News Highlights.

- According to the data released by the Tea Board Of India, output of tea increased by 2.51% to 1239.15 million kg in 2016 compared to 1208.66 million kg in 2015. Favourable climatic conditions supported production in 2016. In 2016, Assam has produced 642.18 million kg in comparison to 631.22 million kg in 2015. In West Bengal, production increased to 357.47 million kg in comparison to 324.5 million kg in 2015. Production of tea in South India increased to 227.57 million kg from 212.21 million kg. in 2015.

- Indian CTC tea exports are picking up in 2017 amid drought like situation in Kenya. Tea prices at the Mombasa auction are increasing, boosting the global prices of tea of this variant. In the first nine months of the calendar year 2016 ending September 30, tea prices had declined to $2.3/kg compared to $2.7/kg during previous year amid higher production following heavy rains.

- According to data available from Africa Tea Brokers, the Kenyan CTC (crush, tear, curl) auction prices rose by 30 per cent in the January auctions at $3.31 a kg, while the average prices from April 2016 to January 2017 rose by 13.5 per cent at $3.04. Hot and dry condition is expected to prevail in Kenya till June. This will support Indian CTC tea prices in the coming days.

- The Centre is planning to appoint a new banker for financial settlements of the transactions following the all-India e-auction in tea. The module of the pan-Indian e-auction was rolled out by the Tea Board in June 2016 in the auction centres of the country. The post-auction settlement module is being implemented from September 14, 2016. There have been operational problems with this module mainly relating to reconciliation of payment. The Tea Board decided to keep the post-auction settlement process on hold with effect from October 18, 2016. The State Bank of India (SBI) and IndusInd Bank had been handling the payment settlement processes in the old e-auction process, which was centre-specific.

- 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.

- 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.

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: 06 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	104.84	42,39,000	33,85,000
Dust	108.10	16,15,000	15,23,000

(Source: Associated Brokers)

Prices noticed mixed tone during the week. Quantity offered on sale increased during the week compared to previous week. Better liquoring sorts noticed firm tone. Less withdrawal was noticed in the leaf and dust segments. There was good demand from the upcountry buyers. Prices are likely to notice range –bound to weak tone in the coming days.

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: 06 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	130.84	726331.20	696861.20
CTC Leaf	106.79	58333.00	50517.00
Orthodox Dust	98.28	10696.00	7540.00
Orthodox Leaf	148.26	127366.00	79875.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed firm tone during the week except slight weakness in Orthodox dust variety. Quantity offered on sale declined during the week compared to previous week. There was good demand from the loose tea buyers and packeteers. Prices are likely to witness positive tone in the near –term.

Coimbatore Tea Auction: Sale No: 06 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	117.91	197302.00	190682.00
CTC Leaf	106.14	101110.00	100456.00
Orthodox Dust	100.70	8174.00	8174.00
Orthodox Leaf	108.03	3518.00	3082.00

(Source: Paramount Marketing, Coimbatore)

