ATLAS TEA BROKERS LTD

Sec,1 M.Nyali,(off Links Shell Petro Station)
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5th October 2023

Market Summary for Sale 40 of 2023

There were 169,120 packages on offer in the M1 & M2 categories this week which was an increase by 6.22% versus Sale 39 where 159,220 pkgs had been offered. There was fair demand and absorption with buyers bidding at generally irregular firm to easier rates than last week. This week absorption 65% with 7,564,631 Kgs sold while the average hammer price is down by 10 usc at USD 1.92 per kg.

The percentage sold was 65% in Sale 40 with 7.6 M Kgs sold versus 67% in Sale 39 where 7.4 M Kgs were sold.

In Sale 40 outlots stood at 4.1 M Kgs versus 3.6 M Kgs in Sale 39, while KTDA outlots increased by 15% in Sale 40 to 2.4 M Kgs from 2.1 M Kgs in Sale 39. 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 teas.

Sale 40 vs Sale 39 Auction offerings across all the Countries: -

Offerings				
	Sale No			
Country	40	39	Variance	Variance %
Burundi	23,284	46,210	-22,926	-50%
Kenya	10,249,109	9,678,293	570,816	6%
Rwanda	218,300	226,446	-8,146	-4%
Tanzania	36,864	63,548	-26,684	-42%
Uganda	1,142,499	1,010,100	132,400	13%
Total, Kgs	11,670,056	11,024,597	645,460	5.85%

Sale 40 Absorption across all the Countries: -

Sale No	40				
Country	Sold	Outlots	Total	% Sold	% Outlots
Burundi	17,932	5,352	23,284	77%	23%
Kenya	6,617,323	3,631,786	10,249,109	65%	35%
Rwanda	140,580	77,720	218,300	64%	36%
Tanzania	29,812	7,052	36,864	81%	19%
Uganda	758,983	383,516	1,142,499	66%	34%
Total, Kgs	7,564,631	4,105,426	11,670,056	65%	35%

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Sold teas in Sale 40 vs Sale 39 per grade: -

Status	Sold			
Kgs	Sale No			
Grade	40	39	Variance	Variance %
BP1	763,113	705,011	58,102	8.24%
DUST1	641,857	739,743	(97,886)	-13.23%
PD	2,777,346	2,721,175	56,171	2.06%
PF1	3,382,315	3,251,886	130,429	4.01%
Total, Kgs	7,564,631	7,417,814	146,816	1.98%

Out lots in Sale 40 vs Sale 39 per grade: -

Status	Outlots			
Sum of Net Weight	Sale No			
Grade	40	39	Variance	Variance %
BP1	486,000	424,437	61,563	15%
DUST1	350,477	180,600	169,877	94%
PD	1,377,709	1,116,197	261,512	23%
PF1	1,891,240	1,885,548	5,692	0.30%
Total, Kgs	4,105,466	3,606,821	498,644	14%

Price

Auction Average Price Movement Sale 40 vs Sale 39

Sale Price($)			
Grade	(All)		
	Sale No		
Country	40	39	Variance
Burundi	1.88	2.08	(0.20)
Kenya	2.35	2.43	(0.08)
Rwanda	3.68	3.82	(0.14)
Tanzania	0.84	0.91	(0.07)
Uganda	0.84	0.84	(0.01)
Average	1.92	2.02	(0.10)

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Auction Average Price Movement Per grade across all the Countries in Sale 40 vs Sale 39

Grade	BP1		
Sale Price($)			
	Sale No		
Country	40	39	Variance
Burundi	1.59	2.00	(0.42)
Kenya	2.12	2.18	(0.06)
Rwanda	4.29	4.64	(0.35)
Tanzania	1.04	1.04	
Uganda	1.01	0.91	0.09
Average	2.01	2.15	(0.15)

Grade	PF1		
Sale Price($)			
	Sale No		
Country	40	39	Variance
Burundi	2.00	2.04	(0.04)
Kenya	2.44	2.53	(0.09)
Rwanda	3.46	3.40	0.06
Tanzania	0.76	0.87	(0.11)
Uganda	0.82	0.88	(0.06)
Average	1.90	1.95	(0.05)

