts easier, others up 15-20cts. N.Eliya BOP 10-15cts easier, BOPF firm. Uva/Udapussellewa BOP firm, BOPF firm to 15cts dearer. LG – OP1 select best 10cts easier, best 15cts easier. below best 10cts easier, bottom firm. BOP1 firm. OP select best 10cts easier, best, below best and bottom firm. OPA select best 10cts lower, best firm, below best 5cts dearer, bottom firm. Pekoe 1 all around up 10-15cts. Pekoe select best 15cts dearer, best 10cts dearer, below best firm, bottom 10cts lower. FBOP/FBOP1 best firm, below best 5cts dearer, bottom firm. FF1 best firm, below best and bottom 5-10cts easier. FF best firm, below best up 5cts, bottom 5-10cts dearer. BOP/BOPF and Tippiies/Specials all around firm. Off grades - liquoring fannings best 20cts easier, below best 10cts easier, bottom firm. Low Grown fannings best firm, below best 10cts dearer, bottom 20cts dearer. BP best firm, below best and bottom 15cts lower. BM best 20cts easier. Below best 10cts dearer, bottom up 20cts. BOP1A select best 30-35cts easier, best 20cts easier, below best 10cts easier, bottom firm. High Grown/liquoring primary better sorts 20cts easier. others 10-15cts easier. Secondaries firm to 10cts dearer. Low Grown better sorts firm, others 10cts easier.

Demand – Turkish beta and bazaar very active. Saudi Arabia, Dubai and Russia all active. Syria active but limited by price. Iraq good demand. Libya back in the market. Iran and Hong Kong showing less demand. Japan selective demand. Unilever and North America quiet and slow. Pakistan out priced.

Weather - Western/Udapussellewa/Uva Regions experienced bright mornings with regular evening showers. N. Eliya had bright weather with rainy conditions towards the latter part of the week. Low Grown had bright mornings with occasional evening showers.

INDONESIA

Auction - There was less demand for 14,400 packages with 34% remaining unsold. Mostly Java/Sumatra Orthodox/CTC were selling at steady to easier levels.

Weather - Java: cloudy with regular showers, temperatures dropped at night, especially in West Java. More sunshine was report in West/Central planting districts during the weekend, good for quality of production. Sumatra: Regular showers were reported in West/North/South Sumatra.

BANGLADESH

Auction – 21,774 packages met strong demand in line with quality, generally dearer. 4,807 packages of dust on offer also met good demand. The next sale will be the clearance sale for old season teas.

INDIA

Kolkata – No report.

Guwahati – No report.

Siliguri - No report.

Coonoor

Auction – CTC met good demand. Best and good liquoring types eased 3-5cts, sometimes more with a fair number of withdrawals. Medium sorts irregular and 2-3cts easier. Plainer types steady to occasionally dearer, especially for blacker leaf. Orthodox met good demand, whole leaf and mediums steady, remainder irregular. CTC dust met good demand, best and good liquoring types irregular and generally easier. Bolder blacker medium and plainer sorts gained 3-4cts, remainder steady. Orthodox dust steady.

Coimbatore

Auction – Fair demand, good liquoring varieties up to 3cts easier, mediums irregularly lower with quality, plainer types firm. Orthodox easier in line with quality. Dust met fair demand, best varieties selling at barely steady levels. Mediums around last, plainer types fully firm with the blacker teas 2-3cts dearer.

Cochin

Auction – CTC met good demand, liquoring brokens and plainer types firm to dearer. Orthodox met fair demand. Select best Nilgiri teas around last and at times firm in line with quality. Medium whole leaf and cleaner smaller brokens firm to dearer. Fannings firm. Dust met good demand, best 2-3cts easier, good mediums steady and at times firm. Remainder lower, plainer types firm.

All price movements quoted in USD per kilo.

To read previous issues, please see our website: www.vanrees.com