News Highlights

- After the recent report by Greenpeace, regarding presence of pesticide in Indian tea, companies are coming forward towards non –pesticide management. Companies like Unilever and Girnar have decided to phase out pesticides in tea cultivation.

- The volume of tea on offer at Coonoor Tea Trade Association has declined this week at Sale No. 34 to be held on Thursday and Friday. Quantity of tea to be offered on sale has declined by 3.32 lakh kgs. to 17.74 lakh kgs. compared to previous week.

- Thousands of workers belonging to 22 labour unions of north Bengal have organized a rally at Siliguri on Wednesday demanding a minimum wage structure for tea garden workers. A memorandum has been submitted to the Joint Labour Commissioner in this regard.

- According to Tea Board of India, exports of Indian tea have increased by nearly 5% to 53.23 million kgs. during the period January –June 2014 compared to the same period previous year.

- According to trade sources, Kenya is loosing about Sh450 million annually on poor production and tea sales in the global market. Farmers are not willing to grow tea following lower production. Kenya has good potential in tea production.

- 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: 34 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	152.43	32,27,564	20,74,943
ORTHODOX	213.13	7,34,093	5,04,997
DARJEELING	297.54	1,55,412	1,08,052
DUST	165.61	14,01,926	11,24,273

(Source: CTTA, Parcon India)

Prices noticed mixed tone during the week. Prices of Dust and Darjeeling tea increased during the period and declined for others. Quantity offered on sale increased compared to previous week. In the Dust category, there was improved demand. Select Good/Best Sorts were steady and other varieties declined following quality. Western India buyers and Tata Global were the main buyers. Exporters were selective and local buyers were active on Dooars. In the orthodox category, there was good demand for Select Tippy Sorts in line with quality. Exporters were active in the market. There was some enquiry for Tippy varieties. Prices are likely to be range –bound to weak in the near –term.

Guwahati Tea Auction: Sale No: 34 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	145.15	40,14,544	27,35,863
Dust	151.49	18,49,725	11,12,041

(Source: CTTA, Parcon India)

Average price of CTC and Dust noticed weak tone during the week. Quantity offered on sale increased compared to previous week. There was less demand in the market amid lack of availability of good quality tea. Some buying from exporters and internal buyers lent some support to the market. Exporters were selective and there were much withdrawals in the market. Prices are likely to continue weak tone in the coming days.

Siliguri Tea Auction: Sale No: 34 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	120.54	6,05,685	4,44,747
CTC Leaf	124.85	37,22,357	26,25,847

(Source: CTTA, Parcon India)

Prices declined at Siliguri tea auction during the week. Quantity offered on sale increased slightly during the week. In the Dust and Leaf Category, market remained almost the same during the week compared to previous week. There was good buying by blenders and exporters were selective. Lack of enquiry for Fannings weighed on prices. Internal buyers were active in the market. Prices are likely to be steady to weak in the coming days.

Jalpaiguri Tea Auction: Sale No: 34 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	-	-	-
CTC Leaf	102.39	4460	2072

(Source: Jalpaiguri Tea Auction Committee)

At Jalpaiguri, tea auctions restarted on 24th June 2014. Lack of demand weighed on prices during the week amid lack of availability of good quality tea. Around 50% 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 heavy rains in the growing regions. There were no offerings of CTC Dust tea at the auction. Prices are likely to notice weak tone in the coming days.

FUTURE OFFERINGS (PACKAGES):

		THIS YEAR		LAST YEAR	
	SALE	**QTY**	**CL. DATE**	**QTY**	**CL. DATE**
SILIGURI	**37**	100536	20.08.2014	80487	22.08.2013
KOLKATA	**38**	114870	19.08.2014	115402	27.08.2013
GUWAHATI	**36**	132047	13.08.2014	111311	14.08.2013

(Source: Parcon India)

Cochin Tea Auction: Sale No: 34 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	95.32	996661.50	767405.40
CTC Leaf	75.60	75698.00	60366.00
Orthodox Dust	78.29	16259.00	12724.00
Orthodox Leaf	103.24	158506.00	126549.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed weak tone at Cochin tea auction during the week except for orthodox leaf variety. Quantity offered on sale increased during the week. In the CTC Dust category around 80% of the quantity offered was sold. Prices were steady for teas, which noticed buying interest from major blenders and other varieties remained lower. There was demand for Good Liquoring teas from AVT, Tata Global, Kerala State Civil Supplies and Hindustan Unilever. Demand remained subdued from loose tea buyers. There was good demand for orthodox leaf variety. Nilgiri Whole Leaf noticed firm tone while others were steady to lower. CIS countries and Tunisia were the main buyers. There was some demand for Fannings from Hindustan Unilever and exporters. Prices are likely to notice steady to weak tone in the near –term.

