

April 30, 2021

COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
21-Jul	\$1.4145	-0.0155	+0.0295	+2.17%
21-Sep	\$1.4340	-0.0150	+0.0300	+2.14%
21-Dec	\$1.4575	-0.0140	+0.0300	+2.14%
22-Mar	\$1.4775	-0.0125	+0.0310	+2.14%

Coffee Market

The C market pulled back in late trade this week but continued to post gains overall. Prices settled up 2% week to week but were up over 6% early on as the market touched a two-year high. Speculative buying drove prices as funds continued to add to their net long position. A strong macro commodity bias was in play. Industry buying appeared into the late week decline as those buying ideas continue to work higher each week. The physical market continues to be spotty. Differentials eased ever so slightly into the early rally and a flurry of activity was seen. By week's end though they had firmed up once again. Brazil is looking toward harvest and weather is cooperating. There is some talk though that recent dryness may impact yields further on the already lower crop and some concerns were mentioned around the development of the following crop, which is supposed to be cyclically higher. Way too early to look at that but the market seems to be looking for things to be nervous about. Shipping times continue to increase as delays, transshipments and booking changes are becoming more and more common. Colombia has the covid focus this week as country wide lockdowns were announced. Overall, the supply picture is worrisome for the remainder of the year and differentials continue to reflect that despite the strong C market. The macro picture, as mentioned above, saw renewed strength in commodities overall.

Technically the market ends the week a little negative as indicators have become overbought. Short term there seems to be an opportunity for a bit of a corrective dip, but chart patterns aren't calling for a big one at this point. Would view a push toward 135 (against the nearby month) as a buying opportunity for any short-term needs. Bigger picture the longer-term outlook continues to develop as expected. A broad range remains likely, and the market is still working to establish the high end of the range. Near term a push toward 16470 is targeted but if emotion takes hold an overshoot of that target would not be surprising.

Tea Report

The Tea industry in Kenya is still reeling from the raid on the Kenya Tea Development Agency (KTDA). The courts have ruled this week from the police from further raids until the verdict of the current case has been heard. As for the tea auction this week, a smaller auction with about 182,000 packages were offered. It was met with good demand leaving only 11% unsold at the final hammer. India is seeing firm demand at auctions, particularly for orthodox grades. Auction centers reported anywhere from 68-91% sold. Orthodox skewing those numbers higher but still having good demand across the auction. The weather is conducive for growing and there is an expectation of an increase in crop figures soon. The only detriment could be the growing number of COVID cases across India. Indonesia had another heartbreak this week as 53 were confirmed dead in the sinking of a Navy submarine during drills. Our hearts and thoughts go out to their families.

