News Highlights.

- India's tea output declined by 1.3 per cent in 2015 to 1191 million kg in 2015 compared to 2014 according to the state-run Tea Board. Unfavourable weather and strikes by plantation workers have affected output. Output declined by 5.8 per cent in December 2015 to 55.95 million kg compared to the same period in 2014.

- Small Tea Growers (STG) from almost all the tea growing countries of the world are forming a common platform 'Confederation of International Tea Small Holders (CITES)' soon to work with an objective of supporting the small tea farming sector that at present contributes around 65% to the total global tea production. Small tea growers from all over the world face same kind of problems like lower than rational level price realization, trouble in market potential utilization, dependency on third party processing etc. The industry is hopeful of very positive outcome of these trans-boundary forums due to very positive support from the Government agencies of all these countries.

- According to the Tea Board of India, tea exports increased by 9 per cent to Rs.3218.07 crore during April –December 2015 of the current fiscal year compared to Rs.2955.78 crore during the same period previous year. In terms of volume, exports to neighbouring countries increased to 166.55 million kg. compared to 147.96 million kg during the same period previous year. During the first nine months of the fiscal year, exports to Pakistan increased by 56 percent to Rs.139.74 crore.

- The Tea Board has announced the average price for green leaf at Rs.15/kg for February in the Nilgiris district. All Bought Leaf factories in the Nilgiris district are instructed to stick to this average green leaf price while buying green leaf from the farmers. On representations of small growers, Tea Board announced the average price for their green leaf for the first time in December 2015.

- Tata Global Beverages Limited has entered the premium tea segment with the launch of Fusion Tea. Fusion is by far the most expensive black tea available in India. The objective is to update the black tea consumer according to company sources. Relevant considering TGBL estimates the branded tea market to be worth Rs 13600 crore by value per annum with premium teas enjoying a value share of 18% and a volume share of 11%. The company is doing many launches this year to acquire new costumers and increase market share.

- East African tea exports to Iran are expected to jump more than six fold by 2019 as trade ties with the Persian Gulf nation normalize after western sanctions were lifted according to a regional tea traders' association. Shipments from nations including Kenya, the world's biggest exporter of black tea, may climb to 20,000 metric tons within the next four years from a record low of 3,200 tons last year according to association sources.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 06 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	123.48	14,56,000	10,53,000
ORTHODOX	135.01	48,000	39,000
DARJEELING	-	-	-
DUST	116.97	5,19,000	3,78,000

(Source: Parcon)

Prices noticed firm tone during the week. Quantity offered on sale declined during the week compared to previous week. Dooars witnessed steady tone and Assams declined in line with quality. There was good demand from Western India buyers, packeteers and local buyers. There was some export inquiry in the market. Weather in North India remained favourable during the week for new crop. In the Orthodox variety, there was fair demand from local buyers, CIS and Middle Eastern countries. Prices are likely to notice firm tone in the coming week.

Guwahati Tea Auction: Sale No: 06 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	112.93	20,80,000	12,76,000
Dust	114.41	6,88,000	4,96,000

(Source: Associated Brokers)

Prices noticed mixed tone during the week. Quantity offered on sale declined during the week compared to previous week. There was good demand for Dust variety and fair for Leaf variety. Prices declined in line with quality. Good demand was noticed around lower levels. There was some demand from internal buyers and Hindustan Unilever Limited. Prices are likely to witness easy tone in the near –term.

Siliguri Tea Auction: Sale No: 06 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	101.70	17,60,000	14,20,000
CTC Leaf	103.30	3,00,000	2,70,000

(Source: Contemporary Brokers)

Prices witnessed easy tone during the week. Quantity offered on sale declined during the week compared to previous week. Clean Well Made teas noticed good demand and other varieties declined in line with quality. Buying interest was noticed from blenders and internal buyers in the market. Prices are likely to notice weak tone in the coming days.

