



# MONTHLY TEA NEWS BULLETIN MAY 2026



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(+94) 117 878 000



57/3, New Hunupitiya  
Road, Kiribathgoda,  
11600, Sri Lanka.

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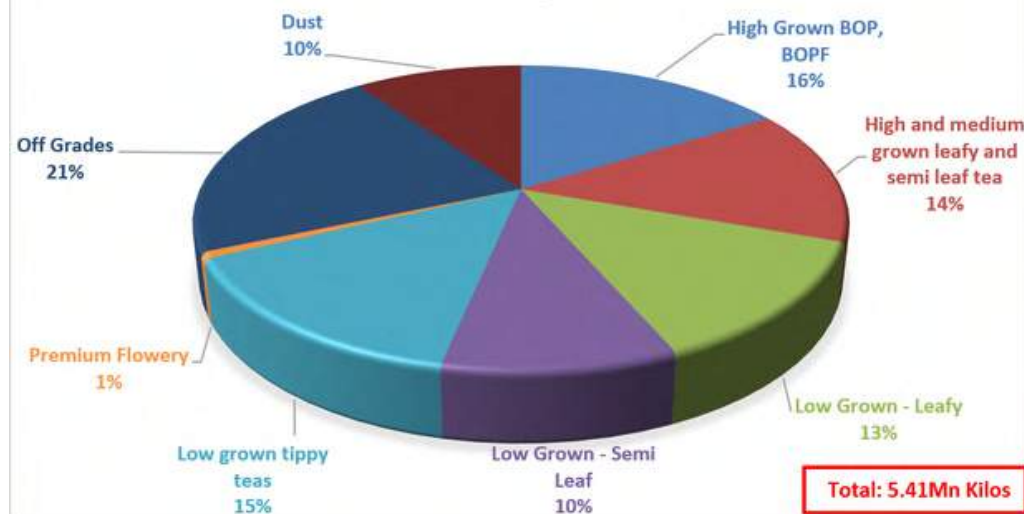


