AGRIWATCH

Tea Weekly
07 March 2015

News Highlights.

- Indian tea exports have declined during the period January –November 2014 amid lower production of Assam Orthodox tea by around 20 million kg and lower demand. Delayed rains during May –July, 2014 have affected production. Demand declined from countries like USA, Iran, Russia and Bangladesh during the period. India is the second largest tea producer and fourth largest tea exporter in the world.

- According to Tea Board, India's exports of tea declined by 8.1 percent to 201.23 million kg compared to previous year amid less demand from Bangladesh and Iran. Exports to Bangladesh declined by nearly 50 per cent and to Iran declined by 22 percent.

- The market size of tea is estimated to be around Rs.10,000 crore with a penetration of more than 90 per cent in the domestic market. With an export of approximately 210 million kg of tea, India is the fourth largest exporter of tea in the world.

- India's export earnings from tea declined by 9.8 percent to Rs.3928.94 crore in 2014 compared to Rs.4355.23 crore during the previous year. This is due to lower exports and decline in unit price of Indian tea amid increase in output in Kenya and Srilanka.

- According to the state –run Tea Board, Srilanka's output of tea declined by 8.8 percent in January compared to the same period previous year. It declined by 0.6% to 338 million kg in 2014 compared to 2013.

- Srilanka's tea exports touched an all time high in 2014 both in volume and value recording 1.6 billion U.S. dollars. Exports were recorded at 327.87 million kgs. compared to 327.41 million kgs. in 2006.

- According to state –run tea board, tea export revenues increased by 2.4 percent in 2014 for Burundi. Export earnings increased to $21.3 million compared to $20.80 million in 2013 amid good weather in the tea growing regions.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 09 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	89.31	13,25,000	8,59,000
ORTHODOX	-	-	-
DARJEELING	-	-	-
DUST	83.85	8,33,000	6,18,000

(Source: CTTA, Parcon India)

Prices noticed weak tone during the week. Quantity offered on sale declined during the week compared to previous week. There was less demand in the market around current levels. Withdrawals were noticed in Dooars and Assam variety. There was selective buying from Hindustan Unilever Ltd., Western India Buyers, Packagers and Exporters. Prices are likely to notice range –bound to weak tone in the coming days.

Guwahati Tea Auction: Sale No: 09 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	100.46	14,85,000	7,78,000
Dust	102.06	4,34,000	2,56,000

(Source: CTTA, Parcon India)

Prices noticed mixed tone during the week. There is less demand in the market for CTC variety. There was some demand from internal buyers in the market. Prices are likely to notice range – bound to firm tone in the near –term.

Siliguri Tea Auction: Sale No: 07 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	87.69	4,95,996	3,63,392
CTC Leaf	88.81	35,67,212	23,72,176

(Source: CTTA)

Prices declined during the week. Quantity offered on sale declined during the week compared to previous week. There is not much demand from blenders and exporters amid lack of availability of good quality tea in the market. Prices are likely to notice weak tone in the coming days.

Jalpaiguri Tea Auction: Sale No: 09 (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: 10 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	98.23	1051218.40	857180.30
CTC Leaf	72.77	112050.00	84916.00
Orthodox Dust	72.72	12124.00	6636.00
Orthodox Leaf	129.24	93176.00	82125.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed mixed tone during the week. Quantity offered on sale increased during the week compared to previous week. There was good demand for Leaf variety from internal buyers in the market. Buying interest from AVT, Kerala State Civil Supplies and Tata Global lent support to the market. There was good demand for Select Best Nilgiri Brokens. Prices are likely to notice range –bound to weak tone in the coming days.

Coimbatore Tea Auction: Sale No: 10 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	83.11	228193.00	184438.00
CTC Leaf	77.43	96740.00	83831.00
Orthodox Dust	68.22	23817.00	17381.00
Orthodox Leaf	87.26	7194.00	6659.00

(Source: Paramount Marketing, Coimbatore)

