

Week 31, 2019

Tea Market Report 29 July – 2 August 2019

Sale 31 in Mombasa witnessed considerable demand for the 146K pkgs on offer compared to 148K the previous week. There was animated interest right from the 1st catalog leading to generally firm to dearer rates for the better teas and steady to easier rates for the medium and plainer types. Absorption was fairly good, and the momentum was maintained throughout the sale. With reports of overall cool and overcast weather conditions in the entire region, low crop levels have continued. In the meantime, Limbe has gone through the smallest auction of the year. Well-made types were absorbed with old invoices neglected, and there was a general lack of interest on offgrades. Assumptions are that buyers are either getting their needs privately or demand from packers has fizzled. In Sri Lanka, a total of 7.23 Mn kgs were on offer at this week's auction, the victors being Low Grown teas which witnessed healthy demand. Crop intake for the western & eastern sector maintained whilst Nuwara Eliya and Ruhuna showed a decline. Sale offerings will gradually ease below 7Mn Kg starting in August and probably remain around the 6.5 Mn Kg mark for a while. The drop in offerings are a result of sale no 32 being a restricted sale due to intervening holidays. The top destination for Ceylon Tea remains Iraq, followed by Turkey, Russia, and Iran for the period Jan-Jun 2019. Libya, China, and Azerbaijan have shown an increase during the first six months. Sri Lanka will now be able to resume exports of Ceylon tea to Iran before the end of August as a result of agreements made by Secretaries of Sri Lanka's ministries of highways and petroleum resources, plantation industries, tea exporters and officials of the Sri Lanka Tea Board. Exports were previously constrained due to US sanctions on dollar transactions with Iran. In Indonesia, Mount Tangkuban Parahu in Bandung, West Java erupted on Friday. Tangkuban Parahu is a stratovolcano 30 km north of the city of Bandung. The eruption was recorded on the seismogram to have a maximum amplitude of 38 millimeters with a duration of about five minutes and 30 seconds. Luckily there was no impact from the massive eruption to the closest tea plantation, Ciater (Orthodox) which are located around 13km away, and Sukawana (CTC) 6km from the mountain. Only a few areas in Sukawana tea estates were affected by volcanic ash and PTPN8 has been anticipated by watering the area manually.

"A boss on vacation is the most cost-effective measure. Everybody in the office has a vacation at the cost of one." - Thibaut

Crop figures (in m.kg)

	June 19	June 18	Jan-June 19	Jan-June 18
Kenya	42.4	43.3	212.61	231
Malawi	1.6	1.9	34.6	34.1
Sri Lanka	26.9	23	158.4	158.2
India	150.9	149.1	437.7	451.9

Upcoming auction quantities (pkgs)

	Week 32	Week 33	Week 34
Mombasa total	140,199	128,720	131,460
Mombasa main grade	116,980	108,220	N/A
Blantyre	2,520	2,300	N/A
Colombo	6.97 m. kgs	4.46 m. kgs	N/A
Jakarta	15,400	13,580	N/A
Kolkata	175,775	139,043	186,896
Guwahati	172,528	115,491	230,186

KENYA

Auction – Good general demand (initially, 27,981 packages – 19.2% taken out). Best BP1's firm to 8cts up and more, below best firm to 6cts up and more for quality lots, good medium irregularly steady to 4cts easier, medium irregularly steady to easier with selected lots dearer, plainer steady to 8cts easier. Best PF1's firm to 6cts up, below best 2-8cts dearer, good medium irregularly firm to 4cts up, medium steady to 8cts easier, plainer irregularly steady to easier. Best PD's 15-30cts up, below best 12-20cts up, good medium firm to 6cts up, medium irregularly firm to dearer with high priced types easier, plainer quality types were firm to dearer, balance steady to easier. Best D1's up to 8cts up, below best firm to 8cts up, good medium irregularly firm, medium steady to 4cts easier, plainer firm to 10cts up and more for quality lots.

Demand – Yemen was strong followed by Sudan, Kazakh and Pakistan packers. UK, Bazar, and Egypt showed maintained interest with Russia selective. Somalia and local packers were slower with Iran silent.

Weather – EoR – Dry weather conditions dominated the whole region with very few places reporting light showers during the opening of the week. Days opened with cold and cloudy conditions which characterized the better part of the day. The ambient temperatures dropped towards end of the week. Low crop levels continued. WoR Nandi/ Kericho/ Kakamega/ Kisii - The better part of this region continued with paltry scattered showers. Mornings were cool and cloudy with short sunny intervals prevailing in the afternoon. Declining temperatures were reported. Low harvest continued.

MALAWI

Auction – Well-made types met good demand at easier rates while offgrades and poor descriptions were neglected. BP1 none on offer. PF1 Sc good demand at steady to 7cts easier rates. PF1 Seedling selective demand at 1-2cts where sold. PFs neglected. PDs one lot on offer sold at 3cts below valuations. D1s neglected. Offgrade fngs neglected. Offgrade dust nominally 5cts easier where sold. **Weather** – Mulanje – Cold evenings continue but warm and sunny during the day. Thyolo – Warm during the day, cold in the evenings.

