News Highlights.

- Government will issue guidelines for establishing mini and micro tea factories, which will be beneficial for small growers according to Tea Board officials. Tea Board will come up with the guidelines in one month for setting up mini and micro factories for small tea growers. The Tea Board will allocate more funds for small tea growers.

- Tata Global Beverages aims at sustainable sourcing of tea brands by 2020. Tata Global Beverages has deepened its commitment to include sustainable sourcing of all its global tea brands by 2020. In India, TGB is co-funding 'trustea' - the India Sustainable Tea Code that intends to transform 500 million Kg or 50% of Indian tea.

- Halmari Tea in Assam created record to find a place at the Harrods Top Tier Tea Gift Box and fetched a price of Rs.501/kg.

- Lack of clear direction on recovery of advances from tea producers/manufacturers in the Pan India Auction Rules has put the tea broking community in a fix.

- The Centre is likely to fix a minimum wage for the workers in the tea estates besides allowing flexible working hours during the harvesting season. It is also likely to do away with the system of paying a part of the wage in cash and a part in kind. Around 23 lakh plantation workers are employed in about 6,00,000 hectares of tea-cultivated area across 16 states.

- 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.

- Kenya will fast-track the development of new high yielding tea varieties in order to boost sectoral incomes. The new varieties have the potential to more than double production per hectare of farms according to sources at the Tea Research Institute. The new tea varieties can produce 3.5 kilograms of tea leaves per bush per year up from the current 1.5 kgs per tea bush.

- Kenyan and Sudan's standards bodies signed a Memorandum of Understanding (MOU) aimed at facilitating tea trade according to industry sources. Under the agreement, Sudan has agreed to suspend for six months the requirement that all Kenya must have a shelf life of two years adding that Kenya and Sudan will commence a four-year tea shelf life study in June.

- The Kenyan government is looking at waiving the levies of tea farmers. This will help in reducing the cost of production and increasing the acreage under cotton in the coming days.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 23 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	153.62	16,42,000	11,23,000
ORTHODOX	-	-	-
DARJEELING	-	-	-
DUST	154.55	6,64,000	4,64,000

(Source: 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 improved Liquoring Sorts and fair for other varieties. Buying interest was noticed from western India buyers. There was some enquiry from exporters around current levels. Prices are likely to notice firm tone in the near –term.

Guwahati Tea Auction: Sale No: 23 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	149.40	22,71,000	18,28,000
Dust	151.77	10,61,000	7,86,000

(Source: Associated Brokers)

Prices noticed firm tone during the week. Quantity offered on sale increased during the week compared to previous week. Good and Best Assam noticed firm tone. There was good demand in the market from blenders and loose tea buyers. Prices are likely to notice positive tone in the coming days.

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: 21 (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: 23 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	115.43	863345.20	787058.20
CTC Leaf	92.81	39267.00	36229.00
Orthodox Dust	96.20	7957.00	7165.00
Orthodox Leaf	149.67	133985.00	122499.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed firm tone during the week. Quantity offered on sale declined during the week compared to previous week. Demand from blenders and exporters lend support to the market. Prices are likely to notice positive tone in the coming week.

Coimbatore Tea Auction: Sale No: 23 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	103.92	202718.75	183232.75
CTC Leaf	98.75	95511.00	89745.00
Orthodox Dust	92.25	1367.00	1367.00
Orthodox Leaf	116.98	5056.00	5056.00

(Source: Paramount Marketing, Coimbatore)

