AGRIWATCH

Tea Weekly
29 August 2015

News Highlights.

- Indian tea markets are planning to launch an advertisement campaign that will put forward increasing tea prices highlighting the various expenses, including the social cost that the industry has to bear. The Indian Tea Association is in talks with various advertising agencies for the campaign that will make the consumers aware of the increasing cost of producing tea.

- More than a quarter of teas remaining unsold at Coonoor Tea Trade Association auctions seen in last few weeks continued at Sale No: 34 with nearly 27 per cent, worth Rs.3.20 crore, of the 16.18 lakh kg on offer of remaining unabsorbed when average prices rose marginally to Rs. 65.91 a kg from previous week's Rs. 65.42.

- In the first half of current year, North India produced 7.54 mkg more to reach 275.22 mkg. South India produced 2.59 mkg more to reach 123.62 mkg. Till June, India has produced 10.13 mkg more at 398.84 mkg compared to the same period of 2014.

- The Tea Board Of India has introduced an incentive scheme to provide monetary support towards additional transport and handling charges incurred by tea exporters in the north –east. Under this scheme, tea exports from the north –east are eligible for a financial assistance of Rs.1.50 per kg of the product if the same is exported from the Inland Container Depot (ICD) located in Guwahati's Amingaon area.

- India's exports of tea declined by 9 million kgs. to at 76.09 million kgs in the first five months of 2015 compared with to the same corresponding period of previous year. The same trend would have continued in June and July also. Egypt and Pakistan are not buying much from South India. Europe has raised concerns about the presence of chemicals in speciality teas like Darjeeling tea. Rouble issue in Russia has affected demand.

- In the first half of current calendar, global black tea production has declined by 6.82 per cent to 823.79 million kg (mkg) from 884.12 mkg during the same period in 2014. The main reason for the shortfall is the whopping reduction of 49.92 mkg in Kenya where production has fallen to 175.26 mkg from 225.18 in Jan-June 2014 due to dry weather in the tea growing regions.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 34 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	165.66	25,35,000	19,41,000
ORTHODOX	238.13	5,23,000	4,25,000
DARJEELING	-	-	-
DUST	174.22	12,62,000	9,59,000

(Source: Parcon)

Prices noticed weak tone during the week. Quantity offered on sale declined during the week compared to previous week. Fannings and Liquoring Dusts noticed firm tone. Western India Buyers and exporters were active in the market. In the Orthodox category, Select Well Made Tippy Teas noticed good demand in line with quality. Bolder Brokens noticed steady tone. There was some demand from Hindustan Unilever Limited during the week. Prices are likely to notice range –bound to firm tone in the coming days.

Guwahati Tea Auction: Sale No: 34 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	148.24	35,00,000	26,06,000
Dust	162.23	17,34,000	12,07,000

(Source: Parcon)

Prices noticed mixed tone during the week. Quantity offered on sale increased during the week compared to previous week. Good and Better Medium sorts noticed mixed tone. Browner sorts noticed easy tone. There was fair demand for other varieties in the market. There was good buying interest from Tata Global and internal buyers. Prices are likely to notice steady to firm tone in the near –term.

Siliguri Tea Auction: Sale No: 35 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	113.40	4,00,000	2,64,000
CTC Leaf	120.10	25,80,000	18,10,000

(Source: Associated Brokers)

Prices noticed weak tone during the period. Quantity offered on sale declined during the week compared to previous week. There was fair demand for Bright Liquoring varieties. Blenders and local buyers did not buy much around current levels. Prices are likely to notice easy tone during the week.

Jalpaiguri Tea Auction: Sale No: 34 (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: 35 (Price in Rs./kg)

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

(Source: Paramount Marketing, Coimbatore)

There was no auction during the week following the festival of ‘Onam’.

