News Highlights

- Makaibari Tea Estate, one of the world's largest and the oldest single owner tea estates made a new record by selling a special lot of handcrafted tea (Silver Tips Imperial) to three buyers from the UK, the US and Japan for $1850 per kg. This is the most expensive tea ever being sold in the world.

- Between January and June 2014, tea prices in India across varieties have declined by 3.6% to Rs. 124.20 per kg from Rs. 128.83 per kg on an average during the corresponding period previous year. In South India, prices declined by 15.7% to Rs.85.74 per kg and in North India, it increased marginally by Rs.1.43 per kg to Rs. 144 per kg during the same period.

- The government of West Bengal is planning to allow alternative use of land –or tourism, horticulture, medicinal plant cultivation and hydro-electricity generation –by tea estates. The State produces around 25 per cent of the country's tea production. In a draft notification issued last month, the State Government proposed to make changes in the Estates Acquisition Act, 1953, to incorporate the provisions for alternate use of land leased out to organized tea sector.

- The talk of Scottish Independence and its impact on the currency market is likely to affect Darjeeling tea producers, who are hit by lower production and prices. British pound and euro have declined amid independence move and this has lowered foreign revenue for Darjeeling tea exporters.

- In the first six months of the calendar year 2014 (January –June) production of tea in India declined by 4.5 percent to 381 million kgs. compared to 399 million kgs. during the same period previous year.

- The declining volume trend continued at Sale No: 37 at Coonoor Tea auction held on Thursday and Friday. A volume of 13.39 lakh kgs was offered for sale, 1.71 lakh kgs. lower compared to previous week. Of this, 9.11 lakh kgs. belong to leaf grade and 4.424 lakh kgs. belong to dust grade.

- Hindustan Unilever Foundation (HUF), Solidaridad and the United Planters' Association of Southern India (UPASI) have launched a water-efficiency programme to ensure sustainable supply chains across tea growing districts of Tamil Nadu and Kerala.

- Small tea growers in north West Bengal have gone off fields following a tussle with the factory owners regarding the issue of quality and price of green leaf. However this has been temporarily sorted between the leaf factories and the small tea growers that will be valid till October 31, 2014.

- The cumulative turnover at the auctions of Coonoor Tea Trade Association in the first eight months of the calendar year 2014 declined by 22 percent compared to the same period previous year following sluggish export and domestic demand. Average price during the auctions declined by Rs.20/kg compared to previous year during the same period.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 37 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	145.02	32,53,406	24,88,355
ORTHODOX	201.47	6,03,995	5,32,987
DARJEELING	280.75	1,23,641	93,897
DUST	153.81	14,85,063	10,43,548

(Source: CTTA, Parcon India)

Prices noticed weak tone during the period. Quantity offered on sale increased during the week compared to previous week except in orthodox and dust variety. There was good demand for leaf variety and fair for dust variety. In the Dust category, there was good demand for Select Best/Good Sorts and medium, plainer and secondary varieties noticed easy tone amid withdrawals. There was good buying support from Tata Global, Hindustan Unilever, Western India buyers and exporters. In the orthodox variety, there was good demand for Clean Well Made Tippy Sorts and Bolder Leaf. There was enquiry in the local market for Fannings and Secondary Brokens. Exporters were active in the market. Price are likely to notice weak tone in the coming days.

Guwahati Tea Auction: Sale No: 37 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	139.50	37,01,000	26,17,000
Dust	147.28	21,32,000	13,39,000

(Source: CTTA, Parcon India)

Prices noticed recovery during the week. Quantity offered on sale declined in the CTC category compared to previous week. Some enquiry from exporters lent support to the market. There was good demand for quality leaf. Blenders and internal buyers were active during the period. There were withdrawals for secondary variety. Prices are likely to be range –bound to weak in the coming days.

