

MONTHLY TEA NEWS BULLETIN

AUGUST 2026



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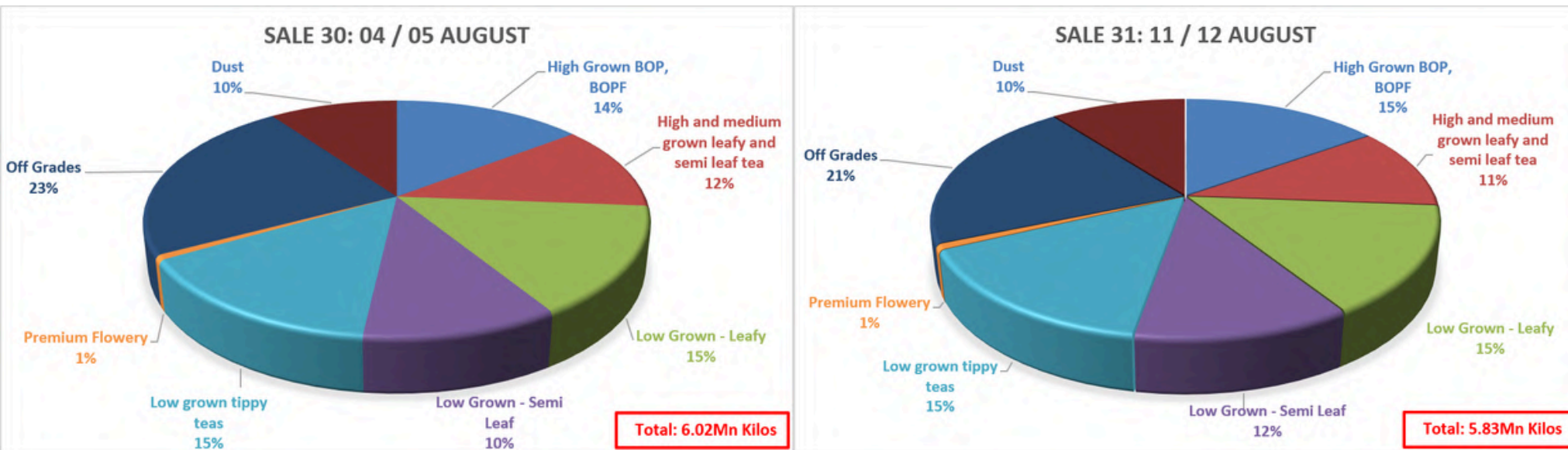
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- Global Economy



