

Sri Lanka's Ceylon tea prices weak, output fall expected

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ECONOMYNEXT – Sri Lanka tea prices remained weak in the third week of July amid with slightly lower volume being sold from a week earlier, and industry expecting crop intake to fall, as rains ease and fertilizer problem starting to be felt, industry officials said.

Preliminary information from estates indicated that crop volumes may fall in the coming weeks, market participants said. There had also been quality issue in recent auctions brokers said.

There are anecdotal evidence of tea farmers experiencing problems in getting fertilizer on time after Sri Lanka banned chemical fertilizer.

On the buying side, currency problems in Turkey has also hit purchasing power.

Sri Lanka sold 6.8 million kilograms of tea in the auction of July 19 and 20, down from 7.1 million kilograms a week earlier.

It was made up of 0.95million kilograms of Ex-Estate teas (mainly high grown teas sold while in the factory itself to retain quality) and 2.8 million kilograms in Low Grown (Leafy/Tippy) teas.

Low Grown

Last week the Low Grown tea sale average was 630.10 rupees up by 7.77 rupees from a week earlier. BOPF teas maintained prices from last week.

This week, a few select BOP bests gained while the rest maintained last week's prices.

Select best FBOP/FBOP1 were firm and then eased marginally as the sale progressed. Bests and cleaner below bests gained while the rest maintained prices.

Well-made varieties and cleaner below bests FBOPF/FBOP1's in general maintained steady prices while others declined following lower quality.

High Grown

Last week, the High Grown auction average was tea sale average of 545.47 rupees.

This week in BOP teas, select best and best westerns dropped 20-30 rupees a kilogram.

Brighter below bests declined by 10-20 rupees a kilogram while the balance along with the plainer varieties held firm prices from last week.

BOP Nuwara Eliya prices were irregular following lower quality.

Better Udupussellawa's declined 20 rupees per kilogram whereas the balance were firm towards the end of the auction. Uva's maintained last week prices.

In BOPF category, a few best westerns went up by 50 rupees a kilogram while the others gained to a lesser extent.

Brighter sorts in the below best category went up by 30-50 rupees a kilogram while the balance teas along with plainer varieties were irregular. BOPF Nuwara Eliya's followed a similar trajectory to the BOP teas.

Better Udupussellawa's were irregular while the rest together with the Uva's maintained.

Medium Grown

Last week, the Medium Grown auction average was 520.13 rupees up 2.37 rupees from a week before. This week well-made OP/OPA's gained 10-20 rupees while the balance were firm and as the sale progressed, gained marginally.

BOPF better sorts were lower, brokers said, while well made BOP teas maintained and the rest declined by 20-30 rupees a kilogram.

Select Best FBOP's eased in general.

FF1's declined 10-20 rupees a kilogram,.

CTC

High grown BP1s were irregular while PF1 better teas gained 20 rupees a kilogram.

Mid grown BP1s declined 10-20 rupees a kilogram while PF1s followed a similar trend to their BP1 teas. Low grown BPIs better sorts gained 20 rupees a kilogram, while better PF1 teas gained 10 rupees while the rest were irregular.

Crop and weather

Westerns and Nuwara Eliyas recorded a slight decline in crop whilst the Uva/Udapussellawa and Low grown districts maintained, Ceylon Tea Brokers said.

A general decrease in crops were seen in the previous weeks, leading to low volumes at this week's auction.

The Department of Meteorology forecasts heavy showers with strong winds in the Nuwara Eliya region, eavy showers are expected in the Ruhuna and Sabaragumwa, in the coming week.

The Western planting districts including Nuwara Eliyas reported bright mornings with scattered evening showers. The Low grown region had bright mornings with scattered evening showers.