

### **News Highlights**

- The Indian Tea Association (ITA) is promoting tea as a lifestyle beverage among youngsters. As a part of the program, promotional events will be conducted in many Class A and Class B cities in the next three to four years. In these events, benefits of tea will be highlighted and the various varieties of tea available in the market.
- Average price of tea declined to Rs.63/kg at the auction of Coonoor Tea Trade Association (Sale No. 34) amid lack of demand in the market. There were many withdrawals in the market and around 2.85 crore worth of tea remained unsold in the market. Better Liquoring CTC Leaf and Dust declined by Rs.4-5/kg, better mediums Rs.3-4/kg and plainer varieties declined by Rs.2-3/kg.
- The cumulative turnover at the auctions of Coonoor Tea Trade Association declined by 23.26 per cent compared to the same period previous year. Till July there has been 30 auctions and 3.26 crore kg was sold during the period compared to 3.43 crore kg during the previous year. The overall turnover declined to 252.94 crore from 329.62 crore during the same period in 2013.
- According to the industry sources at Tata Global Beverages Ltd. (TGBL) formerly known as Tata Tea, it is likely to venture into functional teas as per the needs of the customers for its future growth.
- Assam White Tea is likely to enter the global market, which is considered to be the monopoly of the Chinese. This tea is made from the unopened buds and young leaves of the tea plant. It is a specialty tea and the price ranges between Rs. 8000 -12000 per kg. It is produced mainly for export. This Assam White Tea named as 'Rujani' got good response within and outside the country at a recently concluded Hong Kong International Food Fair.
- Output of tea in Srilanka increased by 4.9% to 201.5 million kgs during January –July 2014 compared to the same period previous year.

**Domestic Trade Scenario:**

**Indian Tea Auctions**

**Kolkata Tea Auction: Sale No: 35 (Price in Rs./kg)**

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC</b>	152.73	32,20,745	21,55,996
<b>ORTHODOX</b>	212.12	6,93,703	5,14,133
<b>DARJEELING</b>	268.41	1,48,431	82,553
<b>DUST</b>	160.63	14,65,449	10,60,164

(Source: CTTA, Parcon India)

Prices noticed weak tone during the period. Quantity offered on sale declined during the week compared to previous week except in the Dust category. In the Dust category there was fair demand. Select Best/Good Sorts noticed better demand and noticed steady tone. Other plainer varieties and Cachars declined with quality. There was active buying from Western India Buyers and Tata Global. Hindustan Unilever and Exporters lent some support to the market. Local buyers operated mainly on Dooars. In the Orthodox category, Clean Well Made Sorts and Select Tippy Sorts noticed steady to firm tone in accordance with quality. There was selective enquiry for Bolder Whole Leaf from North India. Prices are likely to be steady to weak in the coming days.

**Guwahati Tea Auction: Sale No: 35 (Price in Rs./kg)**

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC</b>	143.66	41,28,678	27,72,330
<b>Dust</b>	149.67	18,57,145	12,87,550

(Source: CTTA, Parcon India)

Prices declined during the week compared to previous week. Quantity offered on sale increased during the period compared to previous week. There was less demand in the market. All variety of sorts noticed easy tone during the period. Internal buyers were active and Exporters were selective in the market. Prices are likely to continue weak tone in the near –term.

**Siliguri Tea Auction: Sale No: 35 (Price in Rs./kg)**

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC Dust</b>	117.40	6,40,714	4,45,980
<b>CTC Leaf</b>	122.20	37,72,975	27,42,612

(Source: CTTA, Parcon India)

Prices improved slightly at Siliguri tea auction during the week. Quantity offered on sale increased during the period compared to previous week. There was fair demand in the market. Better enquiry for Medium/ Better Lower Medium lent support to the market. Tata Global, Hindustan Unilever, Mohani were active in the market. There was good buying support from Internal buyers. Prices are likely to be range –bound to weak in the coming days.

