News Highlights

- According to sources at Mcleod Russel, the world's largest tea producer, the industry is hoping to maintain output at last year's level in August amid current weather condition. The crop loss was more in April and May and started declining in June. However exports are likely to be affected this year. Indian orthodox tea is mostly supplied in the overseas markets. Lower realization coupled with lower volume sales will weigh on exports in the current year.

- There will be no tea auction at Coonoor on Friday following Independence Day and it will be held on Thursday. The amount of tea on offer in Sale No. 33 has declined by 1.58 lakh kgs. to 18.87 lakh kgs. compared to last week. Of this, 13.64 lakh kgs. belong to the leaf grades and the rest to the dust grades. There was good demand for brighter liquoring teas from upcountry buyers. Internal buyers were less active in the market.

- According to IMD, Indian south –west monsoon during June –September is likely to be 87 percent of long –term average and there are no signs of drought as of date.

- According to DGCIS, exports of tea during the period April –July 2014 declined by 8.30% to 1154.90 crores rupees during the same period in the previous year.

- According to the Tea Board of Kenya, exports of tea during January –June 2014 increased to 250 million kgs. compared to 246.7 million kgs. during the same period last year. Output declined by 0.2 percent to 225.2 million kgs. during this period. Kenya is the leading exporter of black tea in the world. The average price of black tea at Mombasa auction during January –June 2014 declined to $2.24 per kg from $2.80 during the same period previous year.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 33 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	159.59	27,85,117	18,16,615
ORTHODOX	226.86	6,12,573	4,46,868
DARJEELING	294.9	1,28,652	75,988
DUST	164.16	13,60,286	9,49,449

(Source: CTTA, Parcon India)

Prices continued weak tone during this week amid lack of availability of good quality tea. Quantity offered on sale was less compared to previous week. In the CTC category there was fair to irregular demand for Select Best Liquoring Assams and there was not much demand for Plainer sorts. Tata Global and Western India buyers were active. There was fairy enquiry from exporters and Hindustan Unilever Limited. The local buyers purchased Selective Dooars. In the orthodox category there was fair demand in the market. Clean Well Made and Tippy Sorts noticed mixed tone. Lack of enquiry from exporters and local traders added to the weak tone of the market. Prices are likely to notice steady to weak tone in the near –term.

Guwahati Tea Auction: Sale No: 33 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	148.12	34,95,836	24,33,208
Dust	157.10	16,13,807	11,91,466

(Source: CTTA, Parcon India)

Average price of CTC and Dust continued weak tone during the period. There was fair demand in the market. Buying from internal buyers and blenders lend some to the market. Exporters bought selective tea varieties. Prices are likely to decline in the coming days.

Siliguri Tea Auction: Sale No: 33 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	120.73	5,76,589	3,65,643
CTC Leaf	128.54	36,57,639	25,79,785

(Source: CTTA, Parcon India)

Prices declined at Siliguri tea auction during the week. Quantity offered on sale declined slightly during the week. In the Leaf category there was good demand, for Good quality tea and fair for other varieties. There was good buying support from Tata Global, HUL and Mohan Tea. GGL and exporters were selective. Internal buyers lent some support to the market. In the Dust category, demand remained subdued. Lack of demand from exporters and internal buyers weighed on the market. Prices are likely to continue weak tone in the coming days.

Jalpaiguri Tea Auction: Sale No: 33 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	-	-	-
CTC Leaf	103.25	8411	5212

(Source: Jalpaiguri Tea Auction Committee)

At Jalpaiguri, tea auctions restarted on 24th June 2014. Lack of demand weighed on prices during the week. Around 70% of the quantity offered on sale remained unsold at the auction. Quality of tea arriving in the market is not up to the mark following lack of sufficient rainfall in the growing regions in the current year. 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**	
		QTY	**CL.DATE**	**QTY**	**CL. DATE**
SILIGURI	**36**	101782	14.08.2014	83774	16.08.2013
KOLKATA	**37**	118254	12.08.2014	132323	21.08.2013
GUWAHATI	**35**	134536	06.08.2014	115977	07.08.2013

(Source: Parcon India)

Cochin Tea Auction: Sale No: 33 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	96.18	1254041.80	981819.50
CTC Leaf	84.11	73497.00	50680.00
Orthodox Dust	81.39	12859.00	12859.00
Orthodox Leaf	105.18	170292.00	113790.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed mixed tone at Cochin tea auction. Prices of dust category increased amid demand for good quality tea. Prices of orthodox category (dust variety) declined amid higher offerings and lack of demand around current levels. 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: 33 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	71.90	343419.00	213938.00
CTC Leaf	62.14	188023.00	81181.00
Orthodox Dust	68.76	34561.00	23963.00
Orthodox Leaf	85.67	13614.00	7744.00

