

October 9, 2020

COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
20-Dec	1.1155	0.0115	0.0260	2.39%
21-Mar	1.1380	0.0110	0.0285	2.57%
21-May	1.1520	0.0100	0.0285	2.54%
21-Jul	1.1660	0.0090	0.0285	2.51%

Coffee Market

The C market rebounded this week after posting last week’s two-month low. Prices climbed each day after Monday opened with a 1 cent drop. Overall, we are up around 2.5% on the week. The slight turn came likely due to spec buying after selling well into the dip and despite rain forecasted this weekend in Brazil where the coffee growing regions have experienced dry conditions that could affect next year’s crop. While encouraging, it is still too early in the coffee development cycle to understand potential impact on crop development.

On the physical side we have yet to see any relief on differentials which remain firm across the board with farmers holding on in hopes of improved pricing. Brazil too has firmed up a bit as many producers sold well into the recent climb to the 130’s. The real remains weak but it is still not enough to offset the drop from September C market highs. In Colombia the harvest is ongoing under ideal weather conditions. The usual concern around labor for harvesting has been abated this year as many are eager to work in an economy suffering from the world’s 5th highest number of confirmed Covid cases.

Tea Report

We have started to see the change of season in the tea world this week. Weather is starting to shift towards favorable in the southern hemisphere while the northern hemisphere’s season is closing. Kenya saw similar volumes compared to last week with slightly more demand. 133,860 packages were up for auction this week with only 16% unsold. Weather conditions in both East and West of the Rift are sunny and dry. Crop levels have reduced considerably. Argentina’s season is getting close. But it will already be off to a slow start. La Nina will affect much of the growing regions with dry climates. Even leading up to the start of the season, there has been considerably less rainfall. High temperatures could make this worse. Indonesia is still having some trouble. Last week’s unsold mark of 66% of the offerings have caused a build up of tea in the market. Protests have erupted over a job creation bill which some believe is an open invitation to a larger group of problems. China’s tea imports into the USA is down nearly 43% vs 2019 which could be due to tariffs. China is looking more relaxed which increased flexibility on pricing when arrival terms are pushed. But domestic consumption could still drive foreign tea to be imported.



