News Highlights.

- In the upcoming budget, Government may consider reducing duty on import of processing machinery for the tea industry in order to boost domestic production and exports. The industry has asked for reduction of duty on imports of machineries used in processing of tea. Currently the duty on tea processing machines is about 10%.

- World Tea and Coffee Expo (WTCE) will be held in Mumbai from 20th October -22nd October 2016. India will showcase tea from Siliguri through a special dedicated “Siliguri Pavilion” to be held at Bombay Exhibition Centre, Mumbai, India. WTCE shall be the gateway for Siliguri Tea companies to expand their business nationally and globally. Siliguri has been growing in prominence in the Tea sector over the last few years due to the high quality of its produce as also the concentration of a large number of companies in this small but important town.

- In addition to a display of tea and coffee brands and products, WTCE shall also showcase Vending Solutions, ingredients, machineries, technologies and certifications from the entire gamut of the Hot beverage sector.

- Sri Lanka might lose its position as Russia’s biggest tea import destination to India in 2015. Till September 2015, Sri Lanka had exported a meager quantity of 26,750 metric tonnes of tea to Russia while India had exported 5,430 metric tonnes more than Sri Lanka. According to the Ceylon Tea Brokers Plc, the fall in Sri Lanka’s tea exports was largely due to the turmoil in the oil exporting countries in the Middle East who are the country’s biggest importers of Tea. In 2015, Sri Lanka’s tea production reduced by about 10 million kilos produced in 2014 to 328.96 million while exports decreased by a higher 20.91 million kilos compared to 2014 creating a glut in the market.

- Sri Lankan tea exports in the month of January remained steady at 24 million kg and production increased by 7.8 per cent to 25 million kg in the month of January 2015. Earnings for the month at US$99.4 million were recorded as the lowest since 2010 when earnings from 21 million kg of tea amounted to $90 million. The approximate FOB value per kg in 2016 is low at $4.12 compared with $ 4.64 previous year.

- Global tea output declined by 4.2% in the calendar year 2015 following unfavourable weather in the producing countries. Global black tea production declined to 2089.89 million kg in 2015 compared to 2186.63 million kg in the previous year. The biggest decline of 45.90 million kg was recorded by Kenya at 399.20 million kg followed by India with production declining by 16.21 million kg to 1191.10. Production also declined in other countries like Malawi, Uganda, Tanzania etc.

Domestic Trade Scenario:

Indian Tea Auctions

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

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	120.05	15,32,000	10,26,000
ORTHODOX	-	-	-
DARJEELING	-	-	-
DUST	115.58	3,72,000	2,95,000

(Source: Parcon)

Prices noticed weak tone during the week. Quantity offered on sale declined during the week compared to previous week. There was good demand for Dust variety tea and fair for Leaf variety. Prices declined in line with quality. Withdrawals were noticed in the Leaf variety. Buying interest was noticed from Western India and local buyers. There was some demand from the exporters and Hindustan Unilever Limited. The first flush of tea is expected in the market by next month. Prices are likely to notice range –bound to firm tone in the near –term.

Guwahati Tea Auction: Sale No: 08 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	108.89	8,92,000	7,14,000
Dust	115.22	1,91,000	1,72,000

(Source: Associated Brokers)

Prices noticed mixed tone during the week. Quantity offered on sale declined during the week compared to previous week. Prices declined in all categories following quality. There was some demand from the internal buyers. There was not much demand from the blenders. 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	100.80	17,60,000	14,20,000
CTC Leaf	104.77	3,00,000	2,70,000

(Source: Contemporary Brokers)

Prices noticed mixed tone during the week. Quantity offered on sale declined during the week compared to previous week. Good Liquoring teas noticed steady tone and other varieties noticed mixed tone. Buying interest was noticed from internal buyers. There was not much demand from the exporters. Prices are likely to notice easy tone in the coming days.

Jalpaiguri Tea Auction: Sale No: 08 (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: 09 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	116.14	953744.50	787614.30
CTC Leaf	92.76	71174.00	53621.00
Orthodox Dust	92.40	8834.00	7713.00
Orthodox Leaf	132.01	140574.00	99690.00

(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 Dust variety, there was good demand from blenders in the market. There was some export demand for Orthodox variety. Prices are likely to notice range –bound to firm tone in the coming week.

