News Highlights

- Tea production in the Nilgiris, the largest tea growing district in South India has increased by 16.26 percent till August this year compared to the same period previous year. The production of tea has increased to 10.94 million kgs. during January –August 2014 compared to 9.41 million kgs during the same months previous year.

- According to the trade sources of the Association, Assam produces more than 50 percent of the country's tea output. Currently there is only one auction centre in Guwahati and the Association wants another one in Jorhat to enable small tea growers to sell their produce easily.

- The Tea Research Association (TRA) has developed two new clones to boost productivity. Of the two clones developed, TTRI 1 aims at boosting productivity and has given a 35 percent higher yield at about 4000 kg per hectare. The clone TTRI 2 aims at producing quality orthodox tea.

- According to sources at Tea Board, the auction of Nilgiri winter speciality tea is likely to resume next year. These auctions help in generating the attention of speciality tea buyers in the world over.

- According to sources at Tata Global Beverages, Indian tea consumption is reporting a growth of 3 per cent on a long –term basis. The all –India per capita tea consumption is 0.8 kg and it is 1.5 kgs. in Kerala. The market is untapped and has a potential to grow. The value of the domestic market is estimated to be around 15000 -20000 crore.

- Tea consumption in Nigeria has been increasing by five percent annually since 2008. This will create opportunities for local investors and importers. Per capita consumption of tea increased to 28 grams compared to 23 grams in 2009. Assuming consumption annual growth rate to grow at five per cent in 2014, per capita tea consumption is likely to increase to 29.3 grams.

- Bonus of Kenyan tea farmers has declined by 44 percent in 2013-14 financial year following over supply of the crop in the market amid fluctuating global tea prices. Farmers will earn Sh17.61 per kilogramme of green leaf as final payment (bonus) compared to Sh31.65 per kilogramme of green leaf realized in the previous year.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 38 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	152.34	32,16,000	24,36,000
ORTHODOX	201.07	7,17,000	6,02,000
DUST	154.46	13,48,000	9,90,000

(Source: CTTA, Parcon India)

Prices noticed mixed tone during the week. In the CTC category there was fair demand in the market. Best Good Assams and Dooars noticed good demand around higher levels. Medium and Plainer varieties noticed steady to weak tone following quality. Tata Global and Hindustan Unilever were active buyers during the week. There was fair support from western India buyers and exporters. In the orthodox category, bolder whole leaf variety and smaller brokens were firm. Fannings noticed steady tone. Exporters were active and there was some enquiry from local traders. Prices are likely to be range –bound to weak in the coming days.

Guwahati Tea Auction: Sale No: 38 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	134.19	40,45,000	28,90,000
Dust	139.84	18,08,000	11,91,000

(Source: CTTA, Parcon India)

Prices declined during the week. Quantity offered on sale increased for CTC category and declined for Dust category compared to previous week. There was good demand for quality tea and fair demand for other varieties. Cleaner and Browner Sorts were firm and secondary varieties noticed easy tone. There was some inquiry from internal buyers and exporters were selective. Prices are likely to be steady to weak in the near –term.

Siliguri Tea Auction: Sale No: 38 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	117.19	5,72,000	4,14,000
CTC Leaf	125.17	37,93,000	29,79,000

(Source: CTTA, Parcon India)

Prices noticed recovery during the week. There was good demand for Leaf tea and improved demand for Dust tea. Liquoring varieties noticed steady tone. There were much withdrawals in Common and Plainer varieties. There was active buying support from major blenders and exporters. Prices are likely to notice firm tone in the coming days.

Jalpaiguri Tea Auction: Sale No: 38 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	-	-	-
CTC Leaf	93.14	15649	5044

(Source: Jalpaiguri Tea Auction Committee)

Prices declined at Jalpaiguri tea auction compared to previous week. Volumes offered on sale increased slightly during the week. Lack of buyers around current levels weighed on the market. The quality of tea arriving in the market is not up to the market. There were no offerings of CTC Dust tea at the auction. Prices are likely to be steady to weak in the coming days.

