News Highlights.

- Indian tea producers are interested to increase the production of orthodox tea in the domestic market for better price realisation in the global markets. In order to fulfill this, the producers are asking for higher subsidy from the Tea Board of India on the production of orthodox tea. Production cost for high grade CTC is Rs 185 per kilogram on an average while cost of production for lowest quality of orthodox tea is around Rs 210 per kilogram. The Tea Board has also been encouraging production of orthodox leaves as this variety fetches a premium in the global market, especially in Russia and the Middle-East which are major markets for the entire tea industry. According to industry sources, of the estimated total 80 mkg production of orthodox tea, around 5 per cent is consumed in the domestic market and the rest is exported.

- The World Tea & Coffee Expo will be held in Mumbai between October 20 -22, 2016. An integral part of the Expo is a high level, 2-day conference by industry leaders, academicians and policy makers and also workshops by tea & coffee experts. The 2016 edition has about 70 exhibitors from 7 countries including pavilions from Tea Board of India and Sri Lanka Tea Board.

- The conference will cover topics like sustainability, GST impact, design and innovation especially in packaging and branding, changing prospects due to increasing cafe culture etc whereas the workshops shall impart skills on tea tasting, coffee brewing, coffee roasting and tea/coffee pairing according to sources.

- The Central government is likely to consider the plea by the Nilgiri Planter’s Association that the Tea Board be granted funds to conduct the pan-India e-auction of Nilgiris Winter Speciality Tea grades. The auction held for the Speciality teas with the funding of the Tea Board used to fetch an average price of Rs.1600/kg. However the Nilgiris Planter’s Association was unable to continue the auctions as the Tea Board had withdrawn funding.

- Indian tea plantations, according to him, are now following the plant protection code (PPC), which makes it obligatory to use only approved agro-chemicals. The code encourages tea growers to critically review their use of PPFs, reduce the use of PPFs (Plant Protection Formulations) wherever possible and over time, apply the PPFs in the safest way possible.

- Indian tea exports declined 4.87% in August to USD 68.38 million amid decline in the prices of tea according to the data released by commerce ministry. The main export destinations of Indian tea are Russia, the United Kingdom, the Netherlands, Germany, Poland, the UAE, Iran, Egypt, Iraq and Bangladesh. India is the world’s second-biggest tea producer and also one of its largest consumers.

- According to the data released by the Tea Board Of India, tea production during the period January – July 2016 declined by 0.34 per cent to 562.52 million kg compared to 564.46 million kg during the same period previous year. Production of tea declined by 11.97 million kg in North India in July 2016 and increased by 0.62 million kg in South India during the period.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 40 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	142.09	38,40,000	22,17,000
ORTHODOX	205.15	7,40,000	5,41,000
DARJEELING	-	-	-
DUST	149.09	14,91,000	11,58,000

(Source: Parcon)

Prices noticed weak tone during the week. Quantity offered on sale increased during the week compared to previous week. There was fair demand in the market. In the Orthodox category, there was good demand for Select Tippy sorts and Fannings. Export demand was noticed from Middle –East countries. Buying interest was noticed from local buyers. Prices are likely to notice easy –tone in the coming days.

Guwahati Tea Auction: Sale No: 40 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	135.51	42,80,000	27,89,000
Dust	147.69	16,86,000	12,32,000

(Source: Associated Brokers)

Prices noticed easy tone during the week. Quantity offered on sale increased during the week compared to previous week. Good and Best Assams noticed tone. Some buying interest was noticed from Hindustan Unilever Limited and Tata Global. There was good demand for Better Liquoring Assams from western India buyers. Prices are likely to notice weak tone in the near –term.

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

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Leaf	128.15	34,39,000	24,73,000
CTC Dust	120.81	4,97,000	3,31,000

(Source: Associated Brokers)

Prices noticed positive tone during the week. Quantity offered on sale declined during the week compared to previous week. Good and Best Category tea noticed firm tone. There was fair demand in the market. The Common and the Plainer varieties witnessed steady tone. There was good demand for Medium and Common sorts. Buying interest was noticed from blenders and local buyers. Prices are likely to notice range –bound to firm tone in the coming week.

Jalpaiguri Tea Auction: Sale No: 40 (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: 40 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	111.88	1126227.60	908890.10
CTC Leaf	92.77	56285.00	46881.00
Orthodox Dust	93.68	17406.00	16910.00
Orthodox Leaf	154.14	246104.00	164281.00

(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 buying interest from exporters for Orthodox variety and local buyers for CTC variety. Prices are likely to witness range –bound to firm tone in the coming days.

