

The Green Market Report

A weekly update on the tea market dynamics



ROYAL
VAN REES
SINCE 1819

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Week 3

African tea markets



Kenya – Good general demand

NooR Mohamed – Mombasa

The second sale of the year was met with good general demand. On offer we had a largish 178K packages, out of which 24% (42K packages) remained unsold. The average auction prices shed a cent to close at USD 2.13/kg.

BP1's: KTDA EoR: The flavoury BP1s continued to garner good demand, selling at irregularly firm to dearer levels, following quality. Below-best grades were irregularly firm following quality. **KTDA WoR:** Steady demand, trading at firm to dearer levels, closely following quality. **Medium BP1s:** Improved demand selling at firm to dearer levels. **Plainer BP1s:** Good demand, selling at irregularly firm to dearer levels, following quality.

PF1's: KTDA EoR: The best types were about firm with balance tending irregularly steady to easier; following quality. **KTDA WoR:** Quality types were dearer with rest irregularly steady to easier. **Medium PF1s:** Opened easier but firmed up as the sale progressed. **Plainer PF1s:** Good demand, selling at irregularly firm to dearer levels, following quality.

Dust Grades: Best PD & D1: Sold at irregularly steady to easier levels. **Medium and Better Plainer PD/D1's:** Steady demand from Egyptian packers, UK, and Pakistan, selling at irregularly firm to dearer rates and closely following quality.

Active markets

Pakistan were forceful with Sudan, UK, Egyptian packers, Afghan, Yemen, Kazakh and Russia tending active. Other CIS and China were slower.

Weather conditions & outlook

Weather conditions across major tea-growing regions is slowly shifting to sunny with occasional showers. It is getting drier and hotter in the EoR while WoR is still enjoying favourable weather. Daytime (maximum) temperatures increased over most parts while night-time (minimum) temperatures decreased over most parts. The crop harvest is gradually declining on both sides of the Rift.

Market outlook

We expect availability in the forthcoming auctions to be improved due to double collection and two missing auctions towards the close of last year. Markets are expected to be irregular where demand for quality teas will hold with balance easier. In addition, the direction that the market will take will partly depend on the approach of the KTDA to handle unsold teas; which we hear have reduced.



Malawi – Less demand

Maganga Maganga – Blantyre

Less demand at steady rates.

BP1: Good demand at last week's prices. **PF1 SC:** Selective demand at steady rates. **PF1 Seedlings:** Neglected. **PF:** Sold below valuations. **PD:** Neglected. **D1:** No interest. **Offgrade FNGS:** Good demand at steady prices. **Offgrade Dust:** Neglected.

Weather: Mulanje and Thyolo experienced isolated and scattered rainfall for four days, with hot and dry conditions for the rest of the week.

Quality: Cup quality remains good for this time of the year but leaf quality is yet to improve.

Crop Intake: Slight improvement. More rain is needed to ensure substantial crop recovery in late January and early February.

Outlook : Steady.

Other African markets

NooR Mohamed – Mombasa

Uganda: Strong demand, particularly for brighter liquoring teas. Prices were generally firm to a few cents dearer.

Tanzania: Improved demand with volumes increasing.

Rwanda: Broken rebounded with improved demand, with balance grades irregular.

Burundi: Limited availability, with improved demand at firm to dearer levels.

Asian tea markets



Sri Lanka – Strong demand

Josiah Corea – Colombo

The second sale of the year concluded on the 15th of January 2025. Strong market on offer this week. High Grown Rotovane Teas continued to be irregularly easier. Leafy Teas garnered strong prices.

Ex-Estate. BOPs eased by USC 5-10. Better BOPFs gained by USC 5, Others were lower by USC 5.

Nuvara Eliya BOP were lower by USC 30. BOPFs maintained.

Uva BOPs shed by USC 3. BOPFs shed by USC 10-15.

CTC - Low grown PF1s gained by USC 6. BP1s were mainly unsold. The High grown & Medium PF1's shed by USC 30.

Medium grown. OP1's gained by USC 15. BOP1s gained by USC 15-20. FBOPs were dearer by USC 10-20. Better FF1s gained by USC 15, Others were firm. Better OP/OPAs maintained, Others gained by USC 4-8.

Low grown leafy. Better OP1s gained by USD 50, Others strengthened by USC 10-25. Better BOP1s gained by USC 15-20, Others were dearer by USC 10. Better OP/OPAs were lower by USC 5, Others gained by USC 5-10. Better PEK1s were firm, Others eased by USC 10. Better PEKs were firm, Others strengthened by USC 10-15.

Low grown small leaf & premium. FBOPs were dearer by USC 8-10. FF1s were firm. FFs maintained on last. BOP/BOPFs shed by 8-10. The PREMIUMs were mostly firm.

Off Grades. Better FGS1 gained by USC 5-10, Others were firm. FGS maintained on last. BMs strengthened by USC 5-10. BPs were firm. Better BOP1As gained by USC 8-10, Others were dearer by USC 4-6.

