

April 14, 2023

COFFEE MARKET REPORT



| Month | Settle | Daily Change | Weekly Change | %Change This Week |
|---------|----------|--------------|---------------|-------------------|
| 23- May | \$1.9340 | -0.0270 | +0.0980 | +6.15% |
| 23- Jul | \$1.9150 | -0.0290 | +0.0980 | +6.19% |
| 23- Sep | \$1.8885 | -0.0260 | +0.915 | +5.79% |
| 23- Dec | \$1.8620 | -0.0265 | +0.0840 | +5.46% |

Coffee Market

The C market's month-long surge continued this week. Prices jumped another 6% week over week and touched a six-month high. The driving force remained larger, speculators continuing to cover shorts and now adding longs on a net basis. Some modest industry buying was noted as well, spurred by the approach of first notice day for the may contract next week. With little to no origin selling interest the market has moved higher easily. Supporting the move is a backdrop of declining consumer stocks and a weak US Dollar. On the fundamental side of the equation there is not much to talk about. Brazil is inching toward harvest but needs to get through frost season first. Would expect weather reports to become more the focus over the next week or so. Colombia is seeing seasonal, though unneeded, rains and little flow. Central American exports are moving smoothly overall. Differentials across the board though remain steady despite the C market move and physical business has been sporadic. The macro picture, as mentioned above, has been supportive to commodities over the last few weeks.

Technically the market is a bit overbought and showing signs of a needed pullback. Overall though chart patterns continue to point a bit higher still with targets in the 215 range. Would expect at this point that any corrective decline would find support in the 180 range. Looking forward, barring any fundamental developments current gains should be hard to maintain and would expect that prices retreat slowly through the summer months. Continue to see value toward 160 and lower to extend coverage but it might take a while to get there. Expect near term volatility to continue and would try to avoid buying into strength but keep downside expectations reasonable as well. Given the fundamental outlook for global supply over the next year continue to expect an overall range of 150/190 to contain most of the activity.

Tea Market

Production is beginning to ramp up in Northern Asia and Africa and plucking is underway. Demand continues to lag and follow quality. There are some concerns over Pakistan's current situation with the IMF with some worried about how it might play out in regard to consumption within the country which could further reduce already lagging demand numbers. Overall, weather patterns were stable with nothing major to note this week and production also trended upward but ultimately the gorilla in the room is still the lack of global demand.

