

# Morgan Stanley

**COFFEE DESK**  
 JOHN J KELLY  
 TONY MASCIA - CHRIS HAMPSON  
 WHITNEY HAUSER  
 CAFE@MORGANSTANLEY.COM

TRADING: 407-349-4758  
 US TOLL FREE 888-378-2336

**COFFEE REPORT Tuesday 22-Sep-15**

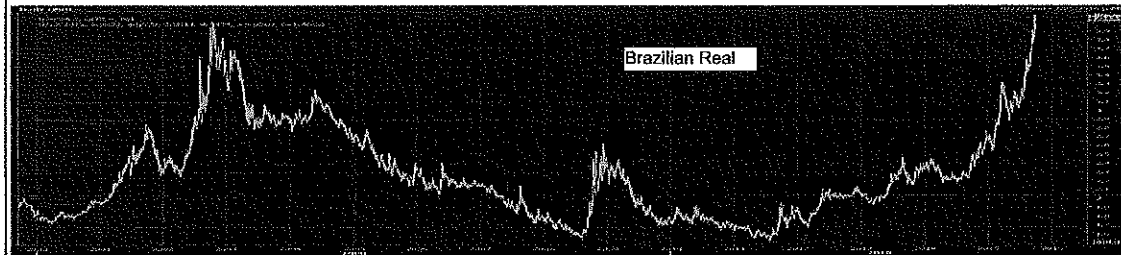
	CLOSE	Δ	HIGH	LOW	OPEN INT.	Δ	LDN/NY	ARBS.	SWITCHES	RANGE	ICE VOL.	21,789
DEC5	118.45	-1.80	117.30	115.05	108894	158	NOV/DEC	-50.21	DEC/MAR	-3.40/-3.30	SPDS	7,285
MAR6	118.75	-1.85	120.50	118.50	38049	407	MAR/MAR	-51.15	MAR/MAY	-2.30/2.20	CALLS	3,362
MAY6	121.00	-1.85	122.80	121.00	19173	409			MAY/JUL	-2.05/-1.95	PUTS	1,776
JUL6	123.00	-1.75	124.70	123.00	8167	-49	SUPP	115.00	RES	128.90	AA	724
SEP6	124.95	-1.60	126.50	124.90	5384	17	NET POSITION	09/15/15			EF5	201
DEC6	127.80	-1.50	129.40	127.50	8573	2	NET MFG/COM	(31970)			BM&F - SAG PAULO	
MAR7	130.55	-1.40	132.05	130.65	1292	16	NET COM/IMP	3209	ARB ZIZ	(13.58)	+-	
MAY7	132.40	-1.35	133.80	132.60	553	8	NET INDEX	25704	BMFZ	139.10	-2.60	PENDING
JUL7	134.30	-1.25	135.60	134.55	232	9	NET NON REP.	3057	CERTS	2,038,358	-1,833	36,027
SEP7	136.10	-1.05	137.25	136.50	113	5	DEC OPT VOL	35.20	US CERTS	633,418		
DEC7	138.30	-1.10	139.35	138.75	235	7	ADX	21.10				
					190712	953	\$/REAL	4.05	\$/COP	3070	EURO/\$	1,1132

**LONDON ROBUSTA**

	SEP5	NOV5	JAN6	MAR6	NOV 120	NOV 125	DEC 120	DEC 130	DEC 140	DEC 150	EXPIRY	TTL	CHANGE
SEP5	1611	-22	0	0	43	-44	NOV/JAN	-16/-14	SPDS	5,279	ORIG TENDERS	1,487	
NOV5	1511	-22	1531	1498	56247	626	JAN/MAR	-18/-14	CALLS	2,495	RETENDERS	119	
JAN6	1526	-21	1547	1513	35320	345	MAR/MAY	-21/-20	PUTS	2,480	CERTS	20,595	
MAR6	1540	-24	1560	1529	14235	274			AA	157			
					124941	1846				EF5	0		

