Mabroc Teas®

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MONTHLY TEA NEWS BULLETIN

JULY 2026

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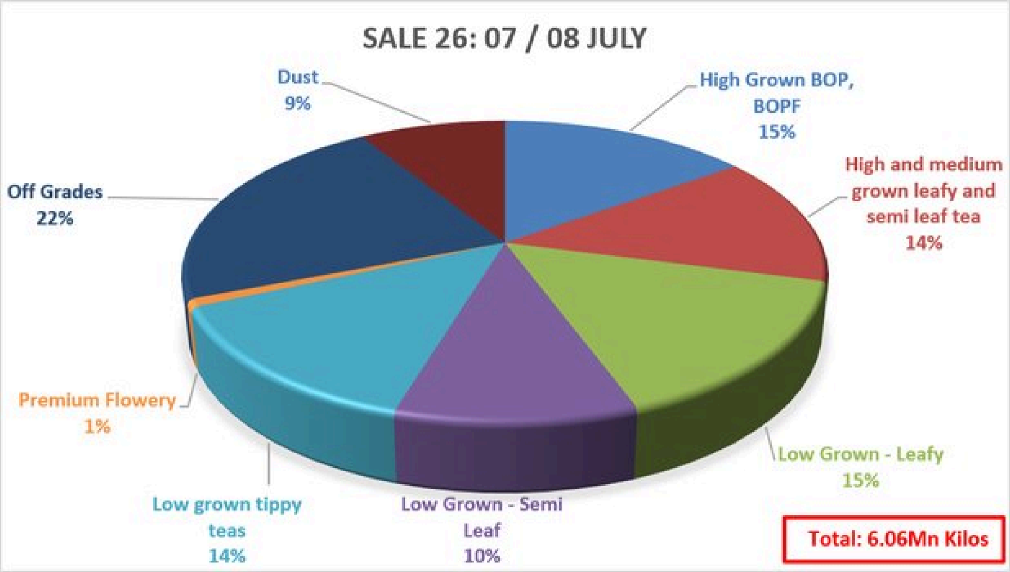
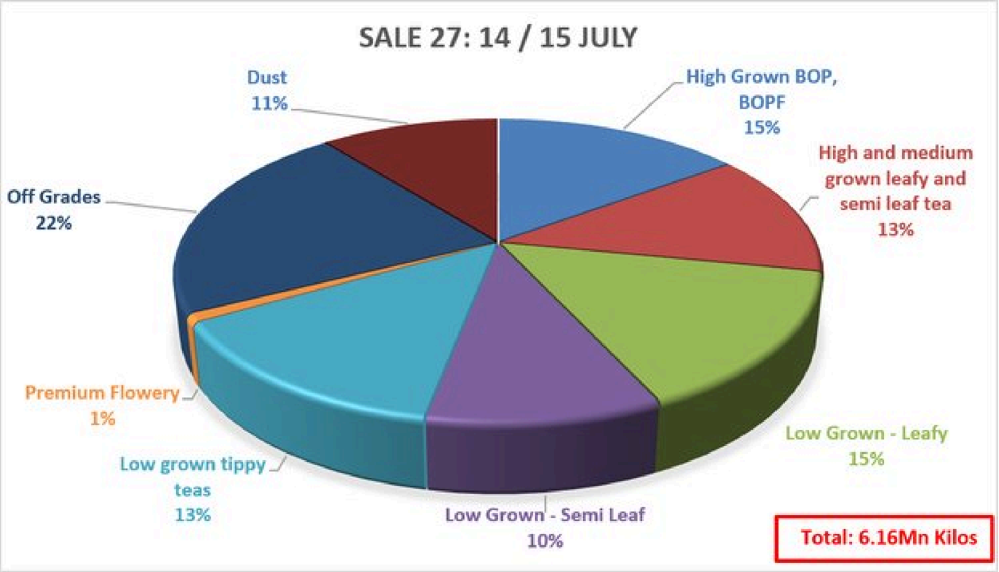
Table of Contents

Colombo Auction Statistics

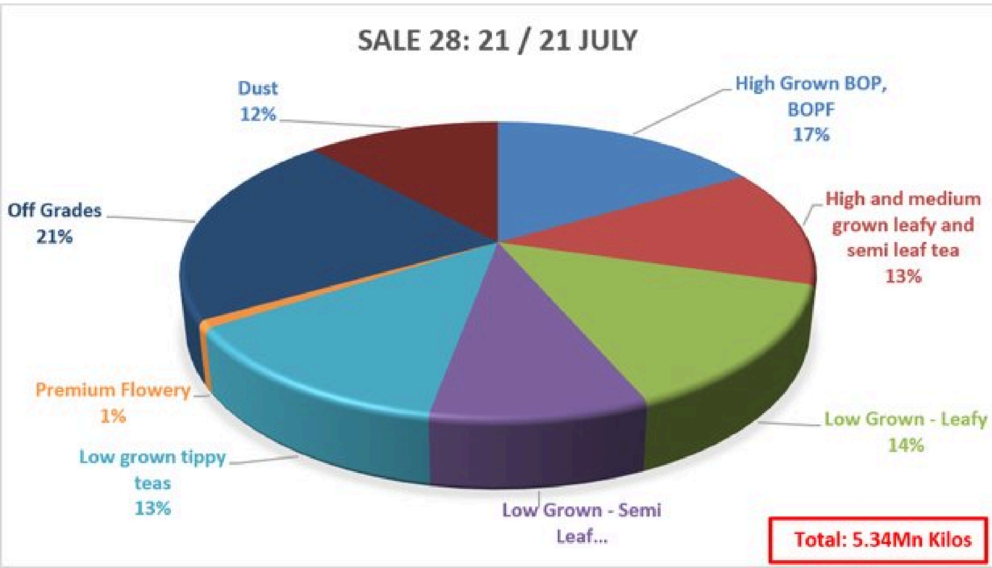
CEYLON TEA WEEKLY MOVEMENT AT AUCTIONS – JULY 2026

