

TEA MARKET REPORT

Week Ending
19th February 2017

With North India smack in the middle of the off season, Assam has been receiving light scattered rainfall which bodes well for the valley. Darjeeling, on the other hand, is experiencing very dry conditions which would obviously delay the First Flush which, following on from last season's similar situation, Darjeeling could well do without. South India continues to languish with extremely dry conditions which, coupled with somewhat cold nights, is keeping the crop depressed and putting the bushes under extreme stress. Sri Lanka, also facing a dry spell, is seeing no let up in the bull run in the market with all grades tending fully firm to dearer. The downside of the situation is that the high price levels are pushing buyers to start eying alternatives. Indonesia, in the midst of some heavy rainfall, witnessed a fully firm to dearer CTC market while the orthodox section remained steady. Vietnam is expecting an early start of the season. With off season stocks depleting fast, the market is remaining firm.

In between all the alarming news about looming droughts and other impending disasters, the official Kenyan 2016 crop figure have been published which make for very interesting reading. An all-time annual record of 473 M.Kgs which adds up to 74 M.Kgs ahead of 2015 and 28 M.Kgs more than the previous record set in 2014. The market had a decent run with the plainer types holding steady. Malawi went the other way with last week's gains getting eroded. Weather, however, remains favourable with sufficient rains in all tea growing areas so that crop intake are very healthy.

For now till the start of the season in North India, on the CTC front, the focus would remain on Mombasa while, despite prices threatening to go through the roof, it would be Colombo calling the shots on the Orthodox.

Argentina

Having been expecting a La Nina drought this season which has not materialized, most of the producers have made up the production deficit that they experienced at the beginning of the season. Volumes have improved dramatically.

India – North

The still rather healthy volume of 112K packages of CTC Leaf saw a similar level of demand as has been ongoing with the bulk, including the best and mediums Assams selling at irregularly easier levels in line with quality. Plainer and brow sorts faced some withdrawals. Amongst the Dooars, while the better and medium types were steady to easier, the lesser teas tended generally easier. The 33K+ packages of CTC Dust, which incidentally is three times the volume of sale # 7 last season, met with better demand than the leaf category though here too the general trend, including all Assams and Dooars, was towards irregularly easier levels.

Absolutely no change in the buying pattern with the two major blenders, as always, straddling both categories while the domestic trade operated on better liquoring teas. Exporters remained active larger Brokens and Fannings.

The 18K+ packages of Orthodox teas (last year at this time there was no Orthodox sale) also met with good demand. While the nominal weight of well made, good liquoring teas sold at irregular levels, bulk



of the remainder sold at irregularly easier levels in line with quality. While exporters were the mainstay of the market there was some enquiry from internal segments.

With Darjeeling continuing to face a dry spell which would adversely effect the start of the season in the district, scattered rainfall across Assam should ensure a timely start to the First Flush in early March.

India – South

With the weather in south India continuing to be worrisome, it is no surprise that there is no change in the market behaviour, with the CTC market once again seeing strong demand. Across the board all including the best, the medium and the plainer varieties were generally dearer. Blacker Fannings had a good run, appreciating in value. CTC Dusts went the same way so that all sorts were generally dearer by ₹2/3, particularly the blacker varieties and powdery sorts. While the major blenders were active in the Leaf sale, it was the exporters who operated on the bolder Dusts with the domestic trade lending fair support on the powdery sorts.

While the offerings were very limited, the Orthodox sale had a similar run so that all teas on offer were all firm to dearer. This included all Orthodox Dusts.

Dry as a bone with not so much as a wisp of cloud to break the monotony of the bright blue sky. Not a comfortable situation for the industry. Crop intakes continue to be a trickle.

Indonesia

Generally improved interest across the board. While bulk of the Java Orthodox grades inched up by USC2/5, Fannings registered a more healthy gain of as much as USC12 and more. CTCs from the region were irregular though here too it was Fannings and smaller grades which registered maximum gains. Sumatra teas followed much the same trend with all offerings heading northward.

Java continues to be cloudy with regular rain across all plantation areas. Almost similar healthy conditions reported from across Sumatra.

Kenya

After the dip of last week, this time around an upward correction resulting in good demand for the 7.5+ KMT on offer. Irregular prices with a better than last week 12.98% remaining unsold. Amongst the BP1s, while the best eased by a nominal couple of Cents, other bright as well as medium and lesser varieties were irregular, varying between steady to USC6 dearer to easier by up to USC12. Once again the PF1s had a better run with the best and brighter sorts being well competed for, appreciating by as much as USC18. Mediums were irregular swinging both ways by around USC15 easier. The lower quality of the grade eased a fair bit by almost as much as USC40.

While Pakistan was active, this was at lower levels which was compensated by more enquiry from Afghanistan, the CIS and Sudan. Egyptian, Yemen, other Middle Eastern nations and Russia also operated at lower levels. UK and Iran were less active. Somalia maintained its usual level of interest at the lower end of the market.

West of the Rif reported generally warm, dry and sunny conditions. Areas east of the Rift also remained dry with no precipitation being recorded. Crop intakes continue to be very low.



Malawi

Good demand continued at irregular rates following quality for the 5.5K+ packages on offer. While BP1s were barely steady, PF1 were firm though the lesser sorts shed a couple of Cents. With the PDs generally firm, it was the secondary teas which continued to attract good interest, remaining fully firm on last.

Planting areas have been reporting useful rainfall so that crop intake are on the up.

Sri Lanka

Another week of good demand for the 5.9+ KMT on offer. Best Western BOPs selected invoices gained substantially while others were irregular. The better Nuwara Eliyas were substantially dearer while others shed Rs20 or so. While the best BOPF from the Western tended irregular following quality, the lesser sorts appreciated substantially. The Low Grownns were, once again, generally dearer. The market met with good demand from shippers to Turkey, Iraq, CIS, Dubai, Saudi Arabia and Kuwait.

With the Nuwara Eliya area once again reporting frost, the rest of the Island continued to be dry with cold nights being reported in the High Grownns. Crop intakes are dropping.

