ATLAS TEA BROKERS LTD

Sec,1 M.Nyali,(off Links Shell Petro Station)
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10th January 2024

Market Summary for Sale 02 of 2024

There were 16,336,258 Kgs on offer in all the categories in Sale 02 of 2024 vs Sale 01 of 2024 where 15,042,753 Kgs had been offered which was an increase by 8.6%. There was reduced demand and absorption with buyers bidding at generally irregular rates than last auction and buying high volumes than last week with absorption increasing by 4.94%. This week absorption stood at 62% with 10,090,401 Kgs sold while the average hammer price was down by 2 usc at USD 1.86 per kg.

The percentage sold was 62% in Sale 02/2024 with 10 M Kgs sold versus 64% in Sale 01/2024 where 9.6 M Kgs were sold which was an increase by 4.94%.
In Sale 02 outlots increased by 14.42% to 6.2 M Kgs versus 5.5 M Kgs in Sale 01, while KTDA outlots increased significantly by 21.36% in Sale 02 to 4.8 M Kgs from 3.9 M Kgs in Sale 01/2024.
A huge percentage of the unsold teas were teas of Rwanda, 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 PF1 and PD and Dust 1 teas.

Sale 02/2024 vs Sale 01/2024 Auction offerings across all the Countries: -

Offerings				
	Sale No			
Country	2	1	Variance, Kgs	Variance, %
Burundi	109,296	92,724	16,572	18%
Kenya	13,937,209	12,674,424	1,262,785	10%
Rwanda	718,632	655,844	62,788	10%
Tanzania	209,656	81,684	127,972	157%
Uganda	1,361,465	1,538,077	-176,612	-11%
Total, Kgs	16,336,258	15,042,753	1,293,505	8.60%

Sale 02/2024 Absorption across all the Countries: -

Sale No	2				
Country	Sold	Outlots	Total	% Sold	% Outlots
Burundi	60,152	49,144	109,296	55%	45%
Kenya	8,235,066	5,702,143	13,937,209	59%	41%
Rwanda	536,440	182,192	718,632	75%	25%
Tanzania	153,724	55,932	209,656	73%	27%
Uganda	1,105,019	256,446	1,361,465	81%	19%
Total, Kgs	10,090,401	6,245,857	16,336,258	62%	38%

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Sale 02/2024 vs Sale 01/2024 Auction Absorption across all the Countries: -

Absorption				
	Sale No			
Country	2	1	Variance, Kgs	Variance, %
Burundi	60,152	83,641	-23,489	-28%
Kenya	8,235,066	7,675,232	559,834	7%
Rwanda	536,440	479,284	57,156	12%
Tanzania	153,724	61,472	92,252	150%
Uganda	1,105,019	1,315,784	-210,765	-16%
Total, Kgs	10,090,401	9,615,413	474,988	4.94%

Sale 02/2024 vs Sale 01/2024 Auction Outlots across all the Countries: -

Outlots				
	Sale No			
Country	2	1	Variance, Kgs	Variance, %
Burundi	49,144	9,083	40,061	441%
Kenya	5,702,143	5,029,568	672,575	13%
Rwanda	182,192	177,656	4,536	3%
Tanzania	55,932	20,212	35,720	177%
Uganda	256,446	222,293	34,153	15%
Total, Kgs	6,245,857	5,458,812	787,045	14.42%

Main Grade Teas Sold in Sale 02/2024 vs Sale 01/2024 per grade: -

Status	Sold			
Kgs	Sale No			
Grade	2	1	Variance, Kgs	Variance, %
BP1	936,452	841,568	94,884	11.27%
DUST1	885,412	896,125	(10,713)	-1.20%
PD	3,255,410	2,789,584	465,826	16.70%
PF1	4,081,155	4,046,040	35,115	0.87%
Total, Kgs	9,158,429	8,573,317	585,112	6.82%

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Main Grade Out Lots Teas in Sale 02/2024 vs Sale 01/2024 per grade: -

Status	Outlots			
Weight (Kgs)	Sale No			
Grade	2	1	Variance, Kgs	Variance %
BP1	1,281,326	887,879	393,447	44%
DUST1	355,912	250,104	105,808	42%
PD	1,556,455	1,284,668	271,787	21%
PF1	2,731,935	2,815,654	(83,719)	-2.97%
Total, Kgs	5,925,628	5,238,305	687,323	13.12%

Price

Auction Average Price Movement Sale 02/2024 vs Sale 01/20234

Sale Price($)			
Grade	(All)		
	Sale No		
Country	2	1	Variance
Burundi	2.05	2.19	(0.14)
Kenya	2.34	2.30	0.04
Rwanda	3.20	3.24	(0.05)
Tanzania	0.89	0.86	0.03
Uganda	0.84	0.82	0.02
Average	1.86	1.88	(0.02)