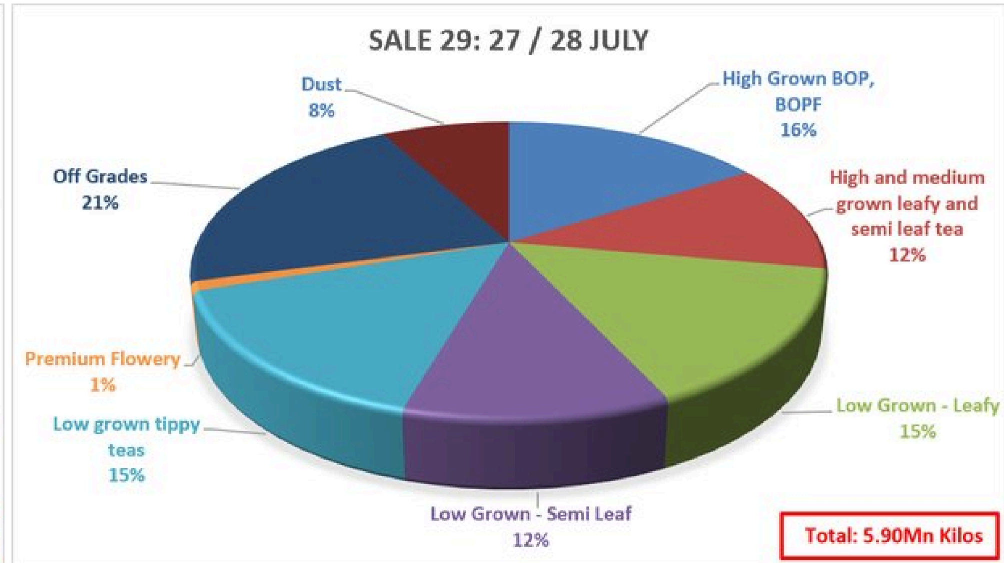




Colombo Auction Statistics

CEYLON TEA WEEKLY MOVEMENT AT AUCTIONS – JULY 2026





Mombasa Auction Statistics

COMBINED MARKET REPORT

Mombasa Tea Auction

East African CTC & Orthodox Tea — Weekly Sales Bulletin

JULY 2026 · SALES 27-30

Four auction sales · Strongest buyer participation in recent months

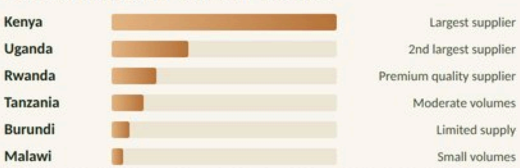
SOLD RATIO	TOTAL OFFERED	LEADING SUPPLIER	PRICE MOVEMENT	MARKET TREND
>90%	**39.3 M Kgs**	**Kenya**	**+34 USC (BP1)**	**Firm**
Outlots well below June levels	≈10.1M Kgs / week · 4 sales	Supply pattern unchanged	Firm to dearer, quality invoices	Selective demand on lower grades

YEAR-ON-YEAR — JULY 2025 VS 2026

	2025		2026
Quantity offered	2025: Lower	→	2026: 39.3M Kgs
Average prices	2025: Lower	→	2026: Higher
Market trend	2025: Mixed	→	2026: Firm

- ✓ Stronger buyer participation and higher prices than July 2025
- ✓ Rwanda & Kenya continued leading price performance
- ✓ Overall market confidence improved year-on-year

COUNTRY-WISE SUPPLY SHARE



Supply pattern unchanged from June. Rwanda retains the highest average prices; Kenya holds strong premium pricing.

SALE-BY-SALE PERFORMANCE — UNSOLD %

27	General demand; quality teas appreciated	8.4% UNSOLD
28	Good general demand; quality teas appreciated	7.6% UNSOLD
29	Good demand continued; selective buying on lower quality; market remained firm	~8-10% UNSOLD
30	Stable demand; premium teas held gains, lower categories irregular	~9-10% UNSOLD

Best absorption in recent months · Premium teas near-complete sale · Outlots well below June

July recorded one of the strongest buyer participation levels seen in recent months, with more than 90% of teas offered successfully absorbed by the market.

PRICE MOVEMENT BY GRADE

- BP1 Firm/Dearer
- PDUST Dearer
- PF1 Firm
- DUST1 Firm
- Dust Firm
- BP Mixed
- PF Barely Firm
- Fannings Easier
- Orthodox Selective

CROP & WEATHER — KENYA

CROP

- Green leaf intake reduced gradually
- Factory production steady despite lower leaf volumes
- Pruning continued in several growing regions
- Good quality supported firmer prices

WEATHER

- East of Rift: cold mornings, cloudy, light rain
- West of Rift: sunny mornings, cool afternoons, showers
- Good soil moisture, healthy crop growth
- Cooler weather moderated growth, aided quality

OUTLOOK | July closed **firm and resilient**, with strong buyer confidence and excellent demand for well-manufactured teas lifting the sold ratio to **over 90%** — a clear improvement on June's absorption. **Kenya** remained the dominant supplier while **Rwanda** held the highest average prices. Cooler weather and pruning trimmed green leaf volumes, but the resulting quality gains helped sustain firm prices heading into **August**.

Ceylon Tea News

- Tea Industry Posts Mixed Results in First Half of 2026
- June Production Recovery Provides Positive Momentum
- Industry Leaders Focus on Value Addition and Premium Branding
- Tea Export Volumes Remain Under Pressure

Tea Industry Posts Mixed Results in First Half of 2026

Sri Lanka's tea industry faced a challenging first half of 2026, with both production and exports recording year-on-year declines. Total tea production fell to 131.89 million kilograms while exports declined to 123.10 million kilograms. Despite lower volumes, average auction prices showed resilience and FOB values in rupee terms improved.

Türkiye emerged as the largest importer of Ceylon Tea during the period, helping offset weaker demand from some traditional markets. Industry stakeholders continue to emphasize innovation, market diversification and value-added exports as key drivers of future growth.

June Production Recovery Provides Positive Momentum

Sri Lanka's tea sector reported improved production performance in June, with national output increasing by approximately 4% compared to the same month in 2025. The growth was primarily driven by stronger High and Medium Grown tea production. However, Low Grown teas, which account for the largest share of export volumes, continued to decline.

Industry experts note that rising fertiliser costs, weather-related disruptions and earlier crop setbacks continue to impact productivity. While June's performance offers encouragement, stakeholders caution that long-term supply stability remains a priority.

Industry Leaders Focus on Value Addition and Premium Branding

At the 132nd Annual General Meeting of the Colombo Tea Traders' Association (CTTA), industry leaders highlighted the importance of moving beyond bulk tea exports towards premium branded products and value-added offerings.

