September 25, 2020 **COFFEE MARKET REPORT**

| Month | Settle | Daily Change | Weekly Change | %Change This Week |
|---|---|---|---|---|
| 20-Dec | 1.1365 | +.0250 | + 0.0015 | + 0.62% |
| 21-Mar | 1.1520 | +.0235 | - 0.0010 | - 0.48% |
| 21-May | 1.1660 | +.0230 | - 0.0010 | - 0.34% |
| 21-Jul | 1.1790 | +.0225 | - 0.0015 | - 0.30% |

**Coffee Market**

The C market saw a two-month low in early week trading but quieted quickly and saw prices drift for the remainder of the week. The early trading was dominated by continued fund long liquidating and followed through on last week's sharp losses. Once that selling thinned though prices drifted high as light industry buying was seen. Overall levels toward a dollar are still seen as good value and it does attract industry support. Aside from the fund selling though there was little dynamic to the market. The C market decline has seen differentials firm up once again and physical activity dry up to a large degree. Central American harvests continue with no reported disruptions. Brazilian weather remains dry for the forecasted outlook. This will become a growing concern if it continues more than another week or two. A background concern remains around the movement of coffee. Much of the swelling stocks due to decreased demand are sitting at origin. The slack demand seems to be masking issues around ocean freight availability. Delays and cancellations are happening (especially out of Brazil) but, so far, it has not been a glaring issue because consumption is lower. As the year goes by and the consuming country stocks are dwindled any uptick in demand could uncover a larger issue. Time will tell. The macro picture remains volatile overall but with little direct input to the C market activity.

Technically the week ended on a positive note with the late bounce generating a few buy signals. The market found technical support near the standard retracements of the thirty plus cent rally seen over the last few months. So far, the bounce is minimal to be fair, but the early signs are there that this decline has likely run its course. Chart patterns continue to point to a broad range and the recent action, while a little volatile, has not changed that outlook. Continue to expect prices to work higher into the end of the year with potential toward 150/160 at the high end of the expected range. Near term continue to view prices near 115/110 as good value to extend pricing. Otherwise watch the range play out.

**Tea Report**

Each week seems to be a new challenge at tea auctions across the world. Better demand this week in Kenya but at a much lower price. Around 19% of the offerings were unsold but the average price fell 8 usc. This week there were 141,077 packages up at auction and the next two weeks are going to be smaller. Each of the next two auctions will be around the 133,000-package mark. Some of the growing regions are coming out of the cold/dry spell and green leaf intake is improving. China is continuing to see logistics issues and higher prices. With availability down, logistics companies are driving prices up. Some brokers and suppliers have decided to absorb those costs to keep their customers happy. It will be interesting to see how long this issue may last. There has been a dip in demand and prices in India. This could be tied to COVID lockdowns and procedures driving consumption down from years past. The weather is favorable for tea production. This year's monsoon is said to be the best on record for the past 26 years. Supply is increasing and quality is slowly improving. The Tea Board of India has announced it will enforce the closing of factories at the end of the year, despite the pleas of farmers to make up lost production from COVID.