AGRIWATCH

Tea Weekly
06 September 2014

News Highlights

- The Tea Board of India has postponed the full implementation of the plant protection code (PPC) which was to be effective from September 1. It has been postponed till January 2015. The industry is facing challenges in creating awareness among consumers for using safer, healthier and more environment –friendly products. The aim of plant protection code is to achieve sustainability through Good Agricultural practices. The small tea growers which account a third of India’s tea output require more time and some support by the Tea to implement the same.

- The declining volume trend continued at Sale No: 36 at Coonoor Tea auction to be held on Thursday and Friday. A volume of 15.10 lakh kgs was be offered for sale, 2.33 lakh kgs. lower compared to previous week. Of this, 10.63 lakh kgs. belong to leaf grade and 4.47 lakh kgs. belong to dust grade.

- According to industry sources, exports of tea from India during the July –September quarter is likely to be affected following conflict between Ukraine and Russia, turmoil in the Middle –East and political tension in Pakistan. India exported 225.76 million kgs. of tea in 2013 -14.

- In Canada’s Vancouver Island, tea farmers are eagerly waiting for their first harvest of tea in the near –term.

- 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: 36 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	149.27	33,05,000	21,37,000
DUST	159.31	13,88,000	10,36,000

(Source: CTTA, Parcon India)

Prices noticed weak tone during the period. Quantity offered on sale increased during the week in CTC category compared to previous week. In the Dust category, there was fair demand in the market. Select Best Sorts were steady and other varieties noticed easy tone. There was good buying from Tata Global, Hindustan Unilever, exporters and Western India buyers. In the orthodox category, Clean Well Made Tippy Sorts witnessed steady tone and other varieties declined in line with quality. There was some enquiry from North India buyers for Bolder Whole Leaf. There was not much demand for Fannings and Secondary Brokens in the local market. Prices are likely to be range –bound to weak in the near –term.

Guwahati Tea Auction: Sale No: 36 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	138.69	38,67,000	26,58,000
Dust	145.30	19,24,000	13,55,000

(Source: CTTA, Parcon India)

Prices continued weak tone during the week. Quantity offered on sale declined during the week compared to previous week. There was good demand in the market for quality tea and fair for other varieties. Much withdrawal was noticed for Medium and Lower Medium varieties. Blenders were active and exporters were selective during the period. Prices are likely to be steady to weak in the coming days.

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

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	115.43	6,37,000	4,49,000
CTC Leaf	124.37	37,94,000	30,09,000

(Source: CTTA, Parcon India)

Prices improved slightly at Siliguri tea auction during the week for Leaf category. Quantity offered on sale declined during the week compared to previous week. There was improved demand for Leaf tea and fair demand for Dust tea. Tata Global, Hindustan Unilever and Mohani were active in the Medium and Lower Medium category. Local Packeteers were mainly active on Liquoring sorts. Prices are likely to continue weak tone in the coming days.

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

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

(Source: Jalpaiguri Tea Auction Committee)

At Jalpaiguri, there was no tea auction during the week amid lack of volumes of tea to be offered for sale.

FUTURE OFFERINGS (PACKAGES):

		THIS YEAR		LAST YEAR	
	SALE	**QTY**	**CL. DATE**	**QTY**	**CL. DATE**
SILIGURI	**39**	100725	02.09.2014	91173	05.09.2013
KOLKATA	**39**	114808	26.08.2014	129615	03.09.2013
GUWAHATI	**38**	121502	27.08.2014	103813	28.08.2013

(Source: Parcon India)

Cochin Tea Auction: Sale No: 36 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	97.54	832426.40	703378.20
CTC Leaf	74.98	56873.00	42649.00
Orthodox Dust	52.00	12724.00	446.00
Orthodox Leaf	120.94	106231.00	69407.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed mostly recovery during the week except weakness in orthodox dust variety. Quantity offered on sale declined during the week compared to previous week. There was good demand for Good Liquoring, Medium and Plain teas in the dust category. AVT, Tata Global and Kerala State Civil Supplies, loose tea buyers were the main buyers. Upcountry buyers bought around lower levels. In the leaf category, there was good demand for Good Liquoring Nilgiri Brokens and Whole Leaf. Fannings noticed mixed tone. There was not much demand from exporters. Prices are likely to be range –bound to weak in the coming days.

