

News Highlights.

- Farmers in Wayanad say that tea production is not remunerative for them as the production cost has almost doubled in recent times.
- 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.
- Tea farmers in Kenya are diversifying from green tea towards purple tea following lower prices of green and black tea during the recent times. Purple tea is said to have more health benefits compared to green and black tea.
- According to Tea Board officials, Burundi's revenues from its tea exports declined 6 percent in the first nine months to September from the same period a year ago due to higher volumes of the commodity on the global market

Domestic Trade Scenario:

Indian Tea Auctions

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

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	151.8	27,96,036	23,06,232
ORTHODOX	183.92	5,90,183	5,04,498
DARJEELING	199.39	1,32,150	80,074
DUST	155.59	13,55,802	10,84,102

(Source: CTTA, Parcon India)

Prices noticed mixed 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 Plainer varieties noticed withdrawals. There was demand from Tata Global and Hindustan Unilever. There was some demand from the exporters and western India buyers were selective. In the Orthodox category, there was not much demand for the Bolder Whole Leaf and Smaller Broken. Buying interest was seen in the local market to some extent. Prices are likely to notice steady to weak tone in the coming days.

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

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	134.97	42,54,132	30,71,621
Dust	139.88	19,64,541	14,36,577

(Source: CTTA, Parcon India)

Prices noticed mixed tone during the week. Quantity offered on sale increased during the week compared to previous week. There was good demand for Good Sorts and other varieties noticed mixed tone in line with quality. There was some enquiry from exporters and blenders in the market. Prices are likely to notice steady to weak tone in the near –term.

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

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	115.62	4,92,155	3,32,240
CTC Leaf	127.18	36,02,797	28,62,212

(Source: CTTA, Parcon India)

Prices noticed firm tone during the week. Quantity offered on sale increased during the week compared to previous week. Best, Good and Better Medium Sorts noticed firm tone amid good demand in the market. Buying from exporters and blenders lend support to the market. Prices are likely to notice range –bound to firm tone in the coming days.

Jalpaiguri Tea Auction: Sale No: 44 (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: 44 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	90.05	1349593.30	995071.20
CTC Leaf	65.55	96964.00	43865.00
Orthodox Dust	67.03	19798.00	6501.00
Orthodox Leaf	130.75	221031.00	141272.00

(Source: Paramount Marketing, Coimbatore)

Prices continued weak tone at Kochi tea auction during the week. Quantity offered on sale increased during the week compared to previous week. There was fair demand for CTC dust 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: 44 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	78.82	305561.00	165534.00
CTC Leaf	70.10	208276.00	129607.00
Orthodox Dust	63.71	20013.00	6293.00
Orthodox Leaf	62.03	6137.00	2139.00

(Source: Paramount Marketing, Coimbatore)

Prices eased during the week. There was no auction during the previous week following the festival of 'Diwali'. Trading activities remained lack-luster amid lack of export enquiry. Prices are likely to notice weak tone in the coming days.

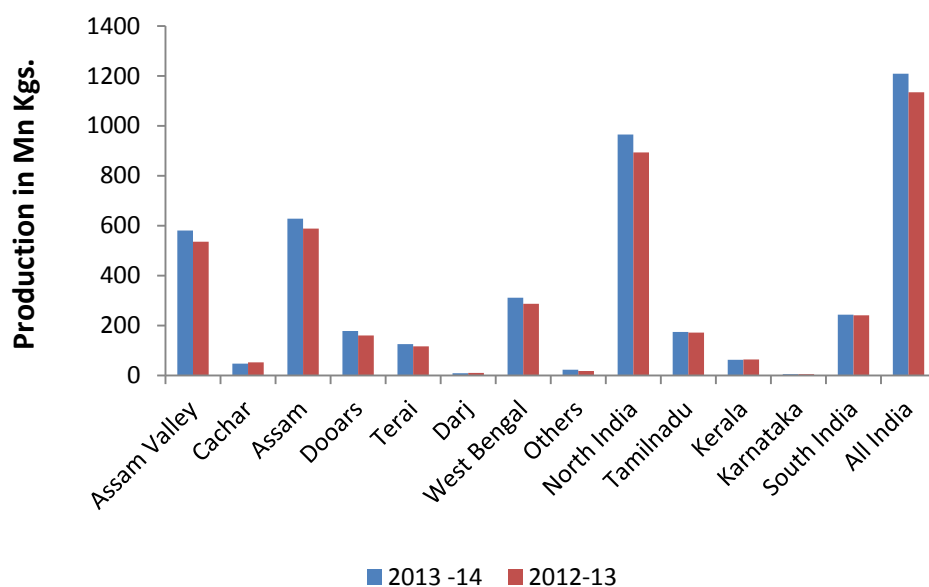
Coonoor Tea Auction: Sale No: 44 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	64.11	650767.50	411025.00
CTC Leaf	61.84	1338604.00	829937.00
Orthodox Dust	87.46	71866.00	43682.00
Orthodox Leaf	73.87	62784.40	47038.60

