

MONTHLY TEA NEWS BULLETIN

SEPTEMBER 2026



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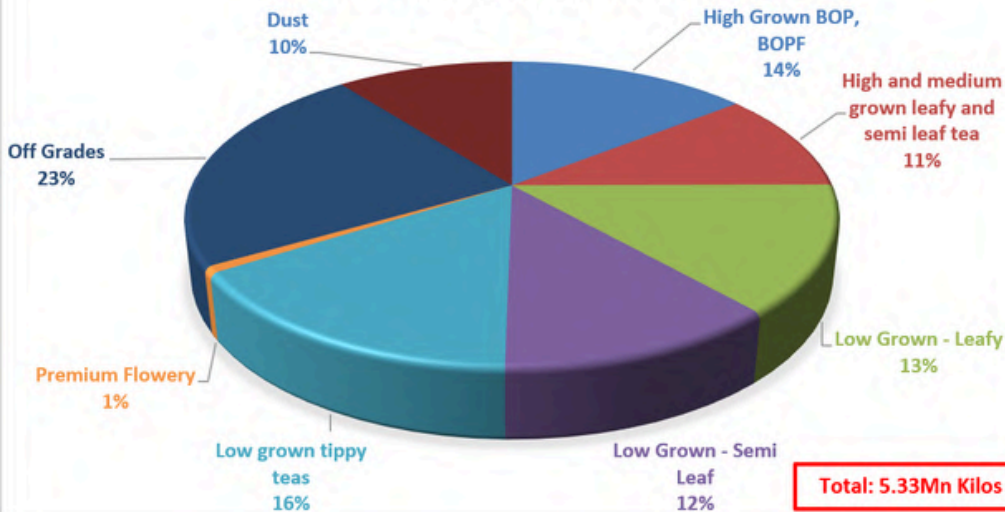


