**News Highlights**.

- According to the official data released by the Tea Board of India, prices of tea in all auction centres increased on an average by 8.55% to Rs. 134.51/kg compared to Rs.123.91/kg during the same period in 2015. In the North Indian auction centres, prices rose to an average of Rs.144.73/kg from Rs.139.68/kg. Till November 2016, in the south Indian auctions, prices increased to an average of Rs.103.41/kg from Rs.80.53/kg amid increased demand and short supply.

- India is likely to produce a record output of 1230 million kg of tea in the calendar year 2016 according to official sources compared to 1209 million kg in 2015. In the first eleven months of the calendar year 2016 till November, production of tea in North India increased by 41.44 per cent to 979.84 million kg according to the data released by the Tea Board Of India. Production of tea in South India declined by 16.40 million kg to 196.57 million kg during the same period.

- In the current calendar year, lower production in South India and better export demand for orthodox tea have supported overall domestic auction averages. This has negated the adverse effect on prices, stemming from increased availability of tea from Kenya and, to a lesser extent, from North India, according to ICRA. However, continuing cost pressures, attributable to the increase in wage rates, kept margins and debt coverage indicators under check according to ICRA.

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- Global output of black tea increased to 1905.13 mkg in 2016 compared to 1853.52 mkg in 2015. Output increased following increase of 73.70 mkg in Kenya where production increased from 352.82 mkg to 426.12 mkg and Bangladesh recorded an increase of 15.01 mkg at 68.78 mkg. Indian production up to October 2016 increased by 8.72 mkg to reach 1049.31 mkg. This helped in offsetting lower production in Sri Lanka, Uganda and Tanzania.

- Tea production in Kenya has declined by around 30 per cent in the last five months amid lack of rainfall in the growing regions. According to official sources at Kenya Tea Development Agency, though prices have improved at the Mombasa auction, there has been no increase in production.

- The Kenya Tea Development Agency (KTDA) has found new markets for tea in Iran and Russia after the United Nations lifted a 10-year embargo. Kenya will continue expanding the orthodox tea market in the coming years. Currently the production of orthodox tea is not sufficient to meet the new market demand. The Iran and Russian markets require at least 10 to 12 million kilogrammes of orthodox tea while Kenya only produces three per cent of the tea from three factories in the country.

## Domestic Trade Scenario:

**Indian Tea Auctions**

**Kolkata Tea Auction: Sale No: 03 (Price in Rs./kg)**

| Variety | Avg. Price | Total Offerings (Kgs) | Total Sold (Kgs) |
|---|---|---|---|
| CTC | 138.93 | 33,98,000 | 21,47,000 |
| ORTHODOX | 172.98 | 6,50,000 | 4,89,000 |
| DARJEELING | - | - | - |
| DUST | 139.02 | 11,00,000 | 8,04,000 |

**(Source: Parcon)**

Prices noticed mixed tone during the week. Quantity offered on sale declined during the week compared to previous. Most of the factories remain closed for annual maintenance work. Good/Best Assams sold in line with quality. Medium sorts witnessed easy tone amid withdrawals. There was some enquiry from exporters. In the Orthodox variety, there was good demand from Middle-East and CIS countries. Buying interest was noticed from Western India buyers and Hindustan Unilever Limited. Prices are likely to notice steady to weak tone in the coming week.

**Guwahati Tea Auction: Sale No: 03 (Price in Rs./kg)**

| Guwahati | Avg. Price | Total Offerings (Kgs) | Total Sold (Kgs) |
|---|---|---|---|
| CTC | 116.05 | 45,69,000 | 27,80,000 |
| Dust | 126.22 | 15,03,000 | 10,90,000 |

**(Source: Associated Brokers)**

Prices noticed mixed tone during the week. Quantity offered on sale declined during the week compared to previous week. There was less demand for CTC Leaf and prices declined in line with quality. Buying interest was noticed from internal buyers and packeteers. Prices are likely to witness easy tone in the near –term.

