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.

- At Sale No: 28 Coonoor, exporters stayed from the tea auction as they are finding difficulty in paying value –added tax and then wait for refund. According to them, huge sums paid as VAT is yet to be reimbursed. As such, only 45 percent of the year's highest offer of 23.36 lakh kgs. was sold.

- Government of West Bengal has decided to pay money to the jobless tea garden workers under FAWLOI (Financial Assistance to the Workers in Locked Out Industrial Units). The payment will be effective from three months from the time of the closure of the particular tea garden.

- Production of tea in South India has declined marginally by 1% to 90.6 million kgs between January and May 2014 compared to the same period during previous year.

- Planters in South India are worried of declining prices during the year despite increase in exports and decline in production. Tea estates will find difficulty in paying wages on time amid lower price realization and increasing cost of production

- The production of Sariwangi, a local tea in Indonesia is likely to be less this year amid lack of favourable weather in the growing regions. Continuous rains and strong winds is likely to affect production this year. The annual production of Sariwangi tea is around 40000 to 50000 tonnes.

- Tea farmers in Rwanda are committed to increase tea production to improve their livelihood.

- Tea growers in Panchagarh, Bangladesh are deprived of fair prices and are forced to sell green tea leaves at a price lower than that fixed by the Tea Leaves Price Fixation Committee of the current tea leaves plucking season.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 29 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	177.51	25,40,570	17,53,094
ORTHODOX	246.05	5,93,082	4,91,405
DARJEELING	373.25	1,78,213	73,846
DUST	187.22	13,30,110	10,75,026

(Source: CTTA, Parcon India)

Prices declined for all varieties of tea during the week. Quantity offered on sale declined for CTC and increased for orthodox variety. Good Liquoring Assams and Dooars maintained steady tone. There was some enquiry for Select Best Dust and Good Assams. Other varieties and fannings noticed weak tone. Tata Global and Western India buyers were active with some buying support from Hindustan Unilever Ltd. Bolder Brokens and Selective Fannings noticed export enquiry. In the orthodox variety, larger Brokens and Bright Fannings continued steady tone. Mediums and clean well made tippy teas noticed mixed tone. Local buyers bought secondary brokens and fannings. Prices are likely to notice positive tone in the coming days amid good demand for quality tea in the market.

Guwahati Tea Auction: Sale No: 29 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	162.32	24,94,969	17,20,342
Dust	170.77	14,46,785	11,44,864

(Source: CTTA, Parcon India)

Average price of CTC and Dust declined during the week. Quantity offered on sale increased for dust variety and declined for CTC variety. There was good demand for quality tea and normal demand for other varieties. There were some withdrawals and exporters were selective. Some demand was noticed from blenders. Prices are likely to be range –bound to weak in the coming days amid lack of good quality tea in the market.

Siliguri Tea Auction: Sale No: 29 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	137.78	5,51,767	4,38,325
CTC Leaf	138.68	33,01,131	22,24,199

(Source: CTTA, Parcon India)

CTC Dust and Leaf prices continued weak tone at Siliguri tea auction. Higher offerings and lack of good quality tea weighed on prices. Best/Good Sorts and improved quality tea noticed some demand. Plainer and the common varieties noticed easy tone during the week. Exporters were selective. Internal buyers and blenders lend some support to the market. Duncans and GGL were the main buyers during the week. Prices are likely to decline in the near –term amid expected higher offerings in the coming days.

Jalpaiguri Tea Auction: Sale No: 29 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	-	No Offer	-
CTC Leaf	106.00	15,960	12,834

(Source: Jalpaiguri Tea Auction Committee)

At Jalpaiguri, tea auctions restarted on 24th June 2014. There was lower demand for CTC Leaf variety and around 80% of the quantity offered was sold in the market. Prices were lower compared to previous week following quality. There were no offerings of CTC Dust variety in the market.