Jalpaiguri Tea Auction: Sale No: 06 (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: 06 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	123.39	960007.70	854103.00
CTC Leaf	96.18	84422.00	53821.00
Orthodox Dust	97.84	9047.00	8082.00
Orthodox Leaf	138.47	168194.00	127614.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed weak tone during the week except slight firmness in Orthodox Dust variety. Quantity offered on sale increased during the week compared to previous week. Buying interest was noticed from Kerala State Civil Supplies and blenders. Demand from exporters lent some support to the market. Prices are likely to notice range –bound to firm tone in the coming week.

Coimbatore Tea Auction: Sale No: 06 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	108.65	215766.00	183764.00
CTC Leaf	101.37	104773.00	91964.00
Orthodox Dust	79.30	6066.00	6066.00
Orthodox Leaf	93.05	6003.00	6003.00

(Source: Paramount Marketing, Coimbatore)

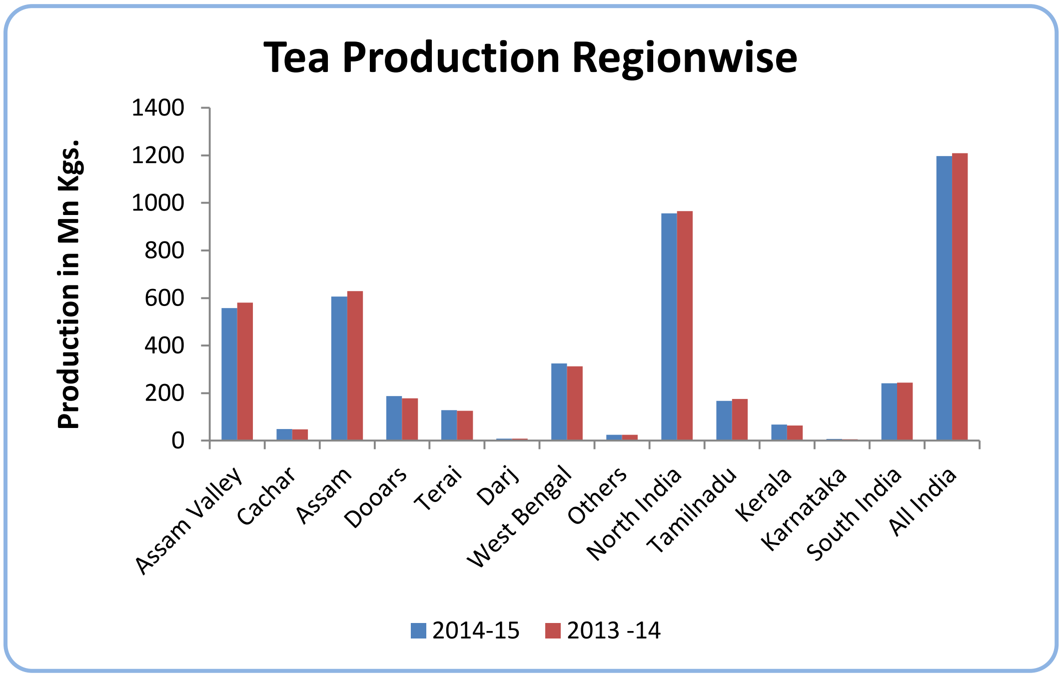
Prices noticed mixed tone during the week. Quantity offered on sale declined during the week compared to previous week. Good demand from the loose tea buyers and blenders lent support to the market. Prices are likely to notice firm tone in the near –term.