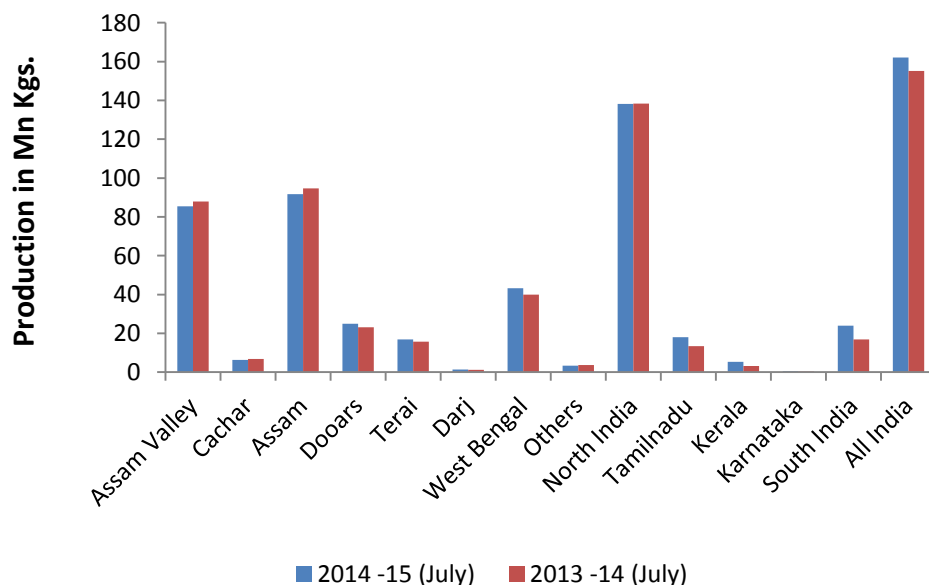
(Source: Paramount Marketing, Coimbatore)

Prices noticed weak tone at Coonoor tea auction during the week. Quantity offered on sale increased during the week compared to previous week. There was not much demand from the internal buyers in the market. Prices are likely to notice easy tone in the near –term.

Tea Production Regionwise



Tea Production Regionwise



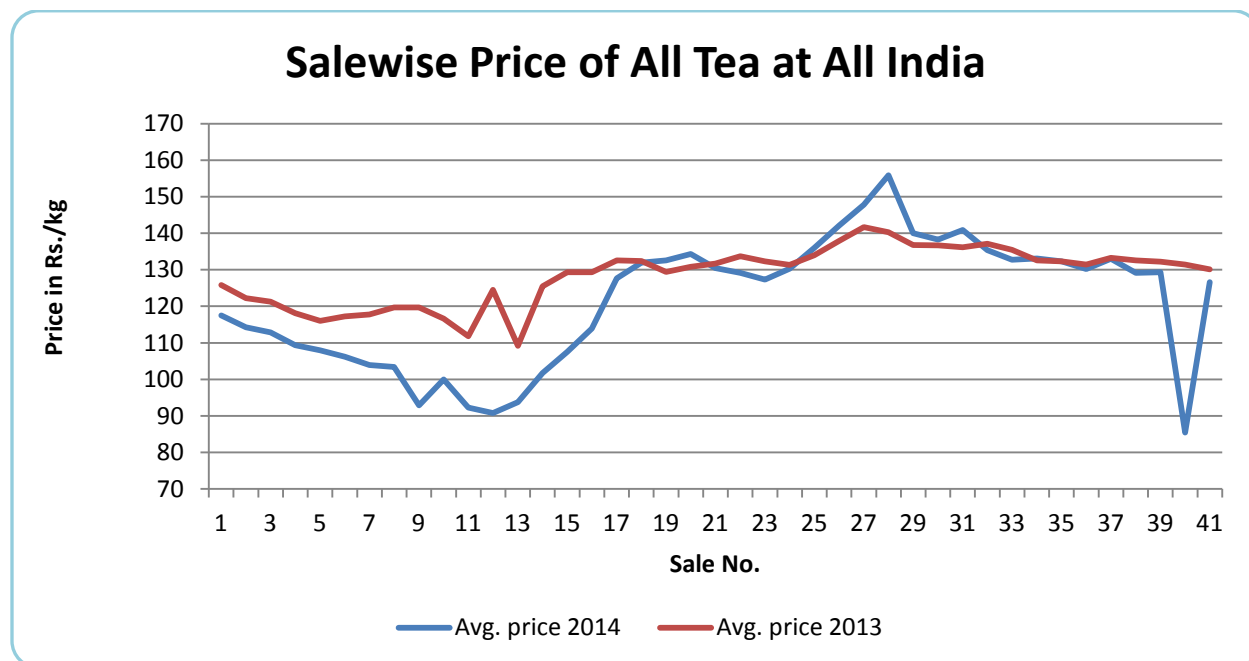
(Source: Tea Board)