Coimbatore Tea Auction: Sale No: 08 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	105.37	207054.00	173202.00
CTC Leaf	100.02	107353.00	85446.00
Orthodox Dust	90.01	4890.00	4367.00
Orthodox Leaf	91.11	7114.00	5742.00

(Source: Paramount Marketing, Coimbatore)

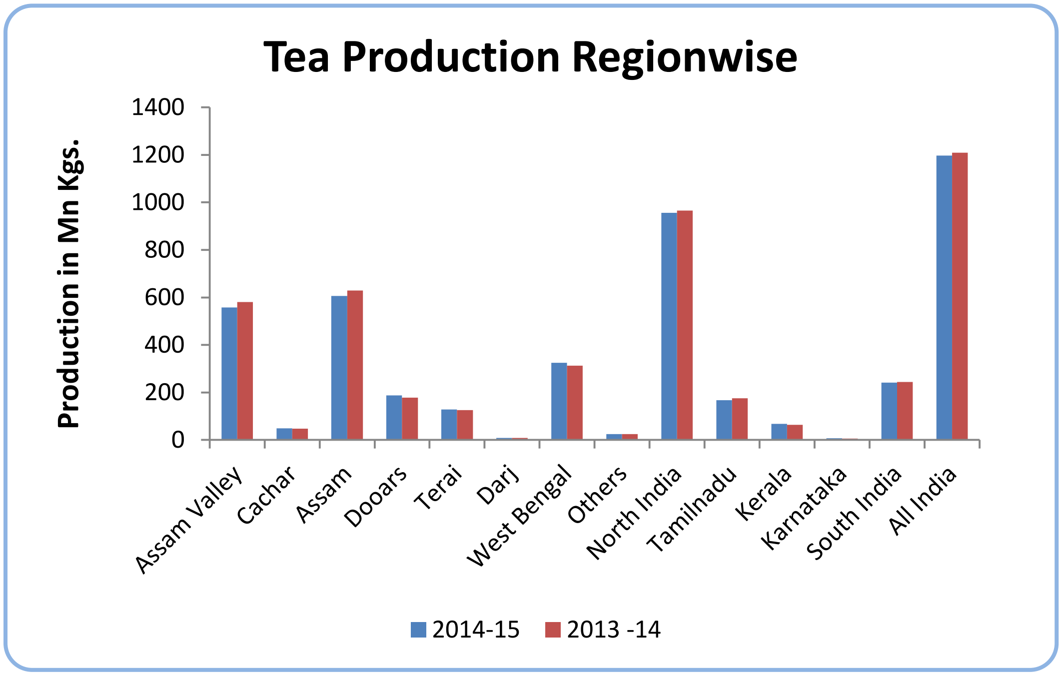
Prices noticed mixed tone during the week. Quantity offered on sale increased during the week compared to previous week. There was good demand for Nilgiris Broken variety. Demand from loose tea buyers lent some support to the market. Prices are likely to notice firm tone in the near –term.

