

## Market Report - week 9 (24 – 28 February 2020)

### CTC

Good general demand prevailed in this week's **Mombasa** auction. Despite the 3<sup>rd</sup> largest auction quantity in the history of the Mombasa auction with 208k packages on offer, demand remained buoyant and only slightly tapered towards the close. Most BP1s traded firm up to 20cts dearer, especially Rwandan BP1s gained 30 to 70usc on the back of demand from Kazakh buyers. Less well-made types were an appetite for Pakistan packers & Sudanese buyers. PF1s best traded firm, below best, good medium & mediums steady to easier, the plainer end managed to hold firm and gained up to 5 cts. Strong demand came from Chai while also Unilever & Pakistan buyers were active on PF1s. Best and below best PDs traded steady to 2-4cts easier while the Good medium & mediums traded firm up to 4-6 cts dearer and the plainer end traded irregular following quality. D1s followed a similar trend. In the meantime, weather circumstances in the tea growing areas are changing gradually, slowly rains are receding and temperatures are going up combined with clear skies and sunshine. Nevertheless, crop intake remains high, higher night temperatures are favourable for crop. Latest update from the tea growing areas tell us that the locusts haven't affected the tea areas and will most likely stay away due to the lower temperatures than elsewhere. The average auction quantity from sale 4 up to 11 (8 sales) in 2020 is 202k packages, while in 2019 this was 187k packages and in 2018 136k packages. This shows there is a lot of tea around. But the outlots percentage of 15% indicates that the market is fairly capable of absorbing these large amounts of tea. The auction in **Limbe** showed a two-tier market divided by region. Fresh invoices sold well predominantly from Mulanje, Thyolo and old invoices however were neglected. At the end of the day 53% of the teas on offer were sold. Weather conditions in Mulanje are sunny and dry with two days of widespread rains in the last week. While Thyolo reported generally bright and dry weather with some sporadic showers. Green leaf intake is healthy with tea factories running in full swing. In **Jakarta** CTC teas were mostly withdrawn and trading steady to easier where sold. While the off season is coming to an end and fresh teas are being produced in North India, the **Kolkata** auction met improved demand with better teas holding firm while poorer types struggled to find a home. The **Guwahati** auction was experiencing a similar trend with most teas trading sideways at irregular rates. In the South CTC teas met fair demand in **Cochin**, while winter is slowly receding. Day temperatures go up to 25 degrees in the Nilgiris during sunny days.

### Orthodox

The **Colombo** auction room attracted good demand for the relatively small quantity of 5.4 m.kgs. The biggest chunk, 2.2 m.kgs, was on offer in the Low Grown sector which showed an overall dearer trend. OP1 and BOP1 grades were sold at dearer levels with only a few lots in the below best category selling at slightly lower levels. OP, OPA, PEK and PEK1's showed similar results while FBOP, FBOP1's and Tippy specials held firm levels. With a quantity of 1.5 m.kgs in the High Grown sector, the opposite results were achieved. All BOP/BOPF on offer attracted interest at lower levels with the exception of a select few best Western, Nuwara Eliya lots with seasonal quality. In the secondary market the liquoring fngs were all round lower and BP/BM overall dearer. The HG and LG dust were let go at lower levels whilst the secondary dust held firm. Dry weather has prevailed in all planting districts with a few isolated showers in the HG area. As result, crop intakes are moderate and show an overall decline which is reflected to the auction room with 5.39 m.kgs and 5.72 m.kgs on offer in the coming two weeks. Noticeable is the lack of demand from China due to temporarily halted shipments as a result of CORVID-19. The logistic part has affected the producers in China as well the most. Productivity in most factories has reduced by 10% due to increased security measurements but the biggest disturbance for the industry is currently the logistics.

In **Jakarta**, for the 2<sup>nd</sup> time this year, severe flooding's have been recorded after two tropical cyclones off the coast have triggered extreme rainfall. Most buyers were able to make it to the auction room where they showed less demand for the 11,280 pkgs on offer, with 35% remaining unsold. Java BOP1 and BOP have been withdrawn, BOPF and PF were steady, while the dust and BT types sold at slightly dearer rates. North Sumatra lots met improved demand with BOPF and BT selling firm to dearer, PF firm and dust at slightly easier levels. West Sumatra teas met fair demand at steady levels. The crops in Indonesia are maintaining with steady auction quantities of around 12K pkgs.

In **North East India** unseasonal heavy rainfall has been received due to cyclonic disturbance. Dooars production has started and the teas are beginning to flow into the market whilst Assam will take another week due to the low temperatures. In **Kolkata** the market opened to strong demand for clean, well-made brokens and fannings which sold at fully firm rates. Remainder browner, stalkier and end season grades witnessed good demand at last week's levels, a total of 83% have been sold. In **Kochi**, there was less demand for all teas on teas offer due to subdued demand from exporters. Select best Nilgiri teas settled at lower levels whilst Medium sorts continued to see withdrawals. Primary brokens and secondaries, select whole leaf and cleaner brokens sold around last levels and fannings at lower levels.

*"People are strange ..."* – Jim Morrison



Auction qty. (pkgs)	Week 10	Week 11	Week 12
<b>Mombasa</b>	196,918	198,279	200,103
<b>Blantyre</b>	5,440	6,650	N/A
<b>Colombo</b>	5.39 m.kgs	5.72 m.kgs	N/A
<b>Jakarta</b>	12,700	11,620	N/A
<b>Kolkata</b>	7,826	690	N/A
<b>Guwahati</b>	9,921	N/A	N/A

Crop figures (m. kg)	Dec '19	Dec '18	Jan – Dec '19	Jan – Dec '18
<b>Malawi</b>	4.9	6.4	48.2	50.6
<b>Kenya</b>	50.7	51.8	458.8	493.0
<b>Sri Lanka</b>	22.0	26.0	300.1	303.9
<b>India</b>	67.0	55.5	1389.7	1338.6

*All price movements quoted in USD per kilo*

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