**Siliguri Tea Auction: Sale No: 03 (Price in Rs./kg)**

| Variety | Avg. Price | Total Offerings (Kgs) | Total Sold (Kgs) |
|---|---|---|---|
| CTC Leaf | 114.06 | 41,26,000 | 26,78,000 |
| CTC Dust | 109.87 | 4,09,000 | 3,40,000 |

**(Source: Associated Brokers)**

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 and fair demand for Leaf variety. Prices declined in line with quality. There was some demand from the blenders and exporters. Prices are likely to notice range –bound to weak tone in the coming days.

**Jalpaiguri Tea Auction: Sale No: 03 (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: 03 (Price in Rs./kg)**

| Cochin | Avg. Price | Total Offerings (Kgs) | Total Sold (Kgs) |
|---|---|---|---|
| CTC Dust | 120.17 | 890634.40 | 854612.50 |
| CTC Leaf | 107.43 | 53373.00 | 52604.00 |
| Orthodox Dust | 97.59 | 14943.00 | 13359.00 |
| Orthodox Leaf | 140.64 | 197418.00 | 128619.00 |

(Source: Paramount Marketing, Coimbatore)

Prices noticed firm tone during the week. Quantity offered on sale increased during the week compared to previous week. Buying interest was noticed from Kerala State Civil Supplies and blenders. Rices are likely to witness positive tone in the coming days.

**Coimbatore Tea Auction: Sale No: 03 (Price in Rs./kg)**

| Coimbatore | Avg. Price | Total Offerings (Kgs) | Total Sold (Kgs) |
|---|---|---|---|
| CTC Dust | 109.75 | 267424.00 | 246948.00 |
| CTC Leaf | 105.49 | 106042.00 | 86049.00 |
| Orthodox Dust | 99.37 | 15007.00 | 13139.00 |
| Orthodox Leaf | 117.63 | 10245.00 | 9111.00 |

**(Source: Paramount Marketing, Coimbatore)**

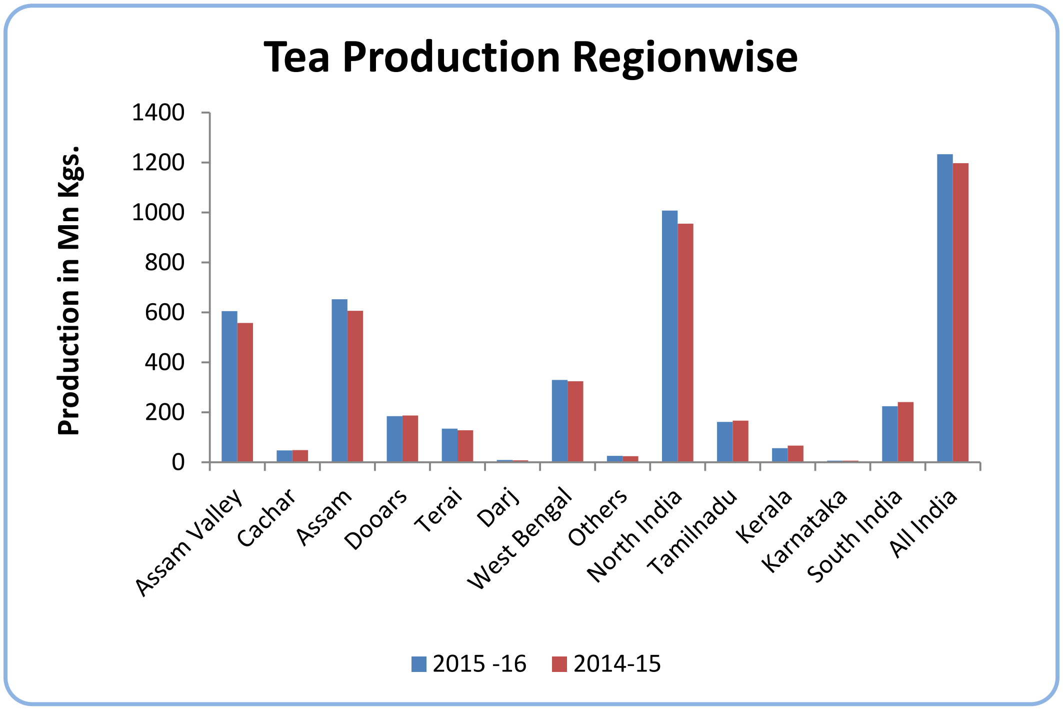
Prices noticed firm tone during the week. Quantity offered on sale declined during the week compared to previous week. Good demand from the loose tea buyers lend support to the market. Prices are likely to notice steady to firm tone in the near –term.