Siliguri Tea Auction: Sale No: 37 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	114.82	5,83,900	3,57,865
CTC Leaf	125.09	38,12,722	28,62,807

(Source: CTTA, Parcon India)

Prices improved slightly for leaf variety at Siliguri tea auction. Dust tea prices declined slightly amid lack of demand in the local market. Quantity offered on sale increased for leaf variety compared to previous week. Tata Global and Hindustan Unilever were active buyers during the week. Prices are likely to notice steady to positive tone in the coming days.

Jalpaiguri Tea Auction: Sale No: 37 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	-	-	-
CTC Leaf	106.5	15396	5018

(Source: Jalpaiguri Tea Auction Committee)

Prices were almost steady at Jalpaiguri tea auction compared to previous auction. Volumes offered on sale increased during the week. There was good demand in the local market around current levels. Export enquiry lent some support to the market. There were no offerings of CTC Dust tea at the auction.

Cochin Tea Auction: Sale No: 37 (Price in Rs./kg)

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

(Source: Paramount Marketing, Coimbatore)

This week there was no sale in Cochin tea auction following 'Onam'.

Coimbatore Tea Auction: Sale No: 37 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	74.13	281776.00	227332.00
CTC Leaf	65.98	148221.00	104755.00
Orthodox Dust	71.42	18278.00	10614.00
Orthodox Leaf	92.34	2714.00	1582.00

(Source: Paramount Marketing, Coimbatore)

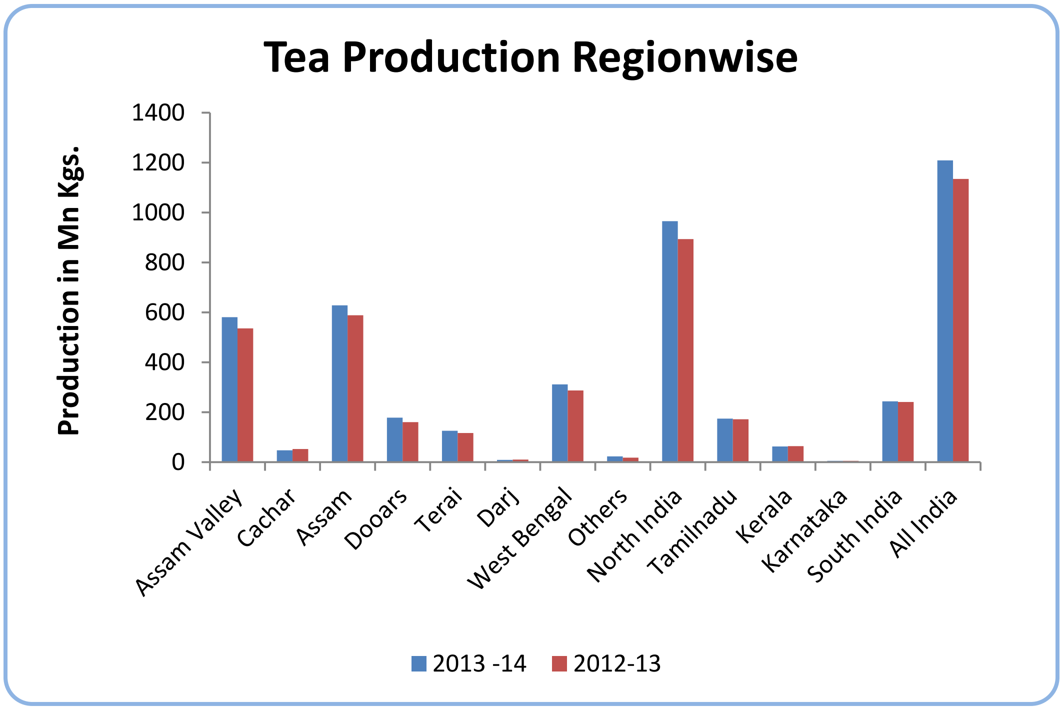
Prices noticed mixed tone during the week. Quantity offered on sale increased during the week compared to previous. Prices declined in the leaf category following lack of export enquiry. Rains in the recent weeks have affected the quality of tea. Prices are likely to be range –bound to weak in the near –term.

