

TEA MARKET REPORT

Week Ending
12th February 2017

Despite it being the off season in North India, inflows into the supply chain are showing no signs of abating. Definitely a factor which is keeping the lid on prices so that while the few and far between decent lines remain stable, poorer sorts are proving hard of sale. At the other end of the spectrum is south India where the supply end remains under severe pressure leading to a healthy market. Darjeeling is facing a dry spell which would adversely impact the First Flush. After an extended bullish run, Colombo is seeing some correction. Whether or not that trend would continue is a toss-up.

With a huge chunk of 21% of the offering being out listed and a correction in the market, there was a sudden change in the till now ongoing trend in Mombasa. Though here again, on the backdrop of continuing adverse weather and a likely squeeze on weekly volumes, whether this dip would translate into an extended one, is a moot point. Weather conditions in Central Africa being different, Malawi has been receiving regular rainfall which, going forward, bodes well for that origin.

Overall it is business as usual with, despite the blips this week, a generally healthy level of demand on a global level. On the supply side, erratic weather conditions in a number of origins should end up adding to a buoyant market going forward.

Argentina

An overall healthy situation with plenty of tea available for the asking.

India – North

The 132K+ packages of CTC Leaf saw no change in the continuing trend of fair demand. Almost across the board all good and medium Assams sold at levels which were irregularly easier in line with quality. The plainer sorts faced some withdrawals. The better and medium Dooars were tended steady to easier with the plainer varieties shedding the most. The 36K+ packages of CTC Dust had a better run, seeing a better level of demand than the Leaf category regardless of the fact that here too the best liquoring Assams sold at irregular levels with the remainder, including the Dooars, seeing a southward trend.

No change in the buying pattern either with the major blenders, between them, operating across the board and the domestic trade concentrating on the better liquoring teas. Exporters, as usual, operated on larger Brokens and Fannings.

The 22K+ packages of Orthodox saw a good level of demand though here too while the nominal weight of well made, good liquoring teas on offer sold at irregular levels, the bulk of the remainder sold at levels which were irregularly easier, closely following quality. With exporters being the mainstay of the market, this was supplemented with some enquiry from internal segments.

While the Darjeeling district continues to be dry, across Assam the weather is seasonal. While in Darjeeling this may be delayed, elsewhere the First Flush should start on time in early March.

India – South

The CTC market saw another week of strong demand. While the best tended dearer following quality, teas from the second rung were generally fully firm to dearer. The plainer sorts were steady with the



browner fibrous types witnessing some withdrawals. Likewise, the Dust market also met with strong demand so that the good liquoring teas were somewhat dearer with the bulk of the offerings dearer by ₹2/3 with the powdery sorts gaining the most. Some of the browner Dusts were neglected. The regional packeteers and major blender were active with fair support from the exporters. The internal market was selective.

In the Orthodox sale well made Broken and Fannings tended towards being dearer while the few Whole Leaf grades on offer were irregular. Amongst the Dusts all sorts were generally firm to dearer.

While the weather, for now, is seasonal, the dry conditions following on from a very dry 2016, are adding up to a cause of worry and grave concern. Crop intakes continue to be a trickle.

Indonesia

There was fair demand following quality. Bulk of the larger Java Orthodox grades were firm to USC5 easier. Amongst the Fannings while the better lots declined by as much as USC14, mediums of the grade went the other way. Java CTCs strengthened across the board, though at varying levels of increase. Likewise almost all the Sumatra CTCs recorded an upward trend with gains of as much as USC10.

Java has been cloudy with regular rainfall across the region. Sumatra also reports healthy conditions with precipitation on a daily basis.

Kenya

Seeing a correction, the 7.5+KMT on offer met with only fair demand so that, in a change from previous sales, a largish chunk of 20.64% of the offerings remained unsold. Amongst the BP1s while the best met with less competition and were easier by up to USC15, medium sorts were irregular and varied between being firm to USC8 dearer to easier by up to USC30. It was the lower mediums and plainer teas which saw better interest so that these tended firm to dearer by as much as USC35. Amongst the PF1s,, barring the plainer sorts which swung both ways by as much as USC30, all others of the grade shed heavily.

For a change it was Yemen and other Middle Eastern countries who were the active participants with useful support from Pakistan and Egypt. UK, the CIS states and Russia maintained activity with some interest from Iran. Sudan and Afghanistan were circumspect. Somalia lent the usual level of strong support at the lower end of the market.

Areas west of the Rift reported warm sunny conditions which were interspersed with some useful rainfall. Conditions to the east of the Rift are more dry. Crop intakes continue to be low.

Malawi

The market met with fairly good demand for the 4K+ packages on offer. While the Fannings and PDs gained substantially, as much as USC40 for the best PF1s, BP1s went the other way with many withdrawals. Off grades tended irregular.

The weather, while warm to very warm, has been favourable with useful rainfall being recorded so that crop intakes are on the rise.



Sri Lanka

The 7.1 M.Kgs on offer met an irregular level of demand. While a few selected Western BOPs appreciated, the bulk were irregularly easier with the plainer sorts shedding Rs30-50 and more. BOPFs had a better run with bulk of the offerings tending somewhat dearer. While there was no major change in the market, the Low Growns were generally irregular. There was good demand from shippers to Turkey, Iraq, CIS, Dubai, Kuwait and Saudi Arabia.

Western region experienced bright weather while up country the Nuwara Eliya region reported heavy frost damage. The Low Growns are seeing dry weather conditions. Crop, in both elevations, is on a decline.

