

MONTHLY TEA NEWS BULLETIN

APRIL 2026



Table of Contents

- Auction Statistics
- Ceylon Tea News
- Global Tea News
- Our Plantations
- Sri Lankan Economy
- Global Economy

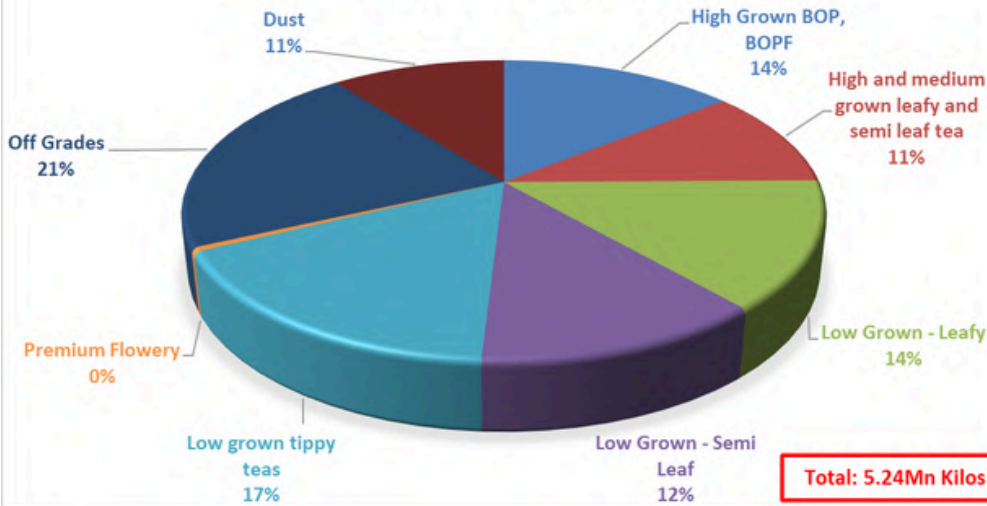


Colombo Auction Statistics

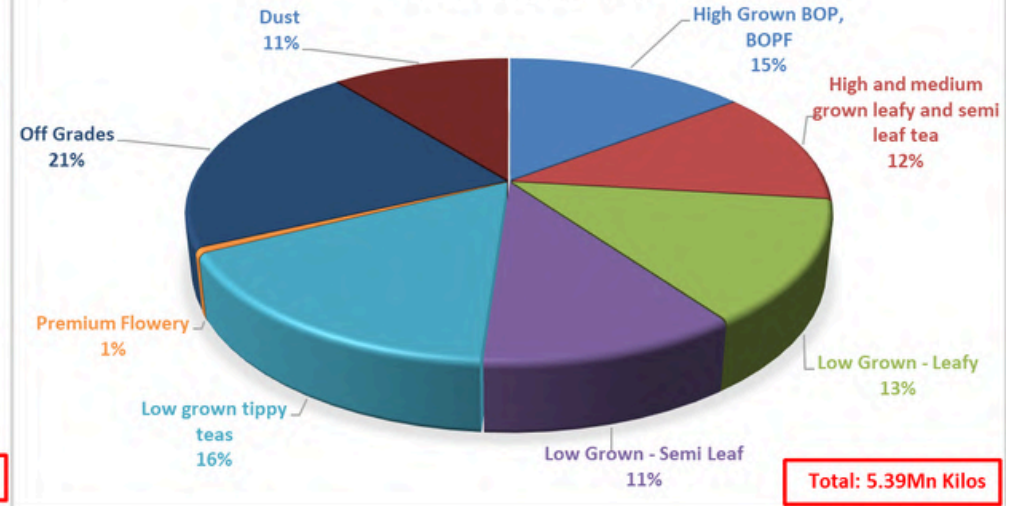


CEYLON TEA WEEKLY MOVEMENT AT AUCTIONS – APRIL 2026

SALE 14: 07 / 08 APR



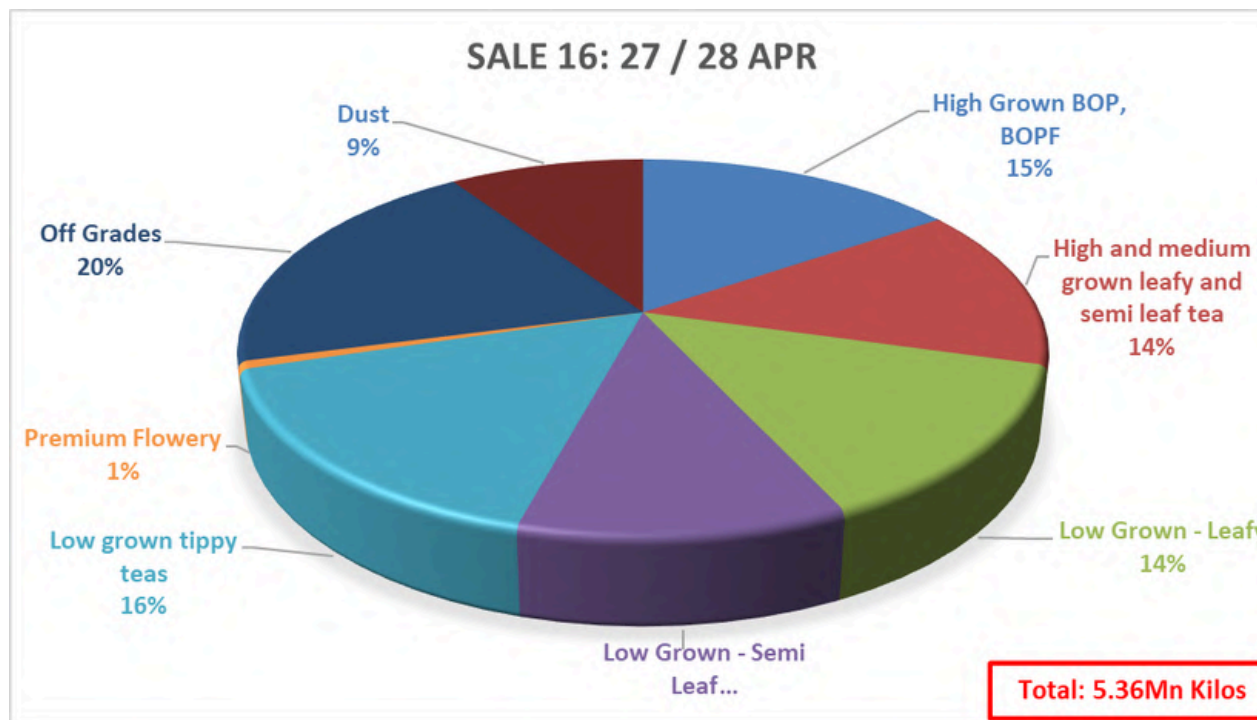
SALE 15: 21 / 22 APR



Colombo Auction Statistics



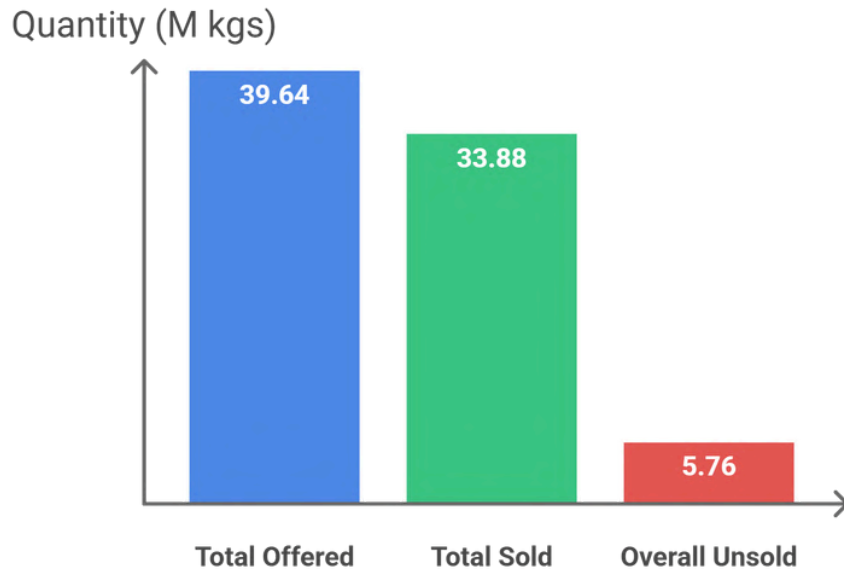
CEYLON TEA WEEKLY MOVEMENT AT AUCTIONS – APRIL 2026



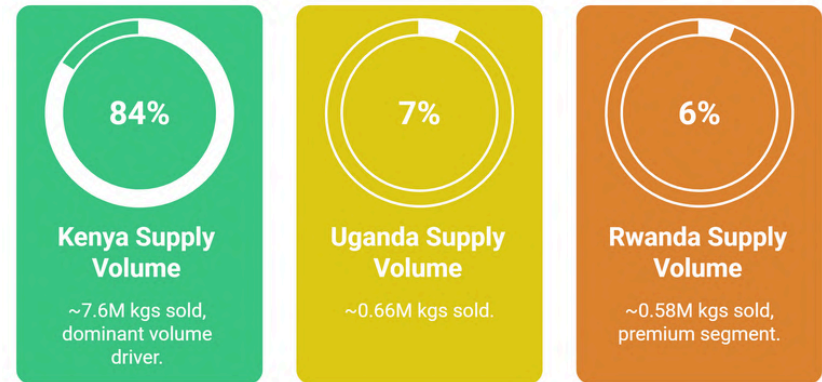
Mombasa Auction Statistics



EAST AFRICAN TEA MOVEMENT MOMBASA AUCTIONS – APRIL 2026



Country-wise Supply Volume



Ceylon Tea News

- Sri Lanka's tea turning point
- Tea prices ease in March, extending year-on-year decline
- Tea Industry Overview of 2026 First Quarter
- Gulf Conflict Disrupts Sri Lanka Tea Exports and Revenues
- Planters seek urgent response to stabilise tea production, & key export markets



Sri Lanka's Tea Turning Point



Ceylon Tea remains one of Sri Lanka's most prestigious agricultural exports, supporting more than one million livelihoods and generating significant foreign exchange. However, the industry faces a critical turning point as productivity growth has stagnated over the past two decades, even as global competition from countries such as India and Kenya has intensified through innovation, mechanisation, and coordinated smallholder systems.

Sri Lanka currently produces about 280–300 million kilograms of tea annually across roughly 200,000 hectares, yet much of this output is still exported as bulk tea. Producers earn only USD 4–6 per kilogram, while the same tea captures significantly higher value overseas through blending, branding, and packaging. Analysts estimate the sector needs around USD 15 per kilogram merely to sustain operations and reinvestment.