Colombo Auction Statistics



CEYLON TEA WEEKLY MOVEMENT AT AUCTIONS – AUGUST 2026

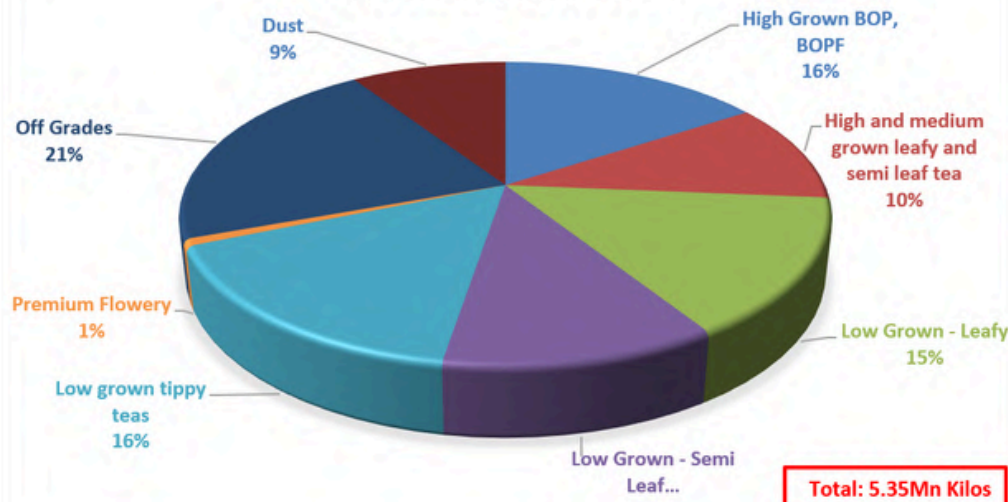


Colombo Auction Statistics

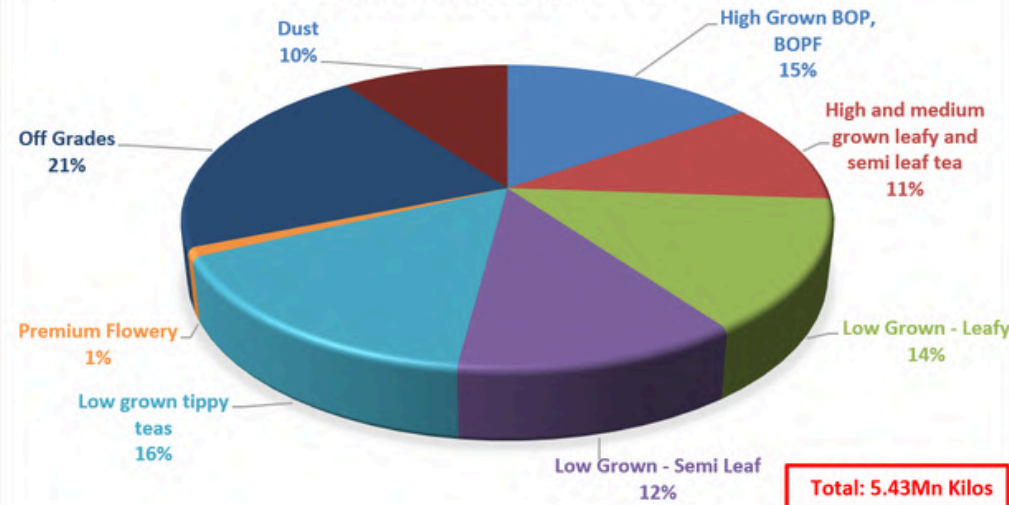


CEYLON TEA WEEKLY MOVEMENT AT AUCTIONS – AUGUST 2026

SALE 32: 17 / 18 AUGUST



SALE 33: 24 / 25 AUGUST



Mombasa Auction Statistics

COMBINED MARKET REPORT

Mombasa Tea Auction

East African CTC & Orthodox Tea — Weekly Sales Bulletin

AUGUST 2026 · SALES 31-35

Five auction sales · Sale 35 (31 Aug–1 Sep) included as month-end indicator

MARKET AVERAGE	TOTAL OFFERED	SOLD RATIO	LEADING SUPPLIER	MARKET TREND
216 USC/Kg	27.1 M Kgs	~86%	Kenya	↘ Selective / Softening
▲ +13 USC/kg (+6.4%) vs Aug 2025	▼ -2.2% vs Aug 2025 (27.7M)	Sale 35 unsold rose to 17.7%	Dominant in every sale	

YEAR-ON-YEAR — AUGUST 2025 VS 2026

2025

27.7M Kgs

2026

27.1M Kgs

Quantity offered

-0.6M Kgs

-2.2%

2025

203 USC/Kg

2026

216 USC/Kg

Average price

+13 USC/Kg

+6.4%

COUNTRY-WISE SUPPLY SHARE

(Sales 31-35)

Kenya

Dominant · 75.3%

Uganda

2nd largest · 17.4%

Rwanda

Premium quality · 6.5%

Burundi

Minimal · 0.8%

Rwanda 306 USC/kg · Highest

Kenya 226 USC/kg · Strongest Commercial

Tanzania +32 USC/kg · Largest YoY Gain

Sale 35 country averages, vs comparable 2025 sale. Kenya stayed dominant supplier in every sale this month.

SALE-BY-SALE PERFORMANCE — UNSOLD %

31

Firm/selective; BP1 improved, PF1 & Fannings gained support (211 USC/kg, +11 vs 2025)

13.8%
UNSOLD

32

Firmer tone; support in BP1, colory PF1, PDUST & DUST1

12.7%
UNSOLD

33

Strong, quality-led; colory BP1 & PF1 firm, plainer PD easier

11.5%
UNSOLD

34

Improved but mixed; flavory BP/PF gained, BMF firm to easier

11.9%
UNSOLD

35*

Selective/easier; BP1 eased, flavory PF1 & Fannings held firm

17.7%
UNSOLD

Unsold quantities eased steadily through Sales 31–34, then jumped to 17.7% in Sale 35 — a clear signal of higher clearance risk into month-end. *Sale 35 ran 31 Aug–1 Sep and is included as the month-end indicator.

PRICE MOVEMENT BY GRADE

PF1 Firm

PDUST Firm

DUST1 Firm

Fannings Firm

BP Firm

BP1 Mixed

BMF Mixed

PD Easier

CROP & WEATHER — KENYA

CROP

— East Rift intake steady, ~20–50 t/day

— West Rift intake ~30–80 t/day, up to 80+ t/day late-month

— Early-September decline anticipated

— Supply continuity into Sept bears watching

WEATHER

— East Rift: mixed, cloudy, chilly, light showers

— West Rift: sunny intervals, afternoon showers, isolated hail

— Low morning & evening temperatures

— Uganda rainfall variable week-on-week (e.g. Kibale 35mm→0mm)

OUTLOOK	August closed with lower volumes but stronger prices than a year ago — the monthly average of 216 USC/Kg stood 13 USC/kg above August 2025. The market turned increasingly selective toward month-end , with Sale 35's unsold rate climbing to 17.7%. Kenya remained the dominant supplier, Rwanda led country pricing, and crop signals point to further supply uncertainty into September — a market best described as quality-led and mildly softening .
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Ceylon Tea News

- Sri Lanka Tea Exports Impacted by Middle East Market Slowdown
- Türkiye Strengthens Position as Largest Buyer of Ceylon Tea
- National Tea Sale Average Declines in August
- Low Grown Teas Continue to Outperform Other Elevations



Sri Lanka Tea Exports Impacted by Middle East Market Slowdown



Sri Lanka's tea industry continued to face pressure during July and August 2026 as demand from key Middle Eastern markets weakened significantly. Tea export earnings declined by over 17% year-on-year, largely due to reduced purchases from Iraq, UAE, Iran, and Saudi Arabia, which collectively account for a substantial share of Ceylon Tea exports.

Despite the export setback, industry stakeholders remain optimistic that market conditions will stabilize in the coming months. Exporters are increasingly looking toward market diversification and value-added tea products to reduce dependence on a small group of destination markets.