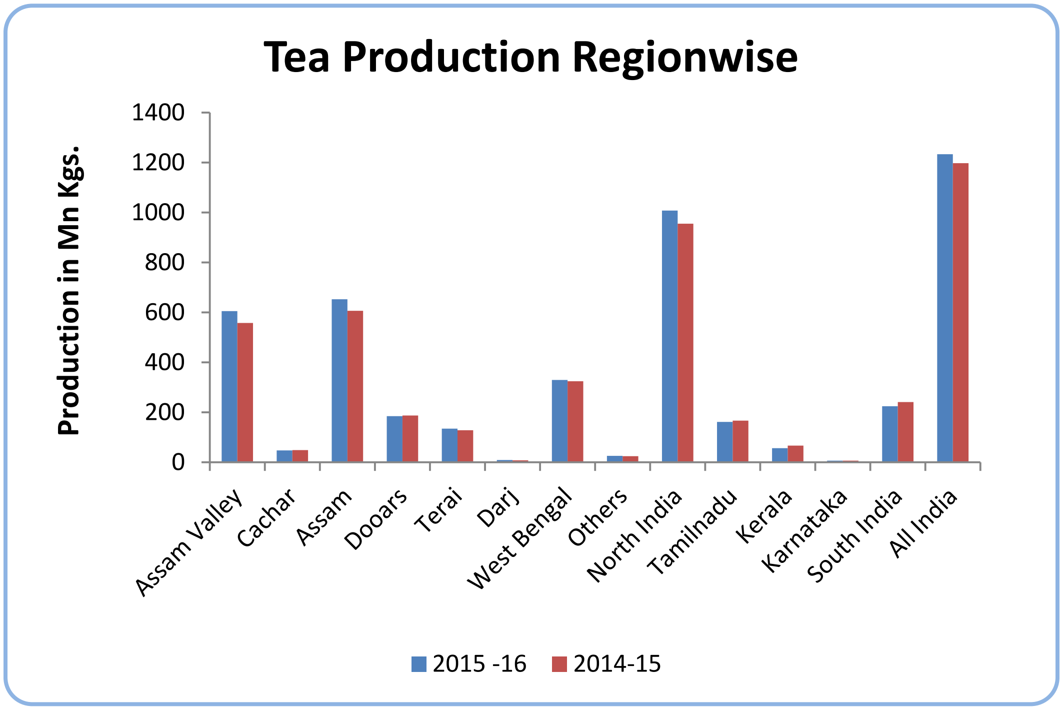
Prices witnessed positive tone the week. Quantity offered on sale declined during the week compared to previous week. There was enquiry from the exporters around current levels. Prices are likely to notice firm tone in the coming week.

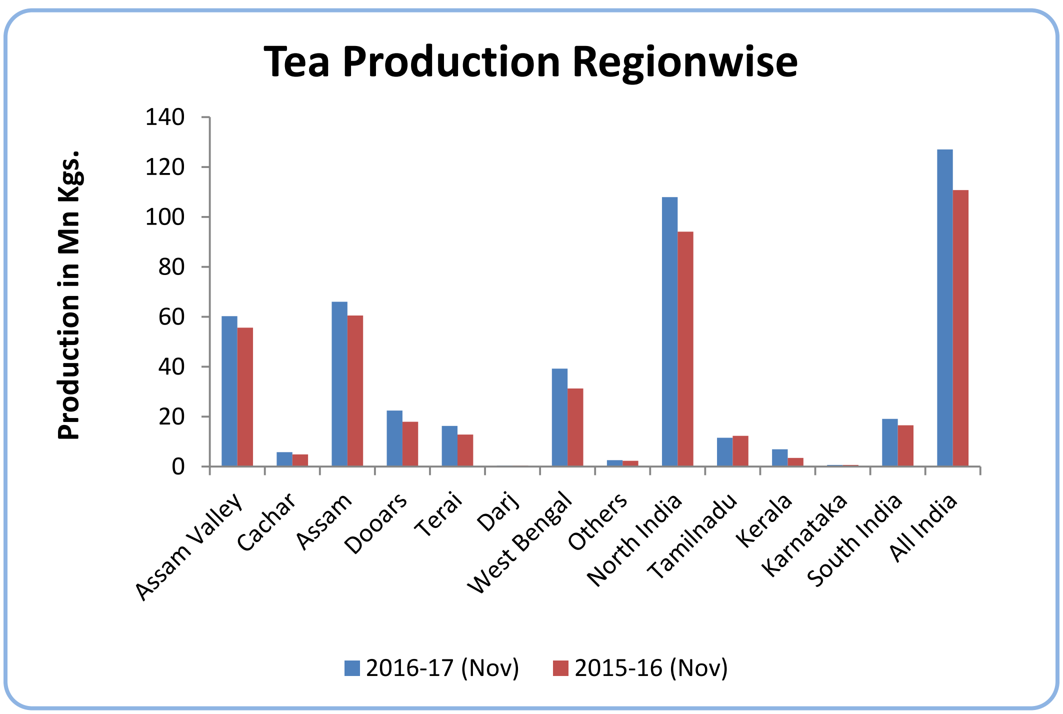
Coonoor Tea Auction: Sale No: 06 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	111.87	292124.00	261659.00
CTC Leaf	102.57	692462.00	583275.00
Orthodox Dust	117.65	31685.00	28695.00
Orthodox Leaf	129.07	43390.80	31200.20