# Colombo Auction Statistics

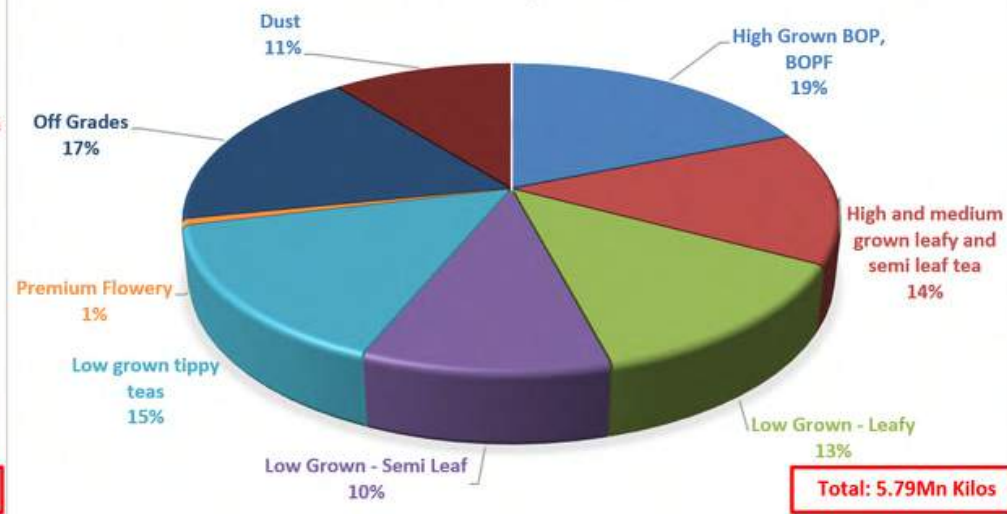


## CEYLON TEA WEEKLY MOVEMENT AT AUCTIONS – MAY 2026

SALE 17: 05 / 06 MAY



SALE 18: 12 / 13 MAY

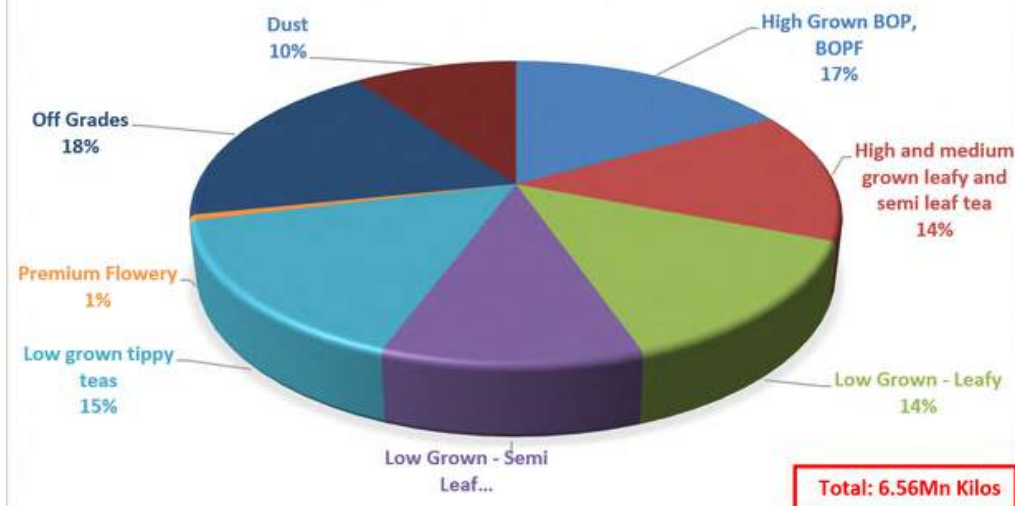


# Colombo Auction Statistics

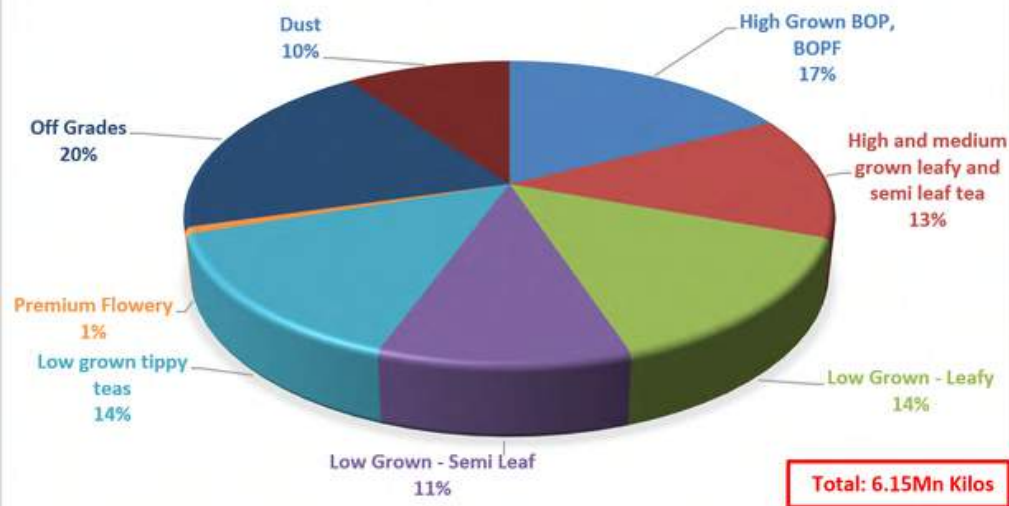


## CEYLON TEA WEEKLY MOVEMENT AT AUCTIONS – MAY 2026

SALE 19: 19 / 20 MAY



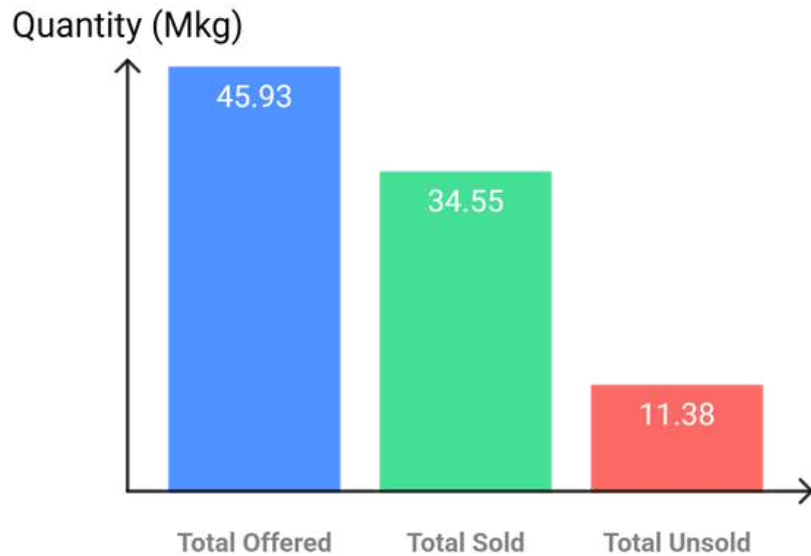
SALE 20: 25 / 26 MAY



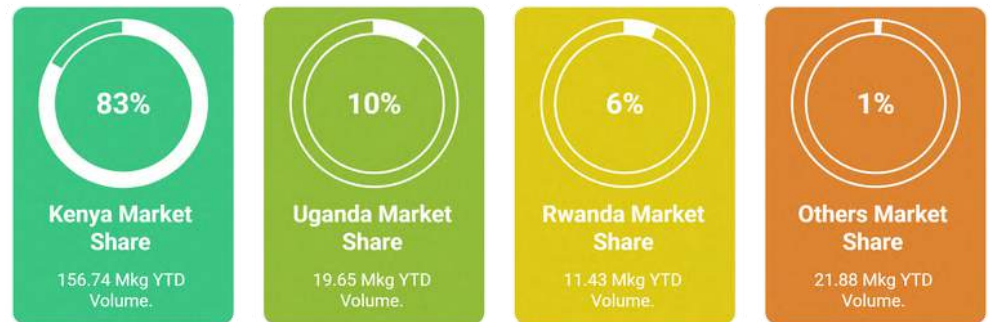
# Mombasa Auction Statistics



## EAST AFRICAN TEA MOVEMENT MOMBASA AUCTIONS – MAY 2026



Country-wise Supply Volume & Market Share



# Ceylon Tea News

- Global International Tea Day campaign - Ceylon Tea Promotion
- International Tea Day Celebrations at Mabroc Teas
- Sri Lanka tea industry performance (Q1 overview)
- Middle East crisis threatens Ceylon tea export lifeline
- Tea prices show resilience in May despite weaker Dollar returns



# Global International Tea Day campaign - Ceylon Tea Promotion



Sri Lanka conducted a large-scale global campaign in May 2026 to promote Ceylon Tea through coordinated International Tea Day events across 27 international missions. Activities included exhibitions, cultural showcases, tea tastings, and networking sessions designed to engage global buyers and stakeholders while highlighting Sri Lanka's tea heritage and quality standards.

The campaign emphasised sustainability, innovation, and ethical production, aligning with the theme "Sustaining Tea – Supporting Communities." These efforts not only strengthened global recognition of the Ceylon Tea brand but also created new opportunities for export growth and market diversification, reinforcing Sri Lanka's position as a leading tea-producing nation.



# International Tea Day Celebrations at Mabroc Teas



From tiny hands to timeless traditions - Our little explorers stepped into the world of Ceylon Tea and experienced the journey from leaf to cup. International Tea Day at Mabroc Teas became more than an event—it became a memory, a learning, and a celebration of our heritage.



# Sri Lanka tea industry performance (Q1 overview)

Key Performance Highlights - Q1 2025 VS Q1 2026		
Total Production (Mn Kg)	2026: 59.61	2025: 62.16
Total Exports (Mn Kg)	2026: 60.36	2025: 63.21
Export Revenue (USD Mn)	2026: \$ 351.55 Mn	2025: \$ 370.92 Mn
National Sale Average (LKR/kg)	2026: LKR 1,153.25	2025: LKR 1,179.32
National Sale Average (USD/kg)	2026: USD 3.72	2025: USD 3.98
FOB Price (LKR/kg)	2026: LKR 1,807.27	2025: LKR 1,738.80
FOB (USD/kg)	2026: USD 5.82	2025: USD 5.87



By Ceylon Tea Brokers PLC

Sri Lanka's tea industry recorded a notable downturn in early 2026, with declines in production, export volumes, and average auction prices compared to the previous year. Total production dropped to 59.61 million kg, while exports also fell, reflecting weaker global demand and ongoing supply-side challenges. The decline was observed across all tea-growing elevations, indicating a broad industry slowdown rather than isolated regional issues.

