

Market Report - week 31 (27 – 31 July 2020)

CTC

Colder weather upcountry and reduced amounts of tea available in the coming weeks, fed bullish sentiments in this week's **Mombasa** auction. A reduced amount of 176k came under hammer and despite the average auction price went up by 9cts, a fairly large 37k packages came out. Best BP1s gained 8-15cts due to strong competition between Kazakh and Sudan buyers. Below best and good medium BP1s traded irregularly firm to dearer, medium BP1s irregularly steady to easier with select best dearer, the plainer end gained up to 4cts. PF1s traded all firm up to 4cts dearer with good medium PF1s gaining 4-6cts with selected lines more. The 159k packages closing has lit the fire of the sentiment of the Pakistan & Afghan buyers. Also, one of the largest packers stepped up their buying on their preferred KTDA WoR types. Plantation PF1s met strong demand from the UK while the plainer end gained further due to strength of the Sudan buyers. Best PDs traded firm to 4cts dearer, below best firm to dearer, while good mediums gained up to 6cts and sometimes more. Medium PDs fetched 4cts more than last week and the plainer end 3cts. Current weather conditions are certainly not as conducive for growing tea than a few months ago, temperatures are dropping combined with some scattered showers make leaf intake drop, all not unusual for the time of the year. June crop figure was handsomely published after the last auction. It's difficult not to get used to the monthly crop records but again Kenya broke their June record and brought the record to 46mln kgs. This all brings the first 6 months of production to 301 mln kgs, it is not even 17 years ago that annual crop (279 mln kg in 2003) was lower than the new set record for the first 6 months. However, exports for the first 6 months of the year have dropped 1%, one could question where all that tea went to. The sharp drop in availability of tea in the auction in week 33, has fed the bullish sentiment, also the recent strong performance of the Kolkata auction is for many buyers something to watch. After a 2-week break, this week's 1200pkgs on offer in the **Limbe** auction met good demand. BP1s were taken out. PF1 seedlings attracted irregular demand, Bloomfields traded at valuation while Sayama PF1s were neglected, EPM PF1s eased 2cts while others were taken out under bids. PDs met good demand at 2cts dearer rates, D1s traded 5cts dearer, offgrade fngs 5-10cts dearer and offgrade dust traded up to 9cts dearer. Growing conditions in the tea gardens are common for the off season, cold and wet circumstances prevail while crop intake remains low. The coming 3 weeks there is sufficient tea available to let the auction take place on Thursdays. In **Jakarta**, Java/Sumatra CTC teas were selling at steady to easier levels. After a strong upwards trend in the past weeks, the **Kolkata** auction lost steam and the big gains seem to be behind us. Good and medium Assams traded irregularly sideways but mediums traded steady to easier with 87% of the teas on offer being sold. Also, the **Coonoor** auction didn't continue the upwards trend of the past weeks, brighter CTC leaf teas generally traded firm to dearer but brokens traded irregularly sideways while fannings traded barely steady. Good medium teas still attracted good demand and appreciated 3-5cts. The **Cochin** auction met fair demand at generally irregularly easier rates.

Orthodox

In **Colombo** the auction quantities have dropped to just over 6.1 m.kgs and attracted good demand in all three elevations. In the HG segment there was an improvement in both leaf and liquor of the below best category which generated a firm interest from shippers to China, Taiwan, Japan, UK and local packers. The high value for money resulted in dearer levels. In the Medium Grown segment, Germany was back in business for their regular medium grown types after a quiet period. The improved quality also triggered the straight-line business as selected invoices were sought after by many shippers to Germany. The leafy LG market continued its momentum and attracted good demand. BOP1s and bold Pekoes sold at substantial higher levels and all the rest sold at fully firm to dearer levels. In the small leaf category, the FBOPs and tippy teas met a very strong demand. In all planting regions good rains have been received over the course of the week. Next week has a lot more rain predicted, up to the point that it could have a negative impact on the production if the conditions get too overcast. The quality of the cup and leaf is marginally improving for the HG and Medium Grown teas where the LG quality remains stable. Next week is a restricted auction of only 1 day where they need to sell 4 m.kgs. With the current speed of the online auction and the fact that there 7,262 lots to sell, it will probably take up to 15 hours to complete. The spillover from will be sold in the week after which pushed the offerings up to 6.95m.kgs for week 33. In **Jakarta**, there was even lesser demand compared to last week with a total of 58% remaining unsold. The brokers refused to meet the buyer's bids which resulted in 7,366 unsold lots. The teas that did sell were let go a steady to easier levels. An unfortunate development is that certain buyers starting to lose interest in the e-auction and prefer to do their buying post-auction. In **Kolkata**, there was good general demand although selling at lower levels following quality. A total of 90% has been sold. Clean whole leaf first line descriptions were let go at 10cts lower levels whilst the second line TGFOPs sold at 20cts below last. Bolder varieties were 8-12cts easier. In **Cochin**, there was fair selective demand. The well-made blacker whole leaf grades were firm to dearer whilst the brokens and fannings in this category were irregular. Mediums sold at lower levels with a fair amount of teas remaining unsold. The dust types met good demand. The limited weight of primary BOPD's were firm. Medium teas and other secondary barely steady at last levels.

"If summer had one defining scent, it'd definitely be the smell of barbecue." – Katie Lee



Auction qty. (pkgs)	week 32	week 33	week 34
Mombasa	171,065	159,253	
Blantyre	2,620	1,600	N/A
Colombo	111,047	191,210	N/A
Jakarta	12,160	10,360	N/A
Kolkata	117,539	134,503	N/A
Guwahati	123,735	N/A	N/A

Crop figures (m.kg)	May '20	May '19	Jan -May '20	Jan- May '19
North India	75.6	112.3	113.3	246.8
South India	20.8	22.0	76.4	75.5
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
Kenya	46.38	42.42	301.61	212.61

All price movements quoted in USD per kilo

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