

## **News Highlights**

- According to the Tea Board, production of tea in India increased by 3.3 percent in June to 141.32 million kgs compared to the same period previous year. This was mainly due to plucking gaining momentum in the southern states of Tamil Nadu and Kerala. India is the second largest tea producer and exports CTC grade tea to Egypt, Pakistan, UK and orthodox grade to Iran, Iraq and Russia.
- At Sale No: 31 of Coonoor Tea Auction, prices remained around Rs.66/kg same as last week and this is the lowest price of the year till date. Around 27 percent of the quantity offered on sale remained unsold in the market amounting to Rs. 3.46 crores (5.18 lakh kgs. of tea). Prices ranged between Rs.43-48/kg for plain leaf grades and Rs.100-160/kg for brighter liquoring sorts. The prices ranged between Rs.45-49/kg for plain dusts and Rs.120-175/kg for brighter liquoring dusts.
- According to officials of Darjeeling Tea Association, Nepalese tea is entering India through porous border. It is mandatory for tea imports from Nepal to be registered. However retailers feel that it is difficult to differentiate between Nepal tea and Darjeeling tea. The cost of Darjeeling tea is around Rs.340/kg and Nepal tea is around Rs.100/kg less. Darjeeling produces annually 8.5 -9.0 million kgs tea annually in its 87 estates.
- In the current calendar year, India is leading global shortage of black tea production. In the first half of the calendar year, the global black tea production has declined to 871.91 million kgs. compared to 891.69 million kgs. during the same period previous year. Of this India accounts for a shortage of 17.83 million kgs. following decline in North Indian production by 22.27 million kgs.
- According to tea marketers, output of tea increased by 4.6 percent to 31.9 million kgs compared to 30.5 million kgs in 2013. The marginal increase in production was noticed in the tea growing regions of Rift Valley following right rainfall condition.
- The health benefits of green tea have pushed up the sales in the urban areas of Nepal. According to trade sources, the consumption of green tea is growing 10-15 percent annually. Green tea is being publicized for healthier skin, building a stronger immune system, assisting hair growth, weight loss and is also effective against diseases like high blood pressure, diabetes and cancer.

## Domestic Trade Scenario:

### Indian Tea Auctions

#### Kolkata Tea Auction: Sale No: 32 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	164.87	30,33,294	18,03,336
ORTHODOX	224.73	8,40,607	6,18,216
DARJEELING	276.69	1,71,110	78,191
DUST	165.17	14,10,011	10,13,217

(Source: CTTA, Parcon India)

Prices declined during the week amid higher offerings and lack of demand. In the CTC category, there was good demand for Best variety and less for other varieties. Tata Global and Western India buyers were active. There was fair enquiry from exporters and Hindustan Unilever Limited. The local buyers purchased Selective Dooars. In the orthodox category there was fair demand. Well made and Tippy Sorts were steady to lower. There was some demand from exporters and local buyers bought secondary brokens. The rain flush tea arriving in the market is not up to the mark. Prices are likely to be range –bound to weak in the near –term.

#### Guwahati Tea Auction: Sale No: 32 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	150.24	33,84,374	22,02,593
Dust	157.98	16,21,526	11,35,809

(Source: CTTA, Parcon India)

Average price of CTC and Dust declined during the week. Quantity offered on sale declined and around 25% remained unsold in the market. There was fair demand in the market. Exporters were selective and there was some demand from internal buyers. Prices are likely to continue weak tone in the coming days.

#### Siliguri Tea Auction: Sale No: 32 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	126.82	5,87,261	4,30,624
CTC Leaf	129.81	36,14,345	26,51,945

(Source: CTTA, Parcon India)

Prices noticed weak tone at Siliguri tea auction during the week. Quantity offered on sale increased during the week. Good Liquoring teas were steady and other varieties declined. There was good buying support from Tata Global and blenders. Enquiry from exporters lent some support to the market. There was demand for quality sort in the domestic market. Prices are likely to notice steady to weak tone in the near –term.

**Jalpaiguri Tea Auction: Sale No: 32 (Price in Rs./kg)**

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	-	-	-
CTC Leaf	105.93	11293	3696

(Source: Jalpaiguri Tea Auction Committee)

At Jalpaiguri, tea auctions restarted on 24<sup>th</sup> June 2014. Lack of demand weighed on prices during the week. Around 70% of the quantity offered on sale remained unsold at the auction. Lack of availability of good quality tea is adding to the weak tone of the market. In the current year, the tea growing regions have not received sufficient rainfall. There were no offerings of CTC Dust tea at the auction. Prices are likely to continue weak tone in the coming days.