Colombo Auction Statistics

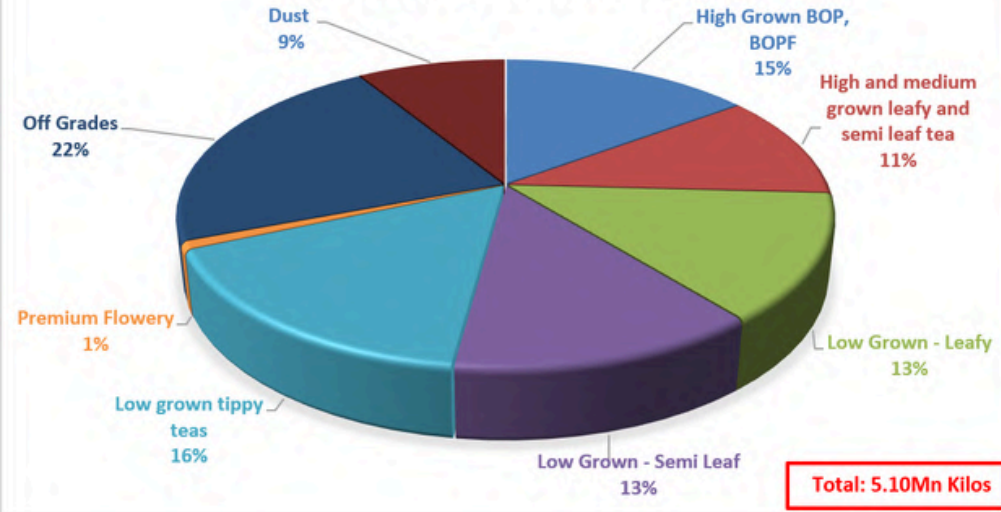


CEYLON TEA WEEKLY MOVEMENT AT AUCTIONS – SEPTEMBER 2026

SALE 34: 01 / 02 SEPTEMBER



SALE 35: 08 / 09 SEPTEMBER

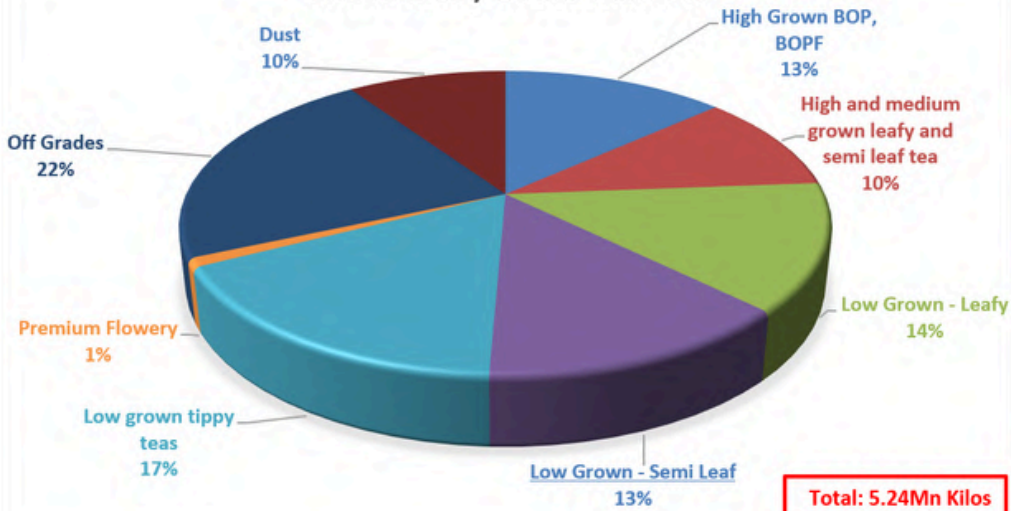


Colombo Auction Statistics

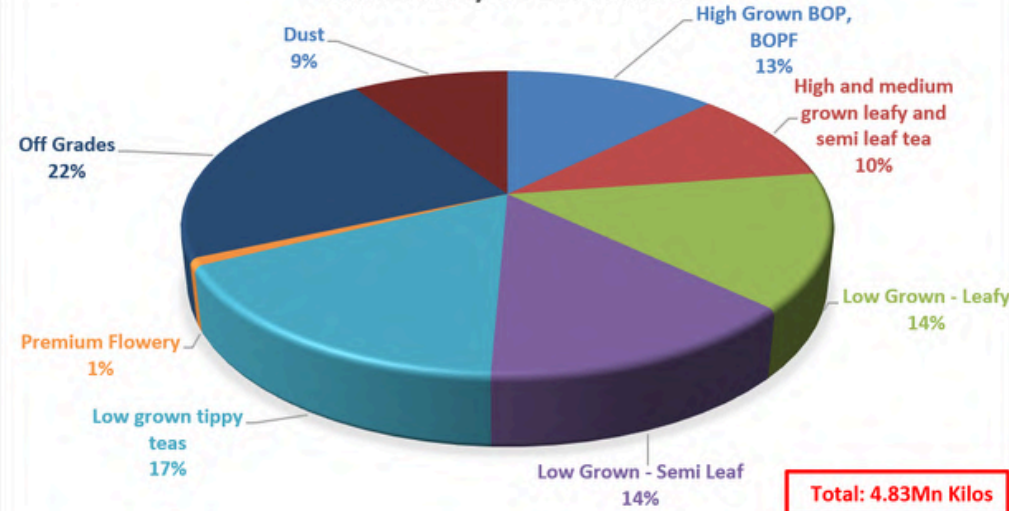


CEYLON TEA WEEKLY MOVEMENT AT AUCTIONS – SEPTEMBER 2026

SALE 36: 15 / 16 SEPTEMBER



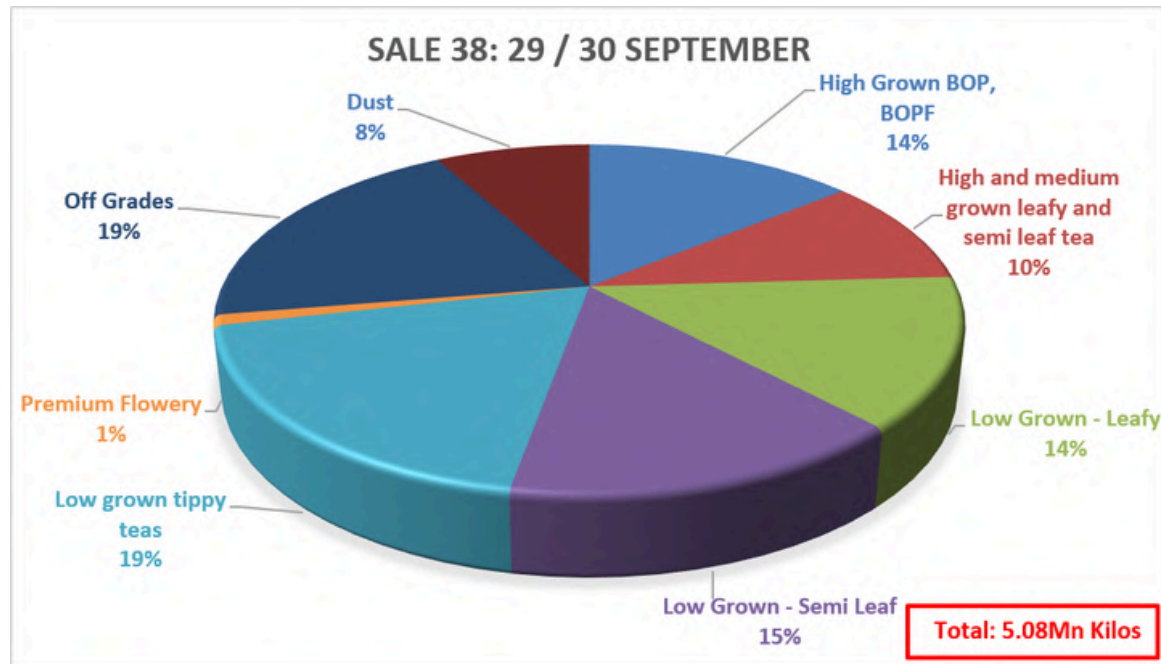
SALE 37: 22 / 23 SEPTEMBER



Colombo Auction Statistics



CEYLON TEA WEEKLY MOVEMENT AT AUCTIONS – SEPTEMBER 2026



Mombasa Auction Statistics

COMBINED MARKET REPORT

Mombasa Tea Auction

East African CTC & Orthodox Tea — Weekly Sales Bulletin

SEPTEMBER 2026 • SALES 36-39

Four auction sales • Sale 35 (31 Aug–1 Sep) carried in the August bulletin

TOTAL OFFERED

28.9 M Kgs

4 sales • Sale 38 largest at 7.66M

SOLD RATIO

87.6%

Best: Sale 36 at 88.6%

SALE 38 PEAK

230 USC/Kg

Other 3 sales held at 220

YTD VOLUME

-21.9%

338.4M Kgs YTD vs 433.1M in 2025

LEADING SUPPLIER

Kenya

82–83% of sold kg (Sales 38–39)

• YEAR-TO-DATE — JAN-AUG 2025 VS 2026



Cumulative quantity, YTD

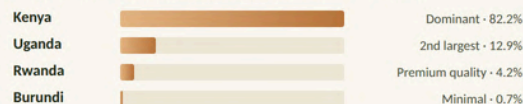
-94.7M Kgs • -21.9%



Average price, YTD

+14 USC/Kg • +6.8%

• COUNTRY-WISE SUPPLY SHARE (Sales 38–39)



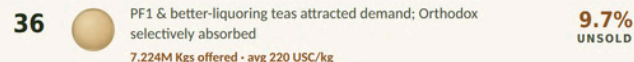
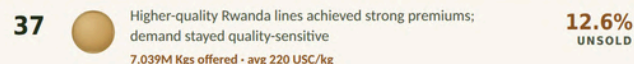
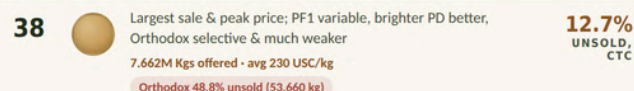
Rwanda 321 USC/kg (Sale 39) • Highest

BP1 Kitabi Rwanda 432 USC/kg • Top Lot, Sale 37

Kenya 232 USC/kg • Strongest Commercial

Rwanda led every reported sale on current-sale average; Kenya supplied the clear majority of sold volume.

