

The Cochin Dispatch

Dust Sale No. 7 • 11 February 2014



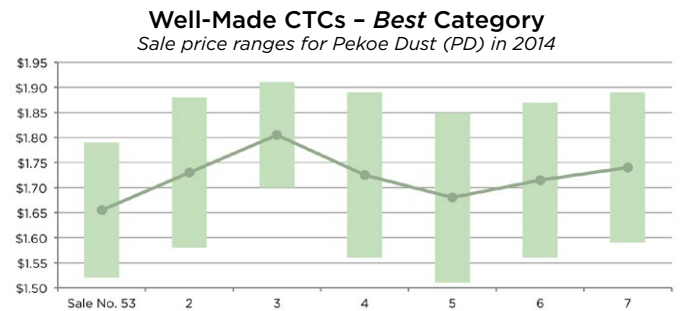
South India: An unlikely but emerging source for well-made CTCs.

In the seventh Cochin dust sale of the year, 88% of the offerings were sold at an average price of \$1.84 (+5¢, 2.79%). Buyers continued to chase well-made teas, while they remained indifferent to the rest.

	Sale No. 6 4 Feb 2014 (previous sale)	Sale No. 7 11 Feb 2014 (this sale)	Sale No. 8 18 Feb 2014 (next sale)
Total Qty. Offered	990,710 kgs	1,002,640 kgs	1,080,434 kgs
Total Qty. Sold	833,532 kgs (84%)	879,091 kgs (88%)	—
Total Qty. Unsold	157,178 kgs (16%)	123,549 kgs (12%)	—
Average Price	\$1.80	\$1.84	—

Key Observations

1. In the *Best* category, good liquoring CTCs further strengthened (+3–8¢, sometimes more), especially those sought after by KSCS, AVT, and, interestingly, exporters. The rest sold at irregular levels, inadequate for drawing any conclusions.
2. After a brief return last week, local and upcountry traders were subdued, allowing the majors (Active: AVT, KSCS, Unilever, Tata Global Services) to participate at relatively easier levels despite robust demand.
3. In the long term, the conversion to Orthodox-style manufacturing in Assam has lowered the availability of well-made CTCs. Continued vigor in Ceylon Tea prices will exacerbate these conversions. Also, the honeymoon seems to be over for bought leaf factories in North India leveraging the brand “Assam,” as reflected by the lower average prices (\$0.96–1.29) for plainer and off-grade CTC teas in the Calcutta Tea Auction in the post-autumnal months.



After limited competition played spoiler, prices for well-made CTCs surge steadily.

Forecast

Indians, who will consume 25-30 million kgs more in FY 2014/15, have begun to pay for quality, forcing domestic packeteers to improve their sourcing. The North Indian CTC market, because of this shift in the production paradigm, will not suffice. In addition, lower production year-on-year and increased exporter demand means that the South Indian CTC market will be the one to watch.

Sale History

Week-on-week and year-on-year comparative low-high Cochin CTC Dust prices in US Dollars.

BEST	Sale No. 7 2014	Sale No. 6 2014	Sale No. 7 2013	Sale No. 7 2012
PD	1.59 - 1.89	1.56 - 1.87	1.87 - 2.08	1.50 - 1.98
RD	1.79 - 2.15	1.72 - 2.13	1.97 - 2.60	1.76 - 2.09
SRD	1.98 - 2.31	1.93 - 2.28	2.00 - 2.71	1.86 - 2.19
SFD	2.07 - 2.63	1.98 - 2.50	2.00 - 2.65	1.90 - 2.31

GOOD	Sale No. 7 2014	Sale No. 6 2014	Sale No. 7 2013	Sale No. 7 2012
PD	1.51 - 1.71	1.46 - 1.71	1.86 - 1.93	1.44 - 1.54
RD	1.59 - 1.82	1.59 - 1.74	1.89 - 2.04	1.46 - 1.72
SRD	1.79 - 2.03	1.72 - 1.90	1.93 - 2.06	1.54 - 1.80
SFD	1.89 - 2.11	1.79 - 2.02	1.93 - 2.06	1.64 - 1.90