**FUTURE OFFERINGS (PACKAGES):**

SALE		THIS YEAR		LAST YEAR	
QUANTITY		CL. DATE	QUANTITY		CL. DATE
SILIGURI	35	101933	07.08.2014	90786	08.08.2013
KOLKATA	35	119344	06.08.2014	116624	10.08.2013
GUWAHATI	34	136959	30.07.2014	114936	31.07.2013
JALPAIGURI	33	139	02.08.2014	481	03.08.2013

(Source: Parcon India)

**Cochin Tea Auction: Sale No: 32 (Price in Rs./kg)**

<b>Cochin</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	93.95	1192190.30	864286.70
CTC Leaf	72.40	79871.00	64928.00
Orthodox Dust	76.71	13352.00	11944.00
Orthodox Leaf	108.94	168683.00	110933.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed mixed tone at Cochin tea auction. Prices of dust category declined amid higher offerings and lack of good quality tea. Prices of orthodox category increased amid lower offerings and some demand for good quality leaf. More than 70% of the quantity offered was sold in the market. Tata Global, AVT, Kerala Civil Supplies are the main buyers. In the CTC dust category, loose tea traders and upcountry buyers remained subdued in the market. Buying from Hindustan Unilever Ltd. lent some support to the market. Prices are likely to be range –bound to weak in the near –term.

**Coimbatore Tea Auction: Sale No: 32 (Price in Rs./kg)**

<b>Coimbatore</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	70.68	344235.00	232117.00
CTC Leaf	67.88	165361.00	103548.00
Orthodox Dust	67.08	5440.00	5440.00
Orthodox Leaf	73.41	10638.00	4639.00

(Source: Paramount Marketing, Coimbatore)

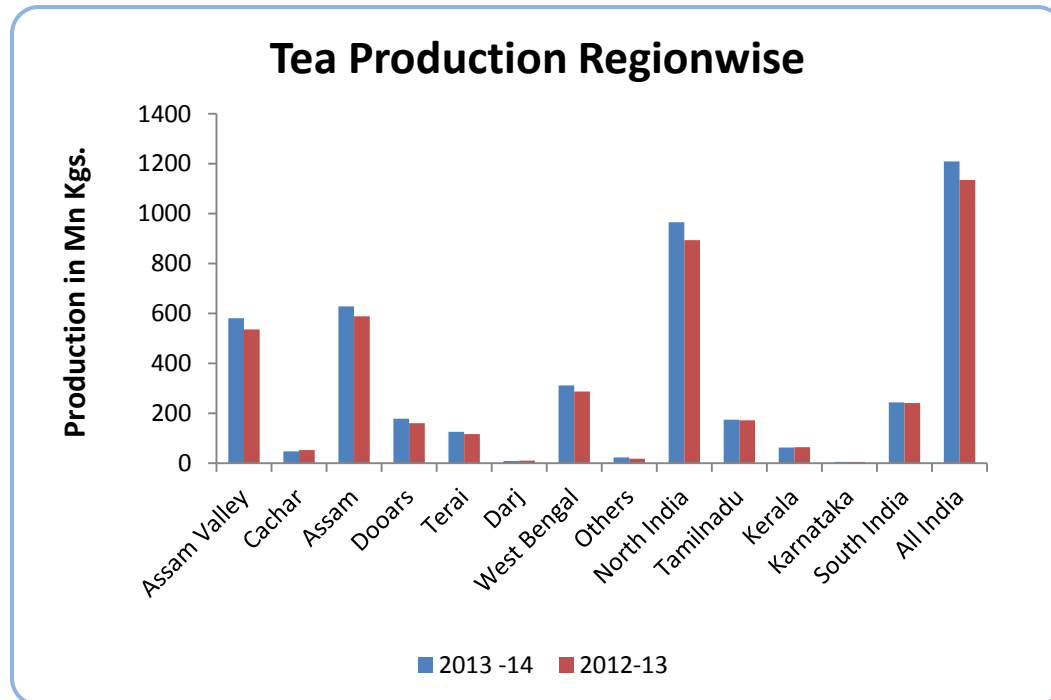
Prices increased during the week except for CTC Dust variety. Quantity offered and percentage sold increased during the week. Lack of demand for plainer varieties weighed on prices. Good demand for best quality tea lent support to prices. There was some export inquiry in the market. Prices are likely to be steady to firm in the coming days.