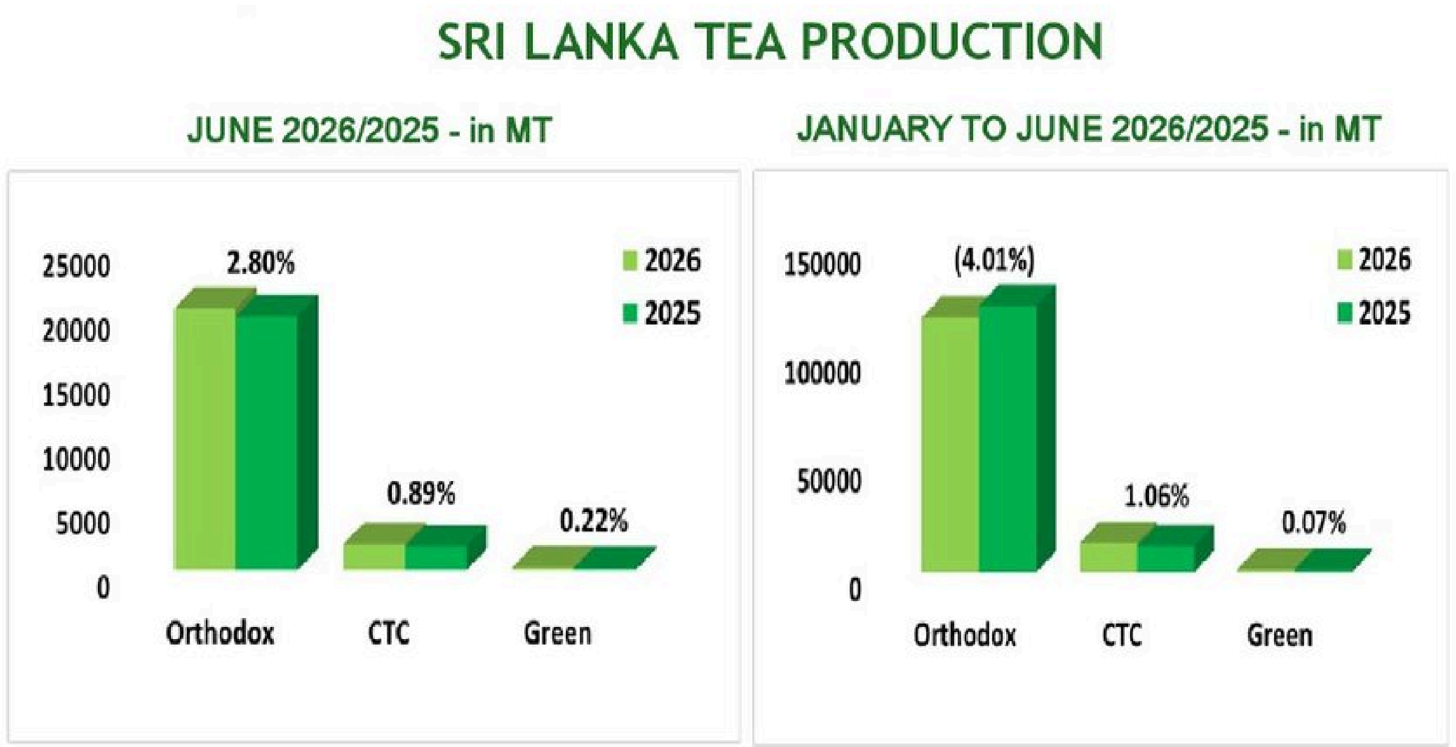
Discussions focused on innovation, sustainability, product diversification and protecting the global reputation of Ceylon Tea. The sector reaffirmed its commitment to enhancing competitiveness through stronger branding and creating greater value from every kilogram of tea produced.

Tea Export Volumes Remain Under Pressure

Sri Lanka's tea exports continued to decline during June 2026, with total shipments falling by over 2 million kilograms compared to June 2025. Although export volumes weakened, higher FOB values in local currency terms helped support overall earnings. Bulk tea remained the only export category to record growth during the month.

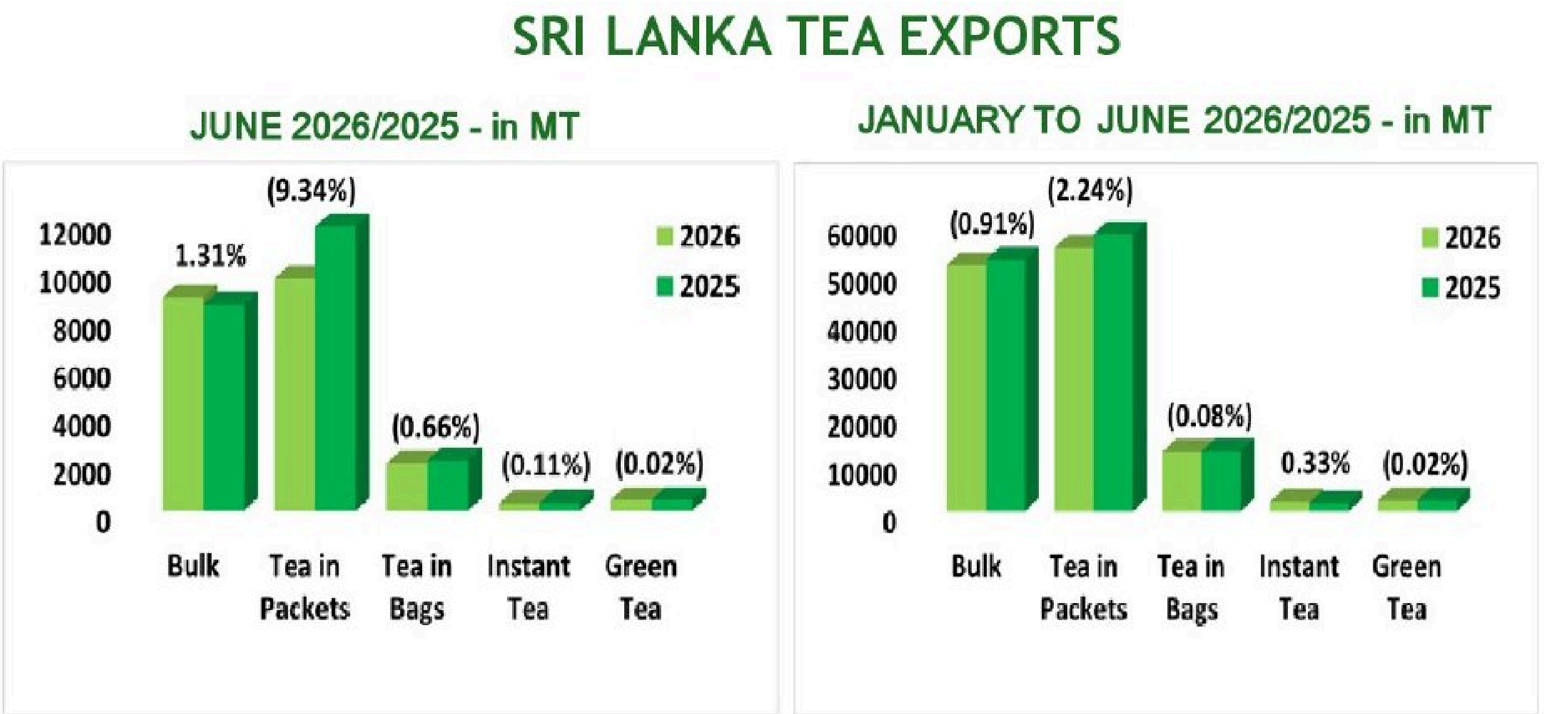
Türkiye strengthened its position as Sri Lanka's leading tea export destination, while Iraq and several Middle Eastern markets recorded lower import volumes due to changing market conditions and logistical challenges.