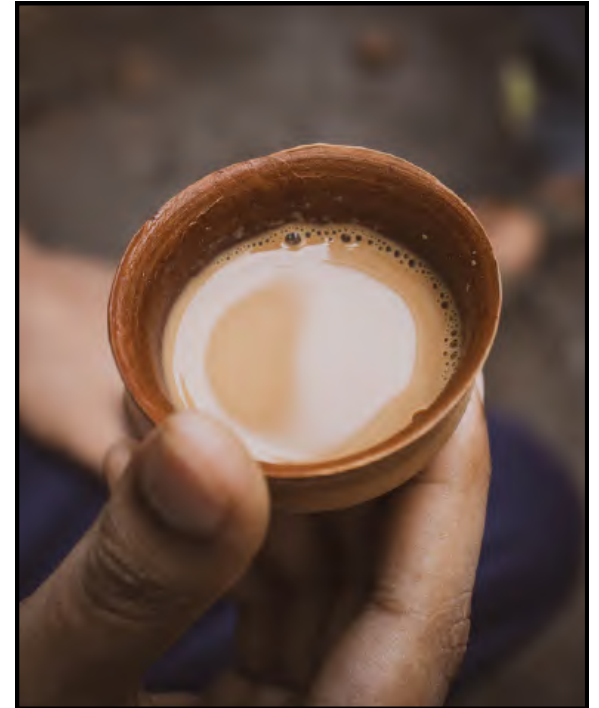
Despite these declines, some resilience was seen in rupee-denominated export values due to currency depreciation. However, US dollar earnings remained under pressure, highlighting challenges in maintaining competitiveness in international markets. Changes in demand across key export markets—such as increased imports from Türkiye and declines in Russia and the UAE—further illustrate shifting global trade dynamics impacting the industry.



## Middle East crisis threatens Ceylon tea export lifeline

Sri Lanka's plantation sector faces a critical turning point as instability in West Asia threatens key export routes for Ceylon Tea. Approximately 45% of tea export revenue comes from Middle Eastern markets, and ongoing tensions are disrupting both shipping logistics and consumer demand. Industry stakeholders warn that this dual shock could severely weaken export earnings and destabilise the sector, which is already grappling with structural challenges.

In addition to external risks, rising production costs and long-standing policy issues are compounding the crisis. Labour costs account for nearly 70% of production, while fertiliser shortages and past policy missteps have reduced productivity and efficiency. Industry leaders are urging diversification into new markets and immediate policy support to avoid long-term decline, warning that without intervention the industry's recovery prospects could be severely limited.



## Tea prices show resilience in May despite weaker Dollar returns

Despite global market pressures, Sri Lanka's tea prices showed positive movement in May 2026, with the national sale average increasing to Rs. 1,184.56 compared to April. This also represented a year-on-year increase in rupee terms, indicating underlying strength in the domestic tea auction system. Certain categories, particularly low-grown teas, recorded notable price improvements, supported by steady demand.

While dollar returns remained slightly weaker due to currency fluctuations, the rupee gains highlight resilience in the local market and continued buyer interest. The data suggests that quality teas and specific segments are still able to command competitive prices, reinforcing the importance of product differentiation and quality improvement within the industry.

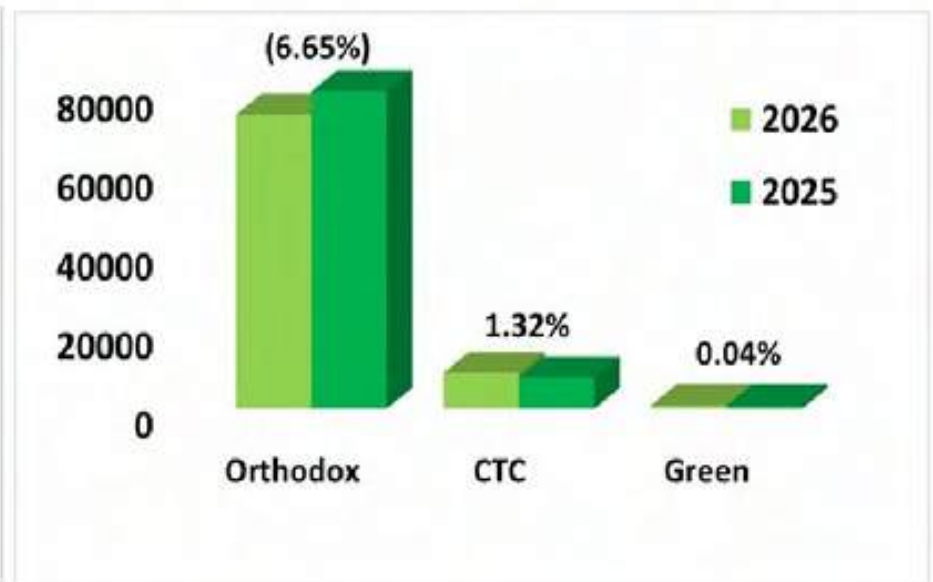
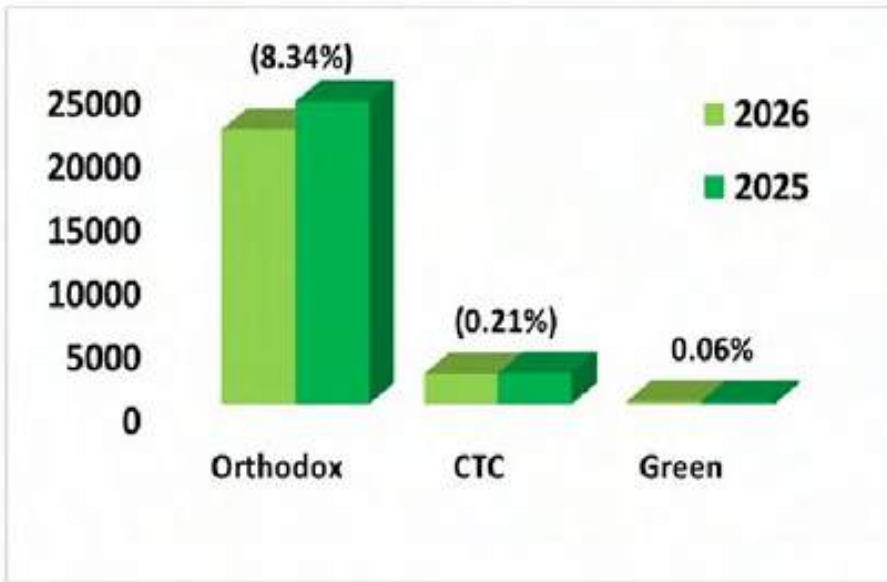


