News Highlights.

- Lack of sufficient rainfall in the months of March and April is likely to affect production in North India. Crop is expected to be lower by 40 per cent in March and April. Around 40% green leaf production loss during March. April, lowLow rainfall in April has substantially increased the irrigation and pest management cost, thereby increasing the cost of production.

- The set up of tea processing unit in Tripura will benefit small tea growers. Beside the factory is also going to provide direct employment to at least fifty persons most of who will be engaged from that area. The new factory leased to a local entrepreneur for four years has a production capacity of five lakh Kg of made tea annually and it has been estimated that Tripura Tea Development Corporation will get revenue of around 20 lakh annually from it.

- From next month, any registered tea buyer at Kochi can participate in the e-auction of Darjeeling tea, thanks to the new unified and linked system to be introduced by the Tea Board. E-auction of tea will no more restrict buyers of one centre and make them go in for multiple registrations. According to the Union Commerce Secretary, the integrated digitiseddigitized system would bring in ease of doing bulk trading in different types of teas across the country.

- According to the data released by the Tea Board, India’s export of tea increased by 10 per cent to Rs. 4200.46 crore in the financial year 2015-16 compared to the previous year. Country's tea export to Pakistan jumped 47.50 per cent to Rs 184.56 crore in 2015-16. In terms of volume, terms, export shipments from India to Pakistan increased to 18.94 million kg in 2015-16 compared to 15.20 million kg in the previous fiscal year.

- India’s Darjeeling Tea is the most expensive tea in the world recording $1,850 per kilogram in 2015. India started e-auction platform for tea in November 2008, but Darjeeling tea used to be sold in manual auctions. Sellers and Indian officials hope that by bringing Darjeeling tea into the e-auctions, the leaves will have better price recovery, netting higher amounts since more people will have access to the bidding wars. The system is still only available to registered buyers and sellers through the seven auction centers.

- The commerce ministry is pursuing discussions with its Iranian counterpart to revive the latter's tea industry, which saw a major decline in the recent past. It is likely to open up a plethora of opportunities for the Indian tea companies to seek joint ventures in Iran.

- Climate change and high taxes are likely to affect tea earnings in future in Kenya and thus contribute to decrease of Kenya share in the global market according to industry sources. Even though the sector earned the country Sh125.25 Billion from export in 2015, recording the highest ever export earning of the year, a 25 per cent tax imposed on Tea has meant less money in the farmer's pocket.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 20 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	144.22	18,53,000	12,15,000
ORTHODOX	-	-	-
DARJEELING	-	-	-
DUST	147.00	7,57,000	5,26,000

(Source: Parcon)

Prices witnessed easy tone during the week. Quantity offered on sale increased during the week compared to previous week. Good/Best Assams noticed weak tone and there were withdrawals in the market. Dooars noticed steady tone. There was some demand from Western Indian buyers and Hindustan Unilever Ltd. Prices are likely to notice range –bound to weak tone in the coming week.

Guwahati Tea Auction: Sale No: 20 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	128.08	21,93,000	15,29,000
Dust	132.41	9,73,000	7,00,000

(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 Select Liquoring tea and other varieties declined in line with quality. There was some demand from blenders and exporters. Prices are likely to notice weak tone in the near –term.

Siliguri Tea Auction: Sale No: 20 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Leaf	143.10	12,60,000	10,50,000
CTC Dust	136.90	1,80,000	1,62,000

(Source: Associated Brokers)

Prices noticed firm tone during the week. Quantity offered on sale declined during the week compared to previous week. There was good demand for premium variety. Good/Better Medium tea noticed firm tome amid good quality. Buying interest was noticed from Hindustan Unilever Limited and internal buyers. Prices are likely to notice positive tone in the coming days.

Jalpaiguri Tea Auction: Sale No: 20 (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: 20 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	115.47	868364.10	780446.40
CTC Leaf	90.73	55949.80	49564.00
Orthodox Dust	85.49	11425.00	7027.00
Orthodox Leaf	141.80	117884.00	100193.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed weak tone during the week. Quantity offered on sale declined during the week compared to previous week. There was some demand from the loose tea buyers and blenders. Prices are likely to notice firm tone in the near –term.