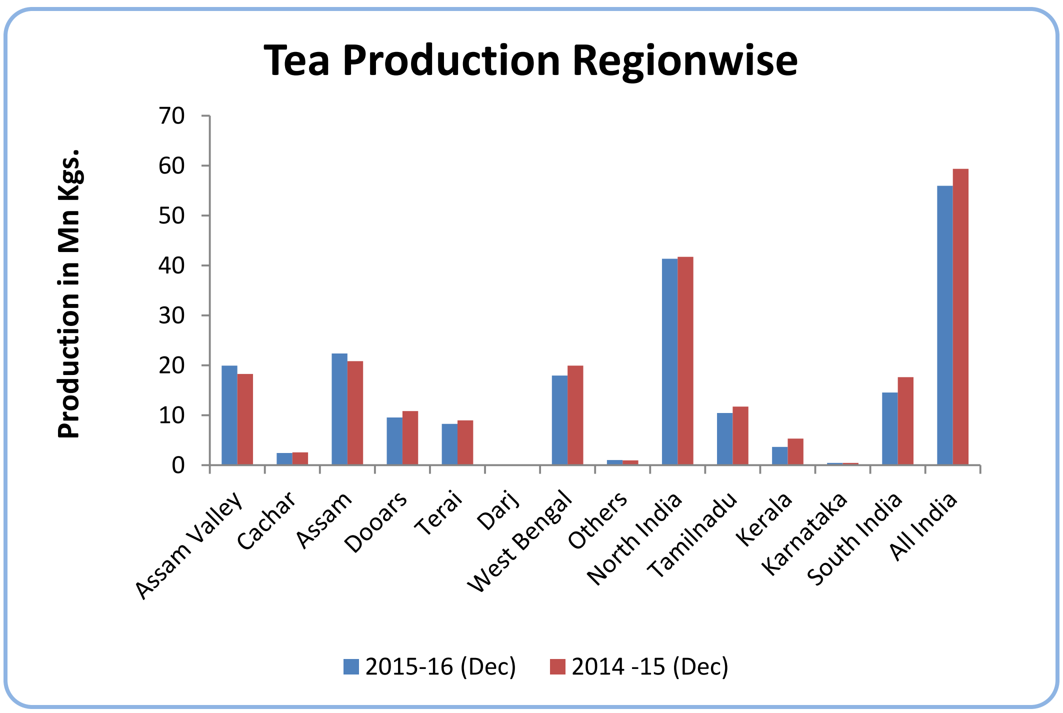
Coonoor Tea Auction: Sale No: 06 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	116.49	211155.00	192779.00
CTC Leaf	109.31	499543.00	447684.00
Orthodox Dust	96.45	41947.00	37603.00
Orthodox Leaf	109.38	422854.00	32484.50

(Source: Paramount Marketing, Coimbatore)

Prices noticed firm tone during the week. Quantity offered on sale increased during the week compared to previous week. There was some enquiry from the exporters around current levels. Demand from the loose tea buyers supported the market. Prices are likely to notice positive tone in the coming days.





(Source: Tea Board)

The above graph shows region wise production comparison, between 2015-16 (Sep) and 2014-15 (Sep).during the last two years and in the month of September 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

