

Market Report - week 42 (12 – 16 October 2020)

CTC

Another 2-day auction took place in **Mombasa** this week and despite good general demand, the all average hammer price lost 3cts. EoR BP1s met reduced interest from their usual buyers from Kazakhstan and Sudan. While WoR BP1s met good demand at irregular rates. Mediums traded steady to easier and plainer types eased 3-7cts. The very best EoR PF1s moved firm to slightly dearer while others eased. There was unusual absorption from a Pakistan packer while also other Pakistan buyers provided useful support. WoR PF1s were fought for by a large global packer and another large buyer, all others trying to get in between had to have deep pockets. Medium PF1s traded firm while plainer types were steady. The black leaf plainer types experienced good demand from Pakistan while the certified lots moved to the UK buyers. EoR PDs continued their downwards movement and eased up to 25cts, supported by Yemen, Pakistan packers and Bazaar. WoR eased up to 10cts, mediums up to 4cts and the plainer end traded irregular with fair support from Egypt. At the end of the day a 16% came out. In the meantime, weather conditions are not completely normal for the time of the year the short rains still haven't arrived EoR, light showers with moderate temperatures have been reported from that area. WoR has received useful showers during the week, the mornings opened bright with moderate temperatures making crop improve marginally. Uganda reported useful rainfall across all tea growing areas, crop is gradually increasing. Demand is good but not as good as it could be when Bazaar would step up buying for their winter demand. Borders with Afghanistan are still closed, and some teas are stuck at the Taftan border (Pakistan – Iran). EoR PF1s are still priced attractively for the Pakistan Bazaar buyers and as soon as their local stocks would allow, we can certainly expect a surge in demand from that region. On the other side of the globe, Europe is struggling with the 2nd wave of Covid. Horeca has been closed in some countries, consumption at home of teabag types should spike in the coming months. This week's **Limbe** auction met very good demand at firm to dearer rates. The poor descriptions of BP1 eased while PF1sc were neglected due to the poor quality of the teas on offer. PF1 seedling – EPM gardens maintained this week, PGI PF1s gained 1-3cts where sold. PFs were taken out, PDs trading firm, D1s irregular but tending easier and offgrade fngs eased 2cts. There was good absorption with only 18% of the teas on offer remaining unsold. VRB led the buyers list taking 71% followed by Rfr 6, JF 5 & Chombe 1. Some long awaited and badly needed rains arrived last Sunday in Mulanje. These so called Chizimalupysa aka "bushfire extinguishers" rains brought 30-45mm over 3 days. While Thyolo received a lot less, only 3-9mm. Crop is seasonally declining but good rains are useful for crop to increase in 4-6 weeks.

In **Jakarta**, Java/Sumatra CTC mostly sold at steady to easier level except for some invoice of Java CTC D.2 which were selling at firm to dearer levels. The CTC section of the **Kolkata** auction met fair demand followed by a generally easier trend with 35% remaining unsold. The **Guwahati** auction showed a similar trend. **Coonoor** experienced improved demand for CTC leaf. The market had shown a further decline by 2-4cts. Dust was sluggish, an easier market led to withdrawals. **Coimbatore** also met less demand at 2-4cts easier rates, the CTC dust also eased 1-3cts. Leaf CTC in **Kochin** met fair demand at 2-3cts easier levels.

Orthodox

In **Colombo**, a total of 5.3m.kgs was on offer at this week's auction which attracted good demand across all categories. The ex-estate offering, 606MT, met very strong demand with primarily the BOP sought after and gaining significantly. China, the UK, the continent and Russia were most active which also resulted in higher levels for the BOPF's. The High and Mid Grown segment had 663MT on offer with Russia, Taiwan, China and Syria most dominant in the room, followed by Turkey and the rest of the Middle East. All grades met with good demand at last week's levels. For the LG segment the levels maintained for the leafy varieties as well as the small leaf teas. Only the select best OP1's were sought after by Saudi Arabia and gained significantly. The September export figures show a decline of 1.5m.kgs compared to 2019 and ended up at 24.1m.kgs. Turkey grabbed the top notch, followed by Iraq, Russia, Iran, China, Azerbaijan and Chile. Meanwhile, exports to Chile, Saudi Arabia and Ukraine have shown a significant growth, whilst exports to Iraq, Iran, Libya, Syria and UAE have shown a considerable decrease compared to the corresponding period of 2019. The crop intake is maintained in all regions resulting in auction quantities of 5.7m and 5.1m.kgs in the coming 2 weeks with a stable quality and a strong pressure on demand. In **Indonesia**, there was maintained demand for the 10,200pkgs on offer with again 62% remaining unsold. Generally, all teas that have been were let go at steady to easier levels. After many withdrawals during the auction, there has been post auction biddings and negotiations until Thursday morning. According to the Indonesian Climate Agency, La Niña will most likely hit a large part of Indonesia with the exception of Sumatra. Even so, Sumatra will still see high rain intensity due to its local topography conditions. The peak will be reached in Dec-Jan, while the rainy season will most likely be at its height on Jan-Feb, with already heavy rainfall in October. La Niña is predicted to cause the monthly accumulated rainfall to increase by 20 to 40 percent above normal. In **Kolkata**, the market opened to good demand at levels lower compared to the last few months. At the end of the day a total of 78% has been sold which is showing that the market is slightly easing up. In the south of India, the demand across all auction rooms remains good and prices show a gradual decline. Crops are also decreasing but due to the unsold lots in the previous sales, the auction offerings are still high.

"They say marriages are made in Heaven. But so is thunder and lightning." – Clint Eastwood



Auction qty. (pkgs)	week 43	week 44	week 45
Mombasa	143,193	148,801	151,164
Blantyre	3,080	3,420	N/A
Colombo	157,773	139,700	N/A
Jakarta	6,720	9,960	N/A
Kolkata	157,191	No sale	161,682
Guwahati	213,564	No sale	N/A

Crop figures (m. kg)	August '20	Aug '19	Jan -Aug '20	Jan-Aug '19
Malawi	1.26	25.27	33.62	37.06
Kenya	38.5	37.2	377	281
Sri Lanka	22.4	26.2	179.1	211.1
North India	142.9	157.5	533.5	684.4
South India	16.8	14.8	135.5	137.0
Crop figures (m. kg)	Sept '20	Sept '19	Jan - Sept '20	Jan-Sept '19
Malawi	2.8	2.1	36.4	39.8

All price movements quoted in USD per kilo

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