

April 16, 2021

COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
21-May	\$1.2915	-0.0355	+0.0215	+1.81%
21-Jul	\$1.3120	-0.0350	+0.0235	+1.86%
21-Sep	\$1.3315	-0.0340	+0.0245	+1.91%
21-Dec	\$1.3555	-0.0340	+0.0235	+1.87%

Coffee Market

The C market saw another volatile week unfold. The market climbed steadily all week, touching a one month high this morning. Prices dropped sharply to end today though as speculative money liquidated positions. Still the market posted gains of about 2% week to week. The dynamic has been shifting a bit in recent weeks. The volatility is starting to feed on itself a little as the sharper moves are attracting additional spec interest. Also, the industry is waking up after months of holding back and the market has seen support slowly moving higher into each decline. There was no fresh news this week, but the story is getting more consistent. Shipping delays are becoming common place, and this is leading to a more active spot market. Physical activity on the week was fairly good. Differentials remain quite firm overall and as the excess stock from the last year is burned slowly, they will likely not soften anytime soon. The market continues to focus more on the supply situation for the end of the year. At this point Colombia estimates are now starting to get lowered for the year due to excessive rains. Overall, the market could be looking at a supply demand deficit of up to 10 million bags. While this is not insurmountable given the perceived stockpiles at origin it will keep prices firm overall. The macro picture in general has been a bit mixed.

Technically the market ended the week on a negative note but remains positive overall. Short term indicators are negative and chart patterns are suggesting a test toward 127/125 (basis the July contract) is possible as the market corrects recent gains. Overall though the structure of recent activity continues to point higher as the market slowly builds off recent gains. Continue to look for a broad range this year but the market appears poised to test/establish the high end of those expectations. Would expect recent highs to be challenged soon and seeing a price spike toward 160 would not be surprising. Overall, would continue to view declines into the low 130s as opportunities to extend coverage on a forward basis.

Tea Report

Argentina's tea season has ended and yet the need for tea is high enough that very few lots remain in spot. Many suppliers have rearranged schedules and have denied any requests for spot teas or asked to fulfill requests after the season starts later this year. One of the four terminals in the Buenos Aires port was closed this week. To add to the complications, there was a labor strike that erupted this week preventing access to the other three port terminals. Schedules are in disarray and some ocean freight companies, such as MSC, did not call into port and shipments were delayed. The dry season is in full swing in Kenya as crop numbers have fallen compared to earlier in the year. Strong demand at auction with 194,000 packages offered allowing only 16% unsold. Indonesia saw good intake at auction with 65% offerings sold. Another disaster struck the region this week. A 6.0 magnitude earthquake struck off the east coast of Java last weekend causing widespread damage. Our thoughts are with the people and the region as they start to rebuild.

