

December 30, 2021

COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
22-Mar	2.2885	-.0005	-.0235	-1.17 %
22-May	2.2880	-.0015	-.0230	-1.17 %
22-Jul	2.2805	-.0030	-.0235	-1.39 %
22-Sep	2.2720	-.0040	-.0225	-1.24%

Coffee Market

The C market will be open tomorrow but we, like many, will not so hence a report today. To date this week has seen low volume, choppy trading. Prices have drifted in a five-cent range and are down 1% week to week so far. There has been little activity on the physical side as well as everyone focuses on year end. Looking back, it has been an interesting year to say the least. The market traded up 100% on the year into the highs (spot price was 1.2540 at the end of 2020 trading) and sits up about 80% at this time. Having seen frosts for the first time in over twenty years, unprecedented supply chain issues, seemingly endless waves of covid and soaring inflation it certainly was stressful in many ways. Historically speaking though the type of movement we saw in the C price was not unheard of, it had just been so long that many industry participants had not seen such movement (though for other reasons) before. The chart below provides a little perspective. Looking ahead some industry estimates for the next crop cycle's deficit are growing as the Brazil crop surveys continue. At this point estimates range for a 10 to 12 million bag deficit over the coming year. While there remains great debate over consumption in the time of covid the supply outlook will certainly keep prices firm for the foreseeable future. The macro picture was a bit mixed overall. Over the first weeks of the new year there should be some selling pressure as index funds (large speculative positions) rebalance their portfolios. This generally tends to be overhyped by the market though and the impact is usually minimal. It could certainly see some added volatility next week though.

Technically the market is a bit mixed as a result of the consolidation seen over the last two weeks. Chart patterns continue to suggest a large correction is unfolding off the recent highs. At this point there seems to be some potential to see prices dip toward 210 of so over the coming weeks. Would continue to view that as an opportunity to extend needed coverage. Overall, there are no signs at this point that a major reversal has occurred, and higher levels are still very possible. Would continue to try to stand aside into market strength as much as possible but assume that prices will remain above 200 for some time and act accordingly when the opportunities arise.

Tea Market

A more selective week at Tea auctions around the world. Many buyers are a little more subdued as we inch closer to the holidays. North Indian production is closing down and only leftover stock is available in the South. At auction, there was still good demand. In some cases, in the North, anywhere between 75-88% absorption could be seen. Kenya saw subdued demand as many buyers are ready for the holidays. Brighter well-made teas sold while others were unsold. Production is good for the moment, but the dry season is just around the corner. For the end of the year, logistics concerns have become somewhat normal. Or at least, we may know the face of our issues for the coming year. As we slowdown in business, remember to take the time to be with friends and family during the holiday season. And enjoy the little things that make life great. Happy Holidays from our family to yours.