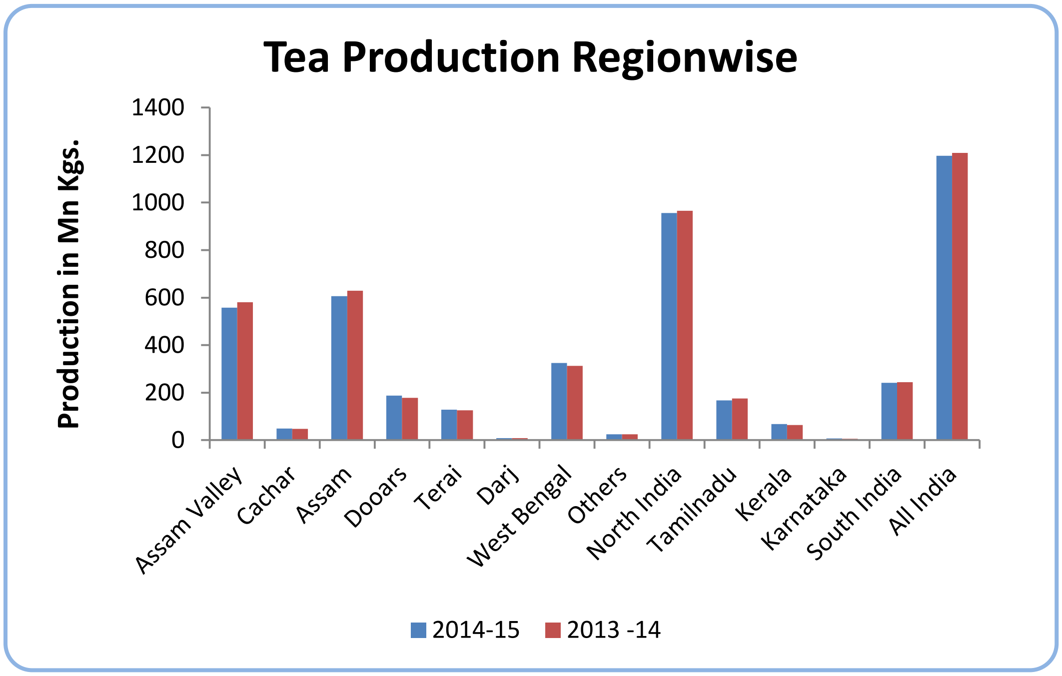
Prices noticed firm tone during the week. Quantity offered on sale declined during the week compared to previous week. Demand for quality leaf lent support to the market. Prices are likely to notice range –bound to firm tone in the near –term.

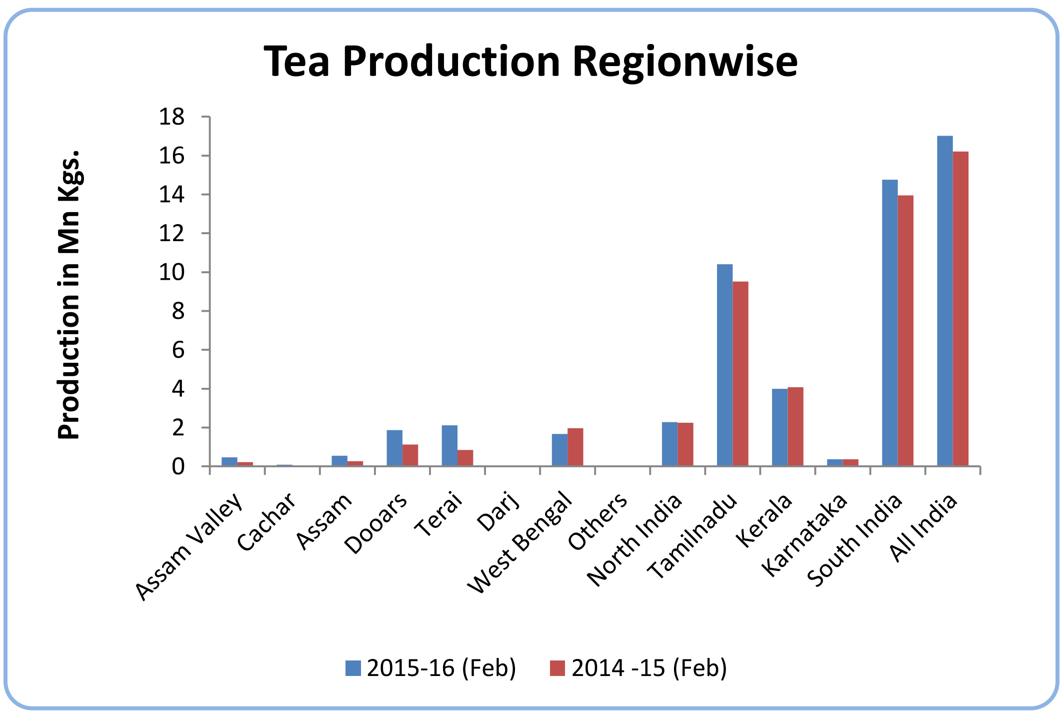
Coonoor Tea Auction: Sale No: 23 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	100.38	289967.00	277933.00
CTC Leaf	97.09	529924.00	503834.00
Orthodox Dust	103.57	42008.00	33746.00
Orthodox Leaf	123.04	35115.40	33226.00

