

January 4, 2019

COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
March 19	1.0150	- 0.0065	-0.0040	-0.40%
May 19	1.0455	- 0.0060	-0.0030	-0.29%
July 19	1.0750	- 0.0045	-0.0055	-0.51%
September 19	1.1015	- 0.0060	-0.0030	-0.27%

Coffee Market

The C market closed the week relatively unchanged. Overall 2019 has started off with markets rattled amidst uncertainty about Brexit, China's slowdown, tumbling Apple shares, and a government shutdown. One result of the current shutdown is that we did not receive the government aggregated Commitment of Traders report this week, though estimates project specs to have a net short position around 60,000 lots. The physical market was quiet this week as expected with differentials as firm as ever amidst the low "C" Market. There is little reason to anticipate a rise in the market as production levels are high out of the world's two largest coffee producers Brazil and Vietnam.

In Brazil Jair Bolsonaro was sworn in as president on January 1st. Bolsonaro secured a decisive victory, running on an anti-corruption far-right platform. His message was well received after the past few scandal ridden years that saw former president Dilma Rousseff impeached and former president Luiz Ignacio Lula da Silva jailed. Markets view his election with optimism and the Brazil real has responded accordingly strengthening 3.4% over the week.

Tea Report

2019 is off to a good start in Kenya. The first auction of the year with good overall demand. Good weather conditions are maintaining a steady crop and are giving hope for high amounts of tea in the upcoming auctions. Crop intake and weather conditions are good in Malawi but the lack of demand at auction is unsettling. With the holiday season behind us, it is time to look to the new auctions across the world. In Indonesia, the first auction of the year will be held January 9th. The online auction in India saw little demand much like the end of 2018. Assam has yet to begin plucking while other regions of India cannot begin until February. Winter has begun in Vietnam triggering the farmers to begin pruning their bushes down.

