

April 21, 2023

COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
23- May	\$1.9420	-0.0170	+0.0080	+0.41%
23- Jul	\$1.9145	-0.0245	-0.0005	+0.03%
23- Sep	\$1.8860	-0.0265	-0.0025	-0.13%
23- Dec	\$1.8605	-0.0280	-0.0015	-0.13%

Coffee Market

Another interesting and volatile week for the C market. Prices saw a fresh seven-month high but closed unchanged week over week. We saw both ends of a fifteen-cent range as the market moved into first notice day for the May contracts. Funds were buyers early on along with some trade short covering. New producer selling was found about 200 and prices retreated quickly as that selling became more aggressive and forced new speculative longs to liquidate. Industry buying was noted in modest volume into the late week lows. All this activity continues without a real fundamental basis. Things are quiet at this point. Differentials did see some more weakness overall but there remains little forward business being done. Brazil weather has been quite so far. The market did see consumer stocks decline again, which is seen as lightly supportive. The macro picture was more mixed this week had little direct input. The US Dollar remains weak but did stabilize near the recent lows.

From a technical perspective the market has started to correct from an overbought position. Indicators are mixed with a few late week sell signals generated. Chart patterns as well were signaling for a correction. A negative Harami on the candlestick chart calls for at least a minor correction and from an Elliott wave perspective the market appeared to complete part of a pattern and set the stage for a correction. At this point would look for support on a technical basis around 185/180. Bigger picture a push higher still over the coming weeks is still a strong possibility. At this point would continue to look for value in the 175/165 to extend needed coverage. Otherwise, would stand aside if possible and let the volatility play out. Barring any major development would continue to expect the market to work lower though the summer months and expect a working range of 150/190 to hold prices through the back half of the year. Of course, over coming weeks would expect volatility to remain high leading through frost season into the beginning of the Brazilian harvest.

Tea Market

Demand experienced a modest lift in demand as Ramadan is coming to an end and the weather has been very agreeable. Even some of the lower qualities saw a modest bump this week which has not been seen in quite some time. The Eid break will bring a few logistics hiccups as it normally does but it shouldn't be much more than a few delays but nothing like what we've come to expect over the last two years. Overall, it was a positive week with little of note in macro news combined with a slight jump in demand and good weather overall.

