

News Highlights.

- Russian buyers are asking to buy Indian tea at lower prices amid falling economy of the country. It is becoming difficult for the Indian tea exporters to sell tea at lower prices as it does not meet their cost of production.
- Assam government has asked the tea garden management to supply ration at subsidized rates or increase the wages of the tea garden workers.
- This year, a special tea from north –east India was served at the grand banquet of the Nobel Prize ceremony. For the first time, the Nobel Museum Tea Blend was created in honour of the scientist Alfred Nobel.
- Govt has cleared Rs 1,425 cr scheme for tea promotion. As per the scheme, Rs 400 crore will be spent on plantation development, Rs 350 crore on quality up-gradation and product diversification, Rs 200 crore on market promotion and Rs 150 crore on research and development, among others.
- Around 2000 small tea growers, all members of four INDCO (Industrial co-operative) tea factories located in Gudalur and Pandalur taluks in Nilgiris, observed one –day hunger strike in front of their respective tea factories for a minimum support price of Rs.25 for green leaf tea per kg.
- In the first ten months of the calendar year 2014, the output of global black tea increased by 1.28 percent compared to the same period previous year. The overall global black tea output is up at 1,843.12 mkg compared to 1,838.06 mkg during the same period previous year.
- Srilankan output of tea declined by 8.8% in the month of October compared to the same period previous year. In the first 10 months of the year, production increased by 1.77% compared to the same period in the previous year.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 50 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	163.82	33,90,000	25,93,000
ORTHODOX	165.65	5,67,000	4,65,000
DUST	163.62	13,16,000	10,81,000

(Source: CTTA, Parcon India)

Prices noticed weak tone during the week. Quantity offered on sale increased during the week compared to previous week. In the CTC category, Best/Good Assams noticed steady tone. Other varieties and Dooars declined in line with quality. Some enquiry for secondary varieties lent support to the market. There was good demand from Western India Buyers and fair demand from exporters, packeteers and internal traders. In the Orthodox category, there was demand for good quality tea. Bolder Whole Leaf noticed firm tone during the week. There was active buying from exporters and some enquiry from local traders. Prices are likely to notice range –bound to firm tone in the coming days.

Guwahati Tea Auction: Sale No: 50 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	125.37	42,70,000	27,53,000
Dust	127.27	15,91,000	12,05,000

(Source: CTTA, Parcon India)

Prices noticed weak tone during the week. Quantity offered on sale increased during the week compared to previous week. There was demand for Good sorts. Other varieties noticed mixed tone. There was some demand from exporters and internal buyers in the market. Prices are likely to notice range –bound to weak tone in the near –term.

Jalpaiguri Tea Auction: Sale No: 50 (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: 51 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	102.87	1012880.42	844731.12
CTC Leaf	71.98	75903.00	49981.00
Orthodox Dust	63.30	6980.00	2671.00
Orthodox Leaf	117.96	153625.75	84167.75

(Source: Paramount Marketing, Coimbatore)

Prices noticed firm tone during the week except Orthodox Leaf variety. Quantity offered on sale declined during the week compared to previous week. In the Leaf category, there was good demand for Nilgiri Broken and Fannings noticed easy tone. There was some demand from exporters and CIS countries. There was good demand for Fannings and Whole Leaf from Hindustan Unilever Ltd. Good Liquoring teas noticed firm tone during the week. There was good demand from AVT, Kerala State Civil Supplies and Tata Global. There was better export enquiry for Medium and Plainer varieties. Prices are likely to notice firm tone in the near –term.

Coimbatore Tea Auction: Sale No: 51 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	78.43	298040.00	251928.00
CTC Leaf	68.43	165063.00	123627.00
Orthodox Dust	66.71	31530.00	22944.00
Orthodox Leaf	66.71	31530.00	22944.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed weak tone during the week. Quantity offered on sale increased during the week compared to previous week. Lack of demand from exporters weighed on prices. Nilgiri Broken noticed easy tone during the week. Prices are likely to notice easy tone during the week.

