

News Highlights

- The Confederation of Indian Small Tea Growers' Association (CISTA) has asked the Commerce Ministry to frame a policy for floor price of green tea. The floor tea prices should be formulated properly so that the small tea growers get returns above the cost of production.
- The cumulative turnover at the auctions of Coonoor Tea Trade Association (CTTA) declined by 21% per cent till September this year compared to previous year during the same period. 39 auctions have been held till September and a volume of 4.34 crore kg was sold compared to 4.38 crore kg in 2013.
- Small Tea Growers (STG's), which account for 30% of total domestic production in India have asked for separate brand identity for tea produced by them.
- According to trade sources in the company, Mohani tea has exported 13 tonnes of tea worth Rs. 50 lakhs to Nigeria this year. The company is exploring the Sub Saharan West African Region comprising countries like Mali, Burkina Faso and Nigeria.
- The tea promotional budget amounting to US\$ 50 million in Srilanka, is likely to be used for promotional campaigns by the end of this year. Around 50 percent of the fund will be returned to the tea exporters to strengthen their existing promotional campaign. The disposal of the fund will depend on how much an exporter can afford to spend on promotional campaigns.
- Pakistan imported 13,217,819 kgs of black tea and 86,845 kgs of green tea in the month of September 2014.
- Tea farmers in Kenya have been asked to pick only the recommended green tea leaves so as to control the declining international prices. Tea prices have been falling at the Mombasa auction centre amid supply of poor quality tea in the market.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 40 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	149.45	22,73,326	18,45,732
ORTHODOX	181.85	7,07,831	5,92,269
DARJEELING	218.18	1,41,553	94,807
DUST	152.00	10,71,529	8,55,656

(Source: CTTA, Parcon India)

Prices declined mostly at Kolkata tea auction during the week. Quantity offered on sale declined compared to previous week. CTC variety tea prices noticed firm tone amid good demand. The Dust secondaries noticed easy tone. There was good buying from Hindustan Unilever, Tata Global, Western India buyers and exporters. In the orthodox category, Well Made Whole Leaf, Bolder Whole Leaf, Smaller Broken and Fannings noticed steady to easy tone. Lack of demand from the exporters added to the weak tone of the market. Prices are likely to be range –bound to weak in the coming days.

Guwahati Tea Auction: Sale No: 40 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	133.70	35,46,352	26,48,832
Dust	138.92	18,58,089	13,59,417

(Source: CTTA, Parcon India)

Prices noticed weak tone during the week compared to previous week. Quantity offered on sale declined during the week compared to previous week. There was demand for Quality tea and other plainer varieties noticed easy tone. There was not much demand from internal buyers in the market. Prices are likely to notice weak tone in the near –term.

Siliguri Tea Auction: Sale No: 40 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	113.21	5,76,148	3,91,159
CTC Leaf	122.45	35,76,811	28,65,007

(Source: CTTA, Parcon India)

Prices continued weak tone during the period compared to previous week. Quantity offered on sale increased in CTC Leaf variety compared to previous week. There was less demand from the blenders and exporters in the market. Prices are likely to notice range –bound to weak tone in the coming days.

Jalpaiguri Tea Auction: Sale No: 40 (Price in Rs./kg)

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

(Source: Jalpaiguri Tea Auction Committee)

There was no auction at Jalpaiguri during the week.

Cochin Tea Auction: Sale No: 41 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	102.45	1104861.20	852377.40
CTC Leaf	70.60	1141250.00	800434.00
Orthodox Dust	66.200	16517.00	1580.00
Orthodox Leaf	127.66	150727.00	123097.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed mostly weak tone at Kochi tea auction during the week. Quantity offered on sale declined during the week compared to previous week. There was fair demand for CTC dust in the market. Plainer varieties noticed much withdrawals in the market. There was good demand from AVT, Tata Global, Kerala State Civil Supplies for Good Liquoring teas. Demand remained subdued from Loose Tea traders and Upcountry buyers. In the Leaf category, there was good demand for Select Best Niligiri Broken and Whole Leaf. Fannings and Bolder Leaf noticed steady to weak tone. There was less demand from upcountry buyers, Hindustan Unilever and exporters. Prices are likely to be range –bound to weak in the coming days.