**Jalpaiguri Tea Auction: Sale No: 35 (Price in Rs./kg)**

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC Dust</b>	-	-	-
<b>CTC Leaf</b>	107.00	700	700

(Source: Jalpaiguri Tea Auction Committee)

At Jalpaiguri, tea auctions restarted on 24<sup>th</sup> June 2014. Lower availability lent support to the market. 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. Less quantity arrived in the market as traders are looking forward to the exemption of VAT of 1% in the State. 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
<b>SILIGURI</b>	<b>38</b>	100768	27.08.2014	90965	29.08.2013
<b>KOLKATA</b>	<b>38</b>	114870	19.08.2014	115402	27.08.2013
<b>GUWAHATI</b>	<b>37</b>	117289	20.08.2014	91411	21.08.2013

(Source: Parcon India)

**Cochin Tea Auction: Sale No: 35 (Price in Rs./kg)**

<b>Cochin</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	96.39	997857.30	781754.40
CTC Leaf	73.47	71298.00	56177.00
Orthodox Dust	74.68	21491.00	16194.00
Orthodox Leaf	103.53	130440.00	105533.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed weak tone at Cochin tea auction during the week except Leaf variety. Quantity offered on sale increased for Dust variety. There was good demand for Good Liquoring Teas and demand for others was less. AVT, Tata Global, Regional Blenders, Hindustan Unilever, Kerala Loose Tea Buyers and Upcountry Buyers were active during the period. In the Leaf category prices firmed up amid good demand. Nilgiri Broken and Whole Leaf noticed mixed tone. Hindustan Unilever and Exporters purchased mainly Fannings. Tunisian Buyers purchased medium varieties. Prices are likely to be range –bound to weak in the near –term.

**Coimbatore Tea Auction: Sale No: 35 (Price in Rs./kg)**

<b>Coimbatore</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	68.29	275537.00	179555.00
CTC Leaf	67.25	176489.00	89410.00
Orthodox Dust	71.41	29286.00	28388.00
Orthodox Leaf	66.34	4852.00	2560.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed weak tone during the week. Quantity offered on sale increased during the period compared to previous week. There were much withdrawals in the market and lack of availability of good quality tea weighed on prices. Heavy rains in South India during the month of August have affected the quality of tea. Prices are likely to notice weak tone in the coming days.

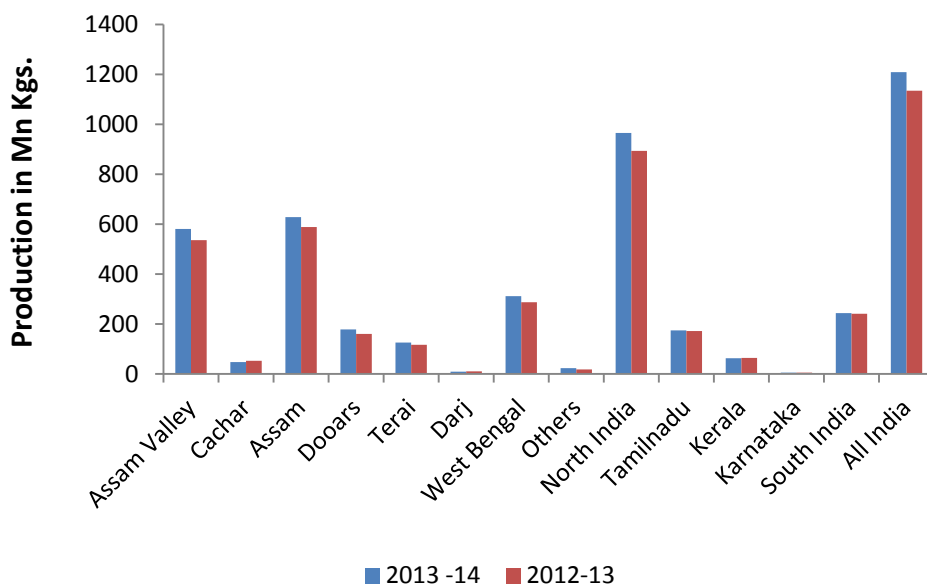
**Coonoor Tea Auction: Sale No: 35 (Price in Rs./kg)**

<b>Coonoor</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	65.44	475317.00	284665.50
CTC Leaf	60.82	1150658.00	780837.00
Orthodox Dust	93.34	45098.00	34615.00
Orthodox Leaf	83.42	42798.80	37196.00

