



20th September 2023

Market Summary for Sale 38 of 2023

There were 156,820 packages on offer in the M1 & M2 categories this week which was decline by 1.4% versus Sale 37 where 159,000 pkgs had been offered. There was a significant decrease in demand and absorption with buyers bidding at generally irregular firm to easier rates than last week. This week absorption 66% with 7,117,615 Kgs sold while the average hammer price was down by 4 usc at USD 1.97 per kg.

The percentage sold was 66% in Sale 38 with 7.1 M Kgs sold versus 66% in Sale 37 where 7.4 M Kgs were sold.

In Sale 38 outlots stood at 3.7 M Kgs versus 3.8 M Kgs in Sale 37, while KTDA outlots decreased by 9.2% in Sale 38 to 1.9 M Kgs from 2.1 M Kgs in Sale 37. A huge percentage of the unsold teas were teas of Uganda and Kenya Origin, primarily KTDA reprints and fresh offers (mostly from KTDA West of Rift across all the grades, KTDA East of Rift BP1s and Kenyan Estate teas). KTDA outlots in Sale 38 stood at 51% (1,898,118 Kgs) while total outlots stood at 3,706,351 Kgs.

Sale 38 vs Sale 37 Auction offerings across all the Countries: -

Offerings				
	Sale No			
Country	38	37	Variance	% Variance
Burundi	88,513	39,854	48,659	122%
Kenya	9,348,886	9,365,570	-16,683	0%
Rwanda	250,376	323,154	-72,778	-23%
Tanzania	60,152	87,978	-27,826	-32%
Uganda	1,076,039	1,168,571	-92,532	-8%
Total	10,823,966	10,985,127	(161,160)	-17%

Sale 38 Absorption across all the Countries: -

Sale No	38				
Country	Sold	Outlots	Total	% Sold	% Outlots
Burundi	54,633	33,880	88,513	62%	38%
Kenya	6,147,031	3,201,855	9,348,886	66%	34%
Rwanda	190,652	59,724	250,376	76%	24%
Tanzania	50,696	9,456	60,152	84%	16%
Uganda	674,603	401,436	1,076,039	63%	37%
Total, Kgs	7,117,615	3,706,351	10,823,966	66%	34%

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Sold teas in Sale 38 vs Sale 37 per grade: -

Status	Sold			
Kgs	Sale No			
Grade	38	37	Variance	% Variance
BP1	793,880	695,932	97,948	14%
DUST1	668,827	607,578	61,249	10%
PD	2,497,605	2,476,709	20,897	1%
PF1	3,157,304	3,493,763	-336,459	-10%
Total	7,117,615	7,273,981	-156,366	-2%

Out lots in Sale 38 vs Sale 37 per grade: -

Status	Outlots			
Kgs	Sale No			
Grade	38	37	Variance	% Variance
BP1	523,881	555,889	-32,008	-6%
DUST1	221,495	241,946	-20,451	-8%
PD	1,338,208	1,431,319	-93,111	-7%
PF1	1,622,767	1,481,992	140,775	9%
Total	3,706,351	3,711,146	-4,795	-0.13%

Price

Auction Average Price Movement Sale 38 vs Sale 37

Sale Price(\$)			
Grade	(All)		
	Sale No		
Country	38	37	Variance
Burundi	1.85	2.07	- 0.22
Kenya	2.41	2.45	- 0.04
Rwanda	3.69	3.70	- 0.01
Tanzania	1.02	0.89	0.13
Uganda	0.90	0.94	- 0.04
Average	1.97	2.01	- 0.04

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Auction Average Price Movement Per grade across all the Countries in Sale 38 vs Sale 37

