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Market Report - week 23 (1-5 June 2020)

CTC

This week's published **Kenya** April crop figure showed us that another year record crop is in the making. With 49 mln kgs vs 23.5 mln kgs in April 2019, crop more than doubled. Bringing YTD crop to 208 mln kgs vs 132 mln kg in 2019, a 50% higher crop than last year. All published after this week's auction. Auction quantities have been very high, weather conditions have been very favourable and therefore this number shouldn't come as a surprise. Taking one step back, this week's Mombasa auction experienced a lively opening but lost steam towards the close with increased outlots (25%). Best BP1s traded irregularly firm to dearer, below best steady to 6cts easier, good medium irregularly steady to 10cts easier. PF1s eased across the board with Best PF1s steady to easier, below best 2-5cts easier, good medium 9-12cts easier, medium firm to 6cts dearer, plainer steady to 10cts easier. The large packer normally operating on WoR and plantation types was far less forceful in the room than a few weeks back, while Pakistan packers came in for their preferred black leaf types. Best PDs traded firm to 4cts dearer, below best opened firm but lost towards the close, good medium steady to 2cts easier with black leaf lots dearer, medium 4-6cts dearer and plainer firm to 6cts dearer. In the meantime, weather circumstances are conducive for growing tea. EoR recorded minimal rainfall but crop increased slightly while WoR reported generally wet conditions with bright mornings and drizzling afternoons. Uganda experienced less rainfall while crop intake maintained.
There was an off-season auction taking place in **Limbe** this week. The 3,800 packages on offer met very selective demand with 65% outlots. BP1s were largely neglected, PF1 seedlings met selective demand at 10cts lower rates where sold, PFs were neglected, offgrade fngs sold at 1-3cts lower rates, offgrade dust traded up to 4cts easier. Ranfer took the lead on the buyer's list by taking 13% followed by VR 7 and Zoona 4. Current weather conditions are normal for the time of the year, hot and dry during the day and cold during the night. In Jakarta, Java/Sumatra CTC teas were selling at steady to firm rates and experiencing heavy withdrawals. Sale 22 in Kolkata met very strong demand for all CTC teas, leading to 70usc higher prices than last year. This is also reflected by the absorption rate of 90%. The auction in Guwahati also met good demand, well-made teas traded sideways while less liquoring teas sold at easier rates. In the south CTC met strong demand in Coonoor, leading to a strong upwards trend was witnessed. While medium types traded steady and browner sorts eased 1-2cts. CTC dust met improved demand at firm to dearer rates, only smaller dusts traded easier. Coimbatore CTC teas met good demand at firm to dearer rates. The Kochin market followed a similar trend.

Orthodox

In **Colombo**, 6.08 Mn kg (10,419 lots) were on offer this week. This was the first time the 6 Mn kg mark has been touched since sale no. 07 this year. The average offerings of the first 21 sales last year was 6.7 Mn kg per sale, while this year's average is 5.36 Mn kg. This is a decrease of 1.34 Mn kg per sale. High Grown teas saw reduced demand, and the increase of 300,000kg did not lend a helping hand. Better liquoring BOPs and BOPFs levels continued to decrease. The drop was less for lower end teas, as at those levels there was fair demand. In the leafy catalogue, teas dropped to tradable levels which generated fresh demand and helped maintain below best category types from declining further. Pekoes and Pekoe1s saw improved demand and sold fully firm to dearer levels, while best and select best category BOP1s and OP1s dropped substantially this week. Low Grown very tippy teas came out the champions and were able to attract good demand, selling at fully firm levels, while small leaf teas met less demand. A good sign for Ceylon tea is that oil prices continued to increase, and although it is expected the market will turn in 2-3 weeks, it will be a mixed bag. In **Jakarta**, 40% remained unsold this week of the 5,700 packages on offer. This was mostly orthodox secondary/offgrades. South India had a fairly good week, where **Coonoor** saw all around good demand in leafy and dust types. **Kochin** also saw good demand with Nilgiris, secondary, and fannings firm. Medium whole leaf and well made primary brokens went firm to dearer. **Coimbatore** experienced considerable demand at firm levels. North India was not left out of the festivities. **Kolkata** saw good general demand. Better liquoring Tippy Assam types were 30-40 usc dearer against same time last year. Clean black types, particularly smaller brokens and bolder leaf were 20-30 usc dearer. FBOP types were the only teas selling around 2019 levels.

"A winner is a dreamer who never gives up." – Nelson Mandela

Auction qty. (pkgs)	week 24	week 25	week 26
Mombasa	190,038	204,085	197,871
Blantyre	N/A	1,200	N/A
Colombo	6.64 m. kgs	6.76 m. kgs	N/A
Jakarta	5,680	7,520	N/A
Kolkata	34,100	42,085	N/A
Guwahati	64,859	78,461	125,879

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Crop figures (m. kg)	Feb '20	Feb '19	Jan – Feb '20	Jan – Feb '19
South India	13.29	10.16	29.3	24.38
North India	1.24	4.64	1.24	4.64
Crop figures (m.kg)	**Apr '20**	**Apr '19**	**Jan -Apr '20**	**Jan- Apr '19**
Malawi	6.38	7.37	27.05	28.55
Sri Lanka	13.28	23.62	73.31	97.1
Kenya	49.66	26.13	208.23	132.42

All price movements quoted in USD per kilo
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