News Highlights

- Tea planters have asked the government to continue with the provision in the income tax act under which planters are allowed to keep 40% of pre –tax profit in a fund. This can be used to invest in estate development and capital expenditure.

- Since 2003 many tea gardens have been closed following decline in prices after Russia curbed some imports from India. The workers engaged in these tea gardens have still not found a livelihood and are waiting for government intervention for the same.

- The total production of Darjeeling tea is around 8.5 -9.0 million kgs and out of this EU imports around 3 -4 million kgs of Darjeeling tea in a year.

- Madhu Jayanti International, a leading tea exporter of the country is planning to launch functional teas in India. It is also exploring to introduce iced tea in the market. The functional teas are likely to be introduced with vitamin E and other ingredients which reduce cholesterol. I exports to 42 countries and has 33% share in eastern Russia.

- India's monsoon has strengthened after a weak start in June. This is likely to help the farmers in planting their summer crops. The production of tea was affected in North India in April and May following lack of sufficient rainfall in the growing regions.

- In UAE, the tea industry is likely to notice growth during the month of Ramadan. Consumption of tea rises during the fasting period following its health benefits and nutrition.

- In Germany, importers are developing a 'Himalayan brand' with Nepalese tea and this is cheaper than Darjeeling tea. Darjeeling tea is facing tough completion in the German market. Imports of Darjeeling tea from European Union has also declined amid comfortable stocks of previous year in the domestic market.

- Profits of Kenyan tea firms have declined by 10% -29% during the financial year ending in March 2014 following lower tea prices and higher input costs. Tea exports are a major source of earnings for the country's economy.

- According to State–run Board (OTB), tea export earnings of Burundi declined by 8% to $5.40 million in the first quarter of 2014 compared to same period during the previous year.

- The output of tea in Srilanka is reported at 39.04 million kgs in May 2014 compared to 33.6 million kgs during the same period previous year. This is the highest production till date for a month.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 27 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	183.34	18,77,248	15,50,034
ORTHODOX	251.48	6,92,601	5,49,397
DARJEELING	354.77	84,540	52,006
DUST	191.70	9,06,703	7,65,292

(Source: CTTA, Parcon India)

Prices firmed up for all varieties of tea during the week except for Darjeeling tea. Quantity offered on sale was higher during the week compared to previous week. There was good demand for Dooars from local traders. Best Liquoring Assams and Dooars sold at firm to dearer rates. Buying from Tata Global and Western India and enquiry from Duncans on Liquoring Assams added to the positive tone of the market. There was good demand for fannings from exporters. Orthodox tea noticed good demand from the exporters. Enquiry was witnessed from Iran and CIS countries. Prices are likely to firm up amid good demand in the domestic and export market.

Guwahati Tea Auction: Sale No: 27 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	173.89	20,31,381	17,28,089
Dust	174.80	10,22,473	9,01,452

(Source: CTTA)

Average prices of CTC and Dust declined during the week compared to previous week amid higher quantity offered on sale and arrival of poor quality tea in the market. Internal buyers were active and exporters were selective during the week. There was normal demand from blenders. Prices are likely to be range –bound to firm in the coming days.

Siliguri Tea Auction: Sale No: 27 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	145.63	4,35,412	3,84,214
CTC Leaf	148.62	26,33,859	18,80,522

(Source: CTTA, Parcon India)

CTC Dust and Leaf prices declined during the week amid lack of buyers around higher levels. There were purchases from exporters and internal buyers and blenders were selective in CTC Dust. In the Leaf category, there were much withdrawals in fannings. Hindustan Unilever and Tata Global were the main buyers with little support from the exporters.

Jalpaiguri Tea Auction: Sale No: 27 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	123.00	646.5	646.5
CTC Leaf	124.00	22,585	13,887

(Source: Jalpaiguri Tea Auction Committee)

At Jalpaiguri, tea auctions restarted on 24th June 2014. There was good demand for CTC Dust variety and 100% of the quantity offered was sold in the market. Export demand is picking up amid arrival of good quality tea in the local market. CTC Leaf prices also improved amid some export enquiry in the market.

