



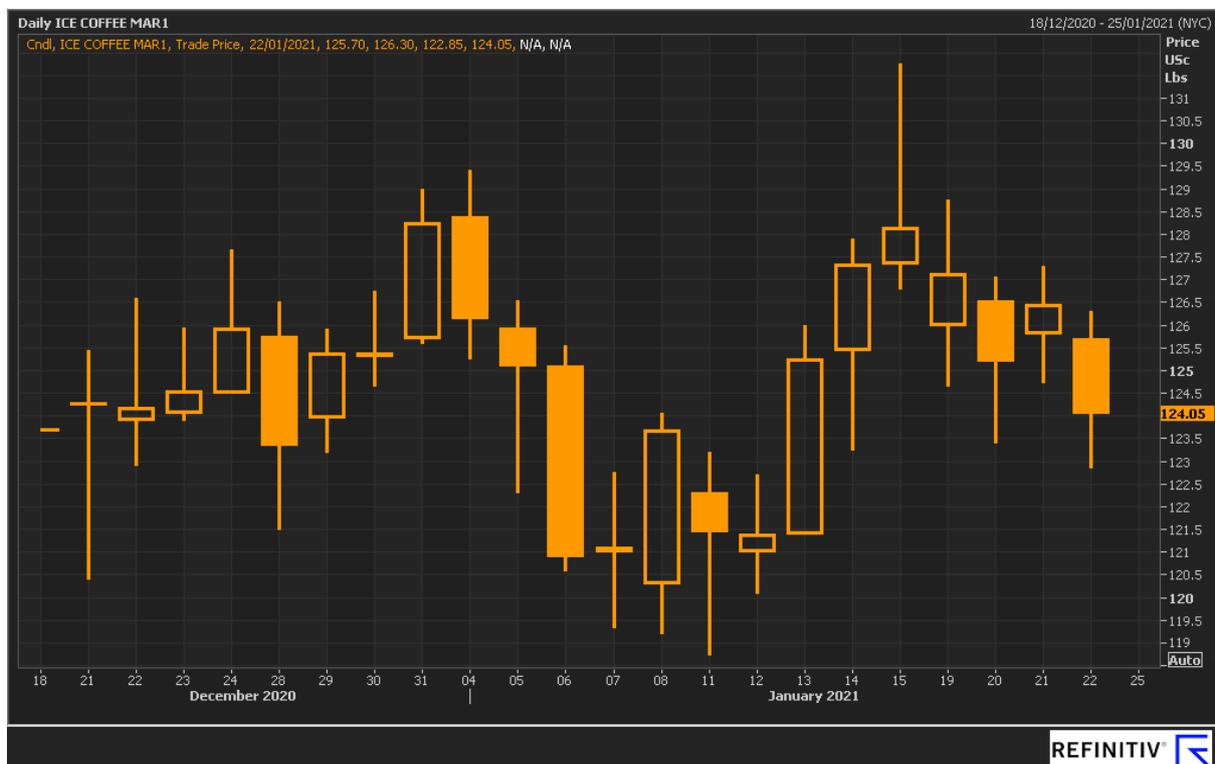
DRWakefield

EST. 1970

Fortnightly Market Report

Welcome to the first fortnightly DR Wakefield Market Report for the period covering 11th of Jan to 22nd of Jan.

NYC movement (100 words):



The Market threatened to hit 130 c/lb on the 4th of January but did not make it, and this narrow miss precipitated a fall of just above 10 c/lb over the course of the following days. Monday the 11th opened at 122.30 c/lb and saw a 4.45 c/lb daily trading range, closing at 121.45 c/lb. The market would continue to make daily gains for the rest of the week, reaching a day's high of 131.75 c/lb on Friday the 15th, before closing the week at 128.15 c/lb. The market had a day off on the 18th of Jan, due to Martin Luther King Day, and there were no large daily ranges when compared to the previous 2 weeks. Friday the 22nd opened at 125.70 c/lb before closing the week at 124.05 c/lb.

COT & certified stocks:

The report with the cut off date 12th of Jan saw the specs trim their long position by 5,823 lots to 16,014. This continued the trend of the previous week where they had also reduced their position.

However, expectations for the report with the cut off 19th of January were that the long position would increase by a sizeable volume after the buying rally of the days prior. The outcome? Indeed, the specs did build their long position out and added a further 7,632 lots, taking their net long position to 23,646. Arabica certified stocks continued to be added to.