Sri Lankan Tea Production



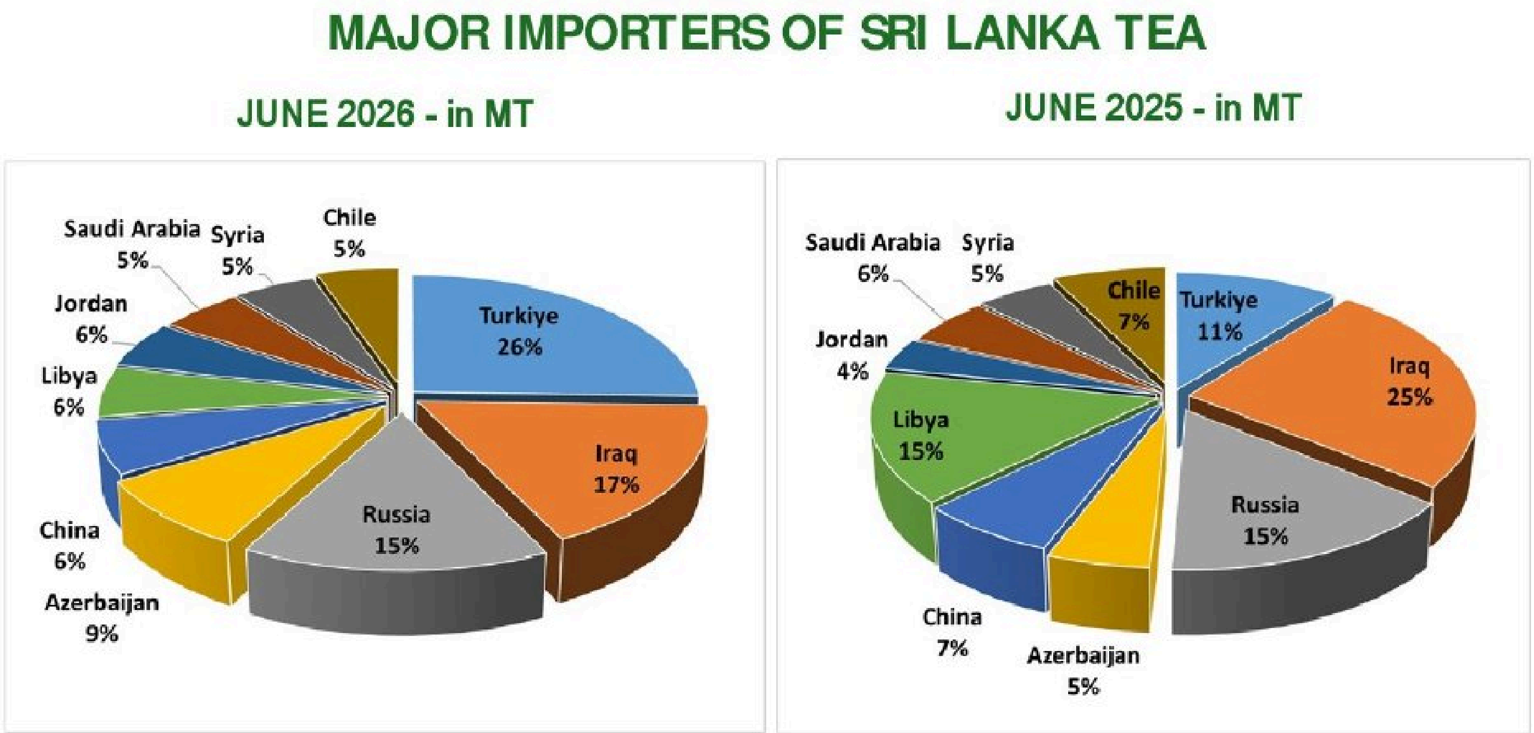
(SLTB)

Sri Lankan Tea Exports



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

Major Importers of Ceylon Tea



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

Global Tea News

- Türkiye Strengthens Position as a Leading Tea Importer
- China's New-Style Tea Beverage Market Surpasses Expectations
- Regional Trade Challenges Impact India's Tea Sector
- Kenya Expands Focus on the Chinese Market
- U.S. Tea Imports - May 2026
- South Africa reopens market to Kenya's 1.7 billion tea market

Türkiye Strengthens Position as a Leading Tea Importer

Türkiye continued to strengthen its role in the global tea trade during 2026, emerging as the largest importer of Ceylon Tea during the first half of the year. Imports from Sri Lanka almost tripled compared to the corresponding period in 2025, reflecting strong domestic demand and growing commercial links between the two countries.

The trend highlights Türkiye's increasing importance as a key destination for premium orthodox teas and its influence within global tea trading networks.

China's New-Style Tea Beverage Market Surpasses Expectations

At the China New Tea Beverage Industry Development Conference held in July, industry experts projected that China's rapidly expanding new-style tea beverage market would exceed RMB 370 billion in 2026. The sector continues to benefit from strong consumer demand, particularly among younger demographics seeking premium, innovative and healthier tea-based beverages.

Collaboration between tea producers and beverage brands is also helping drive product innovation and strengthen tea consumption across domestic and international markets.

