

TEA MARKET REPORT

Week Ending
05th March 2017

In North India the Assam valley and the Dooars are slowly inching towards the start of the season, while weather in Darjeeling continues to be a cause of alarm with the conditions more than likely to adversely affect the First Flush. While some welcome showers towards the end of the week offered some respite in parts of South India, general conditions on the plantations are far from being anywhere near normal. Colombo again had a good run with the only signs of weakness in the market stemming from the HG teas while excellent demand combined with a limited availability of the LGs ensured that this segment of market headed northward once again. The Jakarta auction saw a decent level of demand, especially for the exportable grades. While still somewhat dry, Vietnam is at the cusp of its season with most factories completing their annual maintenance work and some even reporting the first green leaf intake.

Despite reducing auction quantities, Mombasa saw a generally easier market with only plainer PF1s trading dearer. Weather conditions remain rather dry with only a few scattered showers so that crop intake continue to be low. Malawi on the other hand traded firm to dearer seeing good demand for all main grades.

There appears to be no let up in the healthy level of global demand which the supply side is trying to catch up with. At this point of time, with much of the off season origins at the threshold of their 2017 seasons, whether or not their coming into full production would impact the present imbalance remains a toss-up.

Argentina

With about another one and a half months to go before the season starts to wind down, production is on in full swing with a surfeit of tea available for the asking.

India – North

Against a no-sale situation in season 2016, this week's offerings of 113K+ packages of CTC Leaf once again met with good general demand. This, despite the fact that select better liquoring Assams sold at levels which were irregular around last while the remainder sold at irregularly easier levels following the expected decline in quality of the end of season teas. Dooars offerings were also all irregularly easier. As compared to the CTC Leaf, the 36K+ packages of CTC Dust saw better demand though, here too the Assams and small weight of Dooars on offer all tended irregularly easier. No let up in the activity of the majors who amongst them operated on a range of Assams and plainer Dooars in both the Leaf and Dust markets. The domestic trade maintained its focus on better liquoring Assams and few plainer Dooars while exporters remained active on larger Broken and Fannings.

The 7K+ packages of Orthodox (no sale last season) met with good demand regardless of the fact that the bulk of the teas on offer sold at irregular and at times easier levels in line with quality. Exporters operated with some enquiry from internal segments.

While Darjeeling continues to languish with a prolonged dry spell, the Assam valley should be in full flow very shortly with reports indicating a good First Flush ahead.



India – South

Another week of a trickle into the supply chain leading to another in the series of sales meeting buoyant demand. While the best liquoring varieties were irregular; the good and medium teas, barring the Fannings, were generally firm to dearer following quality. The plainer sorts were irregular and tended somewhat lower. The Dusts on offer also met strong demand. In this segment, as in the leaf, the best were irregular and only occasionally dearer with quality while the remainder were up handsomely by ₹3/4. With there being no let-up in the activity of the major blender, this was supplemented with fair support from the exporters. The internal market was selective.

Amongst the Orthodox tea, well made Broken, Whole Leaf and Fannings tended firm to dearer. The secondaries were around last.

After a prolonged drought of almost two months, while far from being anywhere near adequate, some scattered showers towards the end of the week have brought on some very welcome relief. Just a spot of rain and all of a sudden the bushes are beginning to look a little happy. Should this trend continue into the next week, that may add up to something. For now, it remains just a talking point with crop intakes continuing to be a trickle.

Indonesia

There was good demand following quality. While bulk of the Java Orthodox Broken better lines appreciated by as much as USC17, good mediums remained firm. Fannings fared even better, appreciating as much as USC20. CTC from the region was irregular with some grades up by USC10 while the rest others went the other way by just as much. Sumatra Broken saw an upward swing of USC5, while Fannings and Dusts appreciated as much as USC17 above previous rates.

No let up in the rains in Java with the heavy downpours leading to flooding and transport issues. Sumatra too continues to report some precipitation on a daily basis.

Kenya

There was generally good demand for the 7.5+ KMT on offer. Prices, however, tended easier leaving 12.51% of the offerings unsold. For a change while the best BP1s appreciated by up to USC6, other brighter categories shed as much as USC22 while mediums were steady to USC16 below last levels. Lesser quality and plainer teas tended firm to USC28 easier with some lines being neglected. PF1s went the other way with the best shedding as much as USC16 while mediums saw better absorption. Lower quality lines were irregular and varied between USC7 dearer to easier by up to USC30 with some lines remaining unsold. Poorest sorts were neglected.

Afghanistan was dominant, well supported by Pakistan and the UK. Yemen and other Middle Eastern countries operated at lower levels. There was limited interest from Egypt, the CIS states, Iran and Russia. Somalia maintained activity at the lower end of the market.

West of the Rift continue to report warm sunny spells in the mornings followed by generally cloudy afternoons interspersed with some scattered rainfall. Areas east of the Rift, while seeing somewhat drier conditions, recorded some scattered rainfall. Crop intakes remain low.



Malawi

Strong demand continued at firm to dearer rates for the almost 4K packages on offer. BP1 were firm to marginally dearer, while PF1/PF saw better competition firming up by USC5 on last. PD continued strong tending firm to USC8 dearer on last. The few available secondaries remained about firm on last.

Partly cloudy, hot to very hot during the day with some light showers. Marginal increase in crop intakes..

Sri Lanka

Good general demand, though mostly at easier rates for the 4.8 M.Kgs on offer. Amongst the BOPs, the best Western few selected invoices appreciated while others were mostly easier. Across the board, barring the Nuwara Eliya which were substantially dearer, all other BOPFs went southward. There was no change in the general trend for the Low Grown which, almost across the board, continued to appreciate over earlier levels.

The market saw good demand from Turkey, Dubai, Iraq, Kuwait, Saudi Arabia and the CIS.

The High Grown areas including Nuwara Eliya regions reported bright weather conditions at the beginning of the week while overcast weather patterns with scattered showers were reported towards the latter part. Low Grown areas experienced much the same weather pattern with light showers towards the second half of the week. Crop intakes are steady though low.

