News Highlights

- According to a senior official of the Tea Board, several quality checks are being done to ensure that the consumer gets good tea for the price he pays. The newly recruited factory officers do random checking and submit their report. During the first six months of 2014, the Board collected 86,000 kg tea samples of which 20,000 kg of samples did not conform to quality norms. There is some improvement as the rejection rate has declined from 40 per cent to 25 per cent.

- The consumption of green tea is picking up in India following its health benefits. According to industry sources, green tea category has been growing around 60% year –on –year basis compared to black tea, which is growing around 2%.

- The Tea Board of India is planning to certify 500 million kgs of tea, around 51% of the produce under the Trustea programme. The programme is likely to be completed by December 2014 and has already verified 4,3 million kgs of tea across Assam and South India. Under the Trustea Programme, six pilot projects have been launched across the country to demonstrate the sustainability of tea cultivation using the more bio-friendly methods outlined in the PPC and the Trustea code.

- Tea Exporters in South India want the intervention of the Tea Board to help them receive the refund of value –added tax on time from the Commercial Tax Department. According to the Chairman of the Board, the outstanding refund from the department has increased up to Rs. 13 crores.

- Small tea cultivators in Nilgiris are in crisis following the decline in cost of green leaf price to Rs.8/kg compared to Rs.11/kg during the previous month. They are not able to meet the cost of production. According to sources, many of the benefits and subsidies extended by the State government through industrial co-operative tea factories (INDCO) is not reaching majority of the small tea cultivators as they depend on private factories to supply their leaf.

- Exports of Srilankan tea for the month of June 2014 totalled 30.6M/kgs compared to 24.8M/kgs of 2013, showing a growth of 5.8M/kgs. Tea in packets, tea in bags and tea in bulk have shown a growth in 2014 compared to the corresponding period of 2013. CIS has emerged as the largest tea importer during the period followed by Turkey and Iran.

- Pakistan's import of black tea in June 2014 was reported at 12.90 million kgs. compared to 12.33 million kgs. in May 2014.

- Iran has slowed down imports of tea from India following comfortable stocks in the domestic market.

- In Indonesia, tea production is declining following reduced availability of land. According to the Agriculture Ministry, tea production in Indonesia, the seventh largest producer of tea in the world needs to be increased. The output of tea in the country has declined to 146,682 tons last year compared to 156,604 tons in 2010 following land conversion of 2000 hectares (ha) per year in the last five years.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 31 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	167.66	28,44,242	20,15,817
ORTHODOX	236.06	7,34,643	5,33,010
DARJEELING	340.58	1,58,872	71,728
DUST	171.58	14,75,990	10,78,355

(Source: CTTA, Parcon India)

Prices noticed positive tone in all categories except CTC variety. Quantity offered on sale during the week increased compared to previous week. In the CTC category there was normal demand for Select Best/Good variety and not much demand for the plainer varieties. There was active demand from Tata Global and Western India buyers. In the orthodox category, there was fair demand for well made tippy teas around lower levels. All other varieties continued easy tone. Prices are likely to continue positive tone in the near –term.

Guwahati Tea Auction: Sale No: 31 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	153.36	33,98,684	23,89,086
Dust	162.98	16,57,541	12,61,310

(Source: CTTA, Parcon India)

Average price of CTC and Dust noticed weak tone during the week. Quantity offered on sale increased and around 25% remained unsold in the market. Arrival of rain flush tea in the market is not of good quality and is expected to improve by second week of August. Export demand is expected to pick up in the coming days. Blenders lent some support to the market. Prices are likely to continue weak tone in the coming days.

Siliguri Tea Auction: Sale No: 31 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	127.57	5,67,473	3,89,806
CTC Leaf	132.74	32,94,789	22,84,273

(Source: CTTA, Parcon India)

Prices noticed weak tone during the week. Quantity offered on sale increased during the week and around 25% remained unsold during the period. There was not much demand from exporters following quality. Tata Global, GGL were active buyers in the market. Bright Liquoring sorts noticed some buying interest. Internal buyers lent some support to the market in the dust category. Prices are likely to recover in the coming days.

Jalpaiguri Tea Auction: Sale No: 31 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	-	-	-
CTC Leaf	-	-	-

(Source: Jalpaiguri Tea Auction Committee)

There was no auction during the week following the festival of Eid.