Against this backdrop, the Government has proposed a long-term transformation strategy, including the 500 Tea Cluster Villages Programme, aimed at raising production to 400 million kilograms by 2035. The initiative seeks to integrate farming, processing, logistics, digital monitoring, and value addition, positioning Ceylon Tea as a higher-value, globally competitive product.

Tea prices ease in March, extending year-on-year decline



Sri Lanka's national tea sale average declined in March 2026, extending the downward trend seen both month-on-month and year-on-year, as auction realisations remained under pressure. The average price fell to Rs. 1,144.23 per kilogram (USD 3.63), down from February and significantly lower than March 2025, reflecting softer global demand and weaker pricing conditions.

For the January–March period, the national average declined by Rs. 26.07 year-on-year to Rs. 1,153.25 per kilogram, with US dollar values also decreasing due to both market pressure and currency movements.

Price movements varied by elevation. High-Grown teas showed relative resilience with a marginal year-on-year rupee gain, while Medium- and Low-Grown teas recorded sharper declines, with Low-Grown teas facing the steepest pressure in both monthly and annual comparisons.

Tea Industry Overview of 2026 First Quarter

In Q1 2026 compared to Q1 2025, average tea sale values showed an overall decline, with USD prices decreasing across all elevations. In Rupee terms, performance was mixed: High Grown recorded a slight increase, while Medium and Low Grown declined, leading to a lower overall national average.



Sri Lanka's tea industry recorded a weaker performance in the first quarter of 2026, with declines in production, exports, and auction prices compared to the same period last year. Total tea output fell by 2.55 million kilograms to 59.61 million kilograms, while exports declined by 2.85 million kilograms to 60.36 million kilograms. The National Tea Sale Average at the Colombo Tea Auction also decreased by Rs. 26.07 to Rs. 1,153.25 per kilogram.