MEDIUM	Sale No. 7 2014	Sale No. 6 2014	Sale No. 7 2013	Sale No. 7 2012
PD	1.38 - 1.50	1.32 - 1.45	1.78 - 1.86	1.38 - 1.46
RD	1.43 - 1.63	1.37 - 1.54	1.80 - 1.93	1.40 - 1.48
SRD	1.50 - 1.72	1.38 - 1.67	1.82 - 1.99	1.38 - 1.50
SFD	1.54 - 1.79	1.46 - 1.67	1.84 - 1.95	1.40 - 1.58

PLAIN	Sale No. 7 2014	Sale No. 6 2014	Sale No. 7 2013	Sale No. 7 2012
PD	1.28 - 1.40	1.27 - 1.35	1.74 - 1.80	1.16 - 1.38
RD	1.30 - 1.43	1.30 - 1.38	1.74 - 1.80	1.20 - 1.44
SRD	1.33 - 1.45	1.32 - 1.43	1.74 - 1.86	1.32 - 1.44
SFD	1.35 - 1.48	1.30 - 1.43	1.76 - 1.87	1.34 - 1.50

Export Catalog

Brooklyn Beverages' prices (per kg) are pegged to the performance of our grades at the most recent Cochin Tea Auction, Dust Sale No. 7, 11 Feb 2014. Prices (Ex. Kochi) are good till the next auction sale, 18 Feb 2014. For FOB-Kochi pricing, please see the upcharge estimate to the below right.

In addition, we have introduced two blended standards (BP to BOPF)—*Periyar* and *Chinnar*—which serve as guidance to importers seeking to avail private labeling services. These are based on our own award-winning consumer brand *Chinnar*, which is renowned in the local market.

Black Tea

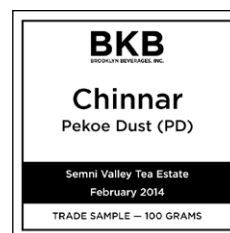
Grade	Sack	Mark	Density (cc)	Price	Change
Pf1/Fngs/D2 (Mixed)	55 kg	Brooklyn	175 - 195	\$1.59	+1¢
Pekoe Dust (PD)	55 kg	Periyar/Haileyburia	185 - 200	\$1.44	+1¢
		Chinnar	180 - 195	\$1.84	+2¢
Red Dust (RD)	57.5 kg	Periyar/Haileyburia	180 - 190	\$1.48	+2¢
		Chinnar	165 - 190	\$1.87	+3¢
BOPF-CTC	52 kg	Periyar	205 - 220	\$1.52	-3¢
		Chinnar	195 - 225	\$1.92	+1¢
Super Red Dust (SRD)	61 kg	Periyar	165 - 180	\$1.58	+2¢
		Chinnar	160 - 175	\$2.05	+7¢
Super Fine Dust (SFD)	63 kg	Periyar/Haileyburia	155 - 165	\$1.70	+5¢
		Chinnar	150 - 160	\$2.36	+9¢

FOB Upcharge Estimate

	1x 20 Foot Container	1x 40 Foot Container
Warehousing	₹12,432.00	₹24,864.00
Inland Freight	₹15,000.00	₹20,955.00
THC	₹7,800.00	₹10,900.00
B/L Fee	₹2,000.00	₹2,000.00
Custom Clearance	₹16,500.00	₹21,500.00
Subtotal	₹53,732.00	₹80,219.00
Service Tax (12.5%)	₹6,716.50	₹10,027.38
Total (INR)	₹60,448.50	₹90,246.38
Total (USD)	\$990.96	\$1,479.45
Total Weight (kg)	11,000	22,000
Cost per Kilogram	\$0.09	\$0.07

Standard Blends

Grades	Packaging	Blend	Price
BP to BOPF	Bulk, 1 kg, 500 g, 250 g	Periyar STD	\$1.85
		Chinnar STD	\$2.15



Ask for Samples

The difference is not only in the price but also in the taste.