News Highlights

- The Tea Association of India along with efforts from the State and Central Governments has to take steps in reopening the closed tea gardens in North India and provide a livelihood for the tea workers.

- In the first half of the calendar year 2014 (January –June), the cumulative turnover of the auctions of Coonoor Tea Trade Association has declined by 25% compared to the same period in 2013.

- Till the month of June, 26 auctions have been held and at these auctions 23 lakh kgs of tea was sold less following lack of good export and domestic demand. Uncertainties pertaining to Lok Sabha polls in the domestic market and political uncertainties in West Asia, Ukraine –Russia war –like situation and prolonged snowfall in the US resulted in decline in export demand.

- Tea sellers in north India are facing difficulty in meeting domestic demand for tea. Average prices of tea have increased at the three major auction centers in the country –Kolkata, Guwahati and Siliguri. These three auction centers have sold off 84% of the stock at an average price of Rs.166 per kg.

- Demand is increasing for quality tea in the market and the recent soccer cup has resulted in increase in demand for tea as football watchers prefer to watch the game over a cup of tea. During the same period previous year, the auction centers sold 71.77% of the total offerings at an average price of Rs.143.34 per kg.

- Tea dealers in India are asking from the government removal of 100 percent duty on tea imports. According to industry and trade sources, consumption of tea in India is growing at a pace of four per cent and production is almost stagnant. Owing to the likely shortfall in tea production in the current year, imports could be more from Kenya and Srilanka to meet the domestic demand. In the first two months of the current year, there is a deficit of 21.37 million kgs. of tea as compared to previous year.

- Western India Tea Dealers Association wants the government to allow duty free import of 40 million kgs. tea each from Srilanka and Kenya to meet domestic demand. Currently there is 100% import duty on tea. Most of the tea in Gujarat and Maharashtra comes from north India. In the current year till May Indian production of tea has declined by 21 million kgs. to 149 million kgs. according to trade sources compared to same period previous year. Prices of tea have increased by Rs. 30 -40/kg and are likely to increase further amid lower production. The per capita consumption of tea in Gujarat is around 1.25 kgs.

- McLeod Russell India Ltd., one of the world's biggest tea growers is likely to notice profit for the first time in three years for year ending on March 2015. Prices are firm amid lower production of tea in north India in April and May.

- In Srilanka, the output of tea increased in May following favourable weather in the growing region. The crop deficit of 13 million kgs from January to April has now reduced to 7.4 million kgs following higher production in May. Tea production in the High, Medium and Low elevations in May is reported at 9.50 mkgs, 7.11 mkgs and 22.43 mkgs. respectively.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 28 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	187.37	25,85,060	19,33,165
ORTHODOX	251.97	6,68,306	5,42,028
DARJEELING	441.57	1,12,025	57,001
DUST	192.83	12,87,395	11,27,437

(Source: CTTA, Parcon India)

Prices firmed up for all varieties of tea during the week. Quantity offered on sale was higher during the week compared to previous week. There was good demand for Best Assam and Best Dooars variety. Fannings and Cachars noticed weak tone during the week. There was selective export enquiry for Bolder Brokens and Fannings. Active buying was noticed from Tata Global and Western India Buyers. There was active export enquiry for orthodox tea at dearer rates. Prices are likely to continue the positive tone amid active buying in the domestic and export market.

Guwahati Tea Auction: Sale No: 28 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	172.53	25,77,045	18,13,682
Dust	176.50	14,27,963	11,60,986

(Source: Guwahati Tea Auction Committee)

Average price of CTC declined and that of dust increased during the week. There was good demand for better quality tea and not much demand for plainer varieties. Quantity offered on sale increased during the week compared to previous week. Internal buyers were active and exporters were selective during the week. There was less demand from blenders. Prices are likely to continue positive tone in the coming days.

Siliguri Tea Auction: Sale No: 28 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	142.04	4,69,695	3,64,991
CTC Leaf	144.38	29,67,781	21,67,289

(Source: CTTA, Parcon India)

CTC Dust and Leaf prices declined during the week amid higher offerings and lack of demand around current levels. The quality of tea offered for sale was not up to the mark. 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: 28 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	117.00	1293	1293
CTC Leaf	113.94	31,090	14,270

(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. Prices were lower compared to previous week following quality. Export demand coupled with demand from the local buyers lent some support to prices.