(Source: Paramount Marketing, Coimbatore)

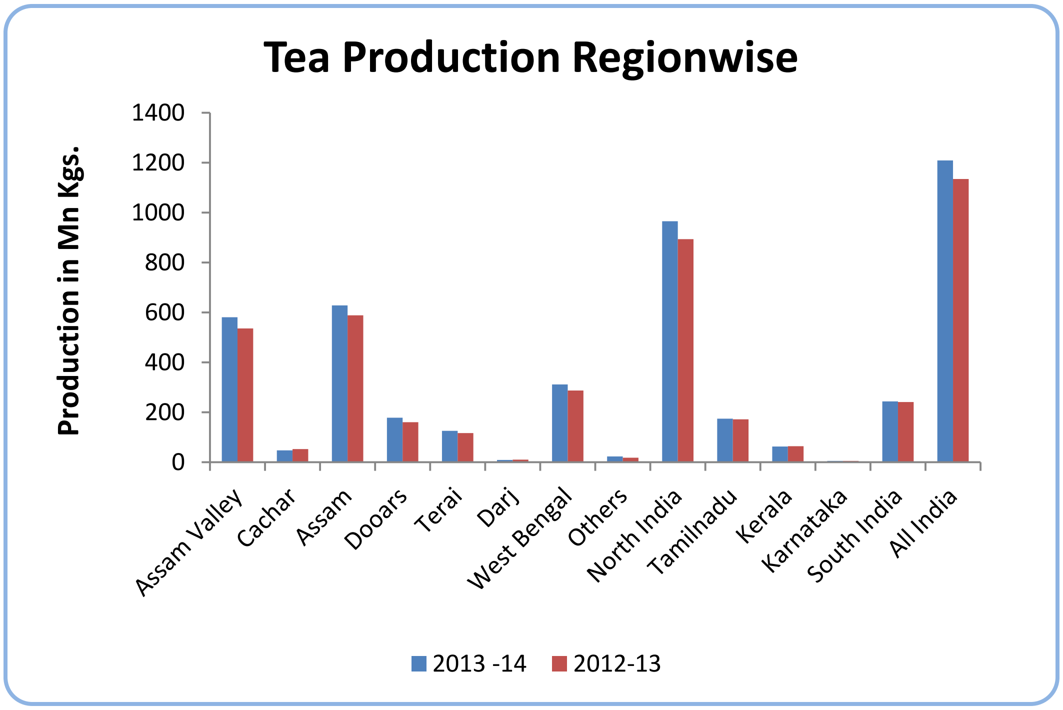
Prices increased during the week except for CTC Leaf variety. Quantity offered and percentage sold increased during the week. Demand from exporters lent some support to the market. Demand for the plainer varieties remained lower. Prices are likely to be range –bound to firm in the coming days.

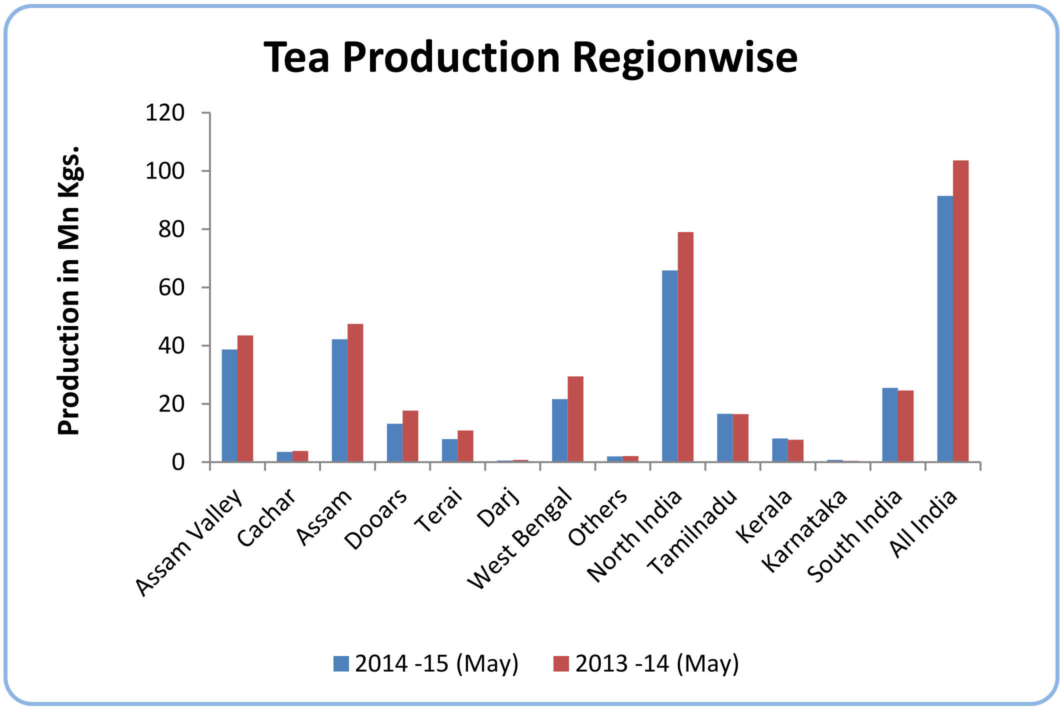
Coonoor Tea Auction: Sale No: 33 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	64.62	474580.00	306000.00
CTC Leaf	60.49	1279585.00	895308.00
Orthodox Dust	98.35	42682.00	33697.00
Orthodox Leaf	77.47	65470.00	58013.40

