

COMMODITIES

TEA

Stronger Demand

Low Grown teas, especially the Middle East type, met with strong demand during the month of May. The highlight of this trend was the creation of an all-time record of Rs. 360/- per kilo for an invoice of Talgaswella Clonal FBOFF 'S' Super Silvery Tips at the Sale of May 11, 1976, thereby bettering the previous record of Rs. 330/- per kilo established on February 24, 1976.

Prices for liquoring High Grown teas depreciated for the better part of the month with declining quality and following withdrawal of the Russian buyers support. Pakistani and Iraqi buying interests helped to stabilise prices at reasonably healthy levels for teas of the lower categories.

Brokers noted that it was quite obvious that teas of good make and

Fifteen million kgs shortfall in crop upto May

Despite increased tea production in May crop figures indicated that for the first five months of 1976 the country's crop was 15.4 m.kgs. behind that of the same period in 1975.

style met with consistent enquiry and prices were in Sellers' favour.

Production in May showed a steady increase over previous months and for May 1976 production at 26.4 m.kgs. was an improvement over

Average Sale Prices at Colombo —Rupees/Kilo—

	Gross			Nett		
	1974	1975	1976	1974	1975	1976
High Grown	6.43	7.57	8.23	5.71	6.34	7.07
Medium Grown	5.22	7.01	7.04	4.89	6.24	6.32
Low Grown	5.22	7.97	8.05	4.91	6.81	6.94
Total	5.66	7.49	7.77	5.20	6.51	6.77

that of the same month for the previous four years.

Sales Prices

There was a general improvement in prices too, as indicated in the average sales prices for the period upto the end of May. (See table above)

Demand was particularly good in the London Auctions towards the end of May. It was reported that in the short-term, the supply position in London remained bleak. In spite of the Mozambique crop being halved in the first three calendar months, the total African production was probably up by a few million kilo-

grammes on 1975, but this increase did not compensate for the massive fall in Sri Lanka shipments to the London Auctions during the months of January to April. The situation in London worsened on account of 800 tons of Argentine teas, awaiting shipment to the U.K., being destroyed by fire in Buenos Aires warehouses.

Spices

The prices paid by dealers for No. 1 quality of several spices at the beginning of June this year had shown a marked improvement over prices paid in the same period last year. Among these spices and other minor produce were clove stems, maces, nutmeg, gingelly seed and papain. See table below.

Brokers felt that with the severe drought being experienced in the cardamom growing areas there would be a sharp fall in quantities available in the months ahead. Possible deterioration in quality of cardamom was also anticipated.

Crop Figures of Major Producing Countries (in Million Kilograms)

Country	Total	1975	1976
Sri Lanka	up to May	101.6	86.2
N. India	up to April	17.8	25.9
S. India	up to May	43.4	44.2
Kenya	up to May	17.7	20.0
Malawi	up to May	16.5	18.9
Bangladesh	up to April	1.8	2.7
Uganda	up to April	4.6	4.6
Tanzania	up to March	4.3	4.1
		207.7	202.4

MINOR EXPORT CROPS

Coffee

With the severe shortfall in world coffee production the demand for Sri Lanka's coffee abroad also moved up rapidly. One result, as reported in our May issue, was the decision to suspend the registration of new contracts for export of coffee with effect from May 24. The prices paid by local dealers by the beginning of June were a clear indication of the bullish markets. From Rs. 360/- per

50 kgs. at the beginning of June 1975 dealers were now paying Rs. 1,300 to Rs. 1,500 per 50 kgs.

Prices Paid by Dealers in Colombo for No. 1 Quality Rupees/Kilo

Produce	2/6/75	2/6/76
Clove stems	8.50	11.00-13.00
Mace	22.00-26.00	31.00-35.00
Nutmeg—with shells	12.10	13.00
Nutmeg—without shells	23.15	32.00-35.00
Gingelly Seed—White	5.50	6.50
Papain—White	41.90	72.00-75.00
Papain—Brown	22.05	38.00-40.00
Coffee—Dealers' Mixed Quality	360/-	1300-1500/-
Kapok—Cleaned	280-285/-	325.00
Kapok—Uncleaned	70.00	80.00