FUTURE OFFERINGS (PACKAGES):

		THIS YEAR		LAST YEAR	
	SALE	**QTY**	**CL. DATE**	**QTY**	**CL. DATE**
SILIGURI	**42**	35970	15.09.2014	Dropped	
	41	100423	15.09.2014	60488	14.09.2014
KOLKATA	**41**	115619	03.09.2014	88196	10.09.2013
GUWAHATI	**40**	110362	10.09.2014	125321	11.09.2013

Cochin Tea Auction: Sale No: 38 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	100.46	909662.60	780736.30
CTC Leaf	76.92	63606.00	56478.00
Orthodox Dust	49.22	21913.00	7122.00
Orthodox Leaf	111.87	120668.00	100488.00

(Source: Paramount Marketing, Coimbatore)

Prices increased at Kochi tea auction during the week. In the Dust category, 84% of the quantity offered was sold and there was good demand in the market around current levels. Good Liquoring varieties noticed easy tone and prices of plainer varieties increased during the period. There was good buying support from loose tea buyers, regional buyers and exporters. In the Leaf category, Nilgiri Brokens, Whole Leaf and Fannings noticed steady to firm tone. Other Tippy grades and

Medium Black Bolder Brokens were range –bound to weak. There was good demand from upcountry buyers and demand remained subdued from exporters. Prices are likely to be steady to firm in the coming days.

Coimbatore Tea Auction: Sale No: 38 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	77.69	220006.00	201104.00
CTC Leaf	73.58	141635.00	114607.00
Orthodox Dust	66.89	12662.00	6372.00
Orthodox Leaf	90.44	4852.00	2767.00

(Source: Paramount Marketing, Coimbatore)

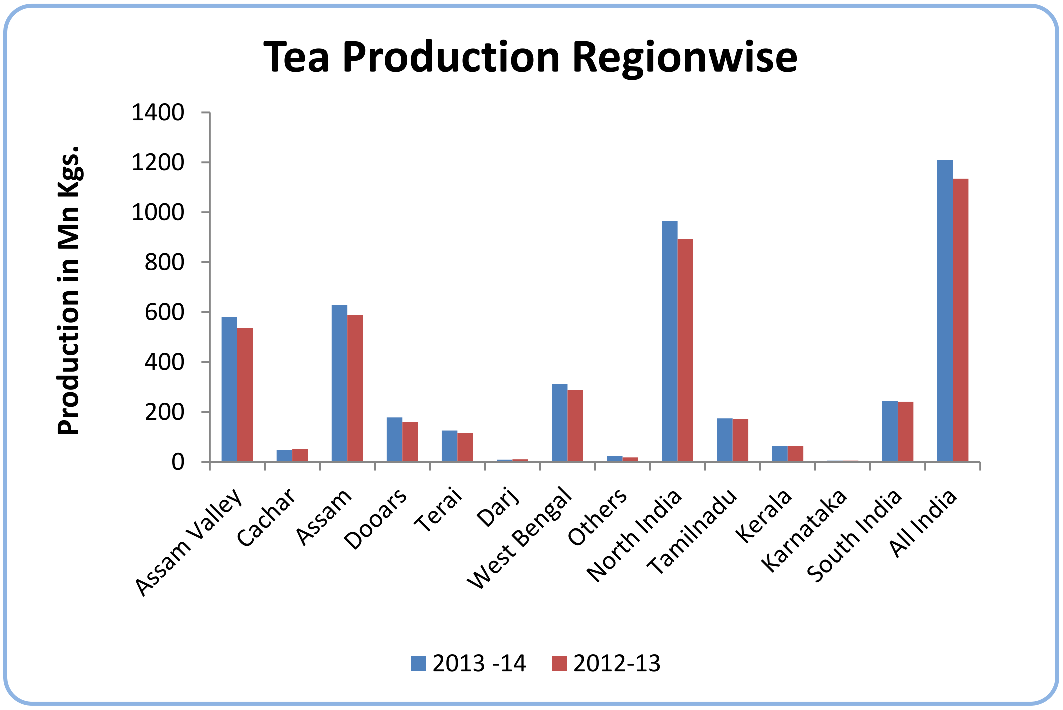
Priced noticed firm tone during the week except Orthodox Leaf variety. Quantity offered on sale declined during the week compared to previous week. Some export enquiry and demand in the local market lend support to prices. Prices are likely to be range –bound to firm in the coming days.