# Sri Lankan Tea Production

## SRI LANKA TEA PRODUCTION

APRIL 2026/2025 - in MT

JANUARY TO APRIL 2026/2025 - in MT



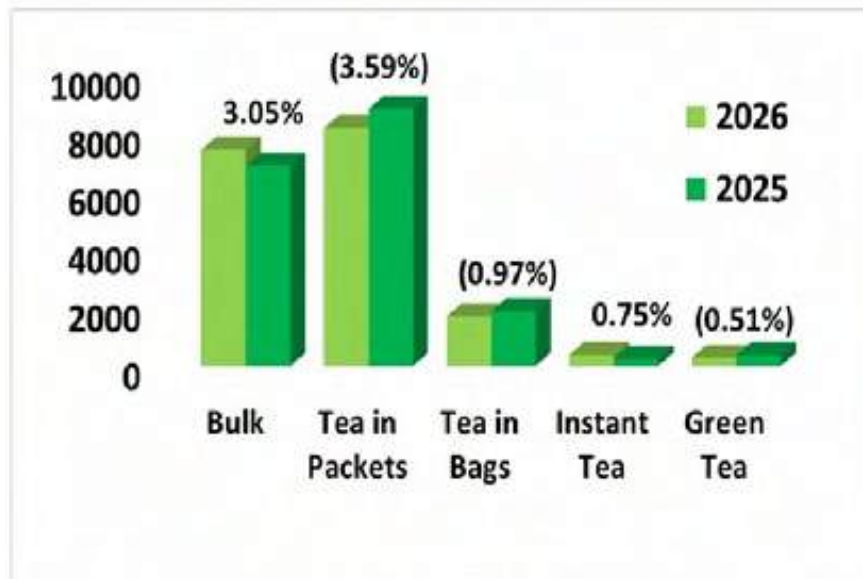
(SLTB)



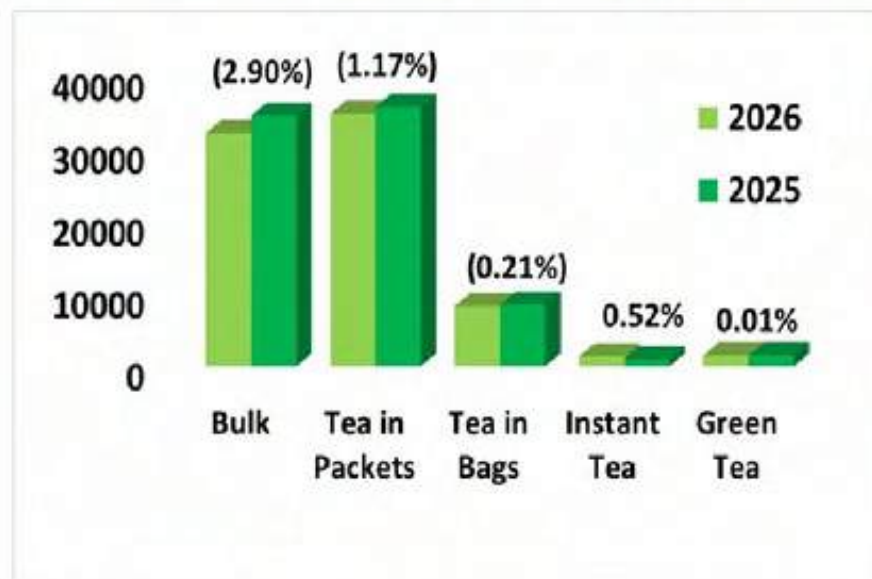
# Sri Lankan Tea Exports

## SRI LANKA TEA EXPORTS

APRIL 2026/2025 - in MT



JANUARY TO APRIL 2026/2025 - in MT



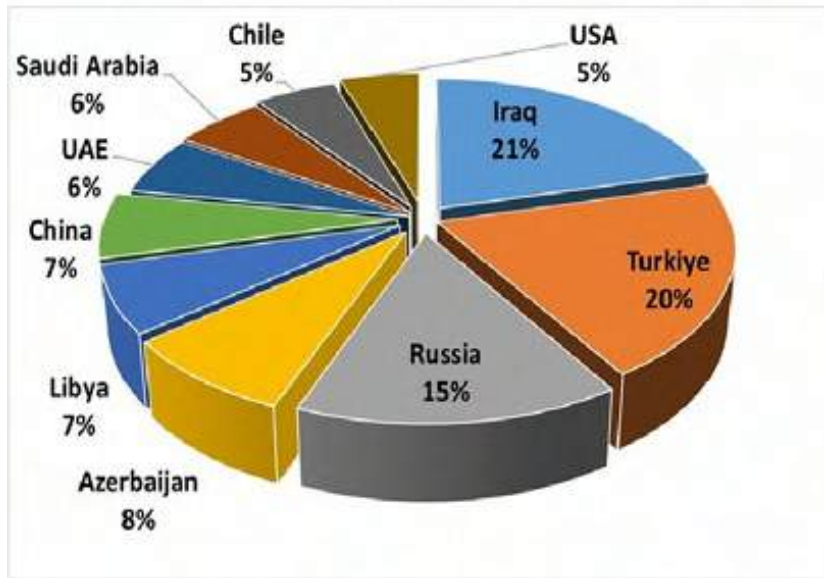
(SL Customs - Courtesy Forbes & Walker Tea Brokers (Pvt) Ltd)



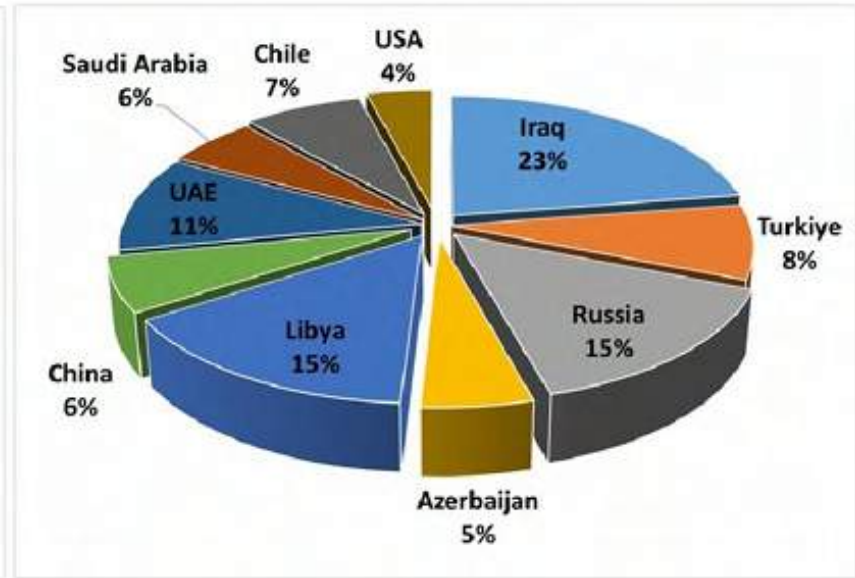
# Major Importers of Ceylon Tea

## MAJOR IMPORTERS OF SRI LANKA TEA

APRIL 2026 - in MT



APRIL 2025 - in MT



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



# Global Tea News

- Gen Z driving US Tea consumption growth
- Kenya pushes reforms to strengthen tea sector competitiveness
- China's Guangxi emerges as a global tea innovation hub
- India tightens tea import rules
- China tests humanoid robots in tea fields



# Gen Z driving US Tea consumption growth

Gen Z consumers are driving a new wave of tea consumption, redefining how tea is perceived and consumed. Unlike Millennials, who view tea as a wellness ritual, Gen Z treats it as a form of social expression—sharing experiences, creating content, and using beverage choices to reflect identity. This shift is fueling demand for visually appealing and experiential formats like bubble tea, matcha creations, cold brews, and tea flights. Globally, their influence is significant, as seen in China where Gen Z contributes heavily to experience-based beverage growth, with the bubble tea market expected to exceed \$5 billion by 2033.



