

### **News Highlights**

- The small tea growers, which contribute around 36 percent of India's annual output have asked the government to extend benefits to the sector announced for the agricultural farmers in the Union Budget. The small tea growers produce mainly green tea leaf, a perishable input and sometimes in case of distress sale have to sell the commodity below the cost of production.
- Area under tea cultivation has declined by about 20% in the Nilgiri Hills following lower leaf prices. The small tea growers are affected and many concrete structures are built in this tea garden area, which is considered illegal. This is affecting the 'tea-eco-system' of the Nilgiri hills.
- Volume of tea on offer at Coonoor auction is increasing over the weeks. This week on Thursday and Friday at Sale No. 30, highest volume of tea was on offer. A volume of 24.10 lakh kgs will be offered this week. Of this, 16.36 lakh kgs. belong to leaf grades and 7.74 lakh kgs. belong to dust grades. Around 22.34 lakh kgs. belong to CTC variety and 1.76 lakh kgs. belong to orthodox variety.
- The prices of Darjeeling tea has declined by around Rs.100/kg this season though production has declined by 20 percent. Lack of demand for second flush tea from Tata Global and Hindustan Unilever at domestic front and less demand from European Union are weighing on prices. The total offtake from Tata Global and Hindustan Unilever has declined to 17 percent in 2012 -13 compared to 29 percent during the previous year.
- According to the state-run Tea Board, output of tea in Srilanka declined by 23% to 30.71 million kgs. in June compared to the same period previous year.
- The Tea Board, Calcutta is looking at amending Tea Act 1953, mainly to revive the closed tea gardens in West Bengal. According to the Chairman of the Board, it is likely to meet the state government in the next fifteen days to reopen the closed tea gardens.

**Domestic Trade Scenario:**

**Indian Tea Auctions**

**Kolkata Tea Auction: Sale No: 30 (Price in Rs./kg)**

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC</b>	172.92	28,41,006	18,74,922
<b>ORTHODOX</b>	233.81	7,20,497	5,79,185
<b>DARJEELING</b>	312.12	1,73,048	1,11,148
<b>DUST</b>	182.89	14,13,866	11,26,601

(Source: CTTA, Parcon India)

Prices continued weak tone during the period amid higher offerings and lack of demand for good quality tea. Quantity offered for sale increased for all varieties except Darjeeling tea compared to previous week. In the CTC category, there was fair demand in the market. Select Best/Good varieties maintained steady tone and the medium and plainer varieties declined during the week. Fannings continued easy tone. There was active demand from Tata Global and Western India buyers. There was fair demand from Hindustan Unilever and Exporters. In the orthodox category, there was fair demand for well made tippy teas around lower levels. All other varieties continued easy tone. There was some enquiry from exporters in the market and internal buyers were selective. Prices are likely to recover by second week of August after the recent weakness.

**Guwahati Tea Auction: Sale No: 30 (Price in Rs./kg)**

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	158.48	27,83,914	19,78,236
Dust	168.14	15,39,338	12,80,039

(Source: CTTA, Parcon India)

Average price of CTC and Dust noticed weak tone during the week. Quantity offered on sale increased and around 30% remained unsold in the market. There was good demand for quality tea and fair demand for others. Buying support from blenders and internal buyers lend some support to the market. Withdrawals were noticed in the market. Exporters operated on selected varieties. Prices are likely to continue weak tone in the coming days.

**Siliguri Tea Auction: Sale No: 30 (Price in Rs./kg)**

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC Dust</b>	133.25	5,53,259	4,41,589
<b>CTC Leaf</b>	134.59	33,65,761	23,76,854

(Source: CTTA, Parcon India)

CTC Dust and Leaf prices declined during the week at Siliguri tea auction. Quantity offered on sale increased during the week. There was fair demand in the market. Select Bright Liquoring Sorts noticed firm tone and the other varieties noticed easy tone. There was not much buying from exporters and internal packeteers bought quality sorts. Blenders like Tata Global, GGL were active in the market. In the dust category, there was some demand from exporters and internal buyers. Prices are likely to notice steady to weak tone in the near –term.