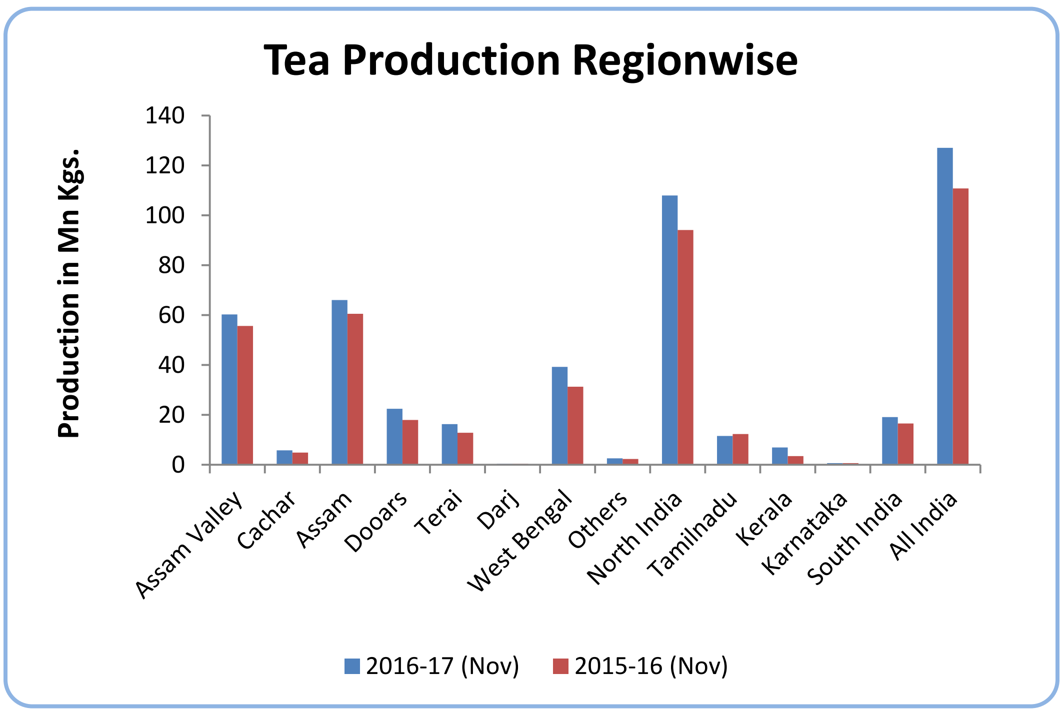
**Coonoor Tea Auction: Sale No: 03 (Price in Rs./kg)**

| Coonoor | Avg. Price | Total Offerings (Kgs) | Total Sold (Kgs) |
|---|---|---|---|
| CTC Dust | 108.69 | 330582.00 | 309245.00 |
| CTC Leaf | 104.52 | 651776.20 | 485610.60 |
| Orthodox Dust | 113.64 | 45992.00 | 43824.00 |
| Orthodox Leaf | 122.53 | 50767.80 | 41359.40 |

**(Source: Paramount Marketing, Coimbatore)**

Prices noticed firm tone during the week. Quantity offered on sale declined during the week compared to previous week. There was good demand from the exporters for Nilgiris broken variety. Prices are likely to notice steady to firm tone in the coming week.



