

### **News Highlights.**

- CTC Tea at Kolkata tea auction recorded a new high price of Rs.426/kg. The tea was produced by Halmari tea estate in Assam's Dibrugarh district. The previous record in the overall CTC category was held by Mangalam tea estate located in Assam's Sibsagar at Rs. 405/kg.
- The health benefits of green tea came to be knownis widely known now and its consumption is growing faster compared to black tea. Several players are venturing into the green tea market and have launched it in a wide range of varieties. Andrew Yule & Company, the public sector company, is planning to set up two green tea processing factories at its tea gardens in West Bengal. The company owns 15 tea gardens in Assam and West Bengal and is planning to start green tea production amid increasing demand.
- At the Coonoor tea auction, Tthe cumulative turnover of tea increased by 2.09 percent to Rs.214.18 crore in the first half of 2015 compared to the same period in 2014. at Coonoor tea auction. In the 26 auctions held till June 2015, the total volume sold increased to 2.92 crore kg compared to 2.64 crore kg. in 2014.
- Dry and hot weather in Kenya, African nation's no.1 exporter of black tea is likely to benefit McLeod Russel this year according to industry sources. Lower output of tea will help to boost tea auction prices. Average auction prices may rise to 180-185 rupees per kilogram by end of March 2016 from 172 rupees last year.
- According to Sri Lankan regional plantations (RPCs), production increased despite reductions in the workforce and land under cultivation. RPCs increased crop production in 2014 by 12 percent in comparison with 1992, when the government estates were privatisedprivatized, despite having a smaller workforce and crop bearing extent. This is demonstration demonstrates of greater efficiency and commitment to best practices including good agricultural policy on the part of the RPCs.
- A new study by the Ceylon Chamber of Commerce shows competition from other beverages, climatic changes and worker wages as the important issues faced by the global tea industry including Sri Lanka. It contains information about the competitors of Sri Lanka's tea industry, one of the world's largest exporters of tea. The study denotes that the tea industry will have to fight it out to sustain or grow its share with strong competition coming in from other beverages.

## Domestic Trade Scenario:

### Indian Tea Auctions

#### Kolkata Tea Auction: Sale No: 27 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC</b>	158.25	21,17,160	14,36,280
<b>ORTHODOX</b>	230.64	3,23,767	2,86,856
<b>DARJEELING</b>	385.28	88,471	51,070
<b>DUST</b>	174.47	10,08,785	7,57,023

(Source: CTTA, Parcon)

Prices noticed firm tone during the week except slight weakness in orthodox variety. Quantity offered on sale declined during the week compared to previous week. Best/Good Liquoring teas continued positive tone during the week. Medium and Plainer varieties noticed easy tone. There was demand from Hindustan Unilever Limited and Tata Global around current levels. In the Orthodox category, there was not much demand for Tippy teas from the exporters. Prices are likely to notice range –bound to firm tone in the near –term.

#### Guwahati Tea Auction: Sale No: 27 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC</b>	152.68	24,11,867	16,40,946
<b>Dust</b>	160.38	12,26,402	8,86,074

(Source: CTTA, Parcon)

Prices noticed firm tone during the week. Quantity offered on sale declined during the week compared to previous week. There was good demand for Select Best Assams and Dooars variety in the market. Good and Improved sorts continued positive tone. Buying interest was noticed from blenders and local buyers in the market. Prices are likely to continue positive tone in the coming days.

#### Siliguri Tea Auction: Sale No: 27 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
<b>CTC Dust</b>	123.18	4,42,395	3,38,259
<b>CTC Leaf</b>	126.80	29,53,309	21,55,718

(Source: Associated Brokers)

Prices noticed almost steady tone during the week. Quantity offered on sale increased during the week compared to previous week. Clean and Liquoring dusts noticed good demand around current levels. The Browner and Medium varieties were discounted. Some demand was noticed for the Plainer types. Prices are likely to notice steady to firm tone in the near –term.

