

Week 32, 2019

Tea Market Report 5 – 9 August 2019

Mombasa experienced an all-around firm market for sale 32, which continued to enjoy good demand for 140K pkgs on offer compared to 146K pkgs the previous week. Initially buyers seemed hesitant to accept the asking prices, however the sentiment changed immediately once it was realized that it was going to be a dearer market. Low crop levels continue as is expected for this time of the year with generally overcast and cool weather conditions. The Limbe auction experienced a much better week, in which only 60pkgs remained unsold. This was mostly due to better quality teas on offer and improved demand on offgrades. Crop intakes remain seasonally low. In Sri Lanka, a total volume 6.97 Mn Kg came under the hammer at this week's auction with good demand for low grown tea in general. Quality on offer in all revelations remain decent. The national average for the month of July 2019 increased by Rs. 2.87 to reach Rs. 497.35 compared to Rs. 494.48 of June 2019, showing a marginal increase. However, the year on year average shows a decrease of Rs. 40.53. When analyzing the January-July 2019 cumulative average of 549.99 rupees, a decrease of 42.56 rupees is recorded vis-à-vis 592.55 rupees of January-July 2018. Meanwhile at the Guwahati auction in India, a rare Assam leaf has sold for a world record price, demonstrating growth in international demand for specialty teas. A 2 kilogram lot of Majian Orthodox Golden tea sold for 141,002 rupees (\$2,035) on Wednesday, which was a record price at auction. Only 35kg of the tea was produced this year and only 2kg were offered at this week's auction. In Indonesia, a 7.4 earthquake magnitude hit Banten with tsunami alert causing panic in Jakarta/Bandung on Friday evening. Massive blackouts were reported which caused disorder and disruption to telecommunication and business on Sunday/Monday. More than 10 million people went without electricity/internet/telecommunication for more than nine hours due to technical issues on Sunday. All was back to normal on Tuesday. Vietnam experienced less extreme circumstances, healthy rains made a serious effort flushing the drought conditions away. All caused by hurricane Wipha, the National Weather Forecast Centre forecasts another 7-8 hurricanes for this year until November. For some areas this is too late, reports of a 20% crop loss have been received.

"Luck is a dividend of sweat. The more you sweat, the luckier you get." – Ray Kroc

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 33	Week 34	Week 35
Mombasa total	128,720	132,400	127,667
Blantyre	2,300	2280	N/A
Colombo	4.46 m. kgs	7.27 m. kgs	N/A
Jakarta	13,580	12,680	N/A
Kolkata	139,043	186,896	186,204
Guwahati	115,491	230,186	183,457

KENYA

Auction – Good general demand (Initially 22,579 packages – 16.1% taken out). Best BP1's up to 20cts higher and more for selected best, below best firm to 12cts up and more, good medium irregularly firm to dearer following quality, medium firm to 10cts up, plainer 4-15cts up. Best PF1's firm to 12cts up, below best firm to 8cts up, good medium irregularly firm to 4cts up, medium firm to 8cts dearer, plainer firm to 8cts dearer. Best PD's 15-30cts up and more, below best 8-15cts up, good medium firm to 4cts up and more for selected blacker types, medium irregularly firm to 4cts dearer, plainer firm to 12cts dearer. Best D1's up to 12cts higher, below best firm to 6cts up, good medium irregularly firm to 4cts up, medium irregularly firm, plainer firm to 14cts up and more.

Demand – All around good support from Afghanistan, Pakistan, Kazakhstan, Sudan, the UK, Yemen, and Egypt.

Weather – EoR – A mixture of some wet, dry and cold weather prevailed in the larger part of this region, particularly towards the end of the week. Cloudy conditions characterized the better part of the day giving way to some sunny periods mainly in the afternoon. Declining temperatures were recorded in several parts of this region. WoR Nandi/Kericho/Kakamega/Kisii – Light scattered showers were reported in several parts at the opening of the week albeit in isolated parts. Morning tended a little cloudy closely followed by short sunny intervals in the afternoon. Temperatures remained relatively low.

MALAWI

Auction – The small auction met improved demand at irregular rates. BP1 none on offer. PF1 Sc good demand at last week's levels. PF1 Seedling good demand at steady to a cent easier rates. PFs and PDs none on offer. D1s neglected, steady where sold. Offgrade fngs improved demand at 2-5cts dearer rates. Offgrade dust good demand at 9cts dearer rates.

Weather – Mulanje and Thyolo both experienced warm to hot weather during the day and cool conditions in the evening.