**Jalpaiguri Tea Auction: Sale No: 30 (Price in Rs./kg)**

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC Dust</b>	-	No Offer	-
<b>CTC Leaf</b>	114.73	15,012	7,566

(Source: Jalpaiguri Tea Auction Committee)

At Jalpaiguri, tea auctions restarted on 24<sup>th</sup> June 2014. There was good demand for CTC Leaf variety in the domestic market and around 50% of the quantity offered was sold in the market. Export inquiry also lent some support to the market. Prices were higher compared to previous week following good demand in the market. There were no offerings of CTC Dust variety in the market amid lower production during this season.

**FUTURE OFFERINGS (PACKAGES):**

THIS YEAR				LAST YEAR	
	SALE	QTY	CL. DATE	QTY	CL. DATE
<b>SILIGURI</b>	<b>33</b>	100883	24.07.2014	84732	25.07.2013
<b>KOLKATA</b>	<b>33</b>	103542	23.07.2014	105654	24.07.2013
<b>GUWAHATI</b>	<b>32</b>	121092	16.07.2014	107339	17.07.2013
<b>JALPAIGURI</b>	<b>31</b>	208	19.07.2014	897	20.07.2013

(Source: Parcon India)

**Cochin Tea Auction: Sale No: 30 (Price in Rs./kg)**

<b>Cochin</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	100.47	1292698.90	1033624.10
CTC Leaf	74.44	88884.00	65364.00
Orthodox Dust	72.03	8701.00	7909.00
Orthodox Leaf	104.30	227235.00	156082.00

(Source: Paramount Marketing, Coimbatore)

Prices increased during the week for all varieties except for Orthodox Leaf. Quantity offered on sale declined during the week except for Leaf variety. Around 80% of the quantity offered on sale was sold in the market. 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 Broken noticed firm tone. There were much withdrawals for smaller, lower leaf grades, orthodox dust and some demand was noticed from exporters.

**Coimbatore Tea Auction: Sale No: 30 (Price in Rs./kg)**

<b>Coimbatore</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	75.61	400533.00	280492.00
CTC Leaf	65.63	212143.00	120202.00
Orthodox Dust	70.33	5859.00	5161.00
Orthodox Leaf	65.50	11601.00	1952.00

(Source: Paramount Marketing, Coimbatore)

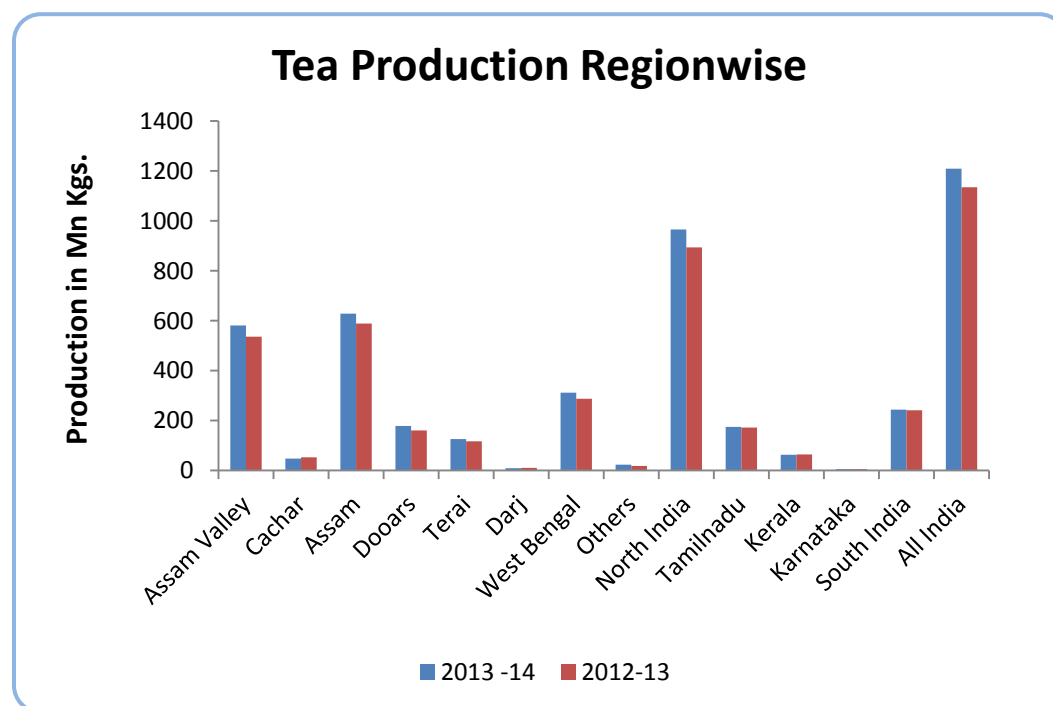
At Coimbatore tea auction, prices continued weak tone during the week. Quantity offered on sale increased compared to previous week except orthodox variety. There was not much export demand in the market and internal buyers were selective. Prices are likely to notice weak tone in the near –term.