(Source: Paramount Marketing, Coimbatore)

Prices witnessed positive tone during the week. Quantity offered on sale increased during the week compared to previous week. There was good demand from the loose tea buyers and blenders. Rain was seen in the growing regions. Arrivals are expected to increase in the coming days. Prices are likely to notice firm tone in the coming days.





(Source: Tea Board)

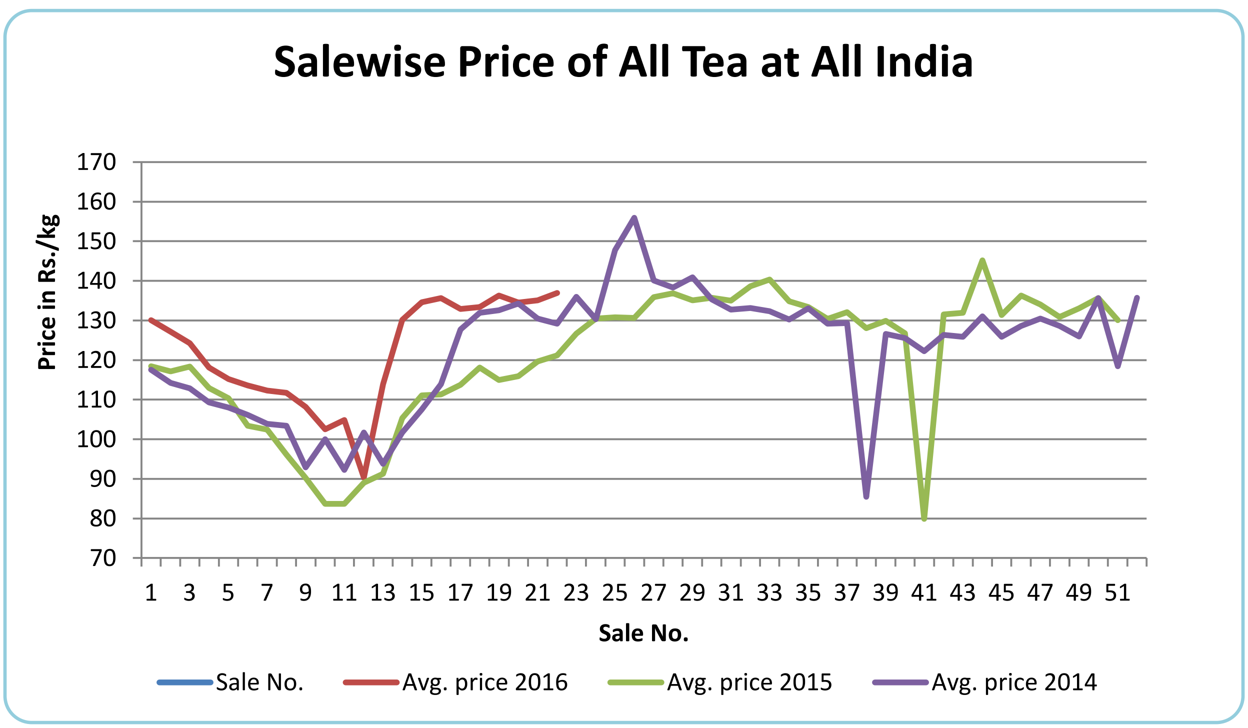
The above graph shows region wise production comparison, between 2014-15 and 2013-14 during the last two years and in the month of January in comparison with to previous year. In the year 2015 (Jan –Dec), production declined by 1.3% to 1191.10 million kg mainly on account of lower in production in Assam. 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 declined during the week compared to previous week amid lack of demand in the domestic and export market.