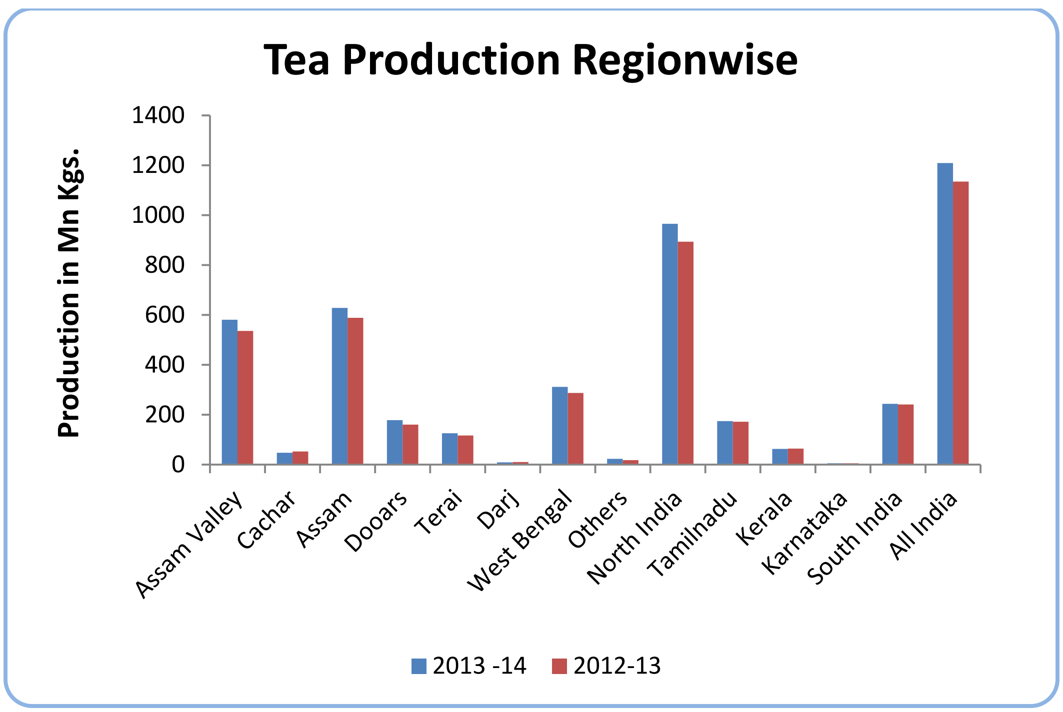
Prices noticed firm tone during the week except slight weakness in CTC Dust variety. Quantity offered on sale declined during the week compared to previous week. Demand from exporters for Select Best Nilgiri variety and blenders lend support to the market. Prices are likely to notice firm tone in the near –term.

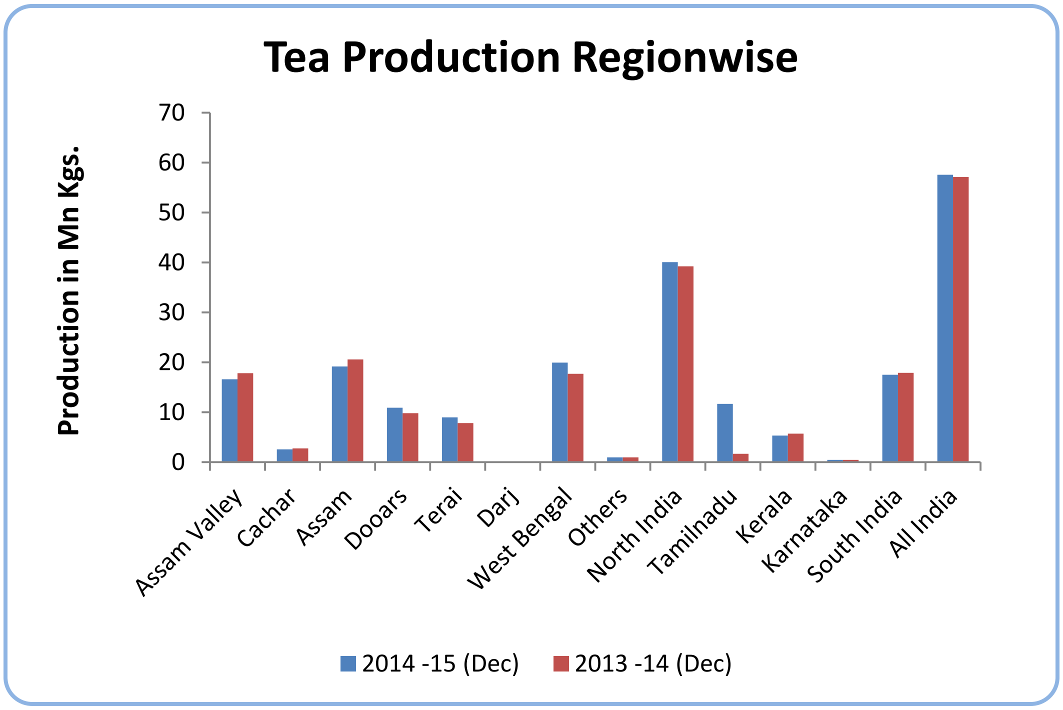
Coonoor Tea Auction: Sale No: 10 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	81.88	269239.00	215120.00
CTC Leaf	77.39	712569.00	560950.00
Orthodox Dust	94.34	48017.00	35134.00
Orthodox Leaf	93.94	47311.40	44444.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed firm tone during the week. Quantity offered on sale declined during the week compared to previous week. There was good demand in the market from exporters and blenders. Arrivals are lower in the market amid rains in the tea growing regions. Prices are likely to notice firm tone in the coming days.