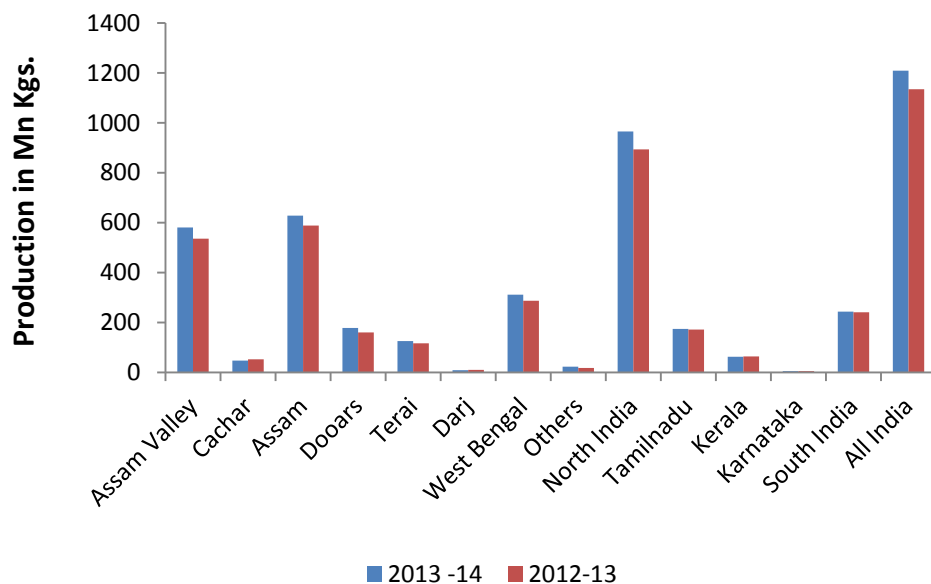
Coonoor Tea Auction: Sale No: 51 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	71.33	371977.00	325062.00
CTC Leaf	65.98	834208.00	707319.00
Orthodox Dust	90.88	48135.00	45801.00
Orthodox Leaf	89.04	41272.00	39948.00

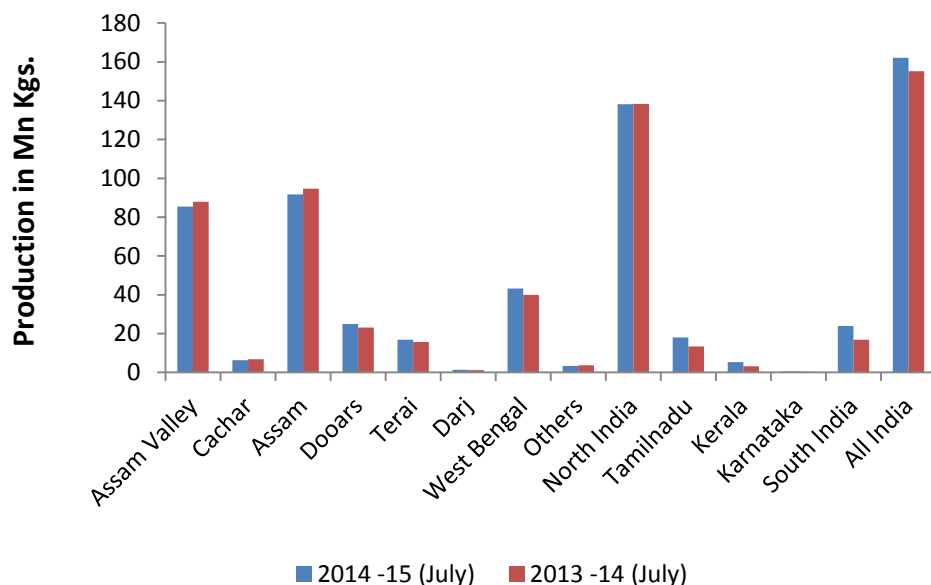
(Source: Paramount Marketing, Coimbatore)

Prices noticed firm tone during the week. Quantity offered on sale increased during the week compared to previous week. Demand for good quality tea lent support to the market. Buying interest from buyers in the local market lent support to the market. Prices are likely to notice range –bound to firm tone in the coming days.