**Jalpaiguri Tea Auction: Sale No: 27 (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: 28 (Price in Rs./kg)**

<b>Cochin</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	88.22	1307707.60	1077999.90
CTC Leaf	73.49	71980.00	37773.00
Orthodox Dust	58.49	19652.00	3893.00
Orthodox Leaf	126.36	174025.00	142492.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed mixed tone during the week. Quantity offered on sale declined during the week compared to previous week. In the Leaf variety, tea prices noticed firm tone amid good demand from the exporters. Dust variety tea prices noticed weak tone. There was not much demand from the local buyers in the market. Prices are likely to notice range –bound to weak tone in the coming days.

**Coimbatore Tea Auction: Sale No: 28 (Price in Rs./kg)**

<b>Coimbatore</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	75.81	364367.00	217432.00
CTC Leaf	67.76	225383.00	109835.00
Orthodox Dust	60.73	17593.00	6216.00
Orthodox Leaf	105.02	13651.00	11847.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed firm tone during the week except slight weakness in Orthodox Dust variety. Quantity offered on sale increased during the week compared to previous week. There is good demand for CTC variety tea from loose tea buyers in the market. Some enquiry for Leaf variety tea from the exporters lent support to the market. Prices are likely to notice firm tone in the near –term.

**Coonoor Tea Auction: Sale No: 28 (Price in Rs./kg)**

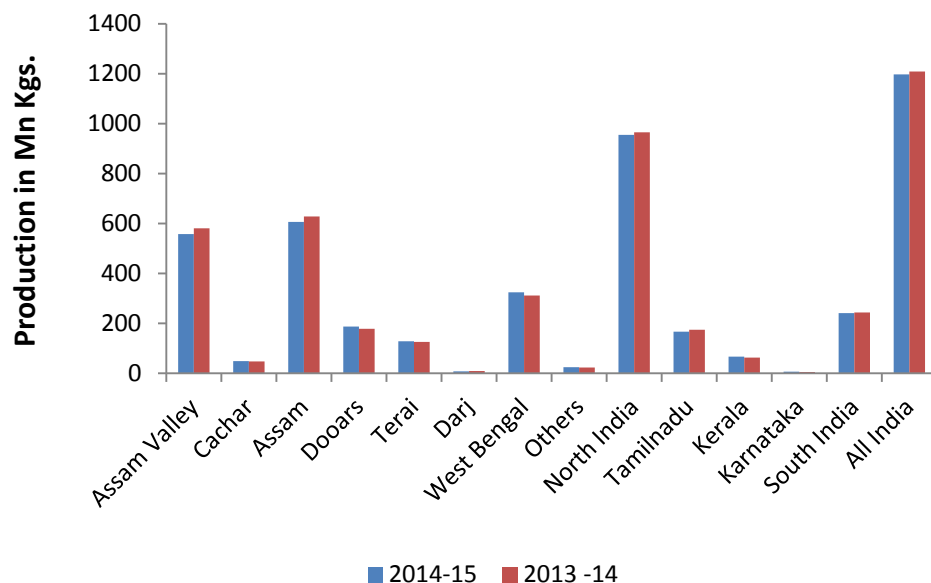
<b>Coonoor</b>	<b>Avg. Price</b>	<b>Total Offerings (Kgs)</b>	<b>Total Sold (Kgs)</b>
CTC Dust	74.06	414736.00	319260.50
CTC Leaf	64.62	1181913.00	818866.00
Orthodox Dust	86.53	54235.00	37337.00
Orthodox Leaf	92.14	70030.50	63129.00

(Source: Paramount Marketing, Coimbatore)