Coimbatore Tea Auction: Sale No: 36 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	72.56	247143.00	192086.00
CTC Leaf	69.18	145598.00	88942.00
Orthodox Dust	70.23	15624.00	13640.00
Orthodox Leaf	105.06	9883.00	1387.00

(Source: Paramount Marketing, Coimbatore)

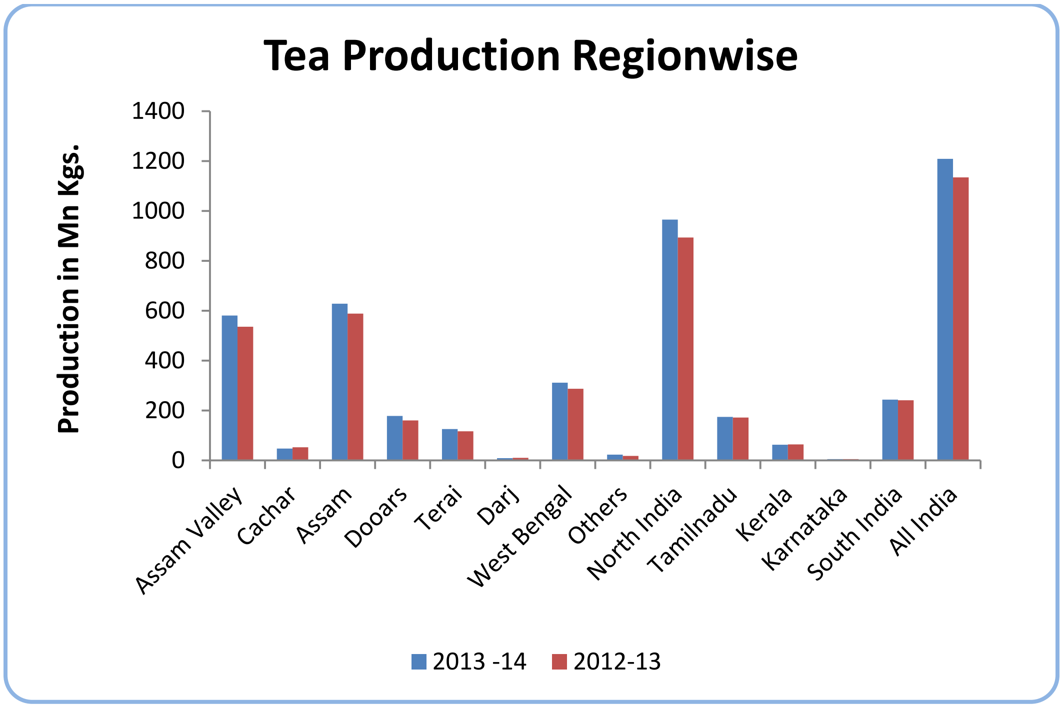
Prices noticed firm tone during the week. Quantity offered on sale declined compared to previous week. Lack of availability of tea added to the positive tone of the market. Heavy rains in South India during the last few days have affected the quality of tea. There was not much demand from the exporters. Prices are likely to notice steady to weak tone in the near –term.