Coimbatore Tea Auction: Sale No: 34 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	72.35	307547.00	233871.00
CTC Leaf	65.14	157877.00	95789.00
Orthodox Dust	73.34	24315.00	15945.00
Orthodox Leaf	91.37	4634.00	4040.00

(Source: Paramount Marketing, Coimbatore)

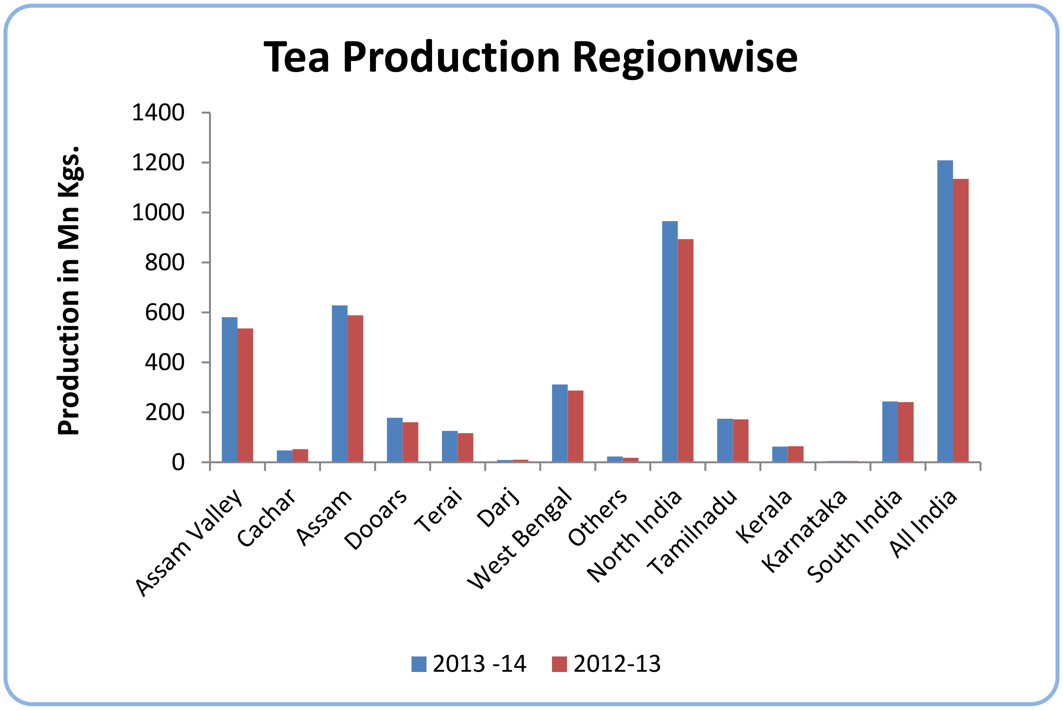
Prices continued firm tone during the period. Demand from exporters for good quality tea lent support to the market. Heavy rains in South India is expected in the coming week might affect the quality to certain extent. Buying interest from the local buyers added to the positive tone of the market. Prices are likely to continue firm tone in the coming days.