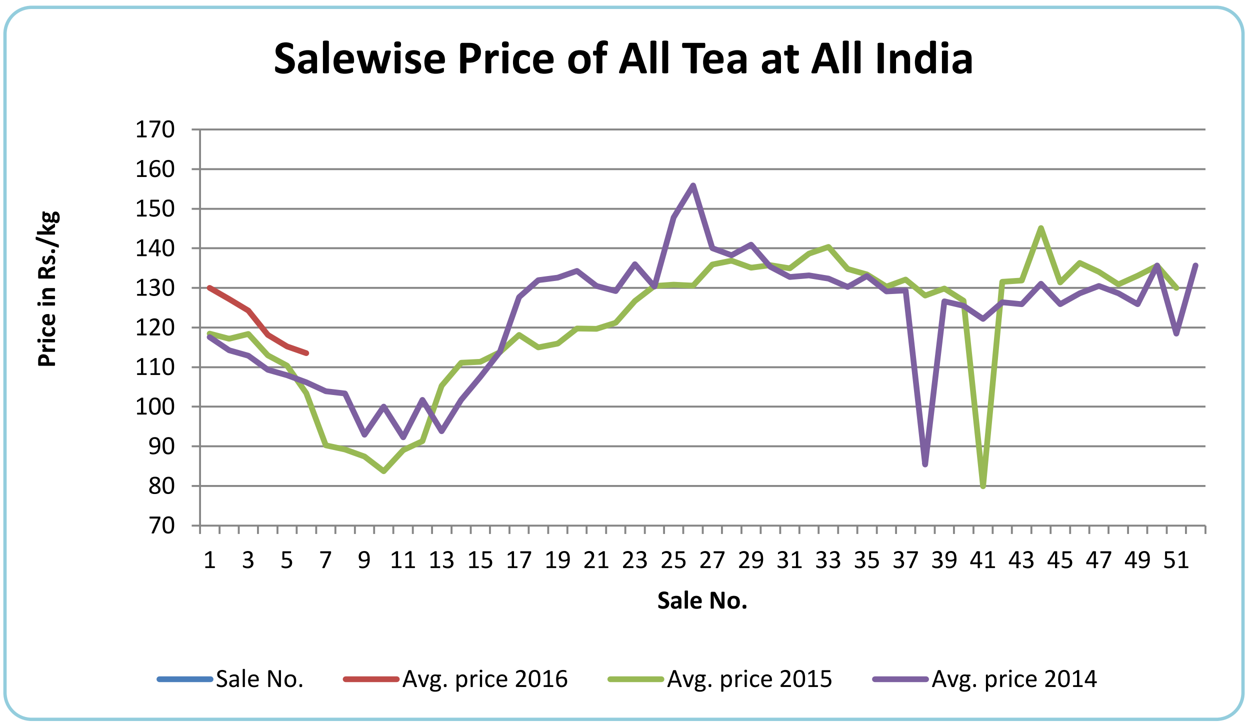
Assam. In the current year in the month of September, production of tea in India declined by 5.42% to 148.81 million kgs. in comparison to the same corresponding period last year following owing to lack of suitable temperature and rainfall mainly in north India.

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-Dec 2015 (P)	122.47	2811.41	229.56	95.20	1274.52	133.88	217.67	4085.93	187.71
Jan-Dec 2014	119.89	2850.49	237.76	87.55	1203.53	137.47	207.44	4054.02	195.43
Inc/Dec in %	2.15	-1.37	-3.45	8.74	5.90	-2.61	4.93	0.79	-3.95
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, 2015 and 2016. Currently the average prices of all tea are higher compared to previous year amid lower arrivals in the domestic market. Prices have declined during the week compared to previous week amid lack of availability of good quality leaf.

Weekly Average Prices at Indian Auction Centers for week ending 2016-02-06

Variet	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea

y								Serve
CTC All Dust	117.94(123.81)	113.09(100.35)	105.47(102.42)	NS(NS)	123.56(96.13)	104.49(80.16)	103.93(81.69)	83.86(58.71)
Total Tea	123.33(125.09)	113.15(100.35)	105.47(102.42)	NS(NS)	125.89(99.81)	104.68(80.55)	103.48(81.73)	83.86(58.71)