• SALE-BY-SALE PERFORMANCE — UNSOLD %



Current-sale averages ran 220 → 220 → 230 → 220 USC/kg — Sale 38 was a temporary step-up. Unsold % shown as reported in source; minor package/kg inconsistencies in the underlying tables were not recalculated.

• PRICE MOVEMENT BY GRADE (Sale 39)



• CROP & WEATHER — KENYA

CROP

- East & West Rift: sunny intervals, light showers
- Green leaf intake =40–80 t/day at most factories
- Some West Rift factories running higher intake
- Offerings could decline if conditions persist

WEATHER

- Kenya: cooler mornings/evenings, light showers
- Uganda rainfall ranged 0mm (Kibale) to 29mm (Hoima)
- Fort Portal 18–28°C, 12mm; Bushenyi 16–28°C, 2mm
- Rainfall variation may be affecting factory throughput

OUTLOOK

September's four sales offered **28.9M Kgs** at mostly **220 USC/kg**, with **Sale 38** posting the month's peak at **230 USC/kg** alongside a sharp **48.8% unsold rate** in its Orthodox component. **Kenya** supplied over 80% of sold volume in the detailed sales, while **Rwanda** again led on price — including a standout **432 USC/kg** top lot. With YTD volume down **~21.9%** against 2025, the focus stays on value per kilogram as supply tightens into Q4.



Ceylon Tea News

- TEA's 27th AGM spotlights Ceylon Tea's resilience amid global uncertainty
- Tea Auction Shows Stronger Demand Amid Export Pressures
- Sri Lanka's Tea Production Continues to Face Supply Challenges



TEA's 27th AGM spotlights Ceylon Tea's resilience amid global uncertainty



2026/2027 Chairman Huzefa Akbarally



Verité Research Founder and Executive Director Dr. Nishan De Mel



TEA Board

The Tea Exporters Association (TEA) highlighted the resilience of Sri Lanka's tea sector despite a year marked by geopolitical tensions, shipping disruptions and rising freight costs. Industry leaders noted that nearly 85% of traditional shipping routes have been affected, forcing exporters to use longer and more expensive alternatives.

Despite these challenges, Ceylon Tea exports have remained comparatively stable, demonstrating the industry's adaptability and the continued demand for Sri Lankan tea in global markets. The industry is also targeting production growth towards 350 million kilograms by 2030 through increased smallholder productivity and policy support.



Tea Auction Shows Stronger Demand Amid Export Pressures



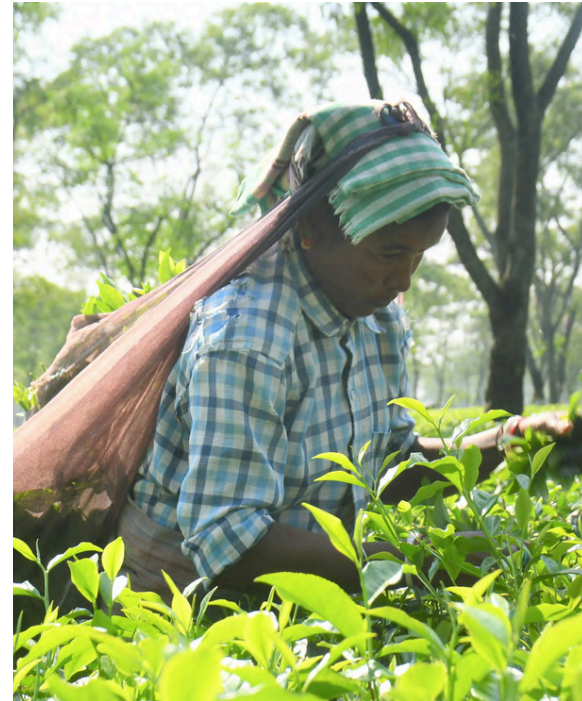
The Colombo Tea Auction reported improved buying interest during September, particularly for Low Grown and premium quality teas. Market analysts observed that reduced volumes and consistent international demand helped support price levels despite ongoing export challenges.

Selected Uva and Western teas attracted strong competition, while large-leaf categories continued to perform well. The positive auction sentiment indicates that quality Ceylon Tea continues to hold value even during uncertain market conditions.

Sri Lanka's Tea Production Continues to Face Supply Challenges

Tea production during the first eight months of 2026 remained below 2025 levels, with cumulative output declining by nearly 5 million kilograms. Industry observers attribute the shortfall to weather-related challenges, labour shortages and ongoing production constraints in some growing regions.

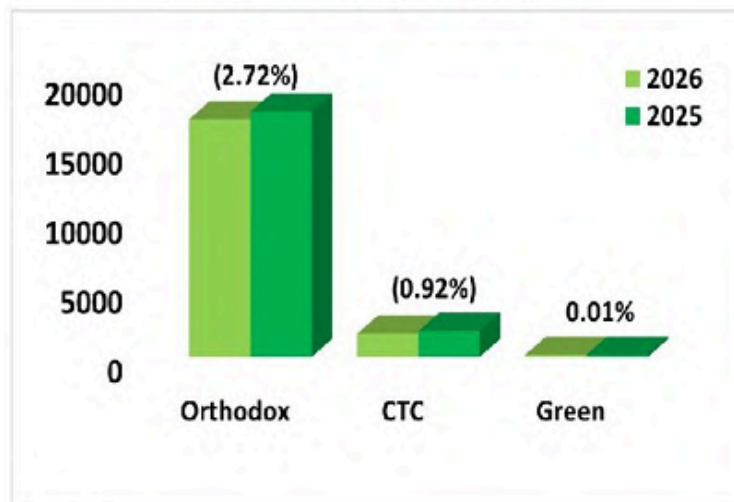
While High Grown teas showed improvement, Medium and Low Grown categories recorded declines. Industry stakeholders continue to call for greater support to improve productivity and ensure long-term sustainability.