(Source: Paramount Marketing, Coimbatore)

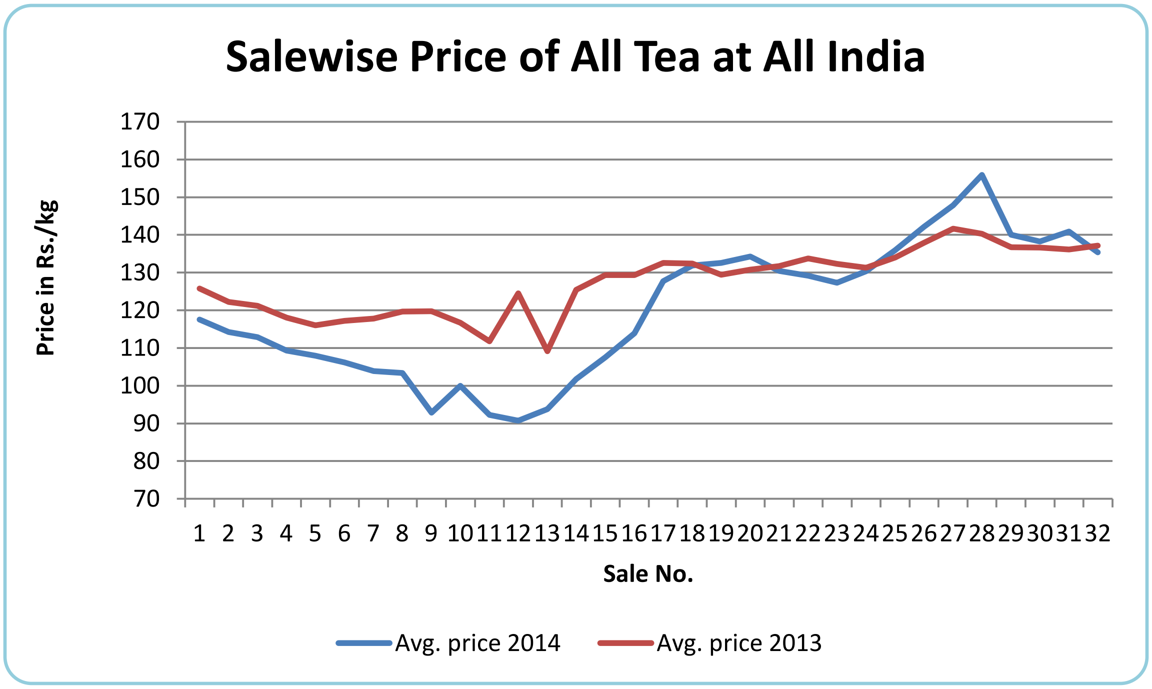
Prices noticed weak tone during the period except orthodox leaf variety. Quantity offered on sale declined during the week and around 70% of the quantity was sold in the CTC category. Lack of demand in the local market weighed on prices. Heavy rains in the last few days have affected the quality of tea. Volumes have declined slightly during the week. Prices are likely to continue weak tone 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.



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 lack of availability of good quality tea in the market. This year there is not much good demand for rain flush tea in the domestic and global market. Prices have declined slightly during the week.