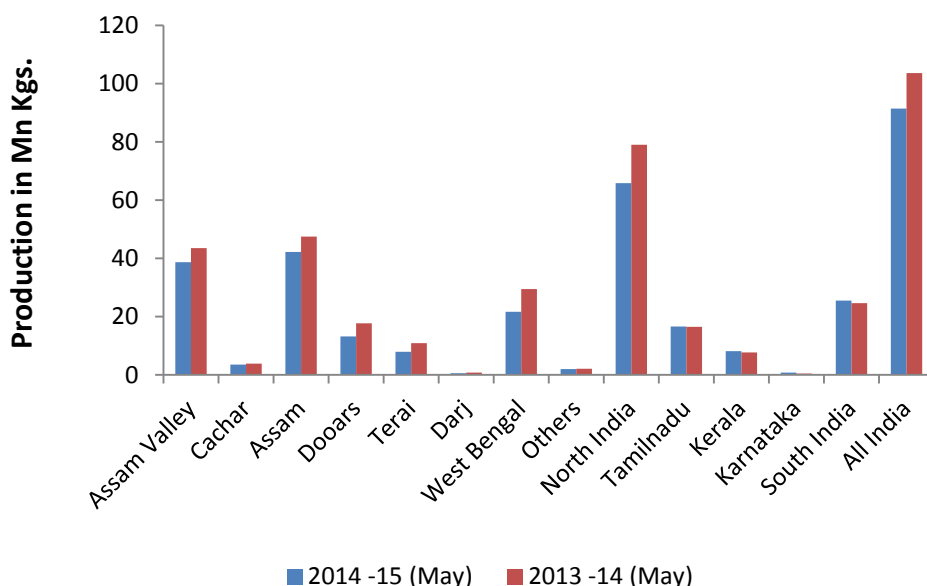
(Source: Paramount Marketing, Coimbatore)

Prices noticed mostly weak tone during the period except slight firmness in Orthodox Leaf variety. In the orthodox category, around 80% was sold in the market. Quantity offered on sale increased during the week compared to previous week. Demand for good quality leaf lent some support to the market. Prices are likely to continue weak tone in the coming days.

### Tea Production Regionwise



### Tea Production Regionwise



(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**

### 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 higher compared to previous year amid export inquiry in the market and 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 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 increased slightly during the week.

### Weekly Average Prices at Indian Auction Centers for week ending 2014-08-23

Varie ty	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbat ore	Tea Serve
<b>CTC All Dust</b>	157.06(146.78)	146.97(132.56)	124.24(116.48)	102.39(91.02)	93.65(121.70)	62.70(84.40)	70.40(92.96)	50.19(84.17)
<b>Total Tea</b>	168.47(161.67)	147.00(132.92)	124.24(116.48)	102.39(91.02)	94.90(123.39)	63.30(84.73)	70.64(92.90)	50.19(84.17)

(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>	143.25(133.15)	73.03(96.14)	129.00(126.42)
<b>Total Tea</b>	148.11(140.17)	74.57(97.09)	133.13(132.58)

(Source: Tea Board)

## Tea – Technical Outlook

### Technical Commentary:

Tea prices declined during the week and prices are below the uptrend channel as seen in the weekly chart. Prices are likely to move towards the support level of 155 as seen in the chart. MACD is declining in the positive territory supporting weak tone of the market. RSI is declining in the neutral zone supporting weakness in the coming days. 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 160 levels for their near –term requirement.*

## Total Tea -Kolkata



### Strategy: Wait for Better Buying Levels

#### Weekly Supports & Resistances

		S1	S2	PCP	R1	R2
Total Tea	Kolkata	155.00	150.00	168.47	180.75	193.50



**International Trade Scenario:**
**Srilanka Tea Auction (Colombo): Sale No: 33 (Price in Srilankan Rs./kg)**

	BOP	BOPF
Good Westerns	430 - 450	460 - 550
Average Westerns	390 - 420	410 - 450
Plainer Westerns	360 - 380	370 - 400
Western Mediums	500 - 600	380 - 445
Uva Teas	380 - 1850	390 - 660
Nuwara Eliya Teas	420	415 - 440
Udapussellawa Teas	330 - 450	390 - 410
CTC (BP1 and PF1)	340 - 520	360 - 610

In this week's auction, 7.40 million kgs of tea was offered for sale compared to 7.49 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 tone during the week. High Grown and Mid Grown CTC's noticed weak tone and Low Grown CTC's eased during the week. There was good demand for liquoring leafy teas.

In the leaf category, Better PEK/PEK1's noticed mixed tone 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 weak tone during the week amid lack of demand around current levels. There was active buying from Russia. There was not much demand from Syria, Iraq, Libya Saudi. Export demand from Ukraine remained subdued.

