

TEA MARKET REPORT

Week Ending
19th March 2017

North India is now totally focused on the new season teas which should be entering the supply chain about now. Strangely all the way through the off season, unlike the last season or seasons before when there never were any auctions, this season has recorded a sale howsoever small, every single week. The weather in South India having taken a turn for the better, the industry finally has something to smile about. In Colombo, following on from weeks of a very buoyant market, while the Low Grown saw no change in the strong demand which these teas command, there was the slightest of signs of weakness in the High Grown section, though nothing that would set any antenna's jangling. A classic case of too much being bad in Indonesia where the persistent and heavy rainfall and lack of sunlight is resulting in a drop in crop intakes and also effecting the quality. In Vietnam, the market is warming up to the new season, with all teas trading firm.

The announcement of the low Kenya January crop figure had the desired effect in the market with the market remaining generally firm to somewhat stronger so that several categories recorded decent gains. In line with the trend in Mombasa and benefiting from the lower volumes on offer there, the Malawi auction continued with its ongoing firm trend.

Slowly but surely, one is beginning to see the balancing out of the demand/supply equation so that all tea centres are recording good levels of demand leading to very healthy absorption rates.

Argentina

With continued very favourable growing conditions resulting in a very healthy crop intake situation, production remains in full swing with no complaints from tea producers or the trade.

India – North

The 98K+ packages of CTC Leaf met up with a fair level of demand. These being end season low quality residual lots of teas, Assams were irregularly easier with the brown and plainest liquoring descriptions facing withdrawals. Cleaner Dooars in the better and medium categories sold around last levels while others were easier. The 15K+ packages of CTC Dust saw better demand than what was seen in the Leaf sale though with bulk of the Assams and the limited weight of Dooars tending easier. The internal markets operated along with a good level of participation on a cross section of offerings from regional packeteers. The major blenders operated primarily on the medium and plainer categories, supplemented with some export interest on larger Brokenes.

Another no Orthodox sale week. Which situation would continue till such time as the First Flush teas come into the pipeline.

The weather in Assam remains seasonal so that the First Flush is developing well.

India – South

Another week of good demand coupled with falling prices. The best and good liquoring CTC Leaf varieties were generally lower by ₹2/4 and saw some withdrawals. Barring some blacker Fannings which were firm to occasionally dearer, bulk of the medium and plainer teas also eased somewhat in value. CTC Dusts went the same way seeing demand which was good though selective. In this



segment, while the best teas were generally ₹4/5 lower, the medium and plainer sorts shed ₹2/3. While the major packeteers and exporters were active, the internal market operated selectively.

In the Orthodox sale well made teas were generally firm to dearer while the others were around last. Amongst the OR Dusts, secondaries were generally dearer while BOPDs were irregular and tended lower.

If one needed any proof of the adage that 'it never rains, it pours', south India was a manifestation of that. The skies literally opened up, making up for the months of drought. That this would help the crop going forward may be taken as a given. How this would affect the market when that crop comes in, remains a debatable point.

Indonesia

The 16K+ packages on offer met fair demand following quality. Amongst the Java Orthodox while BOPF appreciated approx USC5, Brokenes tended firm to easier by as much. While the mediums of the grade moved up by as much as USC9, the better Dusts shed USC2/7. Java CTC saw the PF1/PDs gain as much as USC14, while BP1 went the other way shedding USC3/4. Fannings were firm to marginally dearer. Across the board all Sumatra offerings tended dearer, gaining USC3/5 above last.

Across both regions, there has been no let up in the rainfall. The attendant lack of sunlight is having the expected adverse effect on both crop and quality.

Kenya

There was generally good demand for the 6.7+ KMT on offer, leaving 9.83% of the offerings unsold. Amongst the BP1s while the best and good teas gained as much as USC8, mediums and plainer teas were a weak feature shedding as much as USC24. PF1s had a better run with the best moving up as much as USC30 while the rest of the grade appreciated by varying degrees, though not as much. PDs tended rather irregular with prices swinging both ways by as much as USC15/20 across all categories. While the poorest Dusts were neglected, the better and mediums were well competed for tending steady to USC14 dearer. Amongst the secondaries BPs were dearer while all other grades were firm to somewhat dearer.

The market was well supported by Afghanistan, Pakistan, Yemen, other Middle Eastern countries, UK, Russia, and Iran. Egypt, while maintaining interest, was selective. The CIS and Sudan were circumspect. there was an improved level of activity by Somalia at the lower end of the market.

West of the Rift reported generally warm and cloudy days with minimal precipitation. Areas east of the Rift had some more rainfall. Crop intakes remain low.

Malawi

The 7.2K+ packages on offer met good general demand at firm to dearer rates following quality. Across the board, at varying degrees, all grades tended firm to dearer though some lines of BP1 shed as much as USC5 on last. Secondary teas tended firm to somewhat easier.

Partly cloudy with some precipitation being reported. A drop in temperatures was recorded during the latter part of the week. Crop intakes remain high.



Sri Lanka

Fair demand for the 5.3+ KMT on offer. Irregular demand for the BOPs with some lines tending easier while others dearer by as much as Rs30/40. Nuwara Eliyas brighter sorts were firm while balance were substantially dearer. Best BOPFs eased Rs20/30 for the thin liquoring teas with others of the grade also shedding though not as much. Nuwara Eliyas went the other way, substantially higher by Rs40/50. Following good demand from shippers to CIS, Turkey, Saudi Arabia, Iraq, Libya and Dubai, the Low Grownns were generally firm.

The HG areas reported bright mornings with some scattered evening showers. LG areas were somewhat drier which trend was broken by some showers towards the latter part of the week. A modest increase in crop intakes has been reported.