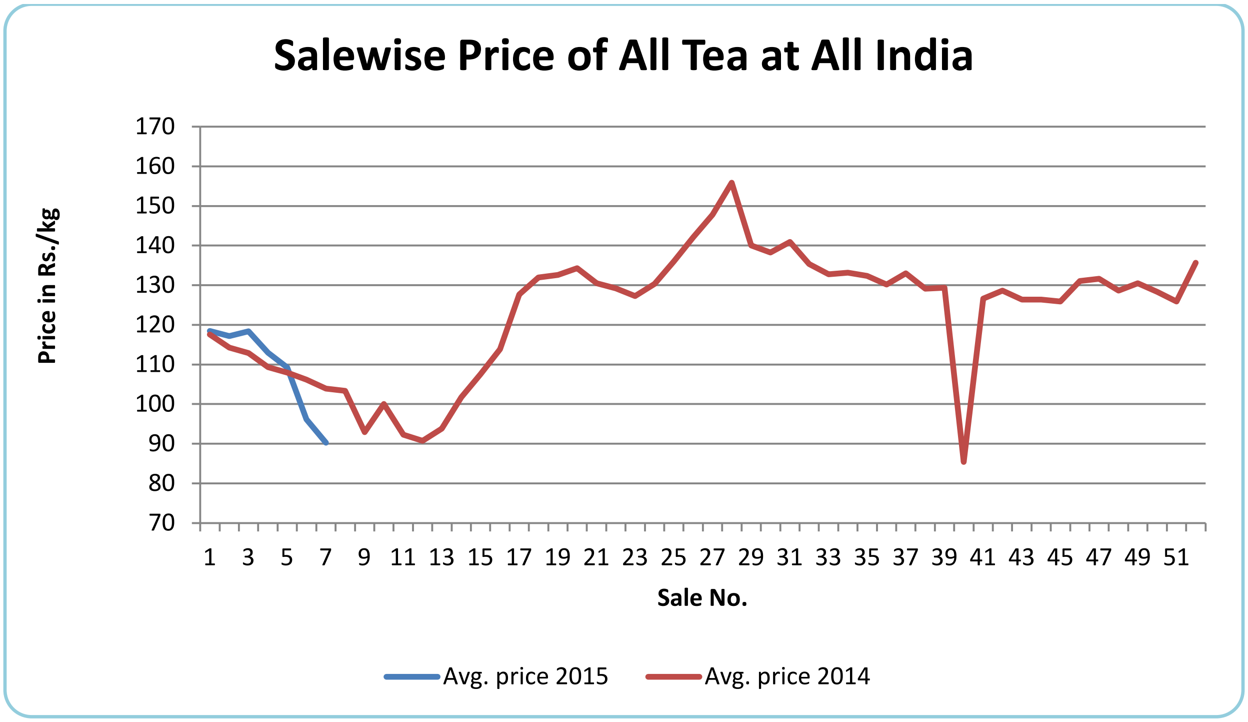
(Source: Tea Board)

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		
	Qty	Value	Unit Price	Qty	Value	Unit Price	Qty	Value	Unit Price
Apr-Dec 2014 (P)	80.42	1996.9	248.3	61.41	835.17	136	141.83	2832.02	199.68
Apr-Dec 2013	97.41	2424.9	248.93	68.95	987.32	143.19	166.36	3412.17	205.11
Inc/Dec in %	-17.44	-17.65	-0.25	-10.94	-15.41	-5.02	-14.75	-17	-2.65
Jan-Dec 2014 (P)	116.29	2777.31	238.83	84.94	1151.63	135.58	201.23	3928.94	195.25
Jan-Dec 2013	128.08	3075.87	240.15	90.98	1279.36	140.62	219.06	4355.23	198.81
Inc/Dec in %	-9.21	-9.71	-0.55	-6.64	-9.98	-3.58	-8.14	-9.79	-1.79

Source: Tea Board Of India



The above graph shows the price comparison of All Tea at All India in 2014 and 2015. 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. Prices have declined during the week compared to previous week.

