

## Market Report - week 12 (16 – 20 March 2020)

### CTC

The last of a series of around 200k packages auctions in **Mombasa** came under hammer this week. Although Kenya has reported some Covid-19 cases, the auction continued with additional hygiene measures in place. Unilever however, decided to follow their global directive and wasn't present in the room. The auction was a generally bearish affair with BP1s trading generally steady up to 6cts easier with flavory Rwandan types managing to trade firm to 20cts dearer. The plainer end BPs traded irregularly firm. PF1s also eased but Rwandan types traded firm to dearer, the plainer end opened firm to 4cts dearer but lost steam as the auction progressed. Other PF1s traded steady up to 10cts easier. PDs traded steady up to 12cts easier with the mediums and plainer types trading firm to 4cts dearer. D1s followed a similar trend. At the end of the day only 12% came out, Unilever operated on outlots from their office and absorbed 16.7k packages. Global led the buyer's list with 16% followed by Chai 12 and Cargill 10. Despite the large volume of tea on offer and absence of the largest buyer in the room, the market appeared to be well capable of absorbing the large amount of tea on offer. There is a lot of uncertainty in the world regarding the Covid-19 virus, which could not only have an impact on supply, demand, it already has on logistics and but also on the economic climate in the coming months/year. In the meantime, weather conditions are good for the time of the year. East of rift reported bright mornings with cloudy afternoons, only higher altitude areas received showers. WoR however experienced mild showers during the week, combined with sunny and bright mornings. Uganda reported good rains with slightly lower temperatures. The **Limbe** auction met less demand this week. BP1s were neglected, PF1 sc met good demand at last weeks levels and PF1 seedlings met selective demand at slightly easier rates. At the end of the auction only 28% was sold, but during the day this crept up to 47%. The weather circumstances are fair for growing tea, Mulanje reported hot and dry conditions with 2 days of light rains while Thyolo experienced similar circumstances. Crop intake is increasing which indicates a final peak now the off season is not too far away. Demand is not very strong, as usual all eyes are on the Mombasa market. In Jakarta CTC teas traded steady to firm with heavy withdrawals. In North India CTC teas met good demand and traded generally sideways.

### Orthodox

In **Sri Lanka**, strong demand was demonstrative of the lower offerings which stood at a total of 4.6mkgs this week and those in the forthcoming auctions. Dry, bright weather conditions have prevailed in all plantation districts and crop intakes are very low. However, it was not only the lack of crop that roused a strong market, but also buyers looking to sufficiently secure their requirements in the face the COVID-19 pandemic and uncertainty in future auction dates. A quantity of 1.9mkgs were on offer from the Low Grown and were generally firm for better liquoring types in the OP1/ BOP1 and OP/OPA categories. FBOPF/ FBOPF1s were the exception, due to weak demand from Iran while Tippy specials and PEK/ PEK1s appreciated in value. In the High and Mid Grown, a quantity of 1.5mkgs were on offer. A special inquiry caused an appreciation in the very best Western BOP/BOPFs. Good demand was also demonstrated in the BOP category. The top/ below best types were dearer and the plainer types a lower feature. As of today, the Colombo Tea Auction is cancelled next week (Sale of 24<sup>th</sup> / 25<sup>th</sup> March 2020). This sale will take place the following week and all subsequent scheduled tea auctions will move back by a week. The market was less active in **Jakarta** this week, with little demand for 9,740 packages, 44% remained unsold. The local currency has been depreciating (around 10%) for a week, and therefore local buyers were not active and are taking a wait and see approach. The crop is stable and auction quantities have been the same with only 1 April 2020 sale seeing a dip to 9,140pkgs on offer. In **North India** in Assam, first flush crop is beginning to kick in but expected to be less robust than last year. Darjeeling Mid and High elevation gardens will begin to flush from next week. **Kolkata** opened to good demand, unsold at 20%. Earlier and better liquoring teas sold well and at fully firm rates.

*"The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy."* – Martin Luther King, Jr.

Auction qty. (pkgs)	Week 13	Week 14	Week 15
<b>Mombasa</b>	189,996	188,708	189,913
<b>Blantyre</b>	5,840	4,420	N/A
<b>Colombo</b>	No sale	4.59 m. kgs	N/A
<b>Jakarta</b>	11,700	9,140	N/A
<b>Kolkata</b>	No sale	9,683	N/A
<b>Guwahati</b>	No sale	2,722	N/A



Crop figures (m. kg)	Jan '20	Jan '19		
Kenya	53.6	48.4		
Sri Lanka	21.9	23.2		
Crop figures (m. kg)	Feb '20	Feb '19	Jan – Feb '20	Jan – Feb '19
Malawi	7.6	7.3	13.9	14.7

*All price movements quoted in USD per kilo*

To read previous issues, please see our website [www.vanrees.com](http://www.vanrees.com). Please follow us on LinkedIn [Van Rees Group](#)