Cochin Tea Auction: Sale No: 31 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	98.66	1282937	974598
CTC Leaf	75.15	85449	43772
Orthodox Dust	76.70	10927	7004
Orthodox Leaf	108.70	209355	131532

(Source: Paramount Marketing, Coimbatore)

Prices declined during the week except leaf variety. Quantity offered on sale declined compared to previous week. There was fair demand in the market and around 76% of the quantity offered was sold I the market. Select Best Liquoring teas maintained steady tone while others eased by around Rs.2-3/kg. 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, exporters and upcountry buyers remained subdued in the market. In the orthodox category, there was some demand from Hindustan Unilever Ltd. and exporters. There were some withdrawals in the market. Prices are likely to be steady to weak in the coming days.

Coimbatore Tea Auction: Sale No: 31 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	73.59	404810.00	245673.00
CTC Leaf	64.82	240009.00	132122.00
Orthodox Dust	66.90	5328.00	1668.00
Orthodox Leaf	70.00	5701.00	1554.00

(Source: Paramount Marketing, Coimbatore)

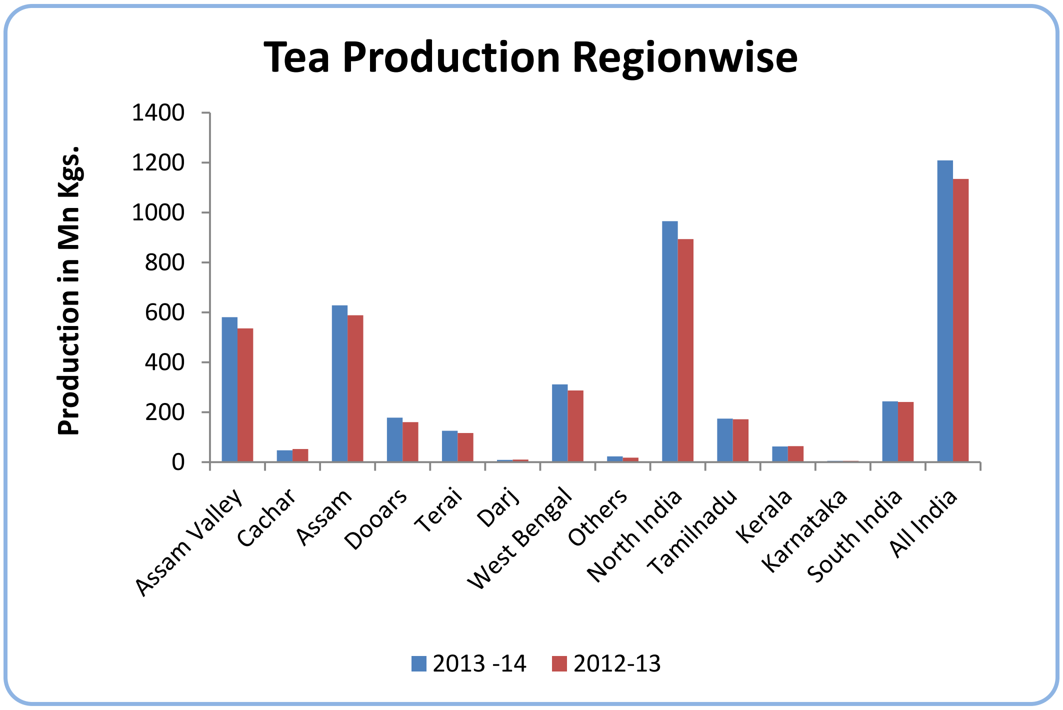
At Coimbatore tea auction, prices noticed weak tone except orthodox leaf variety. Quantity offered on sale during the week increased except for the dust variety. Demand from exporters for good quality tea lent some support to the market. Prices are likely to be range –bound to weak in the near –term.

