Market Report - week 29 (12 - 17 July 2020)

CTC

Although large, the volume of 178k packages under hammer in **Mombasa** this week was not exceptional. The way it was sold was exceptional and won't remain an exception for the time being. All teas have been offered through the e-auction system ITTS. There was fair demand for the teas on offer, leading to 21% outlots (38k packages). Best BP1s made strong gains due to antagonism between two buyers of which one is aiming at the Khazak market, this led to an increase up to 30 cents. Rwanda BP1s eased 20-30 cents with good medium trading firm and medium & plainer types selling firm to dearer. EoR PF1s also recovered with strong demand from Pakistan Bazaar. On the WoR PF1s not only Bazaar was active but also a large packer came back into the game after being relatively quiet for the past weeks, leading to steady to firm rates. Medium PF1s traded steady, the plainer end made up for the last week's losses and gained up to 10 cts due to good interest from the UK & Bazar. EoR PD/D1 also appreciated with Yemen and a large packer being active. Below best traded irregularly firm while good mediums traded dearer with Egypt buyers stepping in. Medium and plainer PDs traded easier with Egypt buyers not willing to push the market. In the meantime, weather conditions are normal for the time of the year with still some rains but mostly slightly dropping temperatures and overcast conditions. These conditions are less favorable for growing tea, making leaf intake dropping East of Rift as well as West of Rift. From a supply and demand point of view, there is still a lot of tea around although auction offerings are dropping to levels which we haven't seen before this year. Demand has absorbed the enormous amount of tea produced quite well, despite the pandemic we've gone through in the first 6 months. The pandemic is also one of the factors of uncertainty for the near future. Some countries experience a revival of the virus and must implement strong measures again which were lifted only 1 or 2 months ago. Often an economic crisis doesn't affect tea consumption, but nobody has dealt with a pandemic of this scale before which therefore remains a major factor of concern & uncertainty. There was no auction in **Malawi** this week, the next auction will take place on the 30th of July. Current off-season weather conditions are warm during the day and cold during the night. Not much of the forecasted precipitation materialized while this is necessary for crop to flush as soon as temperatures increase in August/September. Most Java/Sumatra CTC sold steady to firm in **Jakarta**, experiencing heavy withdrawals. The **Kolkata** auction continued where it stopped last week, strong widespread demand leading to firm to dearer rates across the board, with 90% of the teas on offer being absorbed. In **Cochin** CTC teas met strong demand, all varieties traded 3-6 cents dearer. Dust traded irregular but often substantially dearer, the finer grades gained up to 5 cents. The **Coonoor** auction followed a similar trend with bright CTC leaf teas gaining 5-7 cents while good and better medium teas traded 6-8 cents dearer. CTC Dust also traded firm to dearer, fine dust 4-5 cents dearer, brighter teas 5-6 cents dearer and medium & bolder types appreciated up to 8 cents.

Orthodox

In **Colombo** the auction offering was with 6.8m.kgs, marginally lower compared to last week, and attracted good demand. The Ex-State offerings of 1m.kgs met improved demand at dearer levels across all categories. In the HG segment, the limited selection of improved teas gained substantially, up to 25cts, whilst the remaining gained to a lesser extent but well above last week's levels. The Mid-Grown category, with almost 1m.kgs on offer, attracted additional demand from the far east and sold at dearer levels. The LG teas had a total of 2.9m.kgs for sale which sold at firm to dearer levels, except for the OP/OPA which met a limited demand. Next week the sales offering will be 212MT lower and after that there will be a few weeks of 6m.kgs sales, except for sale 30 which is restricted due to the general elections. The weather in the Western/Nuwara Eliya regions was reported bright in the mornings and cloudy in the evenings with some occasional showers. Uva and Udapussellawa regions experienced the same whilst the Low Grown regions didn't receive any showers. Good rainfall, above 75mm is expected next week. All regions showed a declining crop intake, except for Ruhuna and Sabaragamuwa which maintained. In **Jakarta,** there was less demand for the 11,960 packages on offer with 49% remaining unsold and many withdrawn as many buyers were very selective and as well due to high limits of the brokers. Java/Sumatra Orthodox mostly sold at steady to firm except for some invoices of Java PF which sold at steady to easier level. Both Java and Sumatra received irregular rains over the course of the week with a maintaining crop intake and quality. In **Kolkata**, there was yet again strong demand for the teas on offer with only 6% outlots. Select tippy whole leaf sold at barely steady levels, clean black types went at fully firm and occasional dearer levels whilst fannings sold at fully firm levels. For the first time this year a sales offering has exceeded last year's number. This could be a result of diverted teas from Guwahati due to the COVID-19 lockdown which will end on July 19th. In **Coonoor**, there was good demand for leaf and dust types on offer selling at firm to dearer rates. In **Cochin**, the demand was similar with select best Nilgiri teas selling at firm to dearer levels. Mediums whole leaf and primary brokens were firm to slightly dearer, the smaller brokens irregularly lower and fannings firm.

"Half of what I say is meaningless; but I say it so that the other half may reach you."– Kahlil Gibran

Auction qty. (pkgs)	week 29	week 30	week 31
Mombasa	193,759	176,582	171,185
Blantyre	N/A	2,460	N/A
Colombo	181,887	164,232	N/A
Jakarta	11,980	12,680	N/A
Kolkata	113,728	176,739	N/A
Guwahati	N/A	N/A	N/A

Crop figures (m.kg)	Apr '20	Apr '19	Jan -Apr '20	Jan- Apr '19
Sri Lanka	13.28	23.62	73.31	97.1
North India	23.9	70.5	57.7	134.5
South India	15.1	14.0	55.7	53.5
Crop figures (m.kg)	May '20	May '19	Jan -May '20	Jan-May '19
Kenya	47.00	37.76	255.23	170.18
Sri Lanka	28.36	34.10	102.03	131.17
Crop figures (m.kg)	June '20	June '19	Jan -June '20	Jan-June '19
Malawi	1.39	1.61	31.28	34.65

All price movements quoted in USD per kilo
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