Coimbatore Tea Auction: Sale No: 20 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	103.33	181872.75	154075.75
CTC Leaf	91.89	76548.00	56537.00
Orthodox Dust	90.28	2418.00	2418.00
Orthodox Leaf	97.83	3403.00	3403.00

(Source: Paramount Marketing, Coimbatore)

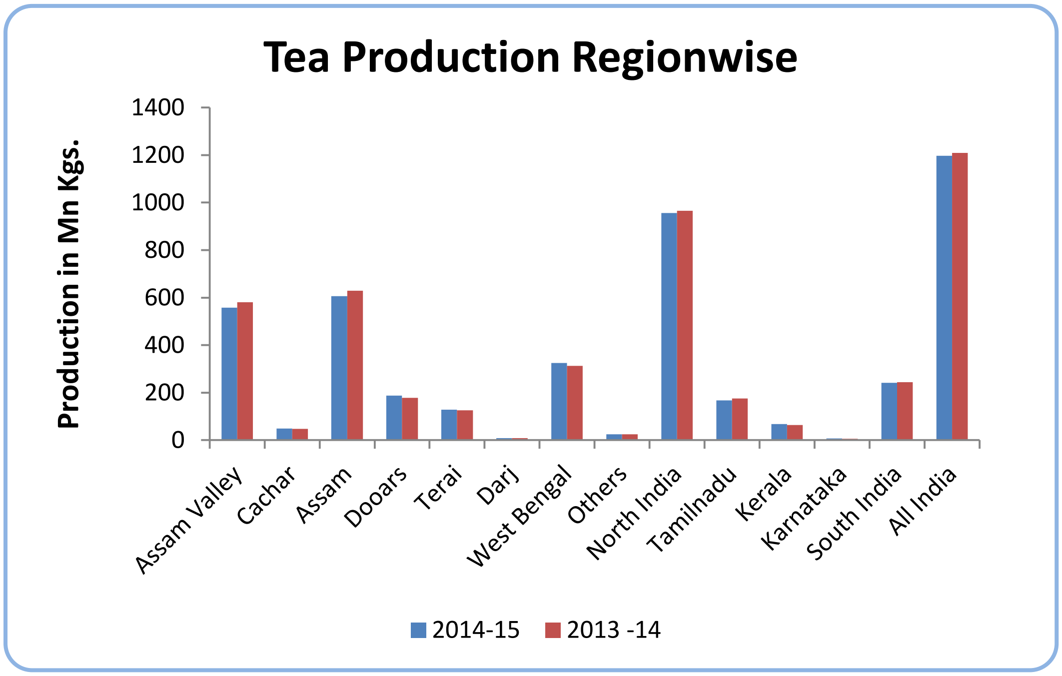
Prices witnessed easy tone during the week. Quantity offered on sale declined during the week compared to previous week. Arrivals are declining amid lack of rainfall in the growing regions. There was good demand for Nilgiris Broken variety. Prices are likely to notice range –bound to weak tone in the coming days.

