

Week 03, 2020

Tea Market Report 13 – 17 January 2020

In **Kenya**, the second auction of the year closed to reduced and irregular demand with 15.8% outlots compared to 12.1% of the previous week. With the news of a mammoth 212'779 packages on offer in the 4th auction of the year, it is no surprise many buyers were purchasing cautiously. As a result, the all average hammer price shed 4usc and fell to \$2.18, for the 175'264 packages on offer. In **Malawi**, the auction this week had a much-improved absorption rate of 59.52% compared to 0% of the previous week, with producers realising that last weeks valuations were set too high and that Limbe would not be experiencing similar market prices to that of Mombasa in the recent weeks. In addition, current auction offerings are also substantially lower than during the same period for the previous year, despite missing two auctions over the festive period. In **Indonesia** the continuous heavy rains have begun to ease and consequently the flooding has ceased. In the auction there was fair demand for the 8,920 packages on offer with 29% remaining unsold, mostly consisting of orthodox Java PF and Sumatra BOP/BOPF. The crop yield is still increasing and quality for orthodox teas is irregular with CTC declining. In **Sri Lanka**, the first two sales of the year met good demand and average prices at \$3.16 compared to \$3.17 in the same period in 2019. Interestingly, auction quantities in the first few sales are significantly higher than previous years. On another note, Sri Lankan business confidence appears high following the introduction of tax relief measures, yet the tea sector remains impacted by high costs, particularly in relation to high labour wages. In **Vietnam**, the weather remains unusually warm for the period of the season, which may lead to tea buds appearing earlier than expected, but at the cost of leaf quality. In **North India** there was fair demand for Assam descriptions for all sorts with the fibrous end season CTC descriptions mainly taken out due to lack of interest. In **South India**, crop figures highlight that the Nilgiri tea production is down 15% in 2019, compared to the previous year.

"You have to think anyway, so why not think big?" – Donald Trump

Crop figures (in m.kg)

	December 19	December 18	Jan-Dec 19	Jan-Dec 18
Malawi	4.98	6.35	48.19	50.59
	November 19	November 18	Jan-Nov 19	Jan-Nov 18
Malawi	1.12	1.41	43.2	44.2
Sri Lanka	21.9	24.7	278.1	277.6
India	139.4	121.1	1322.6	1283.1
Kenya	45.1	45.6	408.2	441.2

Upcoming auction quantities (pkgs)

	Week 4	Week 5	Week 6
Mombasa	173'200	212'779	212'580
Blantyre	6'420	6'260	N/A
Colombo	7.6 m.kgs	7.0 m.kgs	N/A
Jakarta	10'440	N/A	N/A
Kolkata	160'758	142'221	N/A
Guwahati	N/A	173'816	N/A

KENYA

Auction – Best irregularly steady to easier, below best irregularly steady, good medium irregularly steady -10usc easier, medium firm-10usc easier, plainer firm-6usc up. Best PF1's steady- 10usc easier, below best up to 10usc easier, Good medium steady – 10usc easier, medium irregularly steady – 6usc easier and plainer firm- 6usc up. Best PD's 2-8usc easier, below best up to 10usc easier, good medium 2-5usc easier, medium about steady and plainer 2-10usc dearer. Best D1's 4-8usc easier, below best 10-15usc easier, good medium irregularly firm to dearer, medium firm- 6usc up and plainer firm – 5usc up.

Demand – Pakistan packers were dominant as UK, bazar and Egypt continued active. Kazak and Russia were steady; while Afghan was slower. Somalia were stronger on their preferred secondaries.

Weather – EoR – The week opened with average showers occurring in larger tea growing areas of the region, but as the week progressed showers were reported across most regions. WoR – Large parts in this region experienced useful showers throughout the week, ambient temperatures also increased, and crop harvest remained high.

MALAWI

Auction – BP1 none on offer. PF1 Sc neglected. PF1 Seedling PGI medium to better types were taken out under bid, balance neglected. PF's none on offer. PD's well-made types were taken out under bids, poor sorts neglected. D1's well made types sold at valuation while the poor types were discounted by 5usc where sold. Off grade fngs good demand at 2-7usc below valuations and Off grade dust neglected.

Weather – Mulanje: light rains were received during the week with the heavier rains occurring during the 10th – 12th, with the total ranging from 19-61mm. In Thyolo similar light rains were experienced with most estates receiving some rains.