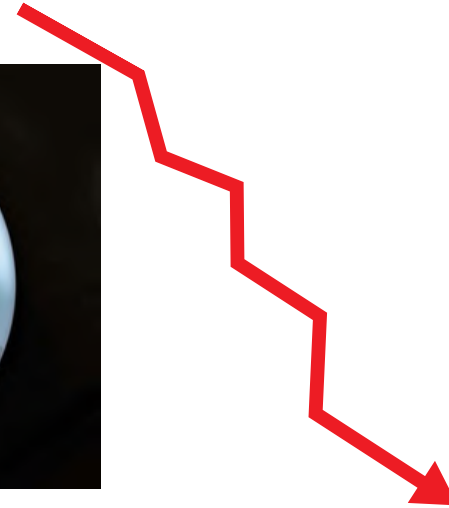
Türkiye Strengthens Position as Largest Buyer of Ceylon Tea



Türkiye emerged as the largest importer of Ceylon Tea during the first seven months of 2026, purchasing nearly 25 million kilograms, representing an impressive 138% growth compared with the same period last year. The growth helped offset declining volumes in some traditional Middle Eastern markets.

The shift highlights changing global consumption patterns and reflects opportunities for Sri Lanka to strengthen its presence in non-traditional tea markets. Azerbaijan and Russia also recorded positive growth in imports, supporting export diversification efforts.

National Tea Sale Average Declines in August



Sri Lanka's National Tea Sale Average (NTSA) slipped to Rs. 1,174.46 per kilogram in August 2026, marginally below July's figure and lower than the corresponding month last year. The decline reflects continued pressure on tea prices amid changing global demand patterns and currency movements.

While monthly performance softened, cumulative averages for the first eight months of 2026 remained above 2025 levels in local currency terms. Low Grown teas continued to outperform other elevations and remained a key contributor to industry earnings.

Low Grown Teas Continue to Outperform Other Elevations



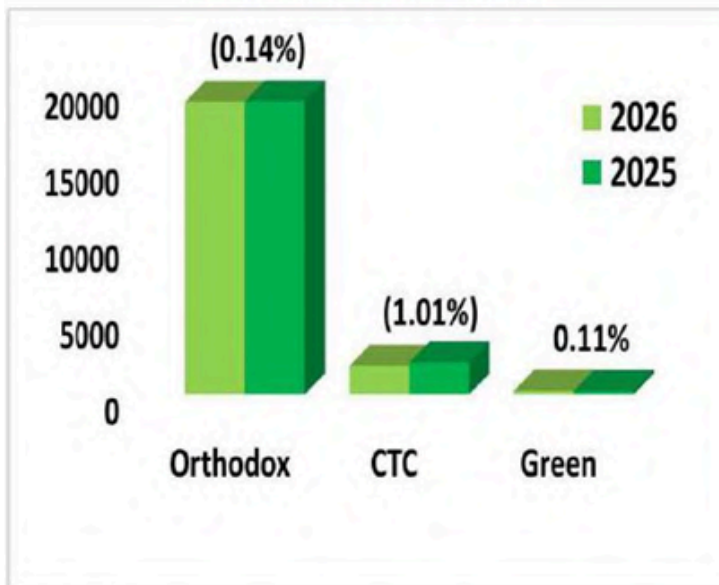
Among Sri Lanka's major tea categories, Low Grown teas remained the strongest performer during August 2026. While High and Medium Grown teas faced price pressure, Low Growns maintained positive year-on-year gains in rupee terms and continued to attract healthy demand from export markets.

The performance reinforces the importance of the Low Grown sector, which contributes the largest share of national tea production and remains a key driver of export earnings for Sri Lanka's tea industry.

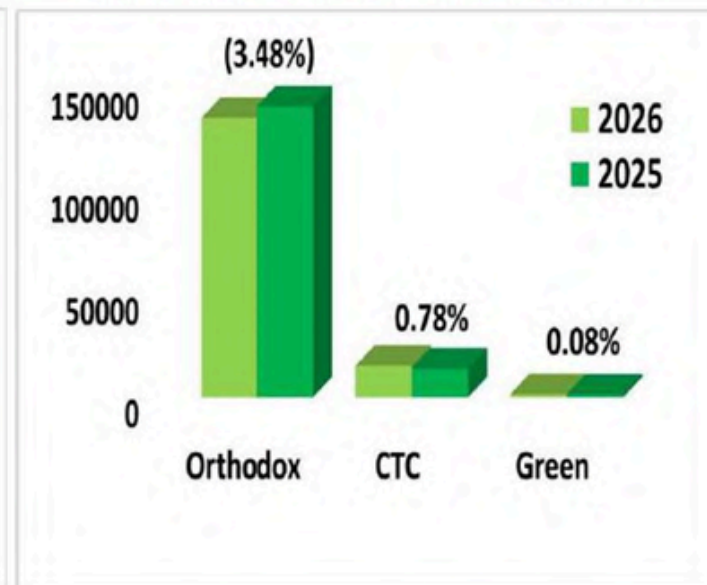
Sri Lankan Tea Production

SRI LANKA TEA PRODUCTION

JULY 2026/2025 - in MT



JANUARY TO JULY 2026/2025 - in MT

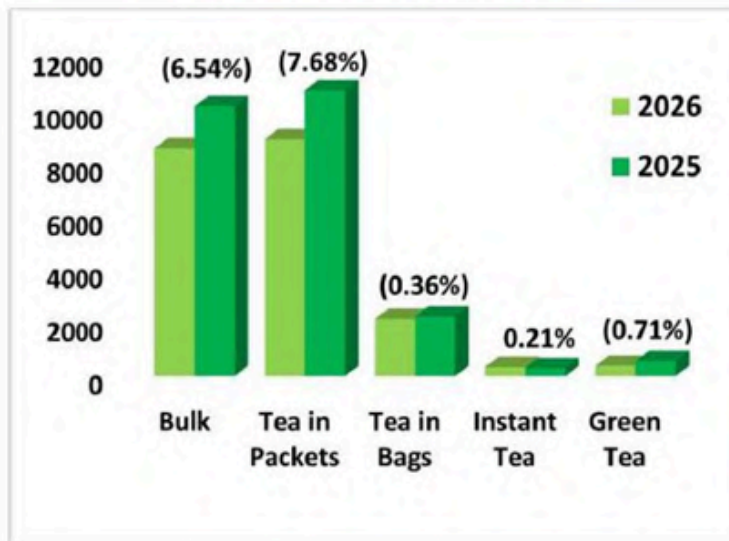


(SLTB)