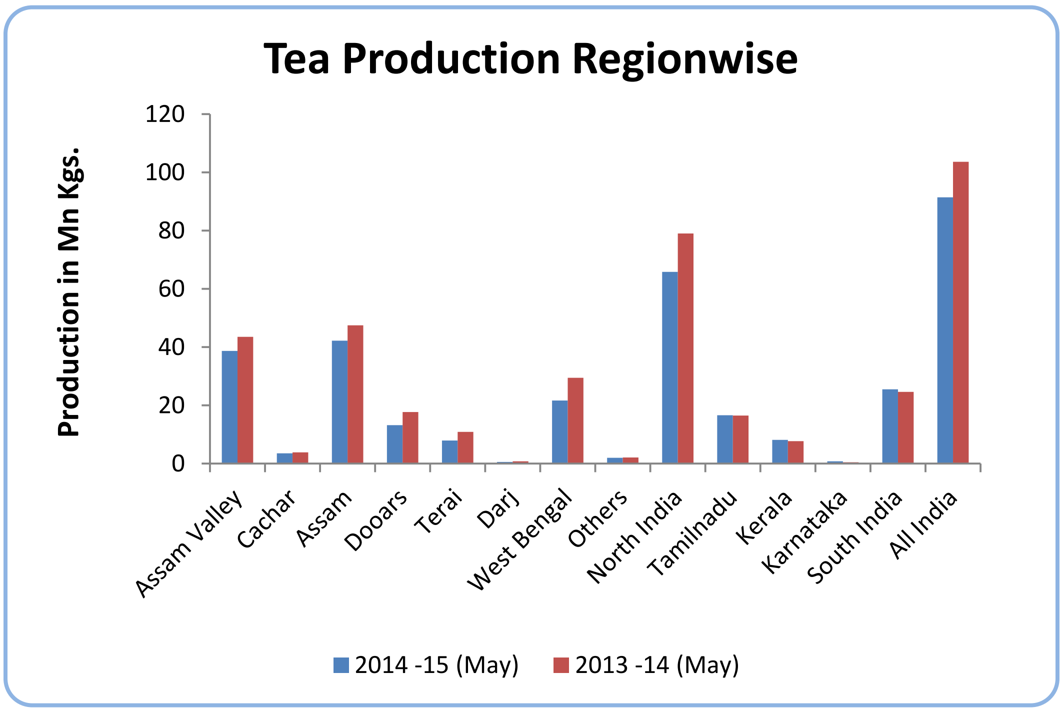
Coonoor Tea Auction: Sale No: 31 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	64.04	452113.50	366557.00
CTC Leaf	65.67	1132878.00	730939.00
Orthodox Dust	100.26	42385.00	40757.00
Orthodox Leaf	74.52	76229.20	47802.00

(Source: Paramount Marketing, Coimbatore)

Prices improved slightly during the week at Coonoor tea auction. Lower quantity offered on sale and demand from upcountry buyers lent some support to the market. Volume of tea offered at Sale No: 31, Coonoor tea auction declined to 17.29 lakh kgs compared to the highest volume of 24.10 lakh kgs offered last week. Out of this 3.05 lakh kgs are mainly the unsold tea in previous auctions. A volume of 12.30 lakh kg belongs to the leaf grades and 4.99 lakh kg belongs to the dust grades. Prices are likely to be range –bound to firm in the coming days.

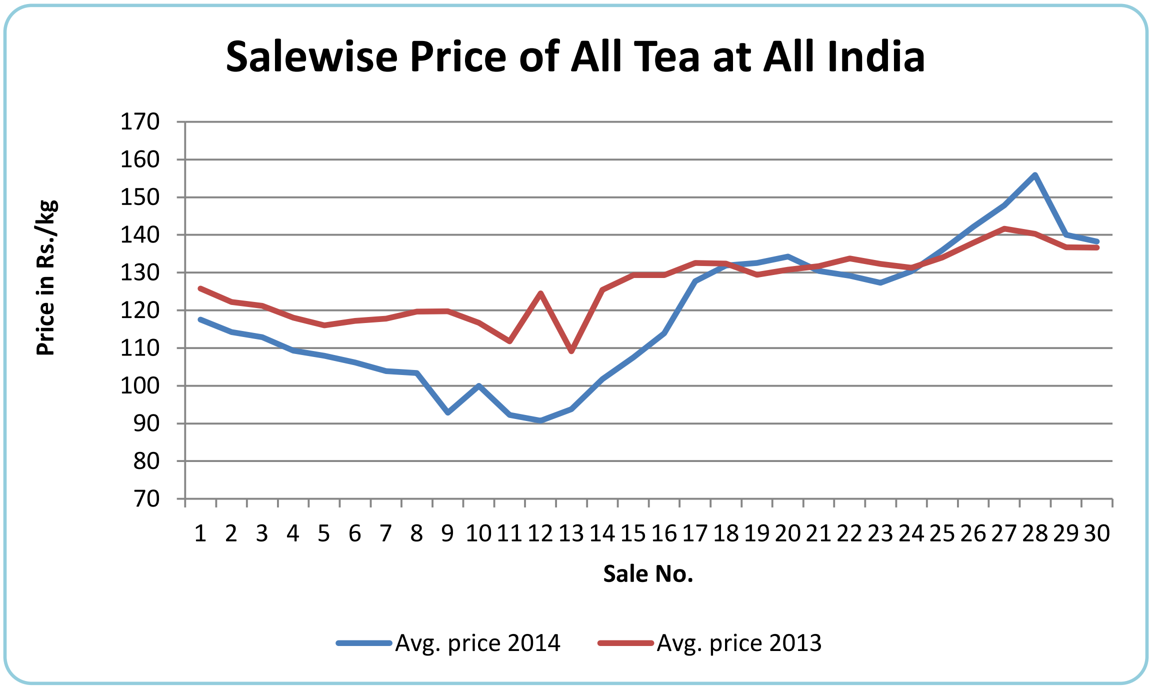




(Source: Tea Board)

