

COMMODITIES

TEA

April Sales Up

April was a particularly good month for prices of all grades of teas. The gross average prices for teas at the Colombo Auctions during April was Rs. 8.37 per kilo; compared with Rs. 6.99 in April 1975 and Rs. 6.28 in April 1974.

A record for the Gross Averages of high-grown teas was established at the auction of April 27 with a figure of Rs. 9.18 per kilo. The Russian buyer who returned in March to the Colombo Auctions after an absence of 6 months was active in April. Also particularly active were the Pakistan and UK buyers and prices through the month continued

to be favourable. Another record was at the sale of April 20 when a Dust 1 from the Diyagama East Estate fetched Rs. 21 per kilo. Among other reasons why demand was strong and sustained throughout the month were: the smaller quantities coming into the auctions due to the drought of the previous month; the participation of almost all the traditional buyers; and the fact that only three auctions were held during April as a result of Sinhala New Year holidays.

A leading broker drew attention to the fact that despite the healthy prices there was a marked disinclination on the part of buyers to show interest in teas of poor make and with light liquors, especially the former.

COLOMBO TEA SALES AVERAGE (in Rs. per kg.)

	April	Gross			Nett		
		1974	1975	1976	1974	1975	1976
High Grown ...	7.01	7.06	9.23	6.08	6.25	7.87	
Medium Grown ...	5.77	6.68	7.65	5.24	5.07	6.78	
Low Grown ...	6.02	7.32	8.17	5.44	6.43	7.10	
TOTAL	6.28	6.99	8.37	5.60	6.25	7.27	
January/April							
High Grown ...	6.53	7.86	8.13	5.75	6.71	6.96	
Medium Grown ...	5.14	7.20	6.87	4.80	6.35	6.18	
Low Grown ...	4.95	8.18	7.81	4.72	6.93	6.75	
TOTAL	5.58	7.73	7.61	5.11	6.65	6.63	

Sri Lanka's crop shortfall - 15.8 m. kilos in first 4 months

The shortfall in Sri Lanka's crop upto the end of April 1976 was 15.8 m. kilogrammes compared to the same period last year. Heavy crops are being currently harvested, however, in most planting districts of Sri Lanka and part of this shortfall of 15.8 m. kilos. was expected to be made up in May. South India's crop

was also down by 6.5 m. kilos. up to the end of April but there too trade sources were confident that at least 4 m. kilos. would be made up in the May crop and possibly the balance wiped out with the June crop. In Kenya, Malawi and Uganda, however, production was running ahead of that of 1975 (see table below).

CROP FIGURES OF MAJOR PRODUCING COUNTRIES
(In Million Kilogrammes)

Country	During Month	1976	1975	Total	1976	1975
Sri Lanka (Ceylon)	April	16.4	22.9	up to April	59.8	75.6
S. India	April	9.4	10.2	up to April	26.1*	3.25
Kenya	April	2.9	3.6	up to April	15.8	12.8
Uganda	March	1.2	7.8	up to March	3.3	6.9
Malawi	April	3.5	3.3	up to April	16.9	14.8
					*121.1	138.6

*Estimated.

Two Significant Measures

Two measures of significance to the trade, that were introduced in April were: (1) from the sale of April 20, 1976 the minimum level at which Ad Valorem Sales Tax became payable for teas sold at the Colombo Auctions was raised to Rs. 6.15 per kilo from Rs. 5.50 per kilo; (2) while, from the same date, the minimum level at which Rebate was payable for all teas sold at the Colombo Auctions was raised from Rs. 4.40 per kilo to Rs. 4.85 per kilo. At this level the Low and Medium Grown teas will receive 45 cents per kilo and High Grown teas 35 cents per kilo. Thereafter a sliding scale will operate upto a maximum level of Rs. 5.59 per kilo.

COFFEE

Reaction to the Crisis

Sri Lanka

The Controller of Imports and Exports, on the recommendation of the Committee of 'Floor Prices', decided to suspend the registration of new contracts for export of coffee with effect from 24th May, 1976, following the 'Brazilian Frost' which hit Brazil's coffee exports last year. There has been a steady demand abroad for Sri Lanka coffee. Some of our exporters faced a formidable task in obtaining supplies to honour the contracts already signed. Due to the bullish market conditions local stocks were being cornered and prices and supplies beyond the reach of new exporters.

Brazil

Angola has agreed to sell at least 66 million pounds of coffee to Brazil—a development that will help stem a severe coffee shortage caused by the possible loss of half the Brazilian crop to frost. The agreement immediately sent future coffee prices up six cents a pound in the US.

Brazil will use the low quality Angolan beans to manufacture instant coffees for the domestic market. This will free higher quality and more expensive Brazilian "arabica" beans for the lucrative export market.

India

Following the recent increase in the export duty from Rs. 500/- to Rs. 3,000/- per tonne, Coffee exports in India have come to almost a standstill.

It has been estimated that the 1975/76 World Coffee Crop will be 20 million bags (of 60 kilo each) below the previous year's crop. This would mean drawing on world stocks to some 2 to 2½ million bags. The downward forecast is the result of lower production in Guatemala, El Salvador and Mexico.