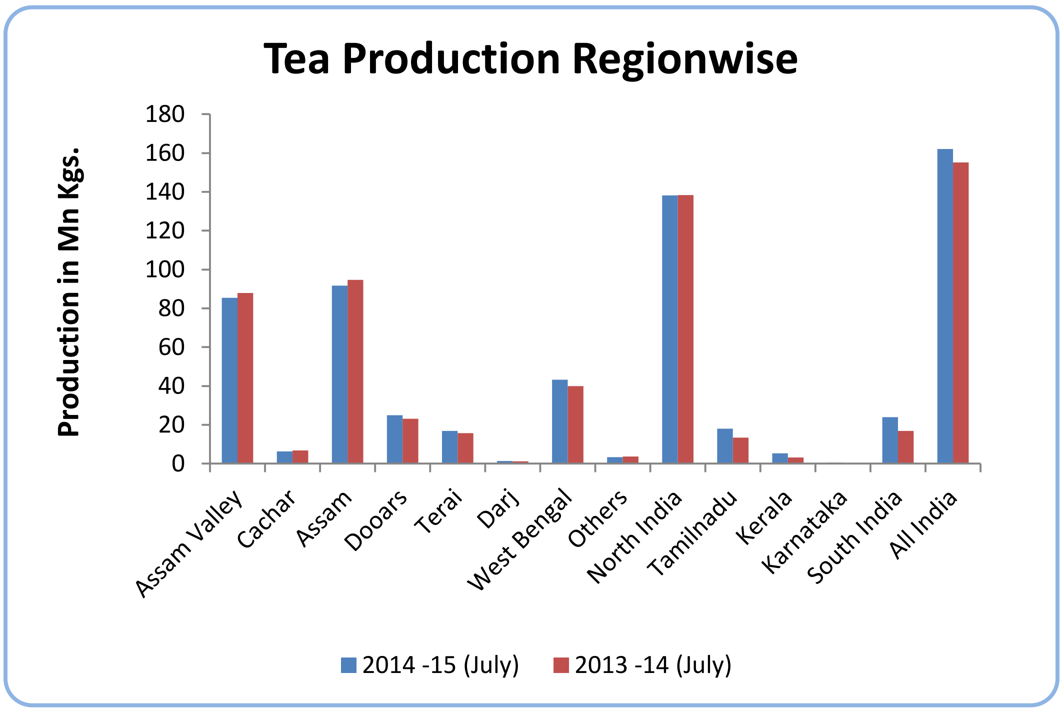
Coonoor Tea Auction: Sale No: 37 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	72.50	372252.50	300893.50
CTC Leaf	68.19	852989.00	683161.00
Orthodox Dust	96.95	48883.00	34544.00
Orthodox Leaf	91.34	42856.60	31654.80

(Source: Paramount Marketing, Coimbatore)

Prices continued positive tone at Coonoor tea auction except orthodox dust variety. Quantity offered on sale declined for another consecutive week. Lower availability and good demand in the domestic market lent support to prices. Prices are likely to notice steady to firm tone in the coming days.





(Source: Tea Board)