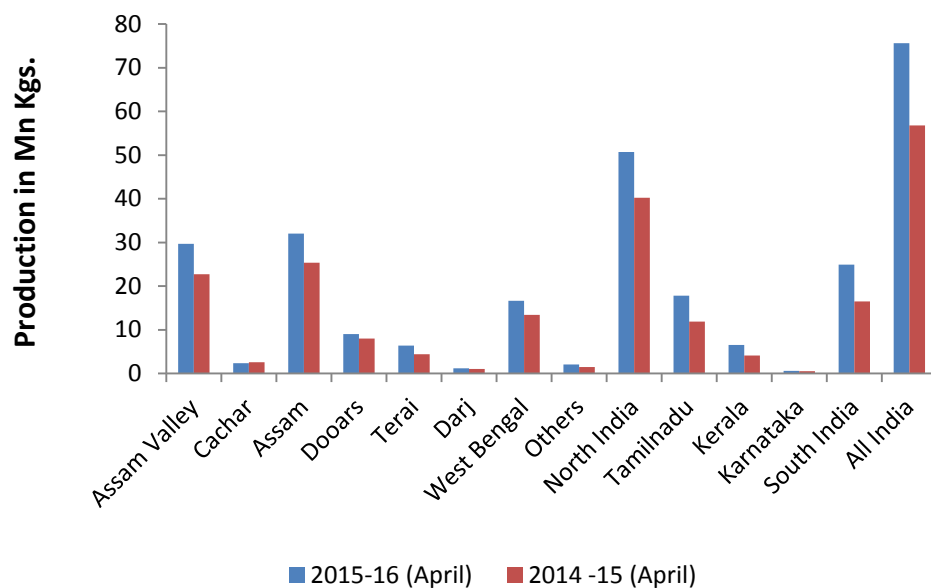
Prices noticed weak tone during the week except slight firmness in CTC Dust variety. Quantity offered on sale increased during the week compared to previous week. Bright Liquoring teas noticed firm tone

during the week. Buying interest was noticed from Kerala State Civil Supplies. There was not much enquiries from exporters. Prices are likely to notice weak tone in the coming days.

### Tea Production Regionwise



### Tea Production Regionwise



(Source: Tea Board)

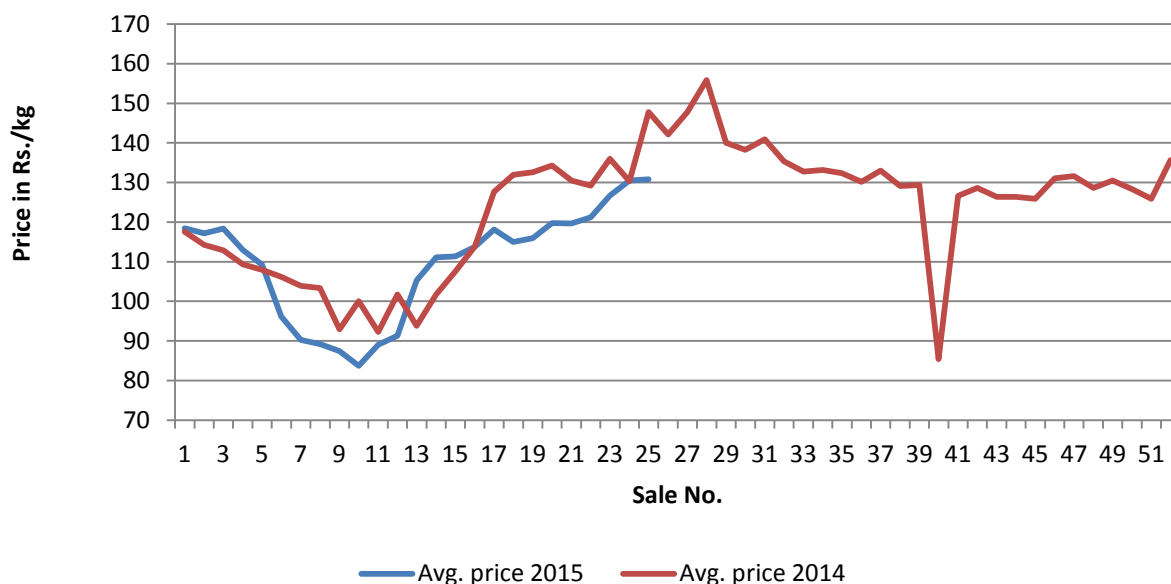
The above graph shows region wise production comparison, during the last two years and in the month of May in comparison with previous year. In the year 2014 (Apr –Mar), production increased by 6.5% to 1208.78 million kgs mainly on account of increase in production in Assam. In the current year in the month of May, production of tea in India declined by 11.8% to 91.41 million kgs. in comparison to 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
<b>Jan-Apr 2015 (P)</b>	33.34	676.04	202.77	28.90	376.43	130.25	62.24	1052.47	169.10
<b>Jan-Apr 2014</b>	42.07	934.73	222.18	29.83	407.19	136.50	71.90	1341.92	186.64
<b>Inc/Dec in %</b>	-20.75	-27.68	-8.74	-3.12	-7.55	-4.58	-13.44	-21.57	-9.40
<b>Jan-Dec 2014 (P)</b>	116.29	2777.31	238.83	84.94	1151.63	135.58	201.23	3928.94	195.25
<b>Jan-Dec 2013</b>	128.08	3075.87	240.15	90.98	1279.36	140.62	219.06	4355.23	198.81
<b>Inc/Dec in %</b>	-9.21	-9.71	-0.55	-6.64	-9.98	-3.58	-8.14	-9.79	-1.79

