



Month	Settle	Daily Change	Weekly Change	%Change This Week
23-Mar	\$1.5170	+0.0230	-0.0660	-4.86%
23- May	\$1.5255	+0.0240	-0.0595	-4.32%
23- Jul	\$1.5310	+0.0250	-0.0570	-4.16%
23- Sep	\$1.5345	+0.0260	-0.0560	-4.06%

Coffee Market

The C market saw an extremely volatile week as funds and speculators ran rampant. Prices touched a twenty-one-month low as speculators initially liquidated long but eventually added shorts aggressively. Today’s February option expiration added fuel as the market declined. Industry buying was fairly modest on the way down which helped the decline. Once the selling abated the market posted gains quickly as industry buying got more aggressive and prompted some light short cover from smaller speculators. The move proved modest though and the market quieted ahead of the long weekend (closed Monday for Martin Luther King Day). Really no new developments on the physical side of the market as it still feels in the holiday doldrums overall. The market decline saw already firm diffs remain stable but there remains little selling interest. With Central American crops flowing the market sets sights on the Colombian mitaca harvest. Expectations are for volume to be down about 10-15% as excessive rains impacted development. The Brazilian crop continues to see favorable weather. One industry forecast this week is looking for the Brazil crop to put the overall supply demand back into balance after back-to-back deficit years. The macro picture continues to be volatile. Some favorable inflation data was released, and many markets finished the week on a small up note.

Technically the market moved into very oversold territory with the early weakness. The modest bounce was enough to generate a few weak buy signals but overall, the market remains in a negative posture at week’ end. Chart patterns have seen the decline extend further than expected and are suggesting a bounce soon, but there are no signs of a significant reversal at hand. Would expect things to get choppy over the coming days. Overall while there is no bullishness on the charts at this point would still see current levels as good value to extend coverage on a measured basis. A balanced supply/demand picture for the back half of the year does not point to levels lower than what we are seeing. Further losses cannot be ruled out of course, but they should prove hard to maintain. Volatility will likely increase over coming weeks so caution will be wise.

Tea Market

Still not much changing in the Tea Market. The lower grade teas continue to see little interest while better grade activity is good into slightly lower prices. Overall global production seems stable save Argentina. Argentina’s harvest has started slowly due to the poor weather conditions. This is a concern not only for current needs but lack of available stocks. Some deficit production from last season has been made up but overall things are behind schedule. Improving weather has some optimism growing though. The weeks ahead will be critical.

