

DJ Robusta ~~coffee~~ Prices Rise -- Market Talk

0909 GMT Robusta ~~coffee~~ prices are up Friday morning as the Brazilian real strengthens and forecasts for dry weather in key growing regions persists. Analysts say the strengthening of the currency, which is up more than 4% week to date against the dollar, has been pushing up prices for the beans. Meanwhile, according to Meteorlogix, more rain is needed in order to help sustain the flowering of the ~~coffee~~ plants. A lack of rain now could have a long-term impact on the size and quality of the new crop. Brazil is the world's largest ~~coffee~~ producer. In London, November Robusta futures are up 1.45% at \$1,605/ton.
(katherine.dunn@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

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1002 GMT [Dow Jones] Vietnam's ~~coffee~~ exports for 2015 are forecast to total 1.4 million metric tons, down 17% from the previous year, the Ministry of Industry and Trade said. The ministry didn't explain the decline, but traders said farmers have been holding back ~~coffee~~ beans from the market to wait for better prices. ~~Coffee~~ exports revenue in 2015 is estimated at \$2.8 billion, down 21%, the ministry said. ~~Coffee~~ exports will likely average 143,000 tons a month in the fourth quarter. Meanwhile, the ministry said rice exports are estimated to rise 2.7% this year to 6.5 million tons. It said rice exports may total 2 million tons in the fourth quarter. (trong-khanh.vu@wsj.com; Twitter: @TrongKhanhVu)