Production declined across all elevations, with the steepest reductions seen in Low- and Medium-Grown teas. In contrast, CTC tea production showed strong growth, rising by about 1.23 million kilograms, led by gains in Medium- and Low-Grown categories.

Despite lower export volumes, earnings remained broadly stable, supported by improved FOB prices and stronger performance in value-added segments such as instant and green tea.



Gulf Conflict Disrupts Sri Lanka Tea Exports and Revenues

Sri Lanka's tea industry is facing heightened pressure as geopolitical tensions in the Middle East disrupt shipping routes and weaken export performance. According to Asia Siyaka Commodities, conflicts involving the US, Israel and Iran, along with the temporary closure of the Strait of Hormuz, delayed shipments and forced rerouting of consignments, particularly from early March.

The impact was evident in export data, with March tea shipments falling 16% year-on-year to 19.7 million kilograms. First-quarter exports declined to 60.3 million kilograms compared to 63.2 million kilograms a year earlier. Although value-added teas now account for nearly 60% of exports, overall earnings in dollar terms fell 5% to USD 351 million, a three-year low, amid higher freight and insurance costs.

Regional demand weakened across the Middle East and North Africa, while increased shipments through Turkey reflected exporters' efforts to diversify routes. However, gains elsewhere remain insufficient to offset disruptions in traditional markets, leaving the sector outlook uncertain.

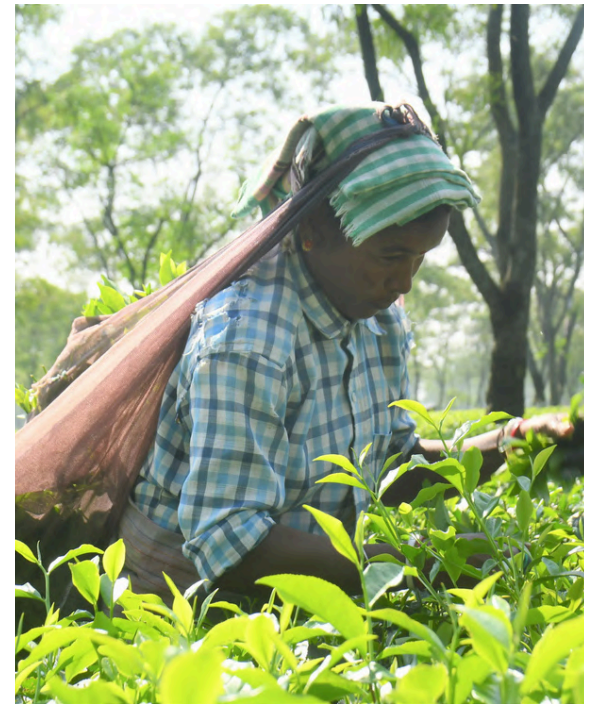


Planters seek urgent response to stabilise tea production & key export markets

The Planters' Association of Ceylon (PA) has called for an urgent review of plantation cost structures amid escalating geopolitical tensions in West Asia and disruptions linked to the Strait of Hormuz. The PA noted that around 45% of Sri Lanka's annual tea export earnings—approximately USD 680 million—are generated from Middle Eastern markets, making the industry highly vulnerable to current instability.

Wages now account for nearly 70% of total production costs in tea and rubber. From January 2026, daily plantation wages increased to Rs. 1,750, including a government subsidy of Rs. 200 per worker. While workers have benefited, the PA cautioned that rising costs, weak productivity, and repeated shocks—including COVID-19, economic instability, and Cyclone Ditwah—have placed unprecedented strain on the sector.

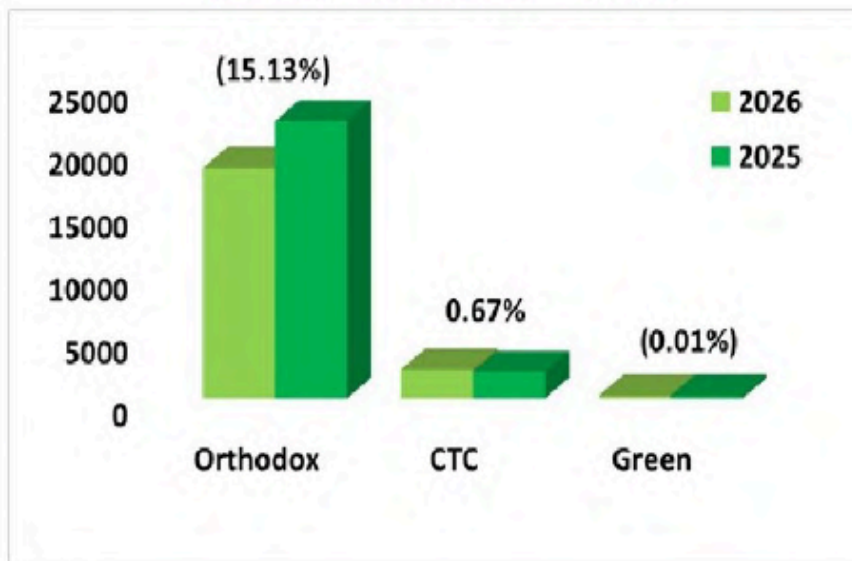
The Association warned that fertiliser supply uncertainty threatens production targets for 2026 and 2027, and urged coordinated action to secure inputs, support smallholders' working capital, manage stocks, and accelerate market diversification to protect Ceylon Tea's long-term sustainability.