Weekly Average Prices at Indian Auction Centers for week ending 2014-02-28

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	96.04(NS)	104.09(NS)	82.23(NS)	NS(NS)	98.60(108.24)	78.55(82.84)	80.90(91.12)	63.62(74.76)
Total Tea	96.04(NS)	104.11(NS)	82.23(NS)	NS(NS)	101.85(108.81)	79.05(83.28)	80.76(91.05)	63.62(74.76)

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

Variety	North India	South India	All India
CTC All Dust	92.01(NS)	83.98(92.15)	89.79(92.15)
Total Tea	92.01(NS)	85.87(92.89)	90.24(92.89)

(Source: Tea Board)

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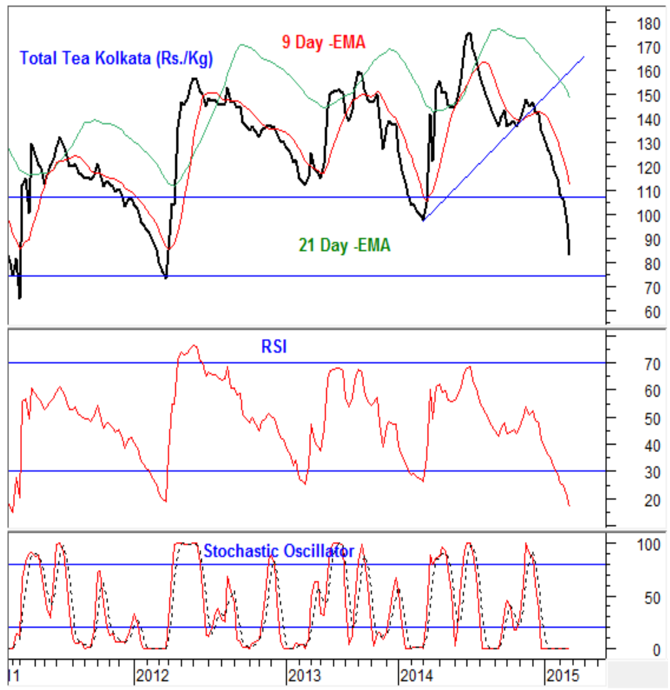
Tea – Technical Outlook — Total Tea -Kolkata

Technical Commentary:
Tea prices noticed weak tone and are holding below the support of 100 levels. Prices are holding below 9 –Day and 21 –Day EMA supporting the overall weak tone of the market. RSI is declining in the oversold region supporting some recovery in the near –term.

The tea prices are likely to continue weak tone in the coming days. Buyers can purchase on any near –term weakness towards 70 levels.



Strategy: Wait for Better Buying Levels

Weekly Supports & Resistances		S1	S2	PCP	R1	R2
Total Tea	Kolkata	85.30	75.10	96.04	150.00	170.90

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 09 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	450 - 720	460 - 550
Average Westerns	430 - 440	420 - 450
Plainer Westerns	370 - 420	370 - 410
Western Mediums	450 - 525	340 - 460
Uva Teas	340 - 440	310 - 430
Nuwara Eliya Teas	640 - 700	570 - 580
Udapussellawa Teas	350 - 425	350 - 470
CTC (BP1 and PF1)	350 - 430	340 - 530

In this week’s auction, 7.25 million kgs of tea was offered for sale compared to 6.52 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 firm tone during the week. High Grown and Mid Grown CTC’s noticed easy tone and Low Grown CTC’s noticed easy tone during the week. There was fair 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 and FF1’s noticed firm tone during the week. The below best and plainer variety noticed weak tone during the week. There was good buying from Iran, some demand from middle –eastern countries and selective demand from Russia.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	11		10		09	
Dates	17th/18th March 2015		10th/11th March 2015		02nd/03rd March 2015	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	1,106	1,285,263 kg	1,053	1,230,346 kg	934	1,086,945 kg
Main Sale Total	10,513	5,878,771 kg	10,836	6,040,977 kg	11,186	6,164,298 kg
High & Medium	1,475	819,798 kg	1,304	737,882 kg	1,267	700,939 kg
Low Growns Leafy	3,620	1,712,010 kg	3,879	1,848,790 kg	3,916	1,861,431 kg
Tippy	2,390	1,461,497 kg	2,545	1,585,471 kg	2,683	1,667,785 kg
Premium/Flowery	283	66,259 kg	346	82,080 kg	415	111,494 kg
Off Grades	2,134	1,213,204 kg	2,132	1,179,298 kg	2,327	1,282,727 kg
Dust	611	606,003 kg	630	607,456 kg	578	539,922 kg
Grand Total	11,619	7,164,034 kg	11,889	7,271,323 kg	12,120	7,251,243 kg
Reprints	912	507,685 kg	1,166	678,614 kg	1,389	767,446 kg
Scheduled to Close (Ex)		26.02.15		19.02.15		12.02.15
Dates (Ms)		27.02.15		20.02.15		13.02.15