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 2014 and 2015. 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 slightly during the week compared to previous week.

**Weekly Average Prices at Indian Auction Centers for week ending 2014-07-04**

<b>Varie ty</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>	155.47(1 86.10)	153.59(174 .18)	126.32( 148.11)	NS(117.47)	87.90(9 4.77)	68.27(73. 04)	72.40(76.15)	60.85(57. 62)
<b>Total Tea</b>	176.00(2 01.42)	154.13(174 .21)	126.33( 148.11)	NS(117.47)	92.09(9 6.58)	69.30(73. 44)	72.91(76.31)	60.85(57. 62)

(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>	145.14 (169.74)	75.42 (81.05)	124.75 (142.42)
<b>Total Tea</b>	152.77 (176.74)	78.01 (82.64)	130.83 (147.80)

(Source: Tea Board)



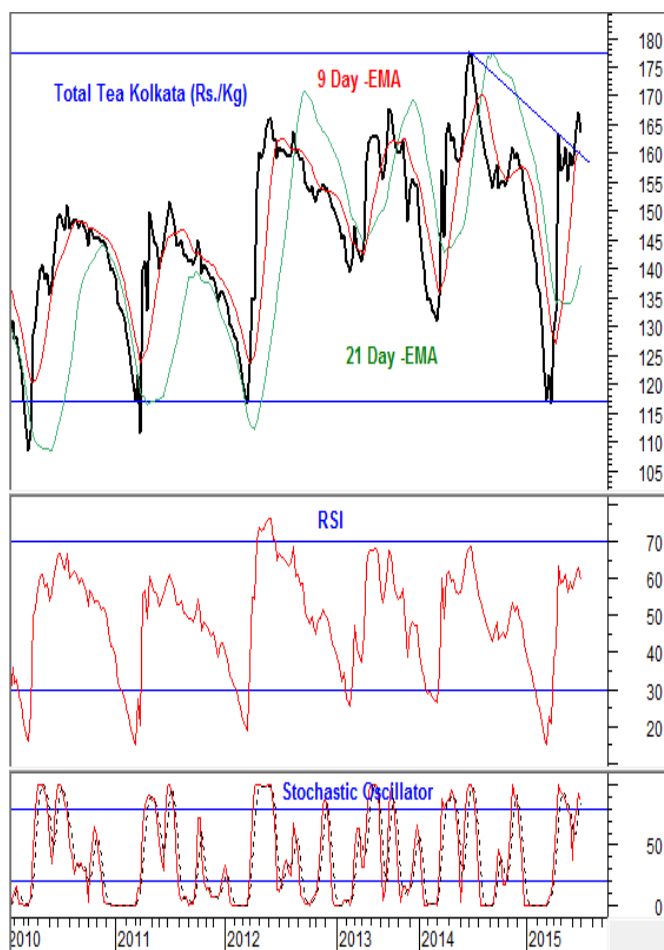
## Tea – Technical Outlook

## Total Tea -Kolkata

### Technical Commentary:

Tea prices noticed slight weakness during the week. Prices are holding above the uptrend line denoting that this near –term weakness should be considered as good buying opportunity. MACD is declining in the positive territory suggesting some weakness in the coming days. Stochastic oscillator is declining in the oversold region supporting weak tone in the near –term.