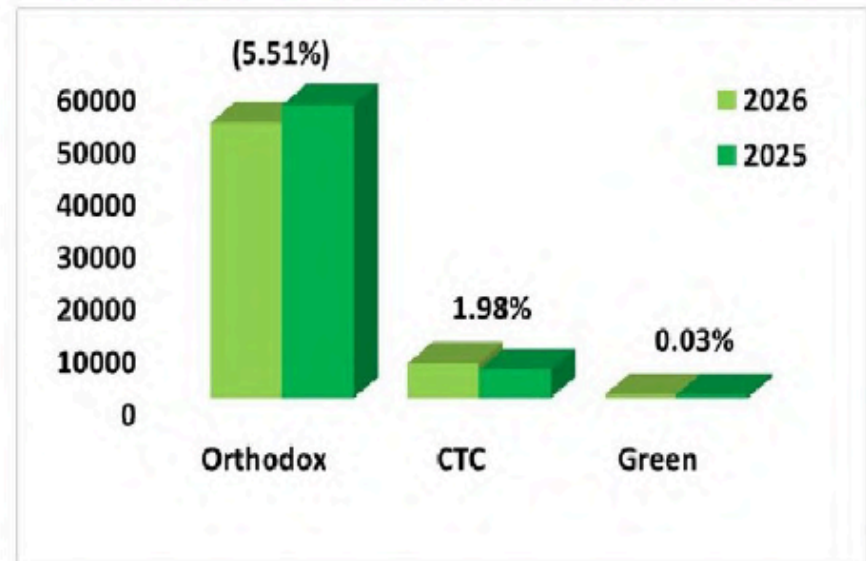
Sri Lankan Tea Production

SRI LANKA TEA PRODUCTION

MARCH 2026/2025 - in MT



JANUARY TO MARCH 2026/2025 - in MT



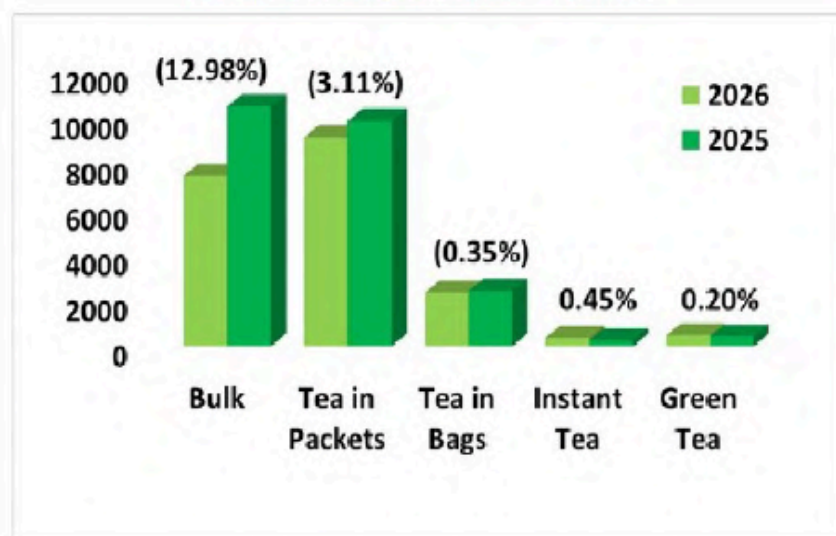
(SLTB)



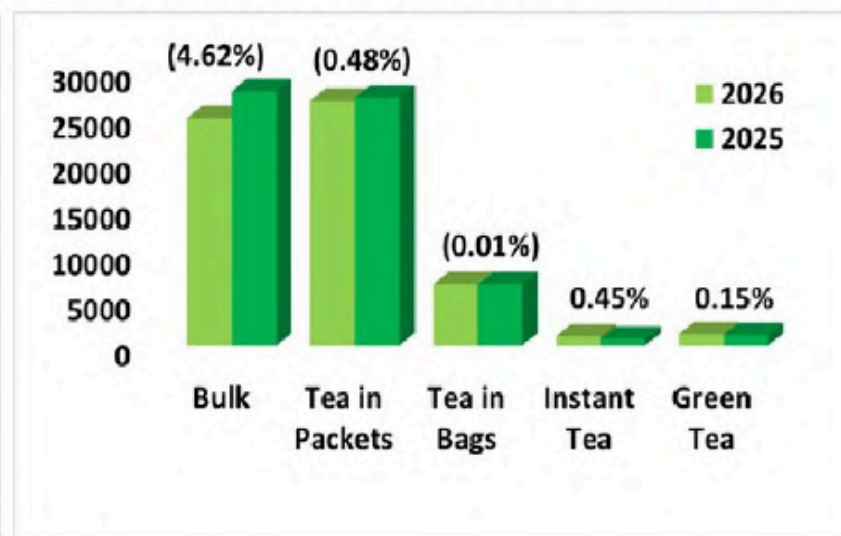
Sri Lankan Tea Exports

SRI LANKA TEA EXPORTS

MARCH 2026/2025 - in MT



JANUARY TO MARCH 2026/2025 - in MT



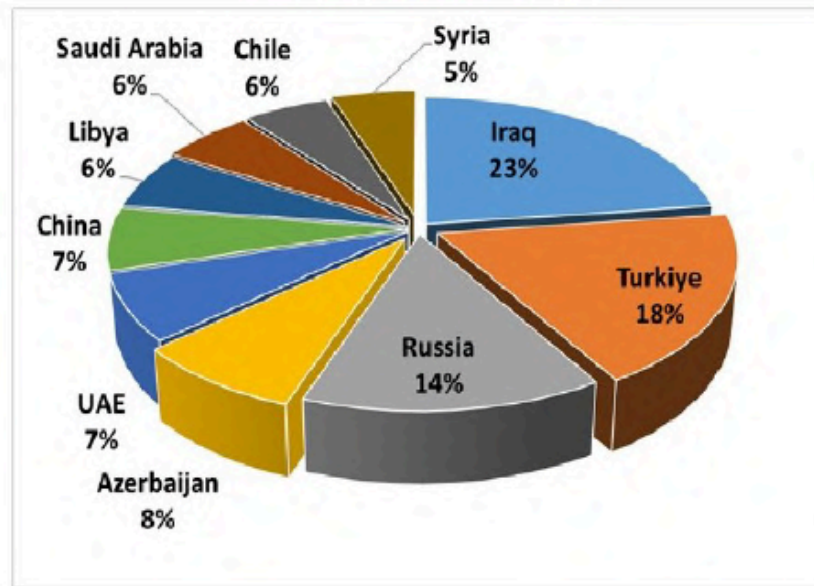
(SL Customs - Courtesy Forbes & Walker Tea Brokers (Pvt) Ltd)