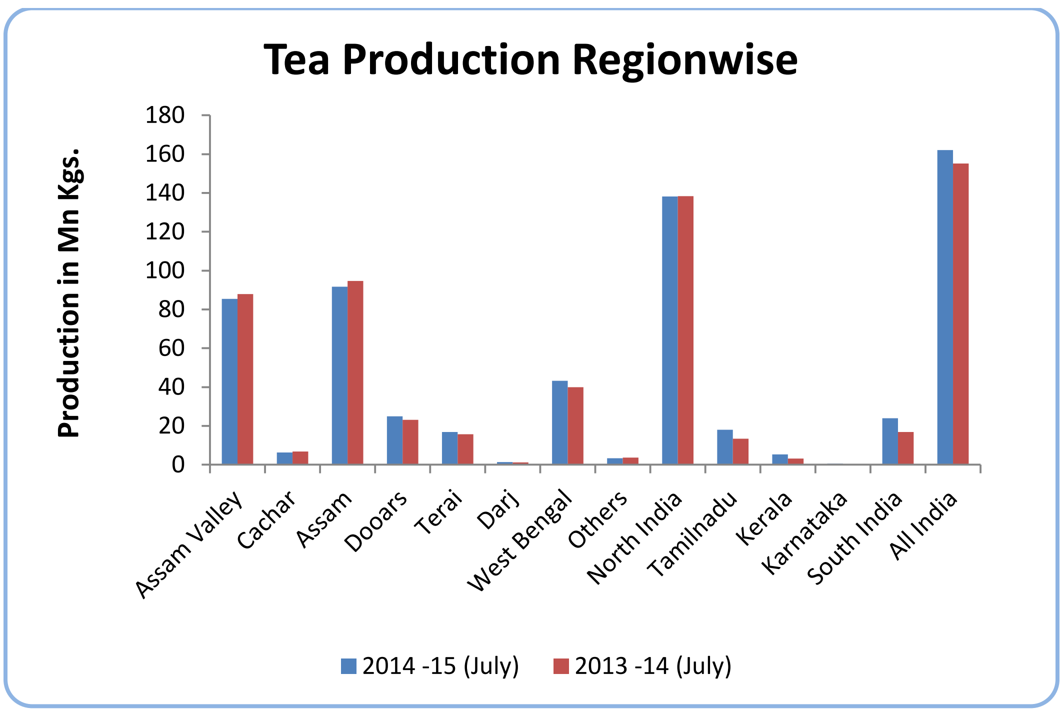
Coonoor Tea Auction: Sale No: 36 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	67.96	**389518.00**	**316481.00**
CTC Leaf	64.96	**955170.00**	**733439.00**
Orthodox Dust	100.03	**42535.00**	**29121.00**
Orthodox Leaf	86.23	**48871.60**	**30332.20**

(Source: Paramount Marketing, Coimbatore)

Prices noticed recovery at Coonoor tea auction. Quantity offered on sale declined compared to previous week. Around 70 -75% of the quantity remained sold in the market. Lack of availability in the market lent some support to prices. Prices are likely to be range –bound to firm in the coming days.