Coimbatore Tea Auction: Sale No: 41 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	80.20	243912.00	177358.00
CTC Leaf	77.36	152043.00	66195.00
Orthodox Dust	64.43	11910.00	4018.00

Orthodox Leaf	72.65	5077.00	535.00
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(Source: Paramount Marketing, Coimbatore)

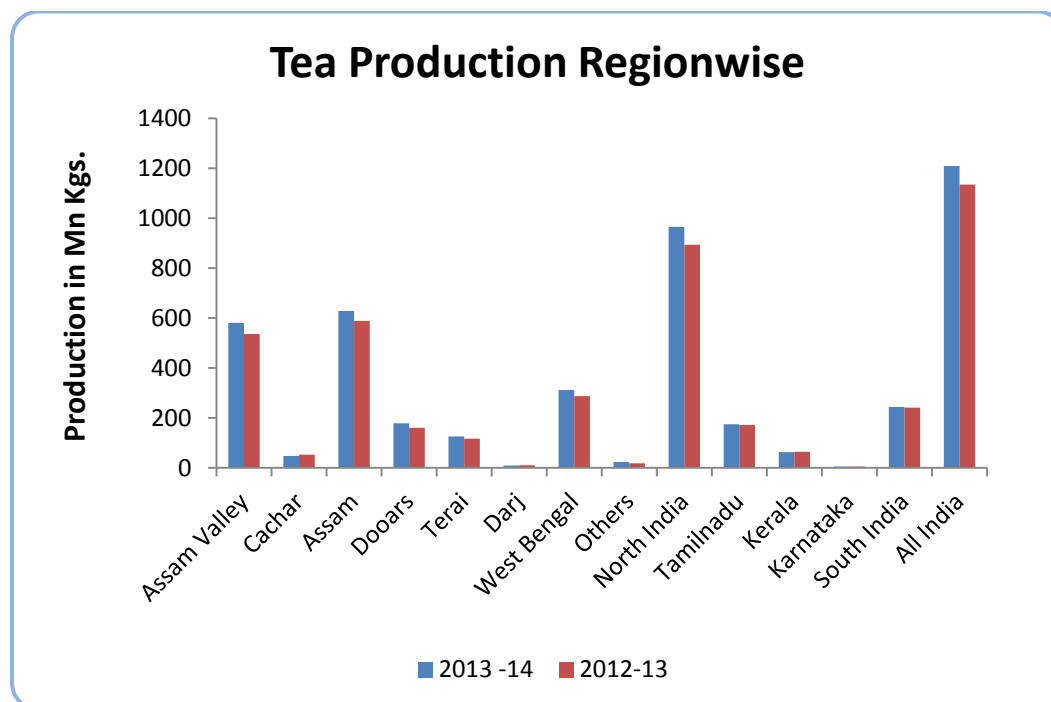
Prices noticed weak tone at Coimbatore tea auction during the week. Quantity offered on sale increased during the week compared to previous week. There was not much demand in the internal market. Enquiry from exporters lent some support to the market. Prices are likely to notice steady to weak tone in the near –term.

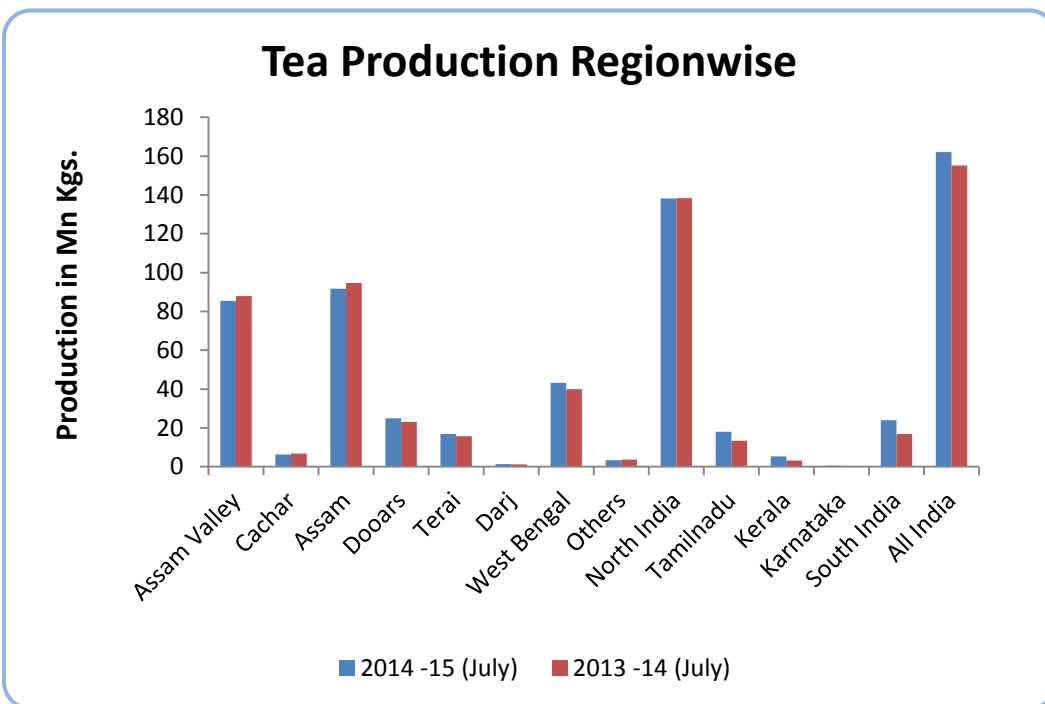
Coonoor Tea Auction: Sale No: 41 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	76.78	501318.00	298612.00
CTC Leaf	70.60	1141250.00	800434.00
Orthodox Dust	108.94	62505.00	21768.00
Orthodox Leaf	93.10	51575.20	32390.60