FUTURE OFFERINGS NORTH INDIA (PACKAGES):

SALE		THIS YEAR		LAST YEAR	
	Sale	Qty	CL. Date	Qty.	CL. Date
SILIGURI	**30**	100492	03.07.2014	88532	04.07.2013
KOLKATA	**30**	120736	02.07.2014	116858	03.07.2013
GUWAHATI	**29**	109340	25.06.2014	98277	26.06.2013
JALPAIGURI	**28**	930	28.06.2014	1007	29.06.2013

(Source: Parcon India)

Cochin Tea Auction: Sale No: 27 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	95.64	14,83,122.80	11,95,349.90
CTC Leaf	79.47	81,386	60,112
Orthodox Dust	69.32	9,072	4,589
Orthodox Leaf	108.02	2,61,165	1,99,614

(Source: Paramount Marketing, Coimbatore)

During the week, CTC prices increased by Rs. 1 -2/kg at Kochi tea auction and orthodox tea prices declined. Quantity offered on sale increased during the week. There is good demand for Select Best Nilgiri Brokens. Dubai, Kazakhstan and CIS countries were the main buyers. Prices are expected to be range –bound to higher amid export enquiry in the market.

Coimbatore Tea Auction: Sale No: 27 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	76.98	4,28,889	2,56,251
CTC Leaf	73.85	1,81,468	85,712
Orthodox Dust	74.42	13,626	9,836
Orthodox Leaf	133.52	9,203	992

(Source: Paramount Marketing, Coimbatore)

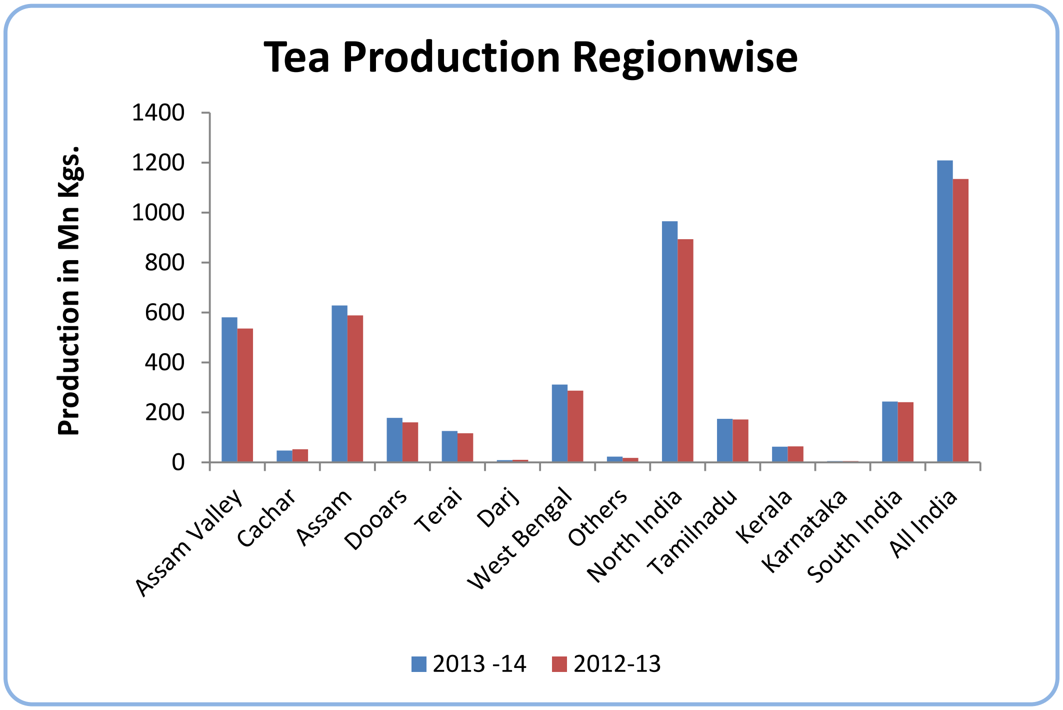
Prices declined during the week at Coimbatore tea auction. Quantity offered on sale was higher this week compared to previous week. Around 30 -40% of the quantity remained unsold in the market. In the orthodox leaf variety, quantity offered on sale declined slightly and there were much withdrawals in the market. Prices are expected to be steady to firm in the coming days amid good demand in the local market.