Scheduled Closing Dates

Auction No. 10: 10th/11th March 2015

Ex Estate : 19.02.2015

Main Sale : 20.02.2015

Auction No. 11 : 17th/18th March 2015

Ex Estate : 26.02.2015

Main Sale : 27.02.2015

Auction No. 12 : 24th/25th March 2015

Ex Estate : 06.03.2015

Main Sale : 06.03.2015

Auction No. 13 : 30th/31st March 2015

Ex Estate : 12.03.2015

Main Sale : 13.03.2015

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 09

(in US$ per kg)

	SALE 09 HELD ON 02 & 03/03/2015			SALE 09 HELD ON 03 & 04/03/2014		
COUNTRY	PRIMARY	SECONDARY	TOTAL	PRIMARY	SECONDARY	TOTAL
Kenya	2.82	1.13	2.64	2.26	1.65	2.21
Uganda	1.43	1.00	1.30	1.68	1.52	1.60
Rwanda	2.80	1.90	2.57	2.29	2.09	2.26
Burundi	2.74	1.82	2.68	2.23	1.80	2.19
Zambia	-	-	-	-	-	-
Tanzania	0.70	0.87	0.84	1.46	1.47	1.47
D R of Congo	1.70	-	1.70	1.80	-	1.80
Mozambique	-	-	-	1.70	1.44	1.56
Madagascar	-	-	-	-	-	-
Malawi	-	0.70	0.70	-	-	-
Zimbabwe	-	-	-	-	-	-
Ethiopia	-	-	-	-	-	-
Total	**2.68**	**1.18**	**2.47**	**2.21**	**1.61**	**2.13**

CTC QUOTATIONS	BP1 – USC	PF1 – USC	PD – USC	D1 - USC
Best	266 – 380	332 – 344	270 – 325	270 – 320
Good	270 – 282	326 – 340	258 – 292	270 – 290
Good Medium	270 – 310	332 – 346	266 – 286	250 – 284
Medium	250 – 394	281 – 316	246 – 270	225 – 270
Lower Medium	125 – 284	159 – 244	140 – 248	145 – 244
Plainer	070 – 127	076 – 214	080 – 220	094 – 202

During the week good demand noticed for 8,162,828 kilos of tea on offer. Brighter DUST1s were USC26 to USC62 higher with mediums higher up to USC38 and prices of lower mediums were USC8 to USC20 lower during the week. Prices of Brighter BP1's noticed easy tone and were lower up to USC30, prices of mediums were up to USC20 lower and prices of lower mediums were lower up to US20. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

In the secondary catalogues, BPs noticed steady tone and PF's noticed firm tone during the week. Well sorted clean coloury Fannings and Dusts prices noticed easy tone during the week. Other Fannings and BMF's noticed firm tone. There was good buying interest from Pakistan Packers, Afghanistan, Bazaar, Egyptian packers, U.K. and Sudan. There was buying support from Yemen and other middle –eastern countries. There was some demand from Russia, Kazakhstan and other CIS countries. There was some buying support from Somalia around lower levels.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 09

Orthodox	OFFERED		SOLD		%
PTPN ESTATE	12.140	643.720 Kg	8.840	463.060 Kg	71.94
PRIVATE ESTATE	---	--- Kg	---	--- Kg	--,--
TOTAL	12.140	643.720 Kg	8.840	463.060 Kg	71.94
C.T.C	OFFERED		SOLD		%
PTPN ESTATE	1.480	83.100 Kg	1.100	63.440 Kg	76.34
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	1.480	83.100 Kg	1.100	63.440 Kg	76.34
TOTAL	13.620	726.820 Kg	9.940	526.500 Kg	72.44