SRI LANKA

Auction – HG – Fair demand. Western BOP overall 5-10cts lower. Western BOPF overall 5cts lower. N’Eliya BOP overall 5-10cts dearer. N’Eliya BOPF overall 5cts lower. Uva / Udapussellewa BOP improved uva’s 10-20cts dearer, others 5-10cts lower. Uva/ Udapussellewa BOPF overall 5-10cts lower. LG – Good demand. OP1 select best 15-20cts lower, best 5cts lower, below best steady to 5cts lower, bottom 5-10cts lower. BOP1 select best firm, best 10cts dearer, below best 10-15cts dearer, bottom 10-15cts dearer. OP select best 15cts dearer, best 10cts dearer, below best 10 cts dearer, bottom 10cts dearer. OPA select best firm, best 10cts dearer, below best 10cts dearer, bottom 10cts dearer. PEKOE 1 select best 10cts dearer, best firm to 5cts dearer, below best firm, bottom firm. PEKOE select best firm, best firm, below best firm, bottom 10cts dearer. FBOP/FBOP1 select best firm, below best & bottom 10cts dearer. FF1 best & below best 5cts dearer, bottom 5cts dearer. FF all round 10cts dearer. BOP / BOPF all round 5-10cts lower. Tippiies/specials all round firm market. Off grades – Liq. fgs overall 10cts dearer. Low Grown. fgs best firm, below best and bottom 10-15cts dearer. BM best firm to 5cts dearer, below best & bottom 10cts dearer. BP best firm, balance 5cts lower. BOP1A select best 20cts dearer, best 15cts dearer, below best 5-10cts dearer, bottom 5-10cts dearer. Dust – High Growns / liq. Primary better sorts 10cts dearer, others 10-15cts dearer. Secondaries overall 10-15cts dearer. Low Grown better sorts 15-20cts lower, others firm to 5cts dearer.

Demand – Good demand out of Russia. Turkey, Saudi Arabia, Iraq, and Iran showed improved demand. Less demand from Libya and Syria. North America and Hong Kong were selective.

Weather – Western/Nuwara Eliya regions – Heavy rains with strong winds were reported in the beginning of the week. However, bright weather was reported during the latter part. Uva/Udapussellawa regions – Bright weather with strong winds were reported in both regions. Low Growns – Both Ruhuna and Sabaragamuwa regions reported bright weather with strong winds throughout the week.

INDONESIA

Auction – There was less demand for 10,920 packages with 31% unsold. Generally, Java/Sumatra Orthodox were selling steady to easier except for selected Java PF/Dust and Sumatra BOP/BOPF. Java/Sumatra CTC were selling steady to firm except some BP1 which are completely withdrawn.

Weather – Java – West/Central/East Java reported dry. Very windy and extremely cold over the night was continued during the weekend in some districts in South Bandung. Frost has hit substantial tea area in the highest Pengalengan district, Bandung. The minimum temperature at night in plantation pockets has been ruling in single digits. Sumatra – North/West/South Sumatra experienced dry weather.

INDIA

Kolkata

Auction – CTC – Good general demand with 80% sold. Best Assams sold well however at levels slightly lower than previous. Remainder barely steady and irregularly easier corresponding to quality. Few Dooars sold irregular around last and tending lower. Orthodox – Opened to strong demand with 90% sold. Clean well-made Whole Leaf, Broken and leafy Fannings irregular around previous. Remainder Whole Leaf, Broken, and Smaller/Browner Fannings sold at irregular lower rates. Darjeeling – Flavoury whole leaf descriptions continued to provoke considerable demand from exporters and sold at attractive levels. Select best broken and fannings barely steady, while others were 20-30 cents easier with heavy withdrawals.

Guwahati

Auction – CTC – Good general demand. Few good assams, mediums and selected plainer sorts sold irregularly according to quality. Cachars on offer sold around previous rates.

Coonoor

Auction – CTC leaf – There was better demand this week. Best and good liquoring teas dearer. Medium types generally steady to dearer up to 2cts. Plainer teas dearer by 3-4cts. Orthodox leaf – Good demand. Primary whole leaf grades irregular and tending dearer. Broken steady. There was less demand for fannings. CTC Dust – This week witnessed good demand. Best liquoring teas steady to marginally easier. Good sorts steady to dearer up to 2cts. Mediums dearer 2-3cts, sometimes more. Plainer types dearer 3-4cts. Orthodox Dust – Good demand. Primary BOPD’s easier. Remainder dearer. Secondary teas easier with fair withdrawals.

Cochin

Auction – Orthodox leaf – Fair demand. Nilgiri teas sold at lower levels in line with quality. Select medium whole leaf around last. Primary broken lower. Secondary broken followed a similar trend with fair withdrawals. CTC – Fair demand. Irregularly lower 1-2cts. Dust – Good demand. Good and popular marks firm to dearer by 2 -3cts and more at times following quality with some resistance on bolder grades. Mediums followed same trend. Well-made plainer teas selling around last, browner sorts lower with some withdrawals.

Coimbatore

Auction – CTC leaf – Good demand. High priced liquoring varieties dearer by up to 3cts. Medium kinds irregular around last with some withdrawals. Plainer teas dearer 2-3cts. CTC dust – Good demand. Better liquoring teas fully firm to dearer especially the finer grades while the RD types witnessed some resistance. Medium kinds around last, Plainer teas appreciated by 2-3cts. Orthodox leaf – Good demand at easier levels. Select whole leaf around last. Remainder teas lower.

All price movements quoted in USD per kilo.

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