

## Atté's Weekly

Hamburg, 14<sup>th</sup> November 2019

### Futures' Recovery – A Small Relieve at the Right Time

Ahead of a few new crops coming up higher futures come in handy.

For the longer haul – worth reading the ICO COFFEE DEVELOPMENT REPORT 2019 (attached as a pdf file next to this report)

**The physical market** – Activities picked up, firmer futures freed fair amounts of coffee in main markets. Much of the action took place for 2019/first quarter 2020 shipments. From Brazil at fairly steady diffs for fine cups and a touch softer for good cups. But some more buying also well beyond 1<sup>st</sup> quarter 2020 reported. Colombia demand continued. Vietnam asking levels came off, too and sales picked up. Also, Centrals with more business and buyers accepting price levels closer to sellers' ideas than theirs's. Washed Africans not as active, Ethiopia biz, however, picked up on both washed and unwashed coffees – the latter quite competitive to Brazil prices. Spot market continued actively across all sorts of grades.

### Latin/South America

**Colombia** – Definitely a rather tight situation internally and good underlying support from trade and industry buyers keep diffs firm, despite of higher NY levels. Excelso asking prices around 32 over vs March.

**Brazil** – Good demand from various sides, with an amazing amount of nearby appetite but also biz for far out positions happened. Internal Real price very reasonable (NY up/Real down) – welcomed rains helping the next crop, and year to date huge.

October Exports	Arabica	Robusta	Roasted / Soluble	Total 60 kg bags
2016	3.006.622	11.483	344.959	3.363.064
2017	2.570.753	19.228	312.132	2.902.113
2018	3.240.734	368.991	328.294	3.938.019
2019	2.826.200	274.001	321.911	3.422.112

Jan - Oct Exports	Arabica	Robusta	Roasted / Soluble	Total 60 kg bags
2016	23.960.317	540.886	3.230.175	27.731.378
2017	21.839.309	212.645	2.882.318	24.934.272
2018	22.587.434	2.076.521	3.067.139	27.731.094
2019	27.400.790	3.288.121	3.358.160	34.047.071

**Honduras** – Timing of the crop is like last year and slowly coffee begins to flow, hence in line with firmer futures more exporter offerings available. However, little diff weakness seen, and bigger buyers struggle to get nearby volume purchased. Standar HG levels are 5 over p.46 and shg some 3 to 5 cents higher. During the Honduras Coffee Dinner following Honduras report was presented: <https://www.exportadoresdecafe.com/hcd> - password: A2E0C1H9

## Africa

**Uganda** – Drying of the new crop is still an issue with a lot of rain. Some smaller business for Uganda Robusta Screen 15 for shipments 2020 has been concluded at attractive levels of +240FOB. Potentially there will be some more interest arising with the spread between larger Screen Vietnam and Uganda narrowing. Some buyers have also been looking into Black beans where a wide differential spread between -60 and -240 (for small quantities only) was offered. The internal market is the more attractive outlet. In September, Robusta exports have increased compared to last year, while Arabica exports have decreased. Drugar is presently offered at -17 FOB for nearby shipments which compared to Ethiopian levels does not sound too tempting to the buyers therefore we cannot report activity here.

**Kenya** – Sale 4, 13,000 bags of generally reasonable quality and well bid. Prices supported by short covering and some overseas demand for main crop coffee which does not yet really flow and whose size is a bit uncertain. Diffs up by about 10 cents. KSH at 102,50/USD. Next sale will be on Nov 26<sup>th</sup>.

**Ethiopia** – The day by day rising ICE market gave some good opportunities to traders covering sundried current crop coffees. Washed season started with some first biz of Sidamo 2 and Limu 2 reported by several exporters. Crop info Limu/Djimmah Area expects a slight production increase of 5% to last year. Sidamo/Yirga region forecast abt. 10% less volume. Talk of town: someone no less than Donald Trump was mediating in a dispute over Ethiopia's construction of the huge dam on the Nile between Egypt and Ethiopia. "Exceptional" Results to follow.

