

TEA MARKET REPORT

Week Ending
26th February 2017

With North of India in almost the last lap of the off season, most welcome and fairly widespread showers in Assam should add up to an early start to the season, in anticipation of which, factories are all geared up to get rolling by mid March. Darjeeling, on the other hand, continues to be at the receiving end of a very dry spell, not quite favourable conditions for a healthy start to the season there. This, following on from a similar situation in 2016 when the First Flush came a cropper, adds up to being not the happiest state of affairs in the region. Conditions in south India, following an extended and prolonged dry spell which shows no signs of abating, are nothing short of alarming with outputs down to a virtual trickle. Sri Lanka which, while nowhere near conditions across the Palk Straits, has also had a mild bout of dry weather, which has only helped further strengthen an already very robust Colombo market. At this point of time, with some rains having been reported, estate conditions are looking up. The Jakarta auction met good demand with only 5% of the teas on offer remaining unsold so that the market was generally firm to dearer. China and Vietnam are slowly heading toward start of the tea season and the Spring plucking for the premium teas.

Mombasa which has been seeing a drop in inflows leading to announcement of the smallest auction of the year in week 10, didn't gain any advantage from this with the market tending steady to easier. With the weather reported as being seasonally dry, crop is reducing in all tea growing areas in Kenya, Uganda, Rwanda and Burundi with only Malawi still seeing crop favourable conditions. On the other hand, the limited quantities on offer in the Limbe auction traded fully firm to dearer.

With global demand continuing to be robust, it is the supply side which is having to play 'catch up'. Conditions which should add up to interesting times ahead.

Argentina

A continuing good season which is maturing well with volumes, over the previous season, having improved dramatically.

India – North

Fair demand for the substantial (by off season standards) offering of 126K+ packages of CTC Leaf on offer. Assams sold at irregularly easier levels following seasonal decline in quality with the plainer, browner sorts being further discounted and some withdrawals. The Dooars offerings also went the same way, selling at irregularly easier levels. On the other hand the 37K+ packages of CTC Dust did see a better level of demand though here too the offerings sold at irregularly easier levels. Absolutely no change in the buying pattern with no let up in the activity of the major blenders, The domestic trade operating on better liquoring teas and the exporters remaining focused on larger Broken and Fannings.

The 7.3K+ packages of Orthodox teas saw good general demand with bulk of the teas on offer selling at levels which were around last, though tending easier closely following quality. Exporters operated with some enquiry from internal segments.

No change in the weather conditions in Darjeeling which continues to be in the throes of a dry spell. Continued and fairly widespread rainfall across Assam should ensure an earlier than usual start to the First Flush which is now only weeks away.



India – South

Another week of buoyant demand. While the best and good liquoring varieties were generally dearer following quality, the medium and plainer teas tended dearer by ₹2/3, with the blacker Fannings appreciating even further. The Dust sale had a similar run, once again attracting strong demand with the bulk tending dearer by ₹2/3 with the blacker types appreciating further. In both segments, the exporters and blenders were active with fair support from the regional packeteers.

No change in the trend in the Orthodox market with all sorts fully firm to dearer. For a change though, primary BOPDs tended towards lower levels based on quality. On the other hand the secondary market was fully firm to dearer.

Another week and, let alone a spot of rain, not so much as a wisp of a cloud. Bushes are under extreme stress, in some estates turning yellow and defoliating. Producers are definitely in for the high jump. Crop intakes are at an abysmally low level.

Indonesia

Once again good demand following an improvement in quality. Amongst the Java Orthodox bulk of the Brokenes appreciated by USC2/4 while the PFs and Dusts gained a couple of Cents more. Almost all the CTC from the region tended dearer by as much as USC10. Likewise, Sumatra offerings across the board headed northward by similar margins and then some.

Java remained cloudy with regular and widespread rains leading to reports of floods from certain areas. While not as heavy, Sumatra too has been reporting daily rain.

Kenya

Good, though somewhat irregular demand for the 7.4 KMT on offer with 12.90% being neglected. With some lines of lower medium BP1s appreciating, generally the grade saw a southward trend. PF1s had a more irregular run though here too the general trend was a drop in levels with some lines shedding as much as USC25 and more.

Egypt, while dominant, operated at lower levels. UK, Iran the CIS and Russia, while selective, were active. There was more interest at lower rates from Yemen and other Middle Eastern countries while Pakistan and Afghanistan were somewhat circumspect. No let up in the activity of Somalia at the lower end of the market.

Areas west of the Rift experienced bright sunny mornings with some cloud cover in the afternoons, recording some rainfall towards the end of the week. Weather conditions east of the Rift were much the same. Crop intakes continue to be low.

Malawi

3.8K+ packages on offer met strong demand at generally firm to dearer rates. While the BP1 moved up USC10, PF1 had a better run on the back of good competition tending as much as USC16 dearer on last. The positive run extended all the way to the secondary catalogue which met strong competition, moving northward by as much as USC14USC and more.

With planting areas reporting some useful rainfall and hot and humid conditions during the days, a healthy level of crop intakes are being maintained.



Sri Lanka

While prices were a mite easier, the 5.8 M.Kgs on offer met good demand. Amongst the BOPs while the plainer sorts were firm to dearer, the better teas of the grade were irregular and mostly easier following quality. Nuwara Eliyas selected invoices were dearer while others were mostly firm. Across all categories, the BOPFs on offer saw a general easing of prices by as much as Rs20. The Low Grown had a better run, generally appreciating. There was a good level of demand from shippers to Turkey, CIS, Iraq, Dubai and Saudi Arabia.

Across the Island the weather was reported as being bright towards the beginning of the week though with some scattered showers towards the latter part. Low Grown areas experienced dull weather conditions with some isolated showers. Crop intakes are being barely maintained at the low level of intakes which are continuing.