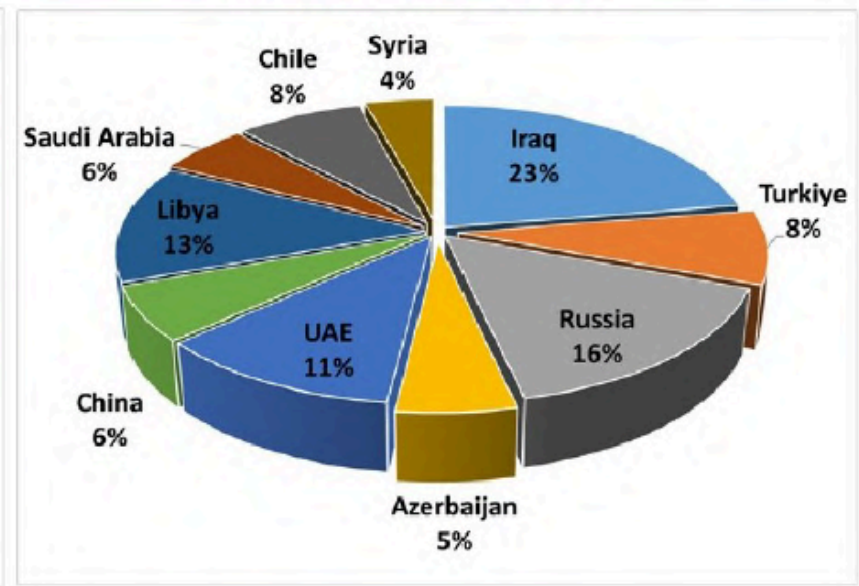
Major Importers of Ceylon Tea

MAJOR IMPORTERS OF SRI LANKA TEA

MARCH 2026 - in MT



MARCH 2025 - in MT



(SL Customs - Courtesy Forbes & Walker Tea Brokers (Pvt) Ltd)



Global Tea News

- Organic Tea Market to Grow to 2.4 billion
- Darjeeling Production may be hit by Gas Shortage
- Turkey Number One Tea Drinker in the World
- Global Matcha Boom Sends Tea Prices High in Japan



Organic Tea Market to Grow to 2.4 billion

The global organic tea market is set for strong growth over the coming decade, according to a report by Allied Market Research. Valued at USD 905.4 million in 2021, the market is projected to reach USD 2.4 billion by 2031, expanding at a compound annual growth rate (CAGR) of 10.5%. Growth is being driven by rising consumer demand for chemical-free, healthy beverages and greater awareness of organic food benefits.

Green tea dominated the organic tea segment, generating USD 392.4 million in 2021, and is expected to exceed USD 1.07 billion by 2031. Demand is further supported by innovation in flavours, convenient formats such as tea bags, and the growth of ready-to-drink and portable options.

Asia-Pacific remains the largest market, accounting for over half of global revenue, driven by strong consumption in China, India, Japan, and Southeast Asia, alongside expanding retail and online distribution channels.



Darjeeling Production may be hit by Gas Shortage

Tea planters in Darjeeling have raised that a shortage of commercial LPG, triggered by the ongoing conflict in West Asia, could hit tea processing during the first flush, the delicate early-season harvest that commands the highest premiums and often sets the tone for the year.

The first and second flushes, the premium plucking seasons for India's heritage GI (geographical indication) Darjeeling tea, account for about 40 per cent of annual output but generate nearly 80 per cent of annual revenue. Any disruption during this period would sound the death knell for the already struggling Darjeeling tea sector.

The industry's concerns are sharper because the Darjeeling tea sector is already on a fragile footing as it grapples with climate change, labour absenteeism, declining yields and rising competition from Nepal teas.



Turkey Number One Tea Drinker in the World



Global tea consumption habits have confirmed Turkey's unshakable leadership in tea drinking. With 3.16 kilograms of tea consumed per person annually, Turkey ranks first in the world by a wide margin, outperforming even countries traditionally associated with tea culture.

No other country integrates tea into everyday routines as intensively or as consistently as Turkey. The per capita annual tea consumption of 3.16 kilograms puts Turkey well ahead of its closest competitors, underscoring a level of demand that experts describe as unmatched worldwide. The nearest followers trail Turkey by nearly a full kilogram or more per person. Ireland ranks second with 2.19 kilograms per capita and the United Kingdom follows in third place at 1.94 kilograms, Russia places fourth with 1.38 kilograms and Pakistan fifth place with 1.25 kilograms.



Global Matcha Boom Sends Tea Prices High in Japan



Exports of Japanese green tea, including matcha, rose sharply in 2025, reaching 12,612 tonnes—an increase of about 3,800 tonnes year-on-year and nearly triple the volume recorded a decade ago. Export value almost doubled to approximately ¥72.1 billion, surpassing the previous year's record, with the United States emerging as the largest market, followed by growing demand in Europe and South-East Asia.

Rising global health awareness and the growing popularity of Japanese cuisine have driven strong demand for matcha, now widely used in beverages as well as desserts such as parfaits and crepes. The global matcha market is projected to reach USD 7.43 billion by 2030.

However, Japan's domestic tea sector faces mounting pressure, as national tea output declined from 84,000 tonnes in 2014 to 74,000 tonnes in 2024. Higher tea leaf prices have also begun to impact consumers, prompting price increases for ready-to-drink tea products in late 2025.