(Source: Tea Board)

The above graph shows region wise production comparison, between 2016-17 and 2015-16 during the last two years and in the month of November 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 previous year in the month of November, production of tea in India increased by 14.73% to 127.10 million kg in comparison to the same corresponding period last year following owing to good plucking in the growing regions.

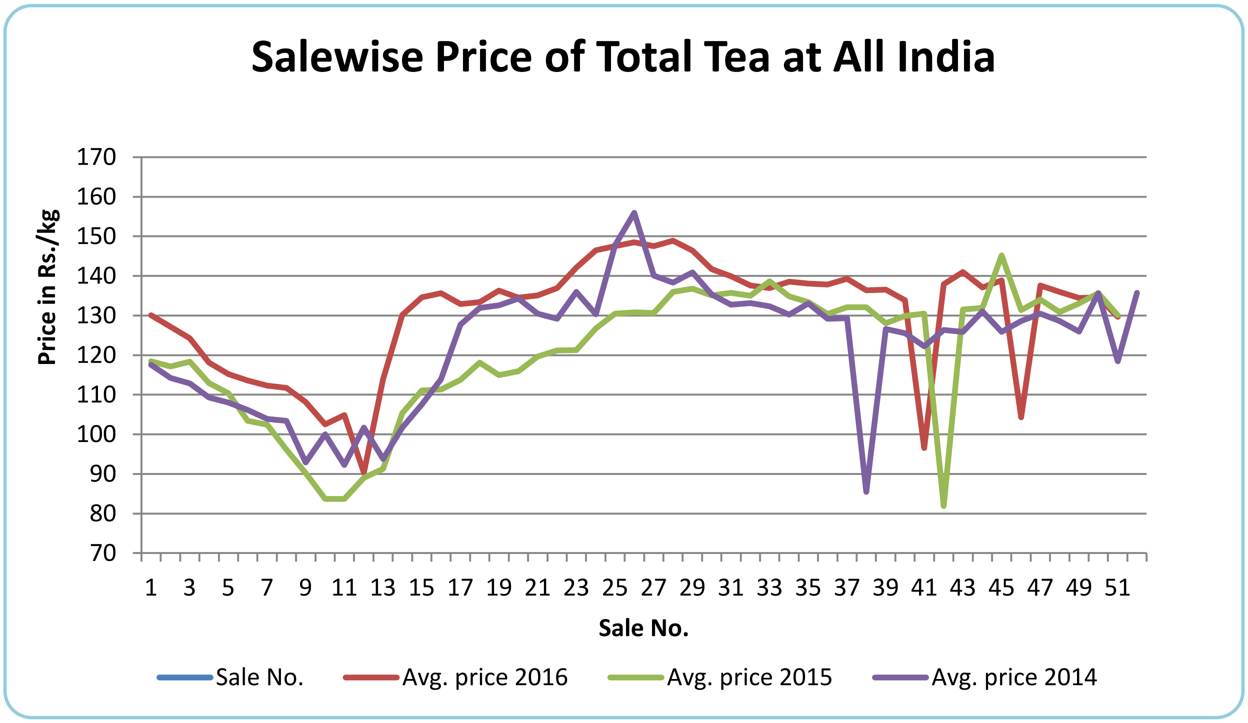
**REGIONWISE QUARTERLY EXPORTS:**

**(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 Nov)*** | 116.97 | 2658.81 | 227.31 | 80.04 | 1258.16 | 157.19 | 197.01 | 3916.97 | 198.82 |
| **2015 (Jan to Nov)** | 114.14 | 2652.87 | 232.42 | 87.98 | 1189.83 | 135.24 | 202.12 | 3842.70 | 190.12 |
| **Incr/decr in %** | 2.48 | 0.22 | -2.20 | -9.02 | 5.74 | 16.23 | -2.53 | 1.93 | 4.58 |
| | | | | | | | | | |
| **2016-17 (Apr-Nov)*** | 84.42 | 1977.20 | 234.21 | 57.21 | 934.10 | 163.28 | 141.63 | 2911.30 | 205.56 |
| **2015-16 (Apr-Nov)** | 86.37 | 2083.56 | 241.24 | 64.63 | 891.28 | 137.90 | 151.00 | 2974.84 | 197.01 |
| **Incr/decr in %** | -2.26 | -5.10 | -2.91 | -11.48 | 4.80 | 18.40 | -6.21 | -2.14 | 4.34 |

*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 lower compared to previous year amid new crop arrival in the domestic market. Prices have declined during the week compared to previous week amid lack of good demand in the domestic and export market.