FUTURE OFFERINGS NORTH INDIA (PACKAGES):

SALE		THIS YEAR		LAST YEAR	
	Sale	Qty	CL. Date	Qty.	CL. Date
SILIGURI	32	100106	17.07.2014	84893	18.07.2013
KOLKATA	32	123021	16.07.2014	122735	17.07.2013
GUWAHATI	31	122819	09.06.2014	106430	10.07.2013
JALPAIGURI	30	165	12.07.2014	1226	13.07.2013

(Source: Parcon India)

Cochin Tea Auction: Sale No: 29 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	97.18	14,13,212	10,86,129
CTC Leaf	72.18	75,609	60,880
Orthodox Dust	58.53	12,042	1,490
Orthodox Leaf	105.20	2,27,020	1,46,135

(Source: Paramount Marketing, Coimbatore)

During the week, prices declined for CTC and Orthodox varieties. Quantity offered on sale declined during the week except for CTC Leaf variety. There was good domestic demand for CTC tea and around 80% of the quantity offered was sold. There was not much export demand in the market following quality. There was demand for medium varieties from Tunisia. There was good buying for good liquoring teas and not much demand for lower quality tea.

Tata Global, AVT, Kerala Civil Supplies are the main buyers. In the CTC leaf category, Hindustan Unilever Ltd. and upcountry buyers lent some support to the market. In the orthodox variety, select Best Nilgiri whole leaf and Bolder Brokens noticed firm tone. There were much withdrawals for smaller and lower leaf grades. There were much withdrawals for orthodox dust and some demand was noticed from exporters.

Coimbatore Tea Auction: Sale No: 29 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	76.46	4,09,285	3,19,351
CTC Leaf	67.83	2,03,347	1,29,905
Orthodox Dust	71.95	17,376	10,641
Orthodox Leaf	123.00	10984	1628

(Source: Paramount Marketing, Coimbatore)

At Coimbatore tea auction, prices noticed weak tone. Quantity offered for sale declined for CTC variety and increased for orthodox variety during the week compared to previous week. There were much withdrawals in the market amid low quality. Lack of export demand weighed on the market. Prices are likely to notice mixed tone in the near –term.

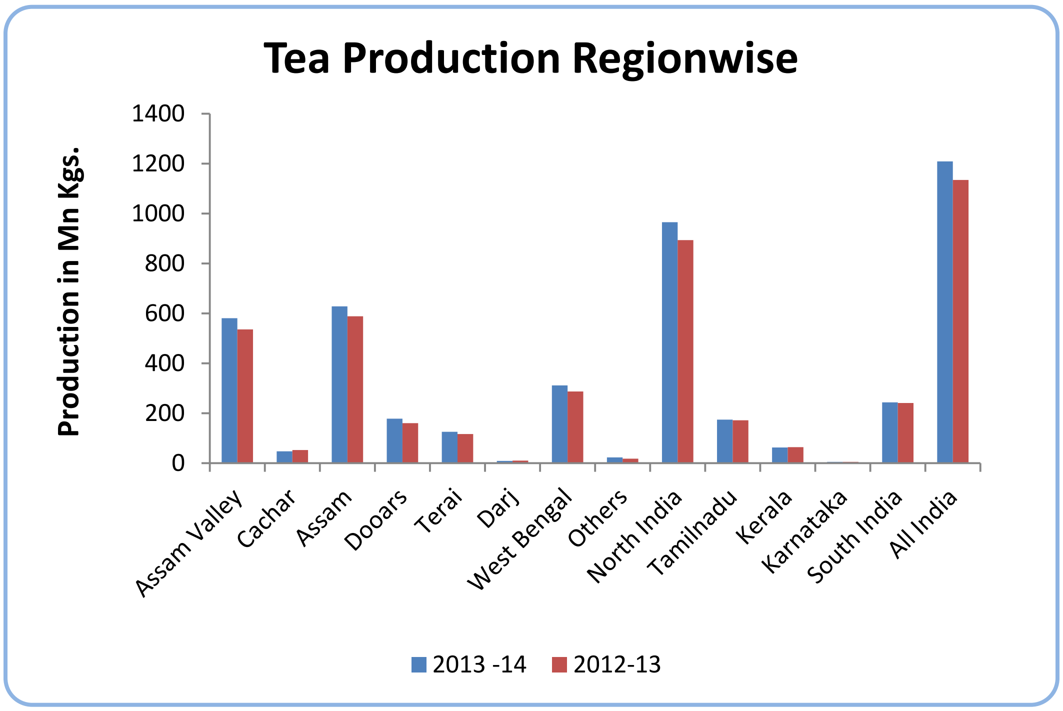
Coonoor Tea Auction: Sale No: 29 (Price in Rs./kg)