At the same time, Gen Z is highly health-conscious and seeks functional teas with benefits such as stress relief, energy balance, and digestive support. They also prioritize sustainability and ethical sourcing, valuing certifications like Organic and Fair Trade. This generation expects constant innovation and prefers formats that combine convenience with customization—such as powders and ready-to-mix options—while still delivering quality and functionality. Overall, their preferences are reshaping product development, marketing, and pricing strategies across the tea industry.



# Kenya pushes reforms to strengthen tea sector competitiveness

Kenya, the world's largest exporter of black tea, is implementing reforms aimed at boosting farmer incomes and strengthening global competitiveness. Government initiatives focus on value addition, increased processing, and expanding export markets beyond traditional destinations. These reforms are designed to reduce reliance on bulk exports and improve returns by promoting finished tea products.

However, the sector continues to face significant challenges, including declining prices in some markets, rising production costs, and climate-related risks. To address these issues, Kenya is pursuing new market opportunities, particularly in Asia, while investing in infrastructure and branding initiatives. The country's strategy highlights the growing importance of diversification and value addition in maintaining a competitive edge in the global tea trade



# China's Guangxi emerges as a global tea innovation hub



China's Guangxi region is rapidly transforming into a global centre for tea production and innovation, particularly in jasmine tea. The region produces about 140,000 tonnes annually, with its jasmine sector supplying over 60% of the world's jasmine flowers and supporting hundreds of thousands of livelihoods. The integrated tea industry in the region now exceeds 70 billion yuan in value, signalling strong growth and global relevance.

A major driver of this growth is the adoption of advanced technologies such as AI-powered monitoring, digital farming systems, and smart greenhouses. These tools have improved efficiency, reduced input costs, and increased farmer incomes, while enabling producers to meet global quality standards. Additionally, the expansion of Chinese tea brands internationally and rising global demand for tea-based beverages are further strengthening China's position in the global tea market.

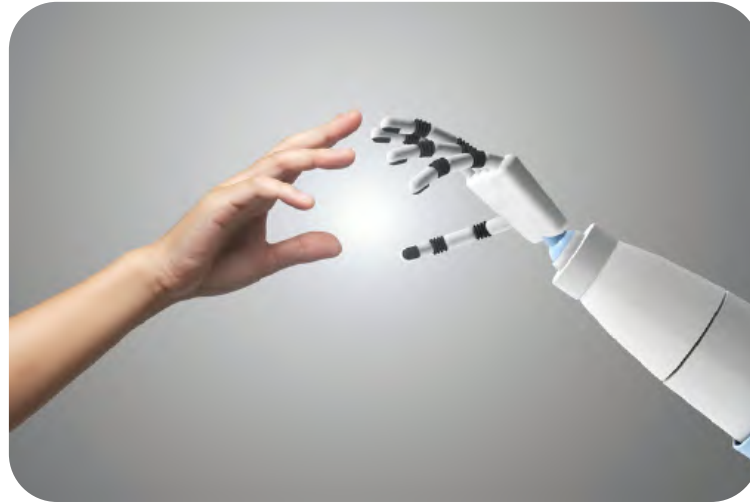
# India tightens tea import rules

India has introduced stricter regulations to protect its domestic tea industry in response to rising imports, creating concern among exporters—especially in Nepal, where tea is a key source of foreign exchange. From May 1, all imported tea consignments must undergo mandatory lab testing to ensure quality and prevent adulteration. Importers are now also required to submit detailed shipment information, including arrival dates, storage locations, and container details, through the Tea Council's online portal. Until officially cleared, imported tea must be stored separately and cannot be sold or re-exported.

If a tea sample fails testing, importers can request a second test, but if it fails again, the shipment must either be destroyed or sent back to its country of origin. Additionally, new rules stipulate that imported tea intended for re-export must leave India within six months and achieve at least 50% value addition, along with proper labelling and disclosure of origin. These measures are designed to strengthen quality control and protect local producers, but they may significantly disrupt trade flows and impact exporters relying on the Indian market.



## China tests humanoid robots in tea fields



China has begun testing humanoid robots in real tea plantations in Fujian Province as part of preparations for the 2026 World Humanoid Robot Games. Instead of controlled lab environments, the robots were deployed directly into tea fields where they worked alongside human tea pickers. Their tasks included identifying and plucking tea leaves, carrying loads across steep terrain, spreading leaves for drying, and even assisting in processing stages like roasting and pressing tea cakes. This marked a significant shift from experimental robotics to real-world agricultural applications.

The trials highlighted both the potential and complexity of using robots in tea cultivation. Tea fields present challenging conditions such as uneven terrain, varying leaf shapes, and delicate harvesting requirements, all of which test the robots' mobility, vision systems, and precision handling. The initiative is designed to gather data for advanced AI development while addressing labour shortages and improving efficiency in agriculture. If successful, such technologies could play a major role in modernising tea production and supporting the future of smart farming globally.



### Nothing but the truth

The oldest registered operational tea factory in Sri Lanka, now producing Green Teas with the famous Nuwara Eliya character has been modified to produce Orthodox types of big leaf Green teas.

When Sir Oliphant and Laurence came to this piece of highland, filled with "Ashoka" trees, elephants, wild animals and gem stones as Dr. Davy described it, they brought with them thirty tea plants smuggled from China. To this day the young rays of the sun who, out of sheer respect for the magnificence of the bungalow do not step through the numerous windows to brighten the rooms inside, The tea bushes known as China Jat, are dating back to the mid nineteenth century.