## Asia

**Vietnam** – Exporters and trade alike are covering shorts at a steady pace as the differential eases in their direction. Exporters offer FOB bulk terms at +110 basis Gd2 and decent volume appears to change hands. HCM stocks are at abt. 1.4 million bags which is the lowest level in 6 years. Tet is on the 25th January 2020 with operations expected to slow down from the 23rd and recommence early February. Storm No. 7<sup>th</sup> of the year is expected to hit the highlands on the 20th Nov bringing a few days rain. Local market is bidding 34,100vnd/kg and exchange rate of USD is 23,180. On a side note Brazil shipment statistics show small size of Conilons being exported to Vietnam (presumably for soluble).

**India** – Finally, there is respite from rains and growing areas welcoming good sunshine after few weeks. Continued sunny weather shall help berry ripening. Minimum activity of current crop as finding buyers for lower grades is hard. New crop trade is picking up the pace as most of the shippers are taking positions. Rupee steady @ Rs.71.96/USD.

**PNG** – We are right in the middle of the offseason. Also interest slowed down. Exporters trying to sell leftovers but not at bargain prices.

**Indicative FOB Differentials - no offers.**

Origin	Shipping Month	Exchange	Diff. c/lb
Brazil 2/3, mtgb, ss, fc	Dec onw.	NYC	-7
Colombia Excelso ep	Nov/Dec/Jan	NYC	+32
Guatemala shb, e.p.	Jan onw.	NYC	+34
Indian Plantation A	Feb onw.	NYC	+31
Honduras hg, ep	Dec onw.	NYC	+6
Kenya AB faq	Dec	NYC	+90
PNG Y1-Grade	Dec/Jan	NYC	+9
Ethiopia Djimmah Gr. 5	Sep onw.	NYC	88cts
India Robusta Cherry AB	Feb onw.	LIFFE	+410
Indonesia EK 1, 80 defects	n.a.	LIFFE	n.a.
Vietnam Gr. 2, 5%	Jan onw.	LIFFE	+120

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

6. Nov. 19	Close	weekly change	Open Interest	weekly change	6. Nov. 19	Close	weekly change	Open Interest	weekly change																							
Dec 19	107,95	-0,05	43.150	-58.039	Jan 20	1411	59	51.826	-13.887																							
Mch 20	111,15	-0,40	119.090	29.267	Mch 20	1428	56	31.171	-3.516																							
May 20	113,50	-0,30	52.512	10.611	May 20	1445	55	18.167	1.192																							
Jly 20	115,70	-0,20	33.385	1.321	Jly 20	1462	52	13.058	529																							
<b>Total:</b>			<b>294.682</b>	<b>-15.188</b>	<b>Total:</b>			<b>125.028</b>	<b>-15.654</b>																							
		<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>-3,20</td> <td>-3,55</td> <td>Jan/Mch</td> <td>-17</td> <td>-20</td> </tr> <tr> <td>Mch/May</td> <td>-2,35</td> <td>-2,25</td> <td>Mch/May</td> <td>-17</td> <td>-18</td> </tr> </tbody> </table>			SWITCHES ICE			SWITCHES LIFFE				today	last week		today	last week	Dec/Mch	-3,20	-3,55	Jan/Mch	-17	-20	Mch/May	-2,35	-2,25	Mch/May	-17	-18				
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<b>Certified stocks in total (bags):</b>			<b>2.195.244</b>	<b>Certified lots:</b>		<b>15.756</b>	<b>12. Nov</b>																									
<b>GCA Stocks in total (bags):</b>			<b>7.352.234</b>			<b>15.</b>	<b>Okt</b>																									
<b>DEC 19 - First Notice Day ICE: NOV 20th, 2019</b>					<b>JAN 20 - First Notice Day LIFFE: DEC 24th, 2019</b>																											
<b>Arbitration NY/Ldn</b>	today	last week				<b>Gold</b>	<b>CRB</b>	<b>WTI Crude Oil</b>																								
Mch/Mch	-46,38	-49,32				1,468	180,31	57,12																								
May/May	-47,96	-50,76																														
				<b>€ : US\$</b>	1,1001																											
				<b>US\$:Real</b>	4,1811																											