Robusta:

Monday the 11th of January opened at 1,316 \$/mt and rose over 37 \$/mt, to finish on the 15th at 1,353 \$/mt. It could not hold this level and the following week saw it lose nearly all the gains, with Friday the 22nd closing at 1,310 \$/mt. While managed money extended their long position in Arabica, we saw the opposite in Robusta. The specs extended their net short position and the latest COT report (futures only) showed that they held a net short position of 10,420 lots.

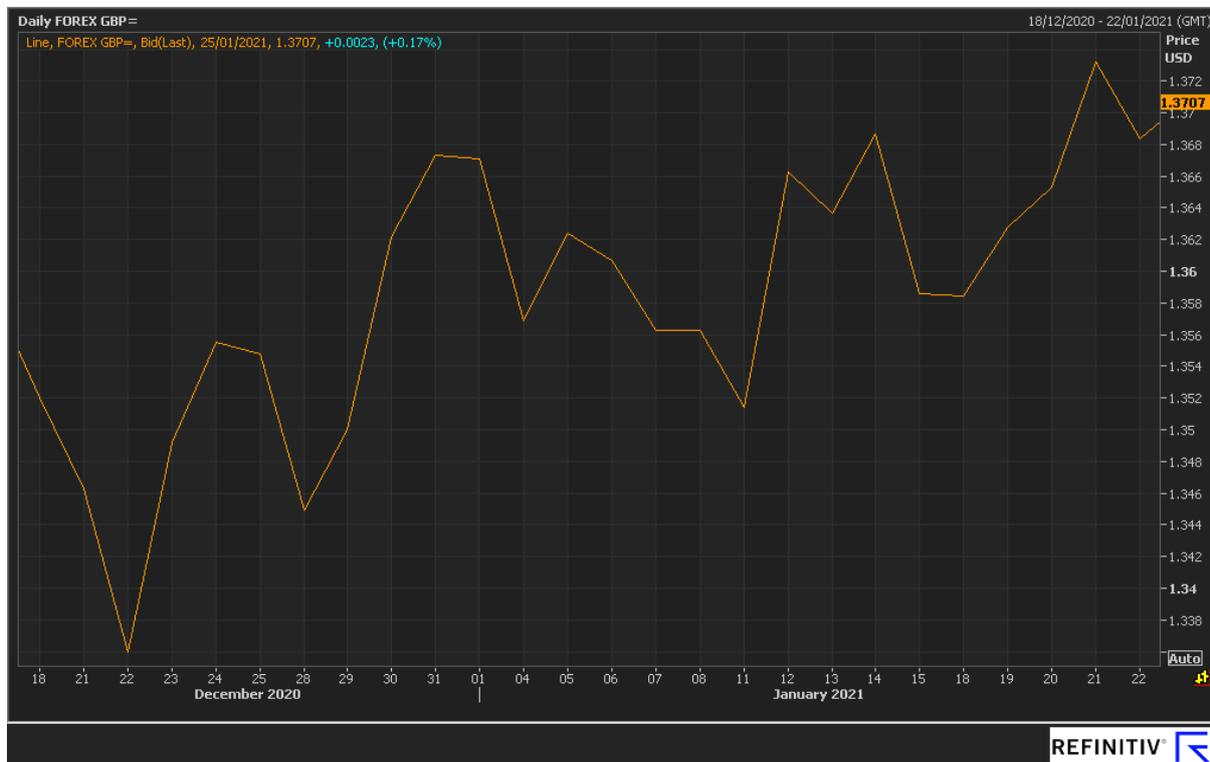
Origin:

On Thursday the 21st, Conab released its first survey of the 2021/22 **Brazil** crop and it pointed to a drop in production of between 32.4% and 39.1% for Arabica. According to the report, hectares of land dedicated to coffee fell by 6.8% when compared to last year. Internal prices increased as a result. Lack of food grade containers continued to be a problem.

Internal market differentials stayed firm in **Colombia**. Excelso differentials and **Central American** SHGs/SHBs appear to continue the high prices of 2020. 2019 diffs now seem like a distant memory.

Presidential elections were held in **Uganda** and the internet was turned off for a few days which fueled more uncertainty. Both sides claimed victory but the incumbent, President Museveni, is reluctant to relinquish his seat-one he has kept warm since 1986.