Coimbatore Tea Auction: Sale No: 35 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	76.58	220260.00	182796.00
CTC Leaf	63.01	124798.00	96226.00
Orthodox Dust	56.96	15462.00	6242.00
Orthodox Leaf	69.87	10940.00	8109.00

(Source: Paramount Marketing, Coimbatore)

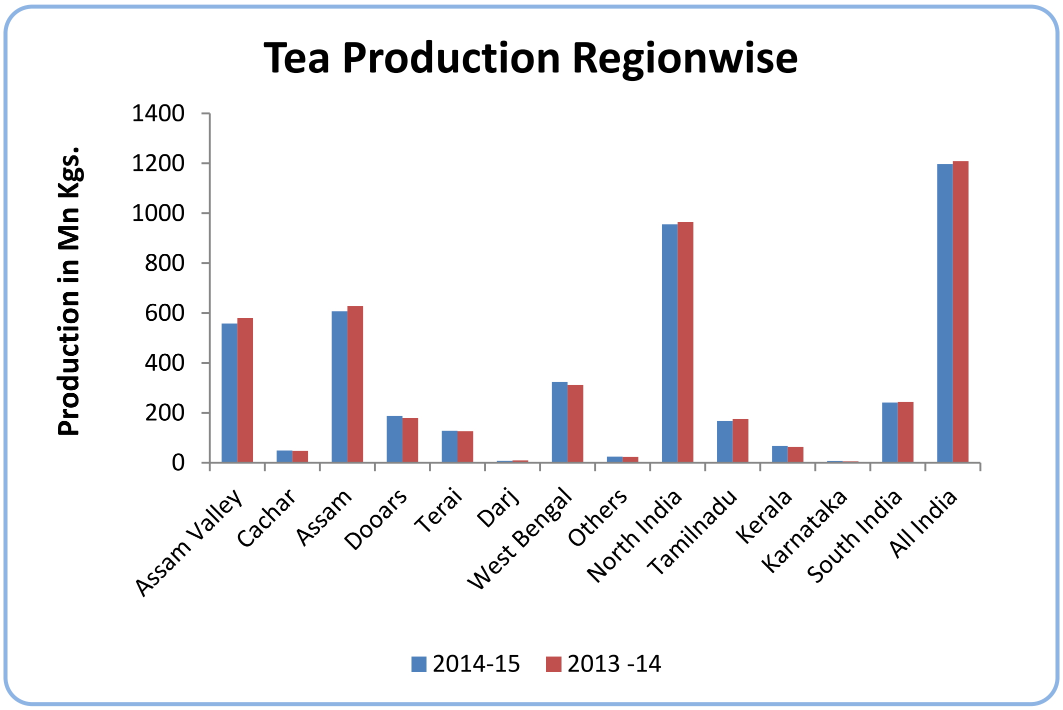
Prices noticed mixed tone during the week. Quantity offered on sale increased during the week compared to previous week. Good demand from loose tea buyers and blenders lend support to the market. Lack of demand from the exporters weighed on Orthodox variety tea. Arrivals have increased amid dry weather in the growing regions. Prices are likely to notice range –bound to firm tone in the near –term.

