

April 23, 2021

COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
21-May	\$1.3685	+0.0255	+0.0770	+5.96%
21-Jul	\$1.3850	+0.0235	+0.0730	+5.72%
21-Sep	\$1.4040	+0.0235	+0.0725	+5.52%
21-Dec	\$1.4275	+0.0230	+0.0720	+5.45%

Coffee Market

The C market posted solid gains this week touching a six-week high. Prices gained 6% overall as fund short covering and industry buying drove prices. Funds are turning to a more consolidated view and getting long the market once again. Commodities in general are once again attracting money from the macro perspective as well. The industry is slowly buying over recent weeks and moving support under the market higher. There is little change to the market outlook this week. Focus is still on a deficit supply demand picture for the later part of the year and shipping concerns are continuing to gain focus. The market is seeing nearby physical activity increasing as the industry is using spot availability to compensate for late deliveries. Differentials remain firm but forward activity is increasing slowly as roasters look past covid cautiously as well. The macro picture, as mentioned, is seeing renewed interest in commodities overall and a weak US dollar in the background.

Technically the market ends the week in a positive stance. Short term indicators are slightly overbought but the strong close suggests that momentum to the upside is building. Chart patterns continue to point higher near term as the market continues to consolidate at higher levels into any price declines. Longer term chart patterns are now targeting the 160 area and suggesting that the market will test those levels soon. Bigger picture the idea of a broad range holding the market for the coming year continues to hold so at this point would not look to buy into strength. Would continue to view prices toward 130 as buying opportunities but otherwise remain sidelined and watch the picture unfold.

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.

