

October 8, 2021

COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
21-Dec	\$2.0135	\$0.0275	-\$0.0270	-1.32%
22-Mar	\$2.0425	\$0.0270	-\$0.0265	-1.28%
22-May	\$2.0520	\$0.0255	-\$0.0275	-1.32%
22-Jul	\$2.0570	\$0.0265	-\$0.0265	-1.27%

Coffee Market

It was a down market that gave back the 10 cents gained last Friday by Tuesday of this week. Well-timed rains of good volume in Brazil and more in the forecast paired with the real (Brazilian currency) posting lows against the dollar to entice Brazilian producers to sell into a profitable market. The selling seemed to be enough to take a bit of the edge of the market for the time being. Despite positive conditions, it is still too early to understand how Brazil flowering will develop. Physical business remains sporadic and focused around covering spot needs caused by delayed shipments. The past few weeks have seen domestic stocks drawdown and will be tough to maintain as competition for global shipping is likely to increase ahead of the holiday season. Forward physical business is a tough proposal as traders are unsure how to price transportation costs months into the future. Differentials remain firm as always and wouldn't expect any relief until the Central harvest is underway. Issues around logistics continue to be the thorn in everyone's side with continued rumors in the background of the trade getting burned on producer defaults. On the macro side, inflationary pressures remain in place although this week saw markets rebound after the senate approved a bill to raise the debt ceiling kicking the can down the road until December.

Tea Report

Quality remains the main driver in tea auctions this week. Kenya saw decreased demand this week. Of the 125,000 packages offered, 21% were unsold. Demand followed closely to quality. Brighter well-made teas attracted high demand while plainer quality teas remained for the extent of the auction. Improved demand was seen in South India this week. Some centers reported as much as 94% sold at auction. North Indian auctions saw inconsistent demand. Some centers reported high demand while others saw less. Logistics issues continue worldwide with prices continuing to soar. The \$25,000 mark for trans-pacific routes may begin to be a thing of the past. Argentina remains hopeful for useful rains and a good start to the season. Weather remains cool for now, but we are still a month or so away from the start of the season.