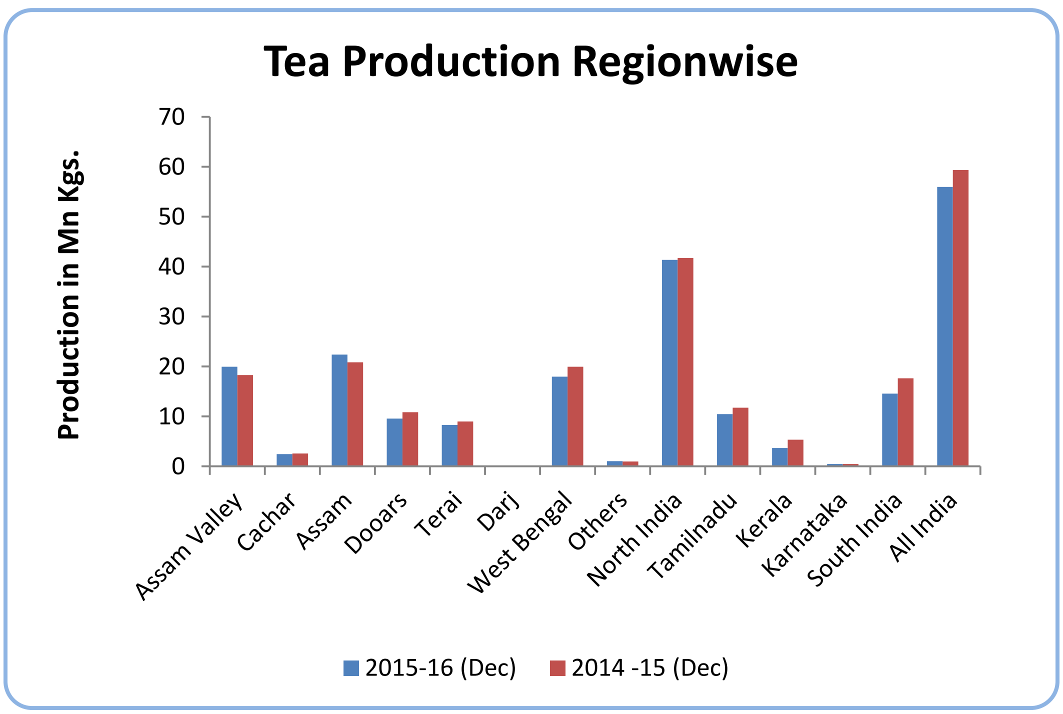
Coonoor Tea Auction: Sale No: 08 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	109.06	285587.00	192935.00
CTC Leaf	105.92	593060.00	469752.00
Orthodox Dust	101.76	42567.00	28788.00
Orthodox Leaf	111.04	37411.00	25992.50

(Source: Paramount Marketing, Coimbatore)

Prices noticed mixed tone during the week. Quantity offered on sale declined during the week compared to previous week. Arrival of good quality leaf is expected in the coming days. Buying interest was noticed from Kerala State Civil Supplies. Prices are likely to notice range –bound to firm tone in the coming days.





(Source: Tea Board)

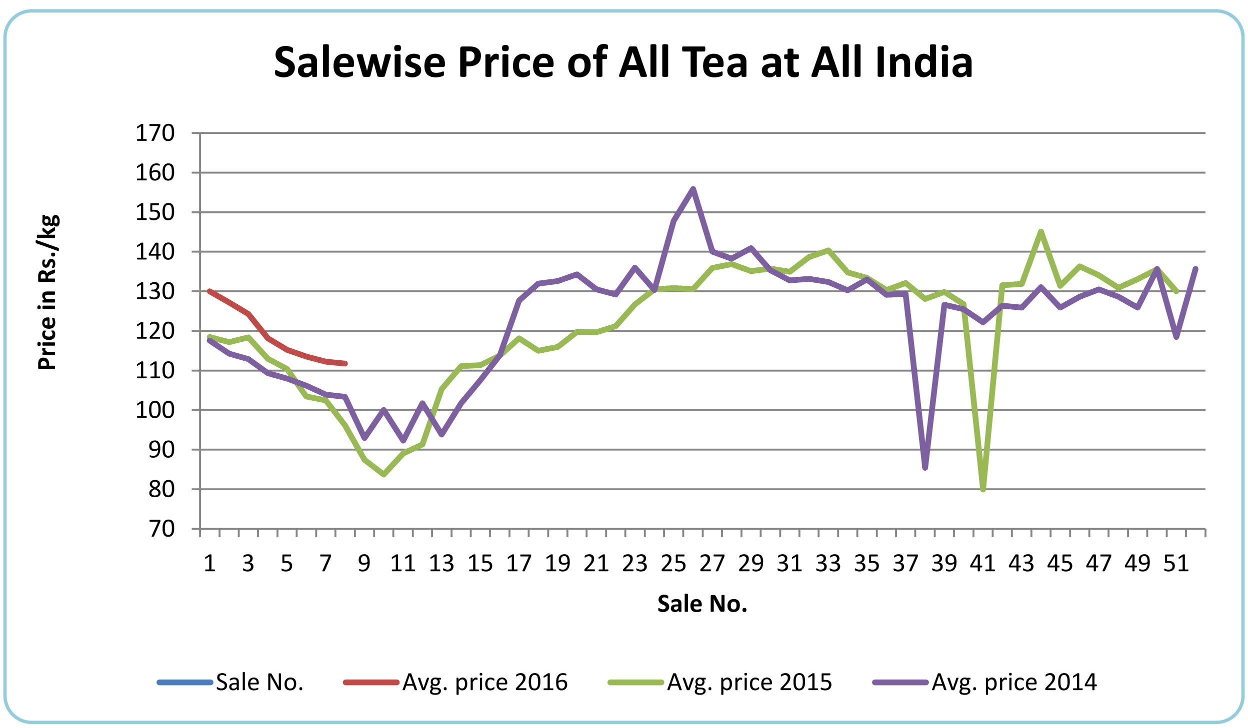
The above graph shows region wise production comparison, between 2015-16 (Sep) and 2014-15 (Sep).during the last two years and in the month of September in comparison with to previous year. In the year 2014 (Apr – Mar), production increased by 6.5% to 1208.78 million kgs mainly on account of increased 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 2016-02-20

