

## **News Highlights**

- The third biggest packet –tea company in the country, Gujarat –based Bagh Wakri Group has shown interest in setting up a quality –testing laboratory for small tea growers in Assam.
- Farmers in Wayanad say that tea production is not remunerative for them as the production cost has almost doubled in recent times.
- Subdued buying interest of orthodox tea by buyers from Iran and procedural delays in the renewal of mandatory certifications of good manufacturing practice by Tehran have affected Indian tea exports.
- A delegation from the United Tea Workers Front (UTWF) has been asked by labour minister that minimum wages for the workers should be implemented in the next 6 months.
- On the occasion of World Food Day, Greenpeace released a report showcasing successfully running tea plantations using ecological approaches across India. According to Greenpeace, non pesticide management is the future of tea cultivation.
- Tea production in South India has been declining during the last few years amid lower number of rainy days, increase in maximum temperature and low atmospheric water content. India produces annually 1100 -1200 million kgs. In North India also, production has been affected following lack of sufficient rainfall and increase in temperatures.
- World tea production till August declined by 0.5 percent led by India and Uganda.

## Domestic Trade Scenario:

### Indian Tea Auctions

#### Kolkata Tea Auction: Sale No: 42 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC</b>	150.27	19,81,544	16,59,089
<b>ORTHODOX</b>	191.30	5,92,044	4,84,985
<b>DARJEELING</b>	206.06	1,63,458	1,05,423
<b>DUST</b>	154.93	8,97,718	7,23,641

(Source: CTTA, Parcon India)

Prices noticed firm tone at Kolkata auction during the week. Quantity offered on sale increased during the week compared to previous week. In the CTC category, there was good demand for liquoring varieties and Plain varieties noticed withdrawals. There was active buying from Tata Global and Hindustan Unilever. There was some demand from the exporters and western India buyers. In the Orthodox category, there was good demand for the Bolder Whole Leaf and Smaller Broken. Buying interest was seen in the local market. Prices are likely to notice steady to firm tone in the coming days.

#### Guwahati Tea Auction: Sale No: 42 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC</b>	134.35	29,62,701	23,34,172
<b>Dust</b>	140.93	15,39,577	11,81,641

(Source: CTTA, Parcon India)

Prices noticed mixed tone during the week. Quantity offered on sale decreased compared to previous week. There was demand for Good Sorts and other varieties noticed mixed tone following quality. Blenders and Exporters were active in the market. Prices are likely to be range –bound to weak in the near –term.

#### Siliguri Tea Auction: Sale No: 42 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC Dust</b>	109.87	1,46,889	1,09,025
<b>CTC Leaf</b>	121.06	10,60,180	8,48,574

(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 for Best, Good and Better Medium Sorts and fair demand for other varieties. Plainer varieties noticed weak tone. There was good demand from the internal buyers and exporters. Prices are likely to notice weak tone in the coming days.

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

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

(Source: Jalpaiguri Tea Auction Committee)

**FUTURE OFFERINGS (PACKAGES):**

		THIS YEAR		LAST YEAR	
	SALE	QTY	CL. DATE	QTY	CL. DATE
SILIGURI	48	100969	21.10.2014	90340	23.10.2013
KOLKATA	48	133587	14.10.2014	129327	28.10.2013
GUWAHATI	44	103949	10.10.2014	147072	05.10.2013

**Cochin Tea Auction: Sale No: 43 (Price in Rs./kg)**

<b>Cochin</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	94.78	1246705.10	949770.20
CTC Leaf	73.52	78168.00	53768.00
Orthodox Dust	52.78	16869.00	1608.00
Orthodox Leaf	132.41	186939.00	141981.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed weak tone at Kochi tea auction. Quantity offered on sale increased during the week compared to previous week. There was fair demand for CTC dust in the market. Plain varieties noticed weak tone amid 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. Fannings and Bolder Leaf noticed steady to weak tone. There was less demand from upcountry buyers, Hindustan Unilever and exporters. Prices are likely to notice weak tone in the coming days.

**Coimbatore Tea Auction: Sale No: 43 (Price in Rs./kg)**

<b>Coimbatore</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust			
CTC Leaf			
Orthodox Dust			
Orthodox Leaf			

(Source: Paramount Marketing, Coimbatore)

There was no auction in Coimbatore during the week following the festival of 'Diwali'.

