

Week 19, 2019

## Tea Market Report 6 – 10 May 2019

In the Mombasa auction it becomes a tradition that smaller offerings tend to attract less demand. Tuesday's auction was no exception. With 'only' 125K pkgs on offer, sale 19 opened initially to strong demand but this completely changed after a few catalogues witnessing reduced demand resulting in 25% unsold. All eyes are on the coming auctions to see if the tradition persists with 115K and 120K pkgs on offer in the coming 2 weeks. The rains in most tea growing areas are not as intense anymore as they were last week, they seem to have reached Mombasa. Over the last few days a vast amount of rain has been received at the coastal areas and they're warning for flash floods which may have an impact on the logistic part of business. Due to the rains received in the planting areas, the tea bushes are steadily recovering from the dry spell and cropping is expected to gradually increase in the coming few weeks.

The auction in Malawi attracted some good interest for the 5.4K pkgs on offer. Mostly, the well-made teas met good to strong demand selling at steady levels while poor sorts were mostly neglected, resulting in a total sales volume of 80%. Crop intakes are seasonally dropping due the cooler nights and the ongoing pruning.

In Sri Lanka, it's ideal cropping weather with both the HG and LG crop intake increasing. This results in healthy sale offerings, almost hitting the 7.5m.kg mark in week 21. With the increasing supply the demand is subdued. The Low Grown demand declined on all varieties where in the HG categories mainly the Ex Estate BOP/BOPF declined.

In India, the March crop figures increased by 22% compared to the same period in 2018. A total of 74.6m.kg in March result in a crop figure of 103.6m.kg for the first quarter of 2019. 62% is to be accounted for North India where South India has been responsible for 38% of the crop. The tea board of India has also made its final revision on the 2018 crop figure, resulting in a total of 1338.63m.kg.

In Jakarta, the auction still suffers from buyers who are sidelined due to outstanding payment issues with brokers. As a result, there was less demand for 7,780 packages with 27% remaining unsold, mostly for CTC invoices and Java Orthodox Low Grown PF/BOPF. Generally, Java/Sumatra Orthodox/CTC were selling at steady to easier levels except for selected/best Java Orthodox BOPF.

In Vietnam, the middle area finally received some rains after 35 days of dry weather whereas the north received an abundance of rain.

*"If you can't be happy at the prospect of lunch, you are unlikely to be happy about anything."* – Robert Johnson

### Crop figures (in m.kg)

	March19	March18	Jan-Mar 19	Jan-Mar 18
<b>Kenya</b>	26.5	31.0	106.3	99.8
<b>Malawi</b>	6.4	7.7	21.2	20.8
<b>India</b>	74.6	61.0	103.6	92.2

### Upcoming auction quantities (pkgs)

	Week 20	Week 21	Week 22
<b>Mombasa</b>	115,119	120,396	128,600
<b>Blantyre</b>	4,780	5,240	N/A
<b>Colombo</b>	7.08m kg	7.42m kg	N/A
<b>Jakarta</b>	8,460	10,020	N/A
<b>Kolkata</b>	103,834	126,545	N/A
<b>Guwahati</b>	106,689	101,960	N/A

### KENYA

**Auction** – Fair demand. Best BP1s irregularly firm to 8cts dearer, below best irregularly firm to dearer following quality, good medium firm to 6cts up, medium steady to easier, plainer 4-10cts up. Best PF1s opened firm but lost to close steady to 2cts easier, below best steady to 6cts easier, good medium 2-7cts easier, medium opened firm but lost to close steady, plainer firm to 10cts up. Best PDs firm to 4cts up, below best firm, good medium 5-14cts easier with selected lots best dearer, medium irregularly steady to 10cts easier, plainer steady to 8cts easier. Best D1s firm to 5cts up, below best irregular with quality, good medium firm to dearer, medium steady to 4cts easier, plainer irregular with quality.

**Demand** – Pakistan and Afghan buyers were very slow from the beginning and showing less demand. Egypt was less active while Yemen showed some interest, as well did Russia and Somalia.

**Weather** – Rains not as intense in most tea growing areas compared to last week. Bushes are steadily recovering from dry spell and cropping is expected to gradually increase in the coming weeks.

### MALAWI

**Auction** – Well-made teas met continued good demand at steady to dearer rates. Plainer sorts and offgrade fngs were taken out under bid. BP1 nominally steady. PF1 Sc continued good demand. Best available sorts gained 5cts while the balance shed 5cts. PF1 Seedling well-made types met good demand at steady to 3cts dearer while plain sorts were taken out under bid. PFs one lot on offer was snapped at 3cts below valuation. PDs very good demand at 4-9cts dearer rates. D1s good demand at 4-5cts dearer rates. Offgrade fngs taken out under bids. Offgrade dust nominally 2cts dearer.

Weather – Mulanje – selective areas received some rains on the 29th of April ranging from 5-28mm. It has been hot and dry during the day and cool at night ever since. Thyolo – sunny and hot during the day and cool during the night with some very light scattered showers.