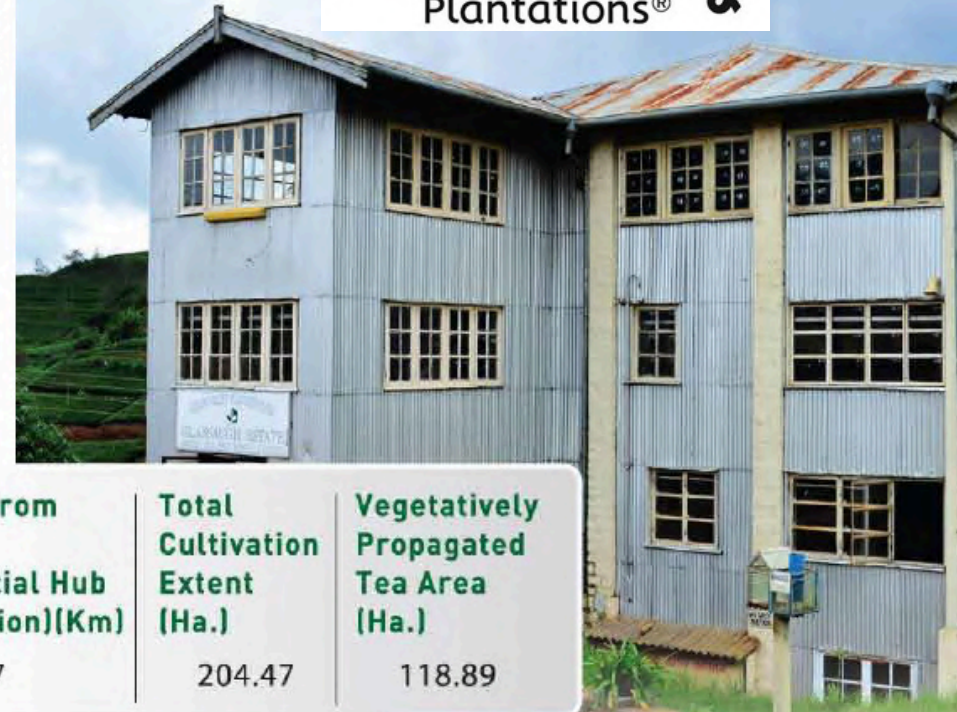


A Brew that best befits the manor born.

Though the coffee on Glassaugh and the nearby estates would soon be replaced with tea, the planters' lives Trollope describes in his letter, remains almost unchanged, to this day.

Today, the tea land that is Glassaugh, with her mystical mists and shrouded mountains, shifting light and playful shadows, sweeping across uninhibited streams, and pathless woods that seem to stretch the land forever, produces tea that would please the palate of the most fussy connoisseur.

Famous for producing light and bright liquors, this tea is ideally drunk without milk with a dash of lemon.



Planting Region	Elevation (Meters Above Sea Level)	Distance from Colombo (Commercial Hub to Plantation)(Km)	Total Cultivation Extent (Ha.)	Vegetatively Propagated Tea Area (Ha.)
Nuwara Eliya	1705	157	204.47	118.89
Seedling Tea Area (Ha.)	Annual Crop of Green Leaf (Kg)	Annual Made Tea Quantity (Kg/MT)	Grades of Tea Produced	
45.71	1,014,367	265,946	BOP, BOPF, PEKOE, DUST1	

Sri Lankan Economy

- **Economy in Brief**
- **Sri Lanka's Fuel Pricing Formula: Performance and Challenges**
- **Electricity Tariff Hike Q2 2026**



Economy in Brief

When Rain Falls Short: The Economics Behind Rising Electricity Prices in Sri Lanka

Sri Lanka's electricity tariffs were revised upward from 1 April 2026 under a quarterly cost-reflective pricing mechanism approved by the PUCSL, mainly due to higher generation costs caused by reduced hydropower output, limited coal availability, and greater reliance on expensive thermal power. The revision averages about 13%, with varying impacts across consumer groups, and was also driven by a significant revenue shortfall in the electricity sector that threatened the financial stability of the Ceylon Electricity Board.



Between Reform and Rigidity: Sri Lanka's Journey Toward Fuel Price Transparency

Sri Lanka's fuel pricing formula, introduced after the 2022 economic crisis, was designed to ensure cost reflective pricing, reduce fiscal burdens, and improve transparency by linking domestic fuel prices to import costs, taxes, and operational expenses. While it initially led to sharp price increases and contributed to inflation, especially in 2022-2023, prices have since stabilised in 2025-2026 reflecting improved macroeconomic conditions and reduced inflation pass through, though structural limitations still affect full market responsiveness and flexibility



Release of Key Economic Reports: Global Trends, Commodity Prices, and Sri Lanka's Growth Path

Recent reports from international institutions such as the IMF, World Bank, and Asian Development Bank, alongside domestic analysis by the Central Bank of Sri Lanka, provide updated economic assessments and forecasts. Collectively, they highlight a moderating global growth outlook amid heightened uncertainty from geopolitical tensions and volatile commodity prices, particularly energy and fertilizers. For Sri Lanka, the reports indicate a gradual economic recovery with improving macroeconomic stability, though growth prospects remain constrained by structural weaknesses, external vulnerabilities, and continued exposure to global price shocks.

Economy in Brief

Economic Growth

5% For the year 2026

Despite external turbulence stemming from tariffs imposed by the United States, heightened geopolitical uncertainty, and the disruptive impact of Cyclone Ditwah, the economy recorded a strong growth rate.

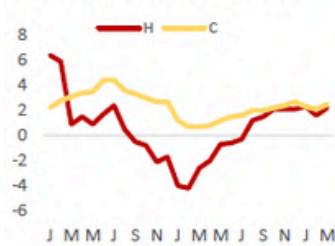
Movement of Purchasing Managers' Index- March 2026

Manufacturing PMI	66.7
Services PMI	59.4
Construction PMI (est)	70.3

All indices, except construction PMI, recorded improvements compared to February 2026.