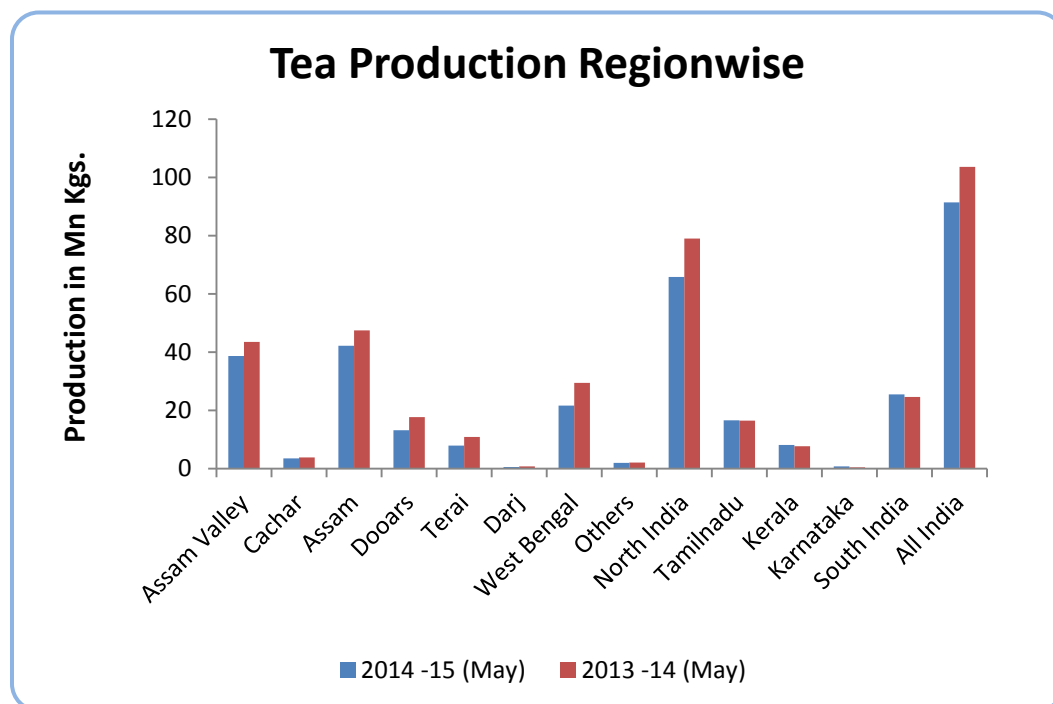
**Coonoor Tea Auction: Sale No: 30 (Price in Rs./kg)**

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	64.08	695035.00	552828.00
CTC Leaf	65.14	1472571.00	1115983.00
Orthodox Dust	94.14	56764.00	47543.00
Orthodox Leaf	77.24	122063.80	78138.20

(Source: Paramount Marketing, Coimbatore)

Prices noticed weak tone at Coonoor tea auction during the week. Higher quantity offered on sale and poor quality tea weighed on prices. There was slight improvement in orthodox dust variety. This year, Srilanka and Bangladesh have reported recorded production till date and are selling at cheaper rates in the market. Demand is expected to pick up in the coming month. Prices are likely to be range –bound to weak in the coming days.

