

Market Report - week 17 (20 – 24 April 2020)

CTC

In these unusual circumstances general rules don't apply. Therefore, the general rule that smaller auctions attract reduced demand wasn't applicable for this week's reduced amount on offer in **Mombasa**. The 182k packages met strong demand leading to a reduced 6% outlots. The all average hammer price increased by 7usc/kg bringing the average to 2.12 usd/kg. BP1s met good demand, Best BP1s gained up to 15cts, below best irregularly firm, good mediums 2-10cts up, medium 6-12cts up and plainer firm to dearer. Best & below best PF1s were the only categories showing a slightly weaker sentiment, trading irregularly steady to easier. Good mediums gained 3-10cts, mediums 10-20cts up and plainer end gained 5-18 cts. Strong demand came from a large packer on their WoR types. Best PDs traded firm to 4cts dearer, below best irregularly firm, good medium 4-12cts dearer, mediums 6-12cts dearer and the plainer PDs 8 to 25cts dearer following quality. Demand is undeniably strong, leading to small amounts of tea remaining unsold. Despite the small amount of outlots, auction quantities remain very high and are consistently 20-30k packages above last year's. Current weather are conducive for growing tea. EoR received useful rains but the number of sunny periods reduced considerably compared to the previous weeks leading to maintaining leaf intake. However, the days WoR opened with sunny spells followed by heavy showers during the afternoon, making leaf intake improve.

Malawi is slowly nearing the off season with pruning ongoing on most tea estates. Besides this, two of the largest tea plantation companies decided to ignore the auction. Bringing this week's offerings to only 2,200 packages, mainly consisting of Mateco, Mboma and NTE teas. At the end of the trading session 90% of the teas remained unsold but at the end of the day this improved to 58%. The weather conditions are normal for the time of the year, last week both tea growing regions had two days receiving scattered showers. Despite the two largest tea producers in Malawi ignoring the auction, the auction of week 19 will continue consisting of Mateco and Naming'omba teas. In **Jakarta** the auction met less demand, with Java/Sumatra CTC teas trading steady to firm with heavy withdrawals. The auctions in North India are still on hold while in the south the auctions started this week again. CTC teas met strong demand in Coonoor with an unusual absorption rate of 93%. All teas traded firm to 5-8cts dearer, with the medium and plainer types gaining up to 20cts. CTC dust met a less strong market but still with good demand, leading to firm to dearer rates.

Orthodox

In **Colombo**, all measurements against COVID-19 are still in place, giving all businesses a hard time, except for the Online Tea Auction. This week Sale 13 and 14 were held on 16-19 April and met very strong demand for almost 7m.kgs on offer in both the LG and HG sector. The HG teas were selling at 10-40cts higher levels, except for the N.Eliya types who were fully firm. The strong demand in the LG sector resulted in much higher prices across all grades, up to 1.5 usd dearer for the Select best OPA's. All Select best grades sold at dearer levels between 30-150cts. Only the FF, BOP/BOPF and Tippiess were maintaining last week's levels. The offgrades and dust types were of less interest and were let go at firm to 30cts lower levels. The **Jakarta** administration has announced that the large-scale social restrictions will be extended until May 22. Under this PSBB regulation, all workplaces, except those in essential sectors must remain closed. The tea industry is an essential sector and will be less affected. In addition, the President has imposed national ban on the tradition of "mudik" where many people travel back to their hometown during Ramadhan and Eid break festival is officially prohibited. Annually, around 20 million people from Jakarta, travel to their hometowns to celebrate Ramadhan and Idul Fitri. This regulation will be effective from 24 of April until the end of May.

In the auction room there was a limited offer on PTPN8 main grade BOP/BOPF/PF since sale 14 and it will continue in next few weeks sales. As there were only 7 active buyers there was less demand for 8,040 packages with 50% remaining unsold. Mostly secondary/offgrades invoices have been neglected. Java/Sumatra Orthodox mostly selling at steady to firm levels except for some Java Dust/BT and Sumatra PF which were selling at firm to dearer level.

In **South India**, the imposition of section 144 continues to be in force and lockdown is maintained in Nilgiris. However, the tea trade being one of the major economies of the district it has been viewed as an essential item and liberation has been given by the district administration to resume production, marketing and related activities with certain protocols and guidelines to be followed. Therefore, the tea factories resumed production a week ago. As part of the above, the auctions in **Coonoor** resumed after a gap of 30 days. Sale no 13, scheduled to be held on 26th and 27th of March, was held on April 20th. There was good demand for the limited weight of whole leaf grades. The primary whole leaf, broken and the fannings met an improved demand along with the medium categories. The primary Whole leaf grades were appreciated in line with quality and the Well-made clean broken saw an increase in price. The medium category teas sold at firm levels. There was only a small volume of Dust types which met very good demand at dearer levels. In **Cochin**, there was fair demand with Select Nilgiri teas selling at firm to dearer rates in line with quality. Medium whole leaf were irregular and select primary broken lower. All dust lots attracted strong demand and selling at 5-10cts dearer levels. In **Coimbatore**, same strong demand was witnessed with all types selling firm to dearer. In **Kolkata**, they remain in the grip of a complete lockdown until May 3rd so there is very little activity with all auctions suspended until further notice. **Assam** has received some very well-needed pre-monsoon showers over the last few days which has brought some relief after the dry spell. Gardens are allowed to work with a limited workforce and under strict watch from the health authorities. **Darjeeling** is facing heavy losses and estates are likely to achieve only 30% of last year's crop.



Auction qty. (pkgs)	week 18	week 19	week 20
Mombasa	184,369	184,700	177,125
Blantyre	No close	3,640	N/A
Colombo	N/A	N/A	N/A
Jakarta	8,520	8,880	N/A
Kolkata	No auction	N/A	N/A
Guwahati	N/A	N/A	N/A

Crop figures (m. kg)	Jan '20	Jan '19		
Sri Lanka	21.9	23.2		
Crop figures (m. kg)	Feb '20	Feb '19	Jan – Feb '20	Jan – Feb '19
Kenya	49.2	31.4	102.8	79.8
Crop figures (m. kg)	March '20	March '19	Jan – March '20	Jan – March '19
Malawi	6.7	6.4	20.6	21.2

All price movements quoted in USD per kilo

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