

TEA MARKET REPORT

Week Ending
21st May 2017

Good cropping conditions persist in both North and South India, with very tea-friendly weather continuing in the north. With the Second Flush around the corner, strong demand may be expected in the coming weeks. The south sees no change in demand and continues to plod along at a sedate pace. Colombo, with 8.4 KMT on offer this week, had the largest weekly offering in 2 years. Despite this the market gave no respite especially for the Low Grown teas which continued to record an upward graph, achieving an all-time average auction record value of \$4.48/kg. Regardless of supply, the demand for LG teas is persistent. Possibly a fallout of this situation in SL, strong demand is being seen in Jakarta, regardless of the fact that the market recorded a generally steady to somewhat easier trend. Vietnam, especially the northern provinces, have been seeing unusually and unseasonal cool weather so that leaf intakes remain low. Resultantly good demand and dearer rates are being seen for the limited quantity of teas which are available.

Mombasa saw good demand at dearer rates with more players in the fray. With buyers active at all levels, prices were up. Weekly volumes continue to rise from the earlier drought induced lower offerings so that, at this point of time, weekly levels are now ahead of 2015. Healthy cropping conditions and ongoing rainfall point to the trend continuing, at least in the short to medium term. Malawi, where volumes remain well below last year, met improved demand at dearer rates while the season continues to wind down with factories closing down for their annual maintenance.

Normal, as normal could be! Frighteningly so.

Argentina

Season at an end with crop likely to close at a figure marginally lower than the previous season.

India – North

57K+ packages of CTC Leaf met with fair demand, especially for the Assams. While good liquoring and clean, well-made sorts were somewhat easier, the best improved invoices tended dearer. The remainder, especially browner sorts, were further discounted with some withdrawals. Dooars met with good demand with lines of improved teas across all categories selling firm to dearer rates with the remainder tending steady to easier. While the general sentiment in the CTC Dust sale for the 16K+ packages on offer was positive, the bulk of the Assams and Dooars sold at irregularly easier rates. While a segment of the domestic trade showed fair interest on improved brighter liquoring Assams, other segments remained active on the Dooars. Exporters extended support on larger Broken. The major blenders operated in both markets on good and medium varieties.

The 23K+ packages of Orthodox saw good demand. Primary Whole Leaf grades were irregular and easier with quality while the larger W/L tended firm to dearer. Broken and Fannings, while irregular, were firm around last prices. Exporters were the mainstay of the market.

Warm day time temperatures and sporadic night showers being reported. While these are ideal growing conditions, for the present, this being the Banjhi spell period, crop outturn is low in Assam. A good Second Flush, expected to start within a couple of weeks, is on the cards.



India – South

The CTC Leaf once again saw good demand. The best and good liquoring teas tended irregular with a couple of the offerings moving up in line with quality while the medium Brokenes remained around last sold levels. Fannings tended easier by ₹3/4. The Dust sale met selective demand with the better liquoring teas tending irregular and lower following quality. Medium and plainer teas eased by ₹3/5 with some withdrawals. All sections, including the exporters, were selective.

The orthodox sale across all categories including Dusts met with good demand, but at lower levels.

Weather continues to be seasonal with all districts reporting a good mix of sun, cloud and continuing welcome scattered drizzles. Crop intakes continue to be healthy.

Indonesia

There was fair demand at irregular levels following quality. Java Orthodox Brokenes gained by USC3/8 above last levels while BOPF were firm to marginally dearer. Dusts shed USC5/8 below previous rates. Java CTC all tended marginally up or down on last though the Fannings gained as much as USC10 above last levels. Sumatras across the board fluctuated within a narrow band of USC4/10 either way.

Java reported bright and sunny during morning hours with high humidity levels and the occasional showers. Sumatra was partly cloudy with moderate rain across the region. Crop intakes being maintained.

Kenya

Good demand continued for the 7.86 KMT on offer. The market, while strong, was somewhat irregular with 11.34% of the offerings being neglected. Among the BP1s, while the very best shed as much as USC16, others of the grade were well absorbed, tending dearer by as much while plainer descriptions were somewhat irregular. PF1s had a good run with bulk of the lines seeing good demand though here again some lines of the plainer sorts shed as much as USC24. PDs went much the same way with the best gaining handsomely while lesser teas of the grade tending irregular and fluctuating USC10 both ways. Amongst the Dusts, while plainer sorts were steady to USC16 dearer, poorer teas were discounted. In the Secondary Catalogue BPs were steady while PFS and Dusts were dearer.

Yemen and other Middle Eastern countries lent useful support with heightened activity from Pakistan, Egypt, the CIS states, Iran, Afghanistan and Sudan. Russia and UK were somewhat circumspect. Somalia continued to be active at the lower end of the market.

Areas west of the Rift reported cold mornings but conditions during the days were warm with wet afternoons. To the east of the Rift, precipitation was reported as being better. Crop intakes are being maintained.

Malawi

5.5K+ packages on offer met improved demand at generally dearer levels. While BP1s were met with less interest, PF1, PDs and Dusts were firm to 10USC up on last and sometimes more.

The weather remains partly cloudy and is warm to hot during the day but cold at night. Crop intakes continue to decline.



Sri Lanka

After the break of last week, the very substantial 8.4 KMT on offer once again met with improved demand. Better BOPs were firm while others and poor leaf teas declined by as much as Rs20. BOPFs went the other way with the plainer sorts tended Rs10 dearer on last week's closing levels and the better Nuwara Eliyas tending Rs10-20 dearer. No change in the market trend for the Low Grown which remained generally, though irregularly dearer.

The market saw strong demand from Turkey and Libya while Syria, Iraq, and Saudi Arabia were active with improved demand from Iran and Dubai. Hong Kong and North America were somewhat circumspect.

Across the Island, the weather has been favourable with most High and Medium areas experiencing bright mornings followed by evening showers. Towards the Low Grown areas, the evening showers were reported as being heavy. While High Grown areas reported a marginal decline in crop levels, The Low Grown areas went the other way.