Cochin Tea Auction: Sale No: 28 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	97.77	14,55,369.70	10,75,313.20
CTC Leaf	77.47	68,870	50,663
Orthodox Dust	70.89	12,399	2,546
Orthodox Leaf	109.44	2,36,654	1,61,762

(Source: Paramount Marketing, Coimbatore)

During the week, prices increased by Rs.1-2/kg for all varieties except CTC leaf. Quantity offered on sale declined during the week compared to previous week. There was good demand for CTC tea. Good Liquoring teas noticed some demand from selective blenders. Demand from loose tea traders remained lower. Exporters were not much active in the market and Hindustan Unilever, Tata Global were the main buyers. There was not much demand for orthodox tea and the market witnessed much withdrawals.

Coimbatore Tea Auction: Sale No: 28 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	85.10	4,32,053	1,95,399
CTC Leaf	72.78	2,15,053	1,12,542

Orthodox Dust	70.89	12,399	2,546
Orthodox Leaf	-	6086	-

(Source: Paramount Marketing, Coimbatore)

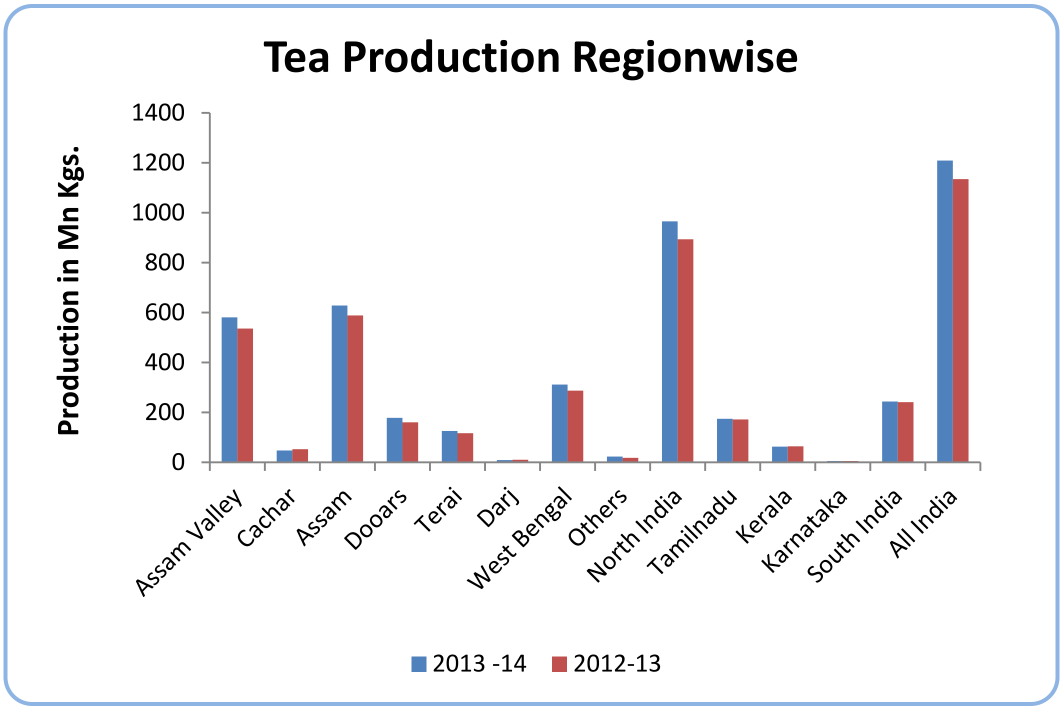
At Coimbatore tea auction, prices noticed weak tone. Quantity offered for sale increased during the week compared to previous week. There were much withdrawals in the market. Lack of export enquiry weighed on prices. There was no trade in the orthodox leaf variety. Prices are likely to be range –bound to weak in the near –term.

