

September 6, 2019

## COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
September 19	0.9385	+0.0165	+0.0025	+0.27%
December 19	0.9705	+0.0165	+0.0020	+0.00%
March 20	1.0045	+0.0165	+0.0015	+0.00%
May 20	1.0275	+0.0165	+0.0020	+0.00%

### Coffee Market

The C market closed unchanged after a quiet, holiday shortened week. With the physical market firmly between crops and the summer near an end there is little incentive for a market push in either direction. With “busy season” upcoming most of the industry is focused on nearby supply and high forward differentials are keeping forward business at a minimum. For the market, outside factors (such as trade wars, tariffs etc.) are keeping speculative money at bay as well. Large funds have become a bit of a static short in the market and do not seem likely to take a stronger stance in either direction given the uncertain macro picture. So, at this point it seems like the market will continue to drift in the short term until some new input is seen.

Technically the rangebound activity has the market sending mixed signals short term. Overall though chart patterns continue to support the idea that a wide but manageable range will hold prices for the coming months. Continue to expect the recent lows to hold and short term a bounce toward 105 or so seems likely to be the next notable move. Bigger picture upside potential into the 120/130 range may come into play by the end of the year. Would continue to view tests of the recent lows as buying opportunities but otherwise stand aside and let the market play the range.

### Tea Market

Fair but selective demand could be seen at tea auctions across the world this week. Only 17% of offerings were unsold at the end of the auction in Kenya this week. With a relatively small auction quantity at 125,000 packages, there was caution around larger volume offerings. Production has begun to slow a bit and has created a little bit of hesitation for this time being. This is expected to subside when the (and if) the rains arrive. Malawi saw more selective demand as prices and sales followed good quality teas. Production is following seasonal norms. Indian tea auctions have remained strong even in the face of excellent production in recent months. But it looks there is a recent slip in production numbers. Vietnam’s season is in full swing. Factories are running at full capacity and the weather continues to be favorable. Argentine factories are gearing up for the start of their season. The outlooks are good for now with the season starting in mid-October.