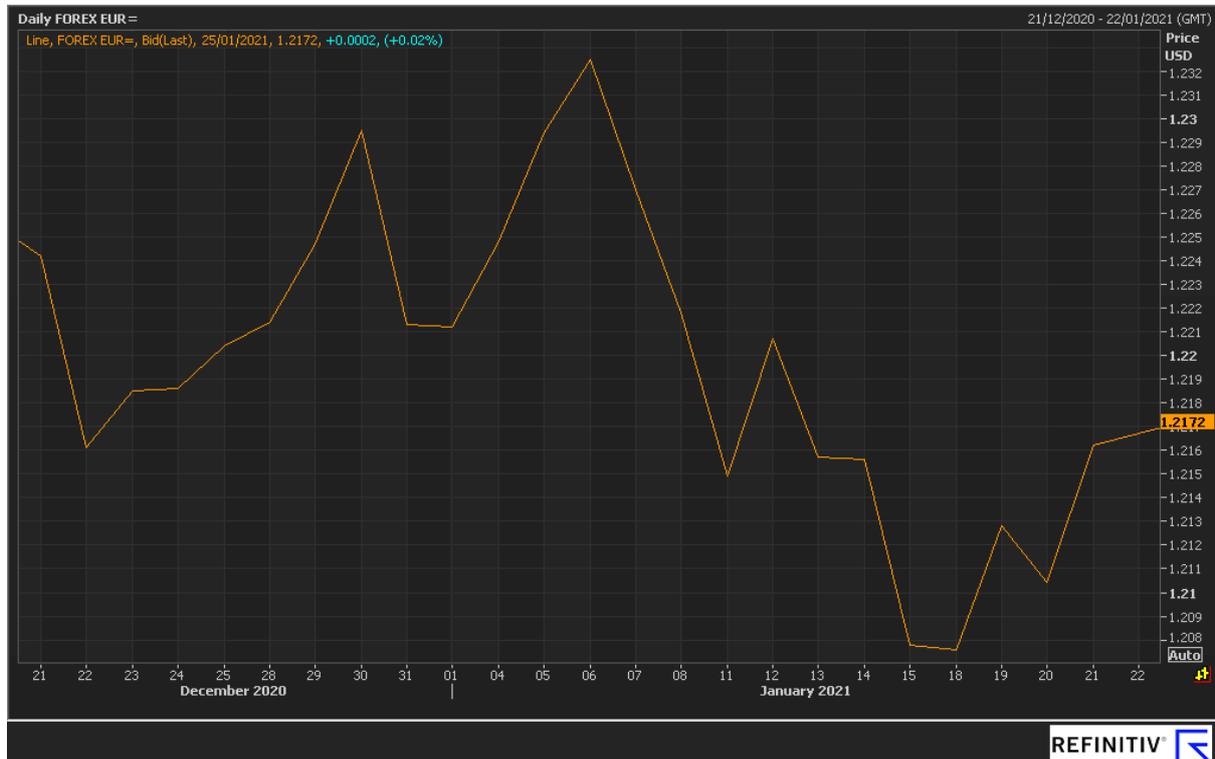
GBP/USD:



Monday the 11th of Jan saw 1 £ sterling buy 1.351 USD. The question was, would we test the 1.35 level? Concerns over disruptions to the flow of goods between Britain and the EU loomed hard on

the Pound and there was further speculation around the possibility of negative interest rates. However, on the 12th, Governor of the Bank of England, Andrew Bailey, confirmed that interest rates would not be cut over the coming weeks and this gave support to £ Sterling which strengthened to 1.368 on the 14th. Negative economic data over the UK economy saw a fall just before the weekend of the 16-17, before tracking upwards again on the 18th for the rest of the week finishing Friday 22nd at 1.370.

EUR/USD:



Monday the 11th of Jan saw 1 Euro buy 1.214 USD. It strengthened to just above 1.22 but could not hold there and retreated to below 1.215 as the Dollar strengthened and the Euro was dented by Merkel’s comments that indicated lockdown measures were likely to stick around till spring. The tardiness of the vaccine rollout further undermined the Euro and on the 15th it slumped to 1.207. The weekend’s trading was quiet and mostly sideways. The promise of a giant economic stimulus package from the Biden administration created a positive mood in the market and the optimism caused the Dollar to weaken over the next few days with EUR/USD closing Friday 22nd at 1.217.