(Source: Paramount Marketing, Coimbatore)

Prices noticed mixed tone at Coonoor tea auction during the week. Quantity offered on sale increased in CTC variety and declined in orthodox variety during the week compared to previous week. There was less demand from exporters in the market. Prices are likely to notice steady to weak tone in the coming days.





(Source: Tea Board)

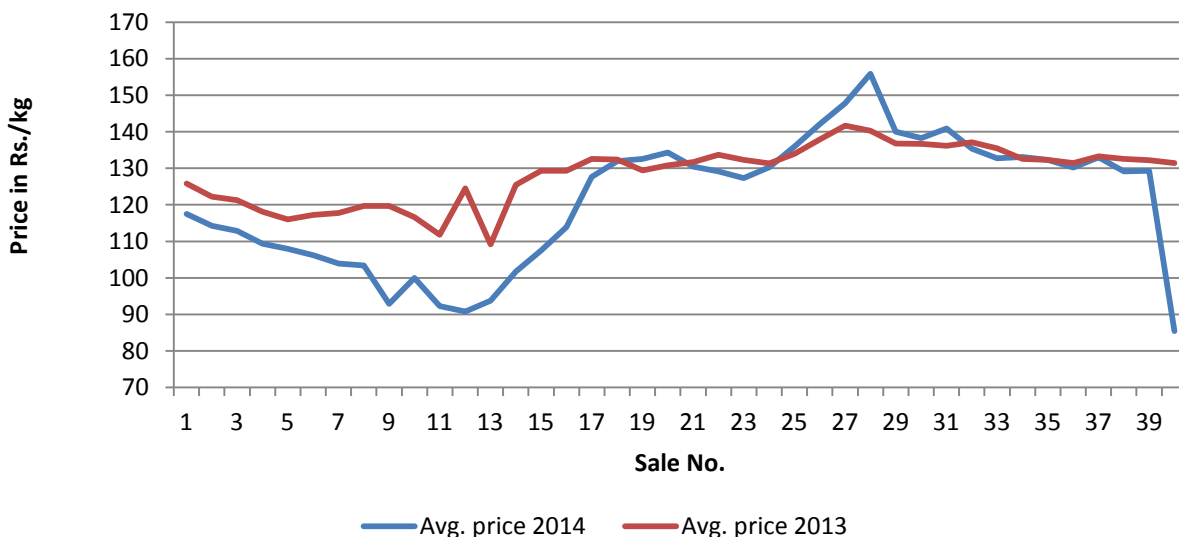
The above graph shows production comparison region wise during the last two years and in the month of May in comparison with previous year. In the year 2014 (Apr –Mar), production increased by 6.5% to 1208.78 million kgs mainly on account of increase in production in Assam. In the current year in the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

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 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 lower compared to previous year as there was no auctions in North India last week following 'Dussehra' and the prices reflects only average price of South India. Prices have declined during the week compared to previous week.

Weekly Average Prices at Indian Auction Centers for week ending 2014-10-04

Varie ty	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	NS(148.01)	NS(135.36)	NS(116.8 4)	NS(85.65)	99.47(12 2.77)	76.14(86.2 9)	83.71(95.26)	52.21(85.6 6)
Total Tea	NS(161.04)	NS(135.68)	NS(116.8 4)	NS(85.65)	102.62(1 25.13)	76.39(86.8 9)	83.68(95.25)	52.21(85.6 6)

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

Variety	North India	South India	All India
CTC All Dust	NS(133.80)	83.27(100.13)	83.27(126.56)
Total Tea	NS(139.31)	85.43(102.02)	85.43(131.39)

(Source: Tea Board)

Tea – Technical Outlook

Technical Commentary:

Tea prices continued positive tone during the week. Prices are holding 150 levels and are likely to continue firm tone in the coming days. Prices are holding below 9 –Day and 21 –Day EMA supporting the overall weak tone of the market. Stochastic oscillator is increasing in the neutral region supporting firm tone in the coming days. Buyers are advised to purchase around current levels for their near – term requirement.