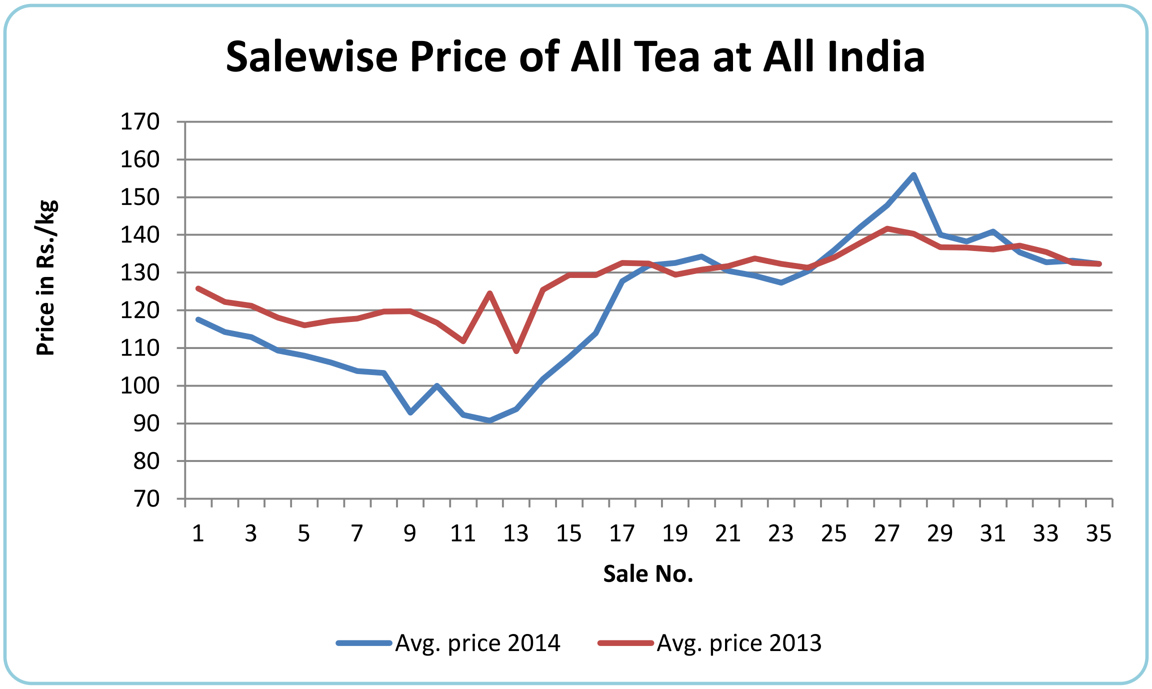
(Source: Tea Board)

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.

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 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 2014-08-30

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	155.34(146.59)	145.57(132.27)	121.54(114.81)	92.99(91.33)	94.47(125.16)	63.04(86.43)	68.27(95.25)	52.42(88.10)
Total Tea	165.44(161.28)	145.57(132.69)	121.54(114.81)	92.99(91.33)	95.46(126.81)	63.70(86.71)	68.26(95.19)	52.42(88.10)

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

Variety	North India	South India	All India
CTC All Dust	141.24(132.45)	74.09(98.19)	128.65(126.18)
Total Tea	145.48(139.44)	75.44(99.19)	132.32(132.31)

(Source: Tea Board)

Tea – Technical Outlook	**Total Tea -Kolkata**
Technical Commentary: Tea prices continued weak tone during the week. Prices are continuing the decline below the uptrend channel as seen in the weekly chart. Prices are holding below the 9 –Day and 21 –Day EMA supporting the overall weak tone of the market. Stochastic oscillator is steady in the oversold region supporting some recovery in the near –term. Buyers are advised to wait for better levels in the coming days and can purchase around current levels for their hand-to-mouth requirement. ***The tea prices are likely to decline in the coming days. Buyers can purchase around 150 levels for their near –term requirement.***	

Strategy: Wait for Better Buying Levels

Weekly Supports & Resistances		**S1**	**S2**	**PCP**	**R1**	**R2**
Total Tea	Kolkata	150.00	146.00	165.44	180.75	193.50

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 34 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	450 - 490	460 - 540
Average Westerns	410 - 430	420 - 450
Plainer Westerns	360 - 390	390 - 410
Western Mediums	370 - 570	385 - 415
Uva Teas	380 - 900	400 - 550
Nuwara Eliya Teas	420 - 440	440 - 460
Udapussellawa Teas	340 - 380	370 - 415
CTC (BP1 and PF1)	340 - 490	350 - 590