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 2014-10-01

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	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)
Total Tea	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)

Variety	North India	South India	All India
CTC All Dust	134.87(135.10)	80.04(98.99)	123.38(124.25)
Total Tea	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 Exponential Moving Average (EMA) in red and a 21 Day EMA in green. The price is shown as a black line. The middle chart shows the Relative Strength Index (RSI) in red, ranging from 0 to 80. The bottom chart shows the Stochastic Oscillator in red, ranging from 0 to 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: 42 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	470 - 510	510 - 600
Average Westerns	420 - 460	450 - 500
Plainer Westerns	385 - 410	400 - 440
Western Mediums	385 - 600	370 - 440
Uva Teas	370 - 490	370 - 460
Nuwara Eliya Teas	485 - 500	470 - 580
Udapussellawa Teas	360 - 435	370 - 480
CTC (BP1 and PF1)	350 - 490	400 - 690

In this week's auction, 6.97 million kgs of tea was offered for sale compared to 7.29 million kgs of tea during the previous week. There was good 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 firm tone during the week. Turkey was active during the week and Russian and Syrian buyers demand remained subdued during the week.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	44		43		42	
Dates	11 th /12 th November 2014		03 rd /04 th November 2014		28 th /29 th October 2014	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	833	993,633 kg	905	1,087,635 kg	880	1,052,341 kg
Main Sale Total	11,191	5,865,473 kg	11,825	6,287,510 kg	10,997	5,914,985 kg
High & Medium	1,339	697,834 kg	1,377	725,930 kg	1,382	741,252 kg
Low Grown Leafy	4,336	2,059,748 kg	4,497	2,170,806 kg	4,327	2,109,689 kg
	2,460	1,422,299 kg	2,580	1,481,411 kg	2,400	1,402,032 kg
Tippy						
Premium/Flowery	532	128,258 kg	490	119,633 kg	587	135,960 kg
Off Grades	2,076	1,137,709 kg	2,362	1,296,614 kg	1,780	1,009,103 kg
Dust	448	419,625 kg	519	493,116 kg	521	516,949 kg
Grand Total	12,024	6,859,106 kg	12,730	7,375,145 kg	11,877	6,967,326 kg
Reprints	1,360	703,403 kg	1,248	672,234 kg	802	446,668 kg
Scheduled to Close (Ex)		23.10.14		16.10.14		09.10.14
Dates (Ms)		24.10.14		17.10.14		10.10.14

Scheduled Closing Dates

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

Ex Estate : 16.10.2014

Main Sale : 17.10.2014

Auction No. 44: 11th/12th Nov. 2014

Ex Estate : 23.10.2014

Main Sale : 24.10.2014

Auction No. 45: 18th/19th Nov. 2014

Ex Estate : 30.10.2014

Main Sale : 31.10.2014

Auction No. 46: 25th /26th Nov. 2014

Ex Estate : 07.11.2014

Main Sale : 07.11.2014

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 42

AUCTION AVERAGE PRICE

AUCTION	KENYA 2013	KENYA 2014	TOTAL 2013	TOTAL 2014
40	\$ 2.13	\$ 2.02	\$ 2.08	\$ 1.92
41	\$ 2.09	\$ 2.03	\$ 2.05	\$ 1.91
42	\$ 2.01	\$ 2.05	\$ 1.97	\$ 1.96

(In Srilankan Rupees)

QUOTATIONS	BROKENS	FANNINGS
Best	264 - 491	331 -409
Good	257 – 309	323 – 344
Good Medium	247 – 396	317 – 344
Medium	191 – 289	273 – 306
Lower Medium	140 – 232	190 – 274
Plain	95 - 145	112 - 237

