

Month	Settle	Daily Change	Weekly Change	%Change This Week
23-Mar	\$1.7475	+0.0110	+0.0195	+1.22%
23- May	\$1.7465	+0.0095	+0.0135	+0.92%
23- Jul	\$1.7430	+0.0060	+0.0115	+0.78%
23- Sep	\$1.7320	+0.0050	+0.0125	+0.76%

Coffee Market

The C market chopped around in a tight range over the week. Closing roughly unchanged week to week there was little to talk about. Good volume did trade, but it seemed focused on speculators squaring off on both sides of the equation. The consolidation after the recent rally is a welcome respite to some degree but overall, there remains little “coffee news” influencing the market at this point. As mentioned previously, there is some lowering of forecasts for the developing Brazil crop ongoing, but it is not due to any changes or negative developments to the crop but just some reconciling of ideas around the calls for record production. For all intents and purposes the crop should be a good one. There remain valid concerns over the overall supply demand balance though but only time will tell at this point. Physical business continues in fits and starts with focus on the back end of this year into the first half of next. Basically, once the new Brazil crop would come into play there is a little more optimism. Differentials remain firm overall though which is limiting activity. The macro picture continues to provide little direct influence.

Technically the market is working off a slightly overbought status. The sideways consolidation underscores a steady overall tone to the market, but indicators are suggesting a deeper correction is needed short term. Chart patterns off the recent lows are quite impulsive in structure and keep the door open for further gains over the coming weeks though. At this point would expect the next week or two to see the market trade toward 165 but that should set the stage for a push above 190 before too long. Bigger picture the jury remains out on whether the market could see prices challenge last year’s highs, but charts (and the fundamental picture) do not point to drastically lower levels. Would continue to view prices near 160 as good value to extend coverage in a measured way, there is no urgency but would expect there is no major benefit to waiting for markedly lower levels. Would expect volatility to calm a bit but given the level of speculative interest violent spikes are certainly possible in either direction.

Tea Market

Demand has been down overall with buyers having their pick between quality so the lower qualities are continuing to pile up while the higher qualities are finding homes. Production continues to look healthy although Assam has been dry so rains are needed there while Africa and Argentina are both looking healthy, albeit virtually all origins are below seasonal expectations. Ultimately, we are singing the same old song and dance that we have over the better part of two years with uncertainty remaining on the demand side outweighing the ever growing overstocked supply just slightly.