In this week's auction, 7.89 million kgs of tea was offered for sale compared to 7.40 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 mixed tone following quality. High Grown and Mid Grown CTC's noticed steady to 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 and a few bolder types noticed easy tone. In the Tippy catalogues, better made FBOP noticed weak 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 Iraq and Libya. Export demand from Iran remained subdued.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	36		35		34	
Dates	16th/17th September 2014		09th/10th September 2014		02nd/03rd September 2014	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	746	838,544 kg	834	963,019 kg	834	949,416 kg
Main Sale Total	11,358	6,011,798 kg	11,655	6,244,002 kg	11,725	6,336,624 kg
High & Medium	1,040	506,418 kg	1,146	562,628 kg	1,335	660,415 kg
Low Growns Leafy	4,350	2,102,379 kg	4,395	2,141,427 kg	4,294	2,086,318 kg
Tippy	2,428	1,408,280 kg	2,495	1,473,655 kg	2,482	1,486,941 kg
Premium/Flowery	580	129,463 kg	535	122,824 kg	481	114,053 kg
Off Grades	2,496	1,430,947 kg	2,613	1,489,824 kg	2,601	1,476,957 kg
Dust	464	434,311 kg	471	453,644 kg	532	511,940 kg
Grand Total	12,104	6,850,342 kg	12,489	7,207,021 kg	12,559	7,286,040 kg
Reprints	1191	739,078 kg	1153	703,259 kg	1420	788,702 kg
Scheduled to Close (Ex) Dates (Ms)		28.08.14 29.08.14		21.08.14 22.08.14		14.08.14 15.08.14

Scheduled Closing Dates

Auction No.35	:	09th /10th September 2014	Auction No. 37	:	23RD / 24TH September 2014
Ex Estate	:	21.08.2014	Ex Estate	:	04.09.2014
Main Sale	:	22.08.2014	Main Sale	:	05.09.2014
Auction No. 36	:	16th / 17th September 2014	Auction No. 38	:	29TH / 30TH September 2014
Ex Estate	:	28.08.2014	Ex Estate	:	11.09.2014
Main Sale	:	29.08.2014	Main Sale	:	12.09.2014

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 34

AUCTION AVERAGE PRICES (US$/Kg)

AUCTION	KENYA 2013	KENYA 2014	TOTAL 2013	TOTAL 2014
32	$ 2.43	$ 2.13	$ 2.31	$ 1.99
33	$ 2.34	$ 2.05	$ 2.25	$ 1.95
34	$ 2.33	$ 2.05	$ 2.25	$ 1.92

(In Srilankan Rupees)

QUOTATIONS	BROKENS	FANNINGS
Best	300 - 490	310-358
Good	294 – 315	310 – 315
Good Medium	263 – 329	284 – 315
Medium	250 – 286	263 – 282
Lower Medium	163 – 263	177 – 264
Plain	115 - 205	105 - 200

During the week less demand noticed for 8,690,424 kilos of tea on offer. Around 29.40% of the quantity offered on sale remained unsold. Brighter DUST1s declined by USC6 to USC20 with mediums steady to USC12 lower and prices of lower mediums were USC5 to USC10 lower during the week. Prices of Brighter BP1's declined amid lack of enquiry and were USC6 to USC26 lower, prices of mediums declined USC2 to USC30 and prices of lower mediums were firm to USC24 lower. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

In the secondary catalogues, BPs and PF's witnessed mixed tone. Well sorted clean coloury Fannings noticed easy tone and Dusts prices increased during the week. Other Fannings were lower and BMF's noticed good demand around lower levels. There was good buying interest from UK and Pakistan Packers. Egyptian packers were active around lower levels. There was some activity from Kazakhstan and other CIS countries. Demand remained subdued from Iran. Afghanistan, Egyptian packers, Yemen, other middle –eastern countries, Bazaar, Russia and Sudan purchased less during the week.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 34

Orthodox	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	11.640	632.240 Kg	9.940	539.640 Kg	85.35
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	11.640	632.240 Kg	9.940	539.640 Kg	85.35
C.T.C	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	1.120	63.080 Kg	980	56.000 Kg	88.78
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	1.120	63.080 Kg	980	56.000 Kg	88.78
TOTAL	12.760	695.320 Kg	10.920	595.640 Kg	85.66

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	**BOP**	**BOPF**	**PF**	**DUST**	**BT**	**BP**
171-204	**135-201**	**132-204**	**131-212**	**128-193**	**128-148**	**250-308**