Regional Trade Challenges Impact India's Tea Sector

Tea industry stakeholders in India continued to monitor the impact of trade restrictions affecting Nepali tea imports. Additional testing requirements and regulatory measures disrupted cross-border tea flows and placed pressure on producers and exporters in the region.

The developments have renewed discussions around tea quality assurance, market access and supply chain management while highlighting the interconnected nature of South Asia's tea industry.

Kenya Expands Focus on the Chinese Market

Kenya stepped up efforts to strengthen tea exports to China during July, reflecting the country's broader strategy of diversifying export destinations and reducing reliance on traditional markets.

Industry stakeholders view China's growing demand for premium and speciality teas as a significant opportunity for further expansion. The initiative is expected to increase export revenues, improve market access and create new business opportunities for Kenyan tea producers and exporters.

U.S. TEA IMPORTS - MAY 2026

U.S. tea imports declined 7.1% year-over-year through May 2026, reaching 45,835.8 MT. Black tea remained dominant at 83.9% of total imports, while black, green, and organic tea volumes recorded declines. Despite overall pressure, selected origins such as Malawi, Japan, and re-export channels showed growth.

Argentina remained the leading supplier with 17,245.9 MT (44.8% share) despite a 7.3% decline. Malawi recorded a strong growth of 173.2%, while India and Vietnam declined. Indonesia, Zimbabwe, and the UK showed positive growth.
China remained the leading green tea supplier with a 35.5% share despite an 8.1% decline. Japan showed strong growth of 22.4%, while Sri Lanka also increased exports by 11.9%. Taiwan declined, and Vietnam remained stable.

U.S. organic tea imports declined 18.4% to 1,435.3 MT. Organic black tea dropped sharply, with India down -81.3% to 28.4 MT after leading in 2025. Canada remained the largest organic black tea origin, up +59.9% to 43.5 MT (33.7% share). Organic green tea also declined, though China (+22.3%) and Japan (+42.4%) recorded strong growth, accounting for 83.6% of organic green tea volume.

South Africa reopens market to Kenya's 1.7 billion tea market

Kenya and South Africa seek to deepen commercial ties and unlock opportunities for businesses operating across the continent. Trade tensions between the two countries have periodically flared in recent years over market access and tariff policies, creating uncertainty for exporters and investors.

The market reopening provides a massive boost to Kenya's vital tea sector, which generated 1.7 billion in total export earnings in 2025.

Decaf Tea Range

All the Flavor. None of the Caffeine.

Available in Black, Green & Jasmine Flavoured Tea · 20 Enveloped Tea Bags Pack

- **Naturally decaffeinated at origin**
- **100% Pure Ceylon tea**
- **Rich in antioxidants**
- **Good for You. Good Anytime.**

Premium Grade Matcha By Mabroc

PRODUCT HIGHLIGHTS

- **100% Pure Matcha**
- **Pure & Natural - absolutely no additives**
- **Flavour Profile: Smooth, Vibrant & Balanced**
- **Made from shade-grown green tea leaves, finely ground to perfection**

PACKAGING & AVAILABILITY

- **Retail Pack: 50g (1.76 oz)**
- **Master Carton: 24 packs/case**
- **Available for Order-Taking: From 15th July 2026**

Upcoming Trade Fair Participations

- ***Hong Kong International Tea Fair - Hong Kong***

13th to 15th August 2026

Hong Kong Convention and Exhibition Centre

Kelani Valley Plantations®

From the Land of the Iron Duke.

The morning air brings chills across the Dickoya Valley. Trees shake as the mist flirts with the young rays of the sun. Puffs of clouds rise from the mouths of the visitors, as they breathe in the rejuvenating gusts, only to disappear from sight within a few seconds. The quiet breath of the mountains and the distance siren summoning the workers for the Muster, are all that is heard.

The main peak of the mountain lies ahead while two other peaks stand guard on the left and the right. Behind the mountain ridge-line to the right lies an open meadow covered with tea. The gap between the two peaks reveals yet another breathtaking view of more and more fields of tea.

Surrounded by crystalline waterfalls, blue-green streams and sunlight, the Fordyce Estate today, seemingly merges the past and the present with effortless grace. Keeping a benign eye on the fields of tea are Adam's Peak in the far distance.

Planting Region	Elevation (Meters Above Sea Level)	Distance from Colombo (Commercial Hub to Plantation)(Km)	Total Cultivation Extent (Ha.)	Vegetatively Propagated Tea Area (Ha.)
Dimbula	1219	141	338.75	199.25

Seedling Tea Area (Ha.)	Annual Crop of Green Leaf (Kg)	Annual Made Tea Quantity (Kg/MT)	Grades of Tea Produced
26.5	1,860,957	437,325	BOP, BOPF, PEKOE DUST1, Fannings

Our Plantations

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Sri Lankan Economy

- Economy in Brief
- Sri Lanka Records Fiscal Surplus from Jan to May 2026
- S&P Global Ratings Keeps Sri Lanka at ‘CCC+/C
- Sri Lanka's Positioning for the EU's New GSP Framework
- Sri Lanka Regains Upper-Middle-Income Status

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Economy in Brief

Sri Lanka Records Fiscal Surplus from Jan to May 2026

Sri Lanka's fiscal position strengthened significantly during the first five months of 2026, with total government revenue and grants increasing by 31% year-on-year to Rs. 2,537 billion, exceeding the 7% rise in total expenditure to Rs. 2,340 billion. This resulted in a budget surplus of Rs. 197 billion, reversing the Rs. 237 billion deficit recorded a year earlier, while the primary surplus improved to Rs. 1,131 billion. Revenue growth was driven by strong tax collections, particularly VAT receipts (up 29% to Rs. 826 billion) and income tax revenue (up 17% to Rs. 526 billion), supported by the resumption of motor vehicle imports. Meanwhile, interest payments declined by 5% to Rs. 934 billion, reflecting continued progress in fiscal consolidation and debt management.

S&P Keeps Sri Lanka at ‘CCC+/C

S&P Global Ratings affirmed Sri Lanka’s sovereign credit ratings at ‘CCC+/C’ with a stable outlook, indicating continued high credit risk but no expected near-term deterioration. The decision reflects ongoing economic recovery, with real GDP growth of 5.1% in Q1 2026 and projected full-year growth of 3.8%, supported by improved government revenue and IMF-backed reforms. However, Sri Lanka remains vulnerable to external risks, including higher energy prices, weaker tourism earnings, and reduced worker remittances, while the ‘CCC+’ rating continues to reflect challenges in accessing international capital markets.