*The tea prices are likely to continue firm tone towards 200 levels in the coming days. Current weakness should be considered as good buying opportunity within the overall positive scenario of the market.*



### Strategy: Buy Around Current Levels

#### Weekly Supports & Resistances

		S1	S2	PCP	R1	R2
Total Tea	Kolkata	150.00	130.00	176.00	200.00	210.30

**International Trade Scenario:**

**Srilanka Tea Auction (Colombo): Sale No: 26 (Price in Srilankan Rs./kg)**

	BOP	BOPF
Good Westerns	390 - 435	480 - 590
Average Westerns	350 - 380	440 - 460
Plainer Westerns	320 - 340	420 - 430
Western Mediums	320 - 570	370 - 470
Uva Teas	300 - 450	320 - 460
Nuwara Eliya Teas	330 - 380	350 - 520
Udapussellawa Teas	300 - 435	350 - 470
CTC (BP1 and PF1)	325 - 410	320 - 605

In this week's auction, 7.61 million kgs of tea was offered for sale compared to 7.73 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 firm tone during the week following good quality. High Grown and Mid Grown CTC's noticed weak 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 easy tone. In the Tippy catalogues, better made FBOP noticed easy tone and FF1's noticed firm tone during the week. The below best and plainer variety noticed easy tone during the week. With better quality tea expected in the coming weeks and middle –east countries celebrating 'Eid' festival, demand is expected to improve in the coming days. There was good demand from Iran, Russia, Iraq, Libya, Jordon and other middle – eastern countries. Demand remained subdued from Syria.

**DETAILS OF TEAS AWAITING SALE**

	28		27		26	
AUCTION NO.						
	21 <sup>st</sup> / 22 <sup>nd</sup> July 2015		14 <sup>th</sup> /15 <sup>th</sup> July 2015		07 <sup>th</sup> /08 <sup>th</sup> July 2015	
Dates	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	1,047	1,214,017 kg	1,049	1,180,596 kg	1,042	1,177,589 kg
Main Sale Total	11,119	6,266,835 kg	11,499	6,552,911 kg	11,365	6,429,707 kg
High & Medium	1,580	901,190 kg	1,635	928,678 kg	1,526	892,169 kg
Low Grown Leafy	3,870	1,897,615 kg	4,048	1,985,078 kg	4,088	2,030,947 kg
	2,370	1,451,915 kg	2,465	1,522,897 kg	2,481	1,531,619 kg
Tippy						
Premium/Flowery	579	145,680 kg	550	140,992 kg	541	145,099 kg
Off Grades	2,134	1,268,386 kg	2,136	1,277,044 kg	2,125	1,226,335 kg
Dust	586	602,049 kg	665	698,222 kg	604	603,538 kg
Grand Total	12,166	7,480,852 kg	12,548	7,733,507 kg	12,407	7,607,296 kg
Reprints	980	617,223 kg	679	437,931 kg	827	549,912 kg
Scheduled to Close (Ex)		02.07.15		25.06.15		18.06.15
Dates (Ms)		03.07.15		26.06.15		19.06.15

**Scheduled Closing Dates**

Auction No. 27 : 14<sup>th</sup>/15<sup>th</sup> July 2015

Ex Estate : 25.06.2015

Main Sale : 26.06.2015

Auction No. 28 : 21<sup>st</sup>/22<sup>nd</sup> July 2015

Ex Estate : 02.07.2015

Main Sale : 03.07.2015

Auction No. 29 : 27<sup>th</sup>/28<sup>th</sup> July 2015

Ex Estate : 09.07.2015

Main Sale : 10.07.2015

Auction No. 30 : 04<sup>th</sup>/05<sup>th</sup> August 2015

Ex Estate : 16.07.2015

Main Sale : 17.07.2015

(Source: John Keells Tea Brokers)