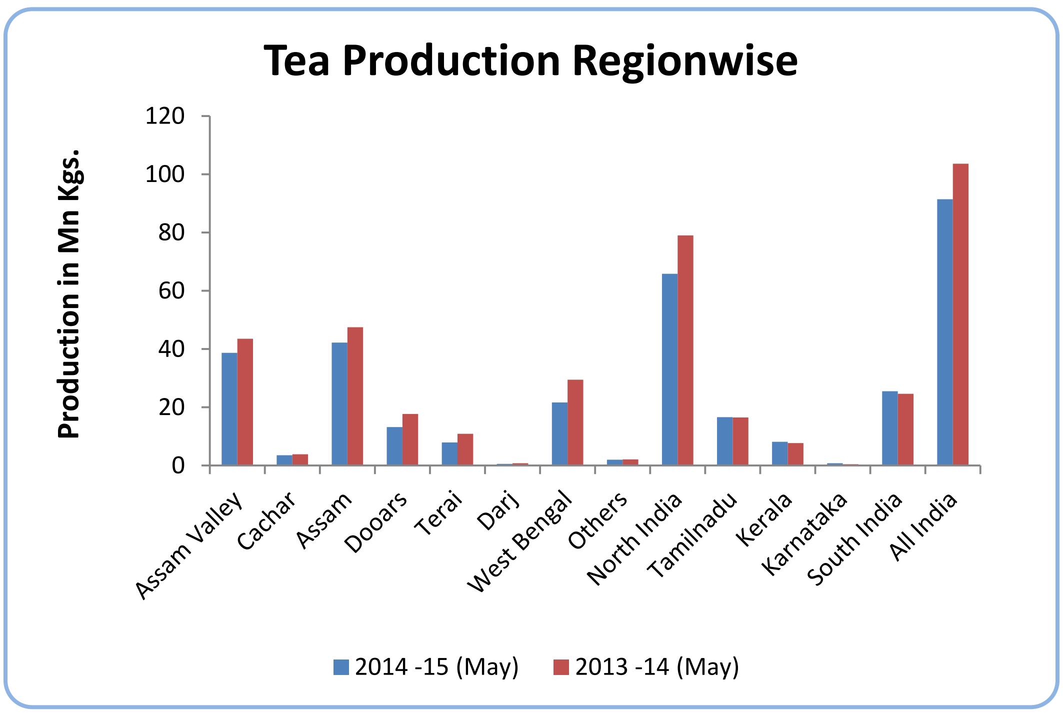
Coonoor Tea Auction: Sale No: 27 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	71.13	6,23,191	5,06,694
CTC Leaf	72.56	14,16,740.5	8,58,436
Orthodox Dust	102.79	51,026	46,557
Orthodox Leaf	82.30	90,606.80	64,229

(Source: Paramount Marketing, Coimbatore)