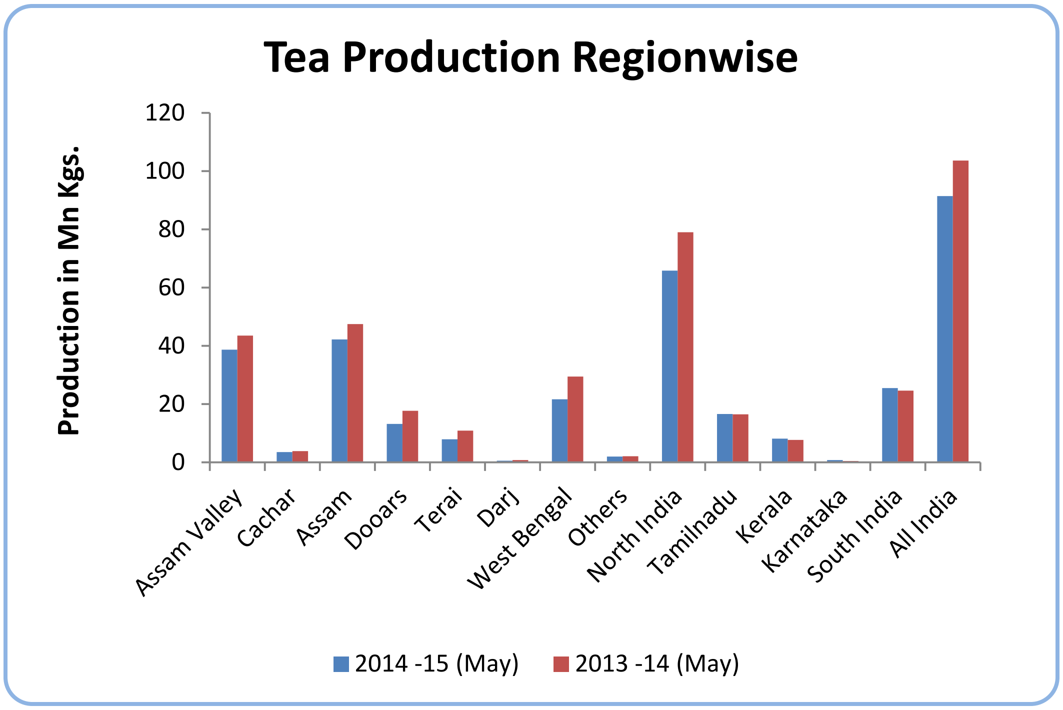
Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	67.26	6,34,995	5,31,559

CTC Leaf	65.33	14,71,106	11,82,664
Orthodox Dust	93.95	51,281	45,767
Orthodox Leaf	78.99	95,458	56,561

(Source: Paramount Marketing, Coimbatore)