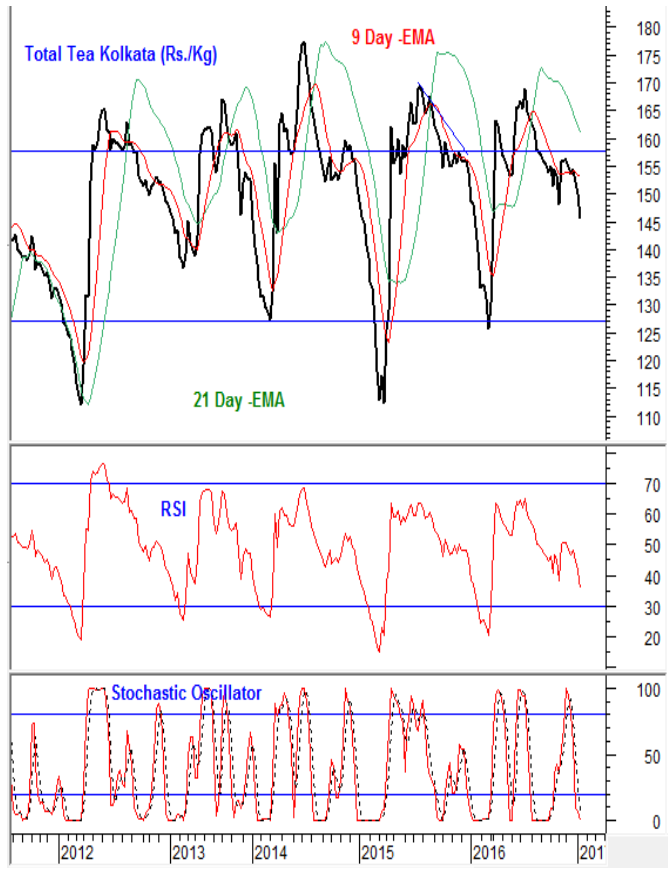
**Weekly Average Prices at Indian Auction Centers for week ending 2017-01-14**

| Variety | Kolkata | Guwahati | Siliguri | Jalpaiguri | Cochin | Coonoor | Coimbatore | Tea Serve |
|---|---|---|---|---|---|---|---|---|
| **CTC All Dust** | 137.42(139.57) | 119.67(128.57) | 119.96(119.06) | NS(NS) | 115.75(118.93) | 108.48(94.44) | 107.22(94.73) | 101.62(79.50) |
| **Total Tea** | 145.34(142.78) | 119.83(128.72) | 119.96(119.06) | NS(NS) | 119.31(122.63) | 109.21(95.14) | 107.31(94.59) | 101.62(79.45) |

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

| Variety | North India | South India | All India |
|---|---|---|---|
| **CTC All Dust** | 124.87 (128.91) | 110.38 (102.34) | 122.11 (122.77) |
| **Total Tea** | 128.19 (130.43) | 112.34 (105.19) | 125.10 (124.26) |

**(Source: Tea Board)**

| Tea – Technical Outlook | Total Tea -Kolkata |
|---|---|
| **Technical Commentary**: Tea prices witnessed easy tone during the week. Prices are likely to decline towards 130 levels in the coming days. MACD is declining in the negative territory supporting the overall weak tone of the market in the medium –term. Stochastic oscillator is declining in the oversold region supporting some recovery in the near –term.<br><br>***The tea prices are likely to decline towards 130 levels 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 | 130.00 | 120.00 | 145.34 | 180.00 | 200.00 |