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	119.41(110.66)	108.19(102.71)	104.43(88.67)	NS(NS)	120.07(99.69)	109.94(78.97)	105.22(80.03)	81.30(63.18)
Total Tea	119.41(111.80)	108.34(102.70)	104.43(88.67)	NS(NS)	121.16(102.41)	110.20(79.25)	105.01(80.05)	81.30(63.18)

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

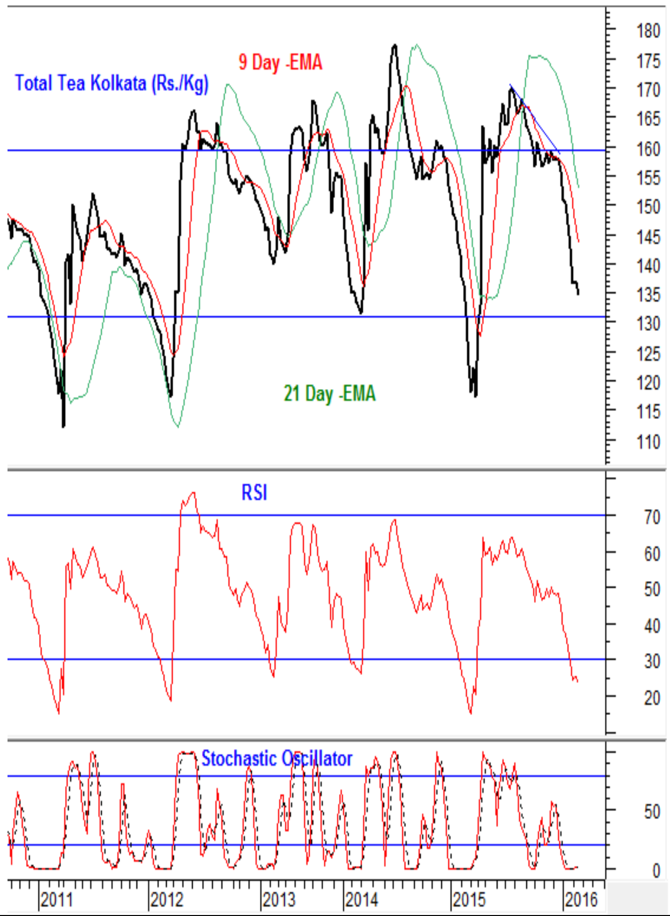
Variety	North India	South India	All India
CTC All Dust	111.90 (99.88)	110.31 (84.44)	111.26 (95.40)
Total Tea	111.95 (100.46)	111.51 (86.10)	111.76 (96.16)

(Source: Tea Board)

Tea – Technical Outlook — Total Tea -Kolkata

Technical Commentary:
Tea prices noticed weak tone during the week. MACD is declining in the negative territory supporting the overall weak tone of the market. Prices are likely to decline towards 100 levels in the coming days. Stochastic oscillator is increasing in the oversold region supporting some recovery in the coming days.

The tea prices are likely to decline towards 100 levels in the coming days. Traders can wait for better buying levels for their medium –term requirement.



