

May 10, 2019

COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
May 19	.8945	-0.0005	0.0020	.22%
July 19	.9080	-0.0015	0.0020	.22%
September 19	.9310	-0.0005	0.0015	.16%
December 19	.9660	-0.0010	0.0005	.05%

Coffee Market

The coffee market closed basically unchanged after posting a new mid-week low when the Brazilian Real pressured prices as it weakened to nearly 4 to 1 against the US dollar. The end of the week saw the real strengthen with the C market recovering a bit, pointing towards correlation between the markets. This week's tariff battle between China and the Trump administration saw reverberations across global markets. Commodities were not excluded as most are unsure what ripple effect these geo-political events could have on the US Dollar. More of the same on the physical side as differentials remain high and buyers continue to participate "hand to mouth", hoping to see some relief on differential levels. Reports of a healthy Colombian *mitaca* secondary crop continue, however due to prices that remain lower than cost of production, quality could be a concern as farmers are less likely to invest time, money and effort into proper collection and processing. Commercial specs added to their net short position tacking on another 7300 lots on the week.

Tea Market

There was a mixed amount of demand across the world tea auctions. The Kenyan auction saw less demand due to the 'low' amount of tea at auction. 120,000 packages at offer still sounds like a large amount but in comparison to previous weeks, it is small. It opened with strong demand but gradually faded only leaving 25% unsold offers. Rains are present in almost all of the growing areas but not as intense as previous weeks. Malawi saw good demand but it followed quality. Crops are easing as the nights get colder but there are still some light showers. Sri Lanka also saw demand following quality. It is ideal cropping weather for both High and Low grown teas. Both North and South India saw selective demand this week. However, the crops are improving, as the monsoon season should be starting soon. Vietnam has finally received rains after 35 days of dry weather.