## International Trade Scenario:

**Srilanka Tea Auction (Colombo): Sale No: 47 (Price in Srilankan Rs./kg)**

| | BOP | BOPF |
|---|---|---|
| **Good Westerns** | 570 - 660 | 600 - 630 |
| **Average Westerns** | 540 - 560 | 560 - 590 |
| **Plainer Westerns** | 520 - 530 | 510 - 550 |
| **Western Mediums** | 520 - 800 | 510 - 600 |
| **Uva Teas** | 530 - 750 | 500 - 650 |
| **Nuwara Eliya Teas** | 470 - 500 | 480 - 520 |
| **Udapussellawa Teas** | 510 - 650 | 520 - 600 |
| **CTC (BP1 and PF1)** | 330 - 550 | 450 - 640 |

In this week's auction, 5.03 million kgs of tea was offered for sale compared to 4.41 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 witnessed easy tone. High Grown and Mid Grown CTC's noticed firm tone and Low Grown CTC's witnessed steady to positive 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 witnessed positive 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. | 49 | | 48 | | 47 | |
|---|---|---|---|---|---|---|
| Dates | 14th December 2016 | | 05th/06th December 2016 | | 29th/30th November 2016 | |
| | No. of Lots | No. of Kgs | No. of Lots | No. of Kgs | No. of Lots | No. of Kgs |
| Ex Estate | 651 | 731,967 kg | 728 | 819,822 kg | 719 | 743,836 kg |
| Main Sale Total | 6,535 | 3,252,132 kg | 8,937 | 4,548,889 kg | 8,638 | 4,284,818 kg |
| High & Medium | 571 | 267,617 kg | 779 | 367,304 kg | 754 | 360,353 kg |
| Low Growns Leafy | 2,644 | 1,188,552 kg | 3,457 | 1,588,614 kg | 3,294 | 1,447,237 kg |
| Tippy | 1,538 | 847,723 kg | 2,006 | 1,124,116 kg | 2,045 | 1,133,446 kg |
| Premium/Flowery | 353 | 69,225 kg | 465 | 96,150 kg | 544 | 105,687 kg |
| Off Grades | 1,168 | 618,176 kg | 1,761 | 917,583 kg | 1,513 | 821,293 kg |
| Dust | 261 | 260,839 kg | 469 | 455,122 kg | 488 | 416,802 kg |
| Grand Total | 7,186 | 3,984,099 kg | 9,665 | 5,368,711 kg | 9,357 | 5,028,654 kg |
| Reprints | 1 | 1,037 kg | 232 | 126,893 kg | 183 | 79,156 kg |
| Scheduled to Close (Ex) | | 24.11.16 | | 17.11.16 | | 10.11.16 |
| Dates (Ms) | | 25.11.16 | | 18.11.16 | | 11.11.16 |

**Scheduled Closing Dates**

Auction No. 48 : 05th/06th Dec. 2016

Ex Estate : 17.11.2016

Main Sale : 18.11.2016

Auction No. 49 : 14th Dec. 2016

Ex Estate : 24.11.2016

Main Sale : 25.11.2016

Auction No. 50 : 20th/21st Dec. 2016

Ex Estate : 01.12.2016

Main Sale : 02.12.2016

Auction No. 01 : 03rd/04th Jan. 2017

Ex Estate : 08.12.2016

Main Sale : 09.12.2016

(Source: John Keells Tea Brokers)

**Kenya Tea Auction (Mombasa): Sale No: 03**

| CTC QUOTATIONS | BP1 - USC | PF1 - USC | PD - USC | D1 - USC |
|---|---|---|---|---|
| Best | 340 - 435 | 400 - 470 | 385 - 430 | 400 - 434 |
| Good | 330 - 375 | 386 - 460 | 389 - 418 | 381 - 412 |
| Good Medium | 330 - 378 | 360 - 458 | 370 - 418 | 340 - 410 |
| Medium | 298 - 348 | 284 - 366 | 278 - 398 | 265 - 327 |
| Lower Medium | 164 - 301 | 195 - 270 | 215 - 258 | 214 - 240 |
| Plainer | 156 - 221 | 160 - 234 | 159 - 218 | 178 - 218 |