The tea prices are likely to notice firm tone 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	150.00	146.00	165.25	180.75	193.50

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 39 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	500 - 590	570 - 640
Average Westerns	440 - 480	510 - 560
Plainer Westerns	400 - 430	450 - 500
Western Mediums	390 - 630	380 - 450
Uva Teas	415 - 520	370 - 560
Nuwara Eliya Teas	470 - 600	450 - 460
Udapussellawa Teas	380 - 430	390 - 530
CTC (BP1 and PF1)	360 - 480	380 - 740

In this week's auction, 6.90 million kgs of tea was offered for sale compared to 6.38 million kgs of tea during the previous week. There was less demand for Select Best teas during the week. Better western BOP's/BOPF's noticed steady to firm tone amid special enquiry. High Grown and Mid Grown CTC's noticed firm tone and Low Grown CTC's noticed easy tone during the week. There was less 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 firm tone and FF1's noticed firm tone during the week. The below best and plainer variety noticed mixed tone during the week. Russian buyers were active and there was buying support from Tea Bag sector. There was less demand from Syria.

DETAILS OF TEAS AWAITING SALE

	41		40		39	
AUCTION NO.						
Dates	21 st /22 nd October 2014		14 th /15 th October 2014		06 th /07 th October 2014	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	887	1,057,243 kg	787	928,850 kg	739	878,864 kg
Main Sale Total	11,539	6,230,598 kg	11,688	6,278,343 kg	11,254	6,026,018 kg
High & Medium	1,478	804,133 kg	1,308	690,521 kg	1,125	576,711 kg
Low Growns Leafy	4,399	2,145,822 kg	4,634	2,299,623 kg	4,393	2,169,502 kg
	2,489	1,471,217 kg	2,608	1,572,949 kg	2,531	1,510,267 kg
Tippy						
Premium/Flowery	503	117,944 kg	521	125,625 kg	477	116,532 kg
Off Grades	2,154	1,186,993 kg	2,154	1,146,764 kg	2,258	1,208,918 kg
Dust	514	504,489 kg	463	442,861 kg	470	444,088 kg
Grand Total	12,424	7,287,841 kg	12,475	7,207,193 kg	11,993	6,904,882 kg
Reprints	893	482,489 kg	902	460,652 kg	1,073	582,582 kg
Scheduled to Close (Ex)		02.10.14		25.09.14		18.09.14
Dates (Ms)		03.10.14		26.09.14		19.09.14

Scheduled Closing Dates

Auction No. 40 : 14th/15th October 2014

Ex Estate : 25.09.2014

Main Sale : 26.09.2014

Auction No. 42 : 28th/29th October 2014

Ex Estate : 09.10.2014

Main Sale : 10.10.2014

Auction No. 41 : 21st/ 22nd October 2014

Ex Estate : 02.10.2014

Main Sale : 03.10.2014

Auction No. 43 : 03rd/04th Nov. 2014

Ex Estate : 16.10.2014

Main Sale : 17.10.2014

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 39

AUCTION AVERAGE PRICES (US\$/Kg)

AUCTION	KENYA	KENYA	TOTAL	TOTAL
	2013	2014	2013	2014
36	\$ 2.20	\$ 2.04	\$ 2.13	\$ 1.92
37	\$ 2.19	\$ 1.98	\$ 2.14	\$ 1.85
38	\$ 2.15	\$ 2.00	\$ 2.10	\$ 1.92

(In Srilankan Rupees)

QUOTATIONS	BROKENS	FANNINGS
Best	271 - 508	312 -414
Good	290 – 324	313 – 321
Good Medium	283 – 285	309 – 319
Medium	234 – 292	258 – 298
Lower Medium	159 – 251	164 – 261
Plain	104 - 152	92 - 197

During the week better demand noticed for 8,175,492 kilos of tea on offer. Around 20.33% of the quantity offered on sale remained unsold. Brighter DUST1s were firm to USC3 easier with mediums firm to USC5 lower and prices of lower mediums were USC2 to USC10 lower during the week. Prices of Brighter BP1's USC4 to USC26, prices of mediums declined and prices of lower mediums were USC6 to USC8 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 firm tone. Well sorted clean coloury Fannings noticed easy tone and Dusts prices noticed firm tone during the week. Other Fannings and BMF's noticed weak tone. There was good buying interest from UK, Pakistan Packers, Yemen and other Middle –Eastern countries. There was less demand from Bazaar, Afghanistan and Iran. Somalia was less active during the week.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 39

