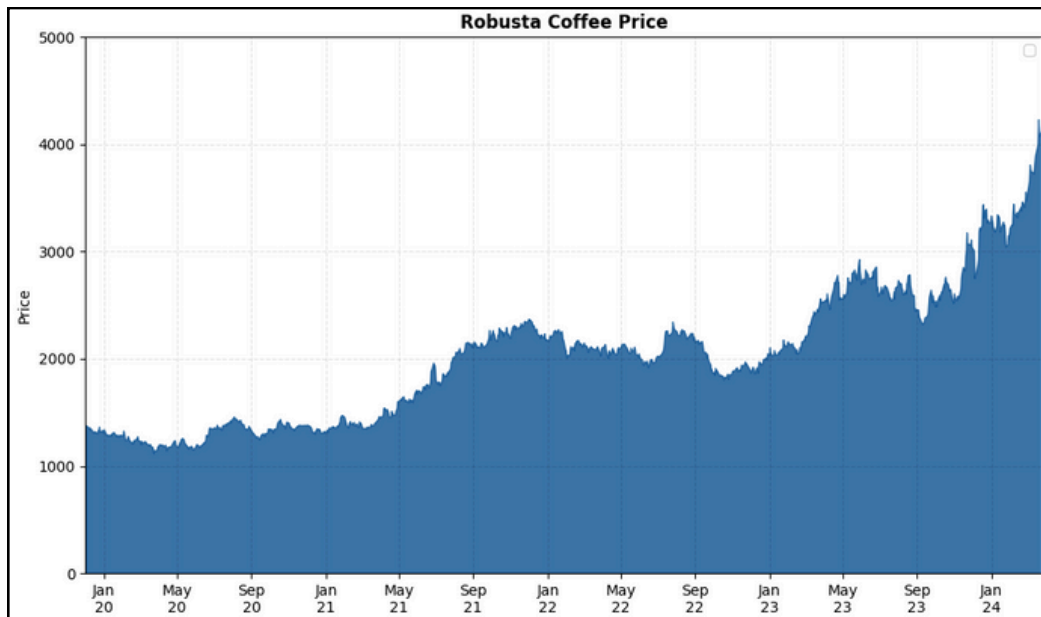


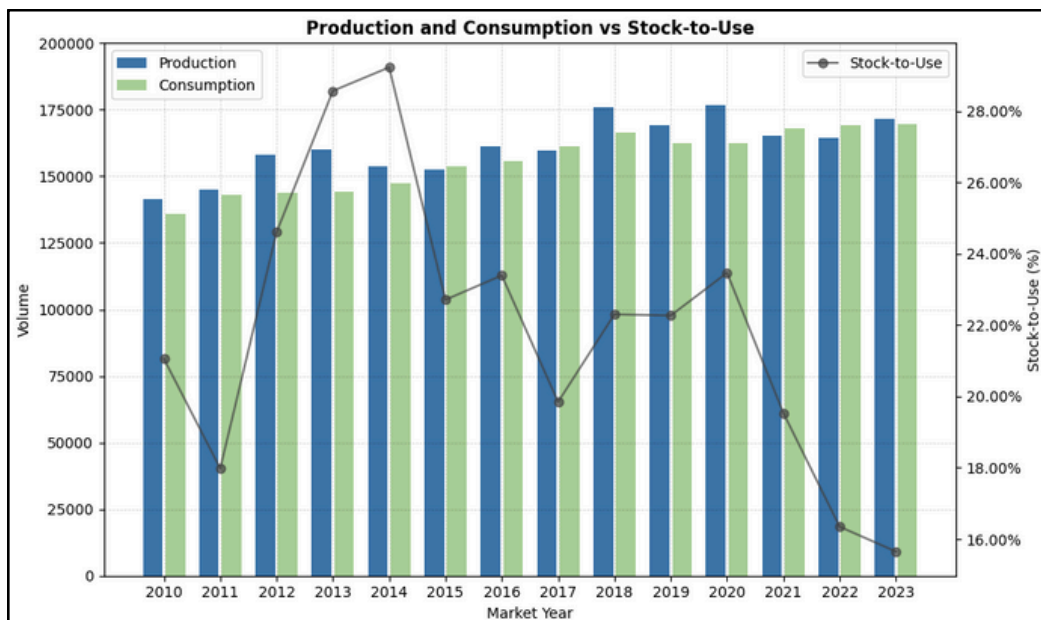
Robusta Analysis

Overview

- Robusta prices have surged since the end of 2023 and even more in April, reaching record highs. This surge is primarily driven by concerns over tight supplies from Vietnam, the world's largest producer of robusta coffee beans, due to drought conditions.
- The recent rally in coffee prices can be attributed to a combination of factors, including adverse weather conditions affecting major coffee-producing regions, concerns about global supply shortages and speculation.

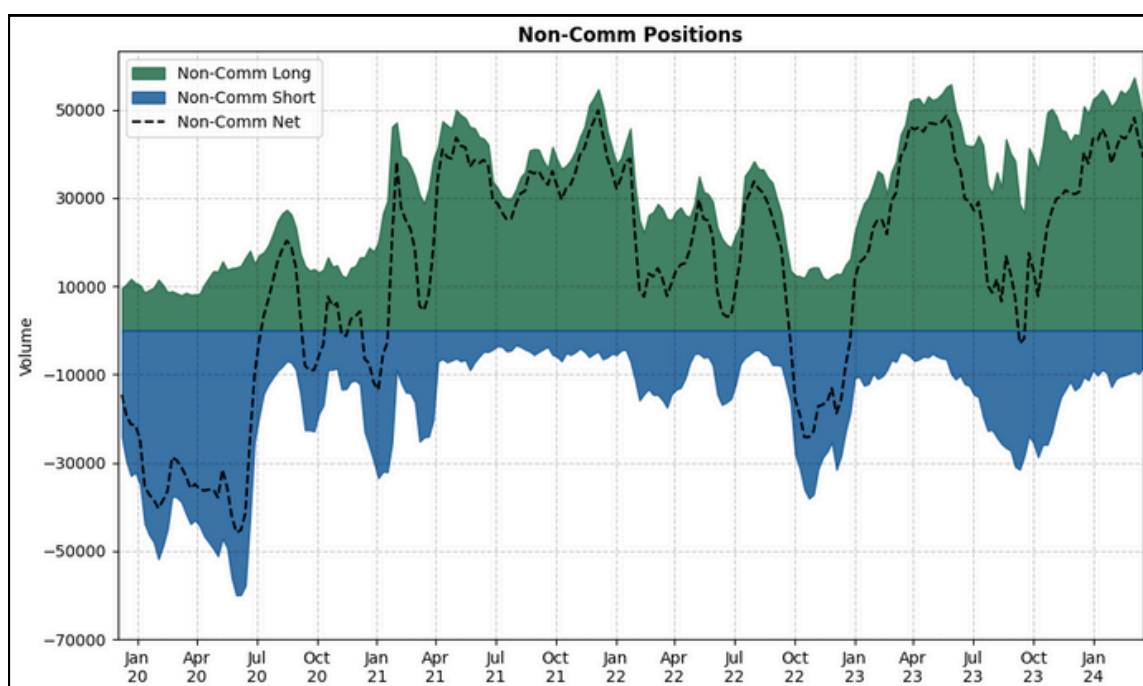