Sale Price(\$)				Sale Price(\$)				Sale Price(\$)				Sale Price(\$)			
Grade	BP1			Grade	PF1			Grade	PD			Grade	DUST1		
	Sale No				Sale No				Sale No				Sale No		
Country	38	37	Variance	Country	38	37	Variance	Country	38	37	Variance	Country	38	37	Variance
Burundi		2.00		Burundi	1.85	2.08	(0.23)	Burundi	1.82	2.01	(0.19)	Burundi	1.97	2.21	(0.24)
Kenya	2.11	2.34	(0.23)	Kenya	2.58	2.61	(0.02)	Kenya	2.27	2.29	(0.02)	Kenya	2.46	2.27	0.19
Rwanda	4.34	5.27	(0.93)	Rwanda	3.52	3.38	0.14	Rwanda	3.59	3.43	0.16	Rwanda	3.07	3.26	(0.19)
Tanzania	0.92	1.06	(0.14)	Tanzania	1.01	0.85	0.15	Tanzania	1.09	1.00	0.09	Tanzania	1.08	1.24	(0.16)
Uganda	1.01	1.02	(0.01)	Uganda	0.87	0.91	(0.04)	Uganda	0.83	0.93	(0.10)	Uganda	0.91	0.95	(0.04)
Average	2.10	2.34	(0.24)	Average	1.97	1.97		Average	1.92	1.93	(0.01)	Average	1.90	1.99	(0.09)

M2: Flavory Rwanda and KTDA EoR BP1s met highly selective demand at irregularly firm to easier rates. Slower demand from Kazak, India, CIS and Sudan buyer's being out for the 3rd consecutive auction. Below best BP1s traded irregularly firm to easier rates. KTDA WoR BP1s sold firm at reserve prices supported by Pakistan packers and UK buyers. Kenyan Estates BP1s traded easier by 5-10 usc following quality with the plainer and foreign BP1s trading at firm to easier rates with some teas attracting no bids and remained out as outlots.

Flavory Rwanda PF1s continue to be sought after with very low supply and held value with most marks appreciating by 5-20 usc following quality. KTDA EoR PF1s couldn't maintain last week's upwards trend and traded irregularly steady to 10 usc easier this week but with improved absorption. KTDA WoR PF1s met reduced demand at irregularly firm rates. Kenya Estate PF1s saw a huge reduction in demand and absorption was very low versus Sale 37 with most of the teas selling easier by 5-15 usc versus last week and with most of the teas attracting no bids and remained out as outlots. This was driven by the absence of UK buyers in the auction and reduced buying by Pakistan Packers and Bazaar buyers as a result of the current currency challenges in Pakistan coupled with the border closure with Afghanistan which is impacting the demand for PF1s negatively. Medium types PF1s traded irregularly steady to 10 usc easier while plainer types traded also irregular but steady to slightly easier with the most negatively impacted being Uganda PF1s which saw a huge chunk of the PF1s taken out as outlots.

M1: The M1 auction experienced improved activity with good absorption and higher price realization but following quality. Best PDs traded irregularly firm to 5-10 usc dearer, below best up to 5 usc dearer, good mediums irregularly firm, mediums traded irregularly steady to 5-10 usc easier and plainer types traded irregularly steady to 5 usc easier. Flavory Rwanda PDs and D1s continue to be sought after with very low supply and held value with most marks appreciating by 5-20 usc following quality. The M1 catalogue received improved inquiry from Yemen, Egyptian, UK and Pakistan packers and Bazar lending some support

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The top ten Buyers in Sale 38 of 2023 are as per below: -

Sale No	38				
Status	Sold				
Sold Packages	Grade				
Buyer	BP1	DUST1	PD	PF1	Grand Total
Global Tea & Commodities Limited	1,800	1,120	4,880	9,000	16,800
Chai Trading and Company Limited	1,200	200	1,160	9,200	11,760
LAB International		2,200	5,040	2,800	10,040
James Finley Mombasa	80		7,920	1,000	9,000
Cargill (K) Ltd	2,280	200	440	4,640	7,560
Mombasa Coffee Limited	80	2,120	4,240	480	6,920
Van Rees Kenya Limited	1,040	40	880	2,800	4,760
Mizaj Africa Limited	80	280	3,480	360	4,200
Devchand Keshavji (K) ltd				3,600	3,600
Abbas Traders Limited	120	320	1,400	1,560	3,400