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	BOP	BOPF	PF	DUST	BT	BP
159	125-216	103-113	100-204	97-195	91-151	-

Orthodox Secondary Grades				
PF.II	DUST.II	BT.II	BP.II	DUST.III
101-199	101-133	99-125	-	102-124

CTC First and Secondary Grades						
BP.1	PF.1	PD	D.1	FANN	D.2	D.3
142	172-210	170-208	163-248	104-194	146-189	---

Market offerings increased to 13,620 paper sacks from 11,420 paper sacks. There was less demand in the market around current levels. Average price declined to USDcts 149.78 instead of USDcts 153.33 during last week's auction. Average price of Orthodox variety increased to USDcts 146.28 and average price of CTC increased to USDcts 173.47. Secondary variety and Fannings noticed easy tone. Quantity sold increased to 72.44% during the period compared to 74.94% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	11/03/15	18/03/15	11/03/15	18/03/15
PTPN. IV	1.720 S	1.160 S	-	-
PTPN. VI	360 S	420 S	260 S	320 S
PTPN. VII	1.200 S	1.460 S	- S	120 S
PTPN. VIII	4.920 S	7.780 S	420 S	640 S
PTPN. IX	340 S	380 S	-	-
PTPN. XII	- S	- S	480 S	340 S
Total Estate	8.540 S	11.200 S	1.160 S	1.420 S
Pagilaran	- S	- S	- S	- S
Total Private	- S	- S	- S	- S
Grand Total	8.540 S	11.200 S	1.160 S	1.420 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 41
(In Taka/kg)

BROKENS	QUOTATIONS	FANNINGS	QUOTATIONS
Large/Bold	NQTA	Best	205-225
Medium	140-165	Good	190-200
Small	160-180	Medium	155-165
Plain	80-110	Plain	85-110

Tea prices at Bangladesh tea auction increased during the week amid lower supply of tea in the market and political unrest in the country. The average price of tea during this week's auction was around USD 2.40/kg. Around 1.41 million kgs of tea was offered for sale and nearly 37 percent remained unsold.

There was good demand from blenders and some buying support from loose tea buyers. 21,722 packages and 40 packages of old season of CTC Leaf noticed good demand. 4,156 packages and 35 packages of old season on offer of CTC Dust noticed good buying interest. In CTC Dust, good liquoring varieties were firm and medium levels noticed steady 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)

Country	MONTH	2014 2015*	2013 2014*	CUMULATIVE	2014 2015*	2013 2014*	CUMULATIVE + INC./-DEC.
Sri Lanka	Jan.*	23.2*	25.4*	Up to Jan.*	23.2*	25.4*	- 2.2
North India	Dec.	40.1(E)	39.3	Up to Dec.	943.6(E)	958.6	- 15.0
South India	Dec.	17.5(E)	17.9	Up to Dec.	241.2(E)	241.8	- 0.6
Kenya	Dec.	45.07	41.72	Up to Dec.	445.10	432.45	+ 12.65
Bangladesh	Dec.	3.8	5.3	Up to Dec.	64.5	66.3	- 1.8
Malawi	Dec.	1.8	4.0	Up to Dec.	45.9	46.5	+ 3.3

(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 previous year, global black tea output declined to 2019.13 mkg compared to 2027.5 mkg in 2013. India's production declined by 16.06 mkg to 1127.21 mkg. 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 is likely to be affected in the coming months following cold and frost weather conditions in the tea growing regions in the months of December and January.

Currency	07-03-2015	28-02-2015
USD	62.79	61.63
Srilankan Rupee	0.4727	0.4633
Indonesian Rupiah	0.0048	0.0047
Kenyan Shilling	0.6892	0.6747
Bangladeshi Taka	0.8078	0.7917

Overall Outlook and Recommendation:

In the domestic market, prices noticed mixed tone during the week. There was some recovery in South Indian tea auction centers. Arrivals have declined in certain tea growing regions amid rainfall during the last few days. There was good demand for Orthodox Leaf variety tea from the exporters. The first flush of tea is expected in North India markets during third week of March –April. Prices are likely to notice range –bound to weak tone in the near –term.

In the global market, prices noticed mixed toe during the week. Offerings at the auction centers are higher compared to previous week. Weather is conducive in the tea growing regions. Future offering of tea is likely to increase in Srilanka and decline in Indonesia in the coming week. Prices are likely to notice range –bound to firm tone in the coming days.