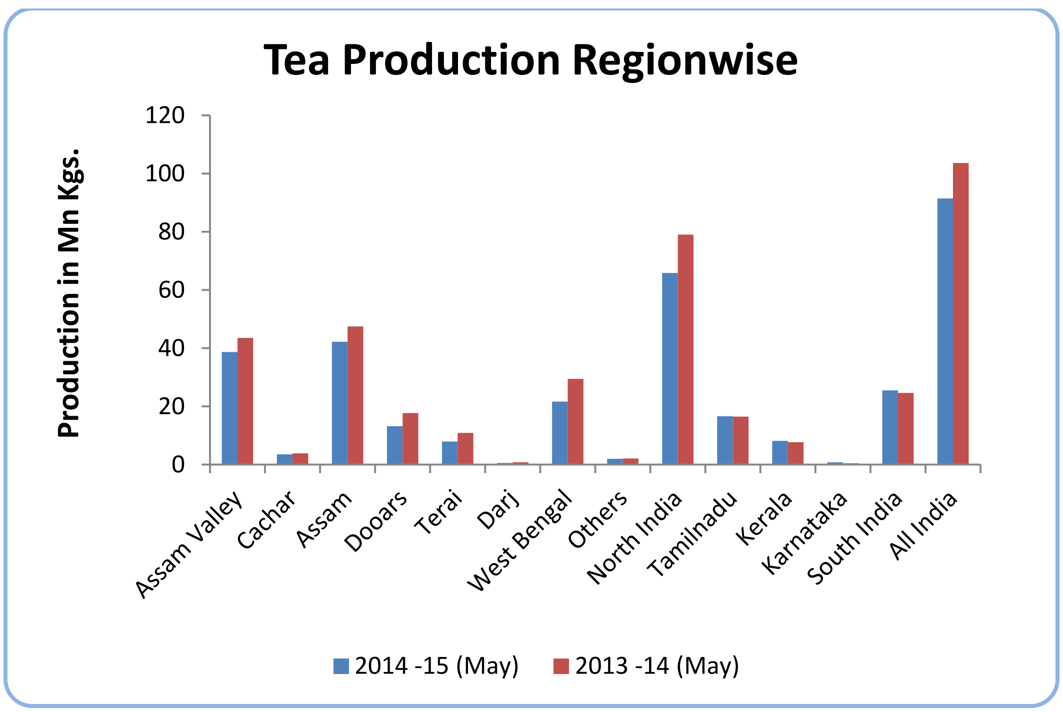
Coonoor Tea Auction: Sale No: 34 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	62.64	428241.50	328653.50
CTC Leaf	61.17	1197662.00	852747.00
Orthodox Dust	97.50	43100.00	38320.00
Orthodox Leaf	81.35	41121.80	40223.40

(Source: Paramount Marketing, Coimbatore)

Prices noticed mixed tone during the week. In the CTC category, around 75% of the quantity offered was sold. Around 3.32 lakh kgs. of tea from the previous auctions was re-offered this week. Demand for good quality tea lent some support to the market. Others were steady to lower. Heavy rains might affect the volumes in the coming days. Prices are likely to be range –bound to weak in the near –term.





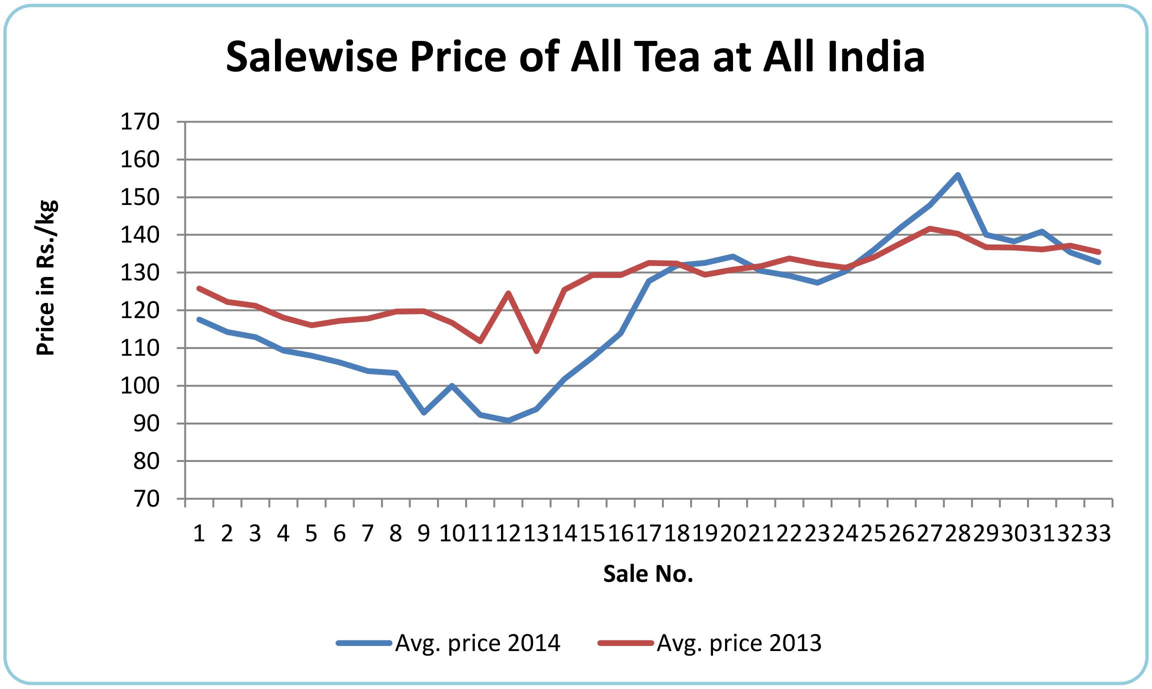
(Source: Tea Board)