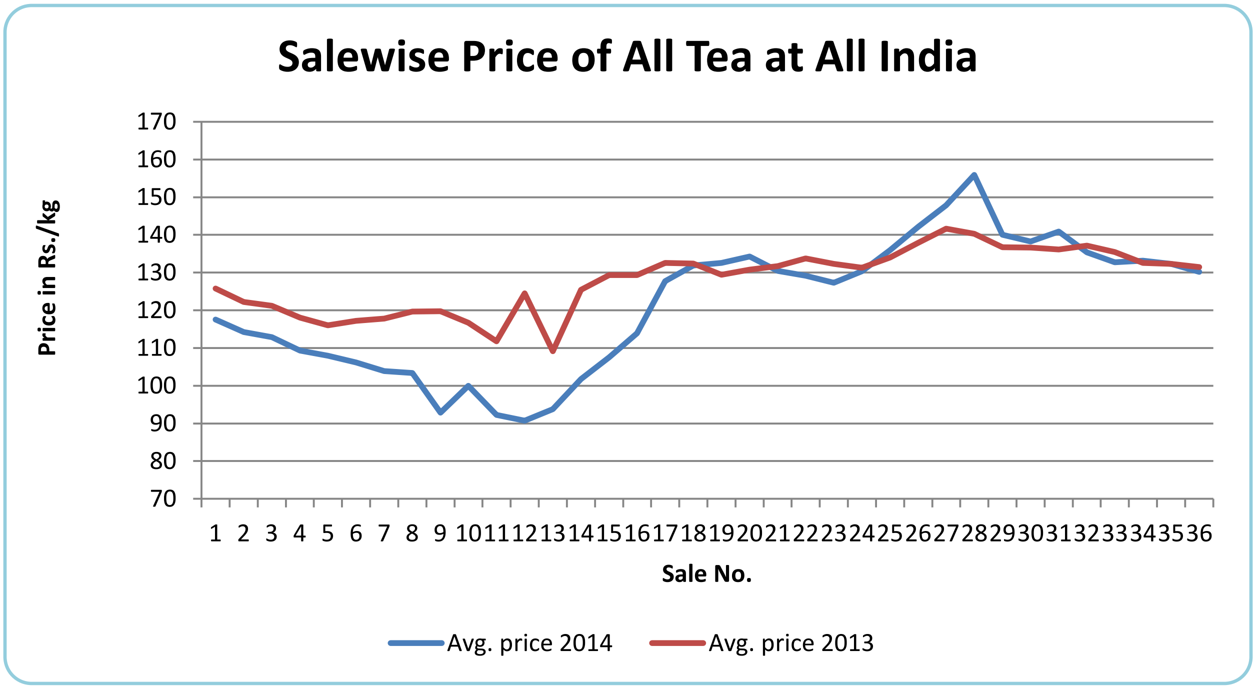
The above graph shows production comparison region wise during the last two years and in the month of May in comparison with previous year. In the year 2014 (Apr –Mar), production increased by 6.5% to 1208.78 million kgs mainly on account of increase in production in Assam. In the current year in the 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 slightly compared to previous year amid lack of 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 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 2014-09-06

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	158.71(144.05)	140.92(129.23)	123.21(113.91)	NS(88.22)	96.22(128.20)	66.79(86.68)	71.43(98.95)	49.11(92.87)
Total Tea	161.33(156.74)	140.90(129.54)	123.21(113.91)	NS(88.22)	98.32(129.41)	67.32(87.02)	71.59(98.80)	49.11(92.87)

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

Variety	North India	South India	All India
CTC All Dust	139.69(130.57)	74.06(100.56)	127.04(125.75)
Total Tea	142.46(136.94)	75.51(101.45)	130.21(131.43)

(Source: Tea Board)

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

Technical Commentary:
Tea prices noticed weak tone during the week. MACD is declining in the positive territory suggesting weak tone in the near –term. Prices are likely to continue the weak tone towards 150 levels and are holding below the uptrend channel as seen in the weekly chart. RSI is declining in the neutral region supporting weakness in the near –term. Buyers can wait for better buying levels in the medium –term.

