## DJ Poor Weather Could Boost Coffee Prices -- Market Talk

1242 GMT Poor weather could reverse expectations that next season will see weaker coffee prices, according to Commerzbank. "As yet, we are still confident that better supply and a weaker [Brazilian] real will dampen the performance of coffee prices next year, though the risks of this happening have been increasing of late," says the bank. Producers are increasingly concerned that La Nina may not simply end a spate of dry weather, but will bring too much rain, and the Colombian crop already looks disappointing, it says. Next year could also see the lower-productivity year for the arabica coffee trees' two year cycle, it added, as one of the Brazilian coffee cooperatives predicts. Coffee trees tend to alternate between stronger and weaker crops. (katherine.dunn@wsj.com) --

Katherine DunnSoft Commodities Reporter [Dow Jones Tel: +44(0)20 7842 9430 Mob: +44 (0)746 937 5180 Original Email Message: http://SINNWSENEWSPl.win.dowjones.net/Enewsmails/Links.aspx?ac=5&ID=20160811-2038279-0

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

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## DJ Commerzbank Lifts 4Q Arabica Coffee Prices -- Market Talk

1249 GMT Commerzbank increases its forecast for arabica coffee bean prices for the fourth quarter of 2016, as bean prices hold onto support from a stronger Brazilian real and a shortfall in the robusta market due to dry weather in key areas. A smaller robusta supply typically increases the demand for replacement arabica beans, which can help support the price. The bank now puts its forecast for arabica in the final three months of the year at 135 cents per pound, a 10 cent jump from its previous forecast, and slightly lower than the current market price of 137 cents per pound. (katherine.dunn@wsj.com)

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## DJ Brazil Coffee Exports Fell 33.7% In July To 1.9M Bags -- Cecafe

By Jeffrey T. Lewis

SAO PAULO--Brazil coffee exports plummeted in July from a year earlier, as stocks were low and coffee from the new harvest was slow to reach markets, according to the Brazilian Council of Coffee Exporters, or Cecafe.

The country sold 1.9 million 132-pound bags of coffee abroad, a drop of 33.7% from July 2015, Cecafe said. Exports of the arabica variety of the beans fell 26.3% to 1.6 million bags, and exports of robusta beans dropped 90.9% to 37,359 bags. Exports of roasted, ground and instant coffee fell 10.3% to 297,984 bags. Revenue from coffee exports fell 36.7% in July from the same month last year, to \$297.2 million.

The strong dollar late last year and earlier this year encouraged Brazilian holders of stocks of coffee to sell as much as they could, reducing the amount they held in reserve. A drought in the state of Espirito Santo, which produces most of Brazil's robusta beans, also slashed supplies of that variety.

The coffee harvest started earlier this year, but supplies weren't available for export as soon as possible, which also contributed to the drop in exports last month, Cecafe said. Brazil is the world's biggest producer and supplier of coffee.