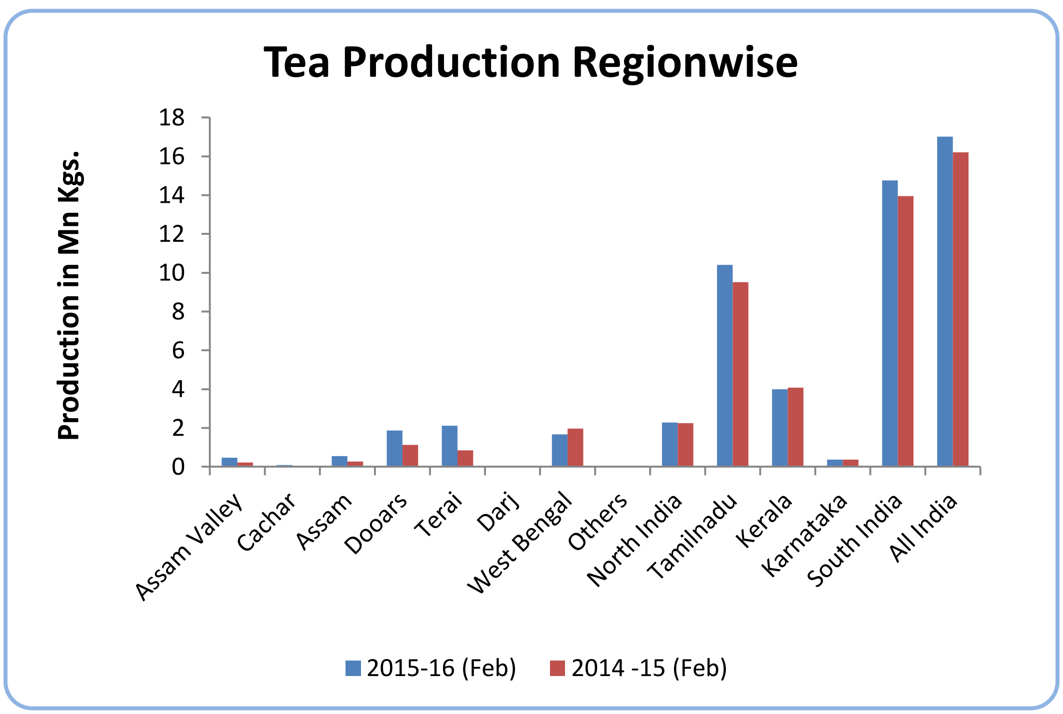
Coonoor Tea Auction: Sale No: 20 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	99.08	235180.00	215445.00
CTC Leaf	92.60	422915.00	404183.00
Orthodox Dust	101.59	47428.00	38600.00
Orthodox Leaf	119.74	40471.90	39186.30

(Source: Paramount Marketing, Coimbatore)

Prices noticed weak tone during the week except slight firmness noticed in Orthodox Leaf variety. Quantity offered on sale declined during the week compared to previous week. Buying interest was noticed from Kerala State Civil Supplies and loose tea buyers. Prices are likely to notice positive tone in the coming week.





(Source: Tea Board)

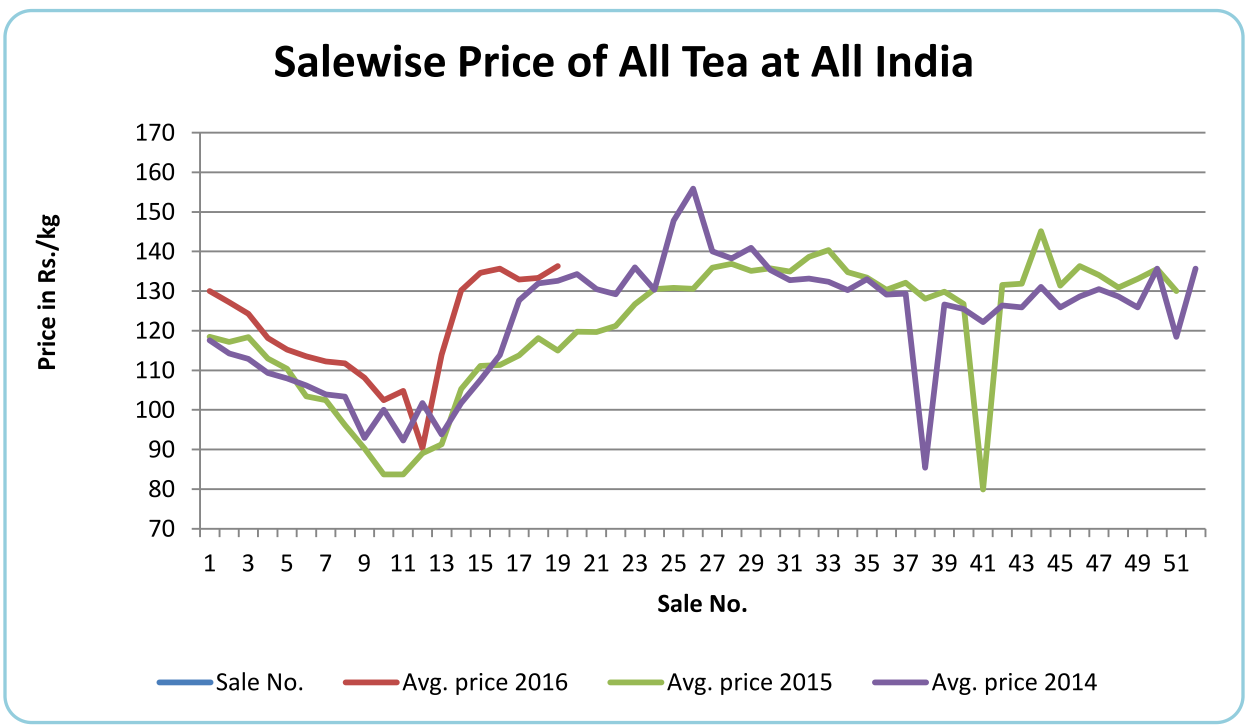
The above graph shows region wise production comparison, between 2014-15 and 2013-14 during the last two years and in the month of January in comparison with to previous year. In the year 2015 (Jan –Dec), production declined by 1.3% to 1191.10 million kg mainly on account of lower in production in Assam. In the current year in the month of February, production of tea in India increased by 5% to 17.02 million kg in comparison to the same corresponding period last year following owing to good plucking in the southern states.