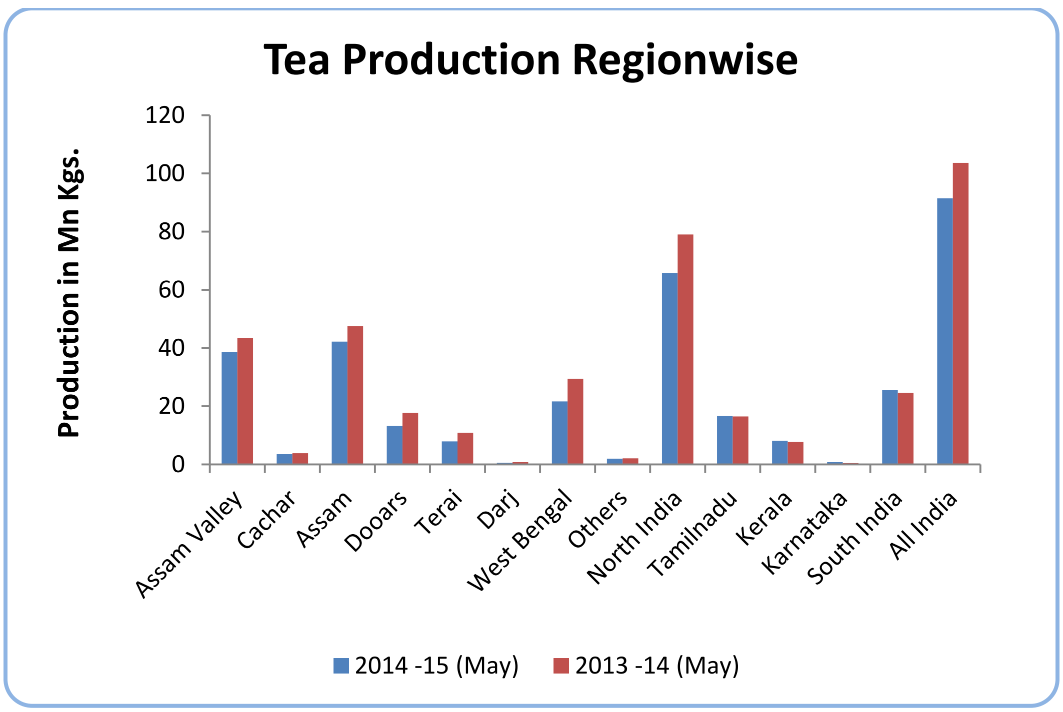
Coonoor Tea Auction: Sale No: 28 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	76.66	7,84,754	2,68,692
CTC Leaf	72.91	14,81,318	8,12,953
Orthodox Dust	113.70	50,163	23,976
Orthodox Leaf	87.14	86,738.40	17,647.60

(Source: Paramount Marketing, Coimbatore)

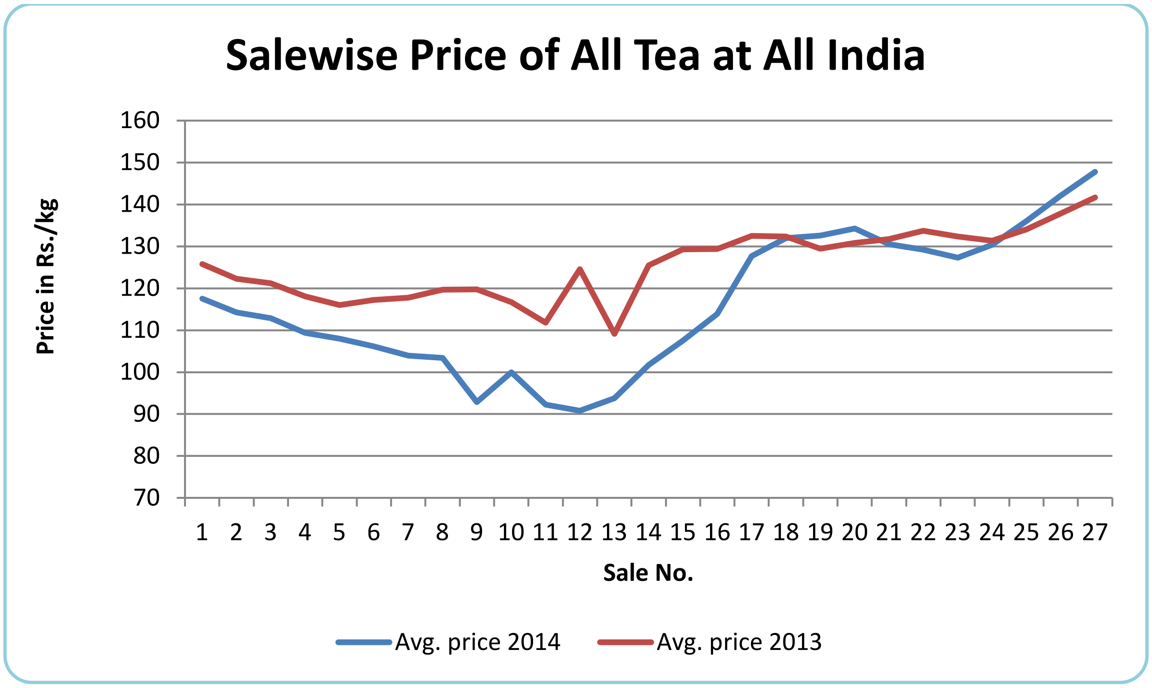
Prices noticed firm tone in CTC and orthodox variety. At Sale No: 28, this year's highest quantity of tea is being offered for sale at Coonoor tea auction on Thursday and Friday. 23.36 lakh kgs of tea were being offered for sale of which 15.88 lakh kgs belonged to leaf grades and 7.48 lakh kg belonged to the dust grades. The quantity on offer increased during the week and % sold declined in the dust variety compared to previous week. There was not much demand from local tea buyers. Prices are likely to be steady to firm in the coming days.