The movement/Variance of the Top Ten Buyers in Sale 38 vs Sale 37 2023: -

Status	Sold		
Grade	(All)		
Sold Packages	Sale No		
Buyer	38	37	Variance
Global Tea & Commodities Limited	16,800	17,600	-800
Chai Trading and Company Limited	11,760	12,760	-1,000
LAB International	10,040	7,360	2,680
James Finley Mombasa	9,000	10,000	-1,000
Cargill (K) Ltd	7,560	7,840	-280
Mombasa Coffee Limited	6,920	7,000	-80
Van Rees Kenya Limited	4,760	2,760	2,000
Mizaj Africa Limited	4,200	4,200	
Devchand Keshavji (K) ltd	3,600	5,120	-1,520
Abbas Traders Limited	3,400	2,680	720

Weather and Crop

Weather conditions in the tea growing areas remain normal for the time of the year. Rainfall was recorded in most parts on both sides of the Rift valley and in the tea growing areas giving conducive conditions for tea bush growth. Crop harvest has slightly increased.

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The Kenya July 2023 Crop figures were released and production increased significantly by 10.69 M Kgs to 44.69 M kgs vs 34 M kgs same month in 2022. Production for the Month of July 2023 was lower by 3.4 M Kgs compared with 48.12 M Kgs for the Month of June 2023 due to the cold weather conditions experienced in the month of July. Due to the favorable weather conditions in the months of April to July 2023, production for the first seven months of 2023 is higher by 13.09 M kgs to stand at 318.34 M kgs against 305.24 M kgs recorded during the same period in 2022.

Sub-Sector	Region	Jul-23	Jul-22	Var, Kgs	Var, %	Jan-July 2023	Jan-July 2022	Var, Kgs	Var, %
Plantations	West of Rift	25,084,972	20,559,460	4,525,512	22.01%	149,884,493	133,165,507	16,718,986	12.56%
	East of Rift	1,418,134	720,558	697,576	96.81%	10,901,547	9,974,623	926,924	9.29%
Total		<u>26,503,106</u>	<u>21,280,018</u>	<u>5,223,088</u>	<u>24.54%</u>	<u>160,786,040</u>	<u>143,140,130</u>	<u>17,645,910</u>	<u>12.33%</u>
Smallholder	West of Rift	10,051,975	7,506,353	2,545,622	33.91%	68,468,698	72,891,440	-4,422,742	-6.07%
	East of Rift	8,141,534	5,217,096	2,924,438	56.05%	89,085,316	89,212,446	-127,130	-0.14%
Total		<u>18,193,509</u>	<u>12,723,449</u>	<u>5,470,060</u>	<u>42.99%</u>	<u>157,554,014</u>	<u>162,103,886</u>	<u>-4,549,872</u>	<u>-2.81%</u>
Smallholder & Plantations	West of Rift	35,136,947	28,065,813	7,071,134	25.19%	218,353,192	206,056,947	12,296,245	5.97%
	East of Rift	9,559,668	5,937,654	3,622,014	61.00%	99,986,862	99,187,068	799,794	0.81%
Totals		<u>44,696,615</u>	<u>34,003,467</u>	<u>10,693,148</u>	<u>31.45%</u>	<u>318,340,054</u>	<u>305,244,015</u>	<u>13,096,039</u>	<u>4.29%</u>

Upcoming Auction: Sale 39 of 2023

Currently the demand for teas across all the categories and from all the buyers remains subdued resulting in reduced absorption and increased outlots especially on PF1 teas. Demand is expected to continue being erratic, selective and following quality to all the tea destinations.

The current currency challenges in Pakistan coupled with the border closure with Afghanistan will impact the demand, absorption and price realization for the PF1 teas but with Egyptian buyers slightly improving their buying for this week but are bidding at easier rates in the M1 catalogue. For now, we recommend selling the teas at the best market price available due to the uncertainty in prices, demand and increased volumes from Kenya Producers.

Sale No.	39	40
Fresh teas, PKgs	139,034	139,700
Reprinted teas, PKgs	38,000	46,820
Total	<u>177,034</u>	<u>186,520</u>
Fresh teas, Kgs	9,424,047	9,442,816
Reprinted teas, Kgs	2,561,902	3,173,577
Total	<u>11,985,949</u>	<u>12,616,393</u>