

November 30, 2018

# COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
December 18	1.0325	- 0.0525	- 0.0390	- 3.64%
March 19	1.0755	- 0.0475	- 0.0340	- 3.06%
May 19	1.1045	- 0.0470	- 0.0335	- 2.94%
July 19	1.1315	- 0.0465	- 0.0335	- 2.88%

## Coffee Market

The C market had been holding modest gains for the week coming into today session but dropped sharply this morning and ended up posting a 3% loss week to week. All of the selling was speculative and much of it generated by strength in the US Dollar. At this point, it appears that the selling was a mix long liquidation and new short. Traders viewed the last few week's decline as a buying opportunity initially but with today's break a more negative tone was set short term. The break of Monday's low brought in a wave of liquidation. Industry buying increased as the prices dropped but the market closed on the lows. At this point physical business has all but dried up, as differentials have been firm with the market decline. From a fundamental perspective, the tone is a bit mixed. There is ample supply nearby though there remain some issues with flow of coffee (Brazil shipping, Colombian crop delays). Looking forward though some early estimates for the next crop cycle are expecting the global supply and demand picture to slip back into a deficit posture. From a macro perspective there is a lot of volatility in the market place and a lack of clear direction. As eyes shift toward year-end, a general risk off mentality seems in place.

Technically the market maintains a negative posture short term. At this point indicators are actually a little oversold. On the monthly scale the month ends with indicators negative as well but overall it was an inside month on the charts and indicative of consolidation of the previous month's gains. Chart patterns have seen the market retrace the October rally a little more than expected but overall the decline from that peak continues to appear corrective. At this point further losses cannot be ruled out but overall, would continue to view prices below 110 as good value.

## Tea Report

The Argentinian season has officially started and factories are gathering momentum. Weather is still a bit dry. Kenyan demand rebounded this week. Prices moved irregularly following quality. Better types gained up to 10usc. Lesser grades lost by similar margins. Weather is dryer in the east but there are reports of hail in the west. Yield remains good but is lessening. There was selective demand in Sri Lanka. Eastern types and leafy low-growns made some gains while the rest of the market suffered slightly lower prices. Weather is bright and dry. Crops are healthy. Solid demand in North India, there were some withdrawals among the lesser types but most others maintained pricing from last week. Weather is dry and getting cooler. Crop yields are dwindling. South India saw good demand. Prices were firm to dearer following quality. Weather is cool and wet but crops are still fair.