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	1690	205	238.13	34.18
Seedling Tea Area (Ha.)	Annual Crop of Green Leaf (Kg)	Annual Made Tea Quantity (Kg/MT)	Grades of Tea Produced	
140.51	794,780	190,780	Green Tea OP, OPA DUST, Fannings	



# Sri Lankan Economy



- **Economy in Brief**
- **Sri Lanka's Trade Reform Agenda: Economic Implications of Para Tariff Rationalisation**
- **External Sector Performance in Q1 2026**

# Economy in Brief

## Central Bank of Sri Lanka increases the Overnight Policy Rate (OPR)

The Central Bank of Sri Lanka (CBSL) raised the OPR by 100 bps to 8.75% due to rising inflation and external pressures caused by higher global oil and commodity prices amid Middle East tensions. Inflation reached 5.4% in April 2026 driven mainly by energy costs, while stronger demand, credit growth, and imports added pressure. The external sector weakened due to a wider trade deficit and lower tourism earnings, though remittances remained stable and reserves stood at USD 6.8 billion. The rupee also faced depreciation pressure amid global uncertainty. In response, CBSL tightened monetary policy to control inflation and maintain external stability.



## Para-Tariff Reforms to Boost Competitiveness and Consumer Welfare

Sri Lanka is gradually removing para-tariffs to simplify imports and improve trade transparency. Charges such as PAL and CESS have increased import protection, pushing average duties to around 19%, according to the World Bank. Their phased removal by 2029 is expected to reduce import costs and improve trade openness. The reforms should lower production costs, improve export competitiveness, and increase household welfare through lower prices and higher incomes. However, greater competition may challenge less efficient industries, highlighting the need for productivity gains, skills development, and industrial upgrading.



## Sri Lankan Rupee Movement Under External Pressures in May 2026

In May 2026, the Sri Lankan rupee weakened due to higher demand for foreign exchange from rising fuel, vehicle, and consumer goods imports alongside higher oil prices. Tourism, remittance, and export inflows were insufficient to offset the widening import bill, creating a foreign currency shortage. A stronger USD and global uncertainty pushed the rupee beyond Rs 331, its weakest level since late 2023, with depreciation of around 3.65% year-to-date. Later, CBSL intervention stabilised the market and supported a partial recovery. While depreciation raised import costs and inflation, it temporarily benefited exporters and remittance inflows.

# 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.

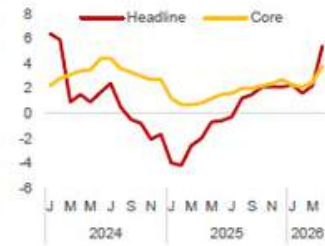
### Movement of Purchasing Managers' Index- April 2026

Manufacturing PMI **42.6**  
 Services PMI **46.7**  
 Construction PMI (est) **57.1**

All indices recorded a decline compared to the previous month.

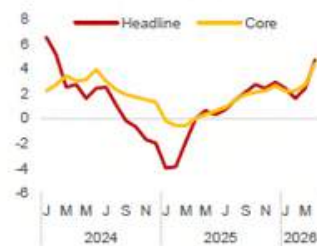
## Inflation

CCPI Inflation (%) - Base 2021



April 2026  
 Headline **5.4%**  
 Core **3.8%**

NCPI Inflation (%) - Base 2021



April 2026  
 Headline **4.7%**  
 Core **4.4%**

## External Sector

**Merchandise Trade**  
 March 2026

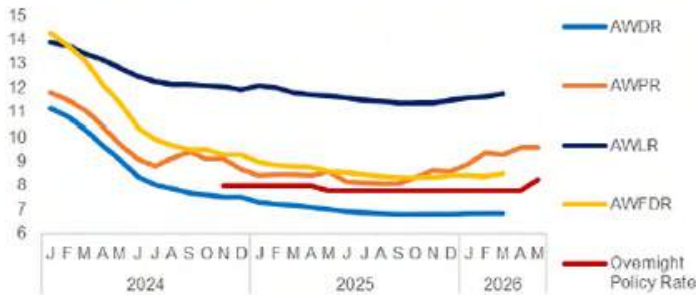
**Trade Deficit** **USD 880 mn**  
**Exports** **USD 1,254 mn**  
 1% y-o-y growth  
**Imports** **USD 2,134 mn**  
 30.3% y-o-y growth  
**Services** **USD 227 mn**  
**Net Exports** -42.4% y-o-y increase