**Kenya Tea Auction (Mombasa): Sale No: 27**

**AUCTION AVERAGE PRICE**

AUCTION	KENYA	KENYA	TOTAL	TOTAL
	2014	2015	2014	2015
25	\$2.07	\$3.41	\$1.91	\$3.11
26	\$2.14	\$3.33	\$1.96	\$3.13
27	\$2.30	\$3.32	\$2.11	\$3.03

QUOTATIONS	BROKENS	FANNINGS	
Best	451 - 517	554 - 566	
Good	464 - 475	559 - 570	
Good Medium	419 - 480	518 - 567	
Medium	435 - 498	514 - 541	
Lower Medium	231 - 369	282 - 372	
Plain	161 - 232	158 - 369	( SL RUPEES)

During the week good demand noticed for 6,475,207 kilos of tea on offer. Brighter DUST1s were USC2 to USC12 higher, with mediums lower up to USC2 to USC20 and prices of lower mediums were lower up to USC26. Prices of Brighter BP1's were USC8 to USC14 higher, prices of mediums were higher to USC10 lower and prices of lower mediums noticed easy tone and were lower up to USC18. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

In the secondary catalogues, BP's noticed firm tone and PF's noticed easy tone during the week. Well sorted clean coloury Fannings noticed easy tone and Dusts noticed steady tone during the week. Other Fannings noticed weak tone and BMF's noticed firm tone. There was good buying interest from Pakistan packers, Yemen, Sudan, Kazakhstan, Somalia, other CIS countries and U.K. There was selective demand from Pakistan packers and Bazaar. There was not much demand from Afghanistan, Egyptian packers, Russia and Iran.

(Source: Africa Tea Brokers)

**Indonesia Tea Auction (Jakarta): Sale No: 27**

<b>ORTHODOX</b>	<b>OFFERED</b>		<b>SOLD</b>		<b>%</b>
<b>PTPN ESTATE</b>	5.080	267.240 Kg	4.620	242.320 Kg	90.68
<b>PRIVATE</b>	---	--- Kg	---	--- Kg	---,--
<b>ESTATE</b>					
<b>TOTAL</b>	5.080	267.240 Kg	4.620	242.320 Kg	90.68

<b>C.T.C</b>	<b>OFFERED</b>		<b>SOLD</b>		<b>%</b>
<b>PTPN ESTATE</b>	1.520	86.680 Kg	1.180	68.460 Kg	78.98
<b>PRIVATE</b>	---	--- Kg	---	--- Kg	--,--
<b>ESTATE</b>					
<b>TOTAL</b>	1.520	86.680 Kg	1.180	68.460 Kg	78.98

<b>GRAND</b>	6.600	353.920 Kg	5.800	310.780 Kg	87.81
<b>TOTAL</b>					

(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>166</b>	<b>143-163</b>	<b>136-207</b>	<b>135-242</b>	<b>129-200</b>	<b>120-138</b>	<b>278</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>1306-209</b>	<b>126-137</b>	<b>120-132</b>	<b>-</b>	<b>120-127</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>169-190</b>	<b>184-225</b>	<b>155-240</b>	<b>152-256</b>	<b>132-191</b>	<b>139-179</b>	<b>---</b>

Market offerings declined to 6,600 paper sacks from 9,020 paper sacks. There was good demand in the market. Average price increased to USDcts 159.23 instead of USDcts 150.79 during last week's auction. Average price of Orthodox variety increased to USDcts 156.52 and average price of CTC increased to USDcts 168.95. Secondary variety and Fannings noticed easy tone. Quantity sold increased to 87.81% during the period compared to 81.46% during last auction.