**Coonoor Tea Auction: Sale No: 43 (Price in Rs./kg)**

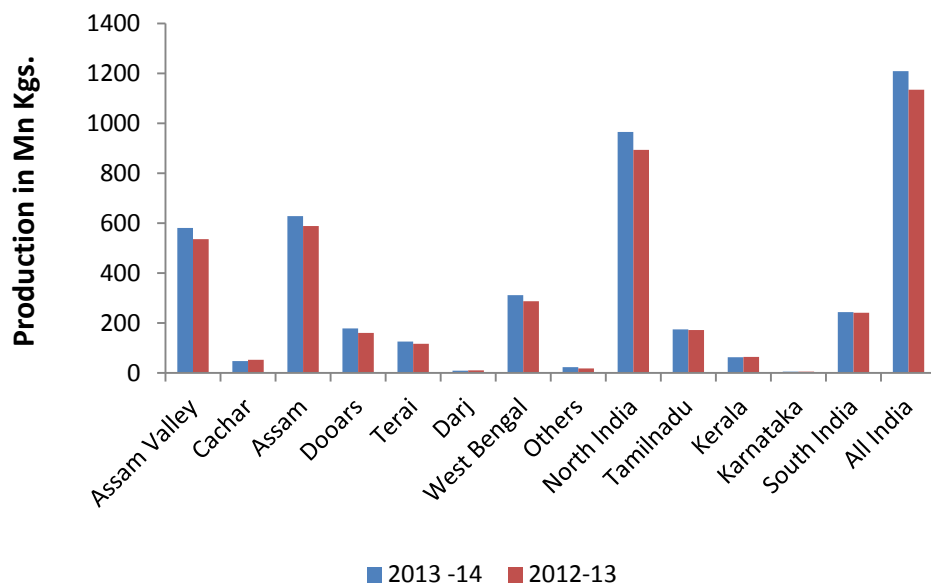
<b>Coonoor</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	66.11	492785.50	313070.50
CTC Leaf	64.07	1110268.00	718794.00
Orthodox Dust	77.22	63150.00	38905.00
Orthodox Leaf	80.11	57456.20	42042.80

(Source: Paramount Marketing, Coimbatore)

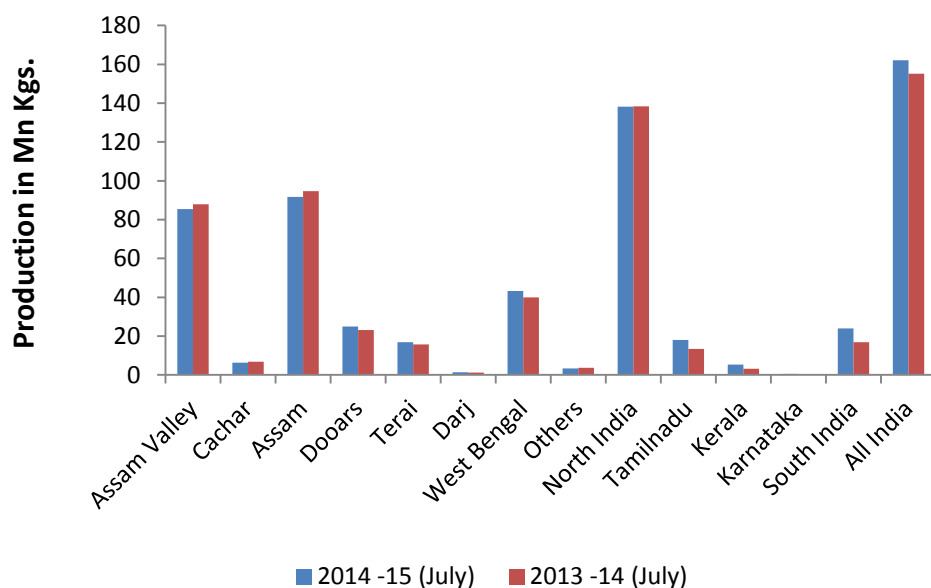
Prices noticed weak tone at Coonoor tea auction during the week. Quantity offered on sale declined during the week compared to previous week. Lack of availability of good quality tea

weighed on prices to certain extent. There was lack –luster trading activity following the festival of ‘Diwali’. Prices are likely to notice range –bound to weak tone in the near –term.