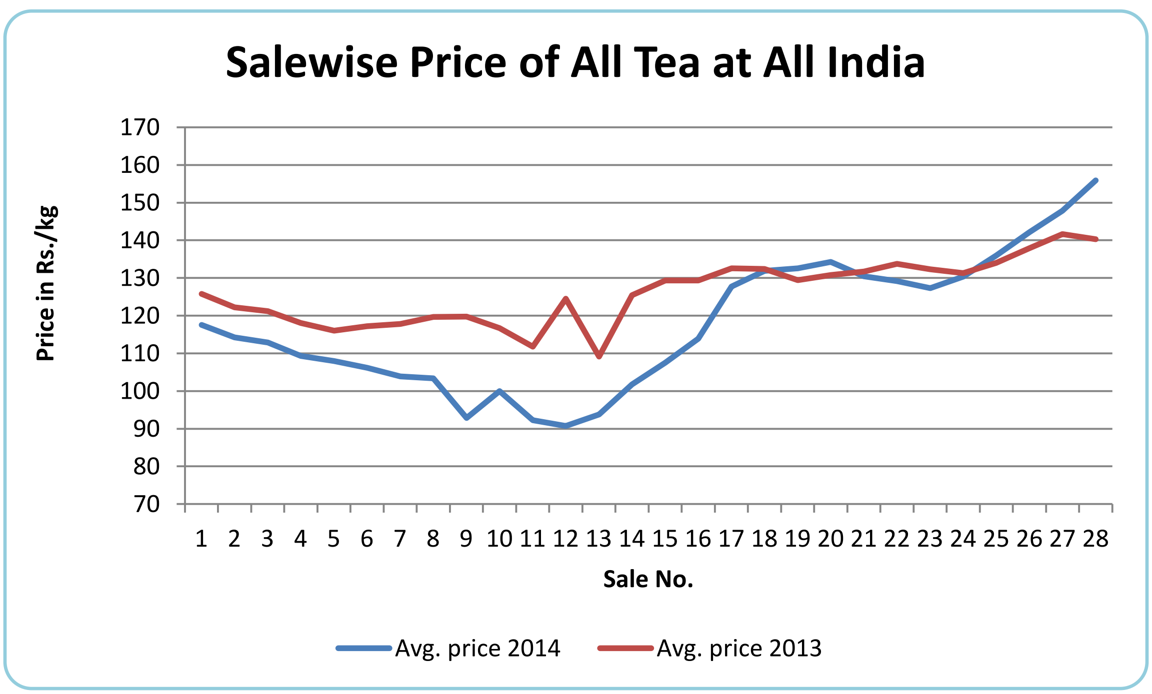
During the week, at Coonoor tea auction, prices noticed weak tone. Quantity offered on sale declined for CTC variety and increased for Orthodox variety. Percentage sold increased during the week compared to previous week. There is not much export demand in the market follower availability of cheaper tea in Kenya and Srilanka. Production of tea in Kenya and Srilanka is higher. Quality is likely to improve in the coming days. Prices are likely to be range –bound to weak 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.

Weekly Average Prices at Indian Auction Centers for week ending 2014-07-12

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	189.38(157.33)	174.07(146.80)	144.10(126.88)	114.19(101.53)	96.80(109.65)	74.71(87.99)	80.55(92.33)	55.22(92.50)
Total Tea	202.58(182.91)	174.09(147.16)	144.10(126.89)	114.19(101.53)	98.38(111.74)	74.90(88.23)	80.55(92.27)	55.22(92.50)

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

Variety	North India	South India	All India
CTC All Dust	170.59(144.34)	84.53(96.28)	150.54(131.60)
Total Tea	177.08 (155.21)	85.99(97.51)	155.91(140.27)

(Source: Tea Board)

Tea – Technical Outlook	**Total Tea -Kolkata**
Technical Commentary: Tea prices are trading above the uptrend channel as seen in the weekly chart. Prices have noticed new highs during the last few days and are above 9 –Day and 21 –Day EMA supporting the overall positive tone of the market. RSI is increasing in the overbought region supporting firm tone in the near –term. 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 notice firm tone in the coming days. Buyers can purchase around 200 levels with the target of 210 levels.***	

Strategy: Buy around current levels

Weekly Supports & Resistances		**S1**	**S2**	**PCP**	**R1**	**R2**
Total Tea	Kolkata	180.00	175.15	202.58	210.25	230

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 27 (Price in Srilankan Rs./kg)

	BOP	BOPF	PEKOE/FBOP	OP
Best Westerns	460-490	450-530	400-610	360-490
Below Best Westerns	410-430	425-445	385-395	325-355
Good Mediums	580 -600	410 -425	470 -760	365-450
Other Mediums	510 -550	400 -405	300-465	320-360

	BP1	PF1	Better Fannings (Orthodox)	Better Fannings (CTC)
High Grown	360 – 395	370 – 400	360- 440	300-320
Medium Grown	355 – 405	360 – 420	340 -400	315 -365
Low Grown	430 – 470	450 – 580	310 -360	320 – 520

