

Month	Settle	Daily Change	Weekly Change	%Change This Week
23-Mar	\$1.6990	+0.0275	+0.1510	+9.30%
23- May	\$1.7005	+0.0275	+0.1430	+8.76%
23- Jul	\$1.6940	+0.0270	+0.1310	+8.00%
23- Sep	\$1.6795	+0.0285	+0.1155	+7.00%

### Coffee Market

The C market continued its recent surge. Prices rose almost 10% week over week and the market has recouped almost all the month's losses. The fuel behind the move has been speculative buyers, after shorting the market aggressively into the mid-month lows those sellers have been covering shorts just as aggressively. Producer selling has been notable over the last few days as the market has returned to more palatable levels. Modest industry buying has been noted but over that sector is now wishing for levels seen earlier in the month, so support is building below the market. There has been some "news" to support the rally as well. More discussion is circulating around the developing Brazil crop. Weather has been favorable, and the crop is developing well. That said, more talk is moving toward the camp that perhaps expectations of a bumper harvest were a bit optimistic. It should be a good crop and there is time before the reality is known but from a supply/demand balance perspective, thoughts are starting to lean closer to a balanced output rather than a return to a surplus. After back-to-back deficits years this is not particularly welcome news. Brazilian differentials are reflecting this less than perfect view as they have moved to very high levels in recent weeks (higher than seen during last year's price surge). This is a point of concern. It is also worth noting that the backwardation in the market (nearby trading month higher than forward month) strengthened again this week. This is indicative of supply concerns and worth watching. Additional buzz today around a story that the FNC (Colombian National Coffee Federation) is now being investigated by the government for trading losses seen last year. Otherwise, physical business remains light. The macro picture continues to provide little direct impact.

Technically the market ended the week in a very strong position. Indicators are strengthening and it posted its highest close for the year. Momentum seems to be building. Chart patterns are hinting at higher levels near term though there is notable chart resistance nearby around 175. At this point would expect some choppiness ahead but a push above 175 could open the door for prices to test toward the 200 area again short term. Overall, would continue to see value to extend coverage patiently as the market nears 150 but there may be some volatility to wait out over coming weeks.

### Tea Market

Things remained quiet this week with Lunar new year celebrations continuing. Production is progressing nicely in Argentina as weather has improved, though it has been noted that quality is less than optimal. Hopefully that improves as activity continues. Not much else to talk about. There continues to be discussion of easing freight rates but that continues to be very specific to certain lanes. While all costs are off the pandemic highs some have corrected much more than others.