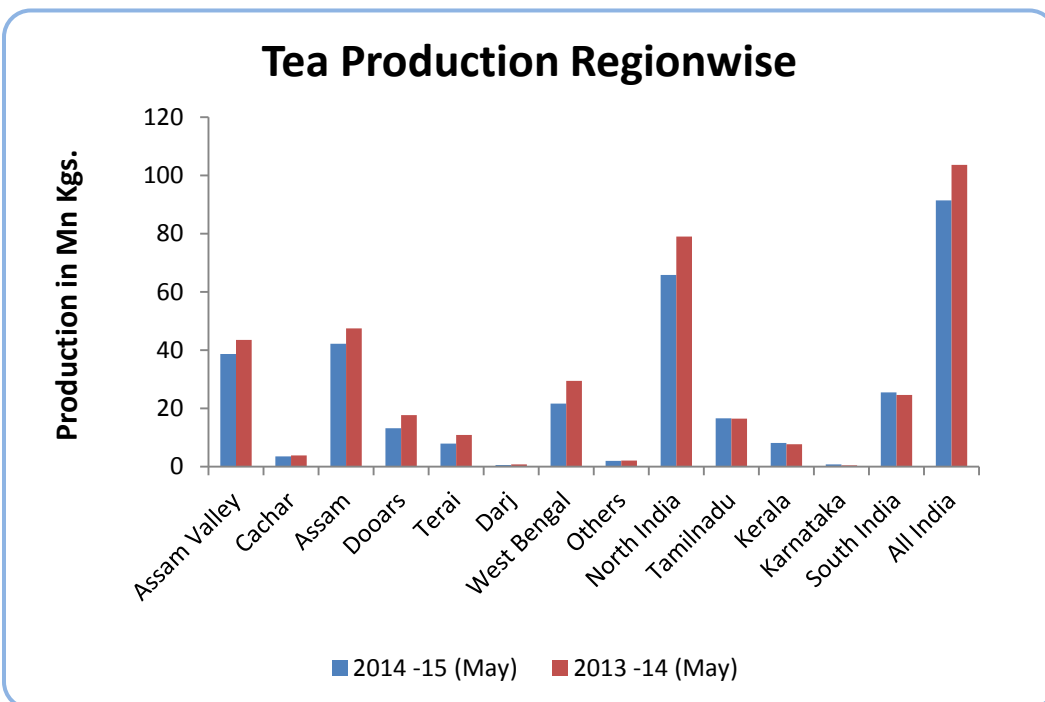
**Coonoor Tea Auction: Sale No: 32 (Price in Rs./kg)**

<b>Coonoor</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	65.43	529417.50	398594.00
CTC Leaf	61.68	1354509.00	919970.00
Orthodox Dust	100.53	49103.00	40236.00
Orthodox Leaf	75.46	66244.60	52655.40

(Source: Paramount Marketing, Coimbatore)

Prices continued positive tone during the week. Quantity offered on sale increased during the week except for orthodox leaf variety. Demand in the local and export market lent some support to the market. Heavy rains in the last few days might affect the quality of tea in the near –term. Volumes have been increasing at the auction during the last few weeks. Prices are likely to be range –bound to weak in the near –term.