## Tea Production Regionwise



## Tea Production Regionwise



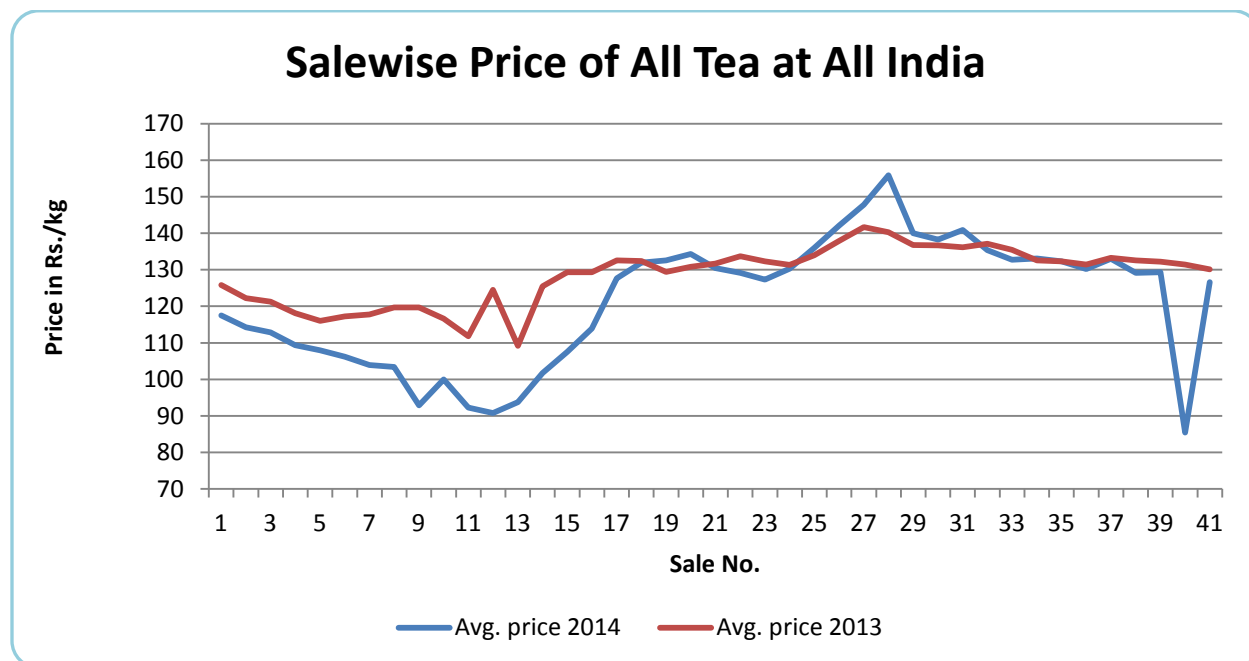
(Source: Tea Board)

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



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 amid lack of availability of good quality tea. Prices have declined during the week compared to previous week.

**Weekly Average Prices at Indian Auction Centers for week ending 2014-10-011**

<b>Variety</b>	<b>Kolkata</b>	<b>Guwahati</b>	<b>Siliguri</b>	<b>Jalpaiguri</b>	<b>Cochin</b>	<b>Coonoor</b>	<b>Coimbatore</b>	<b>Tea Serve</b>
<b>CTC All Dust</b>	150.25(148.81)	135.50(137.32)	121.34(115.06)	NS(NS)	100.06(118.35)	72.99(84.45)	79.19(96.25)	50.87(82.92)
<b>Total Tea</b>	157.68(162.20)	135.47(137.59)	121.34(115.07)	NS(NS)	103.32(120.25)	73.56(85.01)	79.17(96.24)	50.87(82.92)

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

<b>Variety</b>	<b>North India</b>	<b>South India</b>	<b>All India</b>
<b>CTC All Dust</b>	134.87(135.10)	80.04(98.99)	123.38(124.25)
<b>Total Tea</b>	138.22(142.21)	82.28(100.61)	126.59(130.11)

(Source: Tea Board)

Tea – Technical Outlook

Total Tea -Kolkata

### Technical Commentary:

Tea prices declined during the week. Breaking of prices below the support of 150 levels will denote weak tone of the market. MACD is declining in the positive territory supporting the weak tone of the market. RSI is declining in the neutral region supporting near – term weakness. Buyers are advised to purchase around 150 levels for their near –term requirement.

*The tea prices are likely to notice firm tone in the coming days. Buyers can purchase around 150 levels for their near –term requirement.*

The figure consists of three vertically stacked technical analysis charts for Total Tea Kolkata (Rs./Kg) from 2010 to 2014. The top chart displays the price movement with a 9 Day -EMA (red line) and a 21 Day -EMA (green line). The middle chart shows the RSI (Relative Strength Index) fluctuating between 20 and 80. The bottom chart shows the Stochastic Oscillator fluctuating between 0 and 100. All three charts share a common x-axis representing time in years from 2010 to 2014.