During the week improved demand noticed for 8,963,781 kilos of tea on offer. Around 14.57% of the quantity offered on sale remained unsold. Brighter DUST1s were up to USC44 firm with mediums USC2 to USC32 higher and prices of lower mediums were USC4 to USC14 lower during the week. Prices of Brighter BP1's firm to USC44 higher, prices of mediums were USC2 to USC30 higher and prices of lower mediums were USC4 to USC14 lower. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed firm 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 firm tone and Dusts prices noticed easy tone during the week. Other Fannings and BMF's noticed firm tone. There was good buying interest from Afghanistan, Egyptian packers, Sudan, Kazakhstan, other CIS countries and Pakistan Packers. There was less demand from Yemen and Middle –Eastern countries. Somalia was active during the week.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 42

Orthodox	OFFERED		SOLD		%
PTPN ESTATE	11.720	635.840 Kg	7.400	400.900 Kg	63.05
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	11.720	635.840 Kg	7.400	400.900 Kg	63.05
C.T.C	OFFERED		SOLD		%
PTPN ESTATE	2.500	145.180 Kg	1.960	112.840Kg	77.72
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	2.500	145.180 Kg	1.960	112.840 Kg	77.72
TOTAL	14.220	781.020 Kg	9.360	513.740 Kg	65.78

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	BOP	BOPF	PF	DUST	BT	BP
168-170	119-190	119-122	118-192	123-190	112-146	242-302

Orthodox Secondary Grades				
PF.II	DUST.II	BT.II	BP.II	DUST.III
111-177	121-130	112-133	162-268	115-116

CTC First and Secondary Grades						
BP.1	PF.1	PD	D.1	FANN	D.2	D.3
135-163	164-183	167-198	150-219	125-140	154-184	---

Market offerings declined to 14,220 paper sacks from 19,220 paper sacks. There was fair demand in the market around current levels. Average price declined to USDcts 156.46 instead of USDcts 155.91 during last week's auction. Average price of Orthodox variety increased to USDcts 154.87 and average price of CTC declined to USDcts 161.87. Secondary variety and Fannings noticed easy tone. Quantity sold increased to 65.78% during the period compared to 52.71% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	05/11/14	12/11/14	05/11/14	12/11/14
PTPN. IV	1.960 S	1.500 S	-	-
PTPN. VI	420 S	720 S	1.000 S	740 S
PTPN. VII	1.580 S	2.400 S	- S	- S
PTPN. VIII	7.020 S	7.680 S	480 S	580 S
PTPN. IX	520 S	560 S	-	-
PTPN. XII	- S	- S	420 S	300 S
Total Estate	11.500 S	12.860 S	1.900 S	1.620 S
Pagilaran	- S	- S	- S	- S
Total Private	- S	- S	- S	- S
Grand Total	11.500 S	12.860 S	1.900 S	1.620 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 23

(In US\$/kg)

BROKENS	QUOTATIONS	FANNINGS	QUOTATIONS
Large/Bold	NQTA	Best	190-195
Medium	175-185	Good	182-185
Small	182-190	Medium	175-180
Plain	100-112	Plain	100-130

Tea prices at Bangladesh tea auction declined during the week amid higher 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 2.40/kg. Around 2.48 million kgs of tea was offered for sale and nearly 20.5 percent remained unsold.

There was good demand from blenders and some buying interest from loose tea buyers. 42,587 packages and 256 packages CTC Leaf of previous season noticed good demand. 6,034 packages and 633 packages of teas of old season on offer of CTC Dust noticed good demand around lower levels. In CTC Dust, good liquoring varieties were firm and medium levels noticed easy tone. Good liquoring Broken varieties noticed demand around lower levels. Good liquoring varieties in fannings also noticed withdrawals during the week. 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	Sept.	28.8	25.1	Up to Sept.	255.7	248.4	+ 7.3
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	Sept.	33.3	32.8	Up to Sept.	316.0	310.9	+ 5.1
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.

Currency	01-11-2014	25-10-2014
USD	61.48	61.16
Srilankan Rupee	0.4701	0.4674
Indonesian Rupiah	0.0051	0.0051
Kenyan Shilling	0.6881	0.6841
Bangladeshi Taka	0.7953	0.7909

Overall Outlook and Recommendation:

In the domestic market, prices noticed weak tone except slight firmness in Siliguri market. Quantity offered on sale increased during the week compared to previous week. There was not much demand from internal buyers in the market. Prices are likely to recover in the coming days amid expectation of arrival of High Flush Tea in the market.

In the global market, prices noticed mixed tone during the week. Lack of demand from the buyers added to the weak tone of the market. Weather remains supportive in the major tea growing regions. Future offerings of tea is likely to increase in Srilanka and decline in Indonesia in the coming week. Prices are likely to notice steady to weak tone in the coming days.

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