

Week 05, 2020

Tea Market Report 27 – 31 January 2020

In **Kenya**, the fourth auction of the year represents the largest auction since records began. There was a total of 212'779 packages on offer and it was met with good general demand and impressive absorption, despite the bearish trend echoed before the sale. The auction closed with 11.4% out lots compared to 6.3% the previous week and the all average hammer price only shed 6usc, to close at \$2.12, which is remarkable considering the colossal quantum of tea on offer. Additionally, the December crop figure was released at 50.65 million kilos, meaning the year ended with a total of 458 million kilos, a 34.14 million kilo deficit compared to 2018, which holds the all-time record. In **Malawi**, this week's auction saw the absorption rate drop from an impressive 84.42% to 74.76%. This can be partially owed to a higher percentage of Non-Rainforest Alliance certified teas on offer, which do not interest the majority of buyers. Consequently, the all average price dropped from 144.28usc to 132.21usc. In **Indonesia**, there was lower demand for the 8'480 packages on offer with 35% remaining unsold. General price trends indicated Java/Sumatra orthodox teas were selling at steady to easier levels, except for Better Java Gardens. CTC descriptions exhibited steady to slightly easier demand with many withdrawals. In **Sri Lanka**, the upcoming auction quantities have signified a tail off in production as a consequence of the dry weather, with the Low Grown regions being particularly impacted. Yet, the reduction of supply in the forward sales suggests a continued forceful market for all sectors. In fact, the weekly sale average for sale number 4 is \$3.30 per kg, which is considerably higher than corresponding sale of 2019 which sat at \$3.24 per kg, thus, the strong demand experienced during the new year is likely to continue. In **North India** Clean Black Dooars and Cachar teas continued to meet good demand at firm levels. The yearly crop figures for 2019 were released and reached 1389.7 million kilograms, a 51.1million kilogram increase over the previous year. **South India**, a 4% increase in tea production was recorded for 2019.

"Heroes come and go, but legends are forever." – Kobe Bryant

Crop figures (in m.kg)

	Dec 19	Dec 18	Variance	Jan-Dec 19	Jan-Dec 18	Variance
Malawi	4.98	6.35	-1.37	48.19	50.59	-2.4
Kenya	50.66	51.83	-1.17	458.85	493	-34.15
India	67	55.5	11.5	1389.7	1338.6	51.1
	November 19	November 18	Variance	Jan-Nov 19	Jan-Nov 18	Variance
Malawi	1.12	1.41	-0.29	43.2	44.2	-1.0
Sri Lanka	21.9	24.7	-2.8	278.1	277.6	0.5

Upcoming auction quantities (pkgs)

	Week 6	Week 7	Week 8
Mombasa	212'580	189'950	202'779
Blantyre	7'240	8'860	N/A
Colombo	5'80m kgs	5'66m kgs	N/A
Jakarta	11'140	N/A	N/A
Kolkata	176'471	159'986	N/A
Guwahati	173'816	163'653	N/A

KENYA

Auction – Best BP1's steady to 10usc easier, below best 8-10usc easier, good medium firm-3usc up, medium 5-10usc easier and plainer steady-easier. Best PF1's up to 8usc dearer, below best 4-10usc dearer, good medium 2-5usc dearer, medium steady-4usc easier and plainer irregularly firm. Best PD's firm- 10usc dearer, below best 5-10usc dearer, good medium irregularly firm, medium 4-7usc easier and plainer steady-5usc easier. Best D1's steady-easier, below best 4-8usc easier, good medium firm-2usc dearer, medium 3-6usc easier and plainer irregularly steady-easier.

Demand – Pakistan packers were forceful followed by Bazar and Afghan. Egypt had improved activity while Kazak, Sudan and Yemen were steady. Russian were selective while Somalia were steady for their usual secondaries.

Weather – EoR – The majority of parts in the region experienced sunny periods throughout the week, until towards the end of the week where it became more overcast, with scattered light rains. WoR – The general trend for the region was characterised by sunny mornings and transitioned to showers in the afternoon. Crop EoR improved and WoR crop harvest remained high.

MALAWI

Auction – BP1 Good demand for the well-made types at 2usc below valuations. PF1 sc good demand at steady to 5usc easier rates. PF1 Seedling good demand at 1-2usc easier rates where sold. PF's neglected. PD's neglected, steady where sold, D1's very good demand particularly for the neat black leaf on offer at 5-17usc above valuations. Offgrade fngs good demand at last week's levels and offgrade dust good demand upto 5 usc below valuations.

Weather - Mulanje: The previous week of rain was followed by heavy rains on Monday and Tuesday, which then transitioned into sunny conditions for the rest of the week. In Thyolo rains were very heavy with the daily range of 14-155mm.