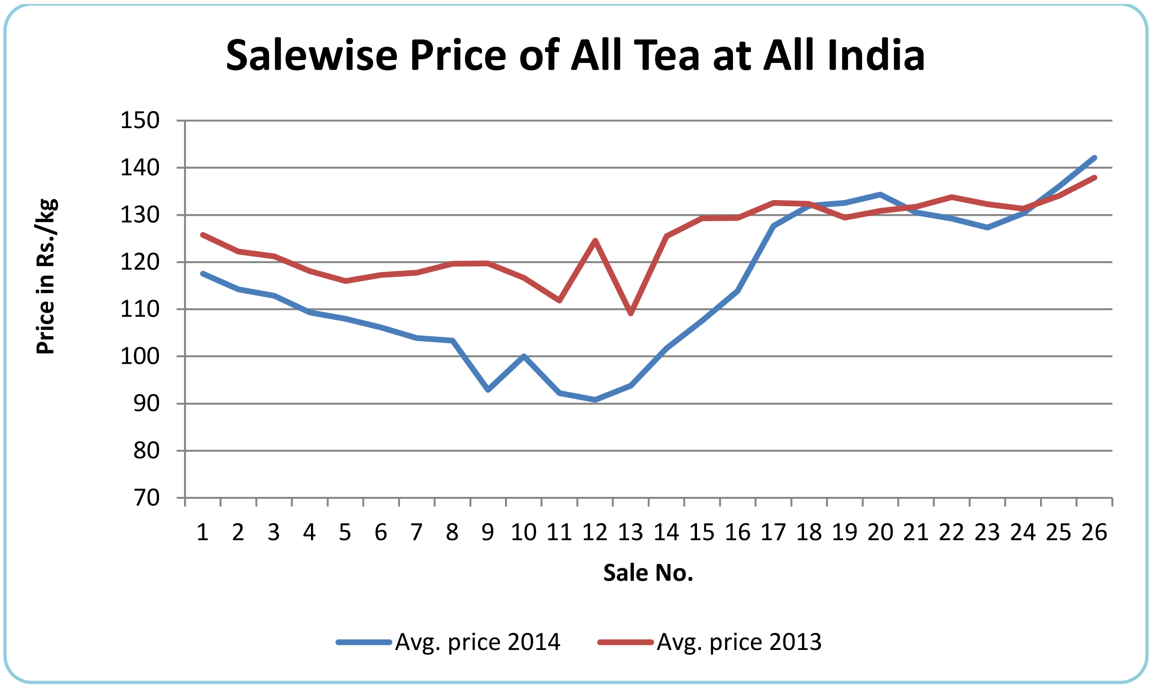
Prices noticed weak tone in CTC and orthodox variety. The quantity on offer increased during the week and % sold increased in the dust variety compared to previous week. There was not much demand for the plainer varieties. Prices are likely to notice steady to firm tone in the near –term.





(Source: Tea Board)

The above graph shows production comparison region wise during the last two years and in the month of May in comparison with previous year. In the year 2014 (Apr –Mar), production increased by 6.5% to 1208.78 million kgs mainly on account of increase in production in Assam. In the current year in the month of May, production of tea in India declined by 11.8% to 91.41 million kgs. in comparison with the same period last year following lack of suitable temperature and rainfall in north India.



The above graph shows the price comparison of All Tea at All India in 2013 and 2014. During the early part of the year (2014) in March and April, prices remained lower compared to previous year amid lack of export inquiry in the market and also quality is not up to the mark at this time of the year. Currently the average prices of all tea are slightly higher compared to previous year amid good demand for best variety of tea. This year the arrival of second flush tea has been delayed due to lack of rain and suitable temperature in the northern growing regions. Prices are increasing amid demand in the market for good quality tea.

Weekly Average Prices at Indian Auction Centers for week ending 2014-06-28

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	182.85(155.34)	177.29(147.02)	154.99(133.01)	NS(100.64)	94.54(109.66)	76.27(91.85)	80.66(95.99)	57.97(92.75)
Total Tea	196.17(184.35)	177.21(147.47)	154.99(133.02)	N.S.(100.64)	96.42(111.00)	76.66(92.04)	80.66(95.95)	57.97(92.95)

(Figure in brackets denote prices during the same corresponding period in the previous year)

Variety	North India	South India	All India
CTC All Dust	171.76(145.39)	81.90(99.02)	138.05 (128.83)
Total Tea	177.02 (157.89)	83.37(99.83)	142.14(137.88)

(Source: Tea Board)

Tea – Technical Outlook — Total Tea -Kolkata

Technical Commentary:
As seen in the weekly chart, tea prices are holding within the uptrend channel supporting positive tone in the medium –term and have recorded new highs. Overall scenario is positive with prices holding above 9 –Day and 21 –Day EMA. Prices are likely to trend towards new –high of 200 levels in the medium –term. RSI is increasing in the neutral region supporting some near –term firmness. Any near –term weakness should be considered as good buying opportunity within the overall positive scenario of the market.

The tea prices are likely to continue positive tone. Buyers can purchase around current levels with target of 210 levels.