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

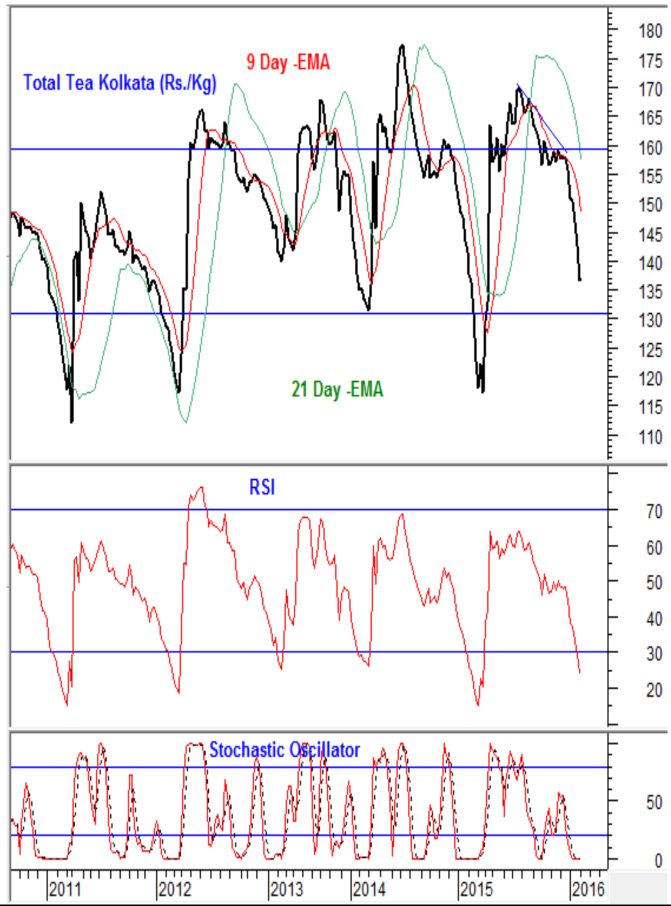
Variety	North India	South India	All India
CTC All Dust	112.21 (108.89)	109.29 (83.31)	111.53 (102.60)
Total Tea	114.33 (109.53)	111.12 (85.41)	113.55 (103.39)

(Source: Tea Board)

Tea – Technical Outlook **Total Tea -Kolkata**

Technical Commentary:
Tea prices noticed slight recovery during the week. MACD is declining in the negative territory supporting the overall weak tone of the market. Prices are likely to decline after the recent recovery. Stochastic oscillator is steady in the oversold region supporting some recovery in the coming days.

The tea prices are likely to decline towards 110 levels in the medium – term. Traders are advised to wait for better buying levels in the medium – term.



Strategy: Wait For Better Buying Levels

Weekly Supports & Resistances		**S1**	**S2**	**PCP**	**R1**	**R2**
Total Tea	Kolkata	110.00	100.00	123.33	150.00	200.00

International Trade Scenario:

<u>Srilanka Tea Auction (Colombo): Sale No: 06 (Price in Srilankan Rs./kg)</u>

	BOP	BOPF
Good Westerns	470 - 560	480 - 780
Average Westerns	430 - 460	440 - 470
Plainer Westerns	400 - 420	400 - 430
Western Mediums	410 - 620	335 - 450
Uva Teas	395 - 420	310 - 440
Nuwara Eliya Teas	330 - 540	330 - 370
Udapussellawa Teas	370 - 425	335 - 440
CTC (BP1 and PF1)	300 - 425	300 - 470

In this week's auction, 6.55 million kgs of tea was offered for sale compared to 6.50 million kgs of tea during the previous week. There was good demand for Select Best teas during the week. Better western BOP's and BOPF's noticed weak tone. High Grown and Mid Grown CTC's noticed weak tone following quality and Low Grown CTC's witnessed easy 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 easy tone. In the Tippy catalogues, better made FBOP and FF1's noticed weak tone during the week. The below best and plainer variety noticed firm tone during the week. There was less demand from Russia, Iran and other Middle –Eastern countries.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	08		07		06	
Dates	23rd/24th February 2016		16th/17th February 2016		09th/10th February 2016	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	966	1,116,967 kg	929	1,082,855 kg	802	924,867 kg
Main Sale Total	9,449	4,999,164 kg	10,366	5,510,253 kg	10,472	5,626,764 kg
High & Medium	1,026	519,419 kg	1,055	529,897 kg	992	499,409 kg
Low Growns Leafy	3,688	1,754,830 kg	4,047	1,956,895 kg	4,213	2,104,361 kg
Tippy	2,062	1,190,902 kg	2,177	1,256,579 kg	2,343	1,393,133 kg
Premium/Flowery	547	103,166 kg	552	111,560 kg	521	114,910 kg
Off Grades	1,587	881,156 kg	1,946	1,056,567 kg	1,891	1,014,177 kg
Dust	539	549,691 kg	589	598,755 kg	512	500,774 kg
Grand Total	10,415	6,116,131 kg	11,295	6,593,108 kg	11,274	6,551,631 kg
Reprints	908	537,167 kg	1,275	664,832 kg	928	515,108 kg
Scheduled to Close (Ex)		05.02.16		28.01.16		21.01.16
Dates (Ms)		05.02.16		29.01.16		22.01.16