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	161.33	180.75	193.50

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 35 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	450 - 500	450 - 520
Average Westerns	410 - 440	420 - 440
Plainer Westerns	350 - 400	360 - 410
Western Mediums	350 - 600	375 - 410
Uva Teas	360 - 610	390 - 450
Nuwara Eliya Teas	NQ	450 - 500
Udapussellawa Teas	320 - 380	360 - 405
CTC (BP1 and PF1)	340 - 540	340 - 600

In this week's auction, 7.20 million kgs of tea was offered for sale compared to 7.89 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. High Grown and Mid Grown CTC's noticed steady to weak tone and Low Grown CTC's noticed mixed tone 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 firm tone. In the Tippy catalogues, better made FBOP noticed steady tone and FF1's noticed firm tone during the week. The below best and plainer variety noticed steady tone during the week. There was active buying from Russia and other CIS countries. There was demand from Middle –East during the week.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	37		36		35	
Dates	23RD /24TH September 2014		16th/17th September 2014		09th/10th September 2014	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	759	852,932 kg	746	838,544 kg	834	963,019 kg
Main Sale Total	10,906	5,771,603 kg	11,358	6,011,798 kg	11,655	6,244,002 kg
High & Medium	942	463,434 kg	1,040	506,418 kg	1,146	562,628 kg
Low Growns Leafy	4,171	1,996,243 kg	4,350	2,102,379 kg	4,395	2,141,427 kg
Tippy	2,537	1,500,789 kg	2,428	1,408,280 kg	2,495	1,473,655 kg
Premium/Flowery	573	134,044 kg	580	129,463 kg	535	122,824 kg
Off Grades	2,232	1,248,618 kg	2,496	1,430,947 kg	2,613	1,489,824 kg
Dust	451	428,475 kg	464	434,311 kg	471	453,644 kg
Grand Total	11,665	6,624,535 kg	12,104	6,850,342 kg	12,489	7,207,021 kg
Reprints	1269	766,993 kg	1191	739,078 kg	1153	703,259 kg
Scheduled to Close (Ex)		04.09.14		28.08.14		21.08.14
Dates (Ms)		05.09.14		29.08.14		22.08.14

Scheduled Closing Dates

Auction No.36 : 16TH / 17TH September 2014

Ex Estate : 28.08.2014

Main Sale : 29.08.2014

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

Ex Estate : 04.09.2014

Main Sale : 05.09.2014

Auction No. 38 : 29TH / 30TH September 2014

Ex Estate : 11.09.2014

Main Sale : 12.09.2014

Auction No. 39 : 06TH / 07TH October 2014

Ex Estate : 18.09.2014

Main Sale : 19.09.2014

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 35

AUCTION AVERAGE PRICES (US$/Kg)

AUCTION	KENYA 2013	KENYA 2014	TOTAL 2013	TOTAL 2014
33	$ 2.34	$ 2.05	$ 2.25	$ 1.95
34	$ 2.33	$ 2.05	$ 2.25	$ 1.92
35	$ 2.23	$ 2.00	$ 2.13	$ 1.89

(In Srilankan Rupees)

QUOTATIONS	BROKENS	FANNINGS
Best	289 - 463	307-355
Good	292 – 305	307 – 318
Good Medium	265 – 318	300 – 315
Medium	257 – 301	263 – 282
Lower Medium	176 – 263	177 – 256
Plain	114 - 181	105 - 201

During the week better demand noticed for 8,364,943 kilos of tea on offer. Around 16.86% of the quantity offered on sale remained unsold. Brighter DUST1s were firm to USC10 easier with mediums firm to USC2 lower and prices of lower mediums were steady to USC10 lower during the week. Prices of Brighter BP1's declined amid lack of demand and were USC2 to USC18 lower, prices of mediums declined USC2 to USC14 and prices of lower mediums were firm to USC10 lower. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed weak tone during the week.