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
2016 (Jan to Feb)*	21.88	470.25	214.92	14.38	196.42	136.59	36.26	666.67	183.86
2015 (Jan to Feb)	17.48	356.08	203.71	15.40	196.52	127.61	32.88	552.60	168.07
Inc/Dec in %	25.17	32.06	5.51	-6.62	-0.05	7.04	10.28	20.64	9.40
2015-16 (Apr-Feb)*	116.57	2712.36	232.68	86.24	1172.38	135.94	202.81	3884.74	191.55
2014-15 (Apr-Feb)	101.30	2423.23	239.21	79.54	1085.15	136.43	180.84	3508.38	194.00
Inc/Dec in %	15.07	11.93	-2.73	8.42	8.04	-0.36	12.15	10.73	-1.27

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 increased during the week compared to previous week amid good demand in the domestic and export market.

Weekly Average Prices at Indian Auction Centers for week ending 2016-05-14

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	150.15(153.55)	136.08(143.06)	136.63(129.71)	NS(NS)	115.30(90.86)	96.35(68.19)	102.37(73.59)	87.18(56.37)
Total Tea	164.41(171.11)	136.34(143.62)	136.63(129.71)	NS(NS)	118.30(94.59)	97.51(69.31)	102.33(73.60)	87.18(56.37)

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

Variety	North India	South India	All India
CTC All Dust	140.99 (140.71)	104.92 (76.64)	131.18 (110.52)
Total Tea	147.11(146.37)	106.98 (78.96)	136.28 (114.97)

(Source: Tea Board)

Tea – Technical Outlook	Total Tea -Kolkata

Technical Commentary:
Tea prices declined slightly during the week. Prices are holding above 9 –Day and 21 –Day EMA supporting overall firm tone of the market. Buyers can buy around current levels for their medium –term requirement. RSI is declining in the neutral region denoting weakness in the near –term.

The tea prices are likely to increase towards 200 levels in the coming days. Traders can buy around current levels for their medium –term requirement.

Strategy: Buy Around Current Levels

Weekly Supports & Resistances		S1	S2	PCP	R1	R2
Total Tea	Kolkata	150.00	130.00	165.89	200.00	230.00

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 19 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	480 - 510	490 - 530
Average Westerns	440 - 470	440 - 480
Plainer Westerns	390 - 430	390 - 430
Western Mediums	390 - 590	390 - 460
Uva Teas	340 - 520	370 - 445
Nuwara Eliya Teas	340 - 380	370 - 390
Udapussellawa Teas	390 - 435	400 - 440
CTC (BP1 and PF1)	340 - 420	340 - 540