Sri Lanka’s Positioning for the EU’s New GSP Framework

Sri Lanka’s future access to the EU’s GSP+ trade preferences will depend on stronger progress in sustainability, governance, and institutional reforms as the new GSP Regulation takes effect in January 2027. Sri Lanka remains the third-largest GSP+ beneficiary, with EUR 1.5 billion in exports entering the EU under GSP+ preferences in 2024 and estimated tariff savings of EUR 139 million. While the EU has recognized improvements in areas such as anti-corruption measures, labour protections, and climate reporting, continued eligibility will require effective implementation of reforms related to human rights, labour standards, environmental governance, and accountability.

Economy in Brief

Economic Growth

5.1% For the Q1 of the year 2026

The Sri Lankan Economy grew by 5.1% in Q1 2026 compared to 4.7% growth in Q1 2025. All three major economic activities positively contributed to this growth. Further, the GDP implicit price deflator for the quarter was recorded as 5.7%.

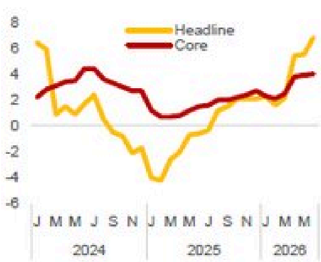
Movement of Purchasing Managers' Index- June 2026

Manufacturing PMI	53
Services PMI	58.5
Construction PMI	58.6

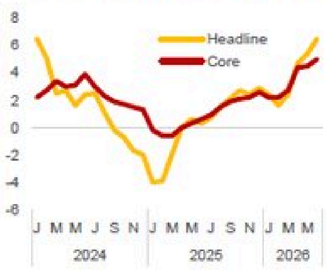
Manufacturing & Services indices recorded an increase compared to the previous month..

Inflation

CCPI Inflation (%)-*Base 2021*



NCPI Inflation (%)-*Base 2021*



	Headline	Core
CCPI June 2026	6.8%	4%
NCPI June 2026	6.5%	5%

External Sector

Merchandise Trade
May 2026

Trade Deficit	USD 968 mn	
Exports	USD 1700 mn	18.3% y-o-y growth
Imports	USD 2192 mn	45.4% y-o-y growth
Services Net Exports	USD 143.2 mn	-36.8% y-o-y growth

Tourist Arrivals June 2026 — **124,551**, -9.9% y-o-y growth

Tourism Earnings June 2026 — **USD 151.1mn**, -10.9% y-o-y growth

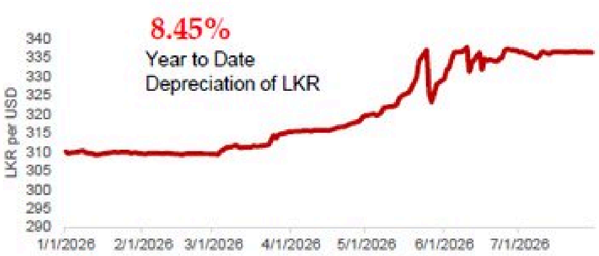
Workers' Remittances June 2026 — **USD 695mn**, 9.33% y-o-y growth

Interest Rates

Growth in Credit to Private Sector
May 2026
27.8%

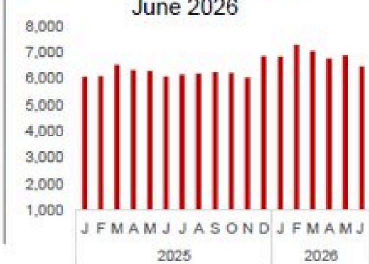
Overnight Policy Interest Rate (OPR): 8.75%

Exchange Rate



Official Reserves

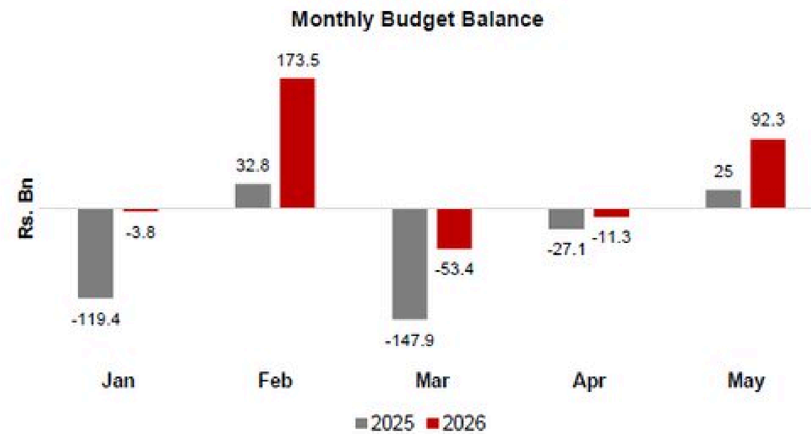
USD 6,450 mn
June 2026

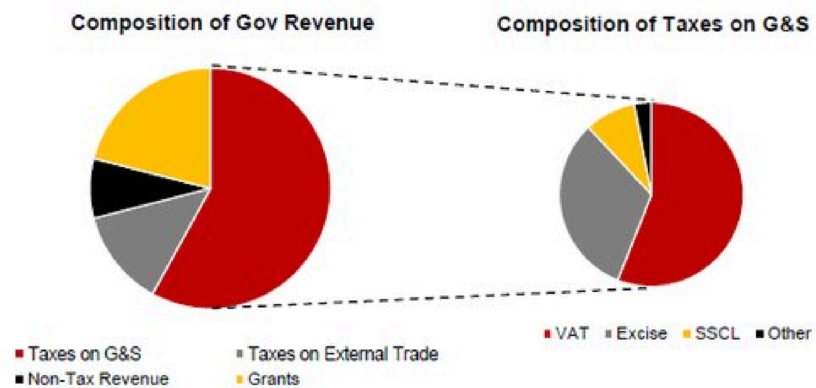


Sri Lanka Records Fiscal Surplus in First Five Months of 2026

Sri Lanka's public finances strengthened significantly during the first five months of 2026, with government revenue and grants rising 31% year-on-year to Rs. 2,537 billion, outpacing the 7% increase in expenditure to Rs. 2,340 billion. This resulted in a fiscal surplus of Rs. 197 billion, reversing the Rs. 237 billion deficit recorded during the same period in 2025, while the primary surplus improved to Rs. 1,131 billion from Rs. 743 billion.