Weekly Average Prices at Indian Auction Centers for week ending 2014-08-09

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	164.98(150.85)	152.84(139.61)	129.43(118.32)	105.93(90.24)	92.55(123.69)	63.93(84.59)	69.77(94.01)	53.22(86.24)
Total Tea	177.98(169.95)	152.88(139.88)	129.43(118.32)	105.93(90.24)	94.01(124.90)	64.36(84.79)	69.82(94.18)	53.22(86.24)

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

Variety	North India	South India	All India
CTC All Dust	148.72(138.28)	72.65(97.10)	130.38(129.13)
Total Tea	154.47(147.69)	74.00(97.94)	135.34(137.16)

(Source: Tea Board)

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

Technical Commentary:
Tea prices noticed weak tone during the week. Prices are holding within the uptrend channel in the weekly chart and are likely to gain positive tone in the coming days. MACD is declining in the positive territory some weakness in the coming days. RSI is declining in the neutral region supporting near – term weakness. Buyers are advised to wait for better levels in the coming days.

The tea prices are likely to decline in the coming days. Buyers can purchase around 170 levels with the target of 190 levels.

Strategy: Buy around current levels

Weekly Supports & Resistances		**S1**	**S2**	**PCP**	**R1**	**R2**
Total Tea	Kolkata	170.15	160.00	177.98	193.50	200.25

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 31 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	440 - 480	480 - 610
Average Westerns	400 - 430	425 - 460
Plainer Westerns	360 - 385	370 - 410
Western Mediums	405 - 600	380 - 440
Uva Teas	370 - 900	400 - 650
Nuwara Eliya Teas	425 - 470	NQ - 470
Udapussellawa Teas	335 - 435	350 - 525
CTC (BP1 and PF1)	360 - 490	345 - 590

In this week's auction, 7.59 million kgs of tea was offered for sale compared to 7.36 million kgs of tea during the previous week. There was good demand for well made teas during the week. Better western BOP's/BOPF's noticed steady to firm tone during the week. High Grown and Mid Grown CTC's noticed mixed tone and Low Grown CTC's declined 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 easy tone. In the Tippy catalogues, better made FBOP noticed firm tone 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 around current levels. There was active buying from Iran, Syria and Turkey. There was not much demand from Russia. Export demand from Iraq, Libya, and Saudi Arabia lent some support to the market.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	33		32		31	
Dates	19th/20th August 2014		12th/13th August 2014		05th/06th August 2014	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	910	1,070,961 kg	940	1,090,088 kg	908	1,048,095 kg
Main Sale Total	11,460	6,325,919 kg	11,546	6,401,680 kg	11,711	6,540,237 kg
High & Medium	1,188	613,228 kg	1,179	584,964 kg	1,404	723,339 kg
Low Growns Leafy	4,287	2,151,388 kg	4,431	2,244,477 kg	4,308	2,175,786 kg
Tippy	2,690	1,639,096 kg	2,517	1,535,092 kg	2,512	1,545,828 kg
Premium/Flowery	551	126,809 kg	511	117,907 kg	508	123,421 kg
Off Grades	2,256	1,296,705 kg	2,446	1,454,080 kg	2,497	1,478,588 kg
Dust	488	498,693 kg	462	465,160 kg	482	493,275 kg
Grand Total	12,370	7,396,880 kg	12,486	7,491,768 kg	12,619	7,588,332 kg
Reprints	1219	761,177 kg	566	369,310 kg	619	376,796 kg
Scheduled to Close (Ex) Dates		07.08.14		31.07.14		24.07.14
(Ms)		08.08.14		01.08.14		25.07.14

Scheduled Closing Dates

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

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

Ex Estate : 14.08.2014

Main Sale : 15.08.2014

Auction No. 35 : 09th /10th September 2014

Ex Estate : 21.08.2014

Main Sale : 22.08.2014

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 31

AUCTION AVERAGE PRICES (US$/Kg)

AUCTION	KENYA 2013	KENYA 2014	TOTAL 2013	TOTAL 2014
29	$ 2.49	$ 2.35	$ 2.32	$ 2.18
30	$ 2.43	$ 2.30	$ 2.29	$ 2.13
31	$ 2.42	$ 2.20	$ 2.31	$ 2.05

(In Srilankan Rupees)

QUOTATIONS	BROKENS	FANNINGS
Best	384 - 515	302-352
Good	381 – 405	293 – 309
Good Medium	315 – 434	289 – 307
Medium	289 – 329	269 – 292
Lower Medium	203 – 310	252 – 286
Plainer	111 - 205	111 - 228

During the week less demand noticed for 7,027,445 kilos of tea on offer following quality. Around 21.69% of the quantity offered on sale remained unsold. Brighter DUST1s were firm to USC10 easier with mediums USC4 to USC10 lower and prices of lower mediums declined USC2 to USC8 during the week. Prices of Brighter BP1's declined USC4 to USC20, prices of mediums were USC8 to USC28 lower and prices of lower mediums were firm to USC12 lower. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed steady to easy tone amid lack of inquiry during the week.