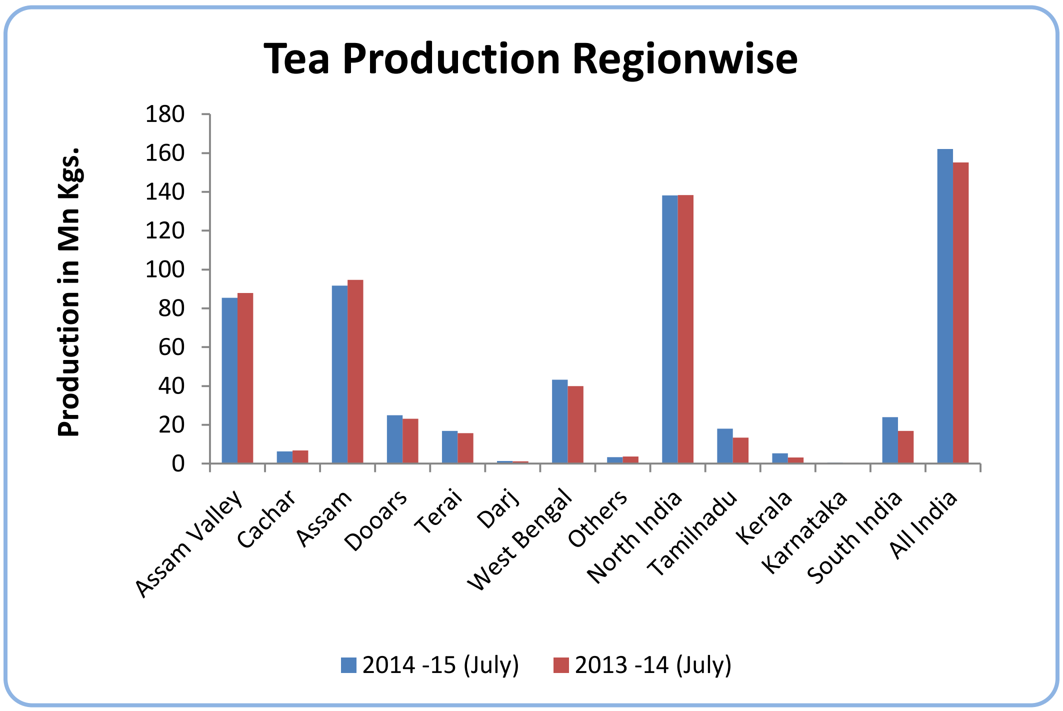
Coonoor Tea Auction: Sale No: 38 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	77.81	345442.00	303526.50
CTC Leaf	72.01	787303.00	708172.00
Orthodox Dust	100.82	52432.00	35549.00
Orthodox Leaf	92.68	40506.20	37401.20

(Source: Paramount Marketing, Coimbatore)

Prices increased at Coonoor tea auction during the week. Quantity offered on sale declined during the week compared to previous week except orthodox dust variety. Good demand in the market around current levels lends support to prices. Prices are likely to continue positive tone in the coming days.





(Source: Tea Board)

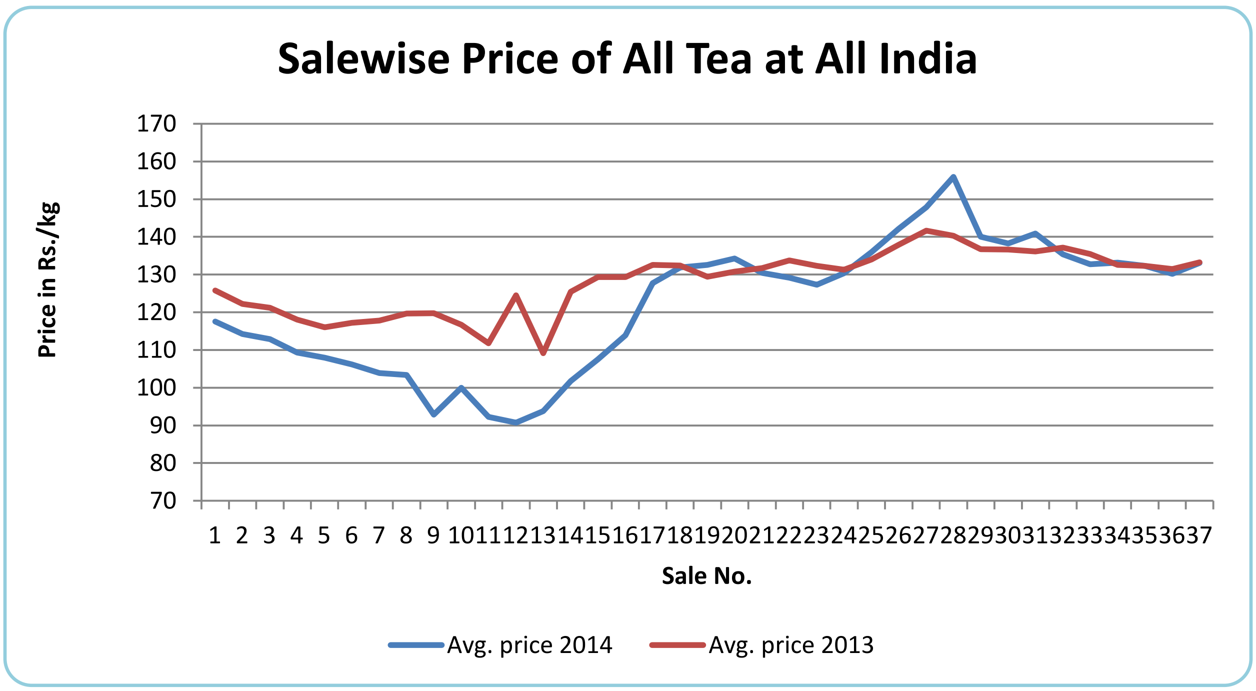
The above graph shows production comparison region wise during the last two years and in the month of May in comparison with previous year. In the year 2014 (Apr –Mar), production increased by 6.5% to 1208.78 million kgs mainly on account of increase in production in Assam. In the current year in the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