Orthodox Secondary Grades				
PF.II	**DUST.II**	**BT.II**	**BP.II**	**DUST.III**
127-196	**131-140**	**125-130**	**-**	**124-143**

CTC First and Secondary Grades						
BP.1	**PF.1**	**PD**	**D.1**	**FANN**	**D.2**	**D.3**
160-170	**157-206**	**174-202**	**168-203**	**136-159**	**141-173**	**---**

Market offerings declined to 12,760 paper sacks from 12,820 paper sacks. There was fair demand in the market around current levels. Average price increased to USDcts 168.24 instead of USDcts 166.59 during last week’s auction. Average price of Orthodox variety increased to USDcts 167.80 and average price of CTC increased to USDcts 171.95. Secondary variety and Fannings noticed easy tone. Quantity sold declined to 85.66% during the period compared to 88.09% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	10/09/14	17/09/14	10/09/14	17/09/14
PTPN. IV	1.380 S	1.220 S	-	-
PTPN. VI	480 S	740 S	220 S	240 S
PTPN. VII	660 S	600 S	- S	- S
PTPN. VIII	9.020 S	8.180 S	620 S	800 S
PTPN. IX	800 S	560 S	-	-
PTPN. XII	- S	- S	400 S	640 S
Total Estate	12.340 S	11.300 S	1.240 S	1.680 S
Pagilaran	-	-	-	-
Total Private	--- S	--- S	--- S	--- S
Grand Total	12.340 S	11.300 S	1.240 S	1.680 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 16
(In US$/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	158-163	Best	188-193
Medium	170-178	Good	182-187
Small	177-188	Medium	170-186
Plain	115-130	Plain	120-130

Tea prices at Bangladesh tea auction declined during the week amid highest volumes on offer of the season. There was 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 2.5 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 this lends some support to the market. There was good buying from blenders and loose tea buyers were selective. 39,009 packages and 684 packages CTC Leaf of previous season noticed good demand. 6,774 packages and 25 packages of CTC Dust of previous season noticed fair demand around lower 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 fair demand and sold at a rate of Tk.185 –Tk.190. 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)

Country	*MONTH*	*2014*	*2013*	*CUMULATIVE*	*2014*	*2013*	*CUMULATIVE + INC./- DEC.*
Sri Lanka	*July*	*28.79*	*22.63*	*Up to July*	*201.5*	*196.6*	*+ 4.9*
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	*July*	*30.79*	*26.23*	*Up to July*	*255.98*	*251.85*	*+ 4.13*
Bangladesh	*July*	*8.9*	*10.1*	*Up to July*	*25.2*	*25.3*	*- 0.1*
Malawi	*July*	*1.4*	*1.7*	*Up to July*	*36.3*	*31.9*	*+ 4.4*

(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 June -July, production has increased mostly except India and Bangladesh. 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	06-09-2014	30-08-2014
USD	60.21	60.58
Srilankan Rupee	0.4624	0.4652
Indonesian Rupiah	0.0051	0.0052
Kenyan Shilling	0.6792	0.6846
Bangladeshi Taka	0.7771	0.7866

Overall Outlook and Recommendation:

In the domestic market, prices noticed some recovery following decline in quantity offered on sale and some demand from the exporters except in Kolkata and Guwahati auction centers. Availability of tea has declined during the recent days following heavy rains in the tea growing regions. In the current fiscal year, exports are likely to be less compared to previous year following political tension in the importing countries. India has to look into more diversified markets and introduce different functional teas. Prices are likely to be range –bound to firm in the coming days.

In the global market, future offerings are likely to decline in Srilanka and Indonesia. Weather is likely to be favourable in the growing regions in the near –term. Production is expected to be normal in the current year except for north India. Demand is on the lower side following political tensions in Pakistan and turmoil in Russia and Ukraine. Prices are likely to recover in the coming days amid less quantity offered on sale and expected improvement in quality.