(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. Prices are likely to witness positive tone in the near –term.





(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.

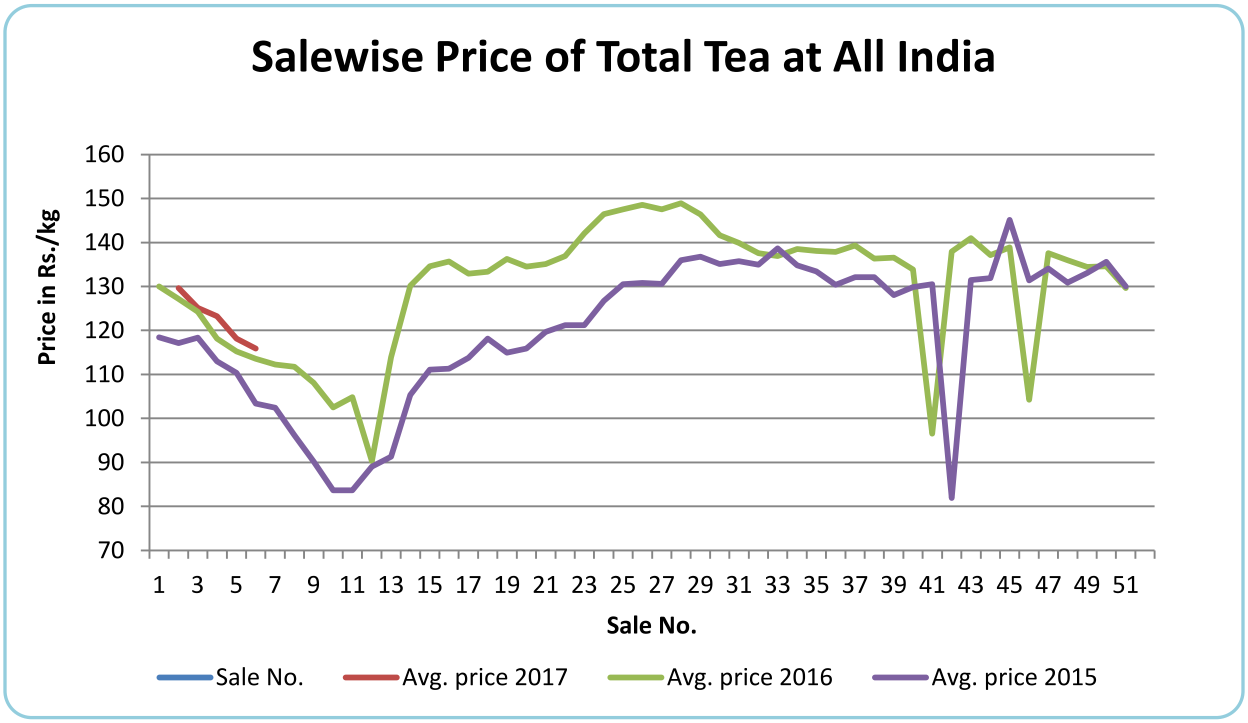
REGIONWISE QUARTERLY EXPORTS:

(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 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 2017-02-04

