



March 17, 2017 **COFFEE AND TEA MARKET REPORT**

Month	Settle	Daily Change	Weekly Change	%Change This Week
May 17	1.4205	+0.0060	+0.0070	+0.50%
July 17	1.4435	+0.0060	+0.0065	+0.45%
September 17	1.4665	+0.0065	+0.0065	+0.45%
December 17	1.4990	+0.0060	+0.0060	+0.40%

Coffee Market

The C market posted another quiet week overall. An early break to fresh two month lows saw specs sell but offered little follow through. Industry buying continues to be patient around the 140 area and the market quickly reversed as specs covered shorts. That was the most excitement for the week as prices basically drifted for the remainder in a tight three cent range. Prices ended slightly higher week to week. Physical business remains very light with demand more focused on futures coverage than forward needs. The basic impression is that the industry is well covered for the next few quarters and the market is putting little pressure on needs to extend. There was little in the way of news. Central American harvests are finished. Colombia’s mid-year Mitaca crop is about a month away from starting with expectations are for a slightly “off-cycle” harvest. This is keeping differentials rather firm. Brazil crop estimates continue to come from various sources. While estimates for total production vary quite a bit a consensus seems to be forming on about a 10% reduction overall, mainly due to an off-cycle year for Arabica after a bumper year. The industry will meet next week for the annual National Coffee Association convention, perhaps which can generate a little more interest. Outside of coffee the US Dollar sold off after the Federal Reserve raised interest rates. The overall impact was muted though. In general commodities as a whole seem to be seeing a bit of liquidation.

Technically the market remains solidly trapped in the range established over the last few months. There remains little evidence of a direction. Indicators continue to generate mixed signals. While the early week low generated another “key” reversal signal upside momentum off of it was very fleeting. Still overall, chart patterns continue to look for the range to hold course and prices to work higher off of current levels. There remains potential for a push into the lower 160s near term.

Tea Report

Improving weather is a great sign in many of the tea growing regions of the world. Growing regions in Kenya have seen useful rains. The heavy rains normal hit this area in the second half of March. Auctions saw less demand this week in Kenya and Malawi. There was an increase in auction quantities in Malawi as the weather was favorable and improving into warm and rainy conditions. Crops in Malawi were described as “healthy” for the month of February. There was not much change in the tea auctions in Sri Lanka. There was good demand enough to sustain the current prices. Rain showers with periods of bright weather were seen in Sri Lanka. South India is looking for their crops to recover with the rains that have set in. Northern India is still looking towards the official start to the season but dry areas are a bit of a concern. The Argentine season is well underway with warm and showery weather. The season has started in Vietnam but with poor quality. Not the start that producers were looking for.