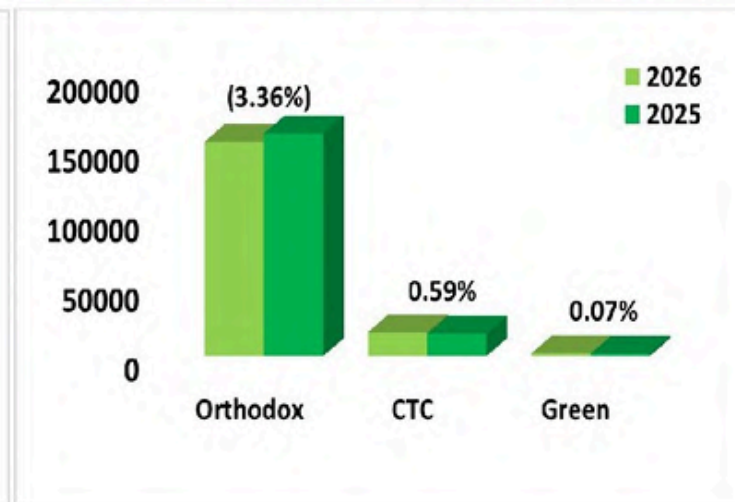
Sri Lankan Tea Production

SRI LANKA TEA PRODUCTION

AUGUST 2026/2025 - in MT



JANUARY TO AUGUST 2026/2025 - in MT

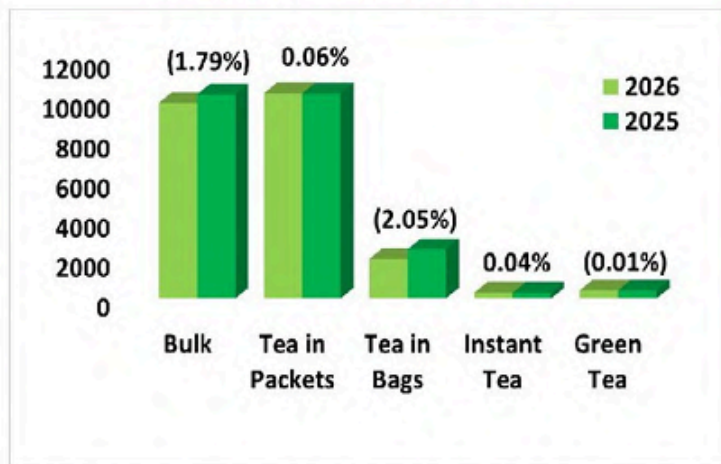


(SLTB)

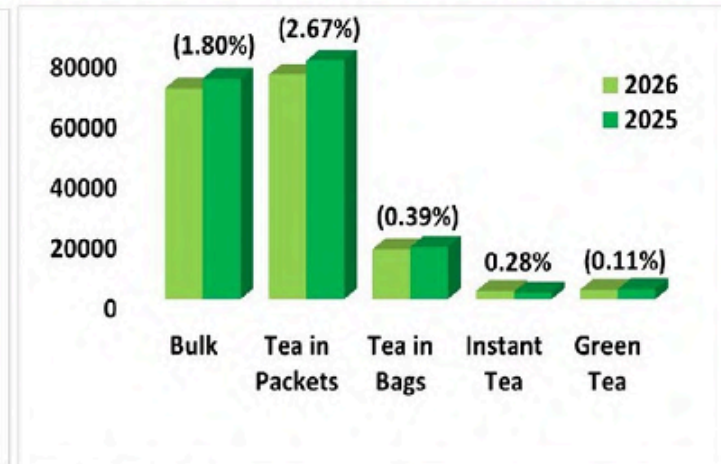
Sri Lankan Tea Exports

SRI LANKA TEA EXPORTS

AUGUST 2026/2025 - in MT



JANUARY TO AUGUST 2026/2025 - in MT

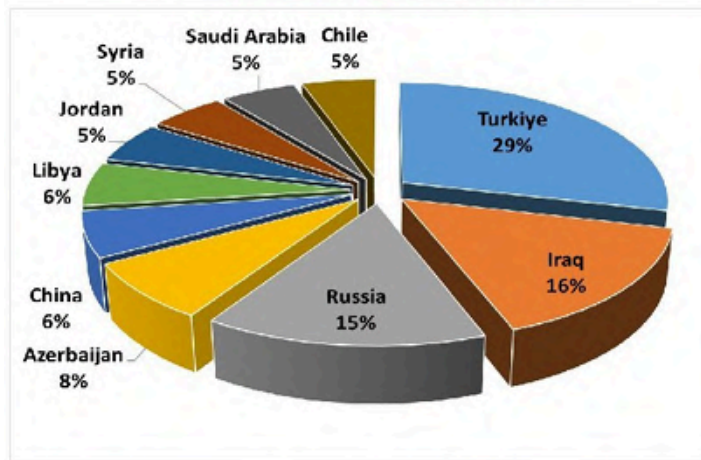


(SL Customs - Courtesy Forbes & Walker Tea Brokers (Pvt) Ltd)

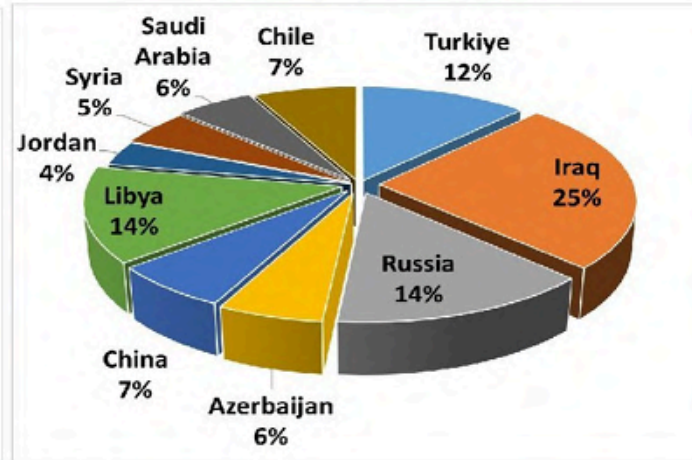
Major Importers of Ceylon Tea

MAJOR IMPORTERS OF SRI LANKA TEA

AUGUST 2026 - in MT



AUGUST 2025 - in MT



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

Global Tea News

- Organic Tea market to hit 1.67 billion in 2026
- Kenya: Tea Exports Impacted by Middle East Conflict
- Governments directs factories to reject low quality leaf
- India Focuses on Quality, Skills and Premium Tea Production
- China Targets a RMB 1.5 Trillion Tea Industry by 2030