Weekly Average Prices at Indian Auction Centers for week ending 2014-09-13

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	147.62(145.36)	142.00(131.08)	123.96(115.78)	106.60(93.50)	NS(128.62)	70.44(87.93)	71.55(101.39)	48.21(90.39
Total Tea	157.53(160.10)	141.95(131.45)	123.96(115.78)	106.60(93.50)	NS(130.17)	71.07(88.28)	71.65(101.06)	48.21(90.39

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

Variety	North India	South India	All India
CTC All Dust	138.41(132.12)	67.17(104.45)	129.07(127.04)
Total Tea	142.54(139.29)	67.66(105.62)	133.04(133.25)

(Source: Tea Board)

Tea – Technical Outlook — Total Tea -Kolkata

Technical Commentary:
Tea prices declined towards 150 levels during the week. Prices are holding below 9 –Day and 21 –Day EMA supporting weakness in the medium –term. Breaking below 150 levels will denote further weakness towards 120 levels. Stochastic oscillator is steady in the oversold region supporting some recovery in the medium –term. 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 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	157.53	180.75	193.50

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 36 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	450 - 500	470 - 570
Average Westerns	420 - 440	420 - 460
Plainer Westerns	350 - 410	350 - 410
Western Mediums	500 - 550	350 - 405
Uva Teas	320 - 510	380 - 425
Nuwara Eliya Teas	405 - 520	440 - 500
Udapussellawa Teas	280 - 435	350 - 450
CTC (BP1 and PF1)	310 - 510	330 - 610

In this week's auction, 6.85 million kgs of tea was offered for sale compared to 7.20 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 weak tone following quality. High Grown and Mid Grown CTC's noticed firm tone and Low Grown CTC's noticed easy 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 weak tone during the week. Political unrest in the Middle –East and Ukraine is affecting the demand for Srilankan tea.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	38		37		36	
Dates	29TH/30TH September 2014		23RD /24TH September 2014		16th/17th September 2014	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	747	866,021 kg	759	852,932 kg	746	838,544 kg
Main Sale Total	10,413	5,511,122 kg	10,906	5,771,603 kg	11,358	6,011,798 kg
High & Medium	1016	508,345 kg	942	463,434 kg	1,040	506,418 kg
Low Growns Leafy	4,125	2,011,426 kg	4,171	1,996,243 kg	4,350	2,102,379 kg
Tippy	2,426	1,444,030 kg	2,537	1,500,789 kg	2,428	1,408,280 kg
Premium/Flowery	551	125,588 kg	573	134,044 kg	580	129,463 kg
Off Grades	1,916	1,063,660 kg	2,232	1,248,618 kg	2,496	1,430,947 kg
Dust	379	358,073 kg	451	428,475 kg	464	434,311 kg
Grand Total	11,160	6,377,143 kg	11,665	6,624,535 kg	12,104	6,850,342 kg
Reprints	1077	665,437 kg	1269	766,993 kg	1191	739,078 kg
Scheduled to Close (Ex) Dates		11.09.14		04.09.14		28.08.14
Scheduled to Close (Ms) Dates		12.09.14		05.09.14		29.08.14

Scheduled Closing Dates

Auction No.37	:	23RD / 24TH September 2014	Auction No. 39	:	06TH / 07TH October 2014
Ex Estate	:	04.09.2014	Ex Estate	:	18.09.2014
Main Sale	:	05.09.2014	Main Sale	:	19.09.2014
Auction No. 38	:	29TH / 30TH September 2014	Auction No. 40	:	14TH / 15TH October 2014
Ex Estate	:	11.09.2014	Ex Estate	:	25.09.2014
Main Sale	:	12.09.2014	Main Sale	:	26.09.2014