Write to Jeffrey T. Lewis at jeffrey.lewis@wsj.com

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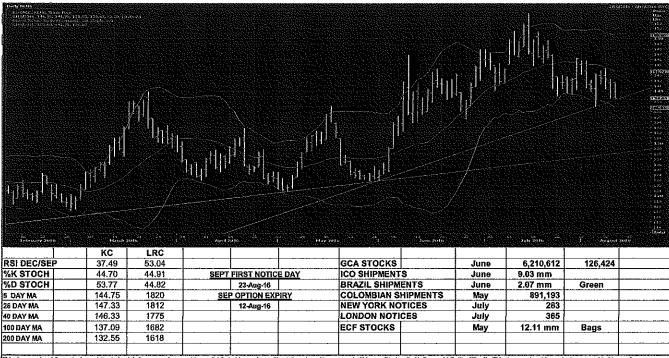
	CLOSE	+/-	HIGH	LOW	OPEN INT.	4/-	LDN/NY	ARBS.	SWITCHES	RANGE	ICE VOL	48,938
SEP6	138.65	-2.45	141.75	138.55	50766	-8052	SEP/SEP	-56.19	SEP/DEC	-3.75/-3.50	SPDS	20,228
DEC6	142.35	-2.40	145.40	142.25	80607	4030	NOV/DEC	-58.53	DEC/MAR	-3.25/-3.15	CALLS	4,264
MAR7	145.55	-2.40	- 148.50	145.50	26400	394			MAR/MAY	-1.90/-1.80	PUTS	4,276
MAY7	147.45	-2.40	150.35	147.40	13791	970	SUPP	135.00	RES	155.00	AA	1,279
JUL7	149.20	-2.40	151.85	149.20	3503	-10	MKT POSITION	08/02/16			EFS	3
SEP7	150.85	-2.40	153.45	150.75	3309	-4	NET HOW COXed	32898	BM&F - SAO PAULO			
DEC7	153.05	-2.40	155.50	152.80	4802	34	NET COMMEPOS	(72268)	ARB U/U	(11.27)	+/-	
MAR8	155.20	-2.40	0.00	0.00	853	0	NET INDEX	32689	BMFU	168.50	-3.70	PENDING
MAY8	156.50	-2.30	0.00	0.00	291	0	NET NON REP.	6681	CERTS	1,288,740	-2,245	14,050
JUL8	157.75	-2.30	0.00	0.00	153	0	SEPT OPT VOL	30.46	US CERTS	371,593		
SEP8	158.90	-1.90	0.00	0.00	180	0	ADX	11.01				

10-Aug-16

Wednesday

	LONDO	N ROBUST	TA									
	22.276	16.64	1000000	- 12 20 00			SWITCHES	RANGE	VOLUME	9,038	TENDERS	July
SEP6	1818	<i>-</i> 1	182	1816	47810	-1394	SEP/NOV	-31/-29	SPDS	3,237	ORIG TENDERS	365
NOV6	1848	.0	1856	1847	37131	1420	NOVJAN	-20/-19	CALLS	1,015	RETENDERS	18
JAN7	1867	-1	187	1867	18450	218	JAN/MAR	-11/-10	PUTS	105	CERTS	14,507
MAR7	1877	-2	1882	1880	4108	11			AA	321		
		L		1.	108625	265			EFS	0		
		N.Y. OPT	IONS	SEP 145	SEP 150	SEP 160	SEP 170	SEP 180	SEP 200	EXPIRY	TTL	CHANGE
		OPEN INT.	CALLS	2,015	3,023	2,387	1,864	1,766	3,317	September	97,942	-200
				SEP 140	SEP 135	SEP 130	SEP 125	SEP 120	SEP 115			
				2,464	2,414	4,147	3,352	3,529	3,578	12-Aug-16	73,165	-127

Fairly good volume changed hands in KC today as ~48k lots total were recorded, 20k of which were spreads. The day's high was traded on the open, and little happened for the following 2 hours until lunch time selling emerged from Europe, driving prices roughly 150 points lower. With the arrival of New York traders, and the opening of BRL trading, KC reversed its losses yet the rally was short lived and the rest of the session was spent in negative territory. The volume itself belied quiet trading, with options totaling around 8500 lots and the related delta assisted in liquidity window dressing while discretionary traders seemed interested mostly at the margins. The BRL correlation faltered midday, and while the price direction was similar, KC was unable to keep up with the currency's pace as it accelerated into strong territory and the two completely diverged going into the end of the day. All in all, a strange day where various indicators seemed to work until they didn't. The combination of weakness with the BRL inside 3.13 and the first sub 140 close since June 27 basis KCU has to be a bit disappointing to the Bulls, yet we see none amongst our contingent of clients who are expressing much angst yet. Robusta continued to attract buyers, closing roughly unchanged while suffering a \$9 range in the front month (41 points in Arabica terms). RC volume, needless to say, was sad.



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