

February 12, 2021

COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
21-Mar	\$ 1.2115	-0.0005	-0.0355	-3.21%
21-May	\$ 1.2305	-0.0000	-0.0360	-3.28%
21-Jul	\$ 1.2500	-0.0005	-0.0355	-3.27%
21-Sep	\$ 1.2680	+0.0005	-0.0360	-3.22%

Coffee Market

The C market drifted lower this week as apathy prevailed. Prices dropped slowly through the week eventually losing about 3%. The ten-cent range that this year has played out in so far remains intact and interest is light. On the week much of the action was on the index funds rolling from one month to the next. Larger specs were modest sellers overall as the indexes bought. Index funds, for definition, are passive players in the market that invest generally in an asset class rather than individual market dynamics. There remains little physical activity overall. Industry players are living hand to mouth for the most part as demand remains sporadic due to Covid shutdowns. There is a tone of slightly more optimism starting to show around the later part of the year in the form of buying interest. Unfortunately, there is an overall reluctance to sell in the face of anticipated supply issues as the year progresses. Overall production is forecast to be lower and there are also concerns around ocean freight and this is keeping differentials very firm. This is unlikely to see much change short term. The macro picture is mixed and not showing much direct influence on coffee.

Technically the market has a short-term negative bias with the week's drifting. That said there seems no strength behind the decline. A break of support around 118 could see a more aggressive push lower but that would likely be a buying opportunity. Overall, the broader range of 110/150 still seems viable for the foreseeable future. Would continue to look at prices toward 120 on a forward basis as a good opportunity to extend cover. Otherwise would remain a spectator as the range plays out.

Tea Market

An interesting week across tea markets this week. Kenya saw a larger auction and higher demand. This week only 12% of the 210,000 packages were unsold. There is an even larger auction next week with 214,000 packages offered. There are no signs of the crop decreasing but temperatures are not increasing and there are growing issues with the port of Mombasa and the protests there. China and Vietnam are still closed for their respective holidays. China reports a decrease of 74% of travel after the government urged people to stay home. India, as a whole, is seeing decent demand even at some reduced auction volumes. The Assam region is still relatively dry while Darjeeling is seeing some good rain recently. Plucking will begin again in the couple weeks and the first production will be in the beginning of March.