Dust. High Grown DUSTs were lower by USC 10-14. Secondary DUSTs irregularly lower by USC 4-6. Low Grown better teas were dearer by USC 4-8, Others maintained.



India – Good demand

Bipin Krishna – Coimbatore

Markets maintained at last week levels, with no significant movement in either of the types or any of the centers currently operating.

The last few quantities from N India selling well, with most buyers preparing for the lack of N Indias, in the coming months.

Domestic demand continues to be strong and a positive development in the last few months is that quality is beginning to pay. With demand for India compliant teas on the rise, buyers are accepting the fact that they will need to pay more, which will be passed on to the consumers (as we have seen in the past).

The margins in the Tea world at any stage of the supply chain is diminishing – Producers deal with higher costs and climate change, exporters deal with competition from other growing regions and domestic push, packers deal with increased RM and logistic costs, putting an overall pressure on all points of the supply chain.

While the outlook for 2025 remains positive, from a production and local consumption point of view, prices are likely to remain buoyant, due to some points highlighted above, resulting in a nervous situation and inability to ride the market. Interest costs continue to be the riding factor and will determine the risk appetite of most businesses in along the supply chain.

What's brewing

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Quote of the day

“Attitude is a little thing that makes a big difference.”

- Winston Churchill



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The royalty in tea

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Market Insights

Numbers and Facts



Special: Argentina

Robin Lavooij – Toronto

After a promising start to the season in October-November, the weather turned progressively drier in December and January, which is indeed more in line with the predicted El Nina weather pattern that was bound to bring hot and dry conditions to much of Northern and Central Argentina towards the end of 2024 and beginning of 2025. Good earlier crops have helped to cushion the blow, but so far, most factories have processed around 20% less tea than they did at the same time last year. It is hard to predict where things go from here and if the weather phenomenon will prevail into the latter stages of the season. Right now, Misiones is on high alert with fire warning indexes are at the maximum risk levels.

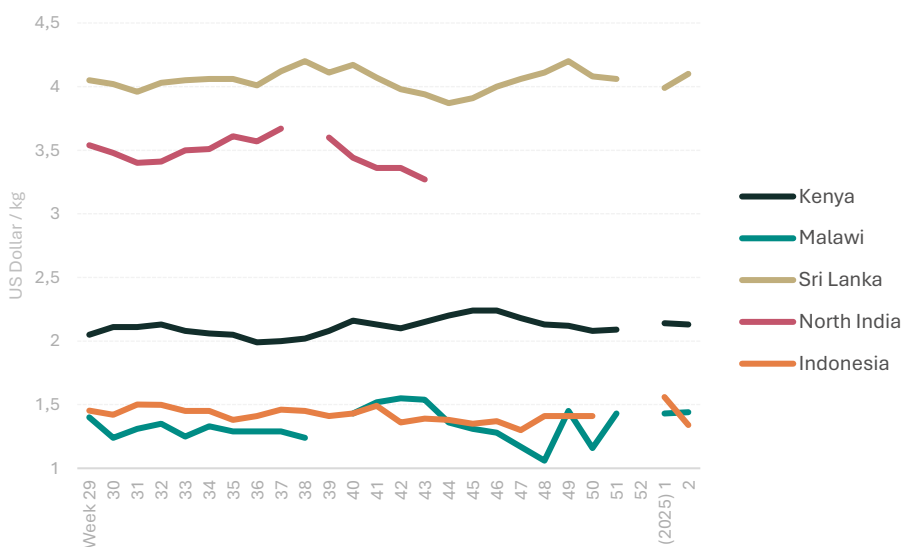
On the demand side, US packers have shown less general appetite so far, with inventories quite high and forecasts rather conservative on conflicting economic data and uncertainty whether interest rates are coming down or not. All this resulting in overall contracted volumes being a bit lower than they were last season. There are still several months of cropping to go and producers' patience will be tested, but the expectation is that a few packers will still need to contract new volumes or top up on existing business.

Silver linings are found on the logistics front as high freight rates are slowly coming down from January onwards, now South American routings to the USA are less dominated by Brazilian agro-export volumes.

Weekly auction prices

In US Dollar / kilogram

This graph shows the average weekly market prices at tea auctions across the globe, in US Dollar per kilogram sold tea.



Auction qty. (pkgs)	Week 2	Week 3	Week 4
Mombasa	178,178	175,578	205,279
Blantyre	3,320	3,520	3,600
Colombo	8,445	12,643	12,452
Kolkata	166,125	140,582	136,577
Guwahati	173,191	105,011	111,955
Jakarta	10,980		

Tea production (million kg)	Nov 2024	Nov 2023	Cumulative: Jan – Nov 2024	Cumulative: Jan – Nov 2023
Malawi	3.2 (+21%)	2.7	44.8 (+14%)	39.3
Sri Lanka	22.3 (+13%)	19.8	239.1 (+1%)	236.3
North India	123.5 (+13%)	109.4	1,032.6 (-5%)	1,090.7
South India	19.8 (-7%)	21.4	208.5 (-5%)	218.6