During the week good demand was noticed for 9,387,781 kilos of tea on offer. Brighter DUST1s were USC14 to USC20 higher with mediums were USC6 to USC36 higher. Lower Mediums were USC8 to USC28 higher. Prices of Brighter BP1's were firm up to USC18. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

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

(Source: Africa Tea Brokers)

## Indonesia Tea Auction (Jakarta): Sale No: 46

| ORTHODOX | | OFFERED | SOLD | | % |
|---|---|---|---|---|---|
| PTPN ESTATE | 9.540 | 503.820 Kg | 8.500 | 448.100 Kg | 88.94 |
| PRIVATE ESTATE | --- | --- Kg | --- | --- Kg | ---,-- |
| TOTAL | 9.540 | 503.820 Kg | 8.500 | 448.100 Kg | 88.94 |
| C.T.C | | OFFERED | SOLD | | % |
| PTPN ESTATE | 2.200 | 120.760 Kg | 2.020 | 112.060 Kg | 92.80 |
| PRIVATE ESTATE | --- | ---- Kg | --- | --- Kg | --,-- |
| TOTAL | 2.200 | 120.760 Kg | 2.020 | 112.060 Kg | 92.80 |
| GRAND TOTAL | 11.740 | 624.580 Kg | 10.520 | 560.160 Kg | 89.69 |

**(Prices in US cents/kg)**

| Orthodox First Grades | | | | | | |
|---|---|---|---|---|---|---|
| BOP.I | BOP | BOPF | PF | DUST | BT | BP |
| 176-222 | 142-195 | 125-165 | 108-184 | 118-190 | 104-120 | 260 |

| Orthodox Secondary Grades | | | | |
|---|---|---|---|---|
| PF.II | DUST.II | BT.II | BP.II | DUST.III |
| 104-144 | 123-138 | 101-112 | - | 125-135 |

| CTC First and Secondary Grades | | | | | | |
|---|---|---|---|---|---|---|
| BP.1 | PF.1 | PD | D.1 | FANN | D.2 | FNGS2 |
| 150-160 | 131-163 | 136-163 | 154-232 | 106-156 | 117-162 | - |

Market offerings declined to 11,740 paper sacks from 12,260 paper sacks. There was good demand in the market. Average price increased to USDcts 138.28 instead of USDcts 138.12 during last week’s auction. Average price of Orthodox variety increased to USDcts 137.64 and average price of CTC declined to USDcts 141.26. Secondary variety and Fannings noticed mixed tone. Quantity sold increased to 89.69% during the period compared to 71.12% during last auction.

## OFFERING FOR THE NEXT AUCTION

| PRODUCER | Orthodox | | C.T.C | |
|---|---|---|---|---|
| | 30/11/16 | 7/12/16 | 30/11/16 | 7/12/16 |
| PTPN. IV | 520 S | 840 S | - | - |
| PTPN. VI | 200 S | 160 S | 300 S | 200 S |
| PTPN. VII | 700 S | 760 S | 200 S | 400 S |
| PTPN. VIII | 6.380 S | 6.640 S | 1.240 S | 900 S |
| PTPN. IX | 480 S | 360 S | - | - |
| PTPN. XII | - S | - S | 540 S | 340 S |
| Total Estate | 8.280 S | 8.760 S | 2.280 S | 1.840 S |
| PP. London Sumatera | - S | 440 S | - S | - S |
| Total Private | - S | 440 S | - S | - S |
| Grand Total | 8.280 S | 9.200 S | 2.280 S | 1.840 S |

(Source: TEH)

**Bangladesh Tea Auction (Chittagong): Sale No: 37**
(In $/kg)

| QUOTATIONS | BROKENS | | FANNINGS |
|---|---|---|---|
| Large/Bold | 1.78 - 1.84 | Best | 2.42 - 2.55 |
| Medium | 1.84 - 1.97 | Good | 2.23 - 2.35 |
| Small | 1.91 - 2.04 | Medium | 1.84 - 1.97 |
| Plain | 1.02 - 1.21 | Plain | 1.08 - 1.33 |

Tea prices at Bangladesh tea auction noticed weak tone amid less demand for lower quality tea on offer. The average price of tea during this week's auction was around USD 2.13/kg. Around 2.76 million kg of tea was offered for sale and nearly 36 percent remained unsold.