Organic Tea market to hit 1.67 billion in 2026

The global Organic Tea Market is entering a high-growth decade, with market value projected to increase from USD 1.49 billion in 2025 to USD 1.67 billion in 2026 and reach USD 4.97 billion by 2035, registering a 12.9% compound annual growth rate (CAGR) during the 2026-2035 forecast period. The market's expansion reflects a structural shift in how consumers, retailers and foodservice operators evaluate tea. Organic certification, clean-label expectations, wellness-oriented consumption, supply-chain transparency and growing interest in responsible agricultural production are moving organic tea from a premium niche toward a broader global beverage category.

Two forces are particularly important to the industry's long-term trajectory the strengthening of organic import and certification requirements in major markets, and continued investment in certified production and value-chain infrastructure at origin. Organic certification is increasingly becoming more than a marketing claim. It is evolving into a core commercial requirement for brands seeking access to premium retailers, specialist stores and international markets.



Kenya: Tea Exports Impacted by Middle East Conflict

Kenya's tea exports faced increasing pressure in September as geopolitical tensions and shipping disruptions in the Middle East affected key export destinations. While tea production increased by 4.7% during the first five months of the year, export growth slowed significantly.

Countries such as Iran, Oman and Sudan recorded steep declines in imports, while millions of kilograms of tea reportedly remained stuck in warehouses awaiting shipment. The situation highlights how global conflicts continue to affect tea-producing nations and international supply chains.



Governments directs factories to reject low quality leaf



Kenyan Tea factories have been directed to immediately reject green leaf that does not meet the recommended 'two leaves and a bud' standard, in a move that could force farmers to change their plucking practices. The quality requirement is expected to put greater pressure on farmers and factory management to enforce standards at the point where green leaf is delivered for processing.

Mixing poor-quality leaf with properly plucked produce can affect the value of tea produced from an entire consignment, meaning farmers who observe the recommended standards may also suffer lower returns. The quality drive is linked to efforts to secure better prices for Kenyan tea in international markets, particularly by increasing production of orthodox and specialty teas alongside the country's traditional bulk exports. Kenya's tea industry has for years faced concerns over its reliance on bulk exports and is now seeking to increase value addition and expand the number of markets buying Kenyan tea.

India Focuses on Quality, Skills and Premium Tea Production

India's tea sector continued its shift from volume-driven production towards higher-value teas during September. Tea Board initiatives in tea tasting, quality improvement and skill development are helping strengthen the country's global competitiveness.

At the same time, speciality tea segments such as handmade green tea, artisanal teas and premium regional varieties are gaining greater attention. Industry observers believe these efforts will enhance producer incomes and support long-term sustainability within India's tea sector.



China Targets a RMB 1.5 Trillion Tea Industry by 2030



China unveiled ambitious plans to expand its tea industry to RMB 1.5 trillion by 2030 under a new national development framework. The strategy focuses on modernization, sustainability, stronger branding, digitalisation and the development of internationally recognised tea brands.

The plan also seeks to create several large tea industry clusters while improving product innovation and consumer engagement across domestic and international markets.

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



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	1366	132	225.73	125.5

Seedling Tea Area (Ha.)	Annual Crop of Green Leaf (Kg)	Annual Made Tea Quantity (Kg/MT)	Grades of Tea Produced BOP, BOPF, PEKOE DUST1,
55	1,451,651	341,138	

Sri Lankan Economy



- **Economy in Brief**
- **Q2 Growth Reaches 4.2%, but the Recovery Is Uneven**
- **Sri Lanka External Debt Brief - Bilateral and Multilateral Loans Rise, Commercial Debt Falls in H1 2026**

Economy in Brief

Q2 Growth Reaches 4.2%, but the Recovery Is Uneven

Real GDP expanded 4.2% year on year in Q2 2026, marking the 12th consecutive quarter of positive growth and confirming that the economy continued to recover. However, the expansion was uneven across sectors: industry provided the strongest support, agriculture contracted and services recorded more moderate growth. Middle East tensions, risks to crude-oil supply and subdued tourism performance added uncertainty, meaning the headline growth rate should be viewed alongside the economy's continued exposure to external shocks and sector-specific weakness.



Fitch Upgrades Sri Lanka to 'B-' With Stable Outlook

Fitch Ratings upgraded Sri Lanka's Long-Term IDRs to 'B-' from 'CCC+' and assigned a Stable Outlook, citing macro stabilisation reforms, stronger fiscal and external balances and rebuilding reserves. Continued fiscal discipline and improved revenue collection are expected to sustain primary surpluses and put debt on a downward path. However, Fitch cautioned that debt-to-GDP and debt-service burdens remain high relative to peers, while foreign-exchange reserve buffers are still modest as external repayments rise over the next five years



External Government Debt Rises Above US\$38 Billion

Sri Lanka's external government debt reached US\$38,008 million at end-June 2026, an increase of US\$345 million, or 0.9%, from end-2025. The composition also shifted: multilateral and bilateral borrowing rose while commercial debt declined, moving the financing mix further toward official creditors. This may improve the maturity and cost profile of new financing, but the higher debt stock keeps fiscal discipline, repayment capacity and careful debt management central to the recovery

Economy in Brief

Economic Growth

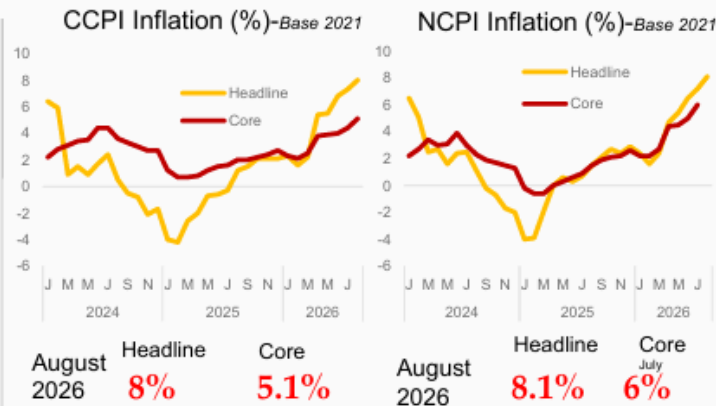
4.2% For the Q2 of the year 2026
The Sri Lankan Economy grew by 4.2% in Q2 2026 compared to 5.0% growth in Q2 2025. All three major economic activities positively contributed to this growth. Further, the GDP implicit price deflator for the quarter was recorded as 6.9%.

