

Week 06, 2020

Tea Market Report 03 – 07 February 2020

In **Kenya**, the fifth auction of the year witnesses another mammoth sale, with a total of 212'580 packages on offer, only 199 packages short of last week's all-time record. Despite the huge volumes that have been offered over the last couple of weeks, absorption remained good with just less than 15% outlots. Despite the good demand, an overall easier trend was seen across all categories by virtue of the huge quantum of tea, but the drop was gradual and not a freefall which some had been anticipating. As a consequence, the all average hammer price decreased by 4usc and settled at \$2.08. In **Malawi**, this week's auction saw the absorption rate remain almost the same, settling at 75%, thanks to the widespread demand across all grades, except for PF's. The all average price rose from 132.21usc to 134.04usc. On a separate note, the courts in Malawi ruled that there is to be a new presidential election in 150 days, annulling the results of the previous election held in May 2019. The reaction to this ruling has so far been peaceful, but this is one to watch as it could have knock on effects on the tea industry. In **Indonesia**, there was fair demand for the 8'960 packages on offer, with 28% remaining unsold. General price trends indicated Java and Sumatra Orthodox teas were mostly selling at steady to firm levels, except for selected secondaries, whilst CTC descriptions experienced the same. In **Sri Lanka**, auction quantities continue to be modest as a result of the dry weather that is currently prevailing. Quality is in line with the season and especially Western HG teas are seasonally improving. The weekly auction sale average for this week \$3.28 per kg, compared to \$3.25 of the corresponding auction in 2018. Additionally, the crop figures for the year of 2019 were released this week and highlight that tea production is down 3.8m kgs for the year, coming in at 300.1 m kgs. The main deficit originated from the High Grown sector, which saw a 2.06-million-kilogram reduction. In **North India**, the total exports from April to December 2019 dropped to 184.63m kgs from 190.84m kgs in 2018.

"Light travels faster than sound. This is why some people appear bright until you hear them speak." – Alan Dundes

Crop figures (in m.kg)

	Dec 19	Dec 18	Jan-Dec 19	Jan-Dec 18
Malawi	4.98	6.35	48.19	50.59
Kenya	50.66	51.83	458.85	493.00
Sri Lanka	22.00	26.00	300.10	303.90
India	67.00	55.5	1389.70	1338.60

Upcoming auction quantities (pkgs)

	Week 7	Week 8	Week 9
Mombasa	189'950	202'759	208,298
Blantyre	8'860	7'480	N/A
Colombo	5.7m kgs	6.0m kgs	N/A
Jakarta	11'860	N/A	N/A
Kolkata	159'986	115,916	N/A
Guwahati	163'653	169'418	N/A

KENYA

Auction – Best BP1's steady to 10usc easier, below best 10-15usc easier, good medium steady-5cts easier, medium 5-10usc easier and plainer 4-10usc easier. Best PF1's 10-14usc easier, below best easier by up to 10usc, good medium 2-4usc easier, medium steady-10usc easier and plainer steady-5usc easier. Best PD's 4-10usc easier, below best easier by up to 10usc, good medium 4-8usc easier, medium steady-8usc easier and plainer about steady. Best D1's 4-6usc easier, below best 5-8usc easier, good medium steady-3usc easier, medium steady-4usc easier and plainer steady – 2usc easier.

Demand – Pakistan packers lead the market supported by Egypt, UK and Russia. Yemen and Sudan were maintained while Kazak and Bazar were slower as Afghan sits on the fence. Somalia was slower for their usual secondaries.

Weather – EoR – Moderate to heavy rainfall continued across this region but slightly declined towards the end of the week. Bright and sunny weather prevailed in the morning with intermittent overcast conditions, accompanied by rain in the evenings. WoR – Heavy showers continued in the larger part of this region during the past week, usually overcast in the evenings and bright in the morning. Crop intake EoR was above seasonal levels and WoR crop remained high.

MALAWI

Auction – BP1 Good demand for the well-made types at 2usc dearer. PF1sc good demand at steady to 2usc dearer rates following quality. PF1 Seedling good demand at 1usc easier rates. PF's neglected. PD's fairly good demand at 1-3usc easier rates, D1's strong demand for the well-made types at up to 13usc dearer rates. Offgrade frngs the few clean sorts were a cent dearer while the balance was neglected.

Weather – Mulanje: It rained almost daily, with showers experienced throughout the week, apart from Friday 31st of January whereby the region experienced some much-needed periods of sunshine. In Thyolo there were 2 days with no rain, and the rains that were experienced, happened to be much lighter than those in Mulanje.