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 higher offerings in the market and lack of good quality tea. Currently there is not much demand for rain flush tea in the domestic and global market. Prices are declining amid lack of arrival of good quality tea in the market.

Weekly Average Prices at Indian Auction Centers for week ending 2014-07-26

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	176.66(150.47)	162.26(142.14)	134.38(123.97)	114.73(94.78)	98.73(116.45)	65.60(83.93)	72.59(91.76)	57.05(91.87)
Total Tea	189.71(170.76)	162.30(142.30)	134.38(123.98)	114.73(94.78)	99.43(118.70)	66.11(84.21)	72.55(91.74)	57.05(91.87)

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

Variety	North India	South India	All India
CTC All Dust	158.32(139.87)	74.42(95.14)	133.25(128.78)
Total Tea	164.57(149.32)	75.61(96.25)	138.28(136.67)

(Source: Tea Board)

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

Technical Commentary:
Tea prices continued weak tone during the week. However prices are holding within the uptrend channel supporting the overall positive tone of the market. Prices are holding above 9 –Day and 21 –Day EMA supporting the overall positive tone in the market. The current weakness in the market should be considered as good buying opportunity. RSI is declining in the neutral region supporting weakness in the near –term.

The tea prices are likely to decline slightly in the coming days. Buyers can purchase around 180 levels with the target of 195 levels.

Strategy: Buy around current levels

Weekly Supports & Resistances		**S1**	**S2**	**PCP**	**R1**	**R2**
Total Tea	Kolkata	180.00	175.15	189.71	203.50	210.25

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 29 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	430 - 520	470 - 600
Average Westerns	380 - 410	425 - 450
Plainer Westerns	350 - 375	395 - 415
Western Mediums	370 - 580	375 - 440
Uva Teas	345 - 570	390 - 480
Nuwara Eliya Teas	430 - 510	440 - 510
Udapussellawa Teas	335 - 390	360 - 435
CTC (BP1 and PF1)	360 - 500	360 - 570

In this week's auction, 7.7 million kgs of tea was offered for sale compared to 7.8 million kgs of tea during the previous week. There was fair demand in the market around lower levels. Better western BOP's/BOPF's noticed improved demand during the week. High Grown and Mid Grown CTC's noticed firm tone following good demand 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 noticed firm tone. In the Tippy catalogues, better made FBOP/FF1's continued steady tone during the week. The below best and plainer variety noticed easy tone during the week. There was active buying from Russia and Iran. Export demand from Turkey Iraq, Libya, Syria and Saudi Arabia lent some support to the market.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	31		30		29	
Dates	12th/13th August 2014 No. of Lots	No. of Kgs	05th/06th August 2014 No. of Lots	No. of Kgs	28th/30th July 2014 No. of Lots	No. of Kgs
Ex Estate	908	1,048,095 kg	875	**Ex Estate**	908	1,048,095 kg
Main Sale Total	11,711	6,540,237 kg	11,377	**Main Sale Total**	11,711	6,540,237 kg
High & Medium	1,404	723,339 kg	1,201	High & Medium	1,404	723,339 kg
Low Growns Leafy Tippy	4,308 2,512	2,175,786 kg 1,545,828 kg	4,159 2,470	**Low Growns Leafy** Tippy	4,308 2,512	2,175,786 kg 1,545,828 kg
Premium/Flowery	508	123,421 kg	480	**Premium/Flowery**	508	123,421 kg
Off Grades	2,497	1,478,588 kg	2,536	**Off Grades**	2,497	1,478,588 kg
Dust	482	493,275 kg	531	**Dust**	482	493,275 kg
Grand Total	12,619	7,588,332 kg	12,252	Grand Total	12,619	7,588,332 kg
Reprints	619	376,796 kg	562	Reprints	619	376,796 kg
Scheduled to Close (Ex) Dates (Ms)		24.07.14 25.07.14		Scheduled to Close (Ex) Dates (Ms)		24.07.14 25.07.14

