

May 19, 2017

COFFEE AND TEA MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
July 17	1.3210	+0.0245	-0.0285	-2.11%
September 17	1.3450	+0.0245	-0.0280	-2.04%
December 17	1.3790	+0.0240	-0.0275	-1.96%
March 18	1.4125	+0.0235	-0.0280	-1.94%

Coffee Market

The C market saw a volatile week courtesy of some macro turmoil but in the end it remained within the recent range. The Brazilian Presidential scandal caused the market to drop sharply on Thursday as the Real weakened quickly. Much of those losses were reversed today though as new shorts covered quickly. Overall the market lost a few cents on the week but was able to hold above the recent lows. Industry buying continues, mainly focused on the first quarter of next year. Origin activity has been light despite the currency move. Specs continued to sell the market overall, adding to their net short on the week. Fundamental news remains rather scarce. Talk of Colombia's Mitaca crop having quality issues due to rain continues to gain volume. Also some exporters are starting to lower their production estimates for the coming main crop for the same reason.

Technically the market maintains a short term negative bias overall. Today though was an outside day higher, which signals lack of downside momentum. Also though the market tested the April low and held forming a potential double bottom on the chart. Overall there remains a notable lack of conviction on the part of spec sellers. At this point the chart is set up for a push higher again though much beyond the recent range high, between 135 and 140, seems unlikely. Looking forward though, current levels continue to appear to be good value for later in the year.

Tea Report

World tea markets remain stable. Much needed rain has led to increased quality in Kenya. The higher quality is fueling strong market prices for the region. Par the course for end of season, Malawi's crop supply is beginning to dwindle as factories begin to shut down for the off season. The lessened supply pushed an uptick in pricing compared to last week. Crop intake in Sri Lanka is gradually increasing as rains become more consistent across the country. North and south India's markets both sold at slightly dearer prices this week. North India's slight decline was due to decrease demand, particularly associated with their tea dusts. South India's soft pricing is rooted in their high crop yield which is outpacing demand.