Weekly Average Prices at Indian Auction Centers for week ending 2016-06-04

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	144.51(153.48)	146.46(149.26)	144.44(133.00)	NS(NS)	111.23(88.88)	97.36(62.74)	100.94(70.48)	87.85(52.14)
Total Tea	159.29(164.97)	146.72(149.28)	144.44(133.00)	NS(NS)	114.51(93.58)	98.39(63.90)	101.07(70.70)	87.85(52.14)

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

Variety	North India	South India	All India
CTC All Dust	145.28 (143.88)	102.35 (72.21)	133.29 (115.95)
Total Tea	149.79 (147.94)	104.49 (75.13)	136.94 (119.66)

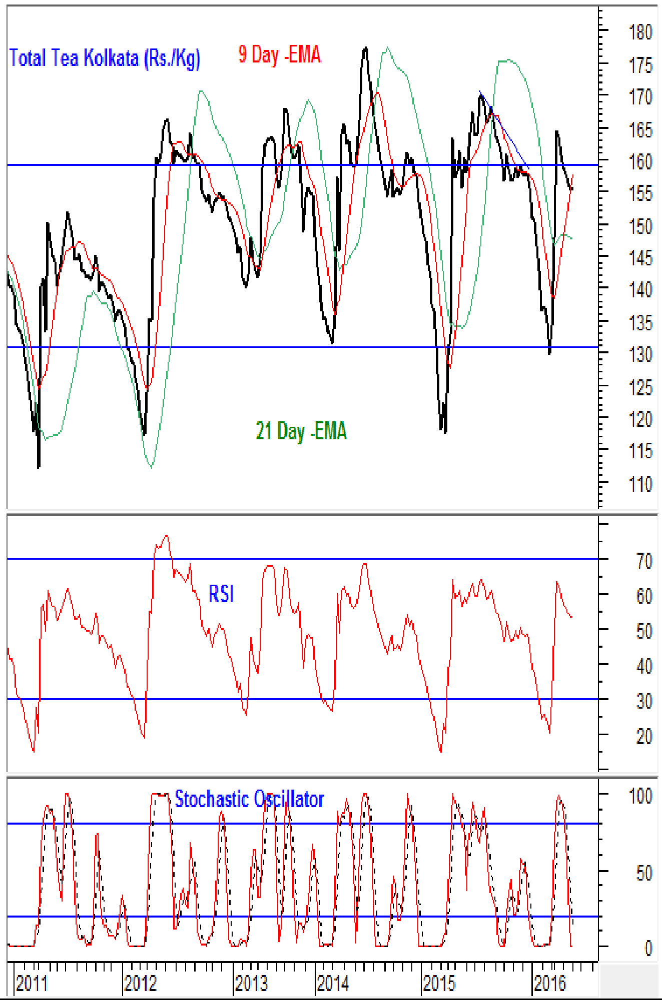
(Source: Tea Board)

Tea – Technical Outlook

Total Tea -Kolkata

Technical Commentary:
Tea prices noticed weak tone during the week. Prices closed in between 9 –Day and 21 –Day EMA supporting sideways movement in the medium –term. Buyers can look for better buying levels in the coming days. RSI is declining in the neutral region denoting weakness in the near –term.

The tea prices are likely to decline towards 150 levels in the coming days. Traders can wait for better buying levels in the coming days.



Strategy: Buy Around Current Levels

Weekly Supports & Resistances		S1	S2	PCP	R1	R2
Total Tea	Kolkata	150.00	130.00	161.59	200.00	230.00

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 22 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	450 - 480	450 - 490
Average Westerns	420 - 440	410 - 440
Plainer Westerns	370 - 410	360 - 400
Western Mediums	360 - 550	330 - 450
Uva Teas	350 - 510	350 - 450
Nuwara Eliya Teas	370 - 430	370 - 405
Udapussellawa Teas	350 - 425	360 - 430
CTC (BP1 and PF1)	280 - 435	320 - 600