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

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 31

Orthodox	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	11.060	609.340 Kg	8.640	469.660 Kg	77.08
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	11.060	609.340 Kg	8.640	469.660 Kg	77.08
C.T.C	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	1.580	90.520 Kg	1.520	87.220 Kg	96.91
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	1.580	90.520 Kg	1.520	87.220 Kg	96.91
TOTAL	12.640	699.680 Kg	10.160	556.880 Kg	79.57

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	**BOP**	**BOPF**	**PF**	**DUST**	**BT**	**BP**
162-200	**133-202**	**125-198**	**131-214**	**131-206**	**122-180**	**234-312**

Orthodox Secondary Grades				
PF.II	**DUST.II**	**BT.II**	**BP.II**	**DUST.III**
126-190	**129-138**	**124-135**	**160-273**	**122-137**

CTC First and Secondary Grades						
BP.1	**PF.1**	**PD**	**D.1**	**FANN**	**D.2**	**D.3**
152-175	**159-185**	**164-206**	**160-192**	**132-176**	**150-164**	**---**

Market offerings increased to 12,640 paper sacks from 12,200 paper sacks. There was good demand in the market around current levels. Average price increased to USDcts 167.65 instead of USDcts 163.65 during last week's auction. Average price of Orthodox variety increased to USDcts 167.62 and average price of CTC increased to USDcts 162.55. Secondary variety and Fannings noticed easy tone. Quantity sold increased to 79.57% during the period compared to 76.57% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox 20/08/14	Orthodox 27/08/14	C.T.C 20/08/14	C.T.C 27/08/14
PTPN. IV	1.280 S	1.300 S	-	-
PTPN. VI	1.100 S	1.200 S	260 S	320 S
PTPN. VII	1.220 S	1.060 S	- S	320 S
PTPN. VIII	6.860 S	6.900 S	500 S	560 S
PTPN. IX	600 S	500 S	-	-
PTPN. XII	- S	- S	520 S	520 S
Total Estate	11.060 S	10.960 S	1.280 S	1.720 S
Pagilaran	-	-	-	-
Total Private	--- S	--- S	--- S	--- S
Grand Total	11.060 S	10.960 S	1.280 S	1.720 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 13
(In US$/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	165-170	Best	196-200
Medium	175-180	Good	192-195
Small	184-194	Medium	177-184
Plain	130-140	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 30 percent remained unsold.

There was good demand from blenders and some buying interest was noticed from loose tea buyers. There was lower demand in the market and prices declined amid higher offerings. 31,621 packages and 674 packages CTC Leaf of previous season noticed fair demand. 5,439 packages and 94 packages of CTC Dust of previous season noticed less demand around current levels. In CTC Dust, good liquoring varieties were dearer and declined up to Tk.5/kg in line with quality. Good liquoring Broken varieties noticed good demand and sold at a rate of Tk.190 –Tk.195. Good liquoring varieties in fannings also noticed fair demand and sold at a rate between Tk. 192 -195. Good liquoring Dusts noticed fair demand from loose tea buyers.

(Source: National Brokers Limited)

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	*June*	*111.3*	*112.2*	*Up to June*	*260.3*	*282.5*	*- 21.3*
South India	*June*	*30.0*	*24.7*	*Up to June*	*120.6*	*116.3*	*+ 4.3*
Kenya	*June*	*31.94*	*30.53*	*Up to June*	*225.19*	*225.62*	*- 0.43*
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	16-08-2014	09-08-2014
USD	60.97	60.82
Srilankan Rupee	0.4683	0.4670
Indonesian Rupiah	0.0052	0.0052
Kenyan Shilling	0.6928	0.6929
Bangladeshi Taka	0.7877	0.7868

Overall Outlook and Recommendation:

In the domestic market, prices noticed mostly weak tone except slight recovery at Cochin and Coimbatore auction centers. Heavy rains during the last few days have affected the quality of tea. Lack of availability of good quality tea weighed on prices. Quality is likely to improve in the coming days. Future offerings in north India could be slightly lower. Prices are likely to notice steady to weak tone amid lack of enquiry in the export market.

In the global market, weather is favourable in the major tea growing regions. Future offerings are expected to decline in Srilanka and Indonesia. As on June 2014, production is lower in Kenya and Srilanka. However it is expected to pick up in the coming months. Prices are likely to decline in the medium –term and buyers can wait for better buying levels in the coming days.