Tea Production Regionwise



Tea Production Regionwise



(Source: Tea Board)

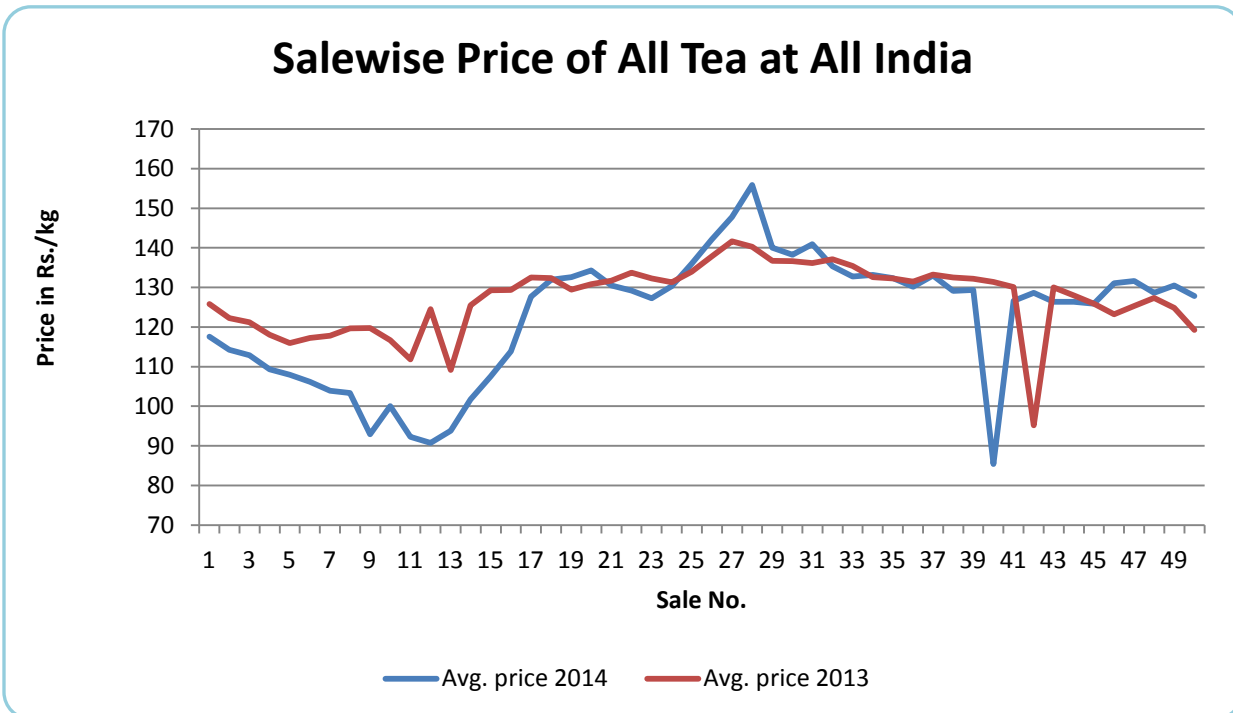
The above graph shows production comparison region wise during the last two years and in the month of May in comparison with previous year. In the year 2014 (Apr –Mar), production increased by 6.5% to 1208.78 million kgs mainly on account of increase in production in Assam.

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 in the market. Prices have declined during the week compared to previous week.

