News Highlights.

- In 2016, Kenya's tea output increased by 16% compared to previous year. It is taking away India's tea share in the global markets like Pakistan, the UK, Egypt and Russia. Cheaper Kenyan tea has become attractive in the global markets. Indian tea is being offered at $3.07/kg and for the same quality, Kenyan tea is being offered at $2.29/kg. Indian tea industry is being affected by the rising cost of production.

- Tea output in the Nilgiris, the largest tea growing district in South India, increased by 28.37 per cent in December to 0.95 million kg compared to 0.74 mkg during the same corresponding period of previous year amid favourable weather. The total production in the current calendar year till December 2016 declined to 11.92 mkg compared to 15.45 mkg during the same corresponing period in 2015.

- Tea production has been declining in Darjeeling during the last few years amid pest attacks and lack of favourable weather in the growing regions. The Darjeeling hills, in West Bengal state, are home to 87 tea estates employing some 70,000 people, with annual turnover of £55 million a year. Less rainfall has led to pest attacks with red-spider mite, tea mosquito bug and blister blight causing major damage to the crop. Yields have declined to 8,500 tonnes a year since 2010 compared to around 10,000 tonnes. Rising labour costs, falling demand and ageing tea bushes are also hurting production according to growers.

- 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.

- 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.

- 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 kilogrammeskilograms of orthodox tea while Kenya only produces three per cent of the tea from three factories in the country.

- The Farmers Field School Programme, a three-year programme is a collaboration between the Kenyan Tea Development Agency, Unilever and the Sustainable Trade Initiative at a cost of Sh140 million. More than 85,000 small-scale tea farmers have benefited from this programme. It is designed to improve tea output and equip farmers with other income generating skills by diversifying to other crops and livestock.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 04 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	130.74	25,88,000	18,22,000
ORTHODOX	164.17	9,63,000	6,72,000
DARJEELING	-	-	-
DUST	133.56	9,40,000	7,12,000

(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 quality tea and fair for the remaining varieties. Good Sorts noticed steady tone. Buying interest was noticed from Hindustan Unilever Limited and Tata Global. In the Orthodox variety, there was fair demand in the market. There was some enquiry from Middle-East and CIS countries. Prices are likely to witness easy tone in the coming days.

Guwahati Tea Auction: Sale No: 05 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	104.61	45,44,000	32,45,000
Dust	111.25	15,91,000	11,60,000

(Source: Associated Brokers)

Prices noticed easy tone during the week. Quantity offered on sale declined during the week compared to week. Better liquoring Assams noticed steady tone. Plainer and secondary varieties witnessed mixed tone following quality. There was good demand from the internal buyers. Prices are likely to notice weak 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: 05 (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: 05 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	125.85	731443.30	690532.80
CTC Leaf	105.03	65548.00	45251.00
Orthodox Dust	100.47	16417.00	16417.00
Orthodox Leaf	140.32	133503.00	90872.00

(Source: Paramount Marketing, Coimbatore)

Prices witnessed easy tone during the week. Quantity offered on sale declined during the week compared to previous week. Buying interest was noticed from Kerala State Civil Supplies. Prices are likely to notice range – bound to weak tone in the coming week.

Coimbatore Tea Auction: Sale No: 05 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	113.76	171022.00	163328.00
CTC Leaf	105.49	111394.00	101895.00
Orthodox Dust	97.79	6565.00	6565.00
Orthodox Leaf	114.47	2396.00	1726.00

(Source: Paramount Marketing, Coimbatore)