(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 good demand in the market for good quality tea.

<u>Weekly Average Prices at Indian Auction Centers for week ending 2014-07-05</u>

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	186.10(158.62)	174.18(148.91)	148.12(128.06)	117.47(103.42)	94.77(109.09)	73.04(91.00)	76.15(95.76)	57.62(94.23)
Total Tea	201.42(184.02)	174.20(149.14)	148.12(128.07)	117.47(103.42)	96.58(110.71)	73.44(91.23)	76.31(95.70)	57.62(94.23)

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

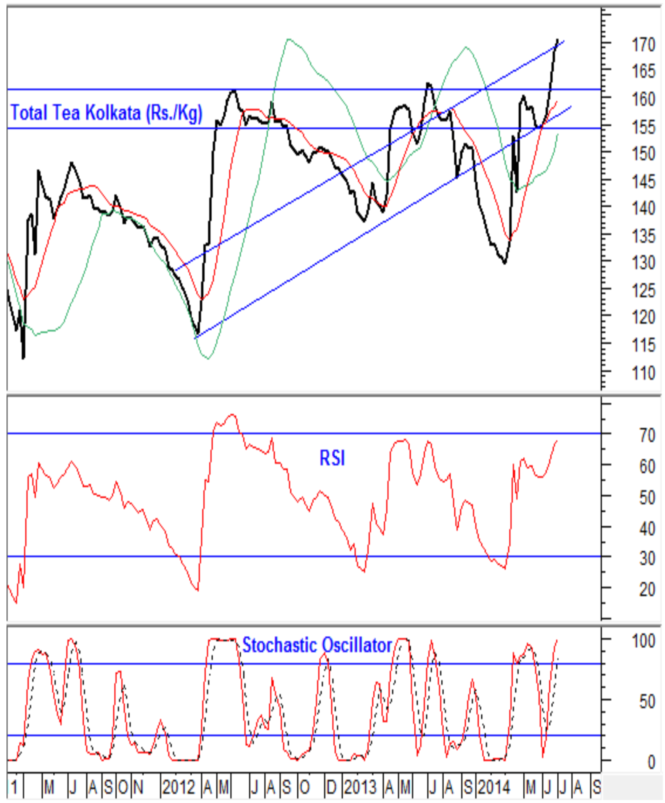
Variety	North India	South India	All India
CTC All Dust	169.74(146.67)	81.05(98.54)	142.43 (132.46)
Total Tea	176.73 (158.43)	82.64(99.44)	147.81(141.66)

(Source: Tea Board)

Tea – Technical Outlook | Total Tea -Kolkata

Technical Commentary:
As seen in the weekly chart, tea prices are trading above the uptrend channel in the daily chart. Prices have made new highs during the last few days and are likely to continue the positive tone. MACD is increasing in the positive territory supporting firm tone in the medium –term. Stochastic oscillator is in the overbought region suggesting some weakness in the near –term. Traders should consider any weakness towards 190 levels as good buying opportunity.

The tea prices are likely to continue positive tone. Buyers can purchase around current levels with target of 215 levels.



Strategy: Buy around current levels

Weekly Supports & Resistances		S1	S2	PCP	R1	R2
Total Tea	Kolkata	180.00	175.15	201.42	210.25	230

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 26 (Price in Srilankan Rs./kg)

	BOP	BOPF	PEKOE/FBOP	OP
Best Westerns	450-490	440-490	405-700	380-520
Below Best Westerns	410-440	415-435	380-400	335-375
Good Mediums	550 -605	405 -415	380 -700	380-480
Other Mediums	500 -530	390 -395	300-370	330-370

	BP1	PF1	Better Fannings (Orthodox)	Better Fannings (CTC)
High Grown	370 – 375	350 - 435	335- 420	340
Medium Grown	340 – 410	370 – 415	320 -390	315 -360
Low Grown	410 – 470	410 - 570	300 -360	315 - 500

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, 8.0 million kgs of tea was offered for sale compared to 8.1 million kgs of tea during the previous week. There was good demand in the market around lower levels. Better western BOP's/BOPF's noticed firm tone during the week. High Grown and Mid Grown CTC's declined during the week and Low Growns declined by Rs.10 -20/kg on an average. There was good demand for liquoring leafy teas available in limited quantity. Better PEK/PEK1's were mostly steady and a few bolder types gained Rs.5 -10/kg. In the Tippy catalogues, better made FBOP/FF1's continued firm tone during the week. Export demand from Turkey, CIS, Dubai, Iraq, Kuwait and Saudi Arabia were active during the week.