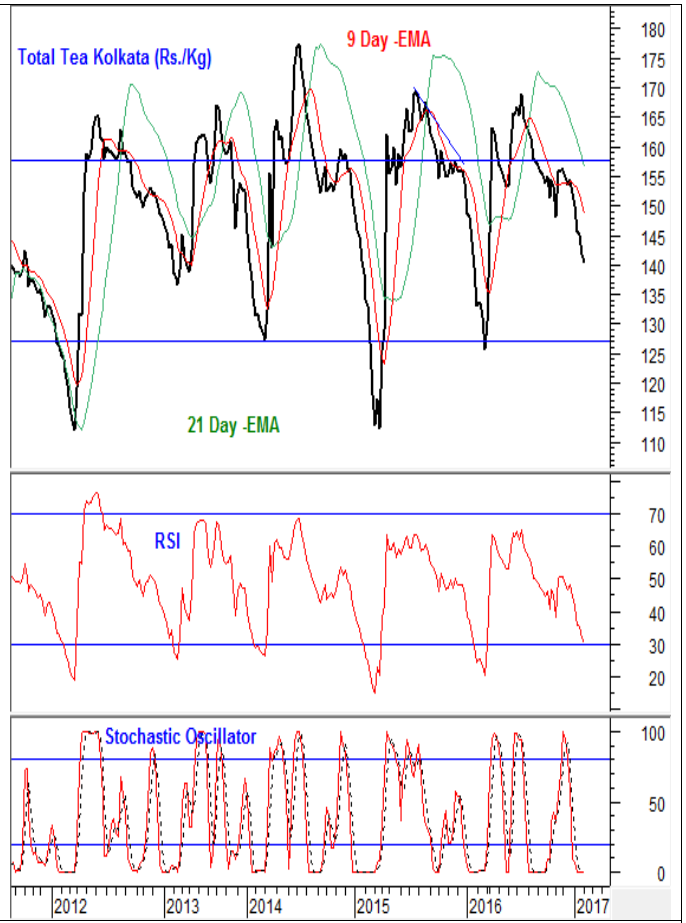
Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	129.21(117.94)	106.14(113.04)	105.52(105.48)	NS(NS)	124.04(123.56)	105.11(104.49)	110.27(103.93)	98.56(83.86)
Total Tea	136.06(123.33)	106.32(113.10)	105.52(105.48)	NS(NS)	125.80(125.89)	106.31(104.68)	110.30(103.48)	98.56(83.86)

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

Variety	North India	South India	All India
CTC All Dust	112.87 (112.20)	112.38 (109.29)	112.79 (111.53)
Total Tea	116.26 (114.32)	113.88 (111.12)	115.87 (113.54)

(Source: Tea Board)

Tea – Technical Outlook	Total Tea -Kolkata
Technical Commentary: Tea prices noticed weak tone during the week. Prices are holding below 9 –Day and 21 –Day EMA supporting the overall weak tone of the market in the medium – term. RSI is declining in the neutral region denoting weakness in the coming days. ***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	120.00	105.00	136.06	180.00	200.00

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 06 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	700 - 980	700 - 800
Average Westerns	630 - 690	600 - 690
Plainer Westerns	550 - 620	530 - 590
Western Mediums	550 - 880	510 - 650
Uva Teas	450 - 590	470 - 620
Nuwara Eliya Teas	460 - 510	570 - 600
Udapussellawa Teas	460 - 560	490 - 600
CTC (BP1 and PF1)	400 - 570	450 - 670