Movement of Purchasing Managers' Index- August 2026

Manufacturing PMI **53**
Services PMI **65.6**
Construction PMI (Jul) **61.4**

All indices recorded an increase compared to the previous month, except manufacturing PMI.

Inflation



External Sector

Merchandise Trade

July 2026

Trade Deficit **USD 1,018 mn**

Exports **USD 1,854 mn**
-3.4% y-o-y growth

Imports **USD 2,251 mn**
19.6% y-o-y growth

Services **USD 244 mn**
Net Exports -23% y-o-y growth

Tourist Arrivals

August 2026 **191,704**
-2.0% y-o-y growth

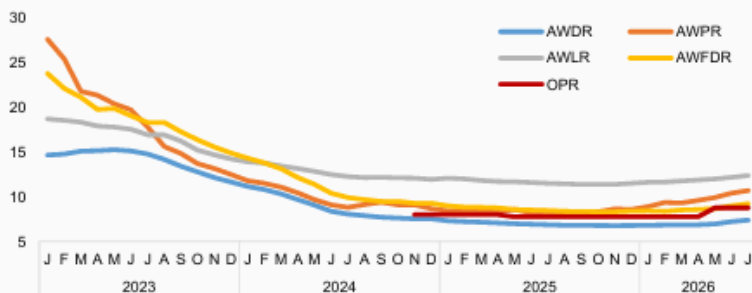
Tourism Earnings

August 2026 **USD 264.4mn**
-10% y-o-y growth

Workers' Remittances

August 2026 **USD 748.6mn**
19.8% y-o-y growth

Interest Rates



Growth in Credit to Private Sector

July 2026
26.4%

Overnight Policy Interest Rate (OPR): 8.75%

Exchange Rate



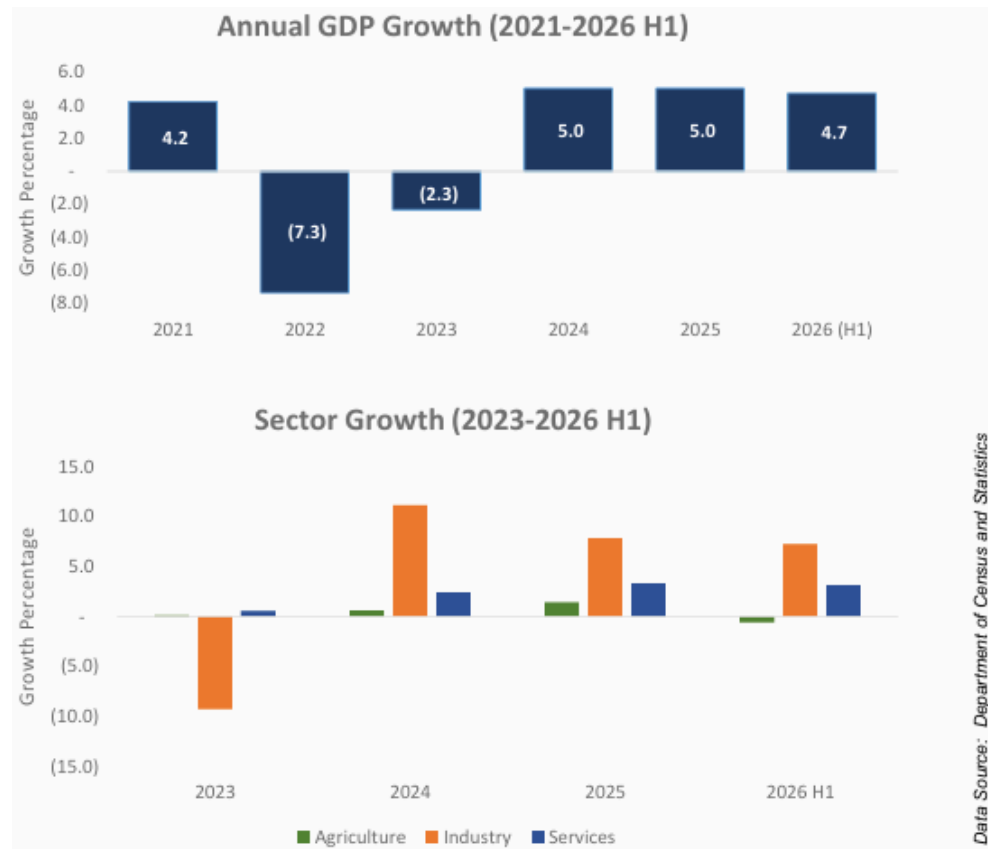
Official Reserves



Q2 Economic Performance - 4.2% GDP Growth

Sri Lanka's economy expanded by 4.2% in real terms during Q2 2026, with GDP at constant prices increasing to Rs. 3,029.8 billion from Rs. 2,908.6 billion a year earlier. Growth was driven mainly by the industrial sector, despite challenges arising from Middle East geopolitical tensions, concerns over energy supplies, and softer tourism performance. At current prices, GDP rose 11.3% to Rs. 8,254.2 billion.