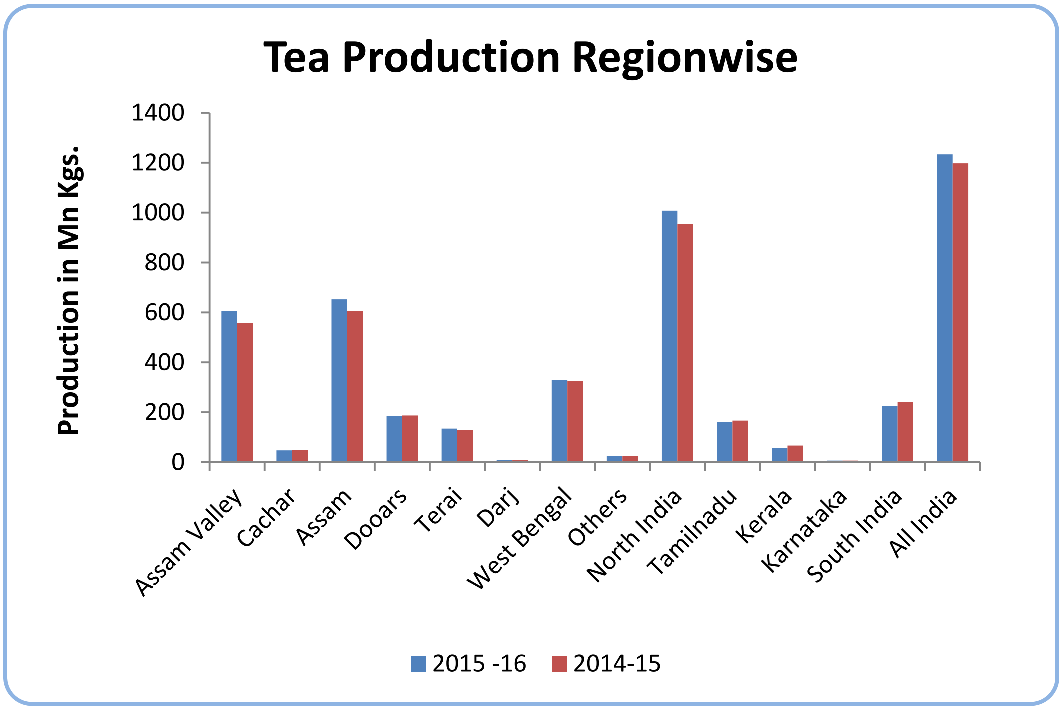
Prices noticed weak tone during the week except slight firmness in CTC Dust variety. Quantity offered on sale declined during the week compared to previous week. Good demand from blenders lent support to Dust variety. Prices are likely to witness easy tone in the near –term.

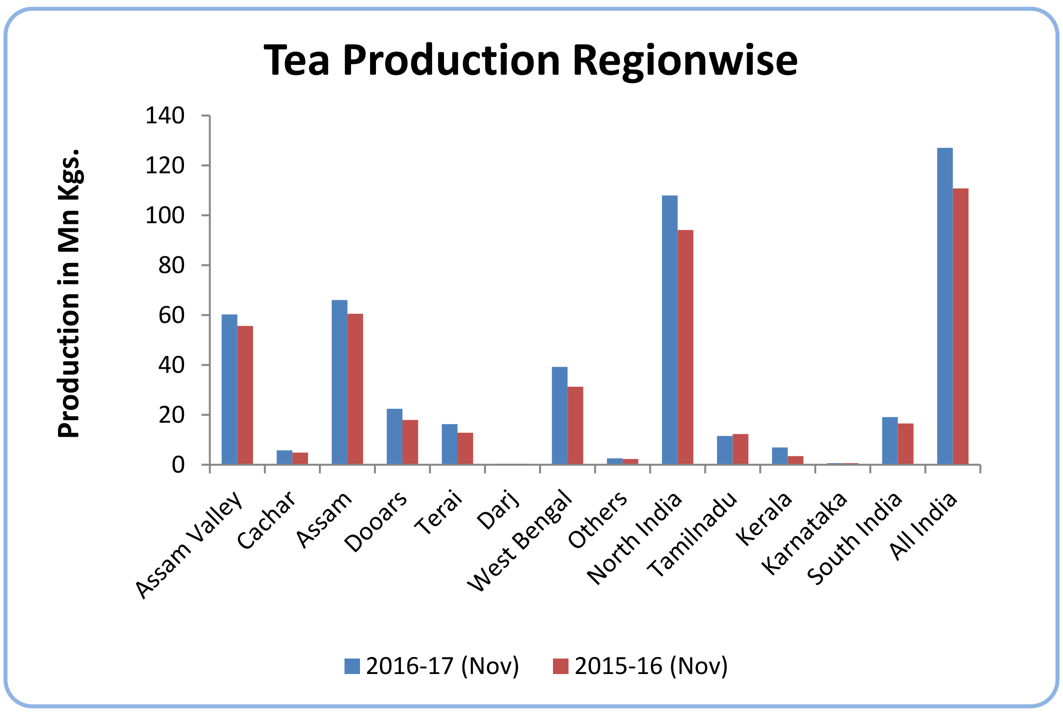
Coonoor Tea Auction: Sale No: 05 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	110.70	259019.00	245511.00
CTC Leaf	102.03	630956.60	545766.60
Orthodox Dust	113.74	36946.00	35627.00
Orthodox Leaf	125.54	62620.60	51597.40

(Source: Paramount Marketing, Coimbatore)

Prices witnessed positive tone during the week. Quantity offered on sale declined during the week compared to previous week. There was some enquiry from the exporters around current levels. Prices are likely to notice firm tone in the coming days.