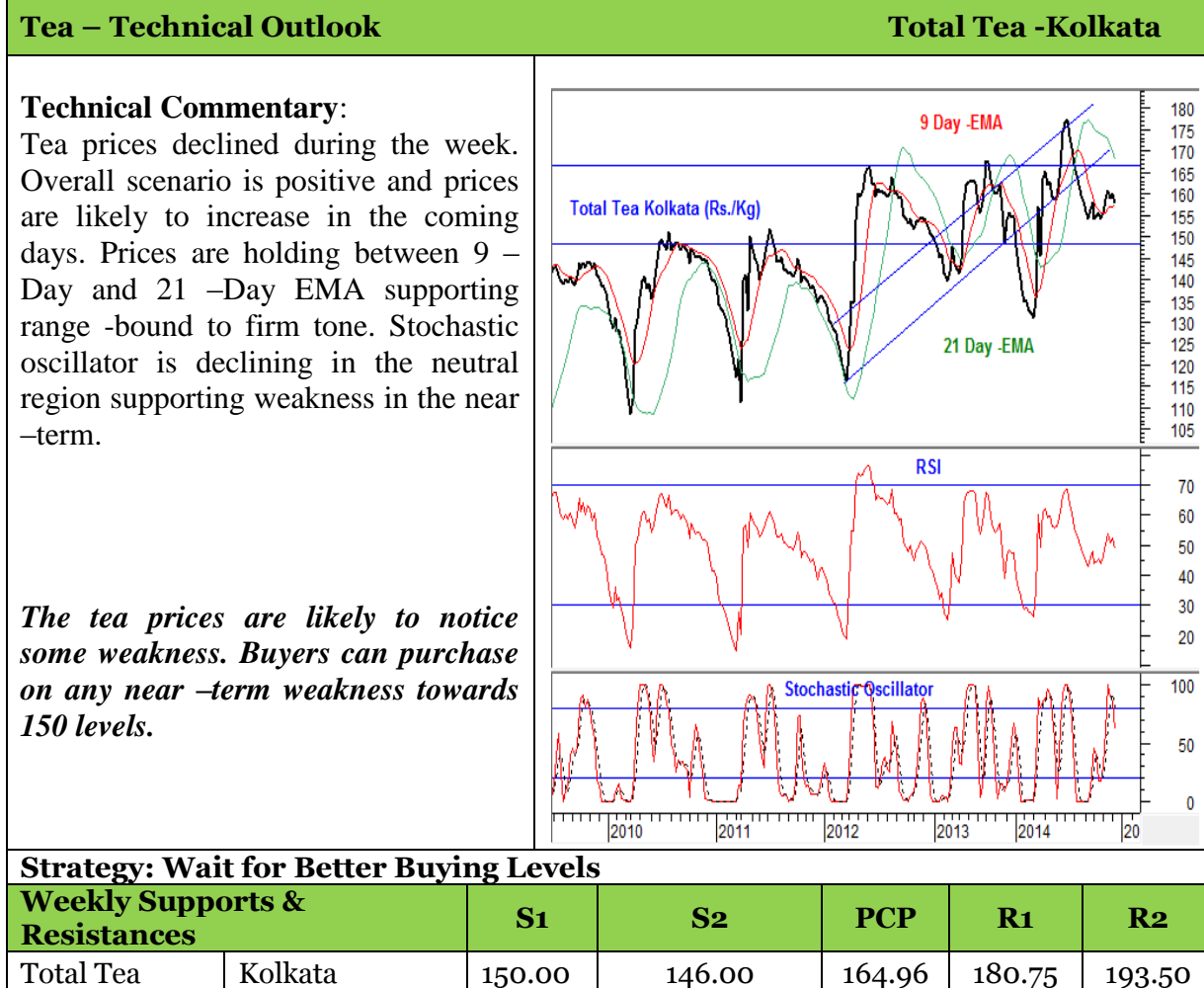
Weekly Average Prices at Indian Auction Centers for week ending 2014-12-13

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	162.89(146.96)	133.06(121.76)	120.25(125.78)	NS(NS)	96.27(96.62)	65.53(71.78)	75.23(79.85)	49.87(76.89)
Total Tea	164.96(151.47)	133.03(121.88)	120.25(115.78)	NS(NS)	98.72(99.15)	66.33(72.39)	75.10(79.87)	49.87(76.89)

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

Variety	North India	South India	All India
CTC All Dust	139.48(128.68)	75.98(82.12)	126.60(116.03)
Total Tea	135.64(131.91)	77.70(83.59)	127.86(119.25)

(Source: Tea Board)



International Trade Scenario:
Srilanka Tea Auction (Colombo): Sale No: 49 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	460 - 510	480 - 600
Average Westerns	420 - 450	420 - 450
Plainer Westerns	390 - 410	380 - 400
Western Mediums	415 - 600	370 - 530
Uva Teas	370 - 450	370 - 480
Nuwara Eliya Teas	480 - 510	470 - 500
Udapussellawa Teas	350 - 420	360 - 400
CTC (BP1 and PF1)	400 - 460	370 - 680

In this week's auction, 7.45 million kgs of tea was offered for sale compared to 7.40 million kgs of tea during the previous week. There was good demand for Select Best teas during the week. Better western BOP's noticed mixed tone and BOPF's noticed easy tone during the week. High Grown and Mid Grown CTC's noticed easy tone and Low Grown CTC's noticed weak 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 weak tone. In the Tippy catalogues, better made FBOP and FF1's noticed easy tone during the week. The below best and plainer variety noticed weak tone during the week. There was selective buying from Turkey and Syria. There was some demand from Iraq, Libya, Syria and Turkey. There was selective buying from Russia.