**OFFERING FOR THE NEXT AUCTION**

<b>PRODUCER</b>	<b>Orthodox</b>		<b>C.T.C</b>	
	12/07/15	22/07/15	12/07/15	22/07/15
PTPN. IV	1.020 S	860 S	-	-
PTPN. VI	700 S	340 S	360 S	460 S
PTPN. VII	1.240 S	1.220 S	160 S	160 S
PTPN. VIII	3.780 S	4.580 S	900 S	580 S
PTPN. IX	260 S	380 S	-	-
PTPN. XII	- S	- S	580 S	500 S
Total Estate	7.000 S	7.380 S	2.000 S	1.700 S
Pagilaran	- S	- S	- S	- S
Total Private	- S	- S	- S	- S
Grand Total	7.000 S	7.380 S	2.000 S	1.700 S

(Source: TEH)

**Bangladesh Tea Auction (Chittagong): Sale No: 10**

(In Taka/kg)

<b>BROKENS</b>	<b>QUOTATIONS</b>	<b>FANNINGS</b>	<b>QUOTATIONS</b>
Large/Bold	188-195	Best	195-198
Medium	195-198	Good	192-194
Small	195-198	Medium	185-190
Plain	173-178	Plain	173-178

Tea prices at Bangladesh tea auction increased during the week amid led by good demand from the local buyers. The average price of tea during this week's auction was around USD 2.50/kg. Around 1.24 million kgs of tea was offered for sale and nearly 6 percent remained unsold.

There was good demand from blenders and some demand from loose tea buyers and blenders. 17,713 packages and 62 packages of CTC Leaf of old season noticed good demand. 4,801 packages and 36 packages of old season on offer of CTC Dust noticed good buying interest. In CTC Dust, good liquoring varieties noticed firm tone and medium levels noticed easy tone. Good liquoring Broken varieties noticed demand at steady prices. Good liquoring varieties in fannings noticed mixed tone during the week. Good liquoring Dusts noticed mixed tone during the week.

(Source: National Brokers Limited)



**WORLD CROP STATISTICS IN (Mn/kgs)**

<u>Country</u>	<u>MONTH</u>	<u>2015</u>	<u>2014</u>	<u>CUMULATIVE</u>	<u>2015</u>	<u>2014</u>	<u>CUMULATIVE</u> <u>+ INC./-DEC.</u>
Sri Lanka	May	32.23	39.24	Up to May	143.41	142.64	+ 0.77
North India	May	91.9 (E)	69.3	Up to May	176.1 (E)	154.2	+ 21.9
South India	May	26.1 (E)	25.8	Up to May	98.8 (E)	90.9	+ 7.9
Kenya	Apr.	23.84	39.97	Up to Apr.	105.45	152.05	- 46.6
Bangladesh	Apr.	3.1	2.7	Up to Apr.	3.6	3.5	+ 0.1
Malawi	Apr.	6.4	6.4	Up to Apr.	24.8	28.2	- 3.4

(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 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's, production of tea is likely to be more in the coming months following good rains in the tea growing regions in the months of April and May.

<b>Currency</b>	<b>10-07-2015</b>	<b>04-07-2015</b>
<b>USD</b>	63.46	63.42
<b>Srilankan Rupee</b>	0.4752	0.4742
<b>Indonesian Rupiah</b>	0.0048	0.0047
<b>Kenyan Shilling</b>	0.6269	0.6371
<b>Bangladeshi Taka</b>	0.8174	0.8158

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

In the domestic market, prices noticed firm tone during the week except slight weakness at Cochin and Coonoor tea auctions. At Coonoor, the average auction prices has declined and total turnover in the first half of 2015 has increased compared to the same period in 2014. There is demand for Select/Best teas in the market. Exporters are buying around current levels, thereby adding to the positive tone of the market. Below normal monsoon in this month is likely to affect production to a certain extent. Prices are likely to notice range –bound to firm tone in the near –term.

In the global market, prices continued positive tone during the week. Quantity offered on sale declined during the week compared to previous week. There is good demand from blenders and loose tea buyers in the market. Dry weather in some parts of North India and Kenya will affect production to a certain extent. Future offering of tea is likely to increase in Srilanka and Indonesia. Prices are likely to notice range –bound to firm 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.