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
25TH JUNE 2014	7.50	444.24	3.37	6.84	409.77	3.10	6.86	387.05	2.86
02ND JULY 2014	7.41	452.42	null	6.93	404.54	null	6.97	389.29	2.88

In this week’s auction, 7.9 million kgs of tea was offered for sale compared to 8.0 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 mixed tone during the week. High Grown and Mid Grown CTC’s declined during the week amid lower demand for poor quality tea and Low Growns noticed good demand. There was good demand for liquoring leafy teas available in limited quantity. Better PEK/PEK1’s were mostly firm and a few bolder types gained Rs.10 -20/kg. In the Tippy catalogues, better made FBOP/FF1’s continued firm tone during the week. Export demand from Turkey, CIS, Dubai, Kuwait and Saudi Arabia were active during the week.

DETAILS OF TEAS AWAITING SALE

SALE NO : 28 SCHEDULED FOR 22ND/ 23RD JULY 2014

	LOT	QUANTITY kgs
Ex Estate	1,020	1,268,557
High & Medium	1,413	790,560
Low Grown : Leafy	4,348	2,209,776
Low Grown : Tippy	2,276	1,381,175
Premium Flowery	455	110,675
Off Grades	2,579	1,569,598
Dust	456	466,439
TOTAL	**12,547**	**7,796,780**
Re-print	490	282,044

LOW GROWN CATALOGUES

Leafy	Closed on	01/07/2014	Violations Excluded
Tippy	Closed on	02/07/2014	Violations Excluded

OTHER MAIN SALE CATALOGUES

High & Medium	Closed on	02/07/2014	Violations Excluded
Dust	Closed on	01/07/2014	Violations Excluded
Premium Flowery	Closed on	02/07/2014	Violations Excluded
Off Grades	Closed on	01/07/2014	Violations Excluded
BOP1A	Closed on	01/07/2014	Violations Excluded
Ex Estate	Closed on	02/07/2014	Violations Excluded

No of Pkgs : 200,153
CTC : 9,270 Pkgs - 514,645 kgs

SALE NO. 28 - SALE OF 16TH/ 17TH JULY 2013

Lots	: 11,837	**Re-print Lots**	: 836
Quantity	: 6,970,037 kgs	**Re-print Quantity**	: 481,875 kgs

BUYERS' PROMPT : 30/07/2014
SELLERS' PROMPT : 31/07/2014

(Source: Forbes and Walker Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 27

AUCTION AVERAGE PRICES (UScents/Kg)

CTC QUOTATIONS	BP1 - USC	PF1 - USC	PD - USC	D1 - USC
Best	242 - 364	256 - 292	246 - 284	252 - 292
Good	240 - 264	256 - 264	258 - 284	250 - 284
Good Medium	230 - 270	236 - 262	244 - 282	250 - 261
Medium	210 - 243	230 - 242	220 - 240	216 - 236
Lower Medium	116 - 203	170 - 234	202 - 224	206 - 226
Plainer	068 - 184	082 - 204	084 - 212	064 - 214

During the week good demand noticed for 7,959,253 kilos of tea on offer amid lower quantities available. Brighter DUST1s were USC25 to US46 dearer with mediums USC20 to USC25 dearer and prices of lower mediums were firm to USC16 dearer. There was good competition for brighter BP1's and prices increased by USC14 to USC30, prices of mediums varied between USC14 to USC28 dearer and prices of lower mediums were USC16 to USC26 dearer. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed firm tone during the week.