Strategy: Wait For Better Buying Levels

Weekly Supports & Resistances		S1	S2	PCP	R1	R2
Total Tea	Kolkata	100.00	90.00	119.41	150.00	200.00

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 08 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	480 - 670	480 - 580
Average Westerns	430 - 470	420 - 470
Plainer Westerns	385 - 420	380 - 410
Western Mediums	375 - 630	350 - 435
Uva Teas	320 - 450	310 - 430
Nuwara Eliya Teas	380 - 740	350 - 470
Udapussellawa Teas	380 - 420	370 - 450
CTC (BP1 and PF1)	300 - 445	310 - 680

In this week's auction, 6.12 million kgs of tea was offered for sale compared to 6.59 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 positive tone. High Grown and Mid Grown CTC's noticed steady to 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 firm tone. In the Tippy catalogues, better made FBOP and FF1's noticed weak tone during the week. The below best and plainer variety noticed easy tone during the week. There was fair demand from Russia and selective demand from Iran, Turkey and other Middle – Eastern countries.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	10		09		08	
Dates	08th/ 09th March 2016		01st/02nd March 2016		23rd/24th February 2016	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	908	1,016,909 kg	907	1,026,973 kg	966	1,116,967 kg
Main Sale Total	10,087	5,315,318 kg	9,792	5,183,749 kg	9,449	4,999,164 kg
High & Medium	1,073	519,903 kg	1,040	514,274 kg	1,026	519,419 kg
Low Growns Leafy Tippy	3,690 2,239	1,735,142 kg 1,291,102 kg	3,569 2,104	1,656,659 kg 1,219,524 kg	3,688 2,062	1,754,830 kg 1,190,902 kg
Premium/Flowery	542	112,316 kg	447	95,628 kg	547	103,166 kg
Off Grades	1,969	1,085,490 kg	2,027	1,108,854 kg	1,587	881,156 kg
Dust	574	571,365 kg	605	588,810 kg	539	549,691 kg
Grand Total	10,995	6,332,227 kg	10,699	6,210,722 kg	10,415	6,116,131 kg
Reprints	826	433,133 kg	660	395,927 kg	908	537,167 kg
Scheduled to Close (Ex) Dates (Ms)		18.02.16 19.02.16		11.02.16 12.02.16		05.02.16 05.02.16

Scheduled Closing Dates

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

Auction No. 11 : 14th/15th March 2016

Ex Estate : 25.02.2016

Main Sale : 26.02.2016

Auction No. 12 : 21st/ 23rd March 2016

Ex Estate : 03.03.2016

Main Sale : 04.03.2016

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 08

AUCTION AVERAGE PRICE

AUCTION	KENYA 2015	KENYA 2016	TOTAL 2015	TOTAL 2016
06	$2.37	$2.52	$2.21	$2.39
07	$2.44	$2.50	$2.29	$2.39
08	$2.56	$2.41	$2.38	$2.30

QUOTATIONS	BROKENS	FANNINGS
Best	392 – 515	401 – 480
Good	387 – 449	398 - 435
Good Medium	384 – 453	362 - 459
Medium	381 – 429	310 - 364
Lower Medium	273 – 372	241 - 310
Plain	239 – 327	184 – 284 (SL RUPEES)

During the week good demand was noticed for 10,019,049 kilos of tea on offer. Brighter DUST1s were firm to USC6 lower, with mediums firm to USC16 lower. Lower Mediums were steady to USC10 lower. Prices of Brighter BP1's were USC14 higher to lower. 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 steady tone during the week. Well sorted clean coloury Fannings noticed firm tone and Dusts noticed steady tone during the week. Other Fannings and BMF's noticed firm tone. There was good demand from Yemen, Afghanistan, Sudan and Middle –East countries. There was some demand from U.K., Bazaar, Pakistan packers, Kazakhstan, Egyptian packers and other CIS countries. Somalia was active around lower levels of the market.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 08

ORTHODOX	OFFERED		SOLD		%
PTPN ESTATE	10.760	554.420 Kg	9.040	459.520 Kg	82.88
PRIVATE ESTATE	---	--- Kg	---	--- Kg	---,--
TOTAL	10.760	554.420 Kg	9.040	459.520 Kg	82.88

C.T.C	OFFERED		SOLD		%
PTPN ESTATE	2.360	131.300 Kg	2.100	116.480 Kg	88.71
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	2.360	131.300 Kg	2.100	116.480 Kg	88.71
GRAND TOTAL	13.120	685.720 Kg	11.140	576.000Kg	84.00

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	BOP	BOPF	PF	DUST	BT	BP
-	195-214	170-230	163-207	152-182	151-170	-

Orthodox Secondary Grades				
PF.II	DUST.II	BT.II	BP.II	DUST.III
142-185	157-167	148-156	-	140-156