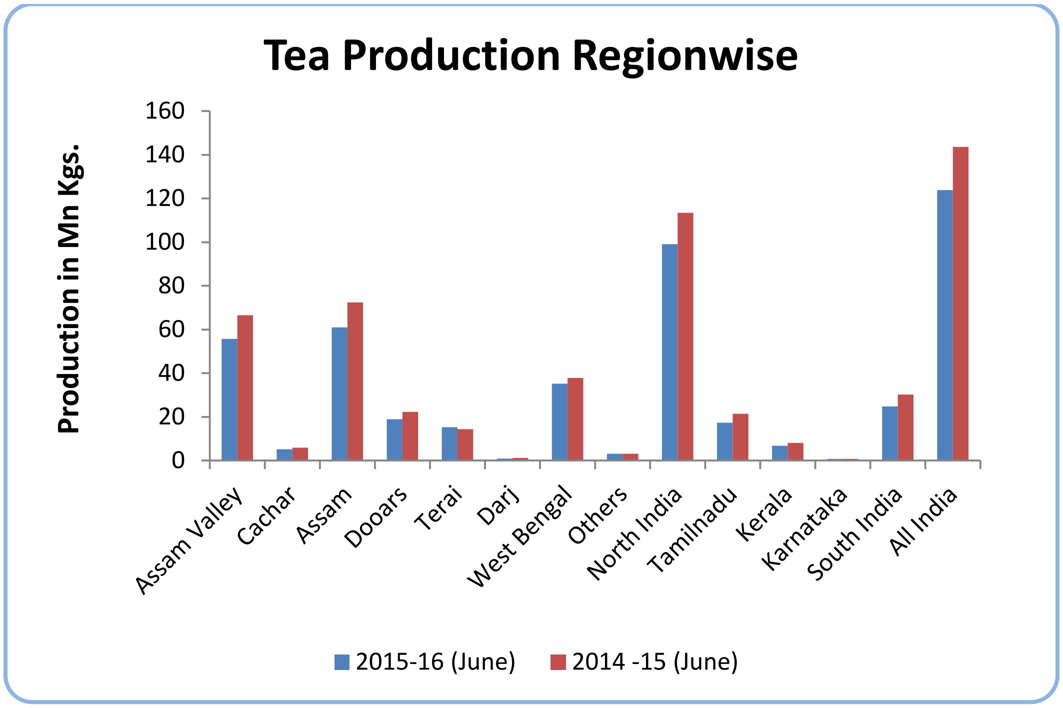
Coonoor Tea Auction: Sale No: 35 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	67.27	36422.00	301167.00
CTC Leaf	62.35	1064455.00	661250.00
Orthodox Dust	80.30	49903.00	29466.00
Orthodox Leaf	93.55	58031.50	48269.50

(Source: Paramount Marketing, Coimbatore)

Prices noticed firm tone during the week except slight weakness in Orthodox dust variety. Quantity offered on sale declined during the week compared to previous week. Good demand from local buyers added to the positive tone of the market. There was not much export demand from Russia during the period. Prices are likely to notice firm tone in the coming days.





(Source: Tea Board)

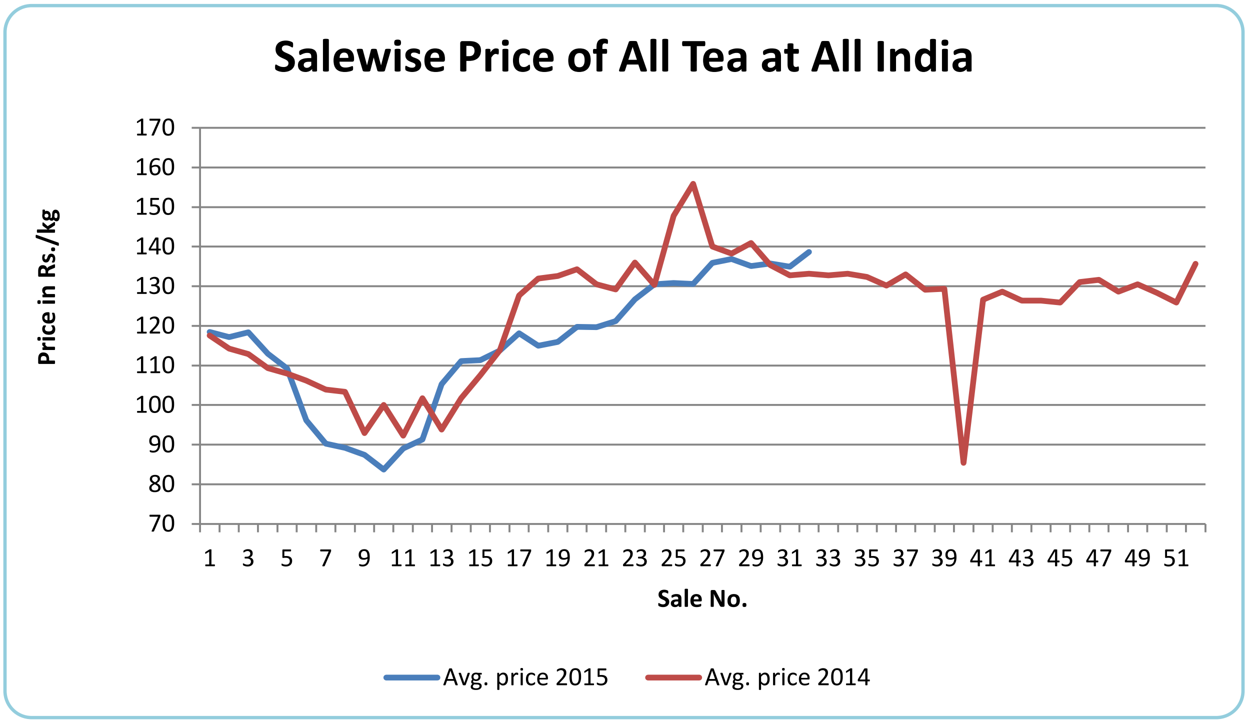
The above graph shows region wise production comparison, during the last two years and in the month of June in comparison with to previous year. In the year 2014 (Apr –Mar), production increased by 6.5% to 1208.78 million kgs mainly on account of increased in production in Assam. In the current year in the month of June, production of tea in India declined by 12.60% to 123.91 million kgs. in comparison to the same corresponding period last year following owing to lack of suitable temperature and rainfall in north India.