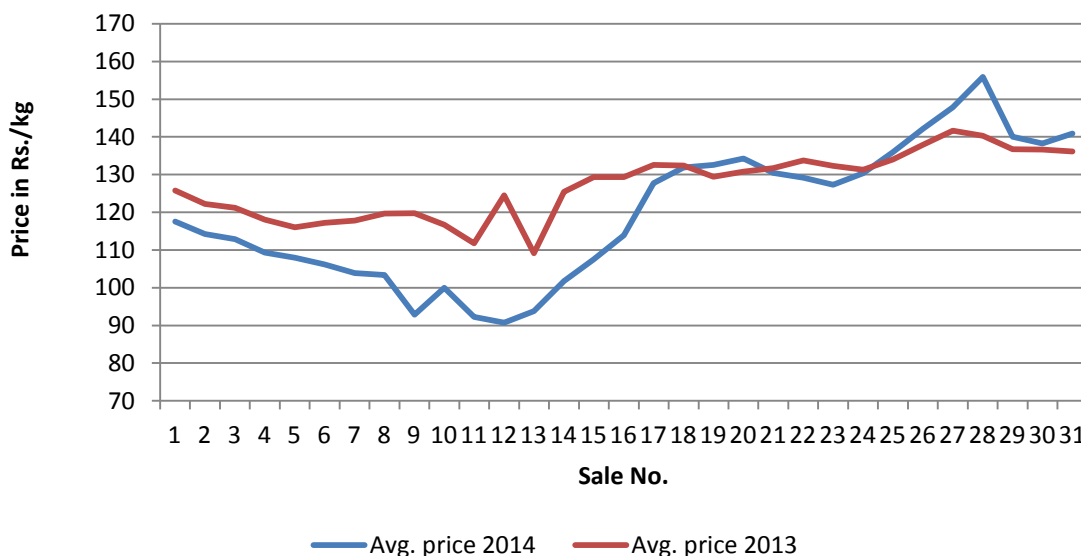




(Source: Tea Board)

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.

### 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 higher compared to previous year amid demand in the market for good quality tea. This year there is not much good demand for rain flush tea in the domestic and global market. Prices have recovered slightly during the week.


### Weekly Average Prices at Indian Auction Centers for week ending 2014-08-02

Varie ty	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbat ore	Tea Serve
CTC All Dust	169.05(147.60)	158.57(140.94)	132.00(121.56)	120.00(92.41)	97.51(117.24)	66.39(85.20)	70.51(92.35)	55.80(87.94)
Total Tea	182.03(169.10)	158.65(141.14)	132.00(121.57)	120.00(92.41)	98.78(120.05)	66.71(85.54)	70.51(92.27)	55.80(87.94)

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

Variety	North India	South India	All India
CTC All Dust	154.46(138.13)	76.70(95.31)	136.19(127.83)
Total Tea	160.17(147.90)	78.03(96.90)	140.90(136.17)

(Source: Tea Board)

Tea – Technical Outlook		Total Tea -Kolkata				
<p><b>Technical Commentary:</b> Tea prices continued weak tone during the period. Prices are holding within the uptrend channel and are likely to recover in the coming days. Prices are holding below 9 –Day and 21 –Day EMA supporting some weakness in the coming days. Stochastic oscillator is declining in the neutral region supporting some weakness in the near –term. Buyers can look for better levels in the coming days.</p> <p><i>The tea prices are likely to decline in the coming days. Buyers can purchase around 170 -175 levels with the target of 200 levels.</i></p>						
<b>Strategy: Buy around current levels</b>						
Weekly Supports & Resistances		S1	S2	PCP	R1	R2
Total Tea	Kolkata	175.15	160.00	182.03	193.50	200.25



**International Trade Scenario:**
**Srilanka Tea Auction (Colombo): Sale No: 30 (Price in Srilankan Rs./kg)**

	BOP	BOPF
Good Westerns	435 - 510	480 - 600
Average Westerns	390 - 430	420 - 470
Plainer Westerns	335 - 380	340 - 410
Western Mediums	355 - 620	375 - 435
Uva Teas	330 - 860	375 - 520
Nuwara Eliya Teas	490	450 - 670
Udapussellawa Teas	330 - 400	340 - 445
CTC (BP1 and PF1)	345 - 490	340 - 560

In this week's auction, 7.36 million kgs of tea was offered for sale compared to 7.7 million kgs of tea during the previous week. There was good demand in the market around current levels. Better western BOP's/BOPF's noticed improved demand during the week. High Grown and Mid Grown CTC's noticed mixed tone with much quantity remaining unsold amid lack of bids and Low Grown CTC's were dearer during the week. There was good demand for liquoring leafy teas.

In the leaf category, Better PEK/PEK1's were mostly firm and a few bolder types noticed steady tone. In the Tippy catalogues, better made FBOP declined and FF1's continued steady tone during the week. The below best and plainer variety noticed easy tone during the week amid lack of demand. There was active buying from Russia and the tea bag sector. There was not much demand from Ukraine and Syria. Export demand from Turkey, Iraq, Libya, and Saudi Arabia lent some support to the market.