**Tourist Arrivals** **135,643**  
 April 2026 -22.3% y-o-y growth

**Tourism Earnings** **USD 157.1mn**  
 April 2026 -19.4% y-o-y decline

**Workers' Remittances**  
 April 2026 **USD 767.9mn**  
 24.5% y-o-y growth

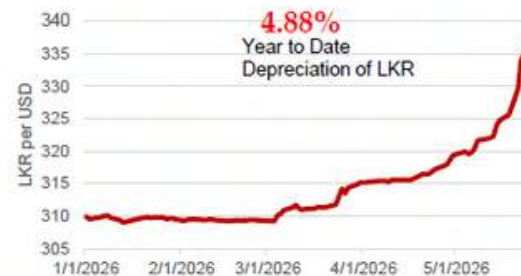
## Interest Rates



**Growth in Credit to Private Sector**  
 Mar 2026  
**13.8%**

**Overnight Policy Interest Rate (OPR): 8.75%**

## Exchange Rate



**4.88%**  
 Year to Date  
 Depreciation of LKR

## Official Reserves

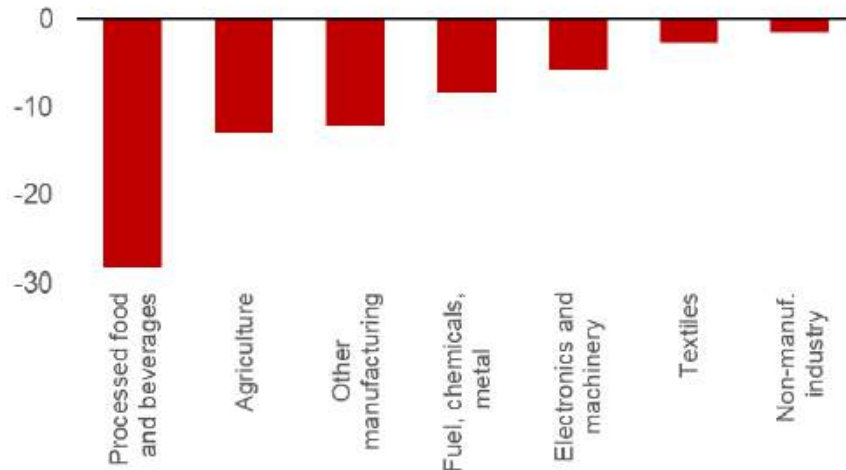


**USD 6.76 Bn**  
 Apr 2026

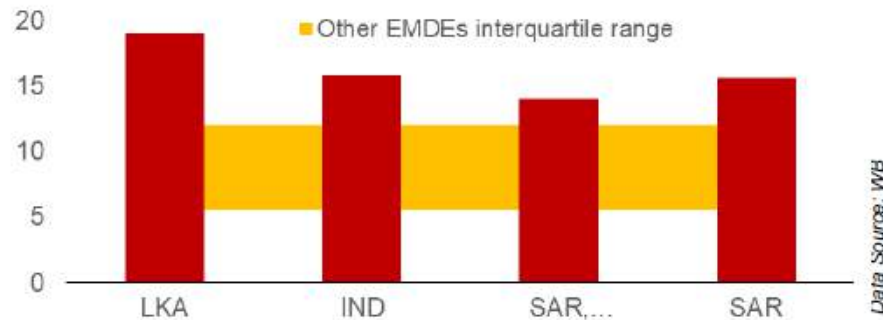


# Sri Lanka's Trade Reform Agenda: Economic Implications of Para Tariff Rationalisation

Sri Lanka's proposed para-tariff phase-out until 2029



Average import Duty



Sri Lanka is moving to phase out para-tariffs as part of efforts to simplify its import tariff system and improve transparency. These additional charges—such as PAL and CESS—have historically pushed effective import duties to around 19%, well above many peer economies. The planned reforms, to be completed by 2029, aim to reduce average duties by nearly nine percentage points, marking a major shift toward a more transparent, rules-based trade regime with significant implications for competitiveness and exports.

The changes are expected to lower input costs for industries like food and beverages, rubber, and plastics, boosting productivity and export potential, while sectors like textiles may see limited impact. Lower-income households are likely to benefit most through reduced prices, with consumption projected to rise by over 3% in the short term. However, reduced protection may challenge less competitive local industries, making supportive policies—such as improving productivity, skills, and export capacity—critical for long-term success.

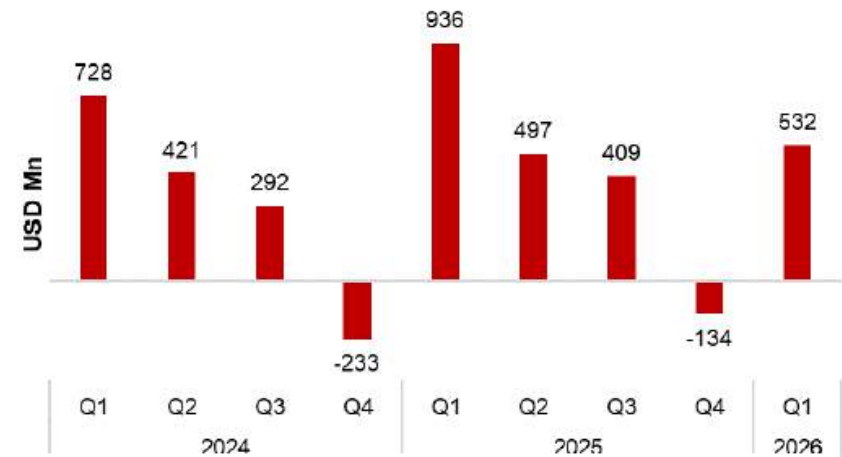


# External Sector Performance in Q1 2026

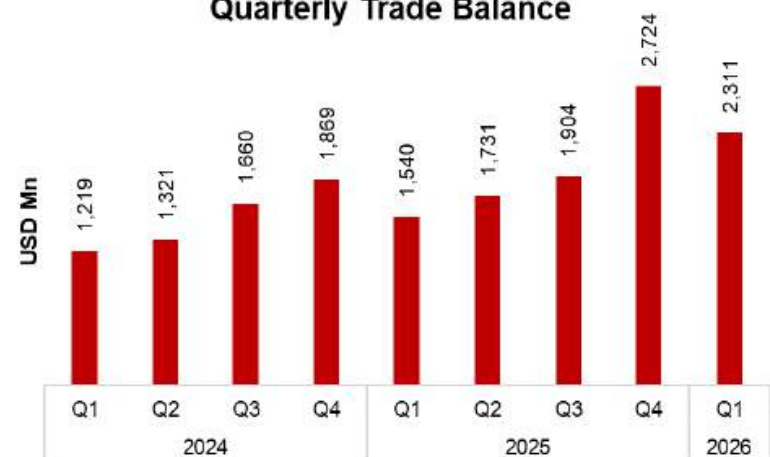
Sri Lanka's external sector weakened in Q1 2026, with the current account surplus falling 44% to USD 532 million from USD 948 million a year earlier, mainly due to a sharp rise in imports outpacing export growth. Export earnings rose modestly by 3.4% to USD 3.46 billion, supported by industrial exports such as petroleum products, food and beverages, rubber goods, and machinery, while agricultural exports saw slight gains despite a decline in tea exports.

In contrast, imports surged 18.1% to USD 5.77 billion, widening the trade deficit to USD 2.31 billion, driven by higher spending on fuel, machinery, textiles, vehicles, and consumer goods, reflecting stronger domestic demand. The services surplus also fell by 20.2% to USD 973 million due to weaker travel and transport inflows, although remittances rose 27.7% to USD 2.26 billion, providing key support. Overall, improving economic activity boosted imports but led to a weaker current account position compared to Q1 2025.

### Quarterly Current Account Balance



### Quarterly Trade Balance



Data Source: CBSL



# Global Economy



- **Economy in Brief**
- **Energy Shock and Geopolitical Fragmentation Threaten Global Recovery**
- **External Sector Pressures and the Movement of the Sri Lankan Rupee in May 2026**

# Economy in Brief

## Middle East Conflict Threatens Global Economic Recovery

The global economic outlook weakened sharply after the Middle East conflict began in February 2026 triggering higher oil prices, supply chain disruptions, and increased financial uncertainty. Disruptions around the Strait of Hormuz pushed Brent crude prices above 100 per barrel, raising transportation, food, manufacturing, and energy costs worldwide. Financial markets became more volatile, while tighter financial conditions and rising inflation pressured both developed and emerging economies. The IMF expects global growth to slow in 2026 with risks of a deeper lowdown if the conflict continues. Economies such as Sri Lanka remain highly vulnerable due to dependence on imported energy, rising import costs, and weaker external demand. The crisis highlights the growing importance of energy security, renewable energy investment, and stronger economic resilience.



## Global Trade Slows Amid Geopolitical and Supply Chain Disruptions

Global trade growth is expected to slow significantly in 2026 due to geopolitical tensions, energy disruptions, and shifting supply chains. The Middle East conflict and disruptions in the Strait of Hormuz have increased transport costs, insurance expenses, and supply delays, affecting energy markets and industrial production worldwide. Rising energy and commodity prices are also increasing inflation and weakening trade competitiveness, especially in import dependent economies. Financial uncertainty has further caused volatile capital flows and tighter global financial conditions. In response, many countries are diversifying export markets and strengthening regional trade partnerships. For economies like Sri Lanka, these developments emphasise the need for export diversification, digital trade expansion, and stronger integration into global value chains.