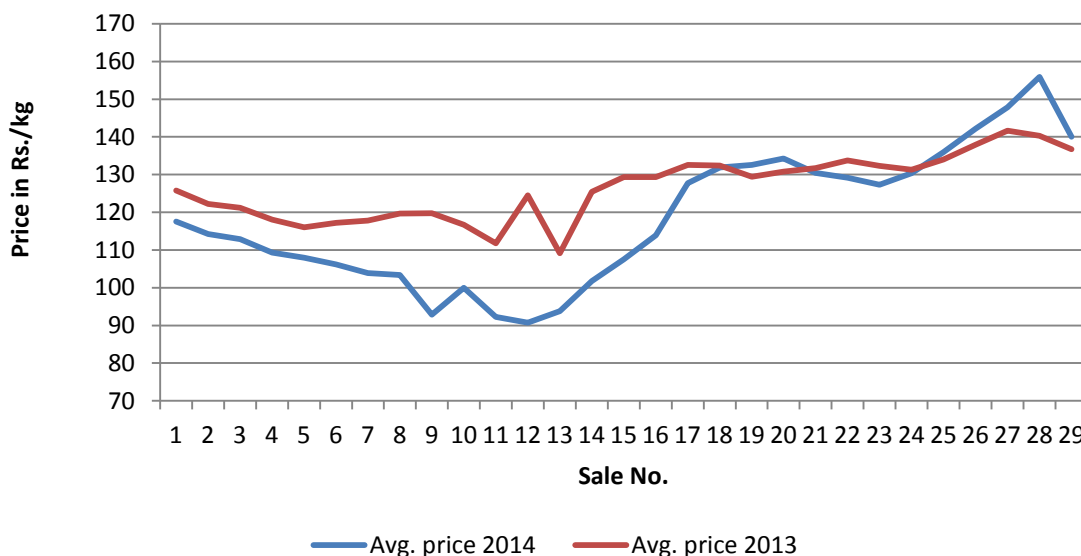




(Source: Tea Board)

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.

### Salewise Price of All Tea at All 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 lower compared to previous year amid higher offerings in the market and lack of good quality tea. The arrival of rain flush tea in the market is not of good quality. This year there is not much good demand for second flush tea in the domestic and global market. Prices are declining amid lack of demand in the market for good quality tea.

### Weekly Average Prices at Indian Auction Centers for week ending 2014-07-19

Varie ty	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbat ore	Tea Serve
<b>CTC All Dust</b>	181.20(153.68)	165.71(144.93)	138.56(124.85)	106.06(93.70)	95.80(113.79)	66.66(85.41)	73.92(91.64)	56.97(91.78)
<b>Total Tea</b>	194.77(175.67)	165.70(145.21)	138.56(124.85)	106.06(93.70)	96.86(115.93)	67.04(85.61)	74.09(91.72)	56.97(91.78)

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

Variety	North India	South India	All India
<b>CTC All Dust</b>	162.21(141.49)	75.26(95.83)	135.03(128.82)
<b>Total Tea</b>	168.57(151.33)	76.42(97.03)	140.05(136.75)

(Source: Tea Board)

**Tea – Technical Outlook**
**Total Tea -Kolkata**
**Technical Commentary:**

Tea prices have declined slightly during the week compared to previous week. However prices are holding within the uptrend channel supporting the overall positive tone of the market. MACD is increasing in the positive territory adding to the overall firm tone of the market. Stochastic oscillator is declining in the overbought region suggesting some near –term weakness. Any weakness towards the support levels should be considered as good buying opportunity for traders.