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 36

AUCTION AVERAGE PRICES (US$/Kg)

AUCTION	KENYA 2013	KENYA 2014	TOTAL 2013	TOTAL 2014
34	$ 2.33	$ 2.05	$ 2.25	$ 1.92
35	$ 2.23	$ 2.00	$ 2.13	$ 1.89
36	$ 2.20	$ 2.04	$ 2.13	$ 1.92

(In Srilankan Rupees)

QUOTATIONS	BROKENS	FANNINGS
Best	290 - 502	318-366
Good	294 – 321	318 – 337
Good Medium	289 – 342	313 – 323
Medium	243 – 321	263 – 292
Lower Medium	181 – 263	177 – 265
Plain	111 - 144	107 - 215

During the week improved demand noticed for 8,258,414 kilos of tea on offer. Around 16.86% of the quantity offered on sale remained unsold. Brighter DUST1s were USC2 to USC10 easier with mediums firm to USC8 lower and prices of lower mediums were USC2 to USC12 lower during the week. Prices of Brighter BP1's increased up to USC30, prices of mediums increased up to USC20 and prices of lower mediums were steady to USC12 lower. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

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

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 36

Orthodox	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	11.280	620.340 Kg	8.980	488.660 Kg	78.77
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	11.280	620.340 Kg	8.980	488.660 Kg	78.77
C.T.C	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	1.680	94.860 Kg	1.660	93.900 Kg	98.99
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	1.680	94.860 Kg	1.660	93.900 Kg	98.99
TOTAL	12.960	715.200 Kg	10.640	582.560 Kg	81.45

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	**BOP**	**BOPF**	**PF**	**DUST**	**BT**	**BP**
166-190	**132-199**	**128-193**	**130-200**	**128-191**	**125-146**	**256-297**

Orthodox Secondary Grades				
PF.II	**DUST.II**	**BT.II**	**BP.II**	**DUST.III**
125-192	**130-160**	**122-137**	**180-196**	**127-146**

CTC First and Secondary Grades						
BP.1	**PF.1**	**PD**	**D.1**	**FANN**	**D.2**	**D.3**
153-179	**165-185**	**177-224**	**178-210**	**134-179**	**163-177**	**---**

Market offerings declined to 12,960 paper sacks from 13,520 paper sacks. There was good demand in the market around current levels. Average price declined to USDcts 166.25 instead of USDcts 169.46 during last week’s auction. Average price of Orthodox variety declined to USDcts 164.24 and average price of CTC declined to USDcts 175.00. Secondary variety and Fannings noticed easy tone. Quantity sold increased to 81.45% during the period compared to 70.43% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox 24/09/14	Orthodox 01/10/14	C.T.C 24/09/14	C.T.C 01/10/14
PTPN. IV	980 S	1.500 S	-	-
PTPN. VI	540 S	160 S	340 S	380 S
PTPN. VII	960 S	1.280 S	- S	- S
PTPN. VIII	12.580 S	12.640 S	1.560 S	1.860 S
PTPN. IX	620 S	700 S	-	-
PTPN. XII	- S	- S	580 S	600 S
Total Estate	15.680 S	16.280 S	2.480 S	2.840 S
Pagilaran	-	-	-	-
Total Private	--- S	--- S	--- S	--- S
Grand Total	15.680 S	16.280 S	2.480 S	2.840 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 18

(In US$/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	155-165	Best	188-195
Medium	170-173	Good	182-187
Small	180-190	Medium	170-178
Plain	110-130	Plain	110-130

Tea prices at Bangladesh tea auction increased during the week amid good demand from local buyers. The average price of tea during this week's auction was around USD 2.40/kg. Around 2.66 million kgs of tea was offered for sale and nearly 20.5 percent remained unsold.

There was good demand from blenders and loose tea buyers. 40,395 packages and 393 packages CTC Leaf of previous season noticed good demand. 7,877 packages on offer of CTC Dust noticed good demand around lower levels. In CTC Dust, good liquoring varieties were firm to slightly dearer and medium levels noticed steady tone. Good liquoring Broken varieties noticed demand around higher levels and sold at a rate of Tk.185 –Tk.192. Good liquoring varieties in fannings also noticed good buying support. Good liquoring Dusts noticed weak tone during the week.

(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	20-09-2014	13-09-2014
USD	60.84	60.80
Srilankan Rupee	0.4669	0.4668
Indonesian Rupiah	0.0051	0.0051
Kenyan Shilling	0.6879	0.6871
Bangladeshi Taka	0.7871	0.7897

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.