(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.

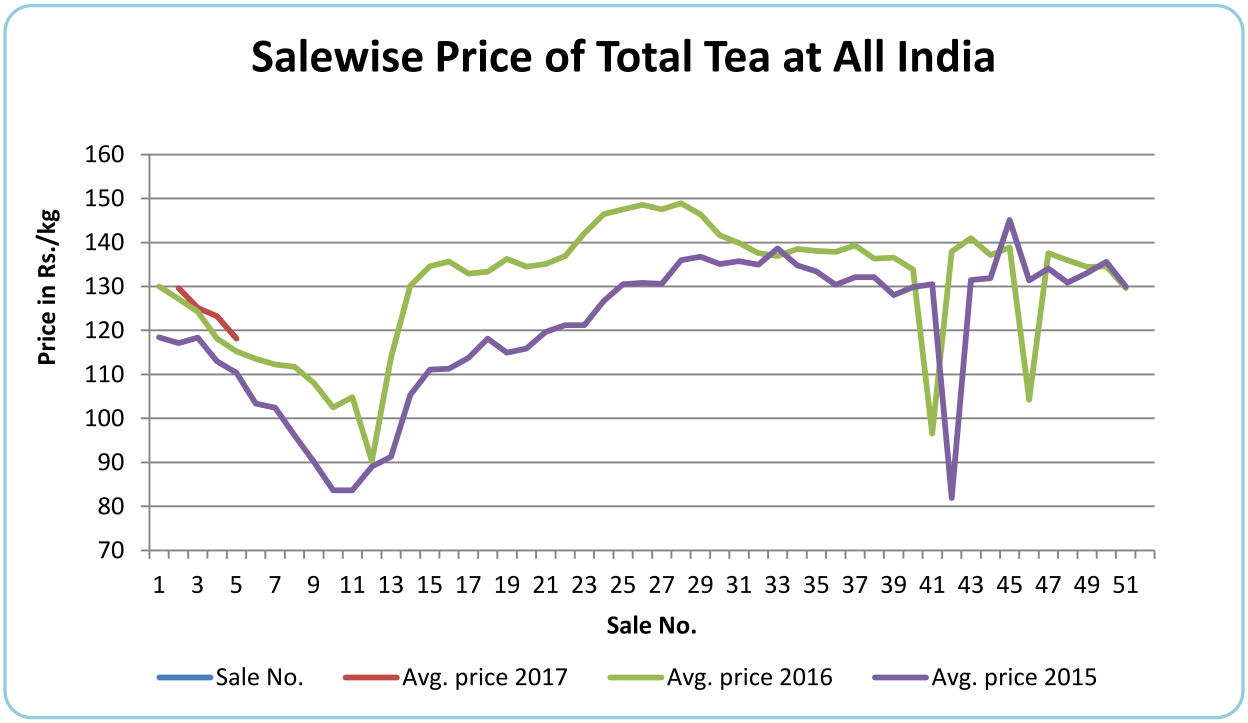
REGIONWISE QUARTERLY EXPORTS:

(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 2015, 2016 and 2017. Currently the average prices of all tea are higher compared to previous year amid lower crop arrival 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 2017-01-21