CTC First and Secondary Grades						
BP.1	PF.1	PD	D.1	FANN	D.2	D.3
166-175	168-210	176-224	192-252	147-173	163-188	-

Market offerings declined to 13,120 paper sacks from 13,640 paper sacks. There was less demand in the market. Average price declined to USDcts 174.34 instead of USDcts 175.68 during last week’s auction. Average price of Orthodox variety declined to USDcts 172.52 and average price of CTC increased to USDcts 181.58. Secondary variety and Fannings noticed weak tone. Quantity sold increased to 84.00% during the period compared to 95.86% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	02/03/16	08/03/16	02/03/16	08/03/16
PTPN. IV	2.540 S	1.780 S	-	-
PTPN. VI	380 S	280 S	440 S	340 S
PTPN. VII	1.380 S	960 S	200 S	160 S
PTPN. VIII	6.140 S	8.580 S	1.080 S	1.360 S
PTPN. IX	260 S	440 S	-	-
PTPN. XII	- S	- S	220 S	300 S
Total Estate	10.700 S	12.040 S	1.940 S	2.160 S
Pagilaran	- S	- S	- S	- S
Total Private	- S	- S	- S	- S
Grand Total	10.700 S	12.040 S	1.940 S	2.160 S

(Source: TEH)

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

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	140-150	Best	210-215
Medium	140-170	Good	202-208
Small	150-180	Medium	150-180
Plain	90-120	Plain	90-120

Tea prices at Bangladesh tea auction noticed weak tone amid higher availability of lower quality leaf in the market towards the end of the season. The average price of tea during this week’s auction was around USD 2.00/kg. Around 1.80 million kgs of tea was offered for sale and nearly 19.70 percent remained unsold.

There was good demand from blenders for clean and good liquoring varieties and fair demand from loose tea buyers. 29,217 packages of CTC Leaf of old season noticed good demand. 4,362 packages of CTC Dust noticed good buying interest following quality. In CTC Dust, good liquoring varieties noticed weak tone and medium levels noticed steady tone. Good liquoring Broken varieties noticed firm tone. Good liquoring varieties in fannings noticed positive tone during the week. Good liquoring Dusts witnessed easy tone during the week.

(Source: National Brokers Limited)

WORLD CROP STATISTICS IN (Mn/kgs)

Country	MONTH	2015 2016*	2014 2015*	CUMULATIVE	2015 2016*	2014 2015*	CUMULATIVE + INC./-DEC.
Sri Lanka	January*	25.08*	23.26*	Up to January*	25.08*	23.26*	+ 1.82
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	December	46.39	45.07	Up to December	399.21	445.10	- 45.89
Bangladesh	December	4.82	4.73	Up to December	66.35	63.88	+ 2.47
Malawi	December	3.8(E)	1.8	Up to December	39.4	45.9	- 6.5

(Source: John Keells Tea Brokers)

Global tea output declined by 4.2% in the calendar year 2015 following unfavourable weather in the producing countries. Global black tea production declined to 2089.89 million kg in 2015 compared to 2186.63 million kg in the previous year. The biggest decline of 45.90 million kg was recorded by Kenya at 399.20 million kg followed by India with production declining by 16.21 million kg to 1191.10. Production also declined in other countries like Malawi, Uganda, Tanzania etc. In Sri Lanka, production of tea has increased by 1.82 million kgs. to 25.08 million kgs. in January 2016 compared to same corresponding period in 2015. 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	26-02-2016	19-02-2016
USD	68.70	68.25
Srilankan Rupee	0.4753	0.4739
Indonesian Rupiah	0.0051	0.0050
Kenyan Shilling	0.6760	0.6705
Bangladeshi Taka	0.8760	0.8676

Overall Outlook and Recommendation:

In the domestic market, prices noticed mixed tone. Quantity offered on sale declined during the week compared to previous week. Arrivals are expected to pick up in North India ahead of new season. Currently most of the factories are closed for yearly maintenance work. In South India, there is arrival of good quality leaf in the market. Good export demand is expected 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 during the week. Quantity offered on sale declined during the week compared to previous week. In Bangladesh, the quality of tea coming in the market is not up to the mark and arrivals are declining. In North India, the new season leaf arrival will begin by next month. The future offering of tea is likely to increase at Sri Lankan auction and decline at Indonesian auction in the coming week. Prices are likely to notice range –bound to weak tone in the coming days.