DETAILS OF TEAS AWAITING SALE

	01		50		49	
AUCTION NO.						
Dates	06 th /07 th January 2015		30 th /31 st December 2014		15 th /16 th December 2014	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	891	1,061,914 kg	957	1,177,195 kg	987	1,201,810 kg
Main Sale Total	10,683	5,703,382 kg	11,074	6,015,511 kg	11,406	6,247,954 kg
High & Medium	1,222	637,078 kg	1,318	724,901 kg	1,357	731,060 kg
Low Grown Leafy	3,727	1,702,463 kg	3,910	1,834,920 kg	4,022	1,896,324 kg
	2,365	1,384,488 kg	2,636	1,589,106 kg		
					2,638	1,608,520 kg
Tippy						
Premium/Flowery	493	115,331 kg	628	147,127 kg	547	134,459 kg
Off Grades	2,287	1,298,199 kg	2,018	1,155,422 kg	2,229	1,268,381 kg
Dust	589	565,823 kg	564	564,035 kg	613	609,210 kg
Grand Total	11,574	6,765,296 kg	12,031	7,192,706 kg	12,393	7,449,764 kg
Reprints	794	453,067 kg	667	366,878 kg	603	317,528 kg
Scheduled to Close (Ex)		11.12.14		04.12.14		27.11.14
Dates (Ms)		12.12.14		05.12.14		28.11.14

Scheduled Closing Dates

Auction No. 50 : 30th/31st Dec. 2014

Ex Estate : 04.12.2014

Main Sale : 05.12.2014

Auction No. 02 : 12th/13th Jan. 2015

Ex Estate : 18.12.2014

Main Sale : 19.12.2014

Auction No. 01 : 06th/07th Jan. 2015

Ex Estate : 11.12.2014

Main Sale : 12.12.2014

Auction No. 03 : 20th/21st Jan. 2015

Ex Estate : 31.12.2014

Main Sale : 31.12.2014

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 49

AUCTION AVERAGE PRICE (in US\$ per kg)

COUNTRY	PRIMARY	SECONDARY	TOTAL	PRIMARY	SECONDARY	TOTAL
Kenya	2.12	1.02	2.04	2.45	1.70	2.38
Uganda	1.15	0.72	1.01	1.87	1.64	1.78
Rwanda	2.20	1.63	2.13	2.82	2.11	2.71
Burundi	2.24	1.40	2.15	2.46	1.89	2.38
Zambia	-	-	-	-	-	-
Tanzania	1.36	0.69	1.30	1.53	1.59	1.56
D R of Congo	1.34	-	1.34	2.00	-	2.00
Mozambique	0.85	0.65	0.70	1.70	1.48	1.63
Madagascar	-	-	-	-	-	-
Malawi	-	-	-	1.85	-	1.85
Zimbabwe	-	-	-	-	-	-
Ethiopia	-	-	-	-	-	-
Total	1.99	0.93	1.88	2.38	1.69	2.28

(In Srilankan Rupees)

CTC QUOTATIONS	BP1 – USC	PF1 – USC	PD – USC	D1 - USC
Best	201 – 296	248 – 284	216 – 310	206 – 290
Good	202 – 210	245 – 268	200 – 238	217 – 224
Good Medium	180 – 214	234 – 268	195 – 236	200 – 231
Medium	132 – 208	175 – 256	170 – 208	166 – 196
Lower Medium	090 – 174	110 – 202	102 – 185	130 – 170
Plainer	070 – 104	076 – 154	080 – 170	095 – 158

During the week fair demand noticed for 10,052,083 kilos of tea on offer. Brighter DUST1s were weak to USC15 lower with mediums firm to USC10 higher and prices of lower mediums were USC2 to USC14 higher during the week. Prices of Brighter BP1's noticed weak tone and were USC9 to USC13 lower, prices of mediums were firm to USC10 higher and prices of lower mediums were steady to USC2 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 steady to easy tone during the week. Well sorted clean coloury Fannings noticed easy tone and Dusts prices noticed easy tone during the week. Other Fannings and BMF's noticed easy tone. There was good buying interest from UK, Yemen, other middle-eastern countries, Bazaar and Pakistan Packers. There was less demand from Kazakhstan, other CIS countries and Egyptian packers. There was not much demand from Russia. There was some buying support from Somalia around lower levels.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 49