REGIONWISE QUARTERLY EXPORTS:

(Qty In M.Kgs, Value in Rs. Crs, Unit Price in Rs./kg)

		North India			South India		All India		
	Qty	Value	Unit Price	Qty	Value	Unit Price	Qty	Value	Unit Price
Jan-May 2015 (P)	39.57	813.27	205.53	36.52	488.45	133.75	76.09	1301.72	171.08
Jan-May 2014	48.11	1082.95	225.10	36.83	508.49	138.06	84.94	1591.44	187.36
Inc/Dec in %	-17.75	-24.90	-8.69	-0.84	-3.94	-3.13	-10.42	-18.20	-8.69
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 All India price comparison of All Teas at All India in 2014 and 2015. Currently the average prices of all tea are slightly higher compared to previous year amid led by good domestic demand in the market. Prices have increased slightly during the week compared to previous week.

Weekly Average Prices at Indian Auction Centers for week ending 2015-08-22

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	170.35(157.06)	152.27(146.97)	120.75(124.24)	100.84(102.39)	91.13(93.65)	64.39(62.70)	71.34(70.40)	54.57(50.19)
Total Tea	184.63(168.47)	152.88(147.00)	120.75(124.24)	100.84(102.39)	96.46(94.90)	65.91(63.30)	71.65(70.64)	54.57(50.19)