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.

REGIONWISE QUARTERLY EXPORTS (IN MILLION KGS.)

	NORTH INDIA			**SOUTH INDIA**			**ALL INDIA**		
	2014 (E)	**2013**	**+/-**	**2014(E)**	**2013**	**+/-**	**2014(E)**	**2013**	**+/-**
JAN – MAR	35.87	30.67	+5.20	23.53	22.03	+1.50	59.40	52.70	+6.70
APR – JUN	17.36	17.16	+0.20	17.77	18.72	-0.95	35.13	35.88	-0.75
JAN - JUN	53.23	47.83	+5.40	41.30	40.75	+0.55	94.53	88.58	+5.95

Source: Tea Board Of 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 2014-08-16

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	161.16(155.04)	151.07(134.78)	127.60(115.81)	103.25(91.10)	95.41(123.24)	62.45(84.85)	69.18(92.94)	50.73(84.54)
Total Tea	173.18(173.07)	151.07(135.10)	127.60(115.81)	103.25(91.10)	96.37(124.40)	63.21(85.13)	69.57(92.92)	50.73(84.54)

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

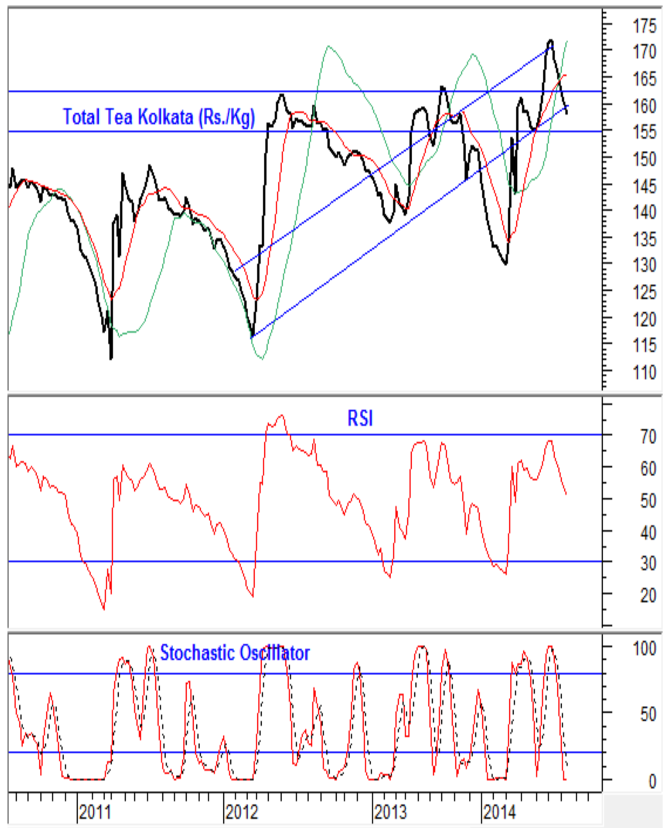
Variety	North India	South India	All India
CTC All Dust	146.63(135.35)	73.27(98.30)	128.88(128.17)
Total Tea	151.41(143.73)	74.53(99.19)	132.76(135.44)

(Source: Tea Board)

Tea – Technical Outlook | Total Tea -Kolkata

Technical Commentary:
Tea prices continued weak tone during the period. Prices have broken below the uptrend channel as seen in the weekly chart. Prices look like moving towards the next support levels of 155 as seen in the chart. Prices are holding below 9 –Day and 21 –Day EMA supporting weak tone of the market in the medium term. Stochastic oscillator is steady in the oversold region supporting some recovery in the near – term. Buyers can wait for better levels in the coming days.