SRI LANKA

Auction - HG - Fair demand. Western BOP best 5cts lower, below best 2-4cts dearer, plain 2cts lower. Western BOPF best 3-5cts lower, below best 3-5cts lower, plain 2cts dearer. N.Eliya BOP best 3-5cts lower and BOPF 5cts lower. Uva/ Udapussellewa BOP 5-10cts dearer & BOPF 5-10cts dearer. LG - Fair demand. OP1 select best firm, best 5-10cts dearer, below best 5-10cts dearer, bottom firm. BOP1 select best lower 10-15cts, best 10-15cts dearer, below best 10-15cts dearer, bottom 10-15cts dearer. OP select best 10cts lower, best 10cts dearer, below best firm, bottom 10-15cts dearer. OPA select best 10cts lower, best 10cts dearer, below best firm, bottom 10-15cts dearer. PEKOE 1 select best 10-15cts lower, best 5-10cts lower, below best firm, bottom firm. PEKOE select best 15-20cts lower, best firm, below best firm, bottom 15cts dearer. FBOP select best firm, below best firm, bottom 10cts dearer. FF1 all round firm. FF all round firm. BOP all round 5cts lower. BOPF firm market. Tippy teas good demand and all round 10-20cts dearer. Off grades - Liq. Fgs Better varieties 5cts dearer. Poorer sorts firm. Low Grown Fgs better varieties lower 5cts. Poorer sorts dearer 5cts. BP overall 15-20cts dearer. BM best dearer 10cts, balance firm on last. BOP1A select best 10-15cts lower, best firm, below best 10-15cts dearer, bottom firm. Dust - High Growns / liq. Primary better sorts 15-20cts dearer, others firm. Secondaries steady to 10cts lower. Low grown better sorts 15-20cts dearer, others 5-10cts dearer.

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

Weather - Western/Nuwara Eliya regions - Both regions reported dry weather throughout the week. The Department of Meteorology predicts heavy rain fall (above 50mm) in the week ahead. Uva/Udapussellawa regions - Bright weather with strong winds were reported throughout the week, whilst strong winds are expected to continue in both regions in the days ahead.

INDONESIA

Auction - There was less demand for 12,420 packages with 34% remain unsold. Generally Orthodox and CTC were selling steady to easier except for selected Orthodox West Sumatra BOP/North Sumatra BT and selected CTC PF1/FNGS were selling firm to dearer.

Weather - Java - Continued to last week, all over West/Central/East Java reported dry during the week. Sumatra - North/West/South Sumatra also dry during the week.

INDIA

Kolkata

Auction - CTC - Good general demand with 77% sold. Liquoring Assams continued to sell well but at substantially lower levels compared to last according to quality. Medium and plainer sorts were barely steady. Orthodox - Opened to strong demand with 95% sold. Clean well-made Whole Leaf, Brokens and leafy Fannings irregular around previous according to quality with few withdrawals. Darjeeling - Overall good demand at lower rates following quality. Flavoury whole leaf descriptions saw rates drop sharply, while medium and plainer whole leaf grades were 30-40cts lower.

Guwahati

Auction - CTC - Good demand. Few good Assams and Mediums were sold irregularly depending on quality.

Coonoor

Auction - CTC leaf - Good demand. Best teas tending dearer. Good teas easier up to 2cts with fair withdrawals. Medium varieties dearer 2-3cts sometimes more on competition between blenders. Plainer sorts steady to dearer up to 2cts. Orthodox leaf - Good demand. Primary whole leaf grades easier and facing fair withdrawals. Fannings steady. CTC Dust - Less demand. Best liquoring teas irregular. Good teas steady to easier up to 2cts with fair withdrawals. Medium teas easier 2-3cts with heavy withdrawals. Plainer sorts steady to occasionally dearer. Orthodox Dust - Good demand. Primary BOPD's easier. Remainder steady. Secondary teas dearer on better enquiry.

Cochin

Auction - Orthodox leaf - Fair demand. Select best Nilgiri teas sold around last levels, particularly the cleaner whole leaf. Medium whole leaf lower, primary brokens irregularly lower. Fannings firm. CTC - Fair demand. Lower 1-2cts. Dust - Reduced demand. Good and popular marks eased in value by 2-3cts and more at times following quality. Medium and plainer teas irregular around last, lower at times by 2cts.

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.

All price movements quoted in USD per kilo.

To read previous issues, please see our website: www.vanrees.com. Please follow us on LinkedIn: [Van Rees Group](#)