In this week's auction, 5.72 million kgs of tea was offered for sale compared to 7.11 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 firm tone. High Grown and Mid Grown CTC's witnessed easy tone and Low Grown CTC's witnessed 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 firm 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, Middle-Eastern countries and Iran.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	08		07		06	
Dates	21st/22nd Feb 2017 No. of Lots	No. of Kgs	14th/15th Feb 2017 No. of Lots	No. of Kgs	07th/08th Feb 2017 No. of Lots	No. of Kgs
Ex Estate	828	860,942 kg	868	917,781 kg	716	746,710 kg
Main Sale Total	9,171	4,894,467 kg	9,387	4,968,368 kg	9,543	4,978,212 kg
High & Medium	797	394,786 kg	917	447,020 kg	909	416,002 kg
Low Growns Leafy	3,468	1,581,597 kg	3,397	1,567,329 kg	3,624	1,693,399 kg
Tippy	2,015	1,160,682 kg	1,998	1,148,357 kg	2,082	1,200,596 kg
Premium/Flowery	463	85,286 kg	498	94,344 kg	452	89,971 kg
Off Grades	1,793	1,031,076 kg	1,940	1,088,035 kg	1,966	1,107,708 kg
Dust	635	641,040 kg	637	623,283 kg	510	470,536 kg
Grand Total	9,999	5,755,409 kg	10,255	5,886,149 kg	10,259	5,724,922 kg
Reprints	591	366,032 kg	469	289,040 kg	344	168,228 kg
Scheduled to Close (Ex) Dates (Ms)		02.02.17 03.02.17		26.01.17 27.01.17		19.01.17 20.01.17

Scheduled Closing Dates

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

Auction No. 10 : 07th/08th March 2017

Ex Estate : 16.02.2017

Main Sale : 17.02.2017

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 04

AUCTION AVERAGE PRICE

AUCTION	KENYA 2016	KENYA 2017	TOTAL 2016	TOTAL 2017
04	$ 2.60	$ 3.13	$ 2.47	$ 2.93
05	$ 2.55	$ 3.30	$ 2.42	$ 3.09
06	$ 2.52	$ 3.08	$ 2.39	$ 2.86

QUOTATIONS	BROKENS	FANNINGS
Best	472 – 565	568 - 645
Good	478 – 526	565 - 603
Good Medium	472 – 502	535 - 597
Medium	468 – 499	483 - 516
Lower Medium	258 – 423	309 - 446
Plain RUPEES)	237 – 319	237 - 368 (SL

During the week good demand was noticed for 7,562,742 kilos of tea on offer. Brighter DUST1s were USC12 to USC28 lower with mediums were firm to USC28 lower. Lower Mediums were USC4 to USC16 lower. Prices of Brighter BP1's were firm to USC26 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 steady tone and Dusts noticed firm tone during the week. Other Fannings and BMF's noticed positive tone. There was good demand from Pakistan packers, Middle-Eastern countries, U.K., Kazakhstan and Egyptian packers. There was some demand from Bazaar, Iran, Russia 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: 40

(In Taka/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	120-130	Best	195-205
Medium	130-150	Good	175-185
Small	140-155	Medium	130-140
Plain	80-90	Plain	75-85

Tea prices at Bangladesh tea auction noticed firm tone amid higher quantity of poor quality tea on offer. The average price of tea during this week's auction was around USD 2.50/kg. Around 2.46 million kg of tea was offered for sale and nearly 41.40 percent remained unsold.

There was some demand from blenders and loose buyers. 38,059 packages of CTC Leaf noticed fair demand. 6,869 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	December	* 47.10	42.69	Up to December	* 1026.94	981.09	+ 45.85
South India	December	* 15.64	14.60	Up to December	* 212.21	227.57	- 15.36
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 December 2016 increased by 2.51% to reach 1239.15 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 4.68% and in South India has declined by 6.75% in 2016 respectively. Lack of sufficient rainfall has affected production in South India.

Currency	10-02-2017	03-02-2017
USD	66.86	67.10
Srilankan Rupee	0.4447	0.4460
Indonesian Rupiah	0.0050	0.0051
Kenyan Shilling	0.6457	0.6465
Bangladeshi Taka	0.8442	0.8439

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 weak tone during the week. Quantity offered on sale declined during the week compared to previous week. There was demand for Select Best teas during the week. At Bangladesh tea auction prices eased amid high volume of poor quality tea on offer. The future offering of tea is likely to increase at Sri Lankan tea auction in the coming week. Prices are likely to notice positive tone in the near –term.

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