In the secondary catalogues, BPs and PF's witnessed easy tone. Well sorted clean coloury Fannings noticed firm tone and Dusts prices declined during the week. Other Fannings were lower and BMF's noticed good demand around higher levels. There was good buying interest from UK, Egyptian packers and Pakistan Packers. Sudan was active around lower levels. There was some activity from Middle – East, Bazaar, Kazakhstan and other CIS countries. Demand remained subdued from Iran. Afghanistan and Russia. Somalia continued to be active during the week.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 35

Orthodox	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	12.280	667.720 Kg	8.380	456.380 Kg	68.35
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	12.280	667.720 Kg	8.380	456.380 Kg	68.35
C.T.C	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	1.240	70.340 Kg	1.100	63.400 Kg	90.13
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	1.240	70.340 Kg	1.100	63.400 Kg	90.13
TOTAL	13.520	738.060 Kg	9.480	519.780 Kg	70.43

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	**BOP**	**BOPF**	**PF**	**DUST**	**BT**	**BP**
166-202	**136-204**	**135-198**	**134-204**	**131-192**	**128-148**	**250-298**

Orthodox Secondary Grades				
PF.II	**DUST.II**	**BT.II**	**BP.II**	**DUST.III**
128-192	**130-137**	**125-136**	**182**	**126-145**

CTC First and Secondary Grades						
BP.1	**PF.1**	**PD**	**D.1**	**FANN**	**D.2**	**D.3**
156-175	**170-187**	**178-206**	**176-206**	**135-171**	**160-173**	**---**

Market offerings increased to 13,520 paper sacks from 12,760 paper sacks. There was less demand in the market around current levels. Average price increased to USDcts 169.46 instead of USDcts 168.24 during last week’s auction. Average price of Orthodox variety increased to USDcts 168.58 and average price of CTC increased to USDcts 175.71. Secondary variety and Fannings noticed easy tone. Quantity sold declined to 70.43% during the period compared to 85.66% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	17/09/14	24/09/14	17/09/14	24/09/14
PTPN. IV	1.220 S	1.220 S	-	-
PTPN. VI	740 S	740 S	240 S	240 S
PTPN. VII	600 S	600 S	- S	- S
PTPN. VIII	8.180 S	8.180 S	800 S	800 S
PTPN. IX	560 S	560 S	-	-
PTPN. XII	- S	- S	640 S	640 S
Total Estate	11.300 S	11.300 S	1.680 S	1.680 S
Pagilaran	-	-	-	-
Total Private	--- S	--- S	--- S	--- S
Grand Total	11.300 S	11.300 S	1.680 S	1.680 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 17
(In US$/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	155-160	Best	188-193
Medium	167-173	Good	180-185
Small	177-188	Medium	168-178
Plain	110-130	Plain	110-130

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 2.7 million kgs of tea was offered for sale and nearly 23.8 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. 41,423 packages and 662 packages CTC Leaf of previous season noticed good demand. 7,165 packages and 40 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 demand. 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 eased up to Tk.5 –Tk.7.

(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	*July*	*138.20*	*112.2*	*Up to July*	*398.48*	*420.80*	*- 22.32*
South India	*July*	*23.89*	*16.88*	*Up to July*	*144.54*	*133.09*	*+ 11.45*
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 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	**13-09-2014**	**06-09-2014**
USD	60.80	60.21
Srilankan Rupee	0.4668	0.4624
Indonesian Rupiah	0.0051	0.0051
Kenyan Shilling	0.6871	0.6792
Bangladeshi Taka	0.7897	0.7771

Overall Outlook and Recommendation:

In the domestic market, prices noticed range –bound to firm tone during the week. There was no auction at Cochin during the week following 'Onam'. Prices improved slightly amid some enquiry in the export market. In the global market, there is comfortable supply and political crisis in the exporting countries weighed on Indian tea to certain extent. After the south –monsoon, quality of tea is likely to improve in the coming days. Prices are likely to notice range –bound to firm tone in the coming days.

In the global market, there is competition among major producers for new markets. There is comfortable supply and weather is conducive in the major growing regions. Future offerings are likely to decline at Srilankan and Indonesian tea auctions. There is good demand for Select/Best tea and medium and plainer varieties noticed easy tone. Prices are likely to notice steady to weak tone in the near –term.