The tea prices are likely to decline in the coming days. Buyers can purchase around 160 -170 levels.



Strategy: Wait for Better Buying Levels

Weekly Supports & Resistances		S1	S2	PCP	R1	R2
Total Tea	Kolkata	160.15	155.00	173.18	193.50	200.25

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 32 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	440 - 490	480 - 540
Average Westerns	400 - 420	420 - 460
Plainer Westerns	370 - 390	370 - 400
Western Mediums	420 - 610	385 - 445
Uva Teas	390 - 1400	400 - 650
Nuwara Eliya Teas	420 – NQ	420 - 430
Udapussellawa Teas	345 - 450	370 - 435
CTC (BP1 and PF1)	360 - 500	360 - 620

In this week's auction, 7.49 million kgs of tea was offered for sale compared to 7.59 million kgs of tea during the previous week. There was good demand for Select Best teas during the week. Better western BOP's/BOPF's noticed steady to weak tone during the week. High Grown and Mid Grown CTC's noticed firm tone and Low Grown CTC's recovered during the week. There was good demand for liquoring leafy teas.

In the leaf category, Better PEK/PEK1's were mostly lower 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 firm tone during the week amid lack of demand around current levels. There was active buying from Russia, Syria and Turkey. There was not much demand from Saudi Arabia. Export demand from Iraq and Libya remained subdued.

AGRIWATCH

Tea Weekly
23 August 2014

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	34		33		32	
Dates	02nd/03rd September 2014		26th/27th August 2014		19th/20th August 2014	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	834	949,416 kg	910	1,070,961 kg	940	1,090,088 kg
Main Sale Total	11,725	6,336,624 kg	11,460	6,325,919 kg	11,546	6,401,680 kg
High & Medium	1,335	660,415 kg	1,188	613,228 kg	1,179	584,964 kg
Low Growns Leafy	4,294	2,086,318 kg	4,287	2,151,388 kg	4,431	2,244,477 kg
Tippy	2,482	1,486,941 kg	2,690	1,639,096 kg	2,517	1,535,092 kg
Premium/Flowery	481	114,053 kg	551	126,809 kg	511	117,907 kg
Off Grades	2,601	1,476,957 kg	2,256	1,296,705 kg	2,446	1,454,080 kg
Dust	532	511,940 kg	488	498,693 kg	462	465,160 kg
Grand Total	12,559	7,286,040 kg	12,370	7,396,880 kg	12,486	7,491,768 kg
Reprints	1420	788,702 kg	1219	761,177 kg	566	369,310 kg
Scheduled to Close (Ex)		14.08.14		07.08.14		31.07.14
Dates (Ms)		15.08.14		08.08.14		01.08.14

Scheduled Closing Dates

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
Auction No. 36	:	16th /17th September 2014
Ex Estate	:	28.08.2014
Main Sale	:	29.08.2014

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 32

AUCTION AVERAGE PRICES (US$/Kg)

AUCTION	KENYA 2013	KENYA 2014	TOTAL 2013	TOTAL 2014
30	$ 2.43	$ 2.30	$ 2.29	$ 2.13
31	$ 2.42	$ 2.20	$ 2.31	$ 2.05
32	$ 2.43	$ 2.13	$ 2.31	$ 1.99

(In Srilankan Rupees)

QUOTATIONS	BROKENS	FANNINGS
Best	355 - 515	292-371
Good	355 – 381	292 – 321
Good Medium	315 – 386	289 – 313
Medium	260 – 344	255 – 284
Lower Medium	157 – 310	197 – 260
Plain	111 - 213	111 - 210

During the week irregular demand noticed for 7,737,114 kilos of tea on offer following quality. Around 24.60% of the quantity offered on sale remained unsold. Brighter DUST1s declined by USC2 to USC10 with mediums USC4 to USC10 lower and prices of lower mediums were firm to USC22 lower during the week. Prices of Brighter BP1's were firm to USC40 lower, prices of mediums were firm to USC4 higher and prices of lower mediums were USC20 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 firm tone and PF's were steady. Well sorted clean coloury Fannings noticed firm tone and Dusts declined during the week. Other Fannings were lower and BMF's noticed good demand around lower levels. There was good buying interest from Afghanistan, Pakistan Packers, Sudan and other middle –East countries. There was less activity from Egyptian packers, Bazaar and UK. Demand remained subdued from Russia and other CIS countries. Somalia purchased around current levels in the market during the week.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 32