**DETAILS OF TEAS AWAITING SALE**

	32		31		30	
AUCTION NO.	19th/20th August 2014		12th/13th August 2014		05th/06th August 2014	
Dates	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	940	1,090,088 kg	908	1,048,095 kg	875	1,020,871 kg
Main Sale Total	11,546	6,401,680 kg	11,711	6,540,237 kg	11,377	6,335,547 kg
High & Medium	1,179	584,964 kg	1,404	723,339 kg	1,201	618,148 kg
Low Growns      Leafy	4,431	2,244,477 kg	4,308	2,175,786 kg	4,159	2,072,452 kg
	2,517	1,535,092 kg	2,512	1,545,828 kg	2,470	1,496,060 kg
Tippy						
Premium/Flowery	511	117,907 kg	508	123,421 kg	480	115,970 kg
Off Grades	2,446	1,454,080 kg	2,497	1,478,588 kg	2,536	1,497,330 kg
Dust	462	465,160 kg	482	493,275 kg	531	535,587 kg
Grand Total	12,486	7,491,768 kg	12,619	7,588,332 kg	12,252	7,356,418 kg
Reprints	566	369,310 kg	619	376,796 kg	562	383,221 kg
Scheduled to Close (Ex)		31.07.14		24.07.14		17.07.14
Dates (Ms)		01.08.14		25.07.14		18.07.14

**Scheduled Closing Dates**

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

Auction No.33 : 26<sup>th</sup>/27<sup>th</sup> August 2014

Ex Estate : 07.08.2014

Main Sale : 08.08.2014

Auction No. 34 : 02<sup>nd</sup>/03<sup>rd</sup> September 2014

Ex Estate : 14.08.2014

Main Sale : 15.08.2014

(Source: John Keells Tea Brokers)

**Kenya Tea Auction (Mombasa): Sale No: 30**

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

AUCTION	KENYA	KENYA	TOTAL	TOTAL
	2013	2014	2013	2014
28	\$ 2.38	\$ 2.33	\$ 2.22	\$ 2.15
29	\$ 2.49	\$ 2.35	\$ 2.32	\$ 2.18
30	\$ 2.43	\$ 2.30	\$ 2.29	\$ 2.13

(In Srilankan Rupees)

QUOTATIONS	BROKENS	FANNINGS
<b>Best</b>	394 - 513	321-368
<b>Good</b>	392 – 431	310 – 329
<b>Good Medium</b>	329 – 444	309 – 329
<b>Medium</b>	289 – 365	279 – 297
<b>Lower Medium</b>	204 – 321	263 – 294
<b>Plainer</b>	118 - 265	118 - 230

During the week fair demand noticed for 7,163,335 kilos of tea on offer following quality. Around 16.33% of the quantity offered on sale remained unsold. Brighter DUST1s were USC3 to USC20 easier with mediums USC3 to USC20 lower and prices of lower mediums declined USC2 to USC6 during the week. Prices of Brighter BP1's increased USC12 to USC26, prices of mediums were USC16 to USC20 lower and prices of lower mediums were up to USC24 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 firm tone. Other Fannings were steady and BMF's noticed good demand. There was good buying interest from Kazakhstan, CIS countries, Egyptian packers, Yemen and other middle –East countries. There was less activity from Afghanistan and Bazaar. Demand remained subdued from Russia. Somalia purchased around lower levels in the market during the week.

(Source: Africa Tea Brokers)

**Indonesia Tea Auction (Jakarta): Sale No: 30**

<b>Orthodox</b>	<b>OFFERED</b>		<b>SOLD</b>		<b>%</b>
PTPN ESTATE	9.200	498.740 Kg	7.380	402.560 Kg	80.72
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
<b>TOTAL</b>	<b>9.200</b>	<b>498.740 Kg</b>	<b>7.380</b>	<b>402.560 Kg</b>	<b>80.72</b>
<b>C.T.C</b>	<b>OFFERED</b>		<b>SOLD</b>		<b>%</b>
PTPN ESTATE	2.000	113.120 Kg	1.860	105.420 Kg	93.19
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
<b>TOTAL</b>	<b>2.000</b>	<b>113.120 Kg</b>	<b>1.860</b>	<b>105.420 Kg</b>	<b>93.19</b>
<b>TOTAL</b>	<b>11.200</b>	<b>611.860 Kg</b>	<b>9.240</b>	<b>507.980 Kg</b>	<b>83.03</b>

(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>190</b>	<b>148-176</b>	<b>125-192</b>	<b>122-210</b>	<b>124-212</b>	<b>117-148</b>	<b>272-312</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>120-180</b>	<b>128-135</b>	<b>113-146</b>	<b>180</b>	<b>125-133</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>150-172</b>	<b>157-197</b>	<b>160-200</b>	<b>151-190</b>	<b>132-181</b>	<b>147-157</b>	<b>---</b>

Market offerings increased to 11,200 paper sacks from 7,100 paper sacks. There was good demand in the market around current levels. Average price increased to USDcts 163.65 instead of USDcts 160.90 during last week's auction. Average price of Orthodox variety increased to USDcts 163.93 and average price of CTC declined to USDcts 162.55. Secondary variety noticed easy tone and Fannings were steady. Quantity sold declined to 76.04% during the period compared to 86.58% during last auction.