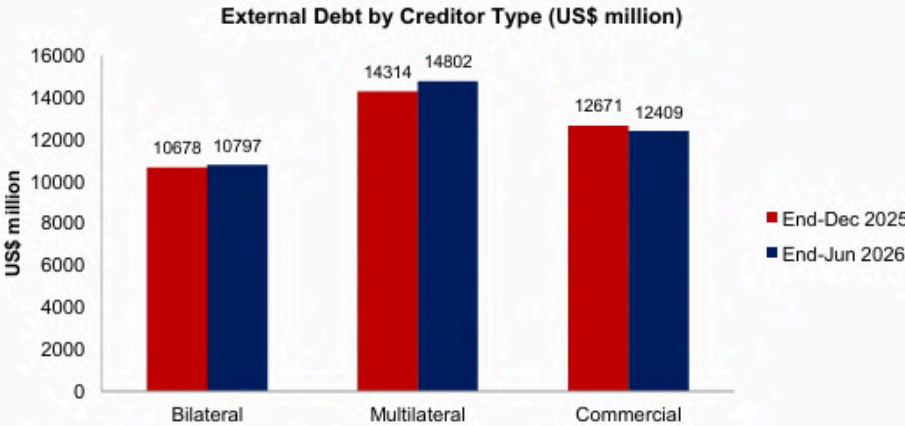
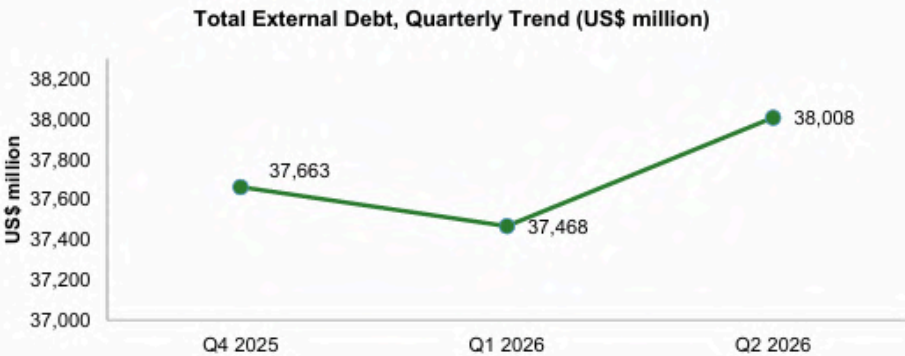
The industrial sector was the strongest contributor, growing 7.3%, led by construction (13.9%), mining and quarrying (17.4%), and manufacturing. Meanwhile, the services sector expanded by 2.7%, supported by strong growth in IT services, insurance, and financial services. In contrast, agriculture contracted by 2.3%, largely due to declines in freshwater and marine fishing, rice cultivation, and several plantation crops, including tea and rubber. Despite these challenges, the overall growth performance reflects the continuing recovery of Sri Lanka's economy, supported by improving industrial activity and investment.



Sri Lanka External Debt Brief - Bilateral and Multilateral Loans Rise, Commercial Debt Falls in H1 2026

Sri Lanka’s government external debt increased to USD 38.0 billion by the end of June 2026, up USD 345 million (0.9%) from December 2025. The increase was driven mainly by growth in multilateral loans, which rose by 3.4% to USD 14.8 billion, supported largely by higher exposure to the IMF. Bilateral debt also increased by 1.1% to USD 10.8 billion, with China remaining Sri Lanka’s largest bilateral lender, followed by Japan and India.

In contrast, commercial debt declined by 2.1% to USD 12.4 billion, continuing the shift away from expensive market-based borrowing following the country’s debt restructuring. As a result, multilateral loans now account for 38% of Sri Lanka’s external debt, compared with 34% for commercial debt and 28% for bilateral debt. The changing debt profile reflects a growing reliance on concessional and official-sector financing, helping improve debt sustainability while reducing dependence on costlier commercial funding.



Data Source: Public Debt Management Office, Sri Lanka – Quarterly Debt Bulletin



Global Economy



- Economy in Brief
- Federal Reserve Returns to Tightening as Inflation Pressures Persist
- Asia's Graduate Employment Crisis: Closing the Skills Gap in an AI-Driven Economy

Economy in Brief

The Federal Reserve Returns to Tightening

The Federal Reserve raised its policy rate by 25 basis points on 16 September 2026 to a target range of 3.75% 4.00%, responding to persistent inflation. Higher U.S. rates can support the dollar and tighten financial conditions globally as capital shifts toward dollar assets. Emerging markets may therefore face higher borrowing costs, weaker capital inflows and greater currency pressure, while companies with dollar-denominated debt or imported inputs may experience a direct increase in financing and operating costs.



Developing Economies Face a Historic Youth Employment Test

About 1.2 billion young people are expected to enter labour markets across developing economies over the next decade, creating an unprecedented need for productive and stable employment. Slower growth, higher living costs and economic uncertainty are already making the transition from education to work more competitive. Without faster job creation and better alignment between training and employer needs, underemployment and skills mismatches could persist even as businesses struggle to recruit workers with the capabilities required for new industries.