In the secondary catalogues, BPs and PFs noticed easy tone and others noticed mixed tone. Well sorted clean coloury Fannings and Dusts noticed weak tone. Other Fannings declined and BMF's noticed good demand around current levels. There was good buying interest from Yemen, Pakistan packers and Middle –East countries. There was more activity from Egyptian packers, Baazar, Afghanistan and Sudan. Some buying interest was noticed from Russia. Demand remained subdued from Iran. U.K. and Somalia showed less interest during the week.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 28

Orthodox	OFFERED		SOLD		%
PTPN ESTATE	6.880	362.380 Kg	5.780	313.940 Kg	86.63
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	6.880	362.380 Kg	5.780	313.940 Kg	86.63
C.T.C	OFFERED		SOLD		%
PTPN ESTATE	2.540	145.580 Kg	2.300	132.560 Kg	91.06
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	2.540	145.580 Kg	2.300	132.560 Kg	91.06
TOTAL	9.420	507.960 Kg	8.080	446.500 Kg	87.90

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	**BOP**	**BOPF**	**PF**	**DUST**	**BT**	**BP**
166-174	**138-180**	**129-165**	**126-202**	**128-186**	**122-147**	**228-315**

Orthodox Secondary Grades				
PF.II	**DUST.II**	**BT.II**	**BP.II**	**DUST.III**
125-181	**128-136**	**121**	**168-272**	**121-131**

CTC First and Secondary Grades						
BP.1	**PF.1**	**PD**	**D.1**	**FANN**	**D.2**	**D.3**
155-162	**151-173**	**160-180**	**152-176**	**130-173**	**136-151**	**---**

Market offerings increased from 8,500 paper sacks to 9,420 paper sacks. There was good in the market around current levels. Average price declined to USDcts 148.56 instead of USDcts 153.42 during last week's auction. Average price of Orthodox variety declined to USDcts 144.59 and average price of CTC declined to USDcts 156.80. Secondary variety noticed weak tone and Fannings were 2 -3 cents down. Quantity sold increased to 87.90% during the period compared to 85.19% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	23/07/14	06/08/14	23/07/14	06/08/14
PTPN. IV	240 S	460 S	-	-
PTPN. VI	1.200 S	1.120 S	380 S	380 S
PTPN. VII	1.560 S	1.280 S	80 S	180 S
PTPN. VIII	2.240 S	5.820 S	420 S	800 S
PTPN. IX			-	-
	600 S	560 S		
PTPN. XII	- S	- S	520 S	640 S
Total Estate	5.840 S	9.240 S	1.400 S	2.000 S
Pagilaran	-	-	-	-
Total Private	--- S	--- S	--- S	--- S
Grand Total	5.840 S	9.240 S	1.400 S	2.000 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 10
(In US$/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	2.14 - 2.24	Best	2.58 - 2.64
Medium	2.20 - 2.33	Good	2.46 - 2.57
Small	2.33 - 2.53	Medium	2.27 - 2.40
Plain	1.81 - 1.94	Plain	1.81 - 1.94

Tea prices at Bangladesh tea auction continued positive tone during the week following good demand for quality leaf from local buyers amid larger supplies. The average price of tea during this week's auction was around USD 2.40/kg. Around 1.78 million kgs of tea was offered for sale and nearly 37 percent remained unsold.

Blenders were more active during the week. There was improved demand in the market at dearer rates. Loose tea buyers were selective. 26,266 packages and 1,176 packages CTC Leaf of previous season noticed good demand. 5,104 packages and 90 packages of CTC Dust of previous season noticed more demand. In CTC Dust, good liquoring varieties were firm to dearer and the best lines sold around Tk.200 and above. Good liquoring Broken varieties noticed strong demand and sold at a rate of Tk.190 –Tk.200. Good liquoring varieties in fannings also noticed good demand at firm levels 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	19-07-2014	12-07-2014
USD	60.440	60.002
Srilankan Rupee	0.4640	0.461
Indonesian Rupiah	0.0052	0.0051
Kenyan Shilling	0.6884	0.6844
Bangladeshi Taka	0.7768	0.7732

Overall Outlook and Recommendation:

In the domestic market prices noticed mixed tone during the week. In north India, arrival of good quality tea is likely to support the market. In South India, quality of tea is not good and prices are likely to remain subdued amid higher offerings. Increase in offerings is likely to weigh on prices to certain extent. Export demand is less from Iran and Middle –East countries.

In the global market, prices are slightly lower following good production in Kenya and Bangladesh. Srilankan and Kenyan tea prices are cheaper in comparison with Indian tea. Export demand for Orthodox tea is less from Iran following political tension in the country. 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.