

August 30, 2019

# COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
September 19	0.9360	+0.0170	+0.0100	+1.08%
December 19	0.9685	+0.0160	+0.0080	+0.52%
March 20	1.0030	+0.0150	+0.0065	+0.30%
May 20	1.0255	+0.0140	+0.0050	+0.20%

## Coffee Market

The C market posted a mundane week trading in a tight four cent range. The market was up slightly overall week to week. Prices were in familiar territory and there was little interest overall heading into the holiday weekend. Light industry buying was seen into the lows providing some support. Despite the Brazilian Real being near all-time lows there was little producer pressure. At this point the Brazilian harvest is complete and most of it is likely already sold. Larger spec funds remain short but there was little incentive for them to push the market. The macro picture has been choppy. Overall the US Dollar remains firm and commodities in general have been very mixed. Physical business remains very light and sporadic. With the market basically between crops and the C market weak differentials remain firm overall. Focus will soon shift to the beginnings of the Central American harvests and the early development of the next Brazil crop. Physical business also usually picks up as the US heads into fall so would expect things to become more active in the coming weeks.

Technically the market ends the week with a slightly positive bias. Short term chart patterns are pointing to a bounce within the recent range and at this point indicators are supporting that outlook. Would expect to see a push back toward the 105 area or so over coming weeks. Bigger picture the price action continues to point to a broad range (90-120ish) holding the market for the coming months. Would continue to view prices near 95 as good value but otherwise would stand aside when the market plays the higher ends of the range.

## Tea Market

Demand was strong at Kenyan tea auctions this week. Even though the offering quantity was a bit lower this week, the absorption held strong with some brokers selling 95% of their offerings. Some of the East of the Rift grown teas hit record high prices as some broke \$5. Malawi had a small auction with only 1,400 packages to offer. Though a small quantity, there was still good demand in the beginning. Demand trailed as the auction progressed leaving 40% of offerings unsold. Rains have helped to keep a healthy auction quantity in Sri Lanka. Only 16% of offerings were unsold this week compared to 32% last week. In comparison to the past, prices are at a 5 year low in Sri Lanka even though the crop figure has been around 6.5-7.5 million kilos. Record crops have been harvested in the last 4 months in India as there was a total of more than 35 million kilos of tea. Vietnam continues to be quiet but there is promise as the autumn season approaches.

