

TEA MARKET REPORT

Week Ending
5th February 2017

Despite the fact that the south continues to languish due to a total lack of any rain and with no signs of any forthcoming in the near future, which of course is creating a real worry that the current season may well head in a similar disappointing direction as last year, the overall crop in India hasn't disappointed with a year on year increase of 2.5% leading to an annual crop of 1.24 Bn Kgs. There is, of course, the fact that we're now only into the second month of the year with the season not even having started and a very long road to traverse. In Sri Lanka while there is no real let up in the unrelenting demand which continues to lead to ever rising prices, there was some correction with High Grown teas losing out fairly heavily, though once again Low Grown remained firm. China and Vietnam, both in the midst of their respective New Year holidays are currently in slumber.

Mombasa, while the fluctuation was on the positive side, was somewhat of a mixed bag. With no let-up in Pakistan's buying spree, overall demand continued to be good with the best seeing a downward trend while any tea below the best went the other way, appreciating well. While the weather is warm, it being dry with only sporadic light rains being reported, lower volumes on offer are significantly contributing to recent market behaviour. Elsewhere in Africa, Malawi, Zimbabwe, Mozambique are literally making hay while the sun shines and are also being further blessed with regular good seasonal rains.

If ever there was a sedate start to the season, 2017 is it. However before one starts counting ones chicken, we are only at the threshold of the year when even the eggs have not yet hatched!

Argentina

Production is in full swing and going well. While most forward contracts with the US have been executed, there is plenty of tea still available.

India – North

While the 115K+ packages of CTC Leaf met fair demand, the best Assams tended irregularly easier with the mediums following a similar trend with the plainer sorts facing some withdrawals. While better and medium Dooars were barely steady to easier, the remainder sold at levels which were irregularly easier. The 34K+ packages of CTC Dust, while seeing somewhat improved demand, also saw the best liquoring as also all the other Assams tending towards irregularly easier levels, with the small weight of Dooars following suit. Between the two blenders it was business as usual with one operating on Assams and plainer Dooars in the Leaf sale and on the good liquoring sorts in the Dust market while the other, while selective in the Leaf market, came in with improved activity in the Dusts. The domestic trade continued to operate on better liquoring teas while exporters operated on larger Broken and Fannings.

The fairly substantial volume of 35K+ packages of Orthodox met with good general demand. With the very nominal weight of well-made, brighter liquoring teas on offer tending barely steady, the bulk of the remainder sold at levels which were irregularly easier, closely following quality with plainer sorts facing some withdrawals. As usual it was the exporters who continued to be the mainstay of this segment of the market.

The weather continues to be seasonal, adding up to being a good foundation for the year ahead.



India – South

No let up in the continuing good level of demand, this despite the fact that the best and good liquoring varieties were generally lower with quality, as were the medium and plainer sorts, this was barring a few lines of blacker Fannings which tended firm to dearer. As in previous sales, the demand in the Dust market was strong. The Leaf sale went the same way, the best tending irregular and lower following quality. The medium and plainer teas, however, were generally dearer by a good ₹3/4, particularly the finer sorts. The major blenders and regional packeteers were fairly active with good support from the exporters. The rest of the domestic market was somewhat selective.

The Orthodox sale met with strong demand with all sorts tending to be firm to dearer and appreciating in value with the progress of the sale. Amongst the OR Dusts, primary BOPDs were irregular and lower while the secondaries were firm in line with their last sold levels.

Generally seasonal weather conditions. Blue skies, bright sunlight and warm during the day with temperatures dipping after sunset. No change in the crop situation with intakes continuing to be alarmingly low.

Indonesia

Fair demand for the 7.9K+ packages on offer. Java Orthodox, across all grades, the better lines appreciated by as much as USC20 while mediums dropped USC5. Secondary grades were firm to somewhat easier. Java CTCs tended generally firm to easier though the better Fannings and PDs registered gains of around USC9. Sumatra primary and secondary CTCs were firm to marginally easier. Usual level of activity from Malaysia, Middle East, Pakistan, China and the US.

There was good and regular showers over Java with Sumatra seeing somewhat similar conditions.

Kenya

No change in the ongoing trend with strong demand for the 8.05+ KMT on offer with 9.56% being unsold. While the best BP1s saw less demand, tending easier by up to USC35, all other teas of the grade were rather irregular with some teas gaining as much as USC25 while others dropped by almost as much. Amongst the PF1s, the best were a weak feature, easing by as much as USC24 while mediums went the other way, gaining by as much and more with the lesser teas of the grade as well as the plainer varieties being well competed for and appreciating by as much as USC15.

Pakistan continued to be dominant, well supported by Egypt, Yemen and other Middle Eastern countries. There was a good level of more interest from UK, Sudan and Iran. Afghanistan while active, operated at lower levels. The CIS and Russia were operating. Somalia continued to be active at the lower end of the market.

Areas east of the Rift while generally dry, did have some sporadic rainfall. Areas west of the Rift had more precipitation. Crop intake continue to decline.

Malawi

Generally good demand with teas tending firm to dearer though a large chunk of the BP1s on offer were withdrawn on low offers. Bulk of the PF1s saw good demand tending dearer. PDs and Dust grades saw strong competition leading to an upward movement of as much as USC10. Secondaries remained at last levels.



Useful and continuous rainfall reported across all districts. Crop intakes are on the rise.

Sri Lanka

After a long time the market recorded a drop in demand for the 7.1 M.Kgs on offer. While a small percentage of the best Western BOPs gained, the bulk tended irregularly easier with prices tending lower by as much as Rs50. Nuwara Eliyas fared somewhat better with few selected invoices gaining while others were irregularly easier. All other regions also dropped up to Rs50 and more. BOPFs followed an almost similar trend with the bulk shedding Rs40 and more. For a change even the Low Grown were generally irregular.

Despite the drop in prices, the market met with good demand from shippers to Turkey, CIS, Saudi Arabia, Iraq, Dubai and Kuwait.

Decent and useful showers reported from across the island. Crop intakes are steady.