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

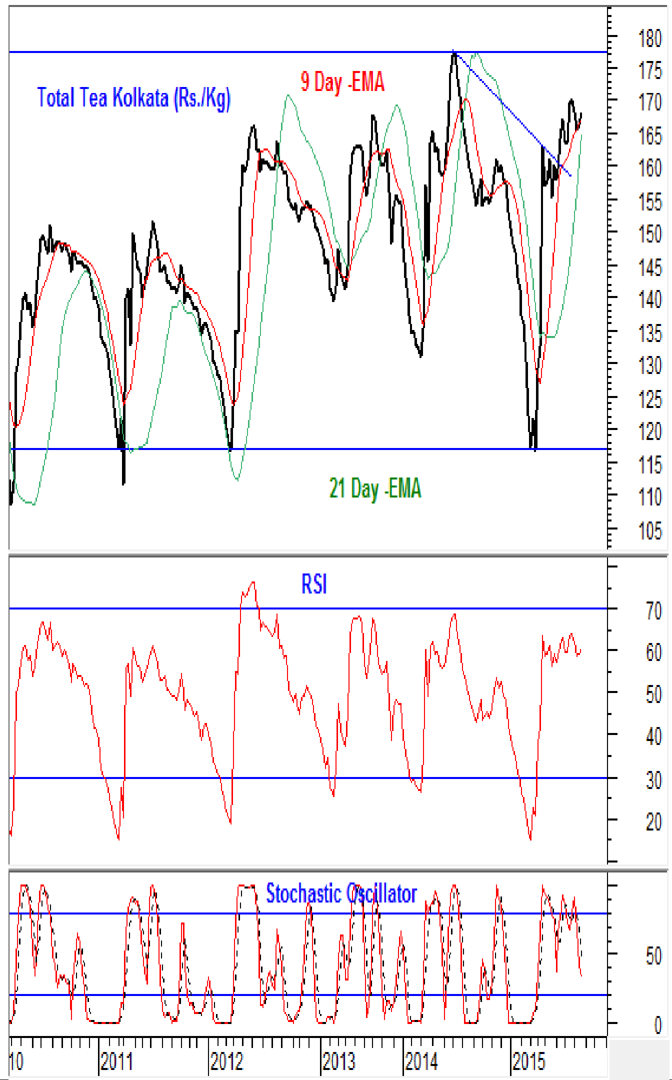
Variety	North India	South India	All India
CTC All Dust	147.99 (143.25)	74.97 (73.03)	133.34 (128.99)
Total Tea	154.26 (148.11)	78.72 (74.57)	138.62 (133.13)

(Source: Tea Board)

Tea – Technical Outlook | Total Tea -Kolkata

Technical Commentary:
Tea prices noticed positive tone during the week. In the weekly chart, prices are holding above the down trend line supporting firm tone in the medium – term. Prices are holding above 9 –Day and 21 –Day EMA supporting the overall positive tone of the market. RSI is increasing in the neutral region denoting upside movement in the coming days.

The tea prices are likely to notice firm tone towards 200 levels. Any near – term weakness should be considered as good buying opportunity within the overall firm tone of the market.



Strategy: Buy Around Current Levels

Weekly Supports & Resistances		S1	S2	PCP	R1	R2
Total Tea	Kolkata	150.00	130.00	184.63	200.00	210.30

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 33 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	420 - 470	470 - 520
Average Westerns	370 - 410	420 - 460
Plainer Westerns	320 - 360	380 - 410
Western Mediums	330 - 570	320 - 470
Uva Teas	300 - 920	320 - 740
Nuwara Eliya Teas	410 - 430	300 - 385
Udapussellawa Teas	270 - 470	340 - 445
CTC (BP1 and PF1)	300 - 400	325 - 480

In this week's auction, 7.78 million kgs of tea was offered for sale compared to 4.23 million kgs of tea during the previous week. There was some demand for Select Best teas during the week. Better western BOP's and BOPF's noticed weak 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 fair 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 weak tone during the week. The middling below best and plainer variety noticed easy tone during the week. There was less buying interest from Russia and selective demand from Iran, Syria, Turkey, Saudi Arabia and other middle –eastern countries.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	35		34		33	
Dates	08th/09th September 2015		01st/ 02nd September 2015		25th/26th August 2015	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	850	986,249 kg	938	1,090,506 kg	1,110	1,294,686 kg
Main Sale Total	10,034	5,402,570 kg	11,819	6,561,576 kg	11,704	6,462,476 kg
High & Medium	1,019	519,822 kg	1,309	670,586 kg	1,347	677,838 kg
Low Growns Leafy	3,790	1,803,801 kg	4,166	2,027,630 kg	3,968	1,911,523 kg
Tippy	2,141	1,294,166 kg	2,681	1,654,819 kg	2,706	1,629,152 kg
Premium/Flowery	502	113,777 kg	617	150,256 kg	654	155,174 kg
Off Grades	2,072	1,173,639 kg	2,394	1,410,648 kg	2,331	1,371,352 kg
Dust	510	497,365 kg	652	647,637 kg	698	717,437 kg
Grand Total	10,884	6,388,819 kg	12,757	7,652,082 kg	12,814	7,757,162 kg
Reprints	786	494,589 kg	1,307	816,958 kg	982	588,902 kg
Scheduled to Close (Ex) Dates (Ms)		20.08.15 21.08.15		13.08.15 14.08.15		06.08.15 07.08.15