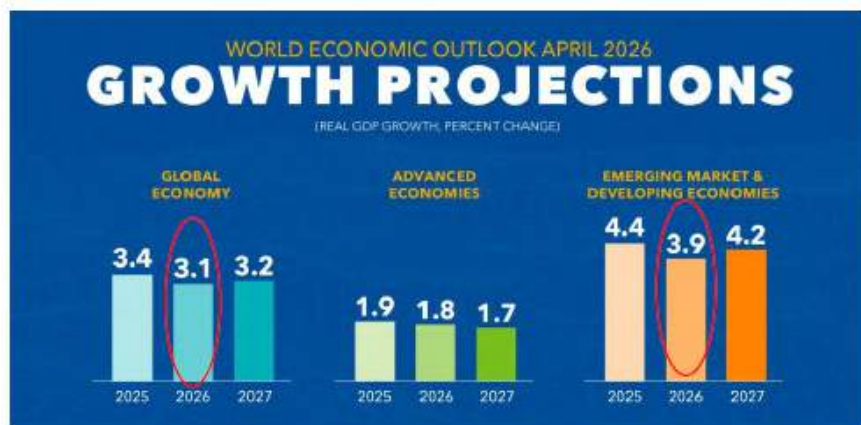


## Global Commodity Outlook 2026 Supply Shocks Drive Price Surge

The global commodity market outlook for 2026 reflects heightened volatility following Middle East disruptions, particularly affecting trade through the Strait of Hormuz. Although the worst supply interruptions are expected to ease by May 2026 shipping recovery will be gradual, with stabilisation near pre-war levels only by the final quarter. These disruptions are mainly temporary access constraints rather than structural production shortages.

As a result, global prices for energy, agriculture, and other key commodities are projected to rise by around 16% year-on-year in 2026 marking the first annual increase since 2022 and a sharp upward revision from earlier forecasts. Despite efforts to reduce oil dependence, the oil market is expected to face a temporary imbalance, with demand exceeding supply in mid-2026. However, as supply conditions improve, commodity prices are projected to decline by around 12% in 2027.

# Energy Shock and Geopolitical Fragmentation Threaten Global Recovery



Growth projections for Sri Lanka	2026	2027
WORLD BANK GROUP	3.6%	3.8%
INTERNATIONAL MONETARY FUND	3.1%	3.1%
ASIAN DEVELOPMENT BANK	4.0%	4.2%
SRI LANKA	5.0%	5.0%

Data Sources: IMF, ADB

The global economic outlook has weakened sharply following the outbreak of war in the Middle East on 28 February 2026, reversing earlier recovery and easing inflation trends. The crisis has driven oil prices above USD 100 per barrel due to disruptions in the Strait of Hormuz, a key global energy route, triggering a surge in energy costs and fuelling inflation across sectors such as transport, food, and manufacturing. At the same time, supply chain disruptions, fertiliser shortages, and reduced trade and tourism activity have added to global uncertainty, while financial markets have responded with rising volatility, weaker equities, and capital outflows from emerging economies.

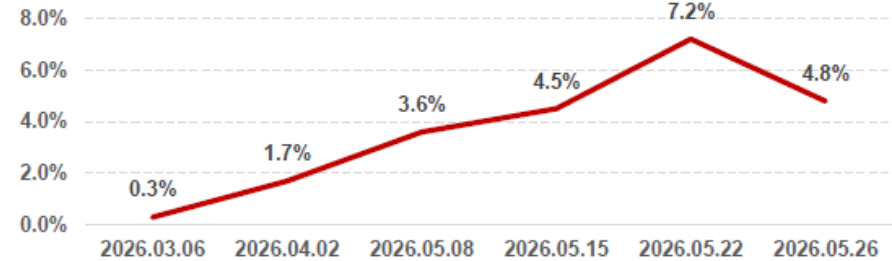
Global growth is now projected to slow to 3.1% in 2026, with risks of falling closer to 2% if the conflict persists, while inflation could rise significantly. Developing Asia remains particularly vulnerable due to reliance on imported energy and global trade. Sri Lanka, despite a resilient recovery in 2025, faces rising external pressures from higher import costs, inflation, and weaker demand. While reconstruction spending may offer some support, growth is expected to moderate, highlighting the need for stronger energy resilience, renewable investment, and productivity improvements amid increasing geopolitical and economic uncertainty.

# External Sector Pressures and the Movement of the Sri Lankan Rupee in May 2026

The Sri Lankan rupee depreciated in May 2026 due to rising demand for foreign currency amid higher import spending, particularly on fuel as global oil prices increased. Additional pressure came from increased imports of vehicles and consumer goods, which further boosted dollar demand. Although inflows from tourism, exports, and worker remittances continued, they were insufficient to offset the surge in import-related demand. Global factors, including a stronger US dollar and broader uncertainty, also contributed to the rupee weakening past Rs 331, its lowest level since late 2023.

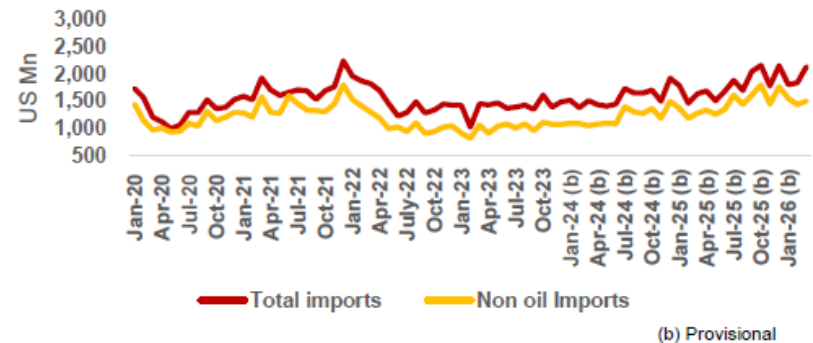
Overall, the rupee had depreciated by about 3.6% between January and early May 2026, though it showed signs of recovery later in the month following Central Bank intervention to stabilise the market and curb volatility. The exchange rate improved to around Rs 329–335, with a brief 2.7% appreciation recorded in a single session. A weaker rupee raises import costs—especially for fuel, medicine, and raw materials—adding inflationary pressure, while providing short-term gains for exporters and remittance earners through higher rupee returns.

Rupees' year to date depreciation against USD



Note: A lower percentage after 22 May reflects partial appreciation of the Sri Lankan rupee against the US dollar following Central Bank intervention and policy adjustments.

Imports from 2020-2026



(b) Provisional



THANK YOU

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