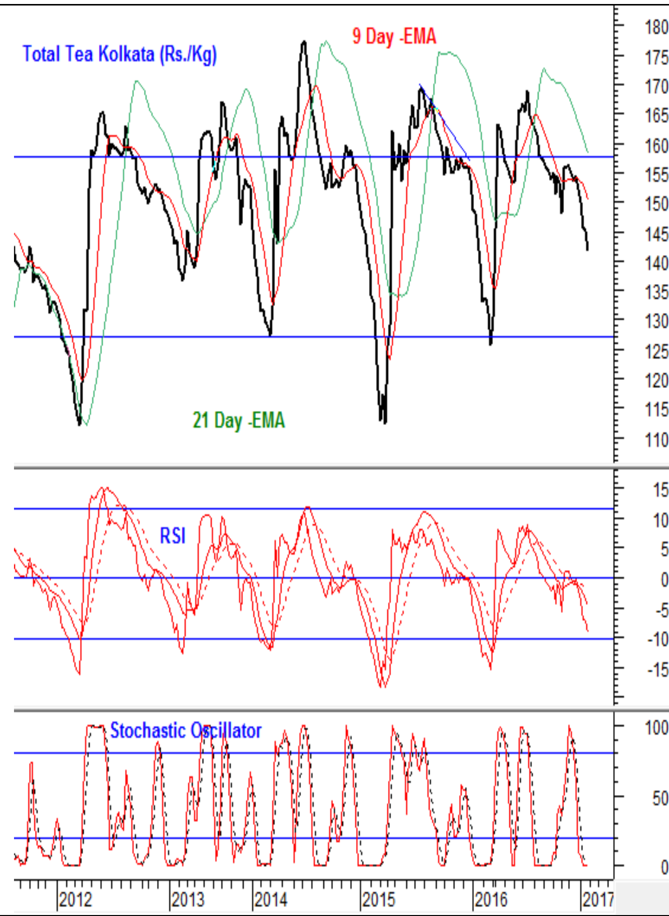
Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	131.53(122.06)	111.18(115 .69)	109.11(110.25)	NS (NS)	121.13(121.41)	105.43(10 2.74)	109.01(101.11)	99.08(80. 16)
Total Tea	138.89(123.07)	111.24(115 .74)	109.11(110.25)	NS(NS)	123.61(123.81)	106.04(10 2.88)	109.15(100.84)	99.08(80. 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	115.90 (116.26)	111.21 (108.12)	115.06 (114.56)
Total Tea	119.31 (116.67)	112.79 (110.14)	118.15 (115.21)

(Source: Tea Board)

Tea – Technical Outlook	Total Tea -Kolkata
Technical Commentary: Tea prices witnessed easy tone during the week. 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 denoting some recovery in the near –term. ***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	138.89	180.00	200.00

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 05 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	700 - 970	700 - 980
Average Westerns	650 - 690	630 - 690
Plainer Westerns	560 - 640	570 - 620
Western Mediums	610 - 820	510 - 670
Uva Teas	480 - 720	480 - 620
Nuwara Eliya Teas	500 - 880	540 - 620
Udapussellawa Teas	500 - 600	510 - 620
CTC (BP1 and PF1)	370 - 570	430 - 670

In this week's auction, 7.11 million kgs of tea was offered for sale compared to 7.70 million kgs of tea during the previous week. There was good demand for Select Best teas during the week. Better western BOP's and BOPF's noticed weak tone. High Grown and Mid Grown CTC's witnessed easy tone and Low Grown CTC's noticed weak 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 easy tone during the week. The below best and plainer variety noticed firm tone during the week. There was some demand from Russia, Syria, Turkey, Iraq, Middle-Eastern countries and Iran.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	07		06		05	
Dates	14th / 15th Feb 2017		07th / 08th Feb 2017		31stJan/01stFeb 2017	
	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs	No. of Lots	No. of Kgs
Ex Estate	868	917,781 kg	716	746,710 kg	888	1,031,200 kg
Main Sale Total	9,387	4,968,368 kg	9,543	4,978,212 kg	11,241	6,083,557 kg
High & Medium	917	447,020 kg	909	416,002 kg	1,147	547,206 kg
Low Growns Leafy	3,397	1,567,329 kg	3,624	1,693,399 kg	4,280	2,114,974 kg
Tippy	1,998	1,148,357 kg	2,082	1,200,596 kg	2,557	1,539,239 kg
Premium/Flowery	498	94,344 kg	452	89,971 kg	611	131,907 kg
Off Grades	1,940	1,088,035 kg	1,966	1,107,708 kg	2,115	1,226,997 kg
Dust	637	623,283 kg	510	470,536 kg	531	523,234 kg
Grand Total	10,255	5,886,149 kg	10,259	5,724,922 kg	12,129	7,114,757 kg
Reprints	469	289,040 kg	344	168,228 kg	322	167,233 kg
Scheduled to Close (Ex)		26.01.17		19.01.17		13.01.17
Dates (Ms)		27.01.17		20.01.17		13.01.17

