

Tea prices hit two-year high of Sh232 on high quality

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By GERALD ANDAE

IN SUMMARY

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The price of tea rallied to hit a two-year high as the commodity continues to record impressive gains at the weekly Mombasa auction, defying an increase in volumes. A kilo fetched \$2.10 (Sh231.78) in the review period, up from \$2.04 (Sh225.16) in last week's trading.

The good prices saw the volume of tea withdrawn from the trading floor decline to 23 percent of the total volumes from a high of 26 percent in the previous sale as traders took advantage to drive up the value.

During the trading, the volumes offered for sale increased by 280,861 kilogrammes to continue with last week's trend where the auction witnessed growth in quantities.

“There was a good general demand for the 123,777 packages (8.1 million kilos) available at irregular levels for sale with 94,532 packages (6.1 million Kilos) being sold,” said East African Tea Traders Association (Eatta).

The prices at the auction have been going up for the last two months aided by the government's directive on the reserve price. However, it recorded a marginal decline in the previous two sales before rebounding to trade at above the \$2 (Sh220.73) mark last week.

In July, the Ministry of Agriculture issued a directive that would require traders to pay a minimum reserve price for all Kenya Tea Development Agency teas at the auction following a sharp decline in prices that the government said was subjecting farmers to losses.

Multinational firms also followed suit and they have indicated that they will be setting a minimum price for their teas at the auction to cut on losses occasioned by the low cost of the commodity in the market. The good prices at the auction have now given farmers hopes of getting a good bonus at the end of the current financial year.

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