DETAILS OF TEAS AWAITING SALE

SALE NO : 27 SCHEDULED FOR 15TH/ 16TH JULY 2014

	LOT	QUANTITY kgs
Ex Estate	1,044	1,266,389
High & Medium	1,623	946,483
Low Grown : Leafy	3,921	1,963,399
Low Grown : Tippy	2,496	1,525,030
Premium Flowery	482	122,126
Off Grades	2,404	1,442,723
Dust	541	586,215
TOTAL	**12,511**	**7,852,365**
Re-print	518	332,261

LOW GROWN CATALOGUES

Leafy	Closed on	24/06/2014	Violations Excluded
Tippy	Closed on	25/06/2014	Violations Excluded

OTHER MAIN SALE CATALOGUES

High & Medium	Closed on	25/06/2014	Violations Excluded
Dust	Closed on	25/06/2014	Violations Excluded
Premium Flowery	Closed on	25/06/2014	Violations Excluded
Off Grades	Closed on	24/06/2014	Violations Excluded
BOP1A	Closed on	24/06/2014	Violations Excluded
Ex Estate	Closed on	25/06/2014	Violations Excluded

No of Pkgs : 198,966
CTC : 9,150 Pkgs - 512,811 kgs

SALE NO. 27 - SALE OF 09TH/ 10TH JULY 2013

Lots : 11,942 **Re-print Lots** : 620
Quantity : 7,173,934 kgs **Re-print Quantity** : 371,455 kgs

BUYERS' PROMPT : **22/07/2014**
SELLERS' PROMPT : **23/07/2014**

(Source: Forbes and Walker Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 26

AUCTION AVERAGE PRICES (UScents/Kg)

CTC QUOTATIONS	BP1 - USC	PF1 - USC	PD - USC	D1 - USC
Best	222 - 330	228 - 268	230 - 266	227 - 284
Good	220 - 248	240 - 250	232 - 240	228 - 238
Good Medium	216 - 254	225 - 246	214 - 238	210 - 236
Medium	190 - 228	200 - 240	206 - 236	196 - 218
Lower Medium	110 - 180	150 - 219	186 - 210	196 - 216
Plainer	068 - 182	076 - 186	080 - 200	070 - 200

During the week improved demand noticed for 7,997,172 kilos of tea on offer and most of the teas are absorbed. Brighter DUST1s were firm to USC8 dearer with mediums firm to USC6 dearer and prices of lower mediums were firm to USC10 dearer. There was good enquiry for brighter BP1's and prices increased by USC4 to USC18, prices of mediums varied between USC2 to USC12 dearer and prices of lower mediums were firm to USC16 dearer. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

In the secondary catalogues, BPs and 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, UK Baazar, Sudan and other Middle –East countries. Some buying interest was noticed from Russia. Iran and Somalia showed less interest during the week.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 27

Orthodox	OFFERED		SOLD		%
PTPN ESTATE	6.320	338.980 Kg	5.460	292.260 Kg	86.22
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	6.320	338.980 Kg	5.460	292.260 Kg	86.22
C.T.C	OFFERED		SOLD		%
PTPN ESTATE	2.180	124.300 Kg	1.760	102.420 Kg	82.40
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	2.180	124.300 Kg	1.760	102.420 Kg	82.40
TOTAL	8.500	463.280 Kg	7.220	394.680 Kg	85.19

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	**BOP**	**BOPF**	**PF**	**DUST**	**BT**	**BP**
170	**133-170**	**130-146**	**131-199**	**130-185**	**122-140**	**242-307**

Orthodox Secondary Grades				
PF.II	**DUST.II**	**BT.II**	**BP.II**	**DUST.III**
124-186	**132-138**	**121-125**	**163-175**	**126-140**