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Brazil Coffee Weather

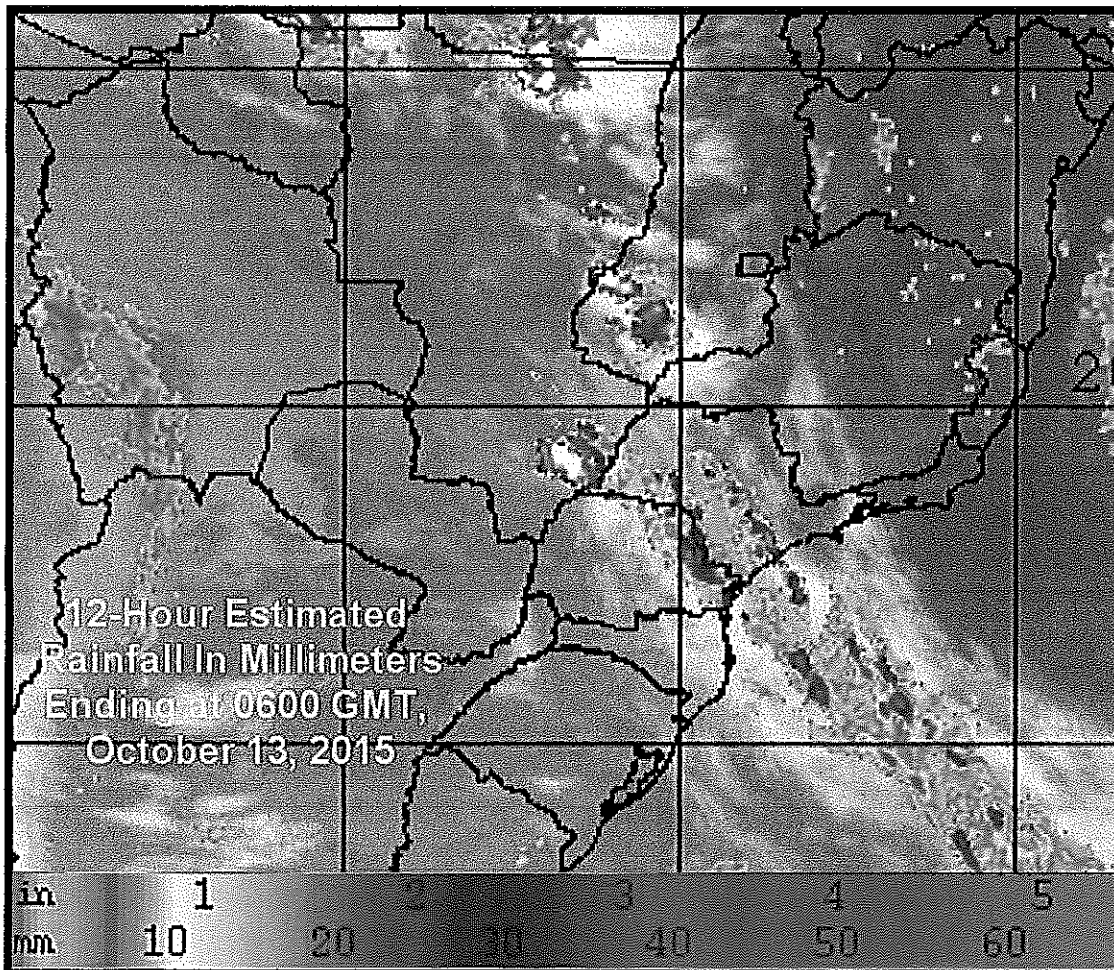
Mostly dry, Warm NE Sao Paulo To Bahia

By Drew Lerner

Kansas City, October 13 (World Weather, Inc.) – High pressure aloft over northeastern Brazil will continue to block mid-latitude weather systems from moving northward enough to bring needed rain to key coffee production areas from northeastern Sao Palo to Sul de Minas, Cerrado Mineiro, Rio de Janeiro or Zona de Mata for another nine to ten days. Dry weather will occur further to the north where it will be quite warm.

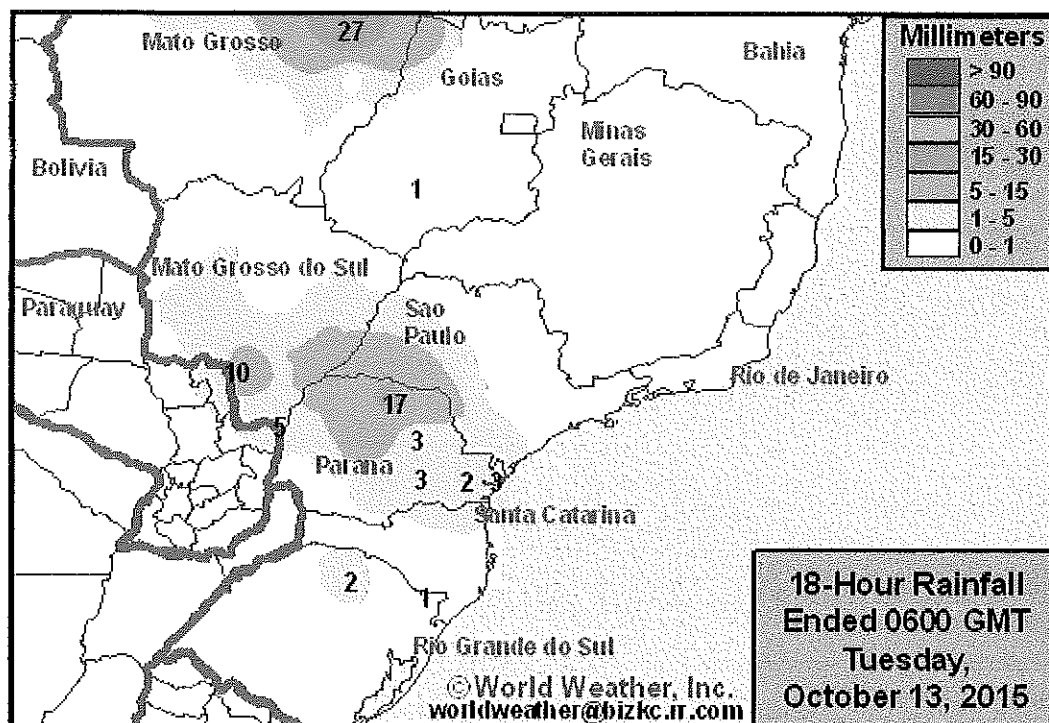
BRAZIL

Showers and thunderstorms were confined to northern Parana and central into southwestern portions of Sao Paulo Monday. Satellite imagery and surface weather observations suggested rainfall of up to 17 millimeters occurred often with some heavier rainfall along the Parana/Sao Paulo border. No rain fell from northeastern Sao Paulo into most of Bahia, although a few stray showers of limited significance were noted from northern Minas Gerais into central Bahia.



Brazil Coffee Weather

Mostly dry, Warm NE Sao Paulo To Bahia



High temperatures were mostly in the upper 20s and 30s Celsius from northern Sao Paulo to Bahia while cloudiness and rain further south held readings to the upper teens and 20s.

Weather pattern changes are not in the offering for the next ten days. Limited rainfall is expected in key coffee production areas from northeastern Sao Paulo to Bahia. Totally dry weather is unlikely for the entire region, but the few showers that occur periodically are expected to be brief and light having little impact on coffee production areas or soil moisture. A trace to 6 millimeters of rain will result from most of the precipitation each day, although there will be some rare occasions where slightly more rainfall may result.

