

Month	Settle	Daily Change	Weekly Change	%Change This Week
23-Mar	\$1.5830	-0.0225	-0.0900	-5.29%
23- May	\$1.5850	-0.0210	-0.0845	-5.09%
23- Jul	\$1.5880	-0.0205	-0.0780	-4.65%
23- Sep	\$1.5905	-0.0180	-0.0720	-4.39%

### Coffee Market

The C market started the year in a negative way posting a 5% loss on the week. The pressure came from speculative longs unwinding positions added into the end of December in anticipation of the index fund rebalancing. The index rebalancing happens every year in January across almost all futures markets. Index funds recalculate their asset distribution and announce their intentions late one year for execution in the beginning of the next. Smaller speculators built long positions in anticipation of the announced buying needed in coffee. Historically speaking, the result we are seeing this week is the norm. The event never lives up to the hype. Otherwise, there is little to talk about post-holiday. Physical activity is nonexistent. Differentials remain firm though are not increasing with the C market decline. This seems to be a sign that things are looking a little more optimistic in the eyes of the industry. The forward curve in the market is flattening as well (the nearby C market month is no longer a severe premium to the forward) which signals more optimism around supply and an easier course of business for importers and exporters. The macro picture remains mixed overall and offering little direct input.

Technically the market is in a negative, and slightly oversold, posture. At the same time, it remains in a well-established range for the moment. Chart patterns are leaning a bit negative at the moment and are suggesting a new low toward 150 is likely near term. That said patterns are not necessarily bearish from current levels. Would still view recent lows (and lower) as good value to patiently extend coverage if desired. There seems little on the short-term horizon that would be explosive for the market but at the same time overall supply and demand does not suggest that substantially lower levels would be expected as well. Would expect a range over coming months with current prices being close to the low end. Patience will likely prove wise unless something changes.

### Tea Market

It's a new year but much goes unchanged this week in the Tea Market. The plain teas continue to pile up as buyers don't have much pressure to cover at the moment, so they have their pick. Looking back at the crops in 2022, we do see a bit of a slowdown with the lowest crop since 2017 due to the strong La Nina, but things look up as conditions begin to change. Argentina seems to be the one outlier as they have less dwindling stock and still saw a decline in production this year so any further issues with the crop could make supply tight, but that mostly hinges on where demand falls going into another year of economic uncertainty around the World.

