

Month	Settle	Daily Change	Weekly Change	%Change This Week
23-Mar	\$1.9120	-0.0245	+0.0250	+1.32%
23- May	\$1.8770	-0.0200	+0.0195	+0.86%
23- Jul	\$1.8600	-0.0210	+0.0175	+0.79%
23- Sep	\$1.8375	-0.0220	+0.0155	+0.58%

### Coffee Market

The C market saw a fair amount of volatility for a holiday shortened week. Prices surged to a fresh four month high early on as momentum traders built on last week's gains. The market retreated over the last few days though and closed only modestly higher week over week. Overall, the buying appeared to be speculative in nature though the market is seeing another week pass without commitment of trader's data as problems continue around the reporting. Origin selling into the highs was evident though. A positive tone persists with the forward curve continuing to widen its backwardation and certified exchange stocks continuing to decline. Physical activity has picked up a bit over the last two weeks with softer differentials seen out of Colombia and Central America. Focus seemed on the back half of this year. Brazilian differentials remain firm, and activity muted overall. The market is gearing up for the first National Coffee Association convention (in person) in the last three years in two weeks. Many multinational firms are providing updated supply and demand outlooks and crop ideas. The general theme so far seems to be production out of Colombia will be disappointing again, not surprising given recent struggles with excessive rains. Also, the consensus that the developing Brazil crop will not be a bumper one is building. Production is expected to be good, just not as optimistic as very early estimates were calling for. Overall, the supply/demand balance appears to be targeting a small surplus after back-to-back deficit years. The macro picture continues to provide little direct influence.

Technically the market remains positive overall. Indicators appear to be correcting a slight overbought condition but continue to point higher near term. Chart patterns have turned positive over recent weeks. From an Elliott wave view the recent rally off the January lows is a five-wave structure. This suggests that declines are now to be bought with potential for the market to see prices back above 200 over the coming months. This bias, along with the supply/demand outlook suggest that the expected range for the market through the remainder of the year has moved up a bit. At the moment would expect prices to consolidate with support into the 170 area. Would look toward that area to target any needed coverage. Overall, a range of 160/200 is likely to hold prices barring a fundamental development. Any developments at this point would likely put the risk to the upside. There is little to suggest that substantially lower prices will be seen.

### Tea Market

Demand showed signs of improvement this week which made for interesting prices in many markets. Although the macro picture indicates an oversupply in the market, the big disparity between qualities means there is a true tightness in the market for the higher quality teas. This nuance creates quite the predicament for producers as we see the lower qualities continue to pile up at an alarming rate while the higher qualities are nowhere to be found so many producers are trying to find ways to offload the lower qualities as quickly as they can. There is a drastic rebalancing needed in the market but there also must be an incentive for producers to shift to the higher quality teas so this should begin to take form over the next crop cycle.