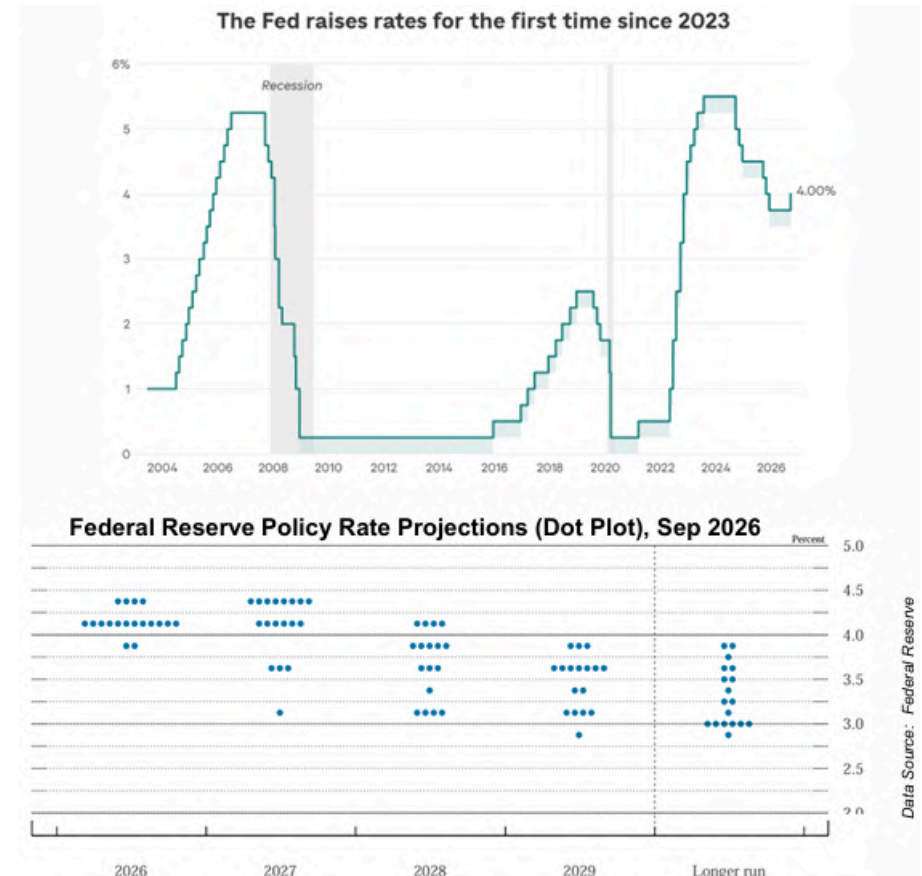
Middle East Tensions Put Energy and Trade Routes at Risk

Disruptions around the Strait of Hormuz, Bab el-Mandeb and the Red Sea threaten the movement of oil, LNG, fertiliser, food commodities and other traded goods. Even without a complete closure, heightened security risks can raise insurance and freight costs, lengthen shipping routes and make delivery schedules less predictable. The resulting pressure could feed into energy and food prices, weaken margins for import-dependent businesses and encourage companies to diversify suppliers, routes and inventory strategies

Federal Reserve Returns to Tightening as Inflation Pressures Persist

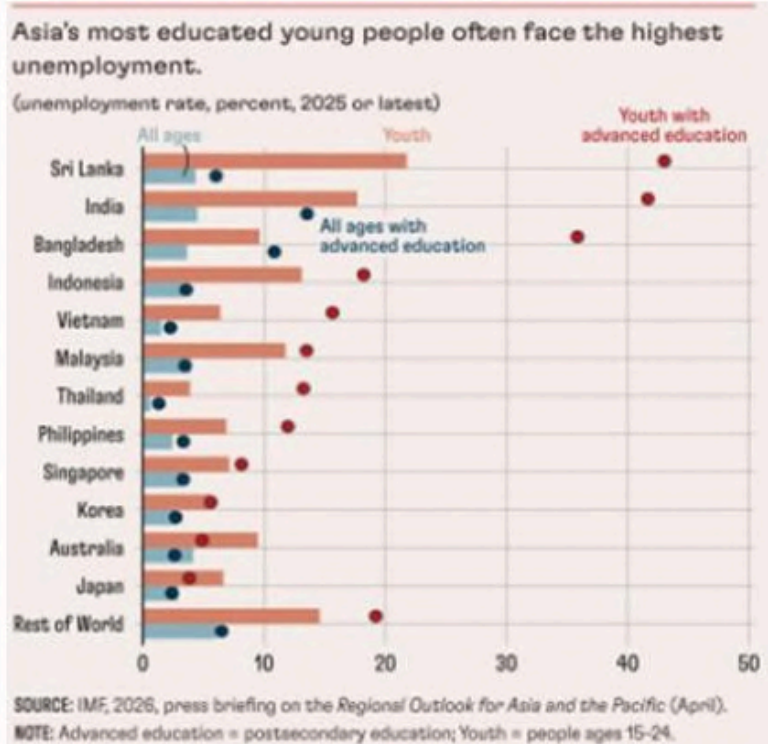
The U.S. Federal Reserve raised its benchmark interest rate by 25 basis points to 3.75%-4.00% on 16 September 2026, marking its first rate increase in more than three years. The move was driven by persistent inflationary pressures despite continued economic resilience, supported by strong consumer spending, productivity growth, and a healthy labour market. Policymakers indicated that controlling inflation remains a key priority, particularly amid rising energy prices and ongoing geopolitical uncertainties.

The decision is expected to strengthen the U.S. dollar and tighten global financial conditions, potentially increasing borrowing costs for emerging economies. For Sri Lanka, a stronger dollar could raise the cost of servicing external debt and add pressure on the rupee, while higher global interest rates may limit access to international financing. However, stronger U.S. economic activity could support global trade and demand, offering some benefits to export-oriented economies over the medium term. Markets are now closely watching for the possibility of further rate hikes before the end of 2026.



Asia's Graduate Employment Crisis: Closing the Skills Gap in an AI-Driven Economy

Unemployment Rates by Education Level and Age Group Across Selected Asian Economies



Data Source: IMF

A recent IMF analysis highlights a growing challenge facing developing economies as a record 1.2 billion young people are expected to enter the labour market over the next decade. While technological advancements, particularly artificial intelligence (AI), are creating new opportunities for productivity and growth, they are also reshaping workforce requirements and intensifying competition for quality employment. At the same time, slower economic growth, rising living costs, and increased uncertainty are making it more difficult for young graduates to secure jobs that match their qualifications and career aspirations.

The report notes a widening gap between educational attainment and employment outcomes, particularly in South Asia. Youth unemployment among those with post-secondary education remains especially high, reaching approximately 43% in Sri Lanka and 36% in Bangladesh. As AI and automation increasingly take over routine entry-level tasks, employers are placing greater emphasis on skills such as critical thinking, problem-solving, communication, adaptability, and digital literacy. For Sri Lanka, addressing the mismatch between education and labour market needs through stronger industry collaboration, skills development, and workforce reskilling will be critical to improving youth employment and enhancing long-term economic competitiveness.



Tea Insight of the Month

Did you know that tea can express its place of origin much like fine wine? Factors such as altitude, rainfall, soil composition and climate all influence the character of the finished cup. This natural expression of origin—often referred to as *terroir*—is one of the reasons why teas from different regions develop their own distinctive personalities.

THANK YOU



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