Grade	PD		
Sale Price($)			
	Sale No		
Country	40	39	Variance
Burundi	2.00	2.01	(0.01)
Kenya	2.28	2.38	(0.09)
Rwanda	3.69	3.77	(0.08)
Tanzania		0.94	(0.94)
Uganda	0.78	0.79	(0.01)
Average	2.19	1.98	

Grade	DUST1		
Sale Price($)			
	Sale No		
Country	40	39	Variance
Burundi		2.23	
Kenya	2.33	2.34	(0.01)
Rwanda	3.21	3.27	(0.06)
Tanzania	1.22	0.99	0.24
Uganda	0.85	0.85	
Average	1.90	1.93	(0.03)

M2: The BP1 prices eased across all the categories. Demand for flavory Rwanda, Kenya Estates and KTDA EoR BP1s significantly reduced with few lots selling following quality, the significant reduction in demand is from Kazak, CIS, Egypt & India buyers with most of these BP1s selling at irregularly easier rates and with some attracting no bids and remained as outlots. Below best BP1s traded firm, while KTDA WoR BP1s traded firm but at reserve prices. Mediums traded irregularly firm, where sold while plainer types also traded firm.
Selected Rwanda PF1s traded dearer by 10-20 usc while the rest of Rwanda and KTDA EoR PF1s traded irregularly easier by 5-10 usc. KTDA WoR PF1s traded firm at the reserve prices where sold while Kenyan Estates and Tanzania PF1s sold easier 5-15 usc, demand was highly selective following quality and with most of the teas attracting very low bids and most going out as outlots.
Demand for PF1s teas remains very low for the third week due to the current currency challenges in Pakistan, the border closure with Afghanistan which is negatively is of influence for demand and price realization as buyers are stuck with unshipped teas in Mombasa.

M1: The Dust auction met reduced demand this week. Best PDs traded irregularly firm to easier by 5-10 usc, below best irregularly firm while good mediums traded irregularly steady at reserve prices. Medium PDs quality types remained firm while the remainder traded irregular and up to 5-10 usc easier than last week. Plainer PDs traded irregularly steady to easier by 5-10 usc with Uganda and Tanzania teas most negatively impacted with most of the teas selling below 1 usd per Kg.

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The top ten Buyers in Sale 40 of 2023 are as per below: -

Status	Sold				
Sale No	40				
Sold Packages	Grade				
Buyer	BP1	DUST1	PD	PF1	Grand Total
Chai Trading Company Ltd	2,600	960	4,040	10,360	17,960
Global Teas and Commodities	1,680	1,440	4,240	10,000	17,360
LAB International	120	1,640	6,400	3,040	11,200
Cargill Kenya Limited	2,160		2,080	5,320	9,560
James Finlay Mombasa Ltd	400		4,920	1,240	6,560
Mombasa Coffee Ltd	80	1,840	3,520	600	6,040
MJ Clarke Ltd		360	4,200	400	4,960
Devchand Keshavji (K) Ltd				3,720	3,720
Mizaj Africa Ltd		40	2,760	880	3,680
Imperial Teas Ltd		1,000	2,360	240	3,600

The movement/Variance of the Top Ten Buyers in Sale 40 vs Sale 39 2023: -

Status	Sold		
Grade			
Sold Packages	Sale No		
Buyer	40	39	Variance
Chai Trading Company Ltd	17,960	17,480	480
Global Teas and Commodities Ltd	17,360	17,480	(120)
LAB International	11,200	11,960	(760)
Cargill Kenya Limited	9,560	8,120	1,440
James Finlay Mombasa Ltd	6,560	6,300	260
Mombasa Coffee Ltd	6,040	7,240	(1,200)
MJ Clarke Ltd	4,960	6,260	(1,300)
Devchand Keshavji (K) Ltd	3,720	3,440	280
Mizaj Africa Ltd	3,680	3,560	120
Imperial Teas Ltd	3,600	560	3,040

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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.

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		26,503,106	21,280,018	5,223,088	24.54%	160,786,040	143,140,130	17,645,910	12.33%
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		18,193,509	12,723,449	5,470,060	42.99%	157,554,014	162,103,886	-4,549,872	-2.81%
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		44,696,615	34,003,467	10,693,148	31.45%	318,340,054	305,244,015	13,096,039	4.29%

Upcoming Auction: Sale 41 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 new 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 slightly improved their buying for this week but are bidding at irregular 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.

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