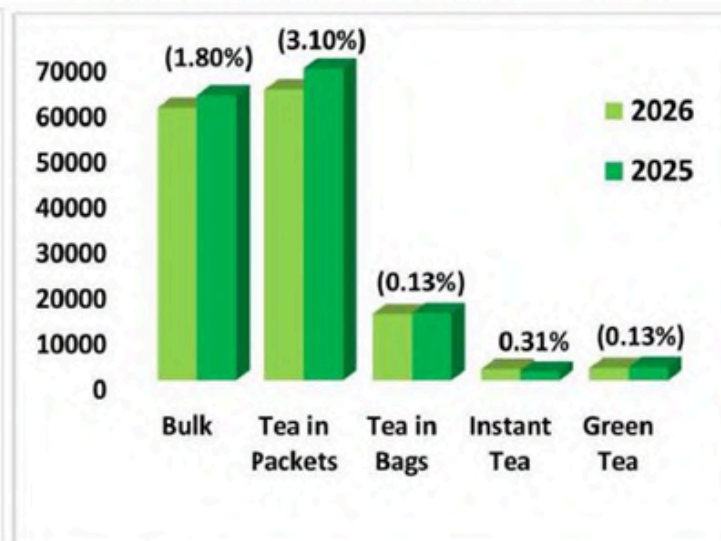
Sri Lankan Tea Exports

SRI LANKA TEA EXPORTS

JULY 2026/2025 - in MT



JANUARY TO JULY 2026/2025 - in MT

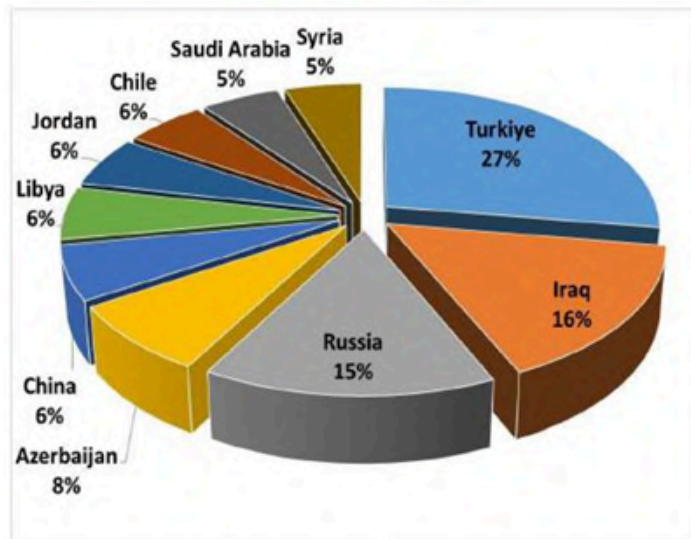


(SL Customs - Courtesy Forbes & Walker Tea Brokers (Pvt) Ltd)

