

Atté's Weekly

Hamburg, 24th October 2019

Coffee Addiction

Consumption is totally legal. Nothing synthetic, rather vegan. It's no more than a soft version of psychedelics. Health risks can be ruled out, no intensive care unit visit necessary after an overdose and no self-help group meetings need to be attended.

And the queue of addicts longing for a short-term re-fill of that cheap drug is getting longer and longer. They can't wait, anymore.

The physical market – Activities improved further, still leaning towards nearer by positions and spot coffee. Brazil enjoyed fair buying interest for 2019/1st quarter 2020 shipments – diffs steady. Vietnam demand continues strong meeting firm selling ideas and resulting in very little actual business. Honduras standard quality prices remained firm but eventually buyers stepped in, and sales volume picked up. Other Centrals fairly quiet, Nicaragua, however, more actively trading. Little to report from Africa – the main player, Ethiopia is out for now. Spot business ongoing – appetite mainly for washed Arabica and Robusta – older crops not much in focus despite their discounts.

Latin/South America

Colombia – Crop moving on slowly with serious yield problems in most regions, both broca and undergrades lowering excelso production. Internal price keeps ignoring NYC levels and now a stronger peso (3390 from 3450) further complicates replacement. Good demand for prompt shipment, excelso ep indicated at +32

Brazil – Strong overseas demand, mainly for shipments between Nov/Dec and March, further out interest remains slow. Volume reportedly quite reasonable and based on little flexible internal prices, diffs were steady. Asking levels overall about 1 cent higher. Real firmed after Senate's approval of the pension reform which should help reduce state's debt longer term. USD/BRL 4,00

Honduras – Eventually business kicked off and fair amounts of standard grades changed hands very close to asking levels. The bulk of the business was for D/J/F.

Africa

Uganda – Uganda forecasts its coffee exports in the 2019-2020 crop year will be about 16% higher from the previous period, this is caused by favorable weather and expanding acreage as new trees mature. The rain was helping spur good flowering and the bean formation phase of the crop now underway in western Uganda.

If the rains continue however, this could have a negative effect on the coffee flow as roads in rural areas may be impassable which interrupts the transport of the crop to the buying stations and potentially slow exports. Also drying of the coffee might be affected which could have an impact on the quality. Demand is slow currently with basically unchanged price levels.

Kenya – Next auction will take place on October 29th.

Tanzania – After last week's 38,000 bag Mbeya auction which were sold at slightly firmer differentials. We have no results, yet, of today's sale of 47,000 bags in Mbinga.

Ethiopia – The new crop is on our doorstep, with washed coffees from some areas ready to be shipped beginning of December. During the last two months, washed coffee has practically disappeared from the market except a small quantity of leftovers from Sidamo and Limu. First new crop unwashed 2nd hand offers did not find any interest from the industry side so far.

Talk of town: Egypt's government says it has accepted an invitation from the United States to a meeting of foreign ministers over a controversial project for a giant hydropower dam on Ethiopia's Blue Nile, in Washington.

Asia

Vietnam – Farmgate price is 31,300vnd and exchange rate to the USD is 23,180. The weather is still favourable helping coffee beans ripen faster and better. Some volumes of green coffee might be available from the middle of November already. There is talk of significant delays in October shipments from local shippers that will now be rolled into November adding extra pressure on new arrivals. Competition, Indonesia's grade 4 defect 80 robusta beans were offered at premiums of \$260 to the January contract. We expect domestic prices are not likely to rise further, as the 2019/20 harvest season will be in full swing soon. The report also states the Vietnam Coffee-Cocoa Association estimates exports for the first four months of the season to shrink by a fifth.

India – End of the season very little trade. We expect about 5% Robusta stock still to be traded. Differentials are slowly easing out. With lower prices, local soluble coffee manufacturers are actively participating to cover their requirements. Sales of new crop washed Arabica is slowly picking up at around +32 FOB for Plantation A. Indian rupee closed at around Rs.71 per USD.

PNG – Exporters fighting hard to get the needed Y/1 qualities to fulfil the open positions. They didn't waste a thought on fresh business for Y/1. Unchanged good interest in some better type coffee (Plantation) for the specialty market. We are at the end of the season and some shippers starting their maintenance already.

Indicative FOB Differentials - no offers.

Origin	Shipping Month	Exchange	Diff. c/lb
Brazil 2/3, mtgb, ss, fc	Dec onw.	NYC	-5
Colombia Excelso ep	Nov/Dec/Jan	NYC	+32
Guatemala shb, e.p.	Jan onw.	NYC	+38
Indian Plantation A	Feb onw.	NYC	+32
Honduras hg, ep	Dec onw.	NYC	+6
Kenya AB faq	Dec	NYC	+75
PNG Y1-Grade	Dec/Jan	NYC	+11
Ethiopia Djimmah Gr. 5	Sep onw.	NYC	88cts
India Robusta Cherry AB	Feb onw.	LIFFE	+430
Indonesia EK 1, 80 defects	n.a.	LIFFE	n.a.
Vietnam Gr. 2, 5%	Dec onw.	LIFFE	+210

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

23. Okt. 19	Close	weekly change	Open Interest	weekly change	23. Okt. 19	Close	weekly change	Open Interest	weekly change																								
Dec 19	97,75	4,20	132.238	-2.380	Nov 19	1212	1	16.603	-24.142																								
Mch 20	101,20	4,15	70.805	5.313	Jan 20	1241	1	68.122	9.914																								
May 20	103,35	4,00	39.426	48	Mch 20	1265	1	34.963	4.947																								
Jly 20	105,40	3,90	26.234	-352	May 20	1289	0	14.416	1.263																								
Total:			311.593	4.874	Total:			156.185	-5.983																								
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Certified stocks in total (bags):			2.262.597	Certified lots:		15.940	22. 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	-42,78	-38,62				1,491	177,3	55,97																									
Mch/Mch	-43,82	-39,72				€ : US\$	1,1127																										
						US\$:Real	4,0452																										