SRI LANKA

Auction – High Grown – Good demand. Western BOP best 5-8usc dearer, below best 5usc dearer and plain 2-3usc lower. Western BOPF best 3-5usc dearer, below best 2-3usc dearer and plain 2usc dearer. N. Eliya BOP 2-3usc lower and BOPF 3-5usc lower. Uva/Udapussellewa BOP 2-4usc dearer and BOPF 3-5usc dearer. Low Grown - Fair demand. OP1 select best firm, best 5-10usc dearer, below best 5usc dearer and bottom 10-15usc dearer. BOP1 select best firm, best firm, below best 5usc lower and bottom 5-10usc dearer. OP select best firm, best 5usc lower, below best 5-10usc dearer and bottom 5-10usc dearer. OPA select best 5usc lower, best 5-10usc lower, below best 5-10usc dearer and bottom 5-10usc dearer. Pekoe 1 select best and best 5usc lower, below best and bottom firm. Pekoe select best 5-10usc lower, best 5usc lower, below best and bottom firm. FBOP/FBOP1 all-round firm market. FF1 all around 5usc lower. FF all round 5-10usc lower. BOP all round 5-10usc lower and BOPF all-round firm. Tippiess/specials all around firm. Off grades – Liq. Fgs all around firm. Low Grown Fgs firm. BP firm and BM better sorts firm and others 5usc dearer. BOP1A firm. Dust - High Grown/Liq.primary better sorts firm and others firm – 10usc lower. Secondaries firm. Low Grown better sorts firm-15usc dearer and others 10usc lower.

Demand – High Grown/Mid Grown – There was good demand 1.4 million kilograms of tea on offer. Unilever was active, along with buyers on behalf of China, UK, the Continent, Russia, North America, UAE, Japan and Hong Kong. Low Grown - There was a quantity of 2.6 million kilos on offer this week, with fair demand. Saudi Arabia was operating, along with buyers on behalf of Russia, Iraq, Libya and the UAE. Iran was less active along with Syria and Turkey.

Weather – All planting districts have reported bright, dry weather over the last week. This dry spell is having an impact on the crop and reports coming through is that the crop intake continues to be modest.

INDONESIA

Auction – Java orthodox – improved demand, BOP1 steady, BOP firm, BOPF firm, PF firm, dust irregularly steady from 2usc easier-6usc dearer, BT irregularly steady-3usc dearer. BT2 steady, PF2 steady, D2 irregularly steady from 2usc easier-2usc dearer. West Sumatra – Fair demand. BOP1 N/A, BOP N/A, BOPF firm, PF neglected, Dust steady, BT firm, BT2 firm, PF2 firm, D2 firm, D3 firm, BP firm, BP2 N/A. Java CTC - less demand. BP1 West withdrawn and east withdrawn, PF1 west neglected and east withdrawn, PD west firm and east firm, D1 West neglected and east neglected, Fngs West firm and east withdrawn, D2 west steady - 5usc easier, east withdrawn, F2 west N/A and east N/A.

Weather – Java – Mostly cloudy with lots of rains reported in most tea regions. In Sumatra similar conditions were reported.

INDIA

Kolkata

Auction – CTC - fair demand. Cleaner well-made Assams meeting with good competition at barely steady rates, remainder browner fibrous sorts tending easier and seeing heavy withdrawals. Orthodox – Market opened to fair demand at lower levels. Clean, well-made and earlier whole leaf and larger broken on offer irregular around last, similar smaller broken irregularly lower. Remainder browner, stalkier and end season sorts seeing reduced demand and also witnessing withdrawals, particularly on the smaller broken.

Guwahati

Auction – CTC - less demand. All sorts were 3-5usc easier with some withdrawals.

Coonoor

Auction – CTC – marginally better demand. Best liquoring sorts saw good demand, good and better medium teas absorption was better at lower levels to last, medium categories met with fair demand, plainer teas had good general demand. Orthodox – selective fair demand. Select primary whole leaf grades sold at easier levels whilst others witnessed a barely steady market, broken grades continued to decline with fair amount of teas unsold and few primary fannings held levels whilst others declined. CTC dust – Brighter teas dearer by 3-5usc sometimes more, good and better medium easier by 2-3usc with better offtake than last, medium teas showed a downward trend with slightly higher absorption rate, plainer teas were irregular and lower to last.

Cochin

Auction – Orthodox – weak demand. Select Nilgiri teas sold at easier levels, medium teas saw heavy withdrawals with the limited whole leaf and broken selling at substantially lower levels. CTC – All teas barely steady. Dust popular and good liquoring medium firm at and times dearer following quality, remainder irregular and lower by 2usc.

Coimbatore

Auction – Leaf – fair demand. Good liquoring broken steady, fannings fully firm, medium teas easier by 2-3usc and plainer sorts lower by 1-2usc. Orthodox – Whole leaf firm and remainder lower and facing withdrawals. Dust – Good liquoring PD's irregularly lower whilst the finer grades sold at firm levels, medium sorts easier by up to 2usc, plainer teas barely steady.

All price movements quoted in USD per kilo

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