Auction Average Price Movement Per grade across all the Countries in Sale 02 vs Sale 01/2024

Grade	BP1		
Sale Price($)			
	Sale No		
Country	2	1	Variance
Burundi	2.02	2.20	(0.18)
Kenya	2.15	2.01	0.14
Rwanda	3.30	3.20	0.10
Tanzania	0.81	0.90	(0.09)
Uganda	0.92	0.91	0.01
Average	1.84	1.84	

Grade	PF1		
Sale Price($)			
	Sale No		
Country	2	1	Variance
Burundi	2.06	2.21	(0.15)
Kenya	2.46	2.45	0.01
Rwanda	2.97	3.10	(0.14)
Tanzania	0.79	0.72	0.06
Uganda	0.65	0.66	(0.01)
Average	1.78	1.83	(0.04)

Grade	PD		
Sale Price($)			
	Sale No		
Country	2	1	Variance
Burundi	2.01	2.05	(0.05)
Kenya	2.22	2.09	0.13
Rwanda	3.52	3.59	(0.07)
Tanzania	0.96	0.95	0.01
Uganda	0.99	0.89	0.10
Average	1.94	1.91	0.03

Grade	DUST1		
Sale Price($)			
	Sale No		
Country	2	1	Variance
Burundi	2.36	2.39	(0.03)
Kenya	2.34	2.47	(0.12)
Rwanda	3.30	3.27	0.03
Tanzania	0.95	0.86	0.09
Uganda	1.00	0.93	0.06
Average	1.99	1.98	0.01

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M2: Flavory KTDA East of Rift valley and Rwanda BP1s traded irregularly firm to easier with selective interest from Pakistan and Egypt while Kazak and CIS buyers slowed down for the second week. KTDA West of Rift valley BP1s sold firm at the reserve prices, with support being led by UAE, UK and Pakistan packers. Kenya Estate High taste and medium BP1s traded firm to dearer by up to 40 usc following quality supported by Pakistan packers while the plainer types BP1s traded irregularly firm to easier rates supported by South Sudan and local buyers.

KTDA East of Rift valley PF1s continued to trade at easier rates for the second week, selling easier by up to 30 usc due to the high supply coupled with reduced demand from the Key Pakistan packers, Bazaar, Afghan, UK and Japan buyers. High taste Rwanda PF1s lost momentum this week with the demand being highly selective following quality and the realized prices being irregular and with some teas remaining unsold due to lack of bids. KTDA West of Rift valley PF1s sold firm at reserve prices with low demand from Afghan, Bazaar, Pakistan and UK packers and with a huge volume of both fresh and reprinted teas remaining unsold. Kenya Estate PF1s recorded an improved absorption and realized prices with support from Pakistan packers, Bazaar, UK and Egyptian Buyers.

M1: The dust auction met highly irregular demand and prices realization being below last week's levels by up to 40 usc. KTDA East of Rift valley and High taste Rwanda PDs and Dust1 teas traded at easier rates by up to 40 usc. They were supported by Pakistan packers, Yemen, UK and Egypt buyers. Kenya Estate High taste and medium taste PDs and Dust 1 teas this week traded at easier rates than week but with improved absorption supported by UK, Pakistan packers and Egypt buyers.

Upcoming Auction: Sale 03 of 2024

Demand is expected to continue being erratic, selective and following quality to all the tea destinations. The ongoing Israel-Palestine war has resulted to the disruption of shipments of teas from Mombasa to various shipment destinations with the Yemen being the most impacted currently which resulted to a significant decrease in their purchases this week, and is expected to negatively impact on the upcoming auctions. The directive by the Pakistan Government on Afghanistan transit cargo which has restricted black teas transit through Pakistan and the currency challenges in Pakistan coupled will continue to impact the demand, absorption and price realization for all the teas negatively. Egyptian buyers significantly improved their buying this week and were bidding at firm to dearer rates in the M1 catalogue. For now, we recommend selling the teas at the best market price available due to the uncertainty in prices, reduced demand and increased volumes from Kenya Producers due to the favorable growing conditions.

The drop in price is as a result of huge supply of teas in the auction coupled with reduced demand from the key buyers, as buyers anticipate huge printing of teas in the coming auctions. For instance, in Sale 04 of 2024 20 Million Kgs is being offered which is an increase 25.3% from Sale 03/2024 where 15.9 Million Kgs. Although most of the tea consuming countries are experiencing winter conditions which may result into increased tea consumption in these countries, the expected increase in demand for tea may be too low compared to the increase in supply of tea which may impact on the price realization in the auction.