Strategy: Buy around current levels

Weekly Supports & Resistances		S1	S2	PCP	R1	R2
Total Tea	Kolkata	180.00	175.15	196.17	210.25	230

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 25 (Price in Srilankan Rs./kg)

	BOP	BOPF	PEKOE/FBOP	OP
Best Westerns	430-470	435-510	410-570	375-520
Below Best Westerns	400-425	410-430	375-405	345-370
Good Mediums	540 -560	400 -425	385 -660	390-530
Other Mediums	490-520	380-395	305-380	340-380

	BP1	PF1	Better Fannings (Orthodox)	Better Fannings (CTC)
High Grown	370 – 380	370 - 410	345- 430	Nil
Medium Grown	360 – 410	380 – 440	335 -395	330 -355
Low Grown	410 – 470	460 - 540	310 - 420	320 - 490

QUANTITY SOLD AND THE AVERAGE PRICE PER AUCTION

	2014			2013			2012		
SALE DATE	QTY M/KG	AV/PRICE RS	Approx US$ Equivalent	QTY M/KG	AV/PRICE RS	Approx US$ Equivalent	QTY M/KG	AV/PRICE RS	Approx US$ Equivalent
17TH JUNE 2014	7.58	467.02	3.55	7.25	410.00	3.15	7.41	382.54	2.83
25TH JUNE 2014	7.63	456.70	0.00	7.37	404.28	0.00	7.33	386.00	2.85

In this week's auction, 8.1 million kgs of tea was offered for sale compared to 8.3 million kgs of tea during the previous week. There was good demand in the market around lower levels. Better western BOP's/BOPF's declined by Rs.20/kg and more following lower quality. High Grown and Mid Grown CTC's declined by Rs.5 -10/kg and Low Growns declined by Rs.10/kg on an average. Better PEK/PEK1's were mostly firm and others sold around last week's levels. In the Tippy catalogues, better made FBOP/FF1's noticed firm tone during the week. Export demand from Turkey, CIS, Dubai, Kuwait and Saudi Arabia were active during the week. Iraq was less active during the week.

DETAILS OF TEAS AWAITING SALE

SALE NO : 26 SCHEDULED FOR 08TH/ 09TH JULY 2014

	LOT	QUANTITY kgs
Ex Estate	1,016	1,243,537
High & Medium	1,627	973,066
Low Grown : Leafy	4,167	2,128,337
Low Grown : Tippy	2,287	1,400,864
Premium Flowery	473	119,976
Off Grades	2,399	1,506,933
Dust	561	586,278
TOTAL	**12,530**	**7,958,991**
Re-print	698	426,671

LOW GROWN CATALOGUES

Leafy	Closed on	18/06/2014	Violations Excluded
Tippy	Closed on	18/06/2014	Violations Excluded

OTHER MAIN SALE CATALOGUES

High & Medium	Closed on	18/06/2014	Violations Excluded
Dust	Closed on	18/06/2014	Violations Excluded
Premium Flowery	Closed on	18/06/2014	Violations Excluded
Off Grades	Closed on	18/06/2014	Violations Excluded
BOP1A	Closed on	18/06/2014	Violations Excluded
Ex Estate	Closed on	18/06/2014	Violations Excluded

No of Pkgs : 201,876
CTC : 9,095 Pkgs - 507,365 kgs

SALE NO. 26 - SALE OF 02ND/ 03RD JULY 2013

Lots : 11,843 **Re-print Lots** : 341
Quantity : 7,341,432 kgs **Re-print Quantity** : 204,203 kgs

BUYERS' PROMPT : 15/07/2014
SELLERS' PROMPT : 16/07/2014

(Source: Forbes and Walker Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 25

AUCTION AVERAGE PRICES (US$/Kg)

	SALE 25 HELD ON 30/06 & 01/07/2014	SALE 25 HELD ON 24 & 25/06/2013

(in US$ per kg)