**OFFERING FOR THE NEXT AUCTION**

<b>PRODUCER</b>	<b>Orthodox</b>		<b>C.T.C</b>	
	<b>13/08/14</b>	<b>20/08/14</b>	<b>13/08/14</b>	<b>20/08/14</b>
PTPN. IV	1.640 S	1.640 S	-	-
PTPN. VI	520 S	520 S	220 S	220 S
PTPN. VII	780 S	780 S	120 S	120 S
PTPN. VIII	7.660 S	7.660 S	600 S	600 S
PTPN. IX	720 S	720 S	-	-
PTPN. XII	- S	- S	640 S	640 S
Total Estate	11.320 S	11.320 S	1.580 S	1.580 S
Pagilaran	-	-	-	-
Total Private	--- S	--- S	--- S	--- S
Grand Total	11.320 S	11.320 S	1.580 S	1.580 S

(Source: TEH)

**Bangladesh Tea Auction (Chittagong): Sale No: 12**

(In US\$/kg)

No auction following the festival of Eid.

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	165-170	Best	195-200
Medium	175-180	Good	190-195
Small	183-192	Medium	178-185
Plain	135-140	Plain	130-140

Tea prices at Bangladesh tea auction declined during the week amid highest offering of the season till date. Strong demand for quality leaf limited losses. The average price of tea during this week's auction was around USD 2.50/kg. More than 2.00 million kgs of tea was offered for sale and nearly 28 percent remained unsold.

There was fair demand from blenders and some buying interest was noticed from loose tea buyers. There was improved demand in the market and prices declined amid higher offerings owing to Eid holidays during the previous weeks. 31,946 packages and 512 packages CTC Leaf of previous season noticed fair demand. 5,889 packages and 20 packages of CTC Dust of previous season noticed fair demand around lower levels. In CTC Dust, good liquoring varieties were slightly easy and declined by Tk.5 –Tk.10 in line with quality. Good liquoring Broken varieties noticed good demand and sold at a rate of Tk.192 –Tk.197. Good liquoring varieties in fannings also noticed fair demand and sold at a rate between Tk. 190 -195. Good liquoring Dusts noticed good demand from loose tea buyers.

(Source: National Brokers Limited)

**WORLD CROP STATISTICS IN (Mn/kgs)**

<i>Country</i>	<i>MONTH</i>	<i>2014</i>	<i>2013</i>	<i>CUMULATIVE</i>	<i>2014</i>	<i>2013</i>	<i>CUMULATIVE</i> <i>+ INC./-</i> <i>DEC.</i>
<i>Sri Lanka</i>	<i>June</i>	30.70	24.87	<i>Up to June</i>	172.51	174.06	- 1.55
<i>North India</i>	<i>May</i>	65.90	79.0	<i>Up to May</i>	149.0	170.3	- 21.3
<i>South India</i>	<i>May</i>	25.5	24.7	<i>Up to May</i>	90.6	91.6	- 1.0
<i>Kenya</i>	<i>June</i>	31.94	30.53	<i>Up to June</i>	225.19	225.62	- 0.43
<i>Bangladesh</i>	<i>June</i>	4.64	5.35	<i>Up to June</i>	16.25	15.18	+ 1.07
<i>Malawi</i>	<i>June</i>	4.6	4.7	<i>Up to June</i>	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.

<b>Currency</b>	<b>09-08-2014</b>	<b>02-08-2014</b>
<b>USD</b>	61.22	60.82
<b>Srilankan Rupee</b>	0.4702	0.4670
<b>Indonesian Rupiah</b>	0.0052	0.0052
<b>Kenyan Shilling</b>	0.6960	0.6929
<b>Bangladeshi Taka</b>	0.7906	0.7868



### **Overall Outlook and Recommendation:**

In the domestic market, prices noticed weak tone in north India and improved slightly in south India. Quantity offered on sale increased during the week and there were much withdrawals in the market. The rain flush tea arriving in the market is not up to the mark. Export demand is sluggish amid lack of availability of good quality tea and higher production in Bangladesh and Srilanka.

In the global market, future offerings are expected to increase in Srilanka and Indonesia. Weather remains favourable in the tea growing regions. It is mostly drier in Srilanka, Indonesia and weather is cool in Kenya and Malawi. Prices are likely to decline in the medium –term and buyers can look for better levels in the coming days.

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