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The top ten Buyers in Sale 02 of 2024 are as per below: -

Status	Sold				
Sale No	2				
Sold Packages	Category				
Buyer	M1	M2	M3	S1	Grand Total
CHAI TRADING COMPANY LIMITED	4,480	11,761	2,920	600	19,761
CARGILL KENYA LTD	5,480	8,040	3,960		17,480
GLOBAL TEA & COMMODITIES (K) LTD	4,840	5,080	3,120	2,680	15,720
SSOE (KENYA) LTD	3,280	5,320	2,040	340	10,980
JAMES FINLAY MOMBASA LTD	7,200	2,200	40	40	9,480
LAB INTERNATIONAL (K) LTD	6,700	2,320	280	40	9,340
DEVCHAND KESHAVJI (KENYA) LTD		7,560			7,560
MOMBASA COFFEE LTD	6,600	240	160	360	7,360
MJ CLARKE LTD	2,120	1,480		1,660	5,260
MIZAJ AFRICA LIMITED	3,720	1,520			5,240

The movement/Variance of the Top Ten Buyers in Sale 02/2024 vs Sale 01/2024: -

Status	Sold		
Category			
Sold Packages	Sale No		
Buyer	2	1	Variance
CHAI TRADING COMPANY LIMITED	19,761	11,440	8,321
CARGILL KENYA LTD	17,480	11,520	5,960
GLOBAL TEA & COMMODITIES (K) LTD	15,720	20,480	(4,760)
SSOE (KENYA) LTD	10,980	10,040	940
JAMES FINLAY MOMBASA LTD	9,480	10,720	(1,240)
LAB INTERNATIONAL (K) LTD	9,340	15,400	(6,060)
DEVCHAND KESHAVJI (KENYA) LTD	7,560	6,160	1,400
MOMBASA COFFEE LTD	7,360	6,640	720
MJ CLARKE LTD	5,260	2,360	2,900
MIZAJ AFRICA LIMITED	5,240	5,119	121

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Weather and Crop

Rainfall with isolated storms were recorded in several parts of the Highlands both East and West of the Rift Valley. Morning rains as well as afternoon and night showers were recorded over few places. Daytime temperatures decreased in most stations while night-time temperature increased in most stations. The crop being harvested is at season's level.

The Kenya September 2023 Crop figures were released and production improved significantly by 9.96 M Kgs from 38.34 M Kgs recorded during the same period last year to 48.30 M Kgs in September 2023, this represents a 26.01 % growth which is attributed to moderate and well distributed rainfall received coupled with warm temperatures recorded in the tea growing areas in the Highlands West of the Rift Valley and some parts of the Central and South of the Rift Valley..
Due to the favorable weather conditions during the period between April and September 2023, cumulative output for the first nine months of the year 2023 was higher by 32.58 M kgs to stand at 412.22 M kgs against 379.64 M kgs recorded during the same period in 2022 which represents increased production by 8.58%.

Sub-Sector	Region	Sep-23	Sep-22	Var, Kgs	Var, %	Jan-Sept 2023	Jan-Sept 2022	Var, Kgs	Var, %
Plantations	West of Rift	22,700,107	18,361,321	4,338,786	23.63%	198,525,451	173,183,261	25,342,190	14.63%
	East of Rift	2,159,864	1,118,332	1,041,532	93.13%	14,572,790	12,011,811	2,560,979	21.32%
	Total	24,859,971	19,479,653	5,380,318	27.62%	213,098,241	185,195,072	27,903,169	15.07%
Smallholder	West of Rift	8,414,226	7,663,731	750,495	9.79%	86,598,426	88,130,163	(1,531,737)	-1.74%
	East of Rift	15,034,118	11,192,976	3,841,142	34.32%	112,529,356	106,315,966	6,213,390	5.84%
	Total	23,448,344	18,856,707	4,591,637	24.35%	199,127,782	194,446,129	4,681,653	2.41%
Smallholder & Plantations	West of Rift	31,114,333	26,025,052	5,089,281	19.56%	285,123,878	261,313,424	23,810,454	9.11%
	East of Rift	17,193,982	12,311,308	4,882,674	39.66%	127,102,145	118,327,776	8,774,369	7.42%
	Total	48,308,315	38,336,360	9,971,955	26.01%	412,226,023	379,641,200	32,584,823	8.58%

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Auction Closing Figures for Sale 04 vs Sale 03 of 2024: -

Sale No.	4	3	Variance, Kgs	Variance, %
Fresh teas, Pkgs	191,039	167,860	23,179	13.81%
Reprinted teas, Pkgs	106,260	104,820	1,440	1.37%
Total	297,299	236,210	61,089	25.86%
Fresh teas, Kgs	12,867,545	11,363,363	1,504,182	13.24%
Reprinted teas, Kgs	7,147,580	7,057,798	89,782	1.27%
Total	20,015,125	15,979,884	4,035,241	25.25%

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