COUNTRY	PRIMARY	SECONDARY	TOTAL	PRIMARY	SECONDARY	TOTAL
Kenya	2.12	1.26	2.07	2.54	1.42	2.47
Uganda	1.61	1.01	1.43	1.97	1.47	1.81
Rwanda	2.21	1.76	2.14	2.47	2.00	2.38
Burundi	1.98	1.60	1.93	2.46	1.76	2.35
Zambia	-	-	-	-	-	-
Tanzania	1.24	0.87	1.13	1.70	1.52	1.67
D R of Congo	-	-	-	-	-	-
Mozambique	0.84	0.67	0.72	1.73	1.46	1.60
Madagascar	-	1.00	1.00	-	-	-
Malawi	1.17	1.00	1.17	-	1.38	1.38
Zimbabwe	-	-	-	-	-	-
Ethiopia	-	-	-	-	-	-
Total	**2.02**	**1.12**	**1.91**	**2.46**	**1.50**	**2.34**

	OFFERED		SOLD*	
Year 2014	**Packages**	**Kilos**	**Packages**	**Kilos**
Kenya	96,133	6,440,273.00	86,593	5,831,212.00
Uganda	26,820	1,511,184.00	22,060	1,261,572.00
Rwanda	6,540	424,505.50	5,980	390,538.50
Burundi	4,120	254,012.00	3,880	240,588.00
Zambia	-	-	-	-
Tanzania	7,881	405,595.50	6,580	336,936.50
Dem Rep of Congo	-	-	-	-
Mozambique	3,400	155,697.00	2,259	96,913.00
Madagascar	520	26,328.00	160	7,760.00
Malawi	1,400	78,866.00	780	41,774.00
TOTAL	**146,814**	**9,296,461.00**	**128,292**	**8,207,294.00**

During the week less demand noticed for 9,296,461 kilos of tea on offer and 16.11% teas received no interest. Brighter DUST1s were firm to USC8 dearer with mediums firm to USC4 dearer and prices of lower mediums were firm to USC4 dearer. There was less enquiry for brighter BP1's and prices declined by USC5 to USC 16, prices of mediums varied between USC2 to USC4 dearer to lower by USC4 to USC10 and prices of lower mediums declined by up to USC10. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

In the secondary catalogues, BPs were discounted while PFs noticed firm tone and others noticed easier tone. Well sorted clean coloury Fannings were dearer and Dusts noticed steady tone. Other Fannings declined and BMF's continued weak tone. There was good buying interest from Yemen, Pakistan packers, Egyptian packers and other Middle –East countries. Some buying interest was noticed from Iran. Afghanistan, Kazakhstan, Sudan, Russia and other CIS countries showed less interest during the week.

(Source: Africa Tea Brokers)

AGRIWATCH

Tea Weekly
05 July 2014

Indonesia Tea Auction (Jakarta): Sale No: 26

Orthodox	OFFERED		SOLD		%
PTPN ESTATE	8.860	474.340 Kg	6.740	356.800 Kg	75.22
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	8.860	474.340 Kg	6.740	356.800 Kg	75.22
C.T.C	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	2.400	136.800 Kg	1.360	80.920Kg	59.15
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	2.400	136.800 Kg	1.360	80.920 Kg	59.15
TOTAL	11.260	611.140 Kg	8.100	437.720 Kg	71.62

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	**BOP**	**BOPF**	**PF**	**DUST**	**BT**	**BP**
-	136-180	130-155	125-195	126-192	118-142	242-312

Orthodox Secondary Grades				
PF.II	**DUST.II**	**BT.II**	**BP.II**	**DUST.III**
121-185	126-139	120-140	-	124

CTC First and Secondary Grades						
BP.1	**PF.1**	**PD**	**D.1**	**FANN**	**D.2**	**D.3**
-	160	160-168	151-165	128-165	142-146	---