#### **SRI LANKA**

Auction – HG – less demand. Western BOP overall 10cts lower. Western BOPF overall 20cts lower. N.Eliya BOP/BOPF overall 20cts lower. Uva/Udapussellewa BOP/BOPF overall 10-20cts lower. LG – less demand. OP1 select best 20cts lower, best 5cts lower, below best firm, bottom firm. BOP1 select best 5-10cts dearer, best firm, below best 5cts lower, bottom 5cts lower. OP select best firm to 5cts dearer, best 5cts lower, below best firm, bottom 5-10cts lower. OPA select best 5-10cts lower, best 10cts lower, below best firm, bottom 5cts lower. PEKOE 1 select best firm to 5cts dearer, best 5-10cts lower, below best 5cts lower, bottom firm. PEKOE select best 10cts lower, best 5cts lower, below best 5cts lower, bottom 5cts lower. FBOP select best & best firm, below best 5cts dearer, bottom firm. FF1 best 10cts lower, below best 10-15cts lower, bottom 20-30cts lower. FF best & below best firm market, bottom 10cts dearer. BOP firm market, best & below best 10cts lower, bottom 5-10cts lower. Tippy all-round firm market. Off grades - Liq. Fngs overall 5cts lower. Low Grown Fngs overall 5cts lower. BP overall firm. BM cleaner BM's 5cts lower, balance firm. BOP1A select best, best & below best firm, bottom 5cts dearer. Dust – High Growns/Liq. Primary all-round 10cts dearer. Secondaries 20cts dearer. Low Grown 10cts dearer.

Demand – There has been an overall lesser demand from all markets.

Weather – Western/Nuwara Eliya regions – Mixed weather, bright mornings and dull evenings with occasional scattered showers in the region during the week. Uva region – bright weather experienced throughout the week. Low Growns – bright mornings and wet evenings reported, several spells of rains predicted in the week ahead.

#### **INDONESIA**

Auction – Java Orthodox – less demand. BOP1, BOP N/A. BOPF firm to 5cts dearer. PF irregular from 4cts easier to 4cts dearer. Dust steady to 2cts easier. BT steady to 3cts easier. West Sumatra – less demand. BOP1 N/A. BOP firm to 2cts dearer. BOPF firm. PF firm. Dust firm. BT firm to 2cts dearer. Java CTC – less demand. BP1West, East withdrawn. PF1 West N/A, East withdrawn. PD West neglected, East firm. D1 West firm, East withdrawn. Fngs West firm, East firm.

Weather – Java – Bright and sunny during the morning, cloudy with isolated thunderstorm and heavy showers in the afternoon/night. Sumatra – Regular showers have been reported with overall lower precipitation levels in west/north/south part. Heaviest rains have been received in the southern parts which caused some floods.

#### **INDIA**

##### **Kolkata**

Auction – CTC – good demand with 66% sold. Select good, better medium and medium Assams are easing in line with quality and witnessed some withdrawals. Good Dooars are irregular and easier. Medium and plainer Dooars are steady. Orthodox – Strong demand continues with clean black whole leaf grades selling at fully firm levels. A total of 95% is sold. Bold whole leaf up to 10cts dearer. Leafy broken were firm to occasionally dearer by 10cts, whilst the smaller sorts GBOPs were 10-15cts dearer. Leafy fngs 10-15cts dearer, others fully firm. Darjeeling – good demand at slightly lower levels following quality. Flavoury whole leaf grades 30-50cts easier, medium 20-40cts easier. Flavoury broken a feature and selling between \$7.5-8.5, fngs sold between \$6.5-7. Dust – market opened to improved demand. All sorts selling at barely steady levels.

##### **Guwahati**

Auction – CTC – less general demand. All sorts selling easier following quality.

##### **Coonoor**

Auction – CTC leaf – less demand. Best liquoring teas steady to occasionally easier up to 2cts with fair withdrawals. Clean black plainer teas firm, remainder facing withdrawals. Orthodox leaf – good demand. Primary whole leaf grades steady to dearer on quality, remainder tending easier with some withdrawals. CTC dust – better demand. Best liquoring teas steady to easier. Good sorts steady to dearer up to 3cts, mediums easier 2-3cts, with some withdrawals, the plain category firm to dearer up to 2cts. Orthodox dust – good demand. Primary BOPD's steady to dearer, remainder irregular tending easier. Secondary teas easier and facing fair withdrawals.

##### **Cochin**

Auction – Orthodox leaf – less demand. Select best Nilgiri teas sold at lower levels, medium whole leaf firm, remainder eased in value with fair withdrawals. CTC – good demand. All varieties around last. Dust – good demand. Good and best categories generally firm, some withdrawals seen following quality. Mediums irregular around last levels. Plainer teas firm to dearer.

##### **Coimbatore**

Auction – CTC leaf – fair and selective demand. Popular and good liquoring teas firm and around last except fngs. Medium broken dearer by 1-2cts while the fngs types sold at barely steady levels. Plainer bolder grades dearer by 2-3cts, remainder teas firm. Orthodox leaf – around last while the remainder were irregularly lower. CTC dust – fair demand. Good liquoring varieties fully firm to dearer with select finer grades appreciating by 2-3cts. Medium kinds with cleaner appearance dearer by 1-2cts, remainder teas around last, plainer types firm. Orthodox dust – good demand at irregularly easier levels.

*All price movements quoted in USD per kilo.*

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