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**Subject:** Quasar Group Evening Coffee Comment for Friday July 17, 2015

**Date:** Fri, 17 Jul 2015 19:56:14 +0000

**From:** Michael Martin <[mmartin@quasargroupllc.com](mailto:mmartin@quasargroupllc.com)>

Good evening. NY coffee settled 45 pts lower basis the Sep contract at 12840 in 13,802 lots of volume. Sep last traded to 12850 with spreads totaling 6,000 lots or 43% of the total. Sep/Dec traded from 345 to 355 last 345. Dec/Mar traded from 370 out to 360 last 365.

ICE coffee had a slow start that would carry on throughout the day. There were a couple of feeble attempts to fill the gap (12740 to 12715) which resulted in a marginal breach of the recent low of 12740 to 12735. With a slightly higher dollar, origin was seen as a light to moderate seller keeping a lid on the rebounds off the low, and towards the end of the day, the market managed to trade up to 12955 (high of the day) on spec short covering before the weekend, where origin became a little more aggressive preventing any further follow through. All in all an uneventful day, as traders seemed to be in early weekend mode.

Brazil Coffee Weather

SAO PAULO AND MINAS GERAIS

SUMMARY- Mostly dry during the past 24 hours. Temperatures 79-86F (26-30C).

FORECAST-

TODAY: Mostly dry conditions. Temperatures 79-86F (26-30C).

TONIGHT: Mostly dry weather. Temperatures 58-67F (14-19C).

TOMORROW: Mostly dry conditions. Temperatures 79-86F (26-30C).

OUTLOOK: Mostly dry Saturday through Monday. Temperatures mostly above normal.

BRAZIL COFFEE PROSPECTS

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Open interest decreased by 247 lots to 181,891 lots with 502 aa's and 0 efs, reflecting a wash of spec short covering into new producer selling.

ICE certified stocks were dn 14,848 bags at 2,140,272 bags with 2,880 bags pending grading. 1,650 bags were graded today, with 33% failing. In addition 502 bags (Mexico) were flagged for rebagging.

This afternoon's supplemental C.O.T. report showed the non commercial funds to be net short 23,363, a decrease of 3,143 lots, as a result of 1,257 lots of new longs and 1,888 lots of short covering. The commercial long decreased by 738 lots, and the commercial short added 1,073 lots. The index long decreased by 409 lots, and the index short decreased by 513 lots. This was less of a decrease than we expected in the non commercial category, but we suspect by now the net short position is around 20K. **At first glance this report may appear bullish as the non commercial net short position is still a healthy number, however it should be noted that the commercial net short position (-7k this week, and 5K last week) are at the lowest levels seen since the pre-index/macro era of the 90's.**

Options order flow was mostly spread based.

Implied vols settled lower reflecting normal weekend discounting.

Options estimated volume was 2,827 calls and 1,801 puts. The Dec 135 call was bought 450 times at 800 pts laid up (32.8iv -.4) open interest confirms new position as these traded yesterday. The Dec 150 call was bought 200 times vs selling 600 Dec 110 puts at a net 5 pts debit laid up, paper bought the call. The Dec

Mar 13575 13635 13465 13550 -50 13565

Regards

**Written by Anthony DeMarco**



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