*The tea prices are likely to decline slightly in the coming days. Buyers can purchase around 180 -185 levels with the target of 200 levels.*


**Strategy: Buy around current levels**

Weekly Supports & Resistances		S1	S2	PCP	R1	R2
Total Tea	Kolkata	180.00	175.15	194.77	203.50	210.25



**International Trade Scenario:**

**Srilanka Tea Auction (Colombo): Sale No: 28 (Price in Srilankan Rs./kg)**

	BOP	BOPF
Good Westerns	420 - 520	440 - 570
Average Westerns	390 - 450	410 - 430
Plainer Westerns	350 - 380	360 - 400
Western Mediums	350 - 600	370 - 425
Uva Teas	340 - 470	380 - 480
Nuwara Eliya Teas	420	410 - 415
Udapussellawa Teas	340 - 405	330 - 425
CTC (BP1 and PF1)	360 - 490	350 - 560

In this week's auction, 7.8 million kgs of tea was offered for sale compared to 7.9 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 noticed easy tone following lower quality and Low Grown CTC's maintained steady tone during the week. There was good demand for liquoring leafy teas available in limited quantity.

In the leaf category, 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. The below best and plainer variety noticed weak tone during the period. There was active buying from Russia and export demand from Turkey, Iran, Iraq, Libya, Syria, Saudi Arabia and other middle-east countries lent some support to the market.

**DETAILS OF TEAS AWAITING SALE**

	30		29		28	
AUCTION NO.	05 <sup>th</sup> /06 <sup>th</sup> August 2014		28 <sup>th</sup> /30 <sup>th</sup> July 2014		22 <sup>nd</sup> /23 <sup>rd</sup> July 2014	
Dates	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	875	1,020,871 kg	935	1,119,759 kg	1,020	1,268,557 kg
Main Sale Total	11,377	6,335,547 kg	11,521	6,600,002 kg	11,527	6,528,223 kg
High & Medium	1,201	618,148 kg	1,582	886,727 kg	1,413	790,560 kg
Low Growns      Leafy	4,159	2,072,452 kg	4,318	2,196,581 kg	4,348	2,209,776 kg
	2,470	1,496,060 kg	2,275	1,402,791 kg	2,276	1,381,175 kg
Tippy						
Premium/Flowery	480	115,970 kg	506	123,739 kg	455	110,675 kg
Off Grades	2,536	1,497,330 kg	2,267	1,387,068 kg	2,579	1,569,598 kg
Dust	531	535,587 kg	573	603,096 kg	456	466,439 kg
Grand Total	12,252	7,356,418 kg	12,456	7,719,761 kg	12,547	7,796,780 kg
Reprints	562	383,221 kg	791	533,250 kg	490	282,044 kg
Scheduled to Close (Ex)		17.07.14		10.07.14		03.07.14
Dates (Ms)		18.07.14		11.07.14		04.07.14

**Scheduled Closing Dates**

Auction No. 29 : 28<sup>th</sup>/30<sup>th</sup> July 2014

Auction No.30 : 05<sup>th</sup>/06<sup>th</sup> August 2014

Ex Estate : 10.07.2014

Ex Estate : 17.07.2014

Main Sale : 11.07.2014

Main Sale : 18.07.2014

Auction No.31 : 12<sup>th</sup>/13<sup>th</sup> August 2014

Ex Estate : 24.07.2014

Main Sale : 25.07.2014

Auction No.32 : 19<sup>th</sup>/20<sup>th</sup> August 2014

Ex Estate : 31.07.2014

Main Sale : 01.08.2014

(Source: John Keells Tea Brokers)

**Kenya Tea Auction (Mombasa): Sale No: 28**

**AUCTION AVERAGE PRICES** (US\$/Kg)

AUCTION	KENYA	KENYA	TOTAL	TOTAL
	2013	2014	2013	2014
25	\$ 2.48	\$ 2.07	\$ 2.35	\$ 1.91
27	\$ 2.42	\$ 2.30	\$ 2.27	\$ 2.11
28	\$ 2.38	\$ 2.33	\$ 2.22	\$ 2.15