**DETAILS OF TEAS AWAITING SALE**

	35		34		33	
AUCTION NO.						
Dates	09 <sup>th</sup> /10 <sup>th</sup> September 2014		02 <sup>nd</sup> /03 <sup>rd</sup> September 2014		26 <sup>th</sup> /27 <sup>th</sup> August 2014	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	834	963,019 kg	834	949,416 kg	910	1,070,961 kg
Main Sale Total	11,655	6,244,002 kg	11,725	6,336,624 kg	11,460	6,325,919 kg
High & Medium	1,146	562,628 kg	1,335	660,415 kg	1,188	613,228 kg
Low Grown Leafy	4,395	2,141,427 kg	4,294	2,086,318 kg	4,287	2,151,388 kg
	2,495	1,473,655 kg	2,482	1,486,941 kg	2,690	1,639,096 kg
Tippy						
Premium/Flowery	535	122,824 kg	481	114,053 kg	551	126,809 kg
Off Grades	2,613	1,489,824 kg	2,601	1,476,957 kg	2,256	1,296,705 kg
Dust	471	453,644 kg	532	511,940 kg	488	498,693 kg
Grand Total	12,489	7,207,021 kg	12,559	7,286,040 kg	12,370	7,396,880 kg
Reprints	1153	703,259 kg	1420	788,702 kg	1219	761,177 kg
Scheduled to Close (Ex)		21.08.14		14.08.14		07.08.14
Dates (Ms)		22.08.14		15.08.14		08.08.14

### Scheduled Closing Dates

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

Ex Estate : 14.08.2014

Main Sale : 15.08.2014

Auction No.35 : 09<sup>th</sup> /10<sup>th</sup> September 2014

Ex Estate : 21.08.2014

Main Sale : 22.08.2014

Auction No. 36 : 16<sup>th</sup> /17<sup>th</sup> September 2014

Ex Estate : 28.08.2014

Main Sale : 29.08.2014

Auction No. 37 : 23<sup>RD</sup> /24<sup>TH</sup> September 2014

Ex Estate : 04.09.2014

Main Sale : 05.09.2014

(Source: John Keells Tea Brokers)

**Kenya Tea Auction (Mombasa): Sale No: 33**

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

AUCTION	KENYA	KENYA	TOTAL	TOTAL
	2013	2014	2013	2014
31	\$ 2.42	\$ 2.20	\$ 2.31	\$ 2.05
32	\$ 2.43	\$ 2.13	\$ 2.31	\$ 1.99
33	\$ 2.34	\$ 2.05	\$ 2.25	\$ 1.95

(In Srilankan Rupees)

QUOTATIONS	BROKENS	FANNINGS
<b>Best</b>	329 - 513	307-360
<b>Good</b>	322 – 350	302 – 315
<b>Good Medium</b>	276 – 342	273 – 314
<b>Medium</b>	252 – 331	257 – 281
<b>Lower Medium</b>	184 – 289	197 – 255
<b>Plain</b>	118 - 226	118 - 207

During the week improved demand noticed for 8,529,680 kilos of tea on offer following quality. Around 21.35% of the quantity offered on sale remained unsold. Brighter DUST1s declined by USC6 to USC16 with mediums USC2 to USC20 lower and prices of lower mediums were steady to USC5 lower during the week. Prices of Brighter BP1's were USC2 to USC28 lower, prices of mediums declined up to USC20 and prices of lower mediums were firm to 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 steady 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 and Pakistan Packers. Egyptian packers were active around lower levels. There was less activity from Kazakhstan, other CIS countries, Bazaar and Russia. Demand remained subdued from Iran. Somalia purchased around current levels in the market during the week.

(Source: Africa Tea Brokers)

**Indonesia Tea Auction (Jakarta): Sale No: 33**

<b>Orthodox</b>	<b>OFFERED</b>		<b>SOLD</b>		<b>%</b>
PTPN ESTATE	11.040	603.740 Kg	9.600	524.260 Kg	86.84
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
<b>TOTAL</b>	<b>11.040</b>	<b>603.740 Kg</b>	<b>9.600</b>	<b>524.260 Kg</b>	<b>86.84</b>
<b>C.T.C</b>	<b>OFFERED</b>		<b>SOLD</b>		<b>%</b>
PTPN ESTATE	1.780	101.660 Kg	1.700	97.160 Kg	95.57
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
<b>TOTAL</b>	<b>1.780</b>	<b>101.660 Kg</b>	<b>1.700</b>	<b>97.160 Kg</b>	<b>95.57</b>
<b>TOTAL</b>	<b>12.820</b>	<b>705.400 Kg</b>	<b>11.300</b>	<b>621.420 Kg</b>	<b>88.09</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>171-200</b>	<b>134-203</b>	<b>131-200</b>	<b>133-208</b>	<b>122-196</b>	<b>127-144</b>	<b>236-312</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>127-187</b>	<b>131-141</b>	<b>122-136</b>	<b>190-195</b>	<b>126-146</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>158-170</b>	<b>157-180</b>	<b>172-202</b>	<b>165-203</b>	<b>134-177</b>	<b>141-168</b>	<b>---</b>