Orthodox	OFFERED		SOLD		%
PTPN ESTATE	17.860	971.500 Kg	8.140	432.720 Kg	44.54
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	17.860	971.500 Kg	8.140	432.720 Kg	44.54
C.T.C	OFFERED		SOLD		%
PTPN ESTATE	2.880	160.540 Kg	1.740	99.940 Kg	62.25
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	2.880	160.540 Kg	1.740	99.940 Kg	62.25
TOTAL	20.740	1.132.040 Kg	9.880	532.660 Kg	47.05

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	BOP	BOPF	PF	DUST	BT	BP
165-183	156-190	134-187	132-200	131-190	127-144	240-297

Orthodox Secondary Grades				
PF.II	DUST.II	BT.II	BP.II	DUST.III
125-177	123-155	123-136	151-164	116-141

CTC First and Secondary Grades						
BP.1	PF.1	PD	D.1	FANN	D.2	D.3
145-187	164-206	171-206	163-216	136-198	152-182	---

Market offerings increased to 20,740 paper sacks from 19,120 paper sacks. There was lower demand in the market around current levels. Average price increased to USDcts 167.60 instead of USDcts 167.32 during last week's auction. Average price of Orthodox variety declined to USDcts 164.99 and average price of CTC increased to USDcts 177.80. Secondary variety and Fannings noticed easy tone. Quantity sold to 47.05% during the period compared to 57.35% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	15/10/14	22/10/14	15/10/14	22/10/14
PTPN. IV	1.380 S	1.380 S	-	-
PTPN. VI	540 S	560 S	480 S	580 S
PTPN. VII	1.460 S	2.260 S	- S	- S
PTPN. VIII	13.520 S	11.680 S	1.860 S	1.620 S
PTPN. IX	1.040 S	620 S	-	-
PTPN. XII	- S	- S	560 S	500 S
Total Estate	17.940 S	16.500 S	2.900 S	2.700 S
Pagilaran	-	-	-	-
Total Private	--- S	--- S	--- S	--- S
Grand Total	17.940 S	16.500 S	2.900 S	2.700 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 20

(In US\$/kg)

BROKENS	QUOTATIONS	FANNINGS	QUOTATIONS
Large/Bold	162-173	Best	162-173
Medium	174-180	Good	174-180
Small	183-193	Medium	183-193
Plain	95-125	Plain	95-125

Tea prices at Bangladesh tea auction declined during the week amid large supplies in the market. Demand for quality leaf lent some support to the market. The average price of tea during this week's auction was around USD 2.39/kg. Around 2.45 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 for bright liquoring teas. 7,199 packages and 397 packages CTC Leaf of previous season noticed good demand. 7,146 packages of teas 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. Good liquoring varieties in fannings also noticed good buying support. Good liquoring Dusts noticed firm tone during the week.

(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./-DEC.</i>
<i>Sri Lanka</i>	<i>August</i>	24.77	26.59	<i>Up to August</i>	226.79	223.39	+ 3.4
<i>North India</i>	<i>July</i>	138.20	138.25	<i>Up to July</i>	398.48	420.80	- 22.32
<i>South India</i>	<i>July</i>	23.89	16.88	<i>Up to July</i>	144.54	133.09	+ 11.45
<i>Kenya</i>	<i>August</i>	26.76	26.34	<i>Up to August</i>	282.73	278.19	+ 4.54
<i>Bangladesh</i>	<i>August</i>	10.3	9.5	<i>Up to August</i>	35.5	34.8	+ 0.7
<i>Malawi</i>	<i>July</i>	1.4	1.7	<i>Up to July</i>	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	11-10-2014	04-10-2014
USD	61.25	61.53
Srilankan Rupee	0.4699	0.4723
Indonesian Rupiah	0.0050	0.0050
Kenyan Shilling	0.6871	0.6894
Bangladeshi Taka	0.7908	0.7963

Overall Outlook and Recommendation:

In the domestic market, prices noticed mostly easy tone during the week. Trading activities remained lack-luster after the festival of 'Dussehra'. The quality of tea is likely to improve in the coming days. Lack of good demand in the domestic market and export enquiry added to the weak tone of the market. Prices are likely to be range-bound to weak in the near-term.

In the global market, prices noticed weak tone during the week. There was not much demand in the market. Future offerings are likely to increase in Sri Lanka and decline in Indonesia. Weather is favourable in the tea growing regions. Prices are likely to decline in the coming days.

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