

Atté's Weekly

Hamburg, 17th October 2019

When Push Comes to Shove

Buyers will get the coffee they need, perhaps having to add a little to the diff to make sure it comes from the right source and in time.

Sellers will sell the coffee, hoping that that little extra, for coffee which is still on the trees or in the hands of producers who were not really spoilt in the recent past - might be good enough this time.

The physical market – ongoing activities but mixed. Bigger clips the exception and if, then for not too distant positions. Brazil seeing good interest from all quarters for 2019 shipments. Industry interest also shown for 1st half 2020 positions but few willing to accept current asking differentials. Colombia prices firmed. Honduras sellers mostly reluctant when it comes to conventional offers, pent up demand growing. African Arabica seeing modest interest for washed Kenya/Tanzania, Ethiopian washeds/unwasheds calm. Spot business quite active and lots of samples being sent around.

Latin/South America

Colombia – Coffee arrivals increasing but difficult quality issues are spotted overall. The long dry stretch caused much more damage than originally expected. This will cause shipment delays particularly in higher end coffees. Weaker NYC ignored by internal market keeping replacement very firm. Desperate exporters paying up to +35 to cover shorts vs Dec. Exchange rate neutral at 3450, however effect of courts rejection of government financial package must be monitored. Demand for Nov onwards increasing, offers vs March starting at +32 for exc ep, however despite being right in main crop flow little selling pressure exists.

Brazil – An amazing flowering last week, boding well for a (very)big and a good quality crop. Full warehouses, sizeable shipments, disciplined farmers and exporters - and ready to serve the nearby shorts as much as 2020 buyers (who only moderately active). Letting go a cent during price negotiations feels almost like a gesture. Rains subsided or are subsiding but only temporarily according to weather reports and all looks good for the 2021 harvest. BRL/USD 4,16.

Honduras – Sales activities well behind normal levels at this time of the year. Firm asking diffs remain in place and limiting standard hg/shg business. Coffee with sustainable certs. trade a little more actively.

Africa

Uganda – Some interest for 2020 shipments screen 15 with offer ranging from +310 to +350 FOB in bags. General demand very slow. Drugar offers are still unchanged on the high side at around -17 cts/lb FOB. USD/UGX 3690.

Kenya – Sale 2, Oct. 15th. Prices/Diffs recovered strongly for overall reasonable fly crop outturns. Main crop harvest began and overseas buyers showing interest for it. Next sale earmarked for Oct. 29th. KSH/USD 104.00

Ethiopia – The new regulation released by the by the ministry of trade end of last week saying: ‘nothing can be sold lower than the purchase price at the ECX for the same coffee. It will be a high bureaucracy and logistic task to control – that’s for sure. We did not see any biz for naturals due to the low ICE market. Exporters offering fresh new crop Sidamo 2 for new crop Dec shipment onwards around 145 cents. Talk of town: Congratulations!! Ethiopia PM Abiy wins Nobel Peace Prize for mending ties with Eritrea. Let’s hope he will also be able to settle the internal unrests.

Asia

Vietnam – We have seen a ferocious sell off in London the last days. Two big shoots have been in the market during the last 7 days for shipments during 1st quarter 2020. Hardly any spot or new crop coffees have been offered or traded in the domestic market. Differentials knew only one direction – NORTH’. Currency: US\$ 1.- = VND 23.200

India – Rains continue in many coffee regions. Pace of export slowing down with continued higher FOB differential for the current crop. New crop offered differentials continue to remain firm as the new crop uncertainty continues. Potential damage to standing crop due to reported cherry dropping is still to be assessed. The curtain raiser program of 5th World Coffee Conference 2020 held in Bangalore today. For the first time in Asia from 7th Sept to 12th Sept 2020. This will be a big boost to Indian coffee industry. Indian rupee is trading at Rs.71.40 per USD

PNG – The ongoing good demand, specially for better types, let exporters struggle to offer at reasonable differentials as there is hardly any availability. All what’s offered internally finds a buyer. First buying interest for new crop Y/1 keeps unanswered.

Indicative FOB Differentials - no offers.

Origin	Shipping Month	Exchange	Diff. c/lb
Brazil 2/3, mtgb, ss, fc	Nov/Dec	NYC	-5
Colombia Excelso ep	Nov/Dec/Jan	NYC	+32
Guatemala shb, e.p.	Jan onw.	NYC	+40
Indian Plantation A	Feb onw.	NYC	+43
Honduras hg, ep	Dec onw.	NYC	+7
Kenya AB faq	Dec	NYC	+75
PNG Y1-Grade	Dec/Jan	NYC	+8
Ethiopia Djimmah Gr. 5	Sep onw.	NYC	88cts
India Robusta Cherry AB	Feb onw.	LIFFE	+450
Indonesia EK 1, 80 defects	n.a.	LIFFE	n.a.
Vietnam Gr. 2, 5%	Dec onw.	LIFFE	+200

The information herein was compiled from different sources and is for information purpose only

16. Okt. 19	Close	weekly change	Open Interest	weekly change	16. Okt. 19	Close	weekly change	Open Interest	weekly change																								
Dec 19	93,55	-1,90	134.618	11.839	Nov 19	1211	-47	40.745	-19.788																								
Mch 20	97,05	-2,05	65.492	7.381	Jan 20	1240	-40	58.208	10.654																								
May 20	99,35	-2,05	39.378	5.040	Mch 20	1264	-41	30.016	9.148																								
Jly 20	101,50	-2,10	26.586	2.132	May 20	1289	-42	13.153	1.023																								
Total:			306.719	32.619	Total:			162.168	8.887																								
<table border="1"> <thead> <tr> <th>SWITCHES ICE</th> <th></th> <th></th> <th>SWITCHES LIFFE</th> <th></th> <th></th> </tr> <tr> <td></td> <td>today</td> <td>last week</td> <td></td> <td>today</td> <td>last week</td> </tr> </thead> <tbody> <tr> <td>Dec/Mch</td> <td>-3,50</td> <td>-3,65</td> <td>Nov/Jan</td> <td>-29</td> <td>-22</td> </tr> <tr> <td>Mch/May</td> <td>-2,30</td> <td>-2,30</td> <td>Jan/Mch</td> <td>-24</td> <td>-25</td> </tr> </tbody> </table>					SWITCHES ICE			SWITCHES LIFFE				today	last week		today	last week	Dec/Mch	-3,50	-3,65	Nov/Jan	-29	-22	Mch/May	-2,30	-2,30	Jan/Mch	-24	-25					
SWITCHES ICE			SWITCHES LIFFE																														
	today	last week		today	last week																												
Dec/Mch	-3,50	-3,65	Nov/Jan	-29	-22																												
Mch/May	-2,30	-2,30	Jan/Mch	-24	-25																												
Certified stocks in total (bags):			2.245.415	Certified lots:			15.682	15. Okt																									
GCA Stocks in total (bags):			7.352.234	15. Okt																													
DEC 19 - First Notice Day ICE: NOV 20th, 2019					NOV 19 - First Notice Day LIFFE: OCT 28th, 2019																												
Arbitration NY/Ldn	today	last week				Gold	CRB	WTI Crude Oil																									
Dec/Nov	-38,62	-38,39				1,491	174,98	53,36																									
Mch/Mch	-39,72	-39,91				€ : US\$	1,1076																										
						US\$:Real	4,1658																										