Coimbatore Tea Auction: Sale No: 40 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	104.49	225687.00	199722.00
CTC Leaf	94.40	114316.00	106501.00
Orthodox Dust	90.15	4580.00	4580.00
Orthodox Leaf	102.02	5469.00	4117.00

(Source: Paramount Marketing, Coimbatore)

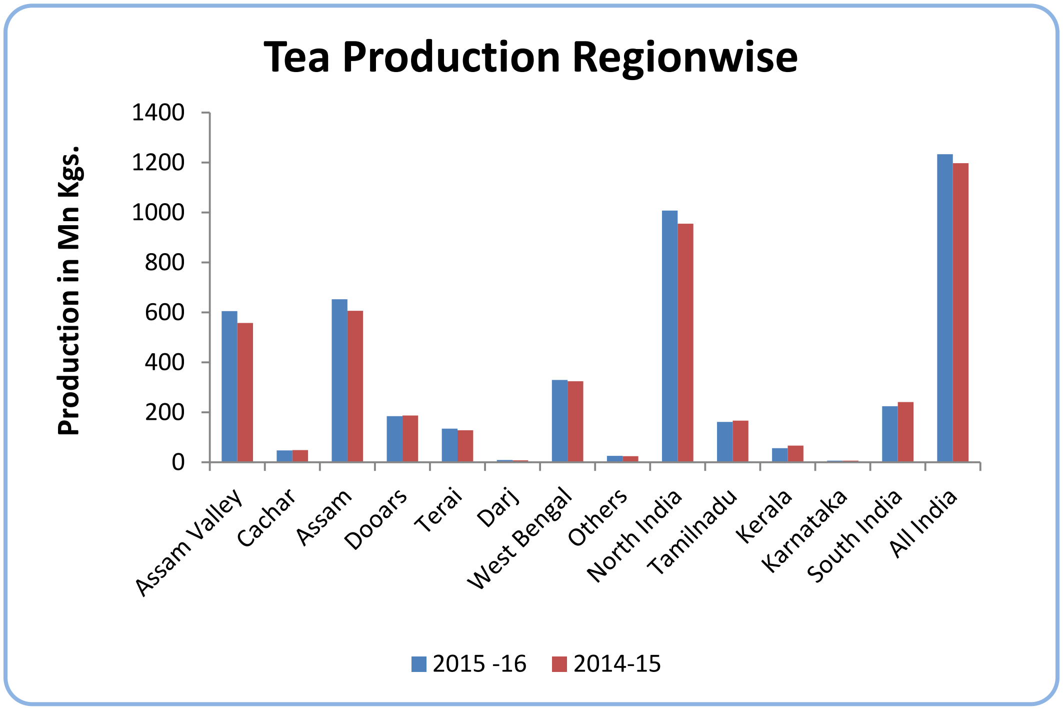
Prices noticed mixed tone during the week. Quantity offered on sale increased during the week compared to previous week. God demand for Nilgiris Broken variety lent some support to the market. Prices are likely to notice firm tone in the coming week.