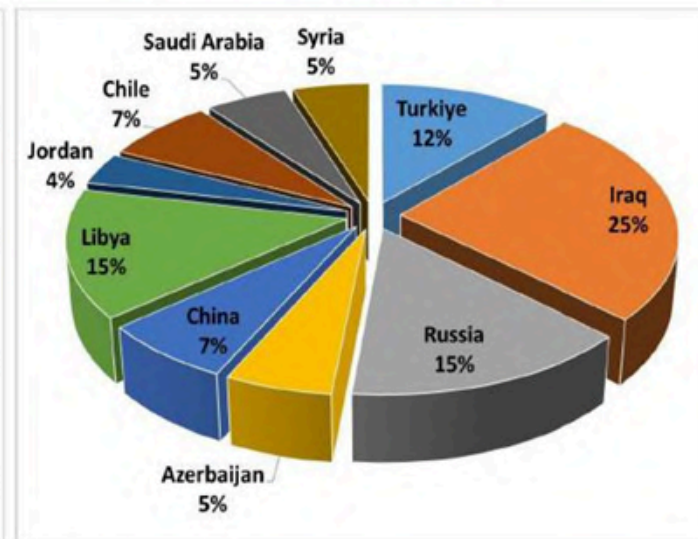
Major Importers of Ceylon Tea

MAJOR IMPORTERS OF SRI LANKA TEA

JULY 2026 - in MT



JULY 2025 - in MT



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

Global Tea News

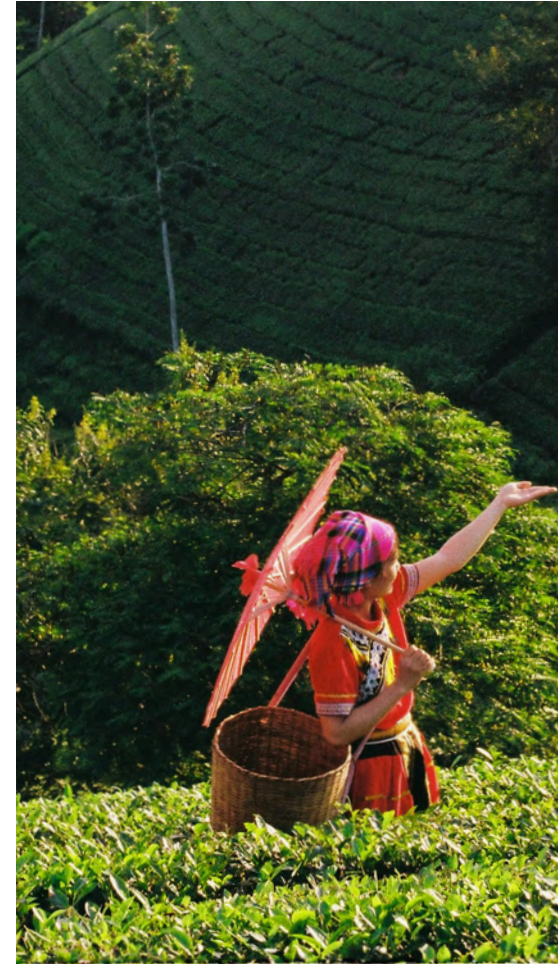
- Assam Tea Industry Faces Price and Climate Challenges
- Kenya Pushes for Greater Value from African Tea Exports
- Global Tea Industry Increasing Focus on Value Addition



Assam Tea Industry Faces Price and Climate Challenges

Tea producers in Assam and northern India experienced a sharp decline in auction prices during August 2026, with some auction centres reporting falls of up to 17% within just a few weeks. Flooding, heat stress, pest attacks, and increasing production costs further complicated operating conditions.

Industry associations have expressed concern over profitability and long-term sustainability. The situation highlights the growing impact of climate-related disruptions on tea supply chains and production economics.



Kenya Pushes for Greater Value from African Tea Exports

Preparations for the 7th African Tea Convention focused attention on how African tea producers can generate greater value from exports rather than relying purely on volume growth. Kenya exported more than 650,000 tonnes of tea in 2025 but continues to explore strategies to increase returns through branding and market development.

Industry leaders believe enhanced marketing, product differentiation, and regional collaboration will be essential to improving competitiveness and securing better prices for African tea producers in global markets.



Global Tea Industry Increasing Focus on Value Addition



A growing number of producing countries including Sri Lanka, Kenya, and China are shifting attention toward tourism, specialty teas, premium branding, and value-added products as traditional bulk tea margins remain under pressure. Industry analysts view this as an important long-term adjustment to changing consumer preferences.

The trend is being driven by rising demand for premium, wellness-oriented, and origin-specific teas. Producers that successfully move up the value chain are expected to achieve better margins and stronger resilience against commodity price fluctuations.

Latest Products by Mabroc

Mabroc Christmas Seasonal Range



Mabroc 80g Paper Caddy Collection



Mabroc Pyramid Type Carton Collection



Mabroc Winter Forest Double Chamber Tea Bag Collection



Mabroc Secret Blend Advent Calendar



Mabroc Winter Wonderland Advent Calendar

Trade Fair Participations



  **CONNECT THE WORLD
SHAPE THE FUTURE**
香港貿易發展局 聯通世界 同創未來

 **HONG KONG INTERNATIONAL TEA FAIR**

13TH - 15TH AUGUST 2026

VENUE : HALL 5F
(HONG KONG CONVENTION AND EXHIBITION CENTER)

BOOTH : D-18



By the spring of dreams.

Situated at the borders of a National park called "Horton Plains", these vast areas of tea lands produce full bodied teas with a unique flavour, ideal for tea bags.

It would be hard to imagine any vista more glorious than that of the rivulets cascading through the Bogawantalwa mountains on a summer's day in early July. In its upper reaches, almost near the summit, clear, dark water flows over rugged boulders and smooth, marble like pebbles; sandpipers skim low over the surface; marigolds glow on the banks.

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	1380	127	247.67	132.61
Seedling Tea Area (Ha.)	Annual Crop of Green Leaf (Kg)	Annual Made Tea Quantity (Kg/MT)	Grades of Tea Produced BOP, BOPF, PEKOE DUST1, Fannings	
44.86	1,582,257	356,008		

Sri Lankan Economy



- **Economy in Brief**
- **10 Key Takeaways from Central Banks' Monetary Policy Report - August 2026**
- **The Growing Stock of Tax Arrears and Its Fiscal Implications**
- **Sri Lanka Opens New Offshore Petroleum Licensing Round**

Economy in Brief

10 Key Takeaways from Central Banks' Monetary Policy Report-August 2026

The report mainly focused on Sri Lanka's continued economic recovery, supported by strong growth, private-sector credit expansion, rising remittances, and progress in fiscal consolidation. However, renewed inflationary pressures, higher import demand, rupee depreciation, and global uncertainties have emerged as key risks. The report highlights the need to maintain price.



Offshore Petroleum Licensing Round Signals New Investment Opportunity

Sri Lanka has opened the Sri Lanka Licensing Round 2026, offering four offshore exploration blocks in the Mannar Basin to international energy companies. The initiative aims to attract foreign investment and leverage advanced technologies to explore the country's offshore petroleum potential. If commercially viable resources are discovered, the development could generate government revenue through royalties, profit oil and taxes while strengthening long term energy security and reducing dependence on imported fuel. However, the success of the initiative will depend on regulatory certainty, investor confidence and the transition from licensing to actual exploration and production, with subsequent activities expected to begin from 2028 onwards.