SRI LANKA

Auction – HG – Good demand. Western BOP best 3-5usc dearer, below best 2-3usc lower and plain 2-4usc dearer. Western BOPF best 2-4usc lower, below best 2-4usc lower and plain 3-5usc dearer. N. Eliya BOP irregular and BOPF 3-5usc dearer. Uva/Udapussellewa BOP irregular and BOPF 5-10usc dearer. LG fair demand. OP1 select fully firm- 5usc lower, best firm, below best steady – 5usc lower and bottom 10usc dearer. BOP1 firm, best firm, below best firm and bottom 10-15usc dearer. OP select best 15usc dearer, best 15usc dearer, below best 10usc dearer and bottom firm. OPA select best 15usc dearer, best 10-15usc dearer, below best 15-20usc dearer and bottom 10-15usc dearer. Pekoe 1 select best and best firm, below best and bottom 10-20usc lower. Pekoe select best and best 10usc lower, below best 10-20usc lower and bottom firm. FBOP/FBOP1 all-round firm market. FF1 best 10usc lower, below best and bottom firm. FF all around firm. BOP and BOPF best and below best 10usc dearer, bottom 5usc dearer and BOPF all around firm. Tippiess/specials all around firm. **Off grades** – Liq. Fgs all around firm. Low Grown Fgs all around firm. BP firm. BM best 10usc dearer, below best and bottom firm- 10usc dearer. BOP1A better sorts firm and others firm- 10usc dearer. **Dust** - High Grown/Liq.primary better sorts firm- 10usc dearer and others firm. Secondaries firm-10usc dearer. Low Grown better sorts firm and others 10-15usc lower.

Demand - High Grown/Mid Grown – Good demand prevailed for the 1.6 mil kgs on offer, with Unilever showing very strong interest, along with buyers from the UK, Japan, Hong Kong, China, Egypt and the UAE. Low Grown – good demand this week for the 2.8 mil kgs on offer. Saudi Arabia demonstrated strong interest, along with buyers from UAE, Iraq, Libya, Turkey and other Middle Eastern countries.

Weather – Bright, dry weather has been reported across all planting districts in line with seasonal climatic conditions, with crop intake stable.

INDONESIA

Auction – Java orthodox – fair demand, BOP1 neglected, BOP Firm, BOPF firm-4usc dearer, PF steady with many withdrawn, dust firm-5usc dearer, BT firm- 3usc dearer, BT2 firm-4usc dearer, PF2 steady-firm, D2 Firm and D3 irregular from 4usc easier-2usc dearer. West Sumatra – less demand, BOP1 steady, BOP withdrawn, BOPF withdrawn, PF 12usc dearer, dust 2usc dearer, BT neglected, BT2 Neglected and PF2 steady. Java CTC – fair demand, BP1 West withdrawn, East withdrawn, PF1 West firm-9usc dearer and East withdrawn, PD West steady and East withdrawn, D1 West irregular from 2usc easier-5usc dearer and East neglected, Fngs West steady – firm and East neglected, D2 West firm and East firm-6usc dearer.

Weather – Java – Bright and sunny during the morning with moderate rains in the afternoon. In Sumatra – Heavy rains were reported throughout the whole region.

INDIA

Kolkata

Auction – CTC – Fair demand. Assams irregularly easier following quality, with browner sorts seeing some withdrawals, better Dooars seen selling around last levels. Orthodox – Fair demand at much reduced levels. Primary whole leaf, broken and fannings selling irregularly at lower rates with some withdrawals, particularly for browner stalkier varieties. Dust – Good demand at lower levels. Primary Assam PD's and dusts were 8-12usc lower whilst secondaries were 3-5usc easier.

Guwahati

Auction – CTC – Market opened to good demand. Nominal weight of good liquoring teas and cleaner sorts steady and remainder irregularly lower following quality. Dust – Market opened to fair demand. Good and best barely steady, medium and plainer are irregular following quality.

Coonoor

Auction – CTC – Fair demand was witnessed this week. Best liquoring sorts met with selective demand from all sections, good medium teas were in appreciation, medium categories faced rather less demand, except for fanning's selling at firm rates and plainer teas had improved enquiry, particularly for the blacker sorts at firm rates. Orthodox – Continued subdued demand. Primary whole leaf grades were irregularly easier, broken types were easier with a lot of withdrawals, whilst the fanning's too eased with a lot of out lots. CTC dust – The plainer sorts were met with less demand, brighter teas appreciated by 1-2usc, better medium types were irregular and lower by 2usc, medium were lower and plainer were irregular with some out lots. Orthodox dust- Primary BOPD's were firm to occasionally dearer, remainder steady and secondaries were at last levels.

Cochin

Auction – Orthodox – Weak demand. Nilgiri teas eased in value with fair withdrawals, medium teas sold lower with heavy withdrawals. CTC – Fair demand – All teas barely steady. Dust – Reduced demand – Select few best liquoring teas irregular around last and occasionally easier, medium teas 1-2usc down, plainer sorts irregular to 1-2usc lower with some withdrawals.

Coimbatore

Auction – CTC leaf – Reduced demand. Good liquoring cleaner broken barely steady, fannings out listed, medium and plainer teas easier by 2-3usc with large withdrawals. Orthodox – Whole leaf sold around last levels, remainder lower. CTC dust – reduced and selective demand. Select good liquoring and popular varieties barely steady. Remainder easier by up to 2usc with large withdrawals, medium sorts witnessed better enquiry at 2-3usc lower levels and plainer PD's irregularly lower. Finer grades eased up to 2usc facing withdrawals.

All price movements quoted in USD per kilo

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