Scheduled Closing Dates

Auction No. 34 : 01st/02nd September 2015

Ex Estate : 13.08.2015

Main Sale : 14.08.2015

Auction No. 35 : 08th/09th September 2015

Ex Estate : 20.08.2015

Main Sale : 21.08.2015

Auction No. 36 : 15th/16th September 2015

Ex Estate : 27.08.2015

Main Sale : 28.08.2015

Auction No. 37 : 22nd/23rd September 2015

Ex Estate : 03.09.2015

Main Sale : 04.09.2015

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 34

AUCTION AVERAGE PRICE

AUCTION	KENYA 2014	KENYA 2015	TOTAL 2014	TOTAL 2015
32	$2.13	$3.36	$1.99	$3.04
33	$2.05	$3.20	$1.95	$2.92
34	$2.05	$3.04	$1.92	$2.76

QUOTATIONS	BROKENS	FANNINGS
Best	477 – 561	473 - 545
Good	479 – 495	477 - 498
Good Medium	437 – 496	463 - 506
Medium	311 – 499	410 - 470
Lower Medium	198 – 351	198 - 357
Plain	137 – 241	151 – 344 (SL RUPEES)

During the week good demand was noticed for 8,264,301 kilos of tea on offer. Brighter DUST1s were USC2 to USC44 lower, with mediums up to USC38 lower and prices of lower mediums were USC2 to USC16 lower. Prices of Brighter BP1's were USC2 to USC40 lower, prices of mediums were lower up to USC40 and prices of lower mediums were USC14 to USC42 lower. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed weak tone during the week.

In the secondary catalogues, BP's noticed firm tone and PF's noticed mixed tone during the week. Well sorted clean coloury Fannings and Dusts noticed easy tone during the week. Other Fannings and BMF's noticed weak tone. There was fair buying interest from Pakistan Packers, Yemen, Bazaar and other middle –eastern countries. There was some demand from Sudan and U.K. Demand remained subdued from Russia. Egyptian packers, Afghanistan, Kazakhstan, other CIS countries and Somalia were active around lower levels of the market.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 34

ORTHODOX	OFFERED		SOLD		%
PTPN ESTATE	8.100	422.900 Kg	7.840	408.600 Kg	96.62
PRIVATE ESTATE	---	--- Kg	---	--- Kg	---,--
TOTAL	8.100	422.900 Kg	7.840	408.600 Kg	96.62

C.T.C	OFFERED		SOLD		%
PTPN ESTATE	1.220	68.700 Kg	1.160	65.200 Kg	94.91
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	1.220	68.700 Kg	1.160	65.200 Kg	94.91
GRAND TOTAL	9.320	491.600 Kg	9.000	473.800 Kg	96.38

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	BOP	BOPF	PF	DUST	BT	BP
190-196	170-195	152-199	141-228	142-217	129-145	330

Orthodox Secondary Grades				
PF.II	DUST.II	BT.II	BP.II	DUST.III
140-193	136-151	129-137	310	119-132

CTC First and Secondary Grades						
BP.1	PF.1	PD	D.1	FANN	D.2	D.3
150-202	166-212	169-230	166-241	141-166	138-164	---

Market offerings declined to 9,320 paper sacks from 11,020 paper sacks. There was good demand in the market. Average price increased to USDcts 158.14 instead of USDcts 154.60 during last week's auction. Average price of Orthodox variety increased to USDcts 156.54 and average price of CTC declined to USDcts 168.11. Secondary variety and Fannings noticed easy tone. Quantity sold increased to 96.38% during the period compared to 86.59% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	02/09/15	**09/09/15**	**02/09/15**	**09/09/15**
PTPN. IV	1.420 S	2.040 S	-	-
PTPN. VI	460 S	420 S	780 S	500 S
PTPN. VII	1.200 S	1.320 S	- S	140 S
PTPN. VIII	2.380 S	3.600 S	200 S	500 S
PTPN. IX	200 S	100 S	-	-
PTPN. XII	- S	- S	360 S	360 S
Total Estate	5.660 S	7.480 S	1.340 S	1.500 S
Pagilaran	- S	- S	- S	- S
Total Private	- S	- S	- S	- S
Grand Total	5.660 S	7.480 S	1.340 S	1.500 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 16
(In Taka/kg)