Sri Lanka's Youth Employment Challenge Takes Centre Stage

The World Bank published a major Sri Lanka feature on 12 August 2026, highlighting the gap between the number of young people entering the workforce and the number of formal jobs expected to be created. Nearly 1 million young Sri Lankans are expected to enter the formal workforce over the next decade, while current trends suggest only around 300,000 formal jobs could be created. The update stresses the importance of private-sector growth, skills development and better pathways into employment.

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%.

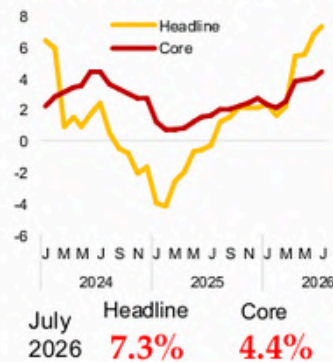
Movement of Purchasing Managers' Index- July 2026

Manufacturing PMI	55
Services PMI	61.4
Construction PMI (Jun)	60.0

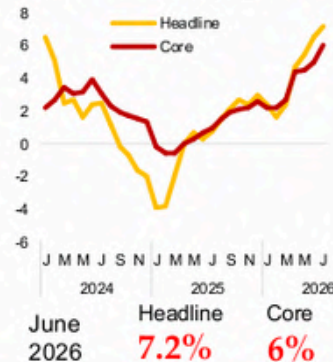
All indices recorded an increase compared to the previous month.

Inflation

CCPI Inflation (%) - Base 2021



NCPI Inflation (%) - Base 2021



External Sector

Merchandise Trade

June 2026

Trade Deficit **USD 829 mn**

Exports **USD 1,144 mn**
0.2% y-o-y growth

Imports **USD 1,972 mn**
17.3% y-o-y growth

Services **USD 161.9 mn**
Net Exports -33.8% y-o-y growth

Tourist Arrivals

July 2026 **196,854**
-1.7% y-o-y growth

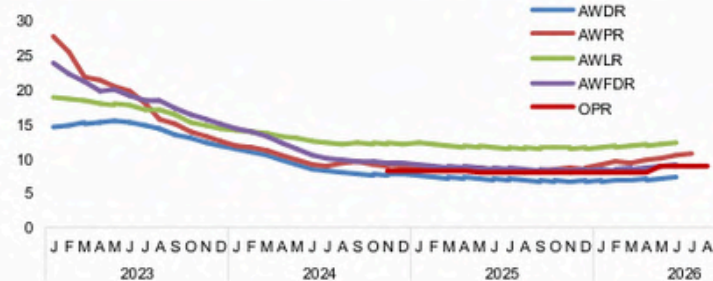
Tourism Earnings

July 2026 **USD 285.5mn**
-10.7% y-o-y growth

Workers' Remittances

July 2026 **USD 777.6mn**
11.5% y-o-y growth

Interest Rates



Growth in Credit to Private Sector

June 2026
27.4%

Overnight Policy Interest Rate (OPR): 8.75%

Exchange Rate



Official Reserves

USD 6,591 mn
July 2026



10 Key Takeaways from Central Banks' Monetary Policy Report - August 2026

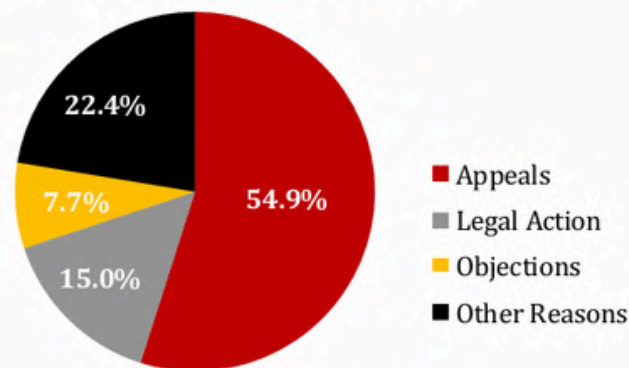
- 1. Inflation Re-emerged as a Key Risk**
Headline inflation rose above the 5% target, driven mainly by higher global energy prices and supply-side shocks
- 2. CBSL Shifted to a Tightening Cycle**
The Central Bank ended its accommodative stance, raising the Overnight Policy Rate by 100 bps to 8.75% in May 2026.
- 3. Inflation Expected to Moderate**
Inflation is projected to remain elevated in the near term before gradually converging towards the 5% target
- 4. Economic Growth Remains Resilient**
Sri Lanka's economy expanded by 5.1% in Q1 2026, with full-year growth projected at 4-5%.
- 5. Credit Growth Remains Strong**
Private sector credit expanded sharply, reflecting improving economic activity and strong domestic demand.
- 6. External Sector Came Under Pressure**
Higher fuel and vehicle imports pushed the current account into a deficit after three consecutive years of surplus.
- 7. Rupee Faced Depreciation Pressures**
The LKR weakened amid rising import demand, external shocks, and geopolitical uncertainties
- 8. Remittances Continued to Provide Support**
Strong growth in workers' remittances helped offset pressures from weaker tourism earnings and higher import costs.
- 9. Fiscal Consolidation Remained on Track**
Government revenue growth strengthened significantly, supporting improved fiscal balances and sustained consolidation efforts.
- 10. Global Risks Remain Elevated**
Geopolitical tensions, commodity price volatility, and potential El Niño-related disruptions pose key risks to inflation and growth.