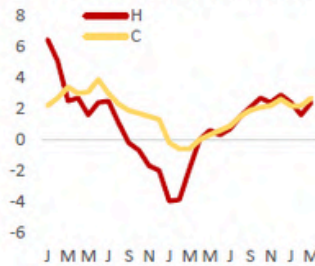
Inflation

CCPI Inflation (%) - Base 2021



March 2026	Headline	Core
	2.2%	2.5%

NCPI Inflation (%) - Base 2021



March 2026	Headline	Core
	2.4%	2.7%

External Sector

Merchandise Trade

Feb 2026

Trade Deficit **USD 776 mn**

Exports **USD 1,058mn**
0.5% y-o-y growth

Imports **USD 1,834mn**
25.2% y-o-y growth

Services **USD 340 mn**
Net Exports -16.7% y-o-y increase

Tourist Arrivals

183,979

Mar 2026 -19.8% y-o-y growth

Tourism Earnings

March 2026

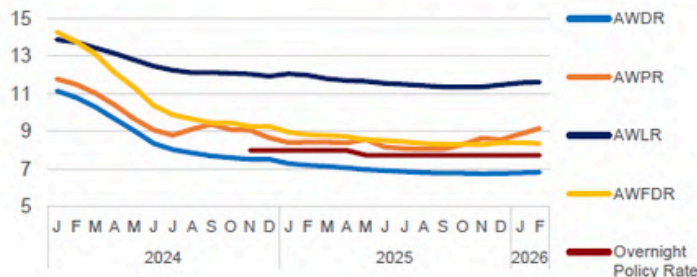
USD 223.7mn
-15.9% y-o-y decline

Workers' Remittances

March 2026

USD 814.8mn
26.5% y-o-y growth

Interest Rates



Growth in Credit to Private Sector

Feb 2026

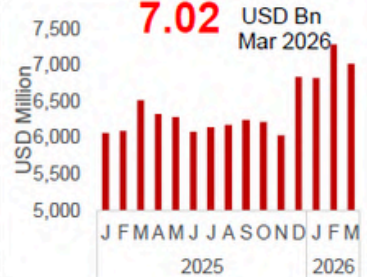
26.4%

Overnight Policy Interest Rate (OPR): **7.75%**

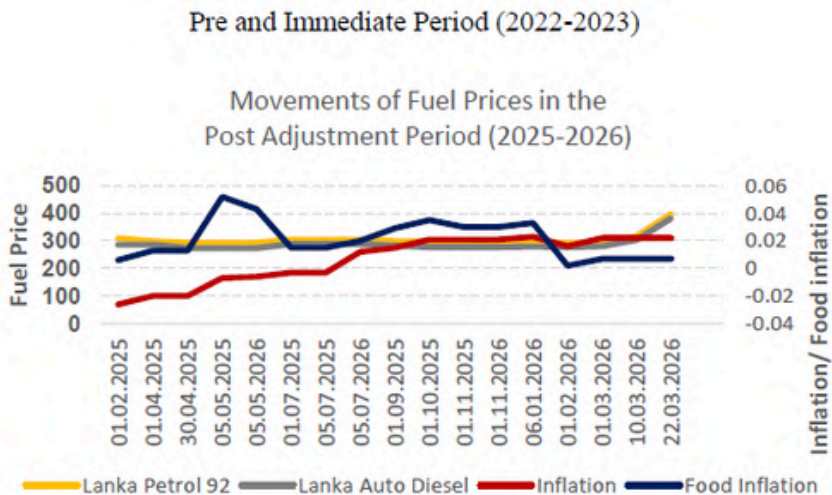
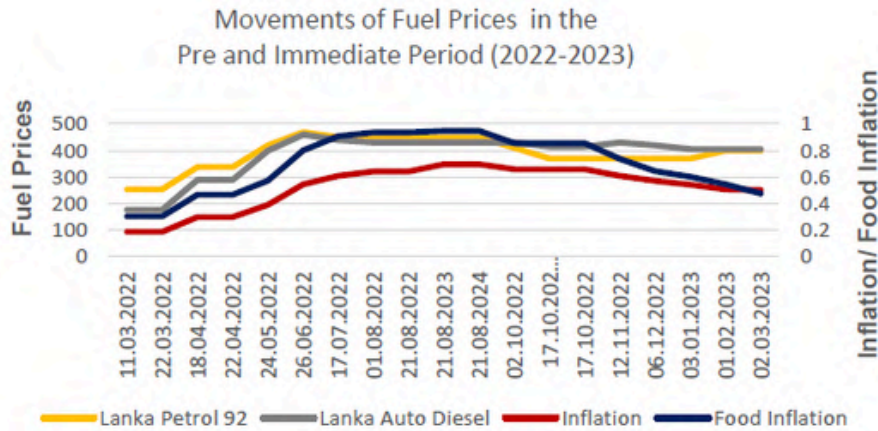
Exchange Rate



Official Reserves



Sri Lanka's Fuel Pricing Formula: Performance and Challenges



Post Adjustment Period (2025-2026)

Sri Lanka's fuel pricing formula, strictly implemented after the 2022 economic crisis, was designed to ensure cost-reflective pricing, reduce fiscal burdens, improve transparency, and eliminate subsidies while stabilizing fuel supply in line with IMF-supported reforms. During 2022–2023, the shift to market-based pricing led to sharp fuel price increases, causing a strong pass-through to inflation—especially food inflation—via higher transport and distribution costs, significantly raising overall price levels during the crisis period.

By 2025–2026, fuel prices became relatively stable with smoother adjustments, and inflation moderated as the economy absorbed earlier fuel price shocks, reflecting improved macroeconomic stability. However, the formula still faces limitations due to its backward-looking cost recovery, fixed margins, and occasional government intervention, which reduce responsiveness to global price changes. While the system has enhanced transparency and reduced arbitrary pricing, greater pricing flexibility and more dynamic, forward-looking cost reflection are needed for it to function more efficiently.



Electricity Tariff Hike Q2 2026

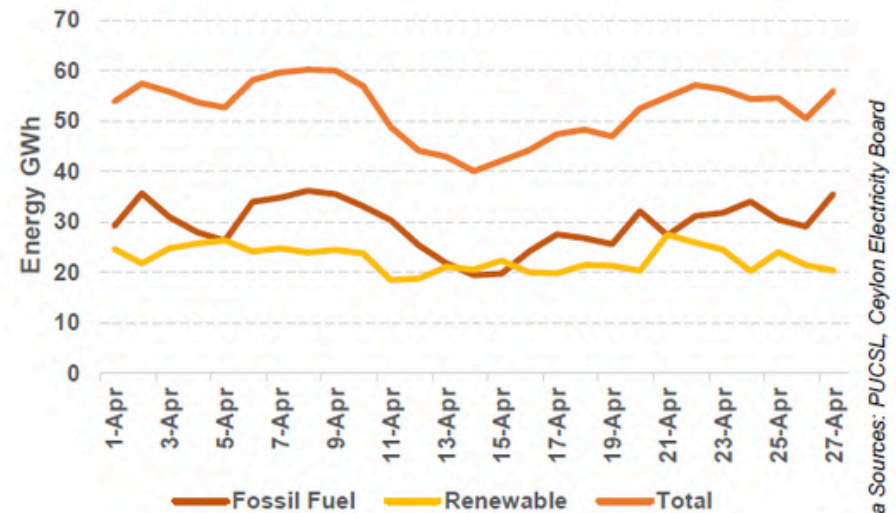
The electricity tariff revision effective 1 April 2026, approved by the PUCSL based on a CEB proposal, is part of Sri Lanka's move toward cost-reflective pricing through quarterly adjustments. The increase was driven mainly by higher generation costs caused by reduced rainfall limiting low-cost hydropower, lower coal availability, rising electricity demand, and greater reliance on expensive fuel-based thermal generation, with global fuel price pressures adding further strain.