COCONUT

Improved Prices

With reports of adverse weather conditions in several producing regions of the world and expectations of possible short supplies of both vegetable oils and grains there was a marked rise in the price of coconut oil in international markets during the month of June. Philippines' coconut oil prices moved up from US\$ 354 to US\$ 405 during the month. International market prices of Desiccated Coconut also showed upward trends while overseas demand remained strong. The transacted price of Sri Lanka DC moved up from US\$ 390 per metric ton to US\$ 450 by the end of June. In the local market prices of all major coconut products showed significant increases during the month in the face of a shortfall in supplies. The production of oil during the first six months of the year at 42,743 MT represented a decline of 8,500 MT or 17% from the levels recorded during the same period last year. Export supplies also declined and, according to the Coconut Marketing Board, many oil millers failed in the execution of their contractual obligations for the supply of oil for export. Copra prices moved up from Rs. 164,168 per 100 k.g. to Rs. 184,190 in the course of the

RUBBER

Production Increases

Rubber production in Sri Lanka showed an increasing trend in the opening months of 1976. Upto the end of March 1976 production totalled 36.1 m.kg., an increase of 11.0 m.kg. compared to the corresponding period of 1975. Actual exports

at 34.5 m.kg. during this period also increased by 3.5 mn.kg. over the figure for Jan.-March 1975. Consumption increased from 1.6 mn.kg. in 1975 to 1.7 mn.kg. in 1976. Prices during April 1976 also showed big increases over the corresponding period in 1975. Singapore, Malaysian and New York prices, in Sri Lanka currency, were as follows:—

World Market Prices in Rupees—April		1975	1976
Singapore No. 1 Sheet (F.O.B.)	...	5.61 — 3.35	6.39 — 6.06
Malaysian No. 1 Sheet (F.O.B.)	...	3.63 — 3.35	6.37 — 6.08
New York No. 1 Sheet (C.I.F.)	...	4.21 — 4.03	7.18 — 6.95

month of June while coconut oil prices moved up from Rs. 2,750 per MT to Rs. 3,000/-; and fresh coconuts reached a maximum of Rs. 375/ per thousand nuts from an earlier maximum price of Rs. 325/-.

Exports

The total value of coconut products exports in June was Rs. 37.9 million of which 40% was from desiccated coconut, 29% from coconut oil and 24% was from coir fibre and yarn. The value of coconut products exports in May amounted to Rs. 38.7 million. The volume of kernel product exports (oil, DC and fresh nuts) in June amounted to 63 million nut equivalents as against 76 million in

May. The average export value realised per nut equivalent was 42 cents in June which is an improvement from 40 cents realised in May.

The total value of coconut product exports during January/June 1976, amounted to Rs. 207 million as against Rs. 248 million during the same period last year. The export volume of DC, fresh nuts, coir fibre and yarn and charcoal had reached a higher level than last year while the export volume of coconut oil recorded a marginal decline. The total volume of kernel product exports (DC, oil and fresh nuts) during Jan.-June amounted to 390 million nut equivalents as against 386 million recorded during the same period last year. The export value realised per nut equivalent averaged 37 cents during the first six months of this year as against 52 cents for the same period last year. (For further details see table at left).

Among the coconut by-products, the volume and value of coir fibre and yarn exports continued to show a marked improvement over last year.

Mattress fibre, twisted fibre and coir yarn/twine exports in particular, have recorded significant increases over the last year's levels. There was a significant increase in the volume of coconut shell charcoal exports in June (3198 MT). However, export earnings continued to remain low, owing to the low prices realised during this year.

Exports of Coconut Products

	January-June 1975		January-June 1976	
	Volume (MT)	Value (Rs. Thousand)	Volume (MT)	Value (Rs. Thousand)
Coconut oil ...	30,162	115,185	25,578	68,244
D.C. ...	20,749	79,877	22,950	73,549
Copra ...	355	1,959	480	2,750
Fresh nuts ...	1,593,400 (number)	1,932	2,904,850 (number)	3,555
Sub-total, kernel products	385,73 (m. nut equiv.)	198,963	389,95 (m. nut equiv.)	148,098
Mattress fibre ...	19,491	21,345	26,444	22,670
Bristle fibre ...	4,181	7,559	5,688	9,624
Twisted fibre ...	6,674	9,879	11,041	16,223
Coir yarn/twine ...	1,311	2,641	2,054	4,349
Coconut shell charcoal ...	7,315	5,949	11,506	4,211
Coconut shell flour ...	234	175	456	245
Coconut shells ...	677	228	1,326	277
Coconut shell activated carbon	35	225	176	930
Coconut ekels ...	1,352	957	1,213	827
Total value of by-products	48,958	59,356
Total value of all-products	247,921	207,454