The Growing Stock of Tax Arrears and Its Fiscal Implications

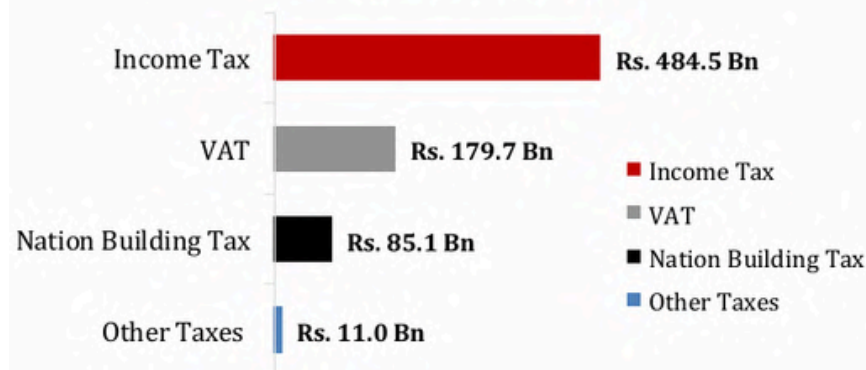
Sri Lanka's total tax arrears, penalties, and interest owed to the Inland Revenue Department reached Rs. 961.4 billion as of June 2024, increasing by Rs. 18.4 billion compared to the previous year. Notably, only 17.5% of the outstanding amount is considered collectible, while the remaining 82.5% remains tied up in appeals, objections, legal proceedings, and other administrative constraints, limiting the government's ability to convert assessed taxes into actual revenue.

The Auditor General's Special Audit Report also highlights weaknesses in tax administration, with over a third of collectible arrears remaining unpaid for more than two years and recovery rates remaining low across both legacy and RAMIS tax systems. The findings suggest that faster resolution of tax disputes, improved arrears management, and strengthening institutional capacity could unlock substantial revenue without increasing tax rates, supporting fiscal consolidation efforts and improving the sustainability of government finances.

Reasons for Held-Over Tax Arrears

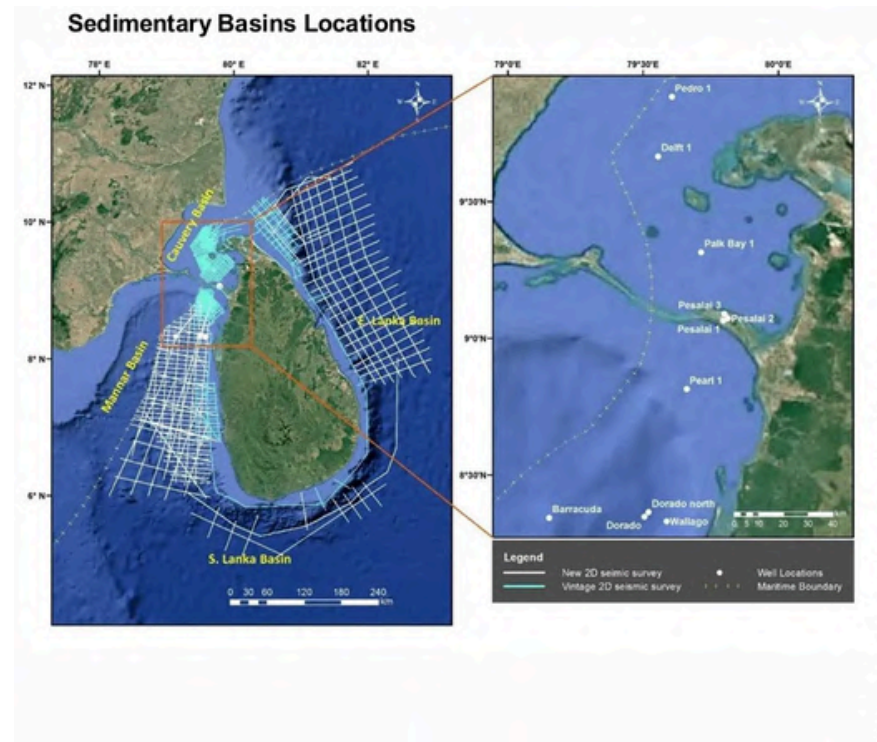


Tax Arrears by Tax Type



Data Source: National Audit Office

Sri Lanka Opens New Offshore Petroleum Licensing Round



Sri Lanka has launched its 2026 Offshore Petroleum Licensing Round, offering four exploration blocks in the Mannar Basin to international energy companies. The initiative aims to attract foreign investment into the country's energy sector and unlock the basin's petroleum potential through advanced deep-water exploration. If successful, the project could generate long-term government revenue through royalties, taxes, and profit-sharing arrangements while creating a new source of foreign direct investment.

Beyond its fiscal benefits, the development of domestic petroleum resources could strengthen Sri Lanka's energy security by reducing dependence on imported fuels and exposure to global energy price volatility. However, the long-term success of the initiative will depend on maintaining investor confidence, ensuring regulatory stability, and converting exploration activity into commercially viable production, with exploration and development activities expected to begin from 2028 onwards.