BROKENS	QUOTATIONS	FANNINGS	QUOTATIONS
Large/Bold	183-185	Best	187-189
Medium	185-187	Good	185-187
Small	185-188	Medium	183-184
Plain	160-170	Plain	167-172

Tea prices at Bangladesh tea auction declined during the week amid highest volume offered for the season till date. The average price of tea during this week's auction was around USD 2.50/kg. Around 2.1 million kgs of tea was offered for sale and nearly 24 percent remained unsold.

There was some demand from blenders and loose tea buyers. 30,774 packages of CTC Leaf noticed good demand. 8,209 packages of CTC Dust noticed good buying interest. In CTC Dust, good liquoring varieties noticed weak tone and medium levels noticed easy tone. Good liquoring Broken varieties noticed weak tone. Good liquoring varieties in fannings noticed easy tone during the week. Good liquoring Dusts noticed easy tone during the week.

(Source: National Brokers Limited)

WORLD CROP STATISTICS IN (Mn/kgs)

Country	MONTH	2015	2014	CUMULATIVE	2015	2014	CUMULATIVE + INC./-DEC.
Sri Lanka	July	25.78	29.00	Up to July	199.02	202.64	- 3.62
North India	June	99.13(E)	113.43	Up to June	275.22 (E)	267.68	+ 7.54
South India	June	24.78(E)	30.21	Up to June	123.62 (E)	121.03	+ 2.59
Kenya	June	32.29	31.94	Up to June	175.26	225.19	- 49.92
Bangladesh	June	5.76	7.77	Up to June	14.50	15.97	- 1.47
Malawi	June	1.7	2.2	Up to June	30.6	34.9	- 4.3

(Source: John Keells Tea Brokers)

In the current year, global output of tea is likely to decline following output reduction in output in Kenya. Global tea production till date has declined to 566.55 million kg compared to 586.63 million kgs during the previous year. Output has declined dropped following production decline in production in Kenya, the largest producer of black tea in the world by around 50%. It's production has declined to 175.26 million kg till June 2015 compared to 225.19 million kg during the previous year. Production has also declined in other African countries like Malawi and Uganda. In North India and South India, production has increased by nearly 7.5% and 2.60% respectively till June 2015. Plucking has been lower in North India amid heavy rainfall in the tea growing regions.

Currency	29-08-2015	22-08-2015
USD	66.29	66.18
Srilankan Rupee	0.4907	0.4937
Indonesian Rupiah	0.0047	0.0048
Kenyan Shilling	0.6382	0.6419
Bangladeshi Taka	0.8491	0.8515

Overall Outlook and Recommendation:

In the domestic market, prices noticed range –bound to weak tone during the week. Quantity offered on sale declined during the week compared to previous week. Trading activities remained lack –luster in India following the festival of 'Onam'. In North India, there was arrival of good quality leaf. Export demand was noticed from Japan, Russia and Iran to certain extent. Local buyers and blenders did not buy much around current levels. Production is picking up in North India and South India amid favourable weather in the growing regions. Prices are likely to notice range –bound to firm tone in the coming days.

In the global market, prices noticed weak tone except slight firmness at Indonesia tea auction centre. Prices firmed up in Indonesia amid good export demand. Quantity offered on sale declined during the week compared to previous week. Hot and dry weather in the growing regions is not favouring the production of good quality green tea. The future offering of tea is likely to increase in Sri Lanka and decline in Indonesia. Prices are likely to notice firm tone in the near –term.

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