SRI LANKA

Auction - HG - Fair demand. Western BOP best 5-10usc dearer, below best 3-5usc dearer and plain 5usc dearer. Western BOPF best 10usc dearer, below best 5usc dearer and plain 5-10usc dearer. N. Eliya BOP irregular and BOPF 2-3usc lower. Uva/Udapussellewa BOP 5-8usc dearer and BOPF 5-10usc dearer. LG strong demand. OP1 select best 10usc lower, best 10usc dearer, below best 10usc dearer and bottom 10-20usc dearer. BOP1 select best firm - 5usc dearer, best 10usc dearer, below best firm and bottom 20usc dearer. OP select best firm, best 5usc dearer below best 20-25usc dearer and bottom 20usc dearer. OPA select best firm, best firm, below best 20-25usc dearer and bottom 20usc dearer. Pekoe 1 select best, best, below best and bottom all firm. Pekoe select best 5usc lower best steady- 5usc lower, below best firm and bottom 10-20usc dearer. FBOP/FBOP1 all-round firm market. FF1 all round 5-10usc lower. FF all round 5-10usc lower. BOP all round 5usc lower and BOPF all-round firm. Tippiess/specials all around firm. **Off grades** - Liq. Fgs all around firm. Low Grown Fgs select best 10usc lower others firm. BP best firm to last and bottom 30usc dearer. BM best and below best 20usc dearer, and bottom 30usc dearer. BOP1A better sorts firm and below best and bottom 10usc dearer. **Dust** - High Grown/Liq.primary better sorts firm- 10usc dearer and others firm - 10usc lower following quality. Secondaries firm-10usc lower. Low Grown better sorts firm-15usc lower and others 13-20usc lower.

Demand - High Grown/Mid Grown - There were 1.6 million kilograms of tea on offer, with a range of brighter improved Western BOP/BOPF appreciating in price following quality. Unilever was active, along with South Africa, UK, Japan, Hong Kong, China, North America and a few Middle East out markets. Low Grown - There was a reduced quantity of 3.2 million kilos on offer this week, with strong demand. Saudi Arabia were forceful along with Iraq, Libya, Syria, Turkey, UAE and other Middle East out markets. **Weather** - Bright and dry conditions were reported in the western and Nuwara Eliya regions, whilst the Uva/Uda areas received some intermittent showers. In the Low Grown districts, dry weather prevailed throughout the week.

INDONESIA

Auction - Java orthodox - improved demand, BOP1 firm-11usc dearer, BOP firm, BOPF steady, PF irregularly steady from 7usc easier-4usc dearer, dust irregularly steady-2usc dearer, BT steady-3usc easier, BT2 steady-4usc easier, PF2 firm-7usc dearer, D2 firm-3usc dearer and D3 steady. West Sumatra - Less demand. BOP1 N/A, BOP N/A, BOPF Neglected, PF Withdrawn, Dust firm, BT withdrawn, BT2 neglected, PF2 neglected, D2 firm, D3 firm, BP neglected, BP2 N/A. Java CTC - Fair demand. BP1 West withdrawn and East withdrawn, PF1 West firm and East steady-4usc easier, PD West firm and East neglected, D1 West Firm and East neglected, Fngs West firm and East neglected, D2 West firm-4usc dearer, East firm, F2 West N/A and East N/A.

Weather - Java - partly cloudy with heavy rains during the afternoon and in Sumatra regular rains were reported in all regions.

INDIA

Kolkata

Auction - CTC - fair demand. Selected Assams maintaining quality selling readily, remainder irregularly easier with browner teas seeing some withdrawals. Orthodox - Market opened to fair demand. Select few tippy teas on offer readily absorbed. Clean, well-made whole leaf irregular around last, similar larger brokens irregular and at times tending lower with smaller brokens selling at irregularly lower rates. Remainder browner, stalkier end season sorts seeing less demand and witnessing withdrawals, particularly on broken grades.

Guwahati

Auction - CTC - less demand. Teas seen are selling irregularly easier around last.

Coonoor

Auction - CTC - reduced demand. Best liquoring sorts met with fair demand, good and better medium teas saw a large proportion withdrawals, medium category bolder fanning's were irregular with select lots appreciating with others steady, other grades met restricted enquiry with lots remaining unsold, the plainer teas had fair demand. Orthodox - Continued selective demand. Select primary whole leaf grades at steady levels, broken types continued to ease, with a large proportion remaining unsold. Few primary fanning's held levels, whilst others declined. CTC dust - brighter teas firm at last levels, good and better mediums easier by 3-4usc, mediums easier and plainer irregular around last levels. Orthodox dust - Primary BOPD's continued easier, remainder barely steady, secondaries irregular at last levels.

Cochin

Auction - Orthodox - less demand. Select Nilgiri teas sold at lower levels in line with quality, medium whole leaf and clean brokens around last and at times lower. Heavy withdrawals on smaller brokens, fannings and secondaries. CTC - All teas barely steady. Dust - Select few popular and best teas selling around last, others barely steady and tending 1-2usc easier at times.

Coimbatore

Auction - CTC leaf - fair demand. Better liquoring teas easier by 2-3usc, with bolder brokens facing withdrawals, medium brokens easier by 2-3usc, fannings barely steady, plainer teas lower by up to 2usc. Orthodox - Whole leaf dearer by up to 3usc, remainder lower. Dust - Better liquoring PD's appreciated by up to 6usc, finer grades fully firm, medium sorts irregularly lower with quality, plainer sorts eased by 1-2usc with some finer grades facing withdrawals.

All price movements quoted in USD per kilo

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