In this week's auction, 5.27 million kgs of tea was offered for sale compared to 5.59 million kgs of tea during the previous week. There was some demand for Select Best teas during the week. Better western BOP's noticed steady tone and BOPF's noticed weak tone. High Grown and Mid Grown CTC's noticed weak tone and Low Grown CTC's noticed 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 weak tone. In the Tippy catalogues, better made FBOP and FF1's noticed firm tone during the week. The below best and plainer variety witnessed easy tone following quality during the week. There was good demand from Russia, Iran, Iraq, Saudi Arabia and Iraq.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	21		20		19	
Dates	31st May/01st June 2016 No. of Lots	No. of Kgs	24th/25th May 2016 No. of Lots	No. of Kgs	17th/18th May 2016 No. of Lots	No. of Kgs
Ex Estate	1,173	1,382,428 kg	1,050	1,217,017 kg	1,028	1,181,895 kg
Main Sale Total	10,549	6,242,816 kg	10,025	5,880,319 kg	10,343	6,085,116 kg
High & Medium	1,350	788,233 kg	1,245	739,918 kg	1,270	719,404 kg
Low Growns Leafy Tippy	3,958 2,106	2,089,833 kg 1,293,890 kg	3,781 1,948	1,962,937 kg 1,191,498 kg	3,903 2,017	2,052,533 kg 1,251,776 kg
Premium/Flowery	496	102,127 kg	413	84,972 kg	442	92,067 kg
Off Grades	2,029	1,277,342 kg	2,022	1,236,950 kg	2,080	1,273,017 kg
Dust	610	691,391 kg	616	664,044 kg	631	696,320 kg
Grand Total	11,722	7,625,244 kg	11,075	7,097,336 kg	11,371	7,267,011 kg
Reprints	124	83,641 kg	122	88,678 kg	213	125,699 kg
Scheduled to Close (Ex) Dates (Ms)		12.05.16 13.05.16		05.05.16 06.05.16		28.04.16 29.04.16

Scheduled Closing Dates

Auction No. 20 : 24th/25th May 2016

Ex Estate : 05.05.2016

Main Sale : 06.05.2016

Auction No. 21 : 31st May/ 01st June 2016

Ex Estate : 12.05.2016

Main Sale : 13.05.2016

Auction No. 22 : 07th/08th June 2016

Ex Estate : 19.05.2016

Main Sale : 20.05.2016

Auction No. 23 : 14th/15thJune 2016

Ex Estate : 26.05.2016

Main Sale : 27.05.2016

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 20

AUCTION AVERAGE PRICE

AUCTION	KENYA 2015	KENYA 2016	TOTAL 2015	TOTAL 2016
18	$ 3.01	$ 2.19	$ 2.77	$ 2.09
19	$ 3.06	$ 2.14	$ 2.82	$ 2.05
20	$ 3.17	$ 2.18	$ 2.91	$ 2.09

QUOTATIONS	BROKENS	FANNINGS	
Best	316 – 475	331 – 443	
Good	309 – 403	328 - 384	
Good Medium	311 – 478	325 - 391	
Medium	299 – 358	280 - 331	
Lower Medium	216 – 302	201 - 256	
Plain	172 – 259	151 – 242	(SL RUPEES)

During the week good demand was noticed for 9,369,893 kilos of tea on offer. Brighter DUST1s were lower up to USC8 lower, with mediums firm to USC12 lower. Lower Mediums were firm to USC10 lower. Prices of Brighter BP1's were firm to USC14 higher. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

In the secondary catalogues, BP's witnessed easy tone and PF's noticed steady tone during the week. Well sorted clean coloury Fannings witnessed positive tone and Dusts noticed steady tone during the week. Other Fannings and BMF's noticed steady to firm tone. There was good demand from Pakistan Packers, Afghanistan, Bazaar, Kazakhstan, Egyptian packers, Iran and Sudan. There was some demand from Russia, Yemen and other Middle –Eastern countries. Somalia was active around lower levels of the market.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 20

ORTHODOX	OFFERED		SOLD		%
PTPN ESTATE	10.220	534.000 Kg	10.180	532.000 Kg	99.62
PRIVATE ESTATE	---	--- Kg	---	--- Kg	---,--
TOTAL	10.220	534.000 Kg	10.180	532.000 Kg	99.62

C.T.C	OFFERED		SOLD		%
PTPN ESTATE	2.120	117.840 Kg	2.120	117.840Kg	100
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	2.120	117.840 Kg	2.120	117.840Kg	100
GRAND TOTAL	12.340	651.840 Kg	12.300	649.840 Kg	99.69

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	**BOP**	**BOPF**	**PF**	**DUST**	**BT**	**BP**
210-220	**187-198**	**166-190**	**157-216**	**162-190**	**141-151**	**320**

Orthodox Secondary Grades				
PF.II	**DUST.II**	**BT.II**	**BP.II**	**DUST.III**
157-179	**155-163**	**141-146**	**200**	**152**

