

Month	Settle	Daily Change	Weekly Change	%Change This Week
23-Mar	\$1.7280	-0.0510	+0.0290	+2.24%
23- May	\$1.7330	-0.0480	+0.1430	+2.44%
23- Jul	\$1.7315	-0.0455	+0.1310	+2.69%
23- Sep	\$1.7205	-0.0445	+0.1155	+2.83%

Coffee Market

The C market moved to four-month highs with an aggressive spike early in the week. Volatility continued though and after being up 10% at one-point prices settled up a little over 2% week to week. The activity continued to be courtesy of large speculative positions being moved in both directions. Larger specs and funds have started to add longs over recent days on the back of short covering off last month's lows. This change in bias has been generated by charts and technical signals more than anything "coffee related". This has been the main driver of the rally but industry buying is following the move higher and expected to provide support well off the recent lows. Selling has been a bit better from producers when the market moved above 175 but seems more price driven than a need to sell. Physical activity is spotty. Differentials are mixed. Generally, they are certainly off recent highs, but Brazil diffs are extremely firm, at multiyear highs. Debatable whether this is due to concerns about the developing crop or just farmers being well capitalized and willing to look for higher levels. The crop continues to develop well but, as mentioned previously, estimates are starting to back off calls for a bumper harvest. Global supply/demand estimates are dancing on either side of balanced, so the coming months could see some increased volatility as the crop continues to develop. The macro picture provided a little positive push to commodities in general after a smaller than expected rate hike move by the federal reserve.

Technically the market saw a solid break of strong chart based resistance in the 175 area which lends some confidence that the bear move into the lows is over for now. While this doesn't mean an immediate flip to a bull market it does change the overall tone. Very short term things go a little overbought and indicators are hooking lower. Chart patterns are suggestive of a short term peak as well and a correction/consolidation of recent gains is likely. At this point would view prices sub 165 as a good opportunity to extend coverage as needed. While we have seen lower levels recently those prices seem unlikely to be seriously challenged again near term. With the bear trend likely complete the risk to the upside opens up a bit and prices challenging the two dollar area could be seen without much change in the overall landscape. Would keep focus on averaging opportunities for the coming months as the Brazil crop develops. Any major change in a rangebound expectation would come from changes on that front.

Tea Market

A little more activity on the week but still quiet overall. Prices and activity are better for the higher qualities and quite poor for the lower grades. This pattern has been holding for some time. Global production has been decent overall but not optimal. Demand in general has been light. Argentine weather has improved and production picking up. Quality has been fair at best so far but with weather normalizing there is some optimism.

