S&D COFFEE & TEA®
WESTROCK COFFEE COMPANY
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September 10, 2021

COFFEE MARKET REPORT

Month	Settle	Daily Change	Weekly Change	%Change This Week
21-Dec	$1.8805	+0.0060	-0.0495	-2.49%
22-Mar	$1.9075	+0.0055	-0.0495	-2.48%
22-May	$1.9180	+0.0060	-0.0490	-2.44%
22-Jul	$1.9245	+0.0060	-0.0475	-2.36%

Coffee Market

The C market spent the short week under modest pressure. Prices gave back most of last week's gains ending down 2.5% week to week. The activity was rather mundane though as all the action was contained by the recent trading range. The week saw larger funds and speculators on both sides of the activity. The industry was quiet overall though there is the perception that there is pent up buying waiting below current levels. Physical activity remains hand to mouth for the most part. Demand seems fairly stable and shipping delays are seeing the spot market active. Differentials remain firm overall, and the ongoing freight situation suggests there will be little relief anytime soon regardless of the C market movement. Freight costs in many cases have doubled and even tripled versus previously contracted levels. Shipments are being bumped on a regular basis as vessel space seems to be going to the highest bidder. Otherwise, there was little to talk about this week. Brazil remains dry (which is normal) but it has been quite hot which is a concern. A few more weeks until the beginning of rainy season and the critical period for the next crop. There will be a lot of analysis and news generate by every rain event as the weeks go by. The La Nina weather pattern has been in force and forecasters are calling for an erratic start to the Brazil rainy season which will not help the crop. Colombia is raising concerns around the beginning main crop as excessive rain has been seen over recent months as well and some are lowering output forecasts a little already. Overall, the market appears to have a challenging year ahead from a supply/demand perspective. This will likely keep prices "firm". The macro picture was a mixed bag this week.

Technically the week ends with a modestly negative stance. Indicators are negative but not strongly so. The market remains near the midpoint of the recent range and is not showing a strong bias in either direction. Chart patterns continue to point toward 170/165 within a larger correction off the July highs. Would continue to target that area as an opportunity to extend coverage over the next few weeks. Bigger picture higher prices are still certainly possible from a chart perspective and volatility will likely remain high over the coming months. Overall, would continue to expect once things calm down that the market settles into a range toward 150/160 basis the current production outlooks.

Tea Report

Challenges in the tea world remain mostly the same this week. Logistics prices continue to climb as Asia-US routes have now surpassed $25,000 per 40FCL. Most hope that prices will ease mid-2022 but only time will tell In Kenya, a smaller auction volume drew lower demand. About 29% remained unsold of the 128,000 packages. Plainer teas were sold at easier rates or were left until the next auction. It's dry and chilly at the moment but this could help to increase demand for the short term. Useful rains arrived in India and quality has perked up slightly. Production is healthy, per seasonal norms, in Asian origins. Despite grim outlooks for Argentina, there have been useful rains lately. With the season set to start, many producers are encouraging buyers to book contracts now. After the shortage of made tea from the 2020 season, this season could be important for higher production.