

October 30, 2020

## COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
20-Dec	1.0440	-0.0020	-0.0120	-1.14%
21-Mar	1.0685	-0.0035	-0.0155	-1.43%
21-May	1.0860	-0.0030	-0.0145	-1.32%
21-Jul	1.1030	-0.0025	-0.0130	-1.12%

### Coffee Market

It was a familiar story for the C market this week. Early on prices tested a fresh three month low but there was no follow through. Prices basically wallowed in a small range for the week on light overall volume, eventually posting a 1% loss week to week. Large funds continued to shift out of their net long position slowly. Industry buying continued on a scale down basis in decent volume as the market nears a dollar. There remains little solid news in the market. Brazilian weather has seen rains move into the coffee belt in a more pronounced way. At this point it becomes a waiting game to see whether the extended dryness will impact quality or quantity in a notable way for the developing crop. This will be an unknown for months to come though. Central American crops are progressing but behind schedule. There is little worry though as the market continues to see some excess nearby supply due to the impact of Covid lockdowns on consumption. There remains debate over how well supplied the market is but with so many unknowns the market is content to be patient and cautious, living a bit hand to mouth. There remains little physical business. Differentials remain "firm-ish" but there is little activity to judge by. The macro picture provided some weight to the market as well with markets in general under pressure ahead of the US election.

Technically the market ends the week a bit mixed. Indicators are flat and show no momentum. The market has been basically consolidating near recent lows. At this point a push a little lower still is certainly a possibility but overall, the market continues to behave like it is trading around the bottom of a range. Bigger picture would continue to look for a wide range to hold prices for most, if not all, of the coming year. A range of roughly 100-150 still seems viable. That said, continue to see value at current levels and would continue to look to extend coverage patiently when opportunities toward 110-100 present themselves.

### Tea Report

Things seem to be looking up in the tea world this week. A larger auction was offered in Kenya this week at a total of 143,193 packages. There was good demand this week leaving only 13% unsold. There will be slight increases in quantities for the upcoming weeks. There are rumors of high temperatures and a lack of rain for the future. Considering this is supposed to be a La Nina year, this is surprising. The Argentine season should be starting soon. Discussions of forward contracts are beginning with increases in rates compared to last season. Weather remains hot and dry for the moment and crops are low. Southeast Asia is still seeing a logistic bottleneck. A shortage of containers and rising rates have caused issues. But offseason contracts are showing strong exports numbers for the coming year. Indonesia is continuing its slump at the auction. As much as 50% of offerings were unsold this week. There are favorable conditions across growing regions.