### Strategy: Wait for Better Buying Levels

#### Weekly Supports & Resistances

		S1	S2	PCP	R1	R2
Total Tea	Kolkata	150.00	146.00	157.68	180.75	193.50



**International Trade Scenario:**
**Srilanka Tea Auction (Colombo): Sale No: 41 (Price in Srilankan Rs./kg)**

	BOP	BOPF
Good Westerns	480 - 520	520 - 620
Average Westerns	430 - 470	440 - 500
Plainer Westerns	400 - 420	400 - 420
Western Mediums	395 - 640	390 - 450
Uva Teas	370 - 480	380 - 540
Nuwara Eliya Teas	480 - 530	460 - 480
Udapussellawa Teas	360 - 440	370 - 460
CTC (BP1 and PF1)	390 - 470	330 - 720

In this week's auction, 7.29 million kgs of tea was offered for sale compared to 7.20 million kgs of tea during the previous week. There was less demand for Select Best teas during the week. Better western BOP's noticed firm tone and BOPF's noticed easy tone during the week. High Grown and Mid Grown CTC's noticed weak 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 less demand. In the Tippy catalogues, better made FBOP noticed easy tone and FF1's noticed steady tone during the week. The below best and plainer variety noticed weak tone during the week. Turkey was active during the week and Russian and Syrian buyers were selective.

**DETAILS OF TEAS AWAITING SALE**

	43		42		41	
AUCTION NO.						
Dates	03 <sup>RD</sup> /04 <sup>TH</sup> November 2014		28 <sup>th</sup> / 29 <sup>th</sup> October 2014		21 <sup>st</sup> /22 <sup>nd</sup> October 2014	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	905	1,087,635 kg	880	1,052,341 kg	887	1,057,243 kg
Main Sale Total	11,825	6,287,510 kg	10,997	5,914,985 kg	11,539	6,230,598 kg
High & Medium	1,377	725,930 kg	1,382	741,252 kg	1,478	804,133 kg
Low Growns      Leafy	4,497	2,170,806 kg	4,327	2,109,689 kg	4,399	2,145,822 kg
	2,580	1,481,411 kg	2,400	1,402,032 kg	2,489	1,471,217 kg
Tippy						
Premium/Flowery	490	119,633 kg	587	135,960 kg	503	117,944 kg
Off Grades	2,362	1,296,614 kg	1,780	1,009,103 kg	2,154	1,186,993 kg
Dust	519	493,116 kg	521	516,949 kg	514	504,489 kg
Grand Total	12,730	7,375,145 kg	11,877	6,967,326 kg	12,424	7,287,841 kg
Reprints	1,248	672,234 kg	802	446,668 kg	893	482,489 kg
Scheduled to Close (Ex)		16.10.14		09.10.14		02.10.14
Dates (Ms)		17.10.14		10.10.14		03.10.14

**Scheduled Closing Dates**

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

Ex Estate : 02.10.2014

Main Sale : 03.10.2014

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

Ex Estate : 16.10.2014

Main Sale : 17.10.2014

Auction No. 42 : 28<sup>th</sup> / 29<sup>th</sup> October 2014

Ex Estate : 09.10.2014

Main Sale : 10.10.2014

Auction No. 44 : 11<sup>th</sup> / 12<sup>th</sup> Nov. 2014

Ex Estate : 23.10.2014

Main Sale : 24.10.2014

(Source: John Keells Tea Brokers)

**Kenya Tea Auction (Mombasa): Sale No: 41**

(In Srilankan Rupees)

QUOTATIONS	BROKENS	FANNINGS
<b>Best</b>	264 - 433	325 -425
<b>Good</b>	264 – 303	310 – 333
<b>Good Medium</b>	244 – 346	306 – 335
<b>Medium</b>	187 – 306	272 – 298
<b>Lower Medium</b>	158 – 316	162 – 264
<b>Plain</b>	104 - 132	105 - 214

During the week good demand noticed for 8,783,366 kilos of tea on offer. Around 20.91% of the quantity offered on sale remained unsold. Brighter DUST1s were USC2 to USC10 easier with mediums USC4 to USC6 lower and prices of lower mediums were up to USC10 lower during the week. Prices of Brighter BP1's firm to USC18 lower, prices of mediums were USC4 to USC10 lower and prices of lower mediums were upto USC20 lower. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

In the secondary catalogues, BPs noticed easy tone and PF's noticed firm tone during the week. Well sorted clean coloury Fannings noticed easy tone and Dusts prices noticed steady tone during the week. Other Fannings and BMF's noticed steady tone. There was good buying interest from UK, Yemen, other Middle –East countries, Bazaar and Pakistan Packers. There was less demand from Kazakhstan, other CIS countries, Sudan and Russia. Somalia was active during the week.

