

KENYA TEA INDUSTRY PERFORMANCE HIGHLIGHTS FOR MAY 2010

PRODUCTION

Tea production for the month of May 2010 stood at 35.6 Million Kgs, which was 19.5% higher compared to 29.8 Million Kgs recorded during the same period of 2009. Improved production for the month of May 2010 was due to higher rainfall and warm weather conditions experienced in tea growing areas as opposed to dry weather conditions experienced in the same period of last year.

Compared to May last year, tea growing areas West of Rift recorded improved production of 23% from 17.2 Million Kgs to 21.3 Million Kgs. Within the East of Rift, production rose by 13% from 12.5 Million Kgs to 14.2 Million Kgs.

Owing to higher production in the West of Rift, the Plantation sub-sector, which has a wider coverage within the region, recorded increased output of 22% from 12.0 Million Kgs to 14.6 Million Kgs. However, the sub-sector contributed to 42% of the total output. The Smallholder Sub-sector recorded 17% increased output from 17.7 Million Kgs to 20.9 Million Kgs and contributed to 58% of the total production.

Following the Industry's recovery from two years of prolonged dry weather and lower rainfall conditions, cumulative production up to the month of May 2010 stood at 183 Million Kgs, which was higher than the output recorded in the corresponding periods of 2009 and 2008.

Compared to the previous months, Crop levels are expected to decline in the next three months up to August owing to the cold season, during which period the tea bushes experience subdued growth.

Table 1: Production by Sector and Region (2010 vis-à-vis 2009)

PRODUCTION (KGS)		May 2010	May 2009	Var.(%)
Plantation	West of Rift	13,072,068	10,725,096	21.88%
	East of Rift	1,614,107	1,312,426	22.99%
	Total	14,686,175	12,037,522	22.00%
Smallholder	West of Rift	8,249,012	6,521,789	26.48%
	East of Rift	12,683,262	11,243,412	12.81%
	Total	20,932,274	17,765,201	17.83%
Plantation & Smallholders	West of Rift	21,321,080	17,246,885	23.62%
	East of Rift	14,297,369	12,555,838	13.87%
	Total	35,618,449	29,802,723	19.51%

During the period to-date, major tea producing countries in the world recorded improved production compared to corresponding periods of last year owing to favourable weather conditions. For the period up to May 2010, Kenya registered an increased production of 61% from 113 million Kgs recorded in May 2009 to 183 million Kgs while Sri Lanka, which largely produces Orthodox tea, registered increased output of 25% from 107 million Kgs to 134 million Kgs. India, whose tea production is mainly CTC recorded improved production of 12% for the period up to April, from 144 million Kgs to 162 million Kgs.

Table 2: World Tea Production by Major Producers (in millions of kgs)

Country	Month	To Date 2010	To Date 2009	Var. +/-	% Var. +/-
Kenya	May	183.1	113.9	69.2	61%
Sri Lanka	May	134	107	27	25%
India	April	162.3	144.5	17.8	12%

TEA SALES

AUCTION

The volume of Kenyan tea sold through Mombasa Auction during the month of May stood at 33.1 Million Kgs, which was 47% higher compared to 15.6 Million kgs was sold during the same period last year. The average Auction price for Kenyan tea was higher at USD 2.89 per Kg compared to USD 2.36 recorded during the same period of 2009.

Table 3: Kenya Tea Auction Sales January-May 2010 vis-à-vis January- May 2009

Month	2010		2009	
	Volume Sold (Kgs)	Unit Price in USD	Volume Sold (Kgs)	Unit Price in USD
January	22,689,716	3.00	19,191,595	2.33
February	23,925,962	3.13	17,627,091	2.29
March	25,638,104	3.01	22,649,635	2.31
April	19,919,007	2.82	11,293,912	2.42
May	33,143,246	2.53	15,625,920	2.43
Grand total	125,316,035		86,388,153	
Average Unit Price:		2.89		2.36

