

April 7, 2023

COFFEE MARKET REPORT



Month	Settle	Daily Change	Weekly Change	%Change This Week
23- May	\$1.8360	+0.0345	+0.1310	+8.51%
23- Jul	\$1.8170	+0.0270	+0.1200	+7.87%
23- Sep	\$1.7970	+0.0215	+0.1125	+7.51%
23- Dec	\$1.7780	+0.0185	+0.1055	+7.02%

Coffee Market

The C market posted solid gains heading into the long weekend. Prices saw a one month high on mixed buying, jumping almost 9% week over week. Things got an early jolt on a macro basis as an unexpected cut in crude oil production by OPEC saw commodities in general surge on Monday. Coffee had already been hinting at a bounce late last week after bouncing off of solid industry support. Prices continued higher as the week went by with both larger speculators and industry buying at different points. On the week speculators covered shorts and later added new longs. Modest origin selling was noted above 180 and overall volume was decent on the week. On the physical side of the market differentials weakened slightly once again. This saw a flurry of activity on Colombians and new crop Brazil offers for later this year. Logistics for the Central American crops have seemed to be smooth so far which is encouraging overall as well. Weather for the Brazilian crop has continued favorable overall though estimates for overall production continue to be revised lower. The market seems in consensus that the coming cycle will be balanced to a small surplus at this point. Adding a little to the positive tone on the week has been certified stocks continuing to decline suggesting demand in Europe is picking up. The macro picture remained steady through the week as well.

Technically the market ends the week quite strong. Indicators are positive and strengthening across the board. Chart patterns are pointing higher. A positive hammer reversal was formed on the candlestick chart off last week's low and Elliott patterns are targeting levels as high as 215 or so off the recent lows. Short term there is potential for higher levels over the coming weeks. That said, would continue to see the "range" of 150/190 as somewhat of a comfort zone for the market. Expecting that prices move outside of that does not mean that they will not return to it quickly. Would continue to view prices toward 160 as value where needed and otherwise be prepared to spectate when things get a little more volatile.

Tea Market

The same story continued this week with average quality teas remaining unsold and continuing to pile up, but prices overall dropped. The overall outlook for crops in nearly every region remained the same with good showering happening in Asia and Africa, and Argentina has seen cooler weather with good rains as well. Ramadan seemed to create issues out of both Pakistan and Mombasa this week with a bottle neck of containers sitting at the port so expect that to remain an issue until at least the 21st of April when the holiday comes to a close. Things look better this week in Malawi after Cyclone Freddy with offtakes showing a lot of improvement.