There was some demand from blenders and loose buyers. 43,788 packages of CTC Leaf noticed fair demand. 6,824 packages of CTC Dust noticed fair demand. In CTC Dust, good liquoring varieties noticed steady tone and medium levels witnessed easy tone. Good liquoring Broken varieties noticed weak tone in the market. Good liquoring varieties in fannings noticed weak tone during the week. Good liquoring Dusts noticed firm tone during the week.

(Source: National Brokers Limited)

**WORLD CROP STATISTICS IN (Mn/kgs)**

| | | | | | Todate | Todate | Todate | Difference +/- | |
|---|---|---|---|---|---|---|---|---|---|
| | | **2014** | **2015** | **2016** | **2014** | **2015** | **2016** | **2014 vs 2015** | **2015 vs 2016** |
| Sri Lanka | Nov | 29.9 | 25.2 | 27.3 | 313.7 | 305.5 | 264.7 | -8.2 | -40.8 |
| Bangladesh | Nov | 6.3 | 7.8 | 8.8 | 59.1 | 61.7 | 77.6 | 2.6 | 15.9 |
| Kenya | Nov | 38.6 | 40.4 | 39.9 | 400.0 | 352.8 | 427.9 | -47.2 | 75.1 |
| North India | Nov | 82.8 | 94.2 | 107.9 | 923.5 | 938.4 | 979.8 | 14.9 | 41.4 |
| South India | Nov | 20.2 | 16.6 | 19.2 | 224.6 | 213.0 | 196.6 | -11.6 | -16.4 |
| Malawi | Oct | 2.3 | 1.0 | 1.4 | 43.0 | 34.9 | 36.8 | -8.1 | 1.9 |

(Source: Forbes and Walker Tea Brokers)

Global output of black tea increased to 1905.13 mkg in 2016 compared to 1853.52 mkg in 2015. Output increased following increase of 73.70 mkg in Kenya where production increased from 352.82 mkg to 426.12 mkg and Bangladesh recorded an increase of 15.01 mkg at 68.78 mkg. Indian production up to October 2016 increased by 8.72 mkg to reach 1049.31 mkg. This helped in offsetting lower production in Sri Lanka, Uganda and Tanzania. In Sri Lanka, production of tea has declined by 40.80 million kgs. to 264.70 million kgs. till November 2016 compared to same corresponding period in 2015. In North India, production has increased by nearly 4.41% and in South India, production has declined by 7.70% respectively till September 2016. Lack of sufficient rainfall has affected production in South India.

| Currency | 20-01-2017 | 13-01-2017 |
|---|---|---|
| **USD** | 68.08 | 68.18 |
| **Srilankan Rupee** | 0.4536 | 0.4548 |
| **Indonesian Rupiah** | 0.0051 | 0.0051 |
| **Kenyan Shilling** | 0.6559 | 0.6563 |
| **Bangladeshi Taka** | 0.8597 | 0.8609 |

**Overall Outlook and Recommendation:**

In the domestic market, prices noticed mixed tone. Quantity offered on sale declined during the week compared to previous week. In North India, prices declined in line with quality. Arrivals are lower as most of the factories remain closed for maintenance work. In South India, good demand for quality leaf lend support to the market. Buying interest was noticed from the loose tea buyers and exporters. 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 increased during the week compared to previous week. At Bangladesh tea auction, there was not much demand for the quality of tea on offer. There was some demand from the exporters around current levels. The future offering of tea is likely to increase at Sri Lankan tea auction in the coming week. Prices are likely to notice range –bound to weak tone in the coming days.