

Week 24, 2019

Tea Market Report 10 – 14 June 2019

The Kenyan Tea Board announced Monday a sharp drop in April's crop at 26M kgs. It did little to support an expected comeback after Eid which was anticipated. Bearish sentiment prevailed with 138K pkgs on offer and most grades selling at easier rates. 43K pkgs were withdrawn which comprised of mostly plainer sorts meeting little or no interest even at sub USD 1.00 hammer levels. The closing of sale 26 at 170K pkgs diminished Pakistan and Afghanistan demand. Main culprits were concerns about the local currency, fairly high local stocks and hot weather conditions which are not conducive for tea consumption. The national budget reading for Pakistan on Tuesday did not dwell much on tea and will remain the same for 2019. In the EoR region, chilly to cold nights are met with morning showers. Kericho and Sotik are also tending cold, but temperatures still favorable to tea growth during the day. Two weeks from now, the cold season is expected to start in earnest. In the Limbe auction, buyers demonstrated fairly good demand with 73% sold of the 5,740pkgs on offer. Interest was towards well-made types at easier rates, while poor sorts were neglected. This year the May crop was at 4.5k mt and is 9% lower than same period last year. However, 33k mt is the cumulative total year to date, a record at this point in the season. The Chiperoni showers alluded to last week ranged from 2-6mm on Monday and were heavier on Tuesday between 10.5-48mm. On Saturday 1-9mm was reported. In Sri Lanka market weakness continued, with offerings easing by 0.6 Mn Kg compared to the preceding sale. In high grown, most of the better teas were discounted, while the bottom end strengthened further. As good value remains a theme, buyers are slowly but surely enticed to return to the market. As the Monsoon begins to settle in, more rains are forecasted, notably in the western sector for the coming week. Healthy offerings of over 7.5Mn kgs are on offer for the next two sales, though offerings of sale 25 are slightly less. In north India, overall good demand was sustained. Healthy demand was demonstrated across all teas in South India, with the exception of CTC Dust and Dust. Demand was slow in Indonesia after the holidays with 8,400 packages on offer and 28% remaining unsold, of which a majority was Java/Sumatra Orthodox BT/PF. This week, Orthodox and CTC were selling steady to easier levels except for few invoices of Java Orthodox PF and CTC FNGS. Dry weather conditions in Java and Sumatra. Though South Sumatra has experienced partly sunny and bright mornings, followed by very light rain.

"One generation plants the trees, and another gets the shade." – Chinese Proverb

Crop figures (in m.kg)

	April 19	April 18	Jan-Apr 19	Jan-Apr 18
Kenya	26.1	44.6	132.4	144.3
India	84.4	88	188	180.2
Sri Lanka	23.6	28	96.6	102
	May 19	May 18	Jan-May 19	Jan-May 18
Malawi	4.5	4.9	33.0	32.2

Upcoming auction quantities (pkgs)

	Week 25	Week 26	Week 27
Mombasa	156,178	170,930	164,739
Blantyre	5,840	4,720	N/A
Colombo	7.65m kg	N/A	N/A
Jakarta	8,660	7,080	N/A
Kolkata	133,154	140,865	128,886
Guwahati	100,841	124,586	9,0144

KENYA

Auction – Reduced general demand. Best BP1's steady to 5cts easier, below best steady to 16cts easier, good medium 4-14cts easier, medium steady to 14cts easier with a few selected lines firm, plainer up to 15cts easier. Best PF1's steady to 5cts easier, below best steady to 10cts easier, good medium steady to 8cts easier, medium steady to 15cts easier, plainer steady to 8cts easier with outlots. Best PD's up to 25cts easier with selected best dearer, below best 10 to 35cts easier, good medium 5-20cts easier, medium 10-22cts easier, plainer up to 15cts easier with outlots. Best D1's 5-10cts easier with selected best firm, below best 10-15cts easier, good medium 7-14cts easier, medium 15-20cts easier, plainer up to 14cts easier.

Demand – Lack of interest from Afghan and Pakistan buyers. Kazakh, Egyptian, and Sudanese activities were slower, while Iran continued to be subdued. Somalia was steady and the UK showed improved demand.

Weather – The weather has turned cold and wet in all tea growing areas. Chilly nights followed by morning showers were experienced in the EoR region. Kericho and Sotik also tending cooler but temperatures are still favourable to tea growth. The cold season is expected to fully set in within 2 weeks from now.

MALAWI

Auction – Well-made types met fairly good demand at easier rates. Poor sorts were neglected. BP1 taken out under bid, steady where sold. PF1 Sc shed up to 6cts. PF1 Seedling irregular demand at 4-7cts easier rates where sold. PF's none on offer. PD's less demand with many lots taken out some under bid, however tended 3-4cts where sold. D1's continued good demand at 1-3cts easier rates. Offgrade fngs continued good demand a cent easier. Offgrade dust taken out under bid.

