

Market Report - week 10 (02 – 06 March 2020)

CTC

Large auction quantities have been readily absorbed in the past period. Considering the volumes, demand kept up very well. This week's Mombasa auction met fair demand for the 197k packages on offer. The market opened steady to easier across all grades and continued to slide during the day leading to 13.5% of the teas on offer remaining unsold, which – all things considering – isn't too bad. BP1s traded generally steady up to 10cts easier with only Rwanda BP1s managing to trade firm up to 40cts dearer. Kazak packers were the strongest on BP1 with support from Sudan & CIS. PF1s traded steady to up to 10cts easier without any exception. Initially the Bazar and Afghan traders were spectators sitting on the fence while the Pakistan packers were dominant. The plainer end was an appetite for UK, Pakistan & Russia. The KTDA's trading arm led the buyer's list followed by Global and Cargill. This week's published crop figure shows a record crop, not only for the month of January but the largest monthly crop ever produced in Kenya. Current weather conditions are conducive for growing tea, with sunny mornings combined with useful showers during the afternoons and evenings. Crop remains high EoR and WoR, while in Uganda crop is on the decline. According to the KMD (Kenya Meteorological department) adverse weather conditions will continue through May 2020, which indicates that rains won't recede on the short term. The Limbe auction met improved but still selective demand. Invoices from Mulanje were again readily absorbed whilst Thyolo types continue to struggle to find buyers. PF1sc lots were the most sought after and traded 8-20cts dearer, BP1s were neglected and PF1 seedlings traded 2-5cts easier where sold. Better PDs traded up to 9cts dearer others eased 2cts. At the end of the auction day 32% remained unsold. Tea plucking is still in full swing, crops are still good but gradually declining. Weather conditions are still good, with regular rains almost every day. The market for CTC teas in Jakarta continued where it stopped last week, a steady to easier trend combined with heavy withdrawals. Despite good demand, good liquoring teas in Kolkata traded sideways and less well-made types traded irregularly easier, with 58% of the teas on offer being sold. In Guwahati most CTC teas on offer traded irregularly sideways. Useful rains in the Northern planting districts are a good forecast for a healthy first flush crop. In Cochin CTC teas met fair demand leading to irregular rates while in Coonoor a slight surge of good demand was witnessed for best and good liquoring teas. Weather conditions in South India are sunny with temperatures well above 20 degrees Celsius, crops remain low.

Orthodox

Good general demand prevailed in the **Colombo** auction with 5.7 m.kgs on offer. Low Grown continued to be the star of the show, having sold 2.5 m.kgs at all around dearer levels. OP1 and BOP1 range of teas were dearer, along with OP and OPA types. PEK and PEK1's along with Tippy specials followed similarly. Exceptions in the room for this trend were BOP and BOPFs which sold around last, and better FBOP's which held firm. On the High Grown side, 1.5m. kgs were on offer this week. Demand improved slightly this week for better liquoring types such as the improved BOP/ BOPF and Nuwara Eliyas. Uva/ Uda Pussellawa BOPs tended lower, whilst BOPF held firm. In the secondary market, better liquoring fngs held firm while low grown fngs were let go at lower levels. Bright liquoring primary dusts improved slightly while below best and plainer varieties tended lower. Secondary dusts held firm, while low grown types declined in value. Dry and bright weather prevails in all planting districts. There are concerns in the Low Grown sector due to the lack of rain, as many agroclimatic regions within the Ruhuna and Sabaragamuwa Low Grown sub sectors have reported drought conditions. As a result crop intakes are low and it is unlikely that the market will see a correction downwards with respect to the Low Grown sector. The lack of demand from China prevails and has had a profound effect on the secondary BOP grades. Sentiment in **Jakarta** was bearish with less demand for 12,760 packages, of which 29% was unsold. Java/Sumatra Orthodox sold predominantly at steady to firm except for some selected invoices of Java BOPF/DUST/BT and Sumatra BOPF/BP/BP2 which sold at firm to dearer levels. Java/Sumatra CTC sold at steady to easier levels with many withdrawn. Crops are maintaining. Java reported heavy showers in most tea regions with overcast conditions. Sumatra has a bit of sunshine in the morning with moderate rainfall reported in the North regions and regular heavy rains reported in the West/ South. In **Kochi**, there was fair demand. Select Nilgiri teas sold irregularly lower, while Medium whole leaf and cleaner brokens sold at easier levels. Secondaries continued to see fair withdrawals and fngs tended lower. **Kolkata** opened to considerable demand for a relatively small quantity of teas on offer. All sorts sold fully firm for better liquoring and earlier teas.

"Every morning in Africa, a gazelle wakes up. It knows it must run faster than the fastest lion, or it will be killed. Every morning a lion wakes up. It knows it must outrun the slowest gazelle, or it will starve to death. It doesn't matter whether you are a lion or a gazelle. When the sun comes up, you better start running." – Thomas Friedman



Auction qty. (pkgs)	Week 11	Week 12	Week 13
Mombasa	198,279	200,103	189,996
Blantyre	6,650	7,920	N/A
Colombo	5.72 m.kgs	5.15 m. kgs	N/A
Jakarta	11,620	11,360	N/A
Kolkata	690	5,184	N/A
Guwahati	N/A	2,345	N/A

Crop figures (m. kg)	Jan '20	Jan '19		
Kenya	53.6	48.4		
Sri Lanka	21.9	23.2		
	Dec '19	Dec '18	Jan – Dec '19	Jan – Dec '18
Malawi	4.9	6.4	48.2	50.6
India	67.0	55.5	1389.7	1338.6

All price movements quoted in USD per kilo

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