Scheduled Closing Dates

Auction No. 06 : 07th/08th Feb 2017

Ex Estate : 19.01.2017

Main Sale : 20.01.2017

Auction No. 07 : 14th/15th Feb 2017

Ex Estate : 26.01.2017

Main Sale : 27.01.2017

Auction No. 08 : 21st / 22nd Feb 2017

Ex Estate : 02.02.2017

Main Sale : 03.02.2017

Auction No. 09 : 28th Feb/ 01st March 2017

Ex Estate : 09.02.2017

Main Sale : 09.02.2017

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 04

AUCTION AVERAGE PRICE

AUCTION	KENYA 2016	KENYA 2017	TOTAL 2016	TOTAL 2017
03	$ 2.73	$ 3.08	$ 2.58	$ 2.86
04	$ 2.60	$ 3.13	$ 2.47	$ 2.93
05	$ 2.55	$ 3.30	$ 2.42	$ 3.09

QUOTATIONS	BROKENS	FANNINGS	
Best	490 – 586	623 - 695	
Good	478 – 558	623 - 641	
Good Medium	460 – 543	579 - 644	
Medium	466 – 534	490 - 608	
Lower Medium	252 – 362	282 - 487	
Plain	234 – 371	219 – 383	(SL RUPEES)

During the week good demand was noticed for 8,054,484 kilos of tea on offer. Brighter DUST1s were firm to USC14 lower with mediums were firm to USC22 lower. Lower Mediums were firm USC12 to USC20. Prices of Brighter BP1's were firm to USC218 lower. 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 witnessed easy tone and Dusts noticed firm tone during the week. Other Fannings and BMF's noticed positive tone. There was good demand from Pakistan packers, Yemen, Middle-Eastern countries, U.K., Sudan and Egyptian packers. There was some demand from Kazakhstan, Bazaar, 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: 39

(In Taka/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	125-130	Best	190-205
Medium	135-150	Good	175-180
Small	150-165	Medium	135-145
Plain	70-90	Plain	80-90

Tea prices at Bangladesh tea auction noticed firm tone amid good demand for quality leaf. The average price of tea during this week's auction was around USD 2.13/kg. Around 2.58 million kg of tea was offered for sale and nearly 42 percent remained unsold.

There was some demand from blenders and Pakistan buyers. 40,141 packages of CTC Leaf noticed fair demand. 7,028 packages of CTC Dust of old season noticed fair demand. In CTC Dust, good liquoring varieties noticed steady tone and medium levels witnessed easy tone. Good liquoring Broken varieties noticed withdrawals 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)

Country	MONTH	2016	2015	CUMULATIVE	2016	2015	CUMULATIVE + INC./-DEC.
Sri Lanka	December	27.08	23.61	Up to December	292.36	328.77	- 36.41
North India	November	*107.93	94.18	Up to November	* 979.84	938.40	+ 41.44
South India	November	* 19.17	16.60	Up to November	* 196.57	212.97	- 16.40
Kenya	November	39.90	40.38	Up to November	427.90	352.82	+ 75.08
Bangladesh	November	8.8	7.8	Up to November	77.6	61.7	+ 15.9
Malawi	October	1.4	1.0	Up to October	36.8	34.9	+ 1.9

* Estimated

(Source: John Keells 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 36.41 million kgs. to 292.36 million kgs. till December 2016 compared to same corresponding period in 2015. In North India, production has increased by nearly 4.42% and in South India, production has declined by 7.70% respectively till No 2016. Lack of sufficient rainfall has affected production in South India.

Currency	03-02-2017	27-01-2017
USD	67.10	68.07
Srilankan Rupee	0.4460	0.4505
Indonesian Rupiah	0.0051	0.0051
Kenyan Shilling	0.6465	0.6546
Bangladeshi Taka	0.8439	0.8563

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. In North India, arrivals are lower and new season arrival will begin from next month. Buying interest was noticed from Hindustan Lever Limited and Tata Global. In South India, good demand for quality leaf lent support to the market. 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. Good demand for quality leaf lent support to the market. The future offering of tea is likely to increase at Sri Lankan auction in the coming week. Prices are likely to notice range –bound to firm tone in the coming days.