Orthodox	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	11.120	603.020 Kg	8.260	451.620 Kg	74.89
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	11.120	603.020 Kg	8.260	451.620 Kg	74.89
C.T.C	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	1.240	70.340 Kg	1.100	62.700 Kg	89.14
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	1.240	70.340 Kg	1.100	62.700 Kg	89.14
TOTAL	12.360	673.360 Kg	9.360	514.320 Kg	76.38

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	**BOP**	**BOPF**	**PF**	**DUST**	**BT**	**BP**
164-193	**131-202**	**126-188**	**127-200**	**132-193**	**121-146**	**242-277**

Orthodox Secondary Grades				
PF.II	**DUST.II**	**BT.II**	**BP.II**	**DUST.III**
121-192	**127-137**	**115-138**	**165-171**	**120-143**

CTC First and Secondary Grades						
BP.1	**PF.1**	**PD**	**D.1**	**FANN**	**D.2**	**D.3**
160-177	**168-182**	**170-202**	**165-196**	**131-181**	**153-163**	**---**

Market offerings decreased to 12,360 paper sacks from 12,640 paper sacks. There was less demand in the market around current levels. Average price increased to USDcts 166.00 instead of USDcts 167.65 during last week's auction. Average price of Orthodox variety declined to USDcts 165.74 and average price of CTC increased to USDcts 167.84. Secondary variety and Fannings noticed easy tone. Quantity sold declined to 76.38% during the period compared to 79.57% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	27/08/14	**03/09/14**	**27/08/14**	**03/09/14**
PTPN. IV	1.420 S	1.460 S	-	-
PTPN. VI	1.060 S	860 S	320 S	260 S
PTPN. VII	1.200 S	1.060 S	320 S	- S
PTPN. VIII	6.900 S	8.100 S	620 S	560 S
PTPN. IX	500 S	240 S	-	-
PTPN. XII	- S	- S	520 S	300 S
Total Estate	11.080 S	11.780 S	1.700 S	1.120 S
Pagilaran	-	-	-	-
Total Private	--- S	--- S	--- S	--- S
Grand Total	11.080 S	11.780 S	1.700 S	1.120 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 14
(In US$/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	165-170	Best	197-200
Medium	178-182	Good	193-196
Small	185-195	Medium	178-185
Plain	125-140	Plain	125-140

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 2.40/kg. Around 2.23 million kgs of tea was offered for sale and nearly 24 percent remained unsold.

There was good demand for quality tea from local buyers and blenders. Prices declined amid higher offerings. 34,182 packages and 440 packages CTC Leaf of previous season noticed improved demand. 6,054 packages and 54 packages of CTC Dust of previous season noticed good demand around lower levels. In CTC Dust, good liquoring varieties were dearer and declined up Tk.5/kg -8 in line with quality. Good liquoring Broken varieties noticed good demand and sold at a rate of Tk.191 –Tk.196. Good liquoring varieties in fannings also noticed fair demand and sold at a rate between Tk. 193 -196. Good liquoring Dusts noticed good 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	**23-08-2014**	**16-08-2014**
USD	60.45	60.97
Srilankan Rupee	0.4644	0.4683
Indonesian Rupiah	0.0052	0.0052
Kenyan Shilling	0.6846	0.6928
Bangladeshi Taka	0.7801	0.7877

Overall Outlook and Recommendation:

In the domestic market, prices were range –bound to weak during the period. Heavy rains in the month of August have affected the quality of tea. Lack of availability of good quality tea weighed on prices. There was some demand for Best Quality Nilgiri tea from the exporters. Pakistan buyers were quiet in the market during the period. Future offerings are likely to be less in the coming week. Prices are likely to be range –bound to weak in the near –term.

In the global market, there was not much demand during the period. Weather remains favourable in the growing regions. Future offerings are expected to decline in Srilanka and Indonesia. Kenya is focusing on new markets to increase its export share in the global market. Prices are likely to notice weak tone in the coming days and buyers can look for better levels in the medium –term.