(In Srilankan Rupees)

QUOTATIONS	BROKENS	FANNINGS
<b>Best</b>	329 - 518	347-381
<b>Good</b>	335 – 389	347 - 352
<b>Good Medium</b>	327 - 381	322 - 352
<b>Medium</b>	302 - 358	297 - 321
<b>Lower Medium</b>	1173 - 288	237 - 316
<b>Plainer</b>	111 - 260	118 - 271

During the week good demand noticed for 7,670,763 kilos of tea on offer amid lower quantities available and improving quality. Brighter DUST1s were firm to USC22 dearer with mediums firm to USC18 dearer and prices of lower mediums were USC2 to USC4 easier. Prices of Brighter BP1's increased by USC8 to USC36, prices of mediums were USC 18 to USC32 dearer and prices of lower mediums were up to USC30 easier. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

In the secondary catalogues, BPs noticed firm tone and PF's were steady. Well sorted clean coloury Fannings and Dusts noticed firm tone. Other Fannings were steady and BMF's noticed good demand around current levels. There was good buying interest from Pakistan packers. There was more activity from UK, Baazar, Afghanistan, Kazakhstan, other CIS countries and Sudan. Some buying interest was noticed from Egyptian Packers and Russia. Demand remained subdued from Iran. Somalia showed more interest during the week.

(Source: Africa Tea Brokers)

**Indonesia Tea Auction (Jakarta): Sale No: 29**

<b>Orthodox</b>	<b>OFFERED</b>		<b>SOLD</b>		<b>%</b>
PTPN ESTATE	5.700	305.160 Kg	4.780	254.520 Kg	83.41
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
<b>TOTAL</b>	5.700	305.160 Kg	4.780	254.520 Kg	83.41
<b>C.T.C</b>	<b>OFFERED</b>		<b>SOLD</b>		<b>%</b>
PTPN ESTATE	1.400	79.980 Kg	1.380	78.920 Kg	98.67
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
<b>TOTAL</b>	1.400	79.980 Kg	1.380	78.920 Kg	98.67
<b>TOTAL</b>	7.100	385.140 Kg	6.160	333.440 Kg	

(Prices in US cents/kg)

<b>Orthodox First Grades</b>						
<b>BOP.I</b>	<b>BOP</b>	<b>BOPF</b>	<b>PF</b>	<b>DUST</b>	<b>BT</b>	<b>BP</b>
<b>167-200</b>	<b>130-220</b>	<b>129-185</b>	<b>124-218</b>	<b>124-206</b>	<b>119-180</b>	<b>264-272</b>

<b>Orthodox Secondary Grades</b>				
<b>PF.II</b>	<b>DUST.II</b>	<b>BT.II</b>	<b>BP.II</b>	<b>DUST.III</b>
<b>123-202</b>	<b>130-133</b>	<b>120-127</b>	<b>-</b>	<b>128-140</b>

<b>CTC First and Secondary Grades</b>						
<b>BP.1</b>	<b>PF.1</b>	<b>PD</b>	<b>D.1</b>	<b>FANN</b>	<b>D.2</b>	<b>D.3</b>
<b>155-166</b>	<b>157-163</b>	<b>163-175</b>	<b>155-180</b>	<b>130-147</b>	<b>148-152</b>	<b>---</b>

Market offerings decreased from 9,420 paper sacks to 7,100 paper sacks. There was good in the market around current levels. Average price increased to USDcts 160.90 instead of USDcts 148.56 during last week's auction. Average price of Orthodox variety increased to USDcts 161.99 and average price of CTC declined to USDcts 157.63. Secondary variety noticed firm tone and Fannings were steady. Quantity sold declined to 86.58% during the period compared to 87.90% during last auction.