Market offerings increased to 12,820 paper sacks from 12,360 paper sacks. There was fair demand in the market around current levels. Average price increased to USDcts 166.59 instead of USDcts 166.00 during last week's auction. Average price of Orthodox variety increased to USDcts 166.28 and average price of CTC increased to USDcts 168.31. Secondary variety and Fannings noticed easy tone. Quantity sold increased to 88.09% during the period compared to 76.38% during last auction.

**OFFERING FOR THE NEXT AUCTION**

<b>PRODUCER</b>	<b>Orthodox</b>		<b>C.T.C</b>	
	<b>03/09/14</b>	<b>10/09/14</b>	<b>03/09/14</b>	<b>10/09/14</b>
PTPN. IV	1.460 S	1.380 S	-	-
PTPN. VI	860 S	480 S	260 S	220 S
PTPN. VII	1.060 S	660 S	- S	- S
PTPN. VIII	8.100 S	9.020 S	560 S	620 S
PTPN. IX	240 S	800 S	-	-
PTPN. XII	- S	- S	300 S	400 S
Total Estate	11.780 S	12.340 S	1.120 S	1.240 S
Pagilaran	-	-	-	-
Total Private	--- S	--- S	--- S	--- S
Grand Total	11.780 S	12.340 S	1.120 S	1.240 S

(Source: TEH)

**Bangladesh Tea Auction (Chittagong): Sale No: 15**

(In US\$/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	165-170	Best	196-201
Medium	178-185	Good	193-195
Small	185-195	Medium	179-189
Plain	125-140	Plain	125-140

Tea prices at Bangladesh tea auction increased during the week amid good demand for quality leaf amid ample supplies. The average price of tea during this week's auction was around USD 2.40/kg. Around 2.21 million kgs of tea was offered for sale and nearly 22 percent remained unsold.

There was good demand for quality tea from local buyers and sales increased during the week. There was active buying from blenders and loose tea buyers were selective. 33,683 packages and 311 packages CTC Leaf of previous season noticed improved demand. 6,328 packages and 48 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 in line with quality. Good liquoring Broken varieties noticed good demand and sold at a rate of Tk.192 –Tk.196. Good liquoring varieties in fannings also noticed fair demand. Good liquoring Dusts noticed weak tone and sold between Tk.185 –Tk.197.

(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>July</i>	28.79	22.63	<i>Up to July</i>	201.5	196.6	+ 4.9
<i>North India</i>	<i>June</i>	111.3	112.2	<i>Up to June</i>	260.3	282.5	- 21.3
<i>South India</i>	<i>June</i>	30.0	24.7	<i>Up to June</i>	120.6	116.3	+ 4.3
<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>30-08-2014</b>	<b>23-08-2014</b>
<b>USD</b>	60.58	60.45
<b>Srilankan Rupee</b>	0.4652	0.4644
<b>Indonesian Rupiah</b>	0.0052	0.0052
<b>Kenyan Shilling</b>	0.6846	0.6846
<b>Bangladeshi Taka</b>	0.7866	0.7801



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

In the domestic market, prices noticed mostly weak tone during the week except at Siliguri tea auction. Lack of availability of good quality tea weighed on prices. Heavy rains in the tea growing regions of the country have affected the quality of tea. Normal demand is slightly on the lower side at this time of the year. Quality is likely to improve from October onwards. Prices are likely to continue weak tone in the coming days except some recovery could be seen for good quality leaf tea.

In the global market, improved demand was seen for good quality tea. Output of tea in Srilanka increased this year during the period January –July. Global output is expected to be higher in the current weather amid expected favourable weather in the growing regions in the medium –term. Producers are focusing on different varieties of tea to increase their share in the global market. Prices are likely to be range –bound to weak in the coming days.

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