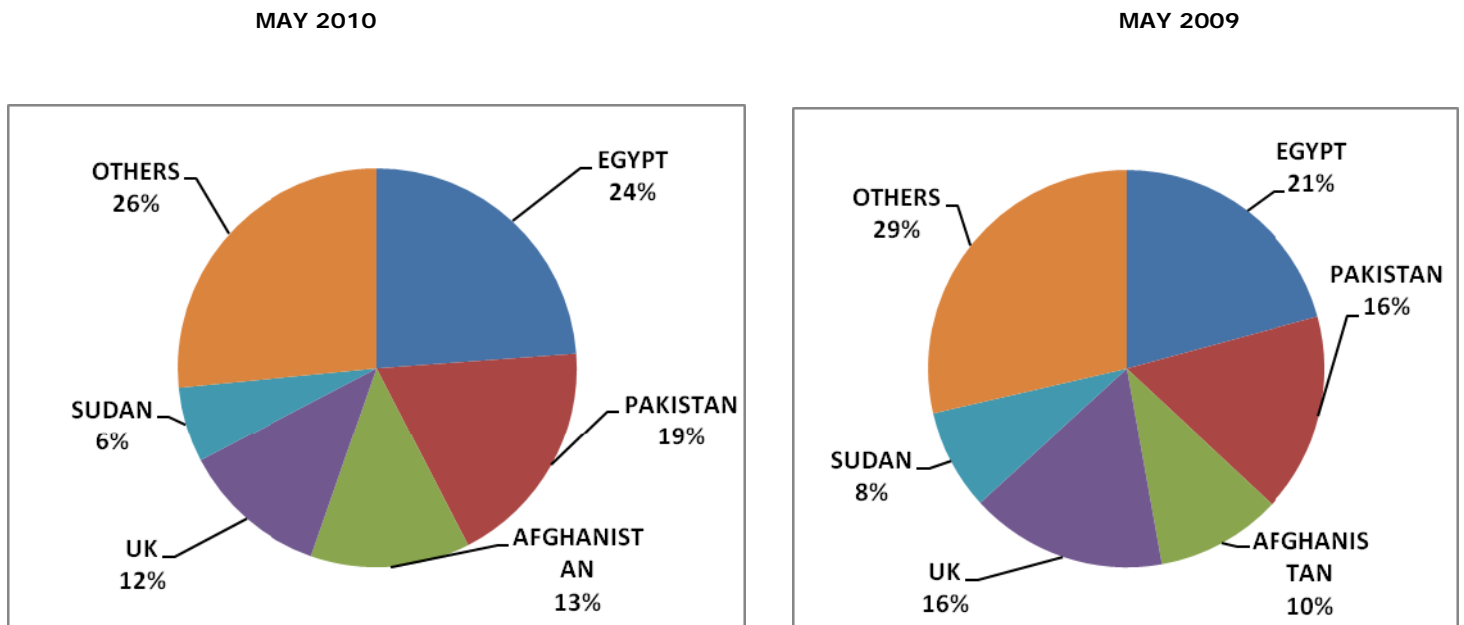
EXPORTS

Kenya Tea export volume for the month of May 2010 was 31.0 Million Kgs, 38% higher than the volume recorded in May 2009, which stood at 22.4 Million Kgs.

During the month, Kenya tea was exported to thirty seven market destinations worldwide compared to thirty one destinations the same period of last year. Egypt continued to maintain the leading position for Kenya tea exports having imported 7.3 Million Kgs, which accounted for 24% of the total export volume. Other key export markets were Pakistan, which imported 5.7 Million Kgs, Afghanistan (3.9 Million Kgs), UK (3.7 Million Kgs) and Sudan (1.9 Million Kgs).

The five traditional export destinations accounted for 74% of Kenya tea export volume while the rest of the markets accounted for 26%. During the month of May 2010, all the five traditional markets recorded significant growth in Kenya tea exports compared to the same period of last year, with Afghanistan recording the highest increase at 74%. Pakistan and Egypt recorded a growth of 59% and 58% respectively while UK and Sudan registered the least growth of 3% each. Higher export volume for Kenya tea was also recorded in most of the other markets.

Figure1: Kenya Tea Exports to Key Market Destinations (May 2010 compared to May 2009)



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MANAGING DIRECTOR

THE TEA BOARD OF KENYA

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