In this week's auction, 7.53 million kgs of tea was offered for sale compared to 7.10 million kgs of tea during the previous week. There was some demand for Select Best teas during the week. Better western BOP's noticed weak tone and BOPF's witnessed easy tone. High Grown and Mid Grown CTC's noticed mixed tone and Low Grown CTC's noticed firm 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 noticed weak tone following quality during the week. There was some demand from Russia and Middle –East countries.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	24		23		22	
Dates	21st/22nd June 2016 No. of Lots	No. of Kgs	14th/15th June 2016 No. of Lots	No. of Kgs	07th/08th June 2016 No. of Lots	No. of Kgs
Ex Estate	946	1,068,544 kg	980	1,132,897 kg	1,138	1,326,653 kg
Main Sale Total	10,173	5,711,745 kg	8,760	4,894,347 kg	10,700	6,204,435 kg
High & Medium	1,245	679,773 kg	1,147	632,848 kg	1,367	784,025 kg
Low Growns Leafy	3,618	1,775,369 kg	3,211	1,539,863 kg	3,970	2,044,740 kg
Tippy	1,793	1,007,800 kg	1,442	791,919 kg	1,967	1,129,160 kg
Premium/Flowery	498	94,456 kg	394	76,288 kg	446	89,033 kg
Off Grades	2,390	1,468,572 kg	1,980	1,226,044 kg	2,282	1,409,018 kg
Dust	629	685,775 kg	586	627,385 kg	668	748,459 kg
Grand Total	11,119	6,780,289 kg	9,740	6,027,244 kg	11,838	7,531,088 kg
Reprints	423	289,070 kg	398	283,948 kg	303	233,327 kg
Scheduled to Close (Ex)		02.06.16		26.05.16		19.05.16
Dates (Ms)		03.06.16		27.05.16		20.05.16

Scheduled Closing Dates

Auction No. 23 : 14th/15th June 2016

Ex Estate : 26.05.2016

Main Sale : 27.05.2016

Auction No. 24 : 21st/22nd June 2016

Ex Estate : 02.06.2016

Main Sale : 03.06.2016

Auction No. 25 : 28th /29th June 2016

Ex Estate : 09.06.2016

Main Sale : 10.06.2016

Auction No. 26 : 04th /05th July 2016

Ex Estate : 16.06.2016

Main Sale : 17.06.2016

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 23

AUCTION AVERAGE PRICE

AUCTION	KENYA 2015	KENYA 2016	TOTAL 2015	TOTAL 2016
21	$ 3.14	$ 2.22	$ 2.87	$ 2.13
22	$ 3.07	$ 2.33	$ 2.86	$ 2.21
23	$ 3.23	$ 2.37	$ 2.95	$ 2.26

QUOTATIONS	BROKENS	FANNINGS	
Best	376 – 462	365 - 474	
Good	376 – 445	370 - 408	
Good Medium	376 – 444	347 - 409	
Medium	365 – 401	309 - 379	
Lower Medium	230 – 388	230 - 313	
Plain	189 – 316	155 – 253	(SL RUPEES)

During the week good demand was noticed for 9,455,061 kilos of tea on offer. Brighter DUST1s were USC6 to USC12 higher with mediums USC2 to USC6 higher. Lower Mediums were firm to USC6 lower. Prices of Brighter BP1's were firm to USC10 lower. 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 mixed tone during the week. Well sorted clean colory Fannings witnessed positive tone and Dusts noticed firm tone during the week. Other Fannings noticed weak tone and BMF's noticed steady tone. There was good demand from Pakistan Packers, Afghanistan, UK, Bazaar, Sudan, Kazakhstan and Egyptian packers. 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)

<u>Indonesia Tea Auction (Jakarta): Sale No: 23</u>

ORTHODOX	OFFERED		SOLD		%
PTPN ESTATE	8.840	453.740 Kg	8.220	420.740 Kg	92.72
PRIVATE ESTATE	---	--- Kg	---	--- Kg	---,--
TOTAL	8.840	453.740 Kg	8.220	420.740 Kg	92.72