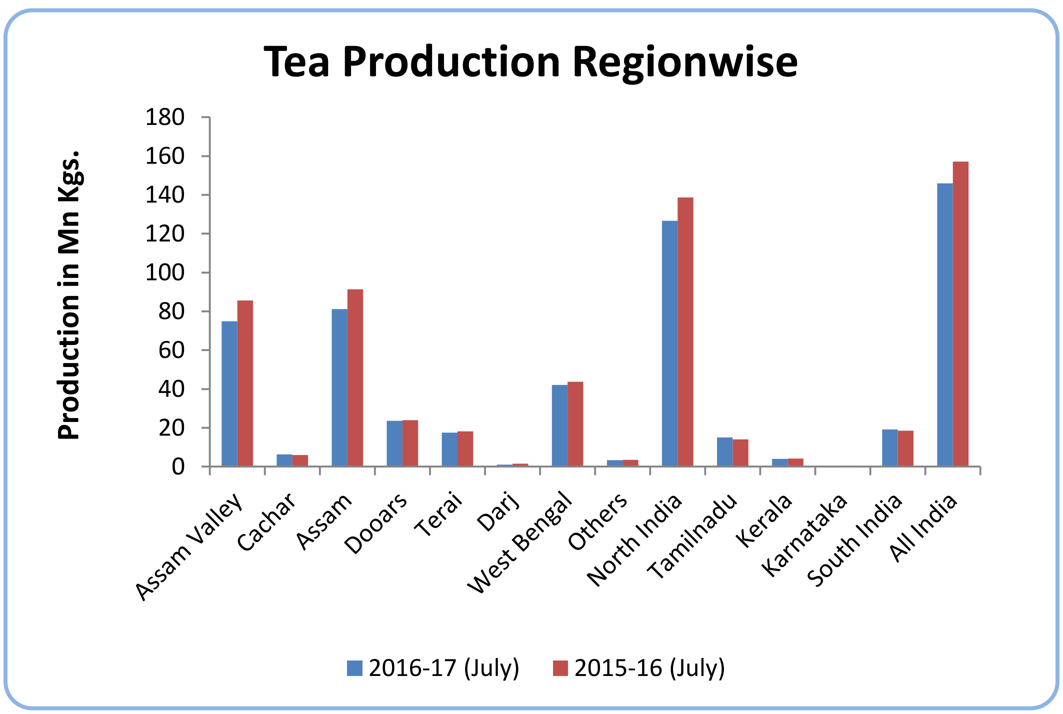
Coonoor Tea Auction: Sale No: 40 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	98.76	454220.00	340423.00
CTC Leaf	96.30	985175.00	913717.00
Orthodox Dust	110.16	61787.00	48064.00
Orthodox Leaf	126.37	91474.00	80632.80

(Source: Paramount Marketing, Coimbatore)

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





(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.

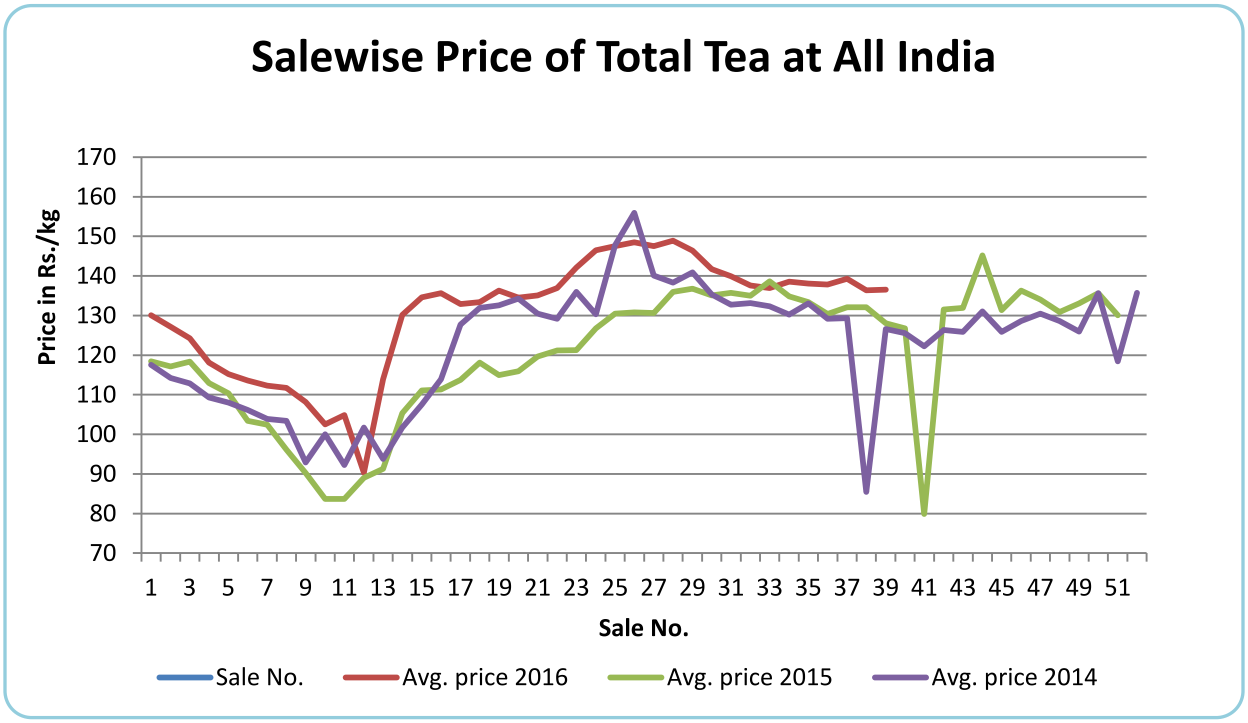
REGIONWISE QUARTERLY EXPORTS:

(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 July)*	64.50	1446.34	224.24	50.63	791.47	156.32	115.13	2237.81	194.37
2015 (Jan to July)	57.52	1262.88	219.55	55.20	754.06	136.61	112.72	2016.94	178.93
Inc/Dec in %	12.13	14.53	2.13	-8.28	4.96	14.44	2.14	10.95	8.63
2016-17 (Apr-July)*	31.94	764.74	239.43	27.81	467.43	168.08	59.75	1232.17	206.22
2015-16 (Apr-July)	29.75	693.57	233.13	31.85	455.51	143.02	61.60	1149.08	186.54
Inc/Dec in %	7.36	10.26	2.70	-12.68	2.62	17.52	-3.00	7.23	10.55

*Provisional, subject to revision.

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.

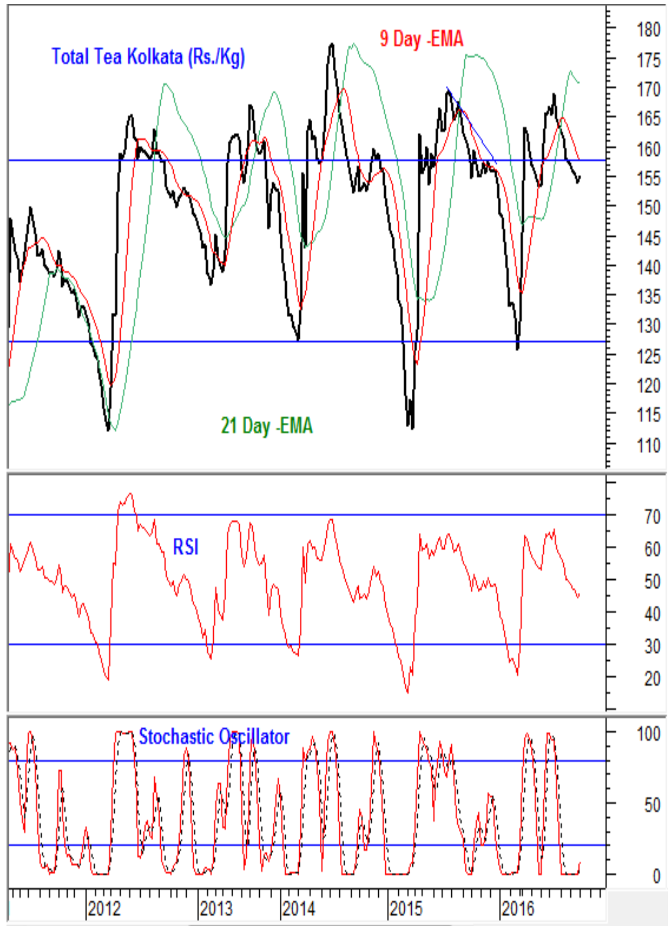
Weekly Average Prices at Indian Auction Centers for week ending 2016-10-01

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	147.47(153.90)	138.78(145.37)	130.52(110.88)	NS(NS)	110.46(100.70)	98.24(68.30)	100.80(75.89)	88.52(56.21
Total Tea	162.03(161.98)	138.97(145.55)	130.52(115.23)	NS(NS)	114.07(104.21)	100.40(69.71)	100.89(76.08)	88.52(56.33)

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

Variety	North India	South India	All India
CTC All Dust	138.78 (136.53)	101.58 (81.22)	131.55 (125.49)
Total Tea	144.41(139.54)	103.98 (84.14)	136.57 (128.07)

(Source: Tea Board)

Tea – Technical Outlook	Total Tea -Kolkata
Technical Commentary: Tea prices recovered slightly during the week. MACD is likely to enter the negative territory supporting the weak tone of the market in the medium –term. Stochastic oscillator is increasing in the oversold region supporting recovery in the near –term. ***The tea prices are likely to decline towards 150 levels after recent recovery in the coming days. Traders can wait for better buying levels for their medium –term requirement.***	

Strategy: Buy On Near –Term Weakness

Weekly Supports & Resistances		**S1**	**S2**	**PCP**	**R1**	**R2**
Total Tea	Kolkata	150.00	130.00	162.03	200.00	230.00