CTC First and Secondary Grades						
BP.1	**PF.1**	**PD**	**D.1**	**FANN**	**D.2**	**BPS**
149-170	**175-220**	**180-199**	**180-242**	**150-183**	**186-202**	**-**

Market offerings declined to 12,340 paper sacks from 13,760 paper sacks. There was good demand in the market. Average price increased to USDcts 171.40 instead of USDcts 170.15 during last week’s auction. Average price of Orthodox variety increased to USDcts 169.68 and average price of CTC increased to USDcts 178.48. Secondary variety and Fannings noticed mixed tone. Quantity sold increased to 99.69% during the period compared to 98.90% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	25/05/16	1/06/16	25/05/16	1/06/16
PTPN. IV	1.780 S	1.280 S	-	-
PTPN. VI	460 S	420 S	500 S	420 S
PTPN. VII	940 S	860 S	180 S	100 S
PTPN. VIII	4.120 S	5.040 S	780 S	620 S
PTPN. IX	460 S	320 S	-	-
PTPN. XII	- S	- S	460 S	420 S
Total Estate	7.760 S	7.920 S	1.920 S	1.560 S
Pagilaran	- S	- S	- S	- S
Total Private	- S	- S	- S	- S
Grand Total	7.760 S	7.920 S	1.920 S	1.560 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 04
(In Taka/kg)

BROKENS	QUOTATIONS	FANNINGS	QUOTATIONS
Large/Bold	190-193	Best	200-207
Medium	192-197	Good	192-197
Small	194-199	Medium	186-191
Plain	170-180	Plain	170-180

Tea prices at Bangladesh tea auction firm weak tone amid availability of good quality leaf in the market. The average price of tea during this week's auction was around USD 2.50/kg. Around 1.08 million kg of tea was offered for sale and nearly 2.5 percent remained unsold.

There was good demand from blenders and some demand from loose tea buyers. 16,199 packages and 660 packages of CTC Leaf of new season noticed good demand. 2,757 packages and 58 packages of CTC Dust of new season noticed good buying interest following quality. In CTC Dust, good liquoring varieties noticed firm tone and medium levels witnessed easy tone. Good liquoring Broken varieties noticed good demand in the market. Good liquoring varieties in fannings noticed firm tone during the week. Good liquoring Dusts witnessed firm tone during the week.

(Source: National Brokers Limited)

WORLD CROP STATISTICS IN (Mn/kgs)

Country	MONTH	2016	2015	CUMULATIVE	2016	2015	CUMULATIVE + INC./-DEC.
Sri Lanka	March	22.06	30.43	Up to March	70.25	79.35	- 9.1
North India	March	10.20	10.29	Up to March	32.08	27.77	+ 4.31
South India	March	7.83	7.95	Up to March	22.21	23.35	- 1.14
Kenya	February	43.97	24.28	Up to February	94.28	65.93	+ 28.35
Bangladesh	February	0.013	0.009	Up to February	0.121	0.174	- 0.053
Malawi	March	7.7	6.9	Up to March	19.1	18.5	+ 0.6

(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 declined by 9.10 million kgs. to 70.25 million kgs. till March 2016 compared to same corresponding period in 2015. In North India, production has increased by nearly 15.52% and in South India, production has declined by 4.89% respectively in March 2016. Lack of sufficient rainfall has affected production in South India.

Currency	20-05-2016	13-05-2016
USD	67.51	66.78
Srilankan Rupee	0.4600	0.4573
Indonesian Rupiah	0.0049	0.0050
Kenyan Shilling	0.6702	0.6644
Bangladeshi Taka	0.8584	0.8499

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. Arrivals have declined amid lack of rainfall in the growing regions. The production of second flush of tea will be lower this season compared to previous season in Assam and West Bengal. In South India, there was some export demand for Orthodox Leaf variety. Prices are likely to notice range –bound to weak tone in the near –term.

In the global market, prices noticed range –bound to firm tone during the week. Quantity offered on sale declined during the week compared to previous week. There is arrival of good quality leaf in Bangladesh and India. Demand from the exporters and loose tea buyers added to the positive tone of the market. The future offering of tea is likely to decline at Sri Lankan and Indonesian tea auctions in the coming week. Prices are likely to notice positive tone in the coming days.