The strong performance was driven by a 29% increase in tax revenue, particularly from VAT, income taxes, and customs-related collections following the resumption of motor vehicle imports. Excise revenue from vehicle imports rose sharply to Rs. 228 billion from Rs. 86 billion a year earlier, while non-tax revenue increased by 54%. Meanwhile, expenditure growth remained controlled, with interest payments declining by 5% and capital spending increasing by 29%, supporting development activities. The results highlight continued fiscal consolidation, although sustaining revenue momentum will be key to maintaining long-term fiscal stability.





Data Source: Ministry of Finance

S&P Affirms Sri Lanka's 'CCC+/C' Rating with Stable Outlook

Sri Lanka Rating Component Scores	
Key rating factor	**Score**
Institutional assessment	6
Economic assessment	5
External assessment	5
Fiscal assessment: flexibility and performance	4
Fiscal assessment: debt burden	6
Monetary assessment	4
Indicative rating	b-
Notches of supplemental adjustments and flexibility	-1
Final rating: foreign currency	CCC+
Notches of uplift	0
Final rating: local currency	CCC+

Key Economic Indicators

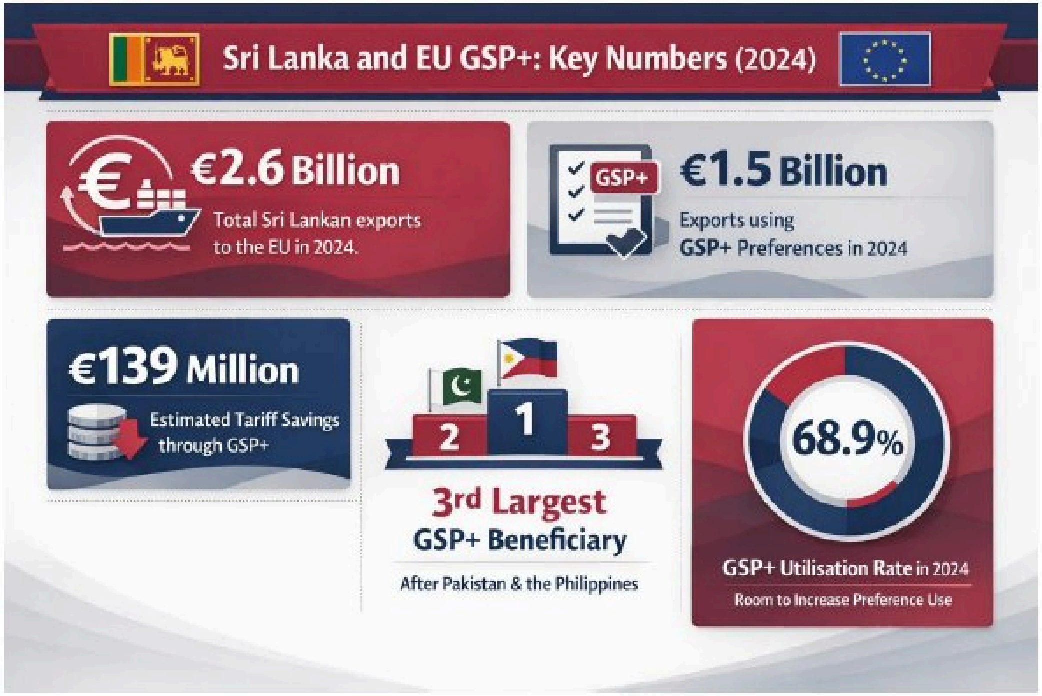
Indicator	Figure / Status	What it shows
Long-term rating	CCC+	High credit risk remains
Short-term rating	C	Weak short-term credit strength
Outlook	Stable	No immediate upgrade or downgrade expected
Q1 2026 real GDP growth	5.1%	Recovery is continuing
Expected full-year growth	Around 3.8%	Growth is positive but moderate

Data Source: S&P Global Ratings

S&P Global Ratings affirmed Sri Lanka's sovereign credit rating at 'CCC+/C' with a stable outlook, indicating that while the country remains exposed to high credit risk, its financial position is not expected to deteriorate significantly in the near term. The decision reflects continued economic recovery, with GDP growing 5.1% in the first quarter of 2026 and full-year growth forecast at around 3.8%, supported by stronger government revenue, tax reforms, and the resumption of vehicle imports.

Despite these improvements, S&P noted that Sri Lanka remains vulnerable to external shocks, including higher energy prices, weaker tourism earnings, and slower remittances. The agency also expects the current account to return to a deficit as imports increase alongside economic activity. While the stable outlook signals confidence in the country's ongoing recovery and IMF-backed reforms, Sri Lanka continues to face challenges related to debt sustainability, foreign exchange reserves, and access to international financing, making sustained fiscal discipline and reform implementation critical.

Sri Lanka Prepares for the EU's New GSP+ Framework



Sri Lanka is preparing for the European Union's revised GSP+ framework, which will take effect in January 2027 and require all current beneficiaries to reapply by demonstrating stronger compliance with sustainability, governance, and institutional reform requirements. As the third-largest GSP+ beneficiary, Sri Lanka exported €1.5 billion worth of goods under the scheme in 2024, generating an estimated €139 million in tariff savings and supporting key sectors such as apparel, rubber products, processed foods, and fisheries.

While the EU has recognized progress in areas such as anti-corruption measures, labour protections, human rights institutions, and climate reporting, it has emphasized the need for continued reforms and effective implementation. Priority areas include governance, civic freedoms, labour rights, environmental standards, and accountability. Retaining GSP+ status will be critical for maintaining export competitiveness, while ongoing improvements could also strengthen investor confidence, enhance the business environment, and support Sri Lanka's integration into global value chains.

Sri Lanka Regains Upper-Middle-Income Status

Table 1: Reclassified in the World Bank Income Classification (Effective 1 July 2026)

Country	New Income Category (2026)	Previous Category (2025)	Atlas GNI per Capita 2025 (US$)	Atlas GNI per Capita 2024 (US$)
Sri Lanka	Upper-Middle Income	Lower-Middle Income	4,670	3,860

Table 2: World Bank Income Classification Thresholds

Income Group	Threshold as of July 1, 2026 (US$)	Threshold as of July 1, 2025 (US$)
Low Income	≤ 1,175	≤ 1,135
Lower-Middle Income	1,176 – 4,635	1,136 – 4,495
Upper-Middle Income	**4,636 – 14,375**	**4,496 – 13,935**
High Income	> 14,375	> 13,935

Data Source: World Bank

Sri Lanka was reclassified as an upper-middle-income country by the World Bank on 1 July 2026, marking a significant milestone in its recovery from the 2022 economic crisis. The upgrade, based on Gross National Income (GNI) per capita, reflects improvements in economic growth, macroeconomic stability, and overall recovery momentum. It also places Sri Lanka among a select group of countries that advanced to a higher income category in 2026, enhancing the country's credibility with investors, lenders, and international development partners.