The revision introduced an average tariff increase of about 13%, with households facing around 8%, industrial users 8.7%, and government institutions 14.4%, reflecting different consumption patterns. Block tariffs for households and time-of-use pricing for industrial and commercial users remain in place to encourage efficient consumption. The adjustment was necessary to address a projected CEB revenue shortfall of about Rs 15.8 billion for Q2 2026, worsened by the absence of a tariff increase in the previous quarter.

Key Details on 2026 Q2 Tariff Hike (Effective April 1)

Domestic Consumption	
0-30 Units	4.3% increase
31-60 Units	6.9% increase
61-90 Units	6.9% increase
91-180 Units	7.2% increase
Above 180 Units	Up to 25% increase, based on reported approvals

Electricity Generation by Source (GWh)



Global Economy

- **Economy in Brief**
- **Growth in South Asia Moderates, amidst Rising Geopolitical Risks**
- **How the Middle East War Is Reshaping Global Fertilizer Markets**



Economy in Brief

Resilient but Vulnerable: Economic Trends in Asia and Sri Lanka

Growth in developing Asia is expected to slow to about 5.1% in 2026 amid global uncertainty and high energy prices, though domestic demand and tech sector growth provide some support Sri Lanka's recovery continues at a modest pace (around 3.4%) but remains fragile due to structural constraints and external risks, particularly from rising energy costs and geopolitical tensions, with the overall outlook cautiously optimistic but downside risks persisting



Geopolitics in the Soil: Fertilizer Disruptions and the Return of Food Inflation

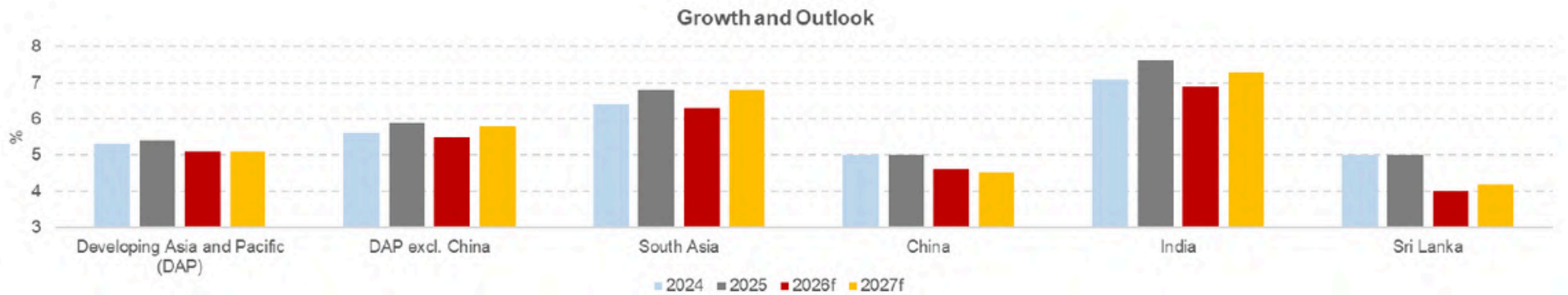
The Middle East conflict in early 2026 has disrupted key fertilizer supply chains, particularly through the Strait of Hormuz, driving up prices due to supply constraints rather than demand. With higher energy costs and ongoing logistics risks, fertilizer markets have become volatile, raising concerns about reduced agricultural output and renewed food inflation, especially in import dependent regions.



Beyond OPEC: UAE's Strategic Shift in a Changing Energy World

The United Arab Emirates decision to leave Organization of the Petroleum Exporting Countries in 2026 marks a significant shift in global energy dynamics, driven by its desire for greater production flexibility and long-term strategic autonomy. While the immediate market impact is limited, the move weakens OPEC's ability to manage oil supply, increases the potential for price volatility, and reflects broader geopolitical tensions and changing incentives in the global energy transition.

Growth in South Asia Moderates, amidst Rising Geopolitical Risks



Economic growth in developing Asia and the Pacific is expected to slow in 2026 as post-pandemic recovery gives way to a more uncertain global environment. The ADB projects regional growth at about 5.1%, supported by strong domestic demand—especially in large economies like India—and continued expansion in technology sectors, though smaller and energy-importing economies face higher inflation and external pressures.

Sri Lanka's recovery is continuing but remains fragile, with growth projected at around 3.4% in 2026 following the 2024–2025 rebound. While macroeconomic adjustments, debt restructuring, tourism, and remittances support stabilization, growth is limited by structural constraints and exposure to external shocks. Rising energy prices linked to Middle East tensions pose a key risk, particularly given Sri Lanka's reliance on imported fuel, keeping the outlook cautiously optimistic but tilted to the downside.

How the Middle East War Is Reshaping Global Fertilizer Markets

By April 2026, the Middle East conflict began clearly affecting global fertilizer markets, tightly linking geopolitics to food prices. The IMF notes that fertilizer supply is highly exposed due to concentrated production in the region, heavy energy dependence, and disrupted trade routes. Escalation of fighting in late February led to near closure of the Strait of Hormuz, restricting shipments of key inputs like ammonia, urea, and sulfur, tightening global supply despite a ceasefire announced on 7 April. Shipping disruptions, higher insurance costs, and ongoing logistical risks have kept markets volatile.

Fertilizer prices rose sharply in March and April, erasing much of the relief seen in 2025, driven by supply disruptions rather than demand. Higher energy prices—especially spikes in oil and natural gas—further increased production costs, particularly for nitrogen fertilizers. Food-import-dependent regions such as South Asia and Sub-Saharan Africa are especially vulnerable, as higher fertilizer prices may reduce usage, lower crop yields, and revive food inflation later in 2026, highlighting how energy, trade routes, and food security are now closely interconnected.

Fertilizer Price Data (Jan-Feb 2026)



Source: World Bank Commodities Price Data (The Pink Sheet)



THANK YOU

Mabroc Teas (Pvt) Ltd
(A Hayleys Group Company)