Temperatures will continue warm with daily highs in the upper 20s and 30s Celsius in most of the production region. The warmest conditions are expected from northern Sao Paulo through western and northern Minas Gerais to central Bahia. A few extreme highs near 40 are expected. Lowest morning temperatures will be in the teens and lower 20s.

There is some potential for showers and thunderstorms to reach into northeastern Sao Paulo, southern Sul de Minas and Rio de Janeiro starting on October 22 and continuing into October 28, but the significance of the rain is not yet fully understood. Most of the precipitation is expected to be light.

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By Julie Wernau

Coffee futures ended at their highest in nearly two months Monday with dry weather, which is threatening crops in growing regions around the world, spooking a short-positioned market.

Arabica **coffee** futures for December delivery rose 2.2% to end at \$1.345 a pound on the ICE Futures U.S. exchange, the highest close since Aug. 19 and the third straight session of gains for the most active contract.

Weather has been hot and dry in Brazil, the world's largest **coffee** grower, threatening crops. Areas around the world that grow the more acerbic robusta bean, typically found in instant **coffee**, also have been experiencing dry weather. When robusta prices rise in London, where futures are traded, arabica futures frequently rebound as **coffee** roasters frequently trade one for the other.

"Looking ahead, as we go into **coffee** year 2015/16, it will be important to keep an eye on weather patterns, particularly given the ongoing dryness in Central America, and the potential impact of El Nino in **coffee** growing regions," the International **Coffee** Organization said Monday.

WeatherBELL analytics in New York said in a note Sunday that showers are expected to increase again this month in arabica-growing areas in central Brazil and in coastal robusta areas from Espirito Santo to Bahia.

Still, the Brazilian government agency Conab has estimated that **coffee** production will drop to 42.1 million bags this year, the lowest production level for Brazil since 2009/2010.

Concerns about the economy and political situation in Brazil have played a part in the rally, brokers said. The Brazilian real had weakened to its lowest against the dollar but has rallied over the last few days, helping support prices.

"The main concern now is the real, which makes a huge impact on sales and open business. Dangerous oscillation can really benefit or jeopardize the whole thing. One thing is sure: Brazil is millions of miles away from being a stabilized place for investments and growth," said Thiago Marques Cazarini, **coffee** broker at Cazarini Trading, said in a note.

In other markets, cotton for December delivery rose 0.1% to end at 61.69 cents a pound, frozen concentrated orange juice futures for November ended higher, up 1.3% to \$1.179 a pound, raw sugar for March delivery slumped 0.7% to close at 14.24 cents a pound and cocoa for December fell 0.8% to end at \$3,074 a ton.

Write to Julie Wernau at julie.wernau@wsj.com

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JOHN J KELLY
TONY MASCIA, CHRIS HAMPSON
WHITNEY HAUSER
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COFFEE REPORT Monday 12-Oct-15

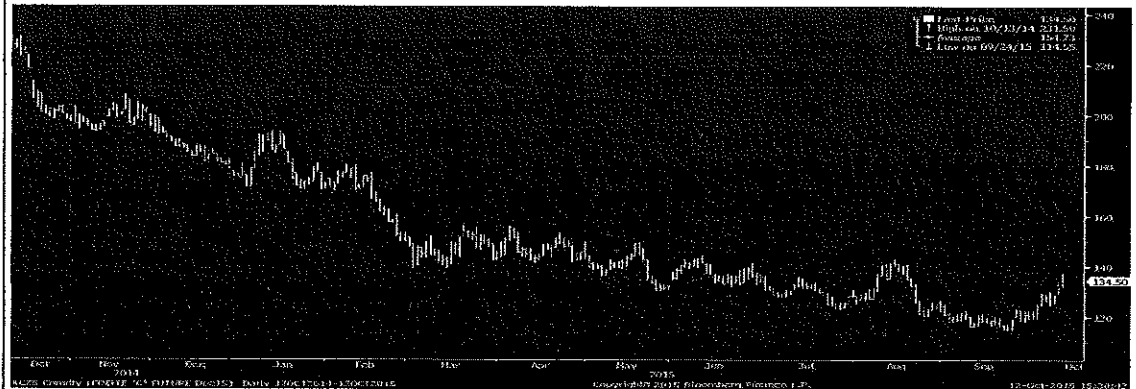
	CLOSE	±	HIGH	LOW	OPEN/INT	±	LDN/NY	ARBS.	SWITCHES	RANGE	ICE VOL	31,257
DEC 15	134.50	2.90	137.60	131.70	92382	-2423	NOV/DEC	-80.88	DEC/MAR	-3.35/-3.20	SPDS	8,368
MAR 16	137.85	2.95	140.85	135.15	42605	838	MCH/MCH	-62.96	MAR/MAY	-2.10/-2.00	CALLS	10,683
MAY 16	139.90	2.95	142.75	136.95	21098	-6			MAY/JUL	-1.75/-1.65	PUTS	8,122
JUL 16	141.55	2.90	143.80	139.90	9424	132	SUPP	122.00	RES	137.00	AA	495
SEP 16	143.25	2.95	144.95	143.15	7175	-225	MKT POSITION	1006/15			EF5	34
DEC 16	145.35	2.95	147.40	143.70	9155	-15	NET NON COMM	(21131)	BM&F - SAO PAULO			
MAR 17	147.45	2.95	149.50	145.90	1794	82	NET COMM POS	(7667)	ARB ZIZ	-18.89	±/-	
MAY 17	149.00	2.95	149.40	147.30	692	35	NET INDEX	25064	BMFZ	160.00	closed	PENDING
JUL 17	150.40	2.95	150.70	148.65	388	13	NET NON REP.	2633	CERTS	1,921,937	-9120	64,975
SEP 17	151.25	2.90	153.05	151.40	428	33	DEC OPT VOL	36.06	US CERTS	597,234		
DEC 17	152.85	2.90	154.75	151.00	527	20	ADX	22.70				
					185766	-1518	\$/REAL	3.76	\$/COP	2866.6	EURO/\$	1.1363