The reclassification is expected to strengthen investor confidence and support foreign investment inflows. However, while the upgrade reflects national economic progress, it does not necessarily indicate improved living standards for all citizens, as many households continue to face challenges related to the cost of living, income disparities, and economic pressures. Going forward, the focus will be on translating macroeconomic gains into broader improvements in living standards, inclusive growth, and economic opportunities across the country.

Global Economy

- Economy in Brief
- The New Trade Policy Paradigm: From Free Trade to Strategic Competition

Economy in Brief

The World Economic Outlook – July Forecast

The global economy is projected to grow by 3.0% in 2026 and 3.4% in 2027, below the 3.5% average growth recorded during 2024–25, as the impact of Middle East tensions is partly offset by stronger momentum from artificial intelligence (AI) investment and technology adoption. Global inflation is expected to rise from 4.1% in 2025 to 4.7% in 2026 before easing to 3.9% in 2027, indicating a temporary slowdown in the disinflation trend. However, risks remain tilted to the downside due to potential geopolitical conflicts, commodity price volatility, trade fragmentation, and financial pressures, highlighting the need for stronger fiscal management, price stability measures, and structural reforms.

India's Youth Crisis: How the "Cockroach" Protests Exposed Economic Frustrations

India's "Cockroach" protests highlighted growing concerns among youth over limited employment opportunities, recruitment delays, and uncertainty in career pathways. The movement reflected frustrations with weaknesses in education and competitive examination systems, raising concerns about the effective utilization of human capital. The protests have increased pressure on authorities to improve transparency and accountability in recruitment processes to ensure that economic growth generates meaningful employment opportunities for young people.

The New Trade Policy Paradigm: From Free Trade to Strategic Competition

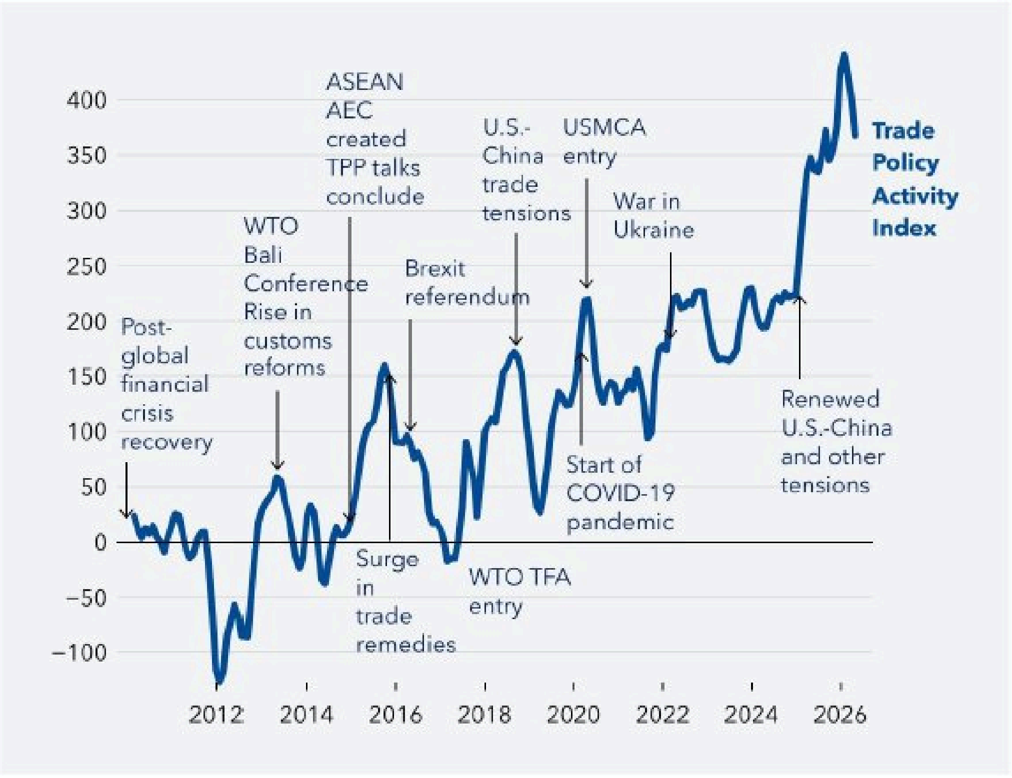
Global trade has entered a new era shaped by geopolitical tensions, economic security concerns, and strategic trade policies. Rising protectionist measures, supply chain disruptions, and policy uncertainty have weakened trade liberalization while accelerating regional integration and industrial policy interventions. As economies prioritize resilience over efficiency, trade policy has become a key instrument of economic and geopolitical strategy, reshaping global value chains and creating both challenges and opportunities for sustainable economic growth.

The New Trade Policy Paradigm: From Free Trade to Strategic Competition

The global trading landscape has become increasingly shaped by geopolitical tensions, national security concerns, and supply chain resilience rather than purely by free trade principles. Events such as the US–China trade dispute, the COVID-19 pandemic, the Russia–Ukraine war, and recent energy and shipping disruptions have prompted governments to adopt more interventionist trade policies, including tariffs, export controls, import restrictions, and industrial subsidies.

These measures have increased trade uncertainty, raised production and transportation costs, and contributed to slower trade growth, particularly for developing economies facing weaker investment and rising debt burdens. At the same time, new opportunities are emerging through regional trade agreements, which now account for around 60% of global trade, and increased investment in clean energy, artificial intelligence, and semiconductor industries. The global trade system is increasingly shifting from efficiency-driven globalization towards a model focused on resilience, regional integration, and strategic economic security.

Global Trade Policy Activity as per TPA Index



Tea Insight of the Month

Did you know that the words used for "tea" in nearly every language trace back to just **two Chinese pronunciations:** "**cha**" **and** "**te**"? Countries connected by ancient land trade routes generally adopted variations of "cha," while those linked through maritime trade—including English-speaking nations—came to use forms of "tea."

THANK YOU

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