	NOV 115	NOV 110	DEC 125	DEC 120	DEC 115	DEC 110	EXPIRY	TTL	CHANGE
OPEN INT. CALLS	649	888	1,634	3,429	3,739	5,963	November	63,574	3,345
OPEN INT. PUTS	813	925	2,667	4,041	4,129	4,653	9-Oct-15	42,980	308

The Brazilian Real was at the forefront of the coffee trader's mind yet again as the historic highs were taken out quickly and decisively as political uncertainty deepens. A twice previously delayed congressional session is scheduled today with a potential vote on President Dilma's vetoes, which if overturned could increase the budget by nearly R\$130B over the next 5 years. At the time of writing, the Senate president is pushing for yet another delay, while Dilma's reported wishes for an immediate vote constitutes what some locally are calling an "all in" bet. Should the vetoes be overridden rather than the cuts enacted previously considered, one suspects further downgrades and deeper currency devaluation would be imminent. The CRB was likewise under pressure on the ever present, and overly simplistic, China woes. Ironically the same China issues in turn plague the Real, as Chinese demand is a critical component of Brazilian economic growth. More academically interesting at the moment it seems is Robusta, where yesterday's expressions of panic from Vietnamese farmers flowed into conversations of worry from buyers regarding reinvigorated differentials. With RC spiraling towards cost of production, stocks of debatable size remaining in producers hands, a new crop on the horizon, and continued weakness in Arabica, perhaps the pressure on the futures in Robusta is unsurprising. Likewise, resistance to the outright price through heightened differentials seems to make sense absent immediate pressure to sell, though it is no solace to those buyers whose bonus rely on their performance vs budget or in covering differential shorts. Perhaps the timing is simply added insult to injury as the typical pre-crop discounts are not materializing. It's unclear at this juncture what any of this means to the Robusta futures market, but it certainly is an interesting story worth watching.



	KC	RC		GCA STOCKS	August	6,123,163	239,814
RSI DEC/NOV	31.39	25.88		ROBUSTA CERTS	14-Sep	20,595	+114
9%K STOCH	18.51	15.23	DEC FIRST NOTICE DAY	ICO SHIPMENTS	July	9.59 mm	-0.1mm
9%D STOCH	30.92	26.72	19-Nov-15	BRAZIL SHIPMENTS	Aug	2.5 mm	
5 DAY MA	117.48	1549	NOV OPTION EXPIRY	COLOMBIA SHIPMENTS	Aug	1,095,000	-104,003
28 DAY MA	122.61	1604	9-Oct-15	NOTICES			
40 DAY MA	126.73	1632		September	1928		
100 DAY MA	131.71	1703					
200 DAY MA	147.79	1831					

This document and its contents are intended solely for you, and may not be re-distributed in any form without the prior written consent of Morgan Stanley Smith Barney LLC (the "Firm"). This document and its contents are provided to you for informational purposes only and are not intended as an offer or solicitation for the purchase or sale of any commodity, futures contract, option contract, or other transaction. Although any statements of fact have been obtained from and are based on sources that the Firm believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All options and references that may be included are subject to change without notice. Trade receipts are furnished "as is" and are subject to your daily confirmations and monthly account statements. The Firm, including subsidiaries and/or affiliates, its officers and/or employees may at any time have a long and/or short position in any of the products mentioned. Unless otherwise indicated, the source for all data is Morgan Stanley Smith Barney LLC. The investment strategies outlined above involve inherent risks and are not appropriate for every investor. You should refrain from entering into any type of transaction described unless you fully understand the terms and risks of the transaction, including the extent of your potential risk of loss (which can be equal to, or in some instances greater than, the full amount of your initial investment). Transactions may be subject to limitations, restrictions and/or registration requirements, and may not be available to all clients of the Firm or clients in certain jurisdictions. Securities or other transactions recommended, offered, sold by, or held at Morgan Stanley Smith Barney LLC: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution; and (iii) are subject to investment risks, including the possible loss of the principal amount invested.