C.T.C	OFFERED		SOLD		%
PTPN ESTATE	2.680	149.760 Kg	2.640	147.420Kg	98.43
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	2.680	149.760 Kg	2.640	147.420Kg	98.43
GRAND TOTAL	11.520	603.500 Kg	10.860	568.160 Kg	94.14

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	**BOP**	**BOPF**	**PF**	**DUST**	**BT**	**BP**
202-218	**163-194**	**157-176**	**155-204**	**154-193**	**131-151**	**280-347**

Orthodox Secondary Grades				
PF.II	**DUST.II**	**BT.II**	**BP.II**	**DUST.III**
143-171	**130-169**	**128-137**	**316**	**122-154**

CTC First and Secondary Grades						
BP.1	**PF.1**	**PD**	**D.1**	**FANN**	**D.2**	**BPS**
158-175	**172-204**	**180-196**	**180-252**	**136-192**	**150-204**	**-**

Market offerings declined to 11,520 paper sacks from 12,660 paper sacks. There was good demand in the market. Average price declined to USDcts 164.80 instead of USDcts 164.91 during last week's auction. Average price of Orthodox variety increased to USDcts 160.99 and average price of CTC increased to USDcts 175.20. Secondary variety and Fannings noticed mixed tone. Quantity sold increased to 94.14% during the period compared to 88.06% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	15/06/16	**22/06/16**	**15/06/16**	**22/06/16**
PTPN. IV	3.060 S	2.740 S	-	-
PTPN. VI	240 S	220 S	480 S	420 S
PTPN. VII	1.140 S	920 S	80 S	100 S
PTPN. VIII	6.160 S	5.560 S	1.260 S	1.080 S
PTPN. IX	300 S	260 S	-	-
PTPN. XII	- S	- S	640 S	520 S
Total Estate	10.900 S	9.700 S	2.460 S	2.120 S
Pagilaran	- S	- S	- S	- S
Total Private	- S	- S	- S	- S
Grand Total	10.900 S	9.700 S	2.460 S	2.120 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 07
(In Taka/kg)

BROKENS	QUOTATIONS	FANNINGS	QUOTATIONS
Large/Bold	NQTA	Best	245-255
Medium	215-235	Good	230-240
Small	220-240	Medium	215-225
Plain	185-195	Plain	185-195

Tea prices at Bangladesh tea auction firm tone amid good demand for quality leaf in the market. The average price of tea during this week's auction was around USD 2.60/kg. Around 1.18 million kg of tea was offered for sale and nearly 3.7 percent remained unsold.

There was good demand from blenders and some demand from loose tea buyers. 22,285 packages and 402 packages of CTC Leaf of new season noticed good demand. 3,833 packages and 45 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. S

(Source: National Brokers Limited)

WORLD CROP STATISTICS IN (Mn/kgs)

Country	MONTH	2016	2015	CUMULATIVE	2016	2015	CUMULATIVE + INC./-DEC.
Sri Lanka	April	26.47	31.62	Up to April	96.83	110.97	- 14.14
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	March	45.33	15.69	Up to March	139.61	81.62	+ 57.99
Bangladesh	March	3.02	0.5	Up to March	3.14	0.67	+ 2.47
Malawi	April	5.9	6.4	Up to April	25.00	24.8	+ 0.2

(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 14.14 million kgs. to 96.23 million kgs. till April 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	10-06-2016	27-05-2016
USD	66.81	67.03
Srilankan Rupee	0.4613	0.4569
Indonesian Rupiah	0.0050	0.0049
Kenyan Shilling	0.6608	0.6661
Bangladeshi Taka	0.8593	0.8536

Overall Outlook and Recommendation:

In the domestic market, prices noticed positive tone during the week. Quantity offered on sale declined during the week compared to previous week. Demand for good quality leaf lent support to the market. In South India, rain was seen in certain growing regions. 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 firm tone during the week. Quantity offered on sale increased during the week compared to previous week. Demand for good quality leaf supported prices. In South India, rain was observed in the tea growing regions. The future offering of tea is likely to decline at Sri Lankan and Indonesian auction in the coming week. Prices are likely to notice firm tone in the coming week.