Global Economy



- Economy in Brief
- Strengthening El Niño Raises Risks for Global Agriculture and Food Markets

Economy in Brief

Technology and Supply Chain Shifts Reshape Global Trade

Global trade is expected to reach record levels in 2026, but the key trend is the transformation of how and where trade takes place. Technology-driven sectors such as semiconductors, AI infrastructure, batteries, critical minerals and electric vehicles are becoming major growth drivers, while businesses are diversifying suppliers and logistics networks to strengthen supply chain resilience. This is creating opportunities for connector economies with strong logistics, stable business environments and competitive production capabilities. However, geopolitical tensions, higher shipping costs and growing trade restrictions are increasing fragmentation and uncertainty. For businesses, the ability to adapt, diversify and position themselves within emerging technology and trade corridors will be increasingly important for sustaining competitiveness.



Strengthening El Niño Raises Risks for Global Agriculture and Food Markets

The strengthening El Niño is increasing weather-related risks across major agricultural regions, although widespread production losses have yet to materialise. Australia and Brazil currently face the greatest risks, with excessive rainfall threatening wheat quality in Brazil, while uneven rainfall in India is creating vulnerabilities for maize and soybean crops. The potential impact extends beyond agriculture, as lower crop yields could increase food prices and disruptions from droughts and floods could affect energy, transport and global supply chains. With ocean temperatures already at record highs, the coming months will be critical in determining whether rising weather pressures translate into broader food market and economic impacts.



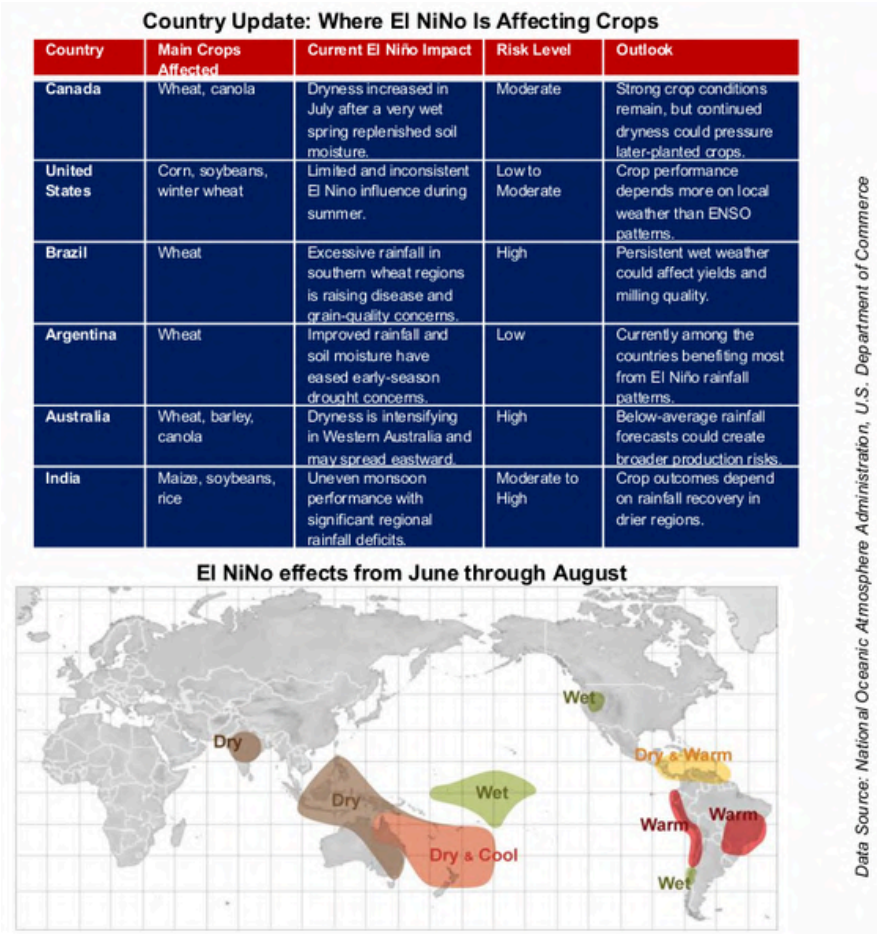
Geopolitical Fragmentation Redefines the Global Business Environment

The global economy is moving away from a predictable international order as geopolitical fragmentation, great power competition and economic nationalism increasingly shape trade, investment and technology decisions. Governments and businesses are now competing for resources, markets, technology and investment while managing growing geopolitical risks across supply chains and international partnerships. This has strengthened the focus on strategic autonomy, with countries such as India seeking to diversify partnerships while maintaining independent decision-making. For Sri Lanka, this evolving environment presents both risks and opportunities, making resilience, adaptability and strategic positioning increasingly important for navigating the emerging global economic order.

Strengthening El Niño Raises Risks for Global Agriculture and Food Markets

The strengthening El Niño weather pattern is increasing risks for global agricultural production, with the World Meteorological Organization indicating a high probability that conditions will persist and intensify in the coming months. While widespread crop losses have not yet materialised, key agricultural regions are beginning to face weather-related challenges, including excessive rainfall in parts of Brazil and Australia and uneven monsoon conditions across India, raising concerns over crop yields and quality.

As crops enter critical growth stages, the evolving weather pattern could have broader economic implications through higher food prices, supply chain disruptions, and increased pressure on energy and transportation systems. Although global production remains largely resilient for now, weather developments over the coming weeks will provide a clearer indication of the potential impact of El Niño on agricultural markets and food security worldwide.





Tea Insight of the Month

Not all Ceylon tea is created equal — altitude does the work. High-grown tea is cultivated above 1,200 metres, and the large temperature swings between day and night at that altitude give the leaves a refreshing astringency and delicate aroma. It's a good reminder that a tea's character is set on the mountainside long before it reaches the factory.

THANK YOU



Mabroc Teas (Pvt) Ltd
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