**OFFERING FOR THE NEXT AUCTION**

<b>PRODUCER</b>	<b>Orthodox</b>		<b>C.T.C</b>	
	<b>06/08/14</b>	<b>13/08/14</b>	<b>06/08/14</b>	<b>13/08/14</b>
PTPN. IV	460 S	1.640 S	-	-
PTPN. VI	1.120 S	520 S	380 S	220 S
PTPN. VII	1.280 S	780 S	80 S	120 S
PTPN. VIII	5.820 S	7.660 S	420 S	600 S
PTPN. IX	560 S	720 S	-	-
PTPN. XII	- S	- S	520 S	640 S
Total Estate	9.240 S	11.320 S	1.400 S	1.580 S
Pagilaran	-	-	-	-
Total Private	--- S	--- S	--- S	--- S
Grand Total	9.240 S	11.320 S	1.400 S	1.580 S

(Source: TEH)

**Bangladesh Tea Auction (Chittagong): Sale No: 11**

(In US\$/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	165-175	Best	200-205
Medium	175-185	Good	195-199
Small	185-195	Medium	180-188
Plain	135-145	Plain	134-145

Tea prices at Bangladesh tea auction continued positive tone during the week following good demand for quality leaf from local buyers amid tight supplies ahead of Eid holidays. The average price of tea during this week's auction was around USD 2.50/kg. Around 1.67 million kgs of tea was offered for sale and nearly 24 percent remained unsold.

Blenders were more active for brighter liquoring varieties during the week. There was improved demand in the market at dearer rates. Internal demand remained subdued. 24,970 packages and 530 packages CTC Leaf of previous season noticed good demand. 5,122 packages of CTC Dust of previous season noticed fair demand. In CTC Dust, good liquoring varieties were slightly easy and declined by Tk.2 –Tk.3 in line with quality. Good liquoring Broken varieties noticed strong demand and sold at a rate of Tk.195 –Tk.202. Good liquoring varieties in fannings also noticed good demand at firm levels and sold at a rate between Tk. 195 -199. Good liquoring Dusts noticed good demand around lower levels.

(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
<i>Sri Lanka</i>	<i>May</i>	32.7	33.6	39.0	137.6	149.1	141.6	11.5	-7.5
<i>Bangladesh</i>	<i>May</i>	5.5	5.35	4.64	8.7	8.24	8.15	-0.46	-0.09
<i>Malawi</i>	<i>May</i>	3.8	4.7	4.6	30.3	27.9	32.7	-2.4	4.8
<i>Kenya</i>	<i>May</i>	37.4	39.6	41.2	128.0	195.1	193.2	67.1	-1.9
<i>North India</i>	<i>May</i>	78.8	79.0	65.9	157.9	170.3	149.0	12.4	-21.3
<i>South India</i>	<i>May</i>	24.6	24.7	25.5	90.8	91.6	90.6	0.8	-1.0
<i>Indonesia</i>	<i>Feb</i>	-	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	26-07-2014	19-07-2014
<b>USD</b>	60.048	60.440
<b>Srilankan Rupee</b>	0.4611	0.4640
<b>Indonesian Rupiah</b>	0.0052	0.0052
<b>Kenyan Shilling</b>	0.6845	0.6884
<b>Bangladeshi Taka</b>	0.7760	0.7768



**Overall Outlook and Recommendation:**

In the domestic market, prices noticed mostly weak tone during the week. Higher offerings and arrival of poor quality tea in the market weighed on prices. In north India, currently there is arrival of rain flush tea and quality is not up to the mark. It is expected to improve in the coming month. Availability of cheaper tea from Srilanka and Bangladesh weighed on prices. There is not much demand from exporters in the market.

In the global market, Srilanka continued to reap record production in the month of June. Weather conditions are favourable for production in the major tea growing regions of the world market. Offerings are likely to be higher in Indonesia and lower in Srilanka in the coming week. The current weakness in major tea markets at the domestic and global front should be considered as technical correction within the overall positive scenario of the market. Traders can purchase around current levels with medium –term perspective.

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