Scheduled Closing Dates

Auction No. 07 : 16th/17th February 2016

Ex Estate : 28.01.2016

Main Sale	:	29.01.2016
Auction No. 08	:	23rd/24th February 2016
Ex Estate	:	05.02. 2016
Main Sale	:	05.02. 2016
Auction No. 09	:	01st / 02nd March 2016
Ex Estate	:	11.02. 2016
Main Sale	:	12.02. 2016
Auction No. 10	:	08th/ 09th March 2016
Ex Estate	:	18.02. 2016
Main Sale	:	19.02. 2016

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 06

AUCTION AVERAGE PRICE

AUCTION	KENYA 2015	KENYA 2016	TOTAL 2015	TOTAL 2016
04	$2.43	$2.60	$2.25	$2.47
05	$2.33	$2.55	$2.18	$2.42
06	$2.37	$2.52	$2.21	$2.39

QUOTATIONS	BROKENS	FANNINGS	
Best	397 - 622	411 - 488	
Good	403 - 428	397 - 427	
Good Medium	397 - 411	363 - 431	
Medium	404 - 438	319 - 383	
Lower Medium	264 - 392	262 - 309	
Plain	210 - 355	178 - 312	(SL RUPEES)

During the week good demand was noticed for 9,801,201 kilos of tea on offer. Brighter DUST1s were lower upto USC6, with mediums USC6 to USC18 lower. Lower Mediums were steady to USC10 lower. Prices of Brighter BP1's were steady to USC20 lower. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

In the secondary catalogues, BP's and PF's noticed firm tone during the week. Well sorted clean coloury Fannings noticed steady tone and Dusts noticed firm tone during the week. Other Fannings and BMF's noticed firm tone. There was good demand from Afghanistan, Pakistan Packers, Yemen, Sudan Russia, and Middle – East countries. There was some demand from UK, Egyptian packers, Kazakhstan and other CIS countries. There was not much demand from Iran. Somalia was active around lower levels of the market.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 06

ORTHODOX	OFFERED	SOLD	%

PTPN ESTATE	12.380	643.100 Kg	10.720	553.000 Kg	85.99
PRIVATE ESTATE	---	--- Kg	---	--- Kg	---,--
TOTAL	12.380	643.100 Kg	10.720	553.000 Kg	85.99
C.T.C	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	2.740	154.260 Kg	2.480	140.260 Kg	90.92
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	2.740	154.260 Kg	2.480	140.260 Kg	90.92
GRAND TOTAL	15.120	797.360 Kg	13.200	693.260Kg	86.94

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	**BOP**	**BOPF**	**PF**	**DUST**	**BT**	**BP**
202-210	**184-210**	**179-220**	**177-229**	**162-187**	**160-171**	**-**

Orthodox Secondary Grades				
PF.II	**DUST.II**	**BT.II**	**BP.II**	**DUST.III**
160-181	**152-170**	**150-164**	**-**	**143-154**

CTC First and Secondary Grades						
BP.1	**PF.1**	**PD**	**D.1**	**FANN**	**D.2**	**D.3**
161-179	**161-212**	**181-223**	**191-235**	**145-190**	**164-180**	**-**