Scheduled Closing Dates

Auction No.30	:	05th/06th August 2014
Ex Estate	:	17.07.2014
Main Sale	:	18.07.2014
Auction No.31	:	12th/13th August 2014
Ex Estate	:	24.07.2014
Main Sale	:	25.07.2014
Auction No.32	:	19th/20th August 2014
Ex Estate	:	31.07.2014
Main Sale	:	01.08.2014
Auction No.33	:	26th/27th August 2014
Ex Estate	:	07.08.2014
Main Sale	:	08.08.2014

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 29

AUCTION AVERAGE PRICES (US$/Kg)

AUCTION	KENYA 2013	KENYA 2014	TOTAL 2013	TOTAL 2014
27	$ 2.42	$ 2.30	$ 2.27	$ 2.11
28	$ 2.38	$ 2.33	$ 2.22	$ 2.15
29	$ 2.49	$ 2.35	$ 2.32	$ 2.18

(In Srilankan Rupees)

QUOTATIONS	BROKENS	FANNINGS
Best	363 - 526	342-365
Good	397 – 415	335 – 350
Good Medium	315 - 418	335 – 350
Medium	310 - 354	296 – 305
Lower Medium	204 - 288	268 – 289
Plainer	125 - 243	125 - 242

During the week good but irregular demand noticed for 7,368,947 kilos of tea on offer following quality. Brighter DUST1s were USC6 to USC26 dearer with mediums firm to USC30 dearer and prices of lower mediums gained USC2 to USC6 during the week. Prices of Brighter BP1's increased up to USC46, prices of mediums were USC6 to USC28 dearer and prices of lower mediums were up to USC22 higher. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed firm tone amid good demand during the week.

In the secondary catalogues, BPs noticed firm tone and PF's were dearer. Well sorted clean coloury Fannings and Dusts noticed steady tone. Other Fannings were steady and BMF's noticed firm tone. There was good buying interest from Kazakhstan, CIS countries, Egyptian packers, Yemen and other middle –East countries. There was less activity from Sudan, Afghanistan and UK. Some buying interest was noticed from Bazaar, Iran and Russia. Somalia purchased around lower levels in the market during the week.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 30

This week no auction following the festival of 'Eid'.

Bangladesh Tea Auction (Chittagong): Sale No: 12

(In US$/kg)

This week no auction following the festival of 'Eid'.

WORLD CROP STATISTICS IN (Mn/kgs)

Country	*MONTH*	*2014*	*2013*	*CUMULATIVE*	*2014*	*2013*	*CUMULATIVE + INC./- DEC.*
Sri Lanka	*June*	*30.70*	*24.87*	*Up to June*	*172.51*	*174.06*	*- 1.55*
North India	*May*	*65.90*	*79.0*	*Up to May*	*149.0*	*170.3*	*- 21.3*
South India	*May*	*25.5*	*24.7*	*Up to May*	*90.6*	*91.6*	*- 1.0*
Kenya	*May*	*41.19*	*39.60*	*Up to May*	*193.24*	*195.09*	*- 1.85*
Bangladesh	*June*	*4.64*	*5.35*	*Up to June*	*16.25*	*15.18*	*+ 1.07*
Malawi	*June*	*4.6*	*4.7*	*Up to June*	*34.9*	*30.3*	*+ 4.6*

(Source: John Keells 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. However in the current year till May, production has declined in the major countries except Bangladesh and Malawi. 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	02-08-2014	26-07-2014
USD	60.82	60.048
Srilankan Rupee	0.4670	0.4611
Indonesian Rupiah	0.0052	0.0052
Kenyan Shilling	0.6929	0.6845
Bangladeshi Taka	0.7868	0.7760

Overall Outlook and Recommendation:

In the domestic and global market, trade remained lack –luster following the festival of 'Eid'. The arrival of rain flush tea in the domestic market is not reported to be of good quality. Demand is likely to improve with the arrival of good quality rain flush tea, which is expected by second –third week of August. There was fair demand from exporters in the market. Good Liquoring Teas and Select/Best variety continued steady to firm tone while others noticed easy tone.

In the global market, there was no auction in Bangladesh and Indonesia during the week following Eid'. Offerings are likely to be less in Srilanka in the coming week. Weather remains favourable in the major growing regions and production is normal till date. Export demand is expected to pick up in the coming days. Buyers can consider purchasing around current levels and those looking for better quality tea may have to pay a premium in the medium –term.