Market offerings decreased from 12,620 paper sacks to 11,260 paper sacks. There was lack of buying interest in the local market. Average price declined slightly to USDcts 152.09 instead of USDcts 161.03 during last week's auction. Average price of Orthodox variety declined to USDcts 150.78 and average price of CTC increased to USDcts 158.39. Secondary variety noticed weak tone and Fannings were 2 -3 cents down. Quantity sold decreased to 71.62% during the period compared to 72.21% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	08/07/14	16/07/14	08/07/14	16/07/14
PTPN. IV	1.620 S	2.120 S	-	-
PTPN. VI	820 S	1.160 S	380 S	760 S
PTPN. VII	1.000 S	1.500 S	100 S	240 S
PTPN. VIII	2.320 S	1.640 S	1.040 S	880 S
PTPN. IX	700 S	520 S	-	-
PTPN. XII	- S	- S	700 S	700 S
Total Estate	6.460 S	6.940 S	2.220 S	1.880 S
Pagilaran	-	-	-	-
Total Private	--- S	--- S	--- S	--- S
Grand Total	6.460 S	6.940 S	2.220 S	1.880 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 08
(In US$/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	2.11 - 2.18	Best	2.53 - 2.62
Medium	2.14 - 2.27	Good	2.40 - 2.40
Small	2.27 - 2.44	Medium	2.14 - 2.34
Plain	1.88 - 1.95	Plain	1.88 - 2.01

Tea prices at Bangladesh tea auction continued firm tone during the week amid good demand in the local market. The average price of tea during this week's auction was around USD 2.33/kg. Around 1.77 million kgs of tea was offered for sale and nearly 37 percent remained unsold. There was good demand for good quality tea and buyers paid higher price for the same. Large quantity of the poor quality tea remained unsold in the market. There was good demand from blenders and loose tea buyers were not present in the market. 26,812 packages and 881 packages CTC Leaf of previous season noticed fair demand around lower levels. 4,579 packages and 120 packages of CTC Dust of previous season noticed fair demand around lower levels. Good liquoring smaller Broken varieties were slightly easy and sold at a rate of Tk.185 –Tk.195. Good liquoring varieties in fannings also noticed good demand and sold at a rate between Tk. 185 -195.

(Source: National Brokers Limited)

WORLD CROP STATISTICS IN (Mn/kgs)

					Todate	Todate	Todate	Difference +/-	
		2012	2013	2014	2012	2013	2014	2012 vs 2013	2013 vs 2014
Sri Lanka	Apr	30.0	33.8	28.9	104.9	115.5	102.5	10.6	-13.0
Bangladesh	Apr	2.5	2.1	2.7	3.2	2.9	3.5	-0.3	0.6
Malawi	Apr	5.2	5.5	6.4	26.5	23.3	28.2	-3.2	4.9
Kenya	Apr	18.1	38.2	40.0	90.6	155.5	152.1	64.9	-3.4
North India	Apr	49.0	54.9	40.2	79.0	91.4	80.2	12.4	-11.2
South India	Apr	21.9	20.3	16.6	66.2	67.0	65.1	0.8	-1.9
Indonesia	Feb	-	4.3	4.1	-	9.0	8.8	-	-0.2

(Source: Forbes and Walker Tea Brokers)

World tea production has been increasing over the years. With more medicinal value of tea being highlighted, the consumption is set to increase in the coming years. According to Indian Tea Association, consumption of tea is increasing at an annual rate of 3 per cent. In the current financial year in India, production of tea has been affected in the months of April and May in North India following lack of suitable temperature and rainfall in the growing regions.

Currency	05-07-2014	28-06-2014
USD	59.79	60.02
Srilankan Rupee	0.459	0.4604
Indonesian Rupiah	0.0050	0.0049
Kenyan Shilling	0.6806	0.6857
Bangladeshi Taka	0.7710	0.775

Overall Outlook and Recommendation:

In the domestic market prices are firming up amid good demand in the local and export market. Expectations of lower availability in the medium –term amid lower production of tea in the months of April and May in North India is adding to the positive tone of the market. The futures offerings are expected to increase in the coming days amid favourable climate in the growing regions. Monsoon which started late in June is likely to strengthen in the coming days. The quality of second flush of tea is improving in the market. India has signed a tender with Tunisia to supply 2000 tonnes of CTC tea in the next 3 -4 months. Export demand is slightly less from Egypt following political tension in the country and also from European Union for Darjeeling tea. This is likely to weigh on the market to certain extent. Weather conditions are favourable for tea in the growing regions of Kenya and Srilanka. Buyers are advised to purchase around current levels amid expectation of increase in prices in the coming days.