COCONUT

Exports—greater volume, earnings less

Sri Lanka's exports of coconut products earned nearly 19 per cent less in the first 4 months of this year, compared with the same period last year, although the volume of exports was greater. This was entirely a result of a lower export prices being realised during Jan.-April of this year relevant to the same period in 1975. The decline in International Market Prices of oils and fats was again evident in the month of April and coconut oil continued to be the lowest priced vegetable oil. A considerable expansion, in the export supplies of coconut oil during April 1976 was recorded in the Philippines. Desiccated coconut prices showed an improvement during the month while the overseas market for coir fibre continued to record a buoyant demand.

The total value of all coconut products exported in April was Rs. 35.6 m. of which 45 per cent was from coconut oil and 26 per cent from DC exports.

Earnings from coconut products in the first 4 months of the year fell despite an increase in the volume exported, when compared to same period last year. Earnings in the 1976 period were Rs. 138 m. as compared with Rs. 170 m. in the 1975 period (see table). The biggest drop

RUBBER

Record NR Consumption Predicted for 1976

Worldwide natural rubber (NR) consumption will climb 5.3% to a record 3,630,000 metric tons in 1976, predicts the Goodyear Tyre and Rubber Company, the world's largest user of NR, with potential world production more than adequate to meet the increased demand.

U.S. consumption of NR in 1976 should increase by 8.5% for a total of 725,000 metric tons, according to J. J. Riedl, General Manager of Goodyear's Rubber Division. This reverses with interest the 1975 usage slide to 635,000 metric tons, a 6.8% decrease from 1974. Worldwide, due to the overall economic downturn, NR consumption dropped about 2%, with some 3,450,000 metric tons consumed in 1975.

Malaysian production during the year was curtailed by that country's government, which successfully sought to bring supply in line with demand. 1975's NR prices were extremely stable and averaged out to

was in coconut oil earnings which fell by almost Rs. 24 m.; followed by desiccated coconut—a drop of Rs. 17 m.; and coconut shell charcoal Rs. 77 m. compared with Rs. 135 m. in the same period in 1975; while, earnings for other by-products were up from Rs. 34.6 m. last year to Rs. 40.6 m. this year.

about 30 cents a pound, New York. In 1976, however, due to increased demand doubled with worldwide inflation, Riedl foresaw the price averaging 33 to 34 cents. (January average: 32.84 cents; February upto 20th 35½ cents).

Riedl also expects the consumption of NR to increase during this decade as consumer demand for rubber products accelerates in less developed countries, and as a natural consequence of population growth.

Rubber Demand to Treble in 20 Years

World requirements for rubbers of all kinds will almost certainly pass the 30 million ton mark during the last decade of this century, nearly treble present demand—according to the Malaysian Rubber Producers' Research Association.

It predicts that the market share for natural rubber will have increased to 40 per cent, with natural rubber producers looking at a market of 10 million to 12 million tons per year by the 1990s.

At present natural rubber accounts for 3.5 million tons, or 32 percent of the present rubber requirements of 11 million tons a year.

To achieve the predicted growth rate, the Association says productivity would need to increase yearly at the same rate as that displayed by Malaysian estate since the start of the major replanting exercise in the mid-1950s.

EXPORTS OF COCONUT PRODUCTS JAN.-APRIL 1975/76

	Jan.-April 1975		Jan.-April 1976	
	Volume (MT)	Value (Rs.'000)	Volume (MT)	Value (Rs.'000)
Coconut Oil	1,836	73,952	18,806	5,034
D.C.	13,584	58,257	14,193	4,986
Copra	228	1,264	350	1,826
Fresh Nuts	1,107,250 (number)	1,543	1,829,850 (number)	2,279
Sub-Total	229.29 (million nut equivalents)	135,016	250.51 (million nut equivalents)	97,125
Mattress Fibre	12,296	14,020	18,211	1,722
Bristle Fibre	3,249	850	3,953	6,672
Twisted Fibre	5,031	7,260	7,339	1,716
Coir Yarn/Twine	1,055	2,040	1,355	2,838
Coconut Shell Charcoal	5,044	4,648	1,689	2,376
Coconut Shell Flour	179	130	360	178
Coconut Shells	473	160	1,097	208
Coconut Shell Activated Carbon	02	11	110	507
Coconut Ekels	645	477	518	333
Total Value of by-Products		34,396		40,550
Total Value of All-Products		169,612		137,675

Export earnings on fibres and yarn was up by nearly Rs. 8m., increasing from Rs. 29 m. in Jan.-April 1975 to Rs. 37 m. in Jan.-April 1976. The greater part of this increase was from fibre exports: mattresses' fibres went up by nearly 6000 MT and twisted fibre went up by 2300 MT. Judging by these trends, the Coconut Marketing Board expects that coir fibre exports should return to normal levels of around 100,000 MT during the year 1976.

There was also a recovery of coconut shell charcoal exports. The exports at 6,689 MT during Jan.-April represented an improvement of 1,645 MT or 32% over the exports of the same period last year.