

TEA MARKET REPORT

Week Ending
14th May 2017

While currently both North and South India are seeing good cropping conditions, contrary to earlier indications and now that the official crop figures for the first quarter have come in, the picture does not look as rosy since, pan India, a deficit of 17.2 KMT against the 2016 crop for the same period of 105.8 KMT is being reported with the bulk of that shortfall being in Assam. The market in Colombo remained off the radar on account of the long Vesak holidays where, with a huge volume increase in the next auction, it will be very interesting to see how the market reacts and whether the earlier high prices can be sustained. Jakarta had an indifferent run with 8% of the offerings left unsold. While there was increased demand for select grades, it was rather irregular. Vietnam is now in the midst of a busy period with factories humming.

Mombasa reported an overall firm to dearer market, probably the result of pre Ramadan stocking up in the Middle East and the CIS. Export figures for March having been published, these show a 30% increase of exports to Pakistan while the year to date export of the entire Kenyan market has dropped 7%. For now the crop situation, on the back of favourable weather conditions, is reported as being good. Malawi, on the other hand, reports auction quantities being well below last year, the reason being a surfeit of rainfall. A classical case of too much being not quite the best thing.

As the season progress, for now overall it is 'so far, so good'!

Argentina

With the season at an end, reports are that a cooler April saw heavy rainfall hindering harvesting in the last production month. Conditions which would add up to a drop in crop in comparison to last year.

India – North

An improved sentiment and improved overall demand for the 49K+ packages of CTC Leaf on offer. This comment of overall improved demand despite the fact that almost across the board, barring Assams which showed a seasonal decline in quality which were somewhat irregularly easier, all others including the best and well-made sorts in the medium category were irregular around last. Teas from the Dooars followed much the same trend. The 16K+ packages of CTC Dust went much the same way, meeting with improved overall demand, tending steady and irregularly around last levels. The domestic trade was active, operating aggressively in both the Leaf and Dust sales with enhanced demand on good liquoring teas in both sales. The blenders operated selectively on clean, well-made medium Assams in the Leaf sale and were active on brighter liquoring Dusts. Exporters extended support on larger Broken.

The fairly substantial volume of 26K+ packages of Orthodox met with good general demand with bulk of the offerings, including Whole Leaf, Broken and Fannings all tended steady to firm. While the usual export accounts were the mainstay of the market, this activity was enhanced with demand from North India on bolder W/L grades.

Favourable weather conditions for a second flush prevail with less rain and warm and sunny days.



India – South

A northward correction in the CTC Leaf sale which saw a good level of demand. While the best and good liquoring teas were irregular around their last sold levels with a few appreciating marginally, the medium and plainer teas were generally firm to dearer with the blacker Fannings moving up further. The CTC Dust sale also evoked strong demand. The best liquoring teas were irregular and occasionally lower while the remainder was generally firm to dearer, particularly the blacker varieties. The exporters were active with fair support from the majors and the regional packeteers. The domestic trade was once again rather selective.

Surprisingly the Orthodox sale, which did see good demand, also saw levels tending to be marginally lower. OR Dusts, however, saw no change with the primary BOPDs continuing to be fully firm while the secondaries were dearer with quality.

Fairly seasonal weather, a good mix of sun, cloud and some scattered drizzles. Crop intakes remain very healthy and copious.

Indonesia

The 14K+ packages on offer met fair demand at irregular levels following quality. Amongst the Java Orthodox while the better lines of PF1s appreciated as much as USC10, Brokenes tended firm to marginally easier. The better lines of Dusts moved up USC5 while mediums eased by as much. Java CTC evoked less interest with BP1 and Dusts being discounted USC6/7 while PF1/PD weakened by as much as USC20. Sumatras were most irregular, fluctuating a couple of Cents either way, though PFs gained USC4/8 over previous prices.

Java continues to report bright, warm and sunny days which lead into heavy showers later in the evenings. Sumatra has been cloudy with moderate rainfall. Generally, for Tea, great conditions.

Kenya

Another upward correction with much improved demand for the substantial volume of 8.55 KMT on offer. The market operated at irregularly dearer levels with 10.36% remaining without bids. While the best BP1s were marginally easier, other brighter descriptions held firm to USC14 dearer with Mediums as much as USC35 up on last while the poorest of the grade were neglected. PF1s followed much the same trend with the better teas being well absorbed and tending dearer while the lesser ones went abegging. The best PDs were USC8 dearer with mediums being a strong feature gaining as much as USC40 and more. Dusts were a lot more irregular with prices swinging both ways by as much as USC25. In the Secondary Catalogues BPs were easier while PFs were firm. Dusts were readily absorbed at dearer levels.

Yemen, other Middle Eastern countries and Egypt operated aggressively with strong support from Afghanistan, the CIS State, Sudan, Russia and Iran. Pakistan maintained some level of interest while Somalia continued with its usual level of activity at the lower end of the market.

Areas west of the Rift were moderately warmer during the day followed by wet afternoons. To the east of the Rift heavy downpours were reported. Crop intakes are being maintained.



Malawi

Fair demand at generally irregular levels for the 5K+ packages on offer. While BP1s were generally firm, better PF1s tended firm to 7USC up on last while the balance went the other way tending easier. The few available PD/D1 were generally firm to dearer with secondary teas also tending firm.

Partly cloudy with some minor showers being reported. Nights and mornings are reported as being cold and foggy. Crop intakes are on a decline.

Sri Lanka

This being the long break of the Vesak Poya and the Sinhala New Year, there was no sale. How this would affect the demand in the next week is to be seen.

