

February 19, 2021

COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
21-Mar	\$ 1.2750	-0.0010	+0.0635	+5.45%
21-May	\$ 1.2915	-0.0015	+0.0610	+5.12%
21-Jul	\$ 1.3100	-0.0020	+0.0600	+4.96%
21-Sep	\$ 1.3280	-0.0015	+0.0600	+4.81%

Coffee Market

The C market posted solid gains on a holiday shortened week. Prices saw a one month high as the market took back three weeks of declines. Prices closed up 5% week to week. The buying seemed broad based as industry buying toward the low end of the range prompted spec and fund buying. Origin selling remains very light overall and the market moved higher easily. While physical demand remains, spotty nearby buying is slowly being generated as the market looks toward the back half of the year. Production declines noted in Central America and forecasted for Brazil have differentials firm and concern growing for availability later in the year. Without Covid generated spot availability it seems likely that the market would be higher and a little more volatile already, but unknowns around consumption has the industry playing things very hand to mouth in recent weeks. Focus on shipping issues is slowly growing as well. While there has not been a lot of coffee moving lately a few delays are starting to be noted and this will likely only get worse as volume works back toward normal. The macro picture is starting to see money flow into commodities as an asset class. The US Dollar remains weak.

Technically the market ends the week in a positive stance. The consolidation of the last month built a base for this week's rally and seems to have set the stage for a push toward recent highs. Chart patterns continue to support a rangebound outlook and target prices toward 140/145 near term. Overall, there does not seem to be anything pointing much higher than that but a spike beyond cannot be ruled out. Would continue to view declines toward 120 as a buying opportunity on a forward basis.

Tea Market

Kenya had a strong week at auction. More than 14 million kilos were auctioned this week at 214,313 packages. Even more impressive than the size of offering was the demand. Only 9% of all offerings were left unsold, which continues an upward trend for demand. Crop figures for November and December were released and it came in at 54 mil and 47.67 mil respectively: both up from 2019. Argentina is now starting their 3rd harvest after useful rains in January. It has been a bit dry recently which may create a small downturn depending on future forecast. There is optimism around the next harvest which is expected in early April. There is dry weather in South India causing many factories to be running below capacity and there is an increase in competition for raw material. There is still plenty of demand with about 88% of all offerings being sold in some centers.