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 39 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	520 - 550	520 - 590
Average Westerns	490 - 510	490 - 510
Plainer Westerns	440 - 480	410 - 480
Western Mediums	480 - 840	420 - 550
Uva Teas	430 - 680	440 - 550
Nuwara Eliya Teas	470 - 600	450 - 460
Udapussellawa Teas	470 - 500	460 - 530
CTC (BP1 and PF1)	390 - 480	430 - 600

In this week's auction, 4.89 million kgs of tea was offered for sale compared to 5.37 million kgs of tea during the previous week. There was good demand for Select Best teas during the week. Better western BOP's witnessed easy tone and BOPF's noticed firm tone. High Grown and Mid Grown CTC's noticed firm tone and Low Grown CTC's noticed steady to 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 firm tone during the week. The below best and plainer variety noticed weak tone during the week. There was some demand from Russia, Syria,Turkey, Saudi Arabia and Iran.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	41		40		39	
Dates	18th/19th October 2016 No. of Lots	No. of Kgs	11th/12th October 2016 No. of Lots	No. of Kgs	04th/05th October 2016 No. of Lots	No. of Kgs
Ex Estate	679	685,522 kg	604	633,344 kg	612	656,552 kg
Main Sale Total	8,639	4,288,805 kg	9,266	4,680,299 kg	8,433	4,234,999 kg
High & Medium	952	472,410 kg	1,105	564,911 kg	976	501,402 kg
Low Growns Leafy Tippy	3,162 1,895	1,392,488 kg 1,039,840 kg	3,264 2,037	1,483,695 kg 1,125,471 kg	3,091 1,728	1,386,807 kg 959,131 kg
Premium/Flowery	471	81,326 kg	531	95,740 kg	434	74,275 kg
Off Grades	1,731	925,169 kg	1,923	1,037,111 kg	1,817	970,145 kg
Dust	428	377,572 kg	406	373,371 kg	387	343,239 kg
Grand Total	9,318	4,974,327 kg	9,870	5,313,643 kg	9,045	4,891,551 kg
Reprints	294	143,477 kg	359	172,756 kg	245	130,996 kg
Scheduled to Close (Ex) Dates (Ms)		29.09.16 30.09.16		22.09.16 23.09.16		15.09.16 15.09.16

Scheduled Closing Dates

Auction No. 40 : 11th/12th Oct 2016

Ex Estate : 22.09.2016

Main Sale : 23.09.2016

Auction No. 41 : 18th/19th Oct 2016

Ex Estate : 29.09.2016

Main Sale : 30.09.2016

Auction No. 42 : 25th/26th Oct 2016

Ex Estate : 06.10.2016

Main Sale : 07.10.2016

Auction No. 43 : 01ST / 02ND Nov. 2016

Ex Estate : 13.10.2016

Main Sale : 14.10.2016

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 40

AUCTION AVERAGE PRICE

AUCTION	KENYA 2015	KENYA 2016	TOTAL 2015	TOTAL 2016
38	$ 3.11	$ 2.43	$ 2.88	$ 2.31
39	$ 3.12	$ 2.37	$ 2.84	$ 2.25
40	$ 3.19	$ 2.35	$ 2.94	$ 2.24

QUOTATIONS	BROKENS	FANNINGS	
Best	433 – 650	444 – 534	
Good	491 – 541	433 – 475	
Good Medium	390 – 537	362 - 468	
Medium	339 – 407	299 – 364	
Lower Medium	231 – 352	209 – 296	
Plain	213 – 274	190 - 239	SL RUPEES)

During the week good demand was noticed for 6,101,035 kilos of tea on offer. Brighter DUST1s were USC2 to USC38 higher with mediums were USC4 to USC34 higher. Lower Mediums were steady to USC24 easier. Prices of Brighter BP1's were firm to USC24 lower. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

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

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 39

ORTHODOX		**OFFERED**	**SOLD**		**%**
PTPN ESTATE	6.740	351.680 Kg	5.120	264.940 Kg	75.34
PRIVATE ESTATE	---	--- Kg	---	--- Kg	---,--
TOTAL	6.740	351.680 Kg	5.120	264.940 Kg	75.34
		OFFERED	**SOLD**		**%**
C.T.C					
PTPN ESTATE	1.380	77.020 Kg	1.200	67.600 Kg	87.77
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	1.380	77.020 Kg	1.200	67.600 Kg	87.77
GRAND TOTAL	8.120	428.700 Kg	6.320	332.540 Kg	77.5