Orthodox	OFFERED		SOLD		%
PTPN ESTATE	10.160	545.560 Kg	5.560	290.640 Kg	53.27
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	10.160	545.560 Kg	5.560	290.640 Kg	53.27
C.T.C	OFFERED		SOLD		%
PTPN ESTATE	2.640	151.480 Kg	2.060	119.020 Kg	78.57
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	2.640	151.480 Kg	2.060	119.020 Kg	78.57
TOTAL	12.800	697.040 Kg	7.620	409.660 Kg	58.77

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	BOP	BOPF	PF	DUST	BT	BP
166-210	111-189	112-156	111-206	110-197	100-166	243

Orthodox Secondary Grades				
PF.II	DUST.II	BT.II	BP.II	DUST.III
100-176	117-122	92-110	138-175	106-122

CTC First and Secondary Grades						
BP.1	PF.1	PD	D.1	FANN	D.2	D.3
160-168	146-196	146-191	153-215	112-155	147-177	---

Market offerings increased to 12,800 paper sacks from 11,160 paper sacks. There was less demand in the market around current levels. Average price declined to USDcts 155.60 instead of USDcts 158.42 during last week's auction. Average price of Orthodox variety declined to USDcts 152.20 and average price of CTC increased to USDcts 163.03. Secondary variety and Fannings noticed easy tone. Quantity sold declined to 58.77% during the period compared to 67.21% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	23/12/14	07/01/15	23/12/14	07/01/15
PTPN. IV	2.940 S	1.860 S	-	-
PTPN. VI	920 S	780 S	1.060 S	860 S
PTPN. VII	2.840 S	1.920 S	120 S	100 S
PTPN. VIII	5.980 S	6.780 S	1.460 S	1.020 S
PTPN. IX	940 S	700 S	-	-
PTPN. XII	- S	- S	780 S	640 S
Total Estate	13.620 S	12.040 S	3.420 S	2.620 S
Pagilaran	- S	- S	- S	- S
Total Private	- S	- S	- S	- S
Grand Total	13.620 S	12.040 S	3.420 S	2.620 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 30

(In US\$/kg)

BROKENS	QUOTATIONS	FANNINGS	QUOTATIONS
Large/Bold	NQTA	Best	195-200
Medium	183-188	Good	190-194
Small	190-198	Medium	184-189
Plain	120-140	Plain	130-150

Tea prices at Bangladesh tea auction increased during the week amid lower supply and 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 2.40/kg. Around 2.3 million kgs of tea was offered for sale and nearly 15 percent remained unsold.

There was good demand from blenders and some buying interest from loose tea buyers. 39,418 packages and 804 packages CTC Leaf of previous season noticed good demand. 5,892 packages 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 noticed firm tone 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	Oct.	28.0	30.5	Up to Oct.	283.9	279.0	+ 4.9
North India	Oct.	140.42	140.09	Up to Oct.	822.37	833.91	- 11.54
South India	Oct.	25.24	24.98	Up to Oct.	203.53	196.88	+ 6.65
Kenya	Oct.	45.37	44.28	Up to Oct.	361.42	355.27	+ 6.15
Bangladesh	Oct.	10.4	9.7	Up to Oct.	54.8	53.8	+ 1.0
Malawi	Sept.	2.7	2.7	Up to Sept.	40.6	36.4	+ 4.2

(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	20-12-2014	13-12-2014
USD	63.30	62.64
Srilankan Rupee	0.4823	0.4776
Indonesian Rupiah	0.0051	0.0050
Kenyan Shilling	0.7005	0.6922
Bangladeshi Taka	0.8189	0.8106

Overall Outlook and Recommendation:

In the domestic market, prices noticed range –bound to weak tone. Quantity offered on sale increased during the week compared to previous week. There was not much demand in the export and local market. Quality of tea arriving in the market is good. Prices are likely to notice range –bound to weak tone in the near –term.

In the global market, prices noticed weak tone during the week. Trading activities remained lack –luster ahead of Christmas holidays. Future offering of tea is likely to increase in Srilanka and Indonesia. Weather is conducive in the tea growing regions. Prices are likely to notice weak tone in the coming days.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2014 Indian Agribusiness Systems Pvt Ltd.