Market offerings increased to 15,120 paper sacks from 14,660 paper sacks. There was good demand in the market. Average price declined to USDcts 173.19 instead of USDcts 183.16 during last week's auction. Average price of Orthodox variety declined to USDcts 171.44 and average price of CTC declined to USDcts 180.26. Secondary variety and Fannings noticed weak tone. Quantity sold declined to 86.94% during the period compared to 90.62% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	17/02/16	24/02/16	17/02/16	24/02/16
PTPN. IV	2.540 S	2.600 S	-	-
PTPN. VI	900 S	720 S	840 S	640 S
PTPN. VII	1.120 S	1.160 S	180 S	140 S
PTPN. VIII	6.220 S	7.300 S	1.220 S	1.440 S
PTPN. IX	300 S	580 S	-	-
PTPN. XII	- S	- S	280 S	520 S
Total Estate	11.080 S	12.360 S	2.520 S	2.840 S
Pagilaran	- S	- S	- S	- S
Total Private	- S	- S	- S	- S
Grand Total	11.800 S	12.360 S	2.520 S	2.840 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 39
(In Taka/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	155-165	Best	215-220
Medium	155-190	Good	205-214
Small	160-195	Medium	160-190
Plain	80-100	Plain	80-100

Tea prices at Bangladesh tea auction noticed weak tone amid higher availability of lower quality leaf in the market. The average price of tea during this week's auction was around USD 2.30/kg. Around 2.22 million kgs of tea was offered for sale and nearly 30 percent remained unsold.

There was good demand from blenders for clean and good liquoring varieties and fair demand from loose tea buyers. 35,335 packages of CTC Leaf of old season noticed good demand. 5,378 packages of CTC Dust noticed good buying interest following quality. In CTC Dust, good liquoring varieties noticed firm tone and medium levels noticed steady tone. Good liquoring Broken varieties noticed positive tone. 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	2015	2014	CUMULATIVE	2015	2014	CUMULATIVE + INC./-DEC.
Sri Lanka	December	23.51	24.30	Up to December	328.96	338.03	- 9.07
North India	December	41.36(E)	41.77	Up to December	963.63 (E)	965.20	- 1.57
South India	December	14.59(E)	17.61	Up to December	227.47 (E)	242.11	- 14.64
Kenya	November	40.38	38.61	Up to November	352.82	400.03	- 47.21
Bangladesh	November	7.75(E)	6.31	Up to November	61.53	59.15	+ 2.38
Malawi	December	3.8(E)	1.8	Up to December	39.4	45.9	- 6.5

(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 dropped 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. It's production has declined to 352.82 million kg till November 2015 compared to 361.42 million kg during the previous year. Production has also declined in other African countries like Malawi and Uganda. In Sri Lanka, production of tea has declined by 9.07 million kgs. to 328.96 million kgs. till December 2015 compared to same period in 2014. In North India, production has declined by nearly 0.16% and in South India, production has declined by 6.05% respectively till December 2015. Plucking has been lower in South India amid rains in the growing regions.

Currency	05-02-2016	05-02-2016
USD	68.25	67.57
Srilankan Rupee	0.4739	0.4699
Indonesian Rupiah	0.0050	0.0049
Kenyan Shilling	0.6705	0.6611
Bangladeshi Taka	0.8676	0.8590

Overall Outlook and Recommendation:

In the domestic market, prices noticed range –bound to weak tone. Quantity offered on sale declined during the week compared to previous week. In North India, there is lack of availability of good quality leaf. New season crop arrival is expected by next month. In South India, there was some enquiry from the exporters around current levels. Buying interest was noticed from the blenders and loose tea buyers. Arrivals are expected to increase in the coming days. Prices are likely to notice range –bound to firm tone in the near –term.

In the global market, prices noticed range –bound to weak tone. Quantity offered on sale declined during the week compared to previous week. Prices have declined amid lack of availability of good quality leaf. At Bangladesh tea auction, arrivals of tea are not of good quality. In North India, arrivals are lower as factories are closed for yearly maintenance work. The future offering of tea is likely to increase at Sri Lankan tea auction and decline at Indonesian tea auction in the coming week. Prices are likely to notice weak tone in the coming days.