(Source: Africa Tea Brokers)

**Indonesia Tea Auction (Jakarta): Sale No: 41**

<b>Orthodox</b>	<b>OFFERED</b>		<b>SOLD</b>		<b>%</b>
PTPN ESTATE	16.180	876.160 Kg	8.260	439.380 Kg	50.15
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
<b>TOTAL</b>	16.180	876.160 Kg	8.260	439.380 Kg	50.15
<b>C.T.C</b>	<b>OFFERED</b>		<b>SOLD</b>		<b>%</b>
PTPN ESTATE	3.040	171.660 Kg	1.960	112.880	65.76
			Kg		
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
<b>TOTAL</b>	3.040	171.660 Kg	1.960	112.880	65.76
			Kg		
<b>TOTAL</b>	19.220	1.047.820 Kg	10.220	552.260 Kg	52.71

(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>156-207</b>	<b>132-188</b>	<b>119-175</b>	<b>122-186</b>	<b>128-185</b>	<b>119-165</b>	<b>240-270</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>115-176</b>	<b>125-130</b>	<b>112-134</b>	<b>150</b>	<b>118-135</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>134-188</b>	<b>168-202</b>	<b>164-200</b>	<b>170-217</b>	<b>128-198</b>	<b>152-175</b>	<b>---</b>

Market offerings declined to 19,220 paper sacks from 20,340 paper sacks. There was lower demand in the market around current levels. Average price declined to USDcts 155.91 instead of USDcts 160.86 during last week's auction. Average price of Orthodox variety declined to USDcts 152.54 and average price of CTC increased to USDcts 171.94. Secondary variety and Fannings noticed easy tone. Quantity sold increased to 52.71% during the period compared to 50.99% during last auction.

**OFFERING FOR THE NEXT AUCTION**

<b>PRODUCER</b>	<b>Orthodox</b>		<b>C.T.C</b>	
	<b>15/10/14</b>	<b>22/10/14</b>	<b>15/10/14</b>	<b>22/10/14</b>
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: 22**

(In US\$/kg)

<b>BROKENS</b>	<b>QUOTATIONS</b>	<b>FANNINGS</b>	<b>QUOTATIONS</b>
Large/Bold	165-175	Best	195-203
Medium	180-188	Good	189-193
Small	187-195	Medium	180-185
Plain	100-112	Plain	100-130

Tea prices at Bangladesh tea auction increased during the week amid good demand 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. 38,609 packages and 740 packages CTC Leaf of previous season noticed good demand. 6,160 packages of teas on offer of CTC Dust noticed good demand. 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)**

<u>Country</u>	<u>MONTH</u>	<u>2014</u>	<u>2013</u>	<u>CUMULATIVE</u>	<u>2014</u>	<u>2013</u>	<u>CUMULATIVE</u> <u>+ INC./-DEC.</u>
Sri Lanka	August	24.77	26.59	Up to August	226.79	223.39	+ 3.4
North India	August	145.20	140.8	Up to August	543.7	561.50	- 17.8
South India	August	13.9	14.7	Up to August	158.4	147.9	+ 10.5
Kenya	August	26.76	26.34	Up to August	282.73	278.19	+ 4.54
Bangladesh	August	10.3	9.5	Up to August	35.5	34.8	+ 0.7
Malawi	August	1.63	1.80	Up to August	37.94	33.73	+ 4.21

(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>25-10-2014</b>	<b>18-10-2014</b>
<b>USD</b>	61.16	61.26
<b>Srilankan Rupee</b>	0.4674	0.4690
<b>Indonesian Rupiah</b>	0.0051	0.0051
<b>Kenyan Shilling</b>	0.6841	0.6872
<b>Bangladeshi Taka</b>	0.7909	0.7920



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

In the domestic market, prices noticed mostly weak tone except slight firmness at Kolkata and Guwahati tea auctions. Trading activities remained lack –luster and volume offered on sale declined during the week compared to previous week following the festival of ‘Diwali’. High Flush Tea is expected in North India in the medium –term. Prices are likely to recover in the coming days.

In the global market, prices noticed mostly weak tone during the week. There was not much demand in the market. Weather was mostly favourable in the tea growing regions. Future offerings of tea are likely to decline in Srilanka and Indonesia in the coming week. Prices are likely to be range –bound to firm in the coming days.

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