LONDON ROBUSTA

	NOV 15	JAN 16	MAR 16	MAY 16	OPEN	INT	SWITCHES	VOLUME	19,376	TENDERS	SEPTEMBER
	1623	1637	1651	1671	1611	1623	NOV/JAN	SPDS	7,525	ORIG TENDERS	1,487
							JAN/MCH	CALLS	188	RETENDERS	107
							MCH/MAY	PUTS	100	CERTS	20,303
								AA	67		
								EF5	0		

	N.Y. OPTIONS	Dec 135	Dec 140	Dec 150	Dec 155	Dec 160	Dec 170	EXPIRY	TTL	CHANGE
	OPEN INT. CALLS	2,320	5,744	8,232	1,710	2,755	2,632	Dec	81,709	-1127
		Dec 125	Dec 120	Dec 110	Dec 105	Dec 100	Mar 115			
	OPEN INT. PUTS	3,026	4,486	4,986	2,127	2,175	1,916	12-Nov-15	48,058	-3707

After opening two ticks above Friday's close coffee advanced 160 points in the first minute and never looked back. With a persistently dry forecast in Brazil and no relief in the forecast, the tone was decidedly bullish as OI points towards continued short covering by the funds. Commercial traders were quiet again, as some took off the Columbus Day holiday, while others chose to stand by and see what kinds of legs this rally has. Speculative traders did their best to make up for the traditional hedger's absence once the Americas woke up, with aggregate volume coming in at 82% of the trailing 100 days average. Options were also in high demand, with 7 different strikes trading upwards of 1000x, led by the Z 150 C & Z 120 P, each changing hands over 1600x. These options ultimately played a role in capping the market as delta hedging weighed on KC. With the BM&F closed today, it will be interesting to see how the BRL opens tomorrow morning after a 3 day holiday. The iShares Brazil Capped ETF fell today after a 6 day run higher amid news that Petrobras corruption investigations have now officially grown to include Eduardo Cunha, the President of the lower house of congress. With facilitators of some of the alleged corruption involving Dilma apparently turning evidence in exchange for immunity, the overhanging government account issue, and the possibility of Cunha taking down others with him, one imagines the coming days in Brazil will only gain in intrigue.



	KC	RC		GCA STOCKS	AUG	6,123,163	+239814
RSI DEC/NOV	68.55	50.06		ICO SHIPMENTS	Aug	9.1 mln	-0.1 MM
%K STOCH	77.90	70.46	DEC FIRST NOTICE DAY	BRAZIL SHIPMENTS	Sept	2.92 mln	-0.1 MM
%D STOCH	77.28	67.94	19-Nov-15	COLOMBIAN SHIPMENTS	SEP	1,093,000	-104003
5 DAY MA	129.74	1597	NOV OPTION EXPIRY	NY NOTICES			
26 DAY MA	121.56	1574	9-Oct-15				
40 DAY MA	123.20	1593					
100 DAY MA	129.27	1673					
200 DAY MA	143.52	1796					

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