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	**BOP**	**BOPF**	**PF**	**DUST**	**BT**	**BP**
175-220	**145-190**	**131-150**	**127-218**	**161-195**	**111-130**	**312**

Orthodox Secondary Grades				
PF.II	**DUST.II**	**BT.II**	**BP.II**	**DUST.III**
111-151	**131-147**	**106-119**	**276**	**132-142**

CTC First and Secondary Grades						
BP.1	**PF.1**	**PD**	**D.1**	**FANN**	**D.2**	**BPS**
135-178	**138-191**	**161-173**	**164-210**	**125-140**	**139-170**	**-**

Market offerings declined to 8,120 paper sacks from 9,400 paper sacks. There was good demand in the market. Average price declined to USDcts 136.45 instead of USDcts 138.75 during last week's auction. Average price of Orthodox variety declined to USDcts 132.92 and average price of CTC declined to USDcts 149.81. Secondary variety and Fannings noticed mixed tone. Quantity sold declined to 77.57% during the period compared to 86.68% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	12/10/16	19/10/16	12/10/16	19/10/16
PTPN. IV	820 S	1.380 S	-	-
PTPN. VI	200 S	360 S	320 S	240 S
PTPN. VII	920 S	980 S	300 S	240 S
PTPN. VIII	3.900 S	1.640 S	1.080 S	320 S
PTPN. IX	240 S	320 S	-	-
PTPN. XII	- S	- S	300 S	380 S
Total Estate	6.040 S	4.680 S	2.000 S	1.180 S
PP. London Sumatera	- S	440 S	- S	- S
Total Private	- S	440 S	- S	- S
Grand Total	6.040 S	5.120 S	2.000 S	1.180 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 22
(In Taka/kg)

BROKENS	QUOTATIONS	FANNINGS	QUOTATIONS
Large/Bold	223-228	Best	228-233
Medium	224-228	Good	225-227
Small	225-229	Medium	222-224
Plain	190-200	Plain	190-205

Tea prices at Bangladesh tea auction noticed weak tone amid high volumes on offer. The average price of tea during this week's auction was around USD 2.80/kg. Around 2.50 million kg of tea was offered for sale and nearly 15 percent remained unsold.

There was good demand from blenders and from internal buyers. 40,122 packages and 50 packages of CTC Leaf of old season noticed good demand. 6,248 packages of CTC Dust noticed good demand. In CTC Dust, good liquoring varieties noticed firm tone and medium levels witnessed easy tone. Good liquoring Broken varieties noticed firm tone in the market. Good liquoring varieties in fannings noticed weak tone during the week. Good liquoring Dusts witnessed positive 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	August	23.01	26.42	Up to August	198.60	225.72	- 27.12
North India	July	126.67	138.64	Up to July	441.41	422.40	+ 19.01
South India	July	19.18	18.56	Up to July	121.10	142.06	- 20.96
Kenya	June	35.60	32.28	Up to June	249.35	175.26	+ 74.09
Bangladesh	July	10.7	9.4	Up to July	33.4	24.0	+ 9.4
Malawi	July	0.9	1.1	Up to July	30.7	31.8	- 1.1

(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 27.12 million kgs. to 198.60 million kgs. till August 2016 compared to same corresponding period in 2015. In North India, production has increased by nearly 4.50% and in South India, production has declined by 14.75% respectively till July 2016. Lack of sufficient rainfall has affected production in South India.

Currency	07-10-2016	30-09-2016
USD	66.74	66.59
Srilankan Rupee	0.4548	0.4538
Indonesian Rupiah	0.0051	0.0051
Kenyan Shilling	0.6593	0.6577
Bangladeshi Taka	0.8515	0.8488

Overall Outlook and Recommendation:

In the domestic market, prices noticed range –bound to weak tone during the week. Quantity offered on sale increased during the week compared to previous week. In North India there is less arrival of third flush of tea. Demand from the exporters and local buyers lend some support to the market. In South India, there was good demand for Orthodox variety from the exporters. Prices are likely to notice weak tone in the coming days.

In the global market prices noticed weak tone. Quantity offered on sale increased during the week compared to previous week. In Bangladesh prices declined amid high volumes on offer. In North India trading remained lack – luster following 'Dussehra' festival. There was not much export demand around current levels. The future offering of tea is likely to increase at Sri Lankan auction and decline at Indonesian auction in the coming week.