Weather – Mulanje – cool to warm during the day and very cold during the night and early morning hours. The Chiperoni showers alluded to last week ranged from 2-6mm on Monday and were heavier on Tuesday between 10.5-48mm. On Saturday 1-9mm was reported. Thyolo – cool to warm during the day and very cold at night. 8-13.2mm of rain showers was reported on Tuesday last week and has been generally dry since.

SRI LANKA

Auction – HG – Fair demand. Western BOP overall 10-20cts lower. Western BOPF overall 20cts lower. N'Elia BOP overall 5-10cts lower. N'Elia BOPF overall 10cts lower. Uva / Udapussellewa BOP overall 10cts lower. Uva/ Udapussellewa BOPF overall 10cts dearer. LG – Fair demand. OP1 select best 30-35cts lower, best 10-20cts lower, below best 20-25cts lower, bottom 10-15cts lower. BOP1 select best 10-20cts dearer, best 5-10cts lower, below best 10-20cts dearer, bottom firm. OP all round 5-10usc lower. OPA all round 5-10usc lower. PEKOE 1 select best 20-25usc dearer, best firm, below best 20-25usc lower, bottom 10-15cts lower. PEKOE select best firm, best & below best 5-10cts dearer, bottom firm. FBOP select best and best firm, below best 5cts lower, bottom 5-10cts lower. FF1 best 5cts lower, below best 20cts lower, bottom 5-10cts lower. FF all round 5-10cts lower. BOP / BOPF all round firm markets. Tippiies/Specials all round firm market. Off Grades – Liq. Fgs better sorts 5cts lower, bottom firm. Low Grown Fgs all round firm market. BP firm. BM better sorts firm, others 5cts lower. BOP1A select best & best 25cts dearer, below best 5cts lower, bottom 5cts lower. Dust – High Grown/Liq. Primary 10-15cts lower, secondaries firm to 15cts lower. Low Grown 20-25cts dearer.

Demand – Turkey, Saudi Arabia, Dubai, Russia, and Hong Kong showed fair demand.

Weather – Western/Nuwara Eliya regions – Moderate showers during the beginning of the week with bright weather conditions towards the latter part of the week. Estates in the Upcot region have encountered windy conditions towards the latter part of the week. Uva/Udapussellawa regions – Bright and dry weather conditions throughout the week. Estates in the Hewahetta region have reported heavy winds throughout the week. LG regions – The Sabaragamuwa district has advised bright weather with occasional light showers whilst Ruhuna district has had bright and dry weather conditions throughout the week.

INDONESIA

Auction – There was less demand for 8,400 packages with 28% remain unsold mostly for Java/Sumatra Orthodox BT/PF. This week, Orthodox and CTC were selling steady to easier level except for one invoice of Java Orthodox PF and CTC FNGS.

INDIA

Kolkata

Auction – CTC – Good demand with 78% sold. Improved liquoring best/good Assams are well competed for and selling at attractive rates. Medium / Better Mediums are around last, Reprint/Earlier Invoices are irregular and lower with some withdrawals. Orthodox – Market opened to strong demand – 95% sold. Select few tippy Whole Leaf and Broken on offer absorbed at slightly levels lower than last year. Clean well-made Whole Leaf Broken and Leafy Fannings showing an improvement in quality selling at firm to occasionally dearer rates. Remainder Whole Leaf, Broken and Fannings irregular around last and at times tending lower. Darjeeling – All Whole leaf grades sold at fully firm levels, whilst broken and fannings were easier with heavy withdrawals.

Guwahati

Auction – CTC – Strong demand. Best & good Assams selling at firm to dearer levels.

Coonoor

Auction – CTC leaf – good demand. Best and good liquoring teas firm to dearer by 2 – 3cts. Medium sorts easier by 3cts with the plainer types easing up to 2c. Orthodox leaf – fair demand. Primary Whole Leaf grades easier. Broken dearer while the fannings was steady. CTC dust – reduced demand. Best and good liquoring teas irregular and tending dearer. Medium and plainer sorts easier 2 – 3c, with fair withdrawals. Orthodox dust – better demand. Primary BOPD's easier; remainder and secondary teas dearer on demand.

Cochin

Auction – Orthodox leaf – fair demand. Select best Nilgiri teas sold irregularly lower. Medium varieties settled at easier levels with heavy withdrawals on poor leaf appearance. Fannings also lower. CTC – fair demand. All varieties lower 1-2cts. Dust – Less demand. All varieties irregularly lower by 1-2cts and at times more with progress of the sale.

Coimbatore

Auction – CTC leaf – fair demand. Good liquoring kinds firm with selective popular fannings appreciating. Medium types barely steady. Plainer teas easier by 2-3cts with some teas remaining unsold. Orthodox leaf – good demand at firm levels. CTC dust- reduced and selective demand. High priced better liquoring teas easier by 3-4cts at time more and facing withdrawals. Medium types lower by 2-3c for the PD's and more on the finer grades. Plainer teas witnessed better enquiry at 1-2cts easier levels. Orthodox met with selective demand. Whole leaf at around last remainder irregularly lower.

All price movements quoted in USD per kilo.

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