CTC First and Secondary Grades						
BP.1	**PF.1**	**PD**	**D.1**	**FANN**	**D.2**	**D.3**
-	**160-172**	**159-173**	**151-180**	**130-173**	**144-155**	**---**

Market offerings decreased from 11,260 paper sacks to 8,500 paper sacks. There was good in the market around current levels. Average price increased to USDcts 153.42 instead of USDcts 152.09 during last week’s auction. Average price of Orthodox variety increased to USDcts 151.90 and average price of CTC declined to USDcts 157.85. Secondary variety noticed mixed tone and Fannings were 2 -3 cents down. Quantity sold increased to 85.19% during the period compared to 71.62% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	16/07/14	23/07/14	16/07/14	23/07/14
PTPN. IV	2.120 S	2.020 S	-	-
PTPN. VI	1.100 S	960 S	760 S	560 S
PTPN. VII	1.500 S	1.000 S	240 S	200 S
PTPN. VIII	1.640 S	1.340 S	880 S	720 S
PTPN. IX	520 S	520 S	-	-
PTPN. XII	- S	- S	660 S	620 S
Total Estate	6.880 S	5.840 S	2.540 S	1.590 S
Pagilaran	-	-	-	-
Total Private	--- S	--- S	--- S	--- S
Grand Total	6.880 S	5.840 S	2.540 S	1.590 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 09
(In US$/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	2.11 - 2.18	Best	2.60 - 2.66
Medium	2.14 - 2.27	Good	2.47 - 2.57
Small	2.34 - 2.47	Medium	2.21 - 2.40
Plain	1.88 - 1.95	Plain	1.88 - 2.08

Tea prices at Bangladesh tea auction noticed positive tone during the week following continued good demand for quality leaf from local buyers and lower supplies. The average price of tea during this week's auction was around USD 2.40/kg. Around 1.50 million kgs of tea was offered for sale and nearly 34 percent remained unsold.

Blenders were active during the week. There was improved demand in the market at dearer rates. There was not much demand in the market for plainer varieties. 22,840 packages and 565 packages CTC Leaf of previous season noticed improved demand around dearer levels. 4,358 packages and 144 packages of CTC Dust of previous season noticed good demand for better quality tea. Good liquoring smaller Broken varieties noticed strong demand and sold at a rate of Tk.190 –Tk.198. Good liquoring varieties in fannings also noticed good demand at dearer rates and sold at a rate between Tk. 190 -198.

(Source: National Brokers Limited)

WORLD CROP STATISTICS IN (Mn/kgs)

					To date	To date	To date	Difference +/-	
		2012	***2013***	***2014***	***2012***	***2013***	***2014***	***2012 vs 2013***	***2013 vs 2014***
Sri Lanka	*May*	*32.7*	*33.6*	*39.0*	*137.6*	*149.1*	*141.6*	*11.5*	*-7.5*
Bangladesh	*May*	*5.5*	*5.35*	*4.64*	*8.7*	*8.24*	*8.15*	*-0.46*	*-0.09*
Malawi	*May*	*3.8*	*4.7*	*4.6*	*30.3*	*27.9*	*32.7*	*-2.4*	*4.8*
Kenya	*May*	*37.4*	*39.6*	*41.2*	*128.0*	*195.1*	*193.2*	*67.1*	*-1.9*
North India	*May*	*78.8*	*79.0*	*65.9*	*157.9*	*170.3*	*149.0*	*12.4*	*-21.3*
South India	*May*	*24.6*	*24.7*	*25.5*	*90.8*	*91.6*	*90.6*	*0.8*	*-1.0*
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	**12-07-2014**	**05-07-2014**
USD	60.002	59.79
Srilankan Rupee	0.461	0.459
Indonesian Rupiah	0.0051	0.0050
Kenyan Shilling	0.6844	0.6806
Bangladeshi Taka	0.7732	0.7710

Overall Outlook and Recommendation:

Prices are firm in the domestic market amid good demand for quality tea in the market. The arrival of second flush tea has been delayed following lack of sufficient rainfall and temperature in the months of April and May. The arrival of second flush tea is expected to pick up by third week of July. Offerings are expected to increase in the coming days.

As of date, monsoon is below normal in the majority of the regions and production will be lower this year compared to previous year. Till May this year, production declined by 25% compared to the same period during previous year. Export demand is currently less for Darjeeling tea from European Union. This will weigh on the market to certain extent. At international front, offerings are likely to be less in Srilanka and Indonesia. Weather is favourable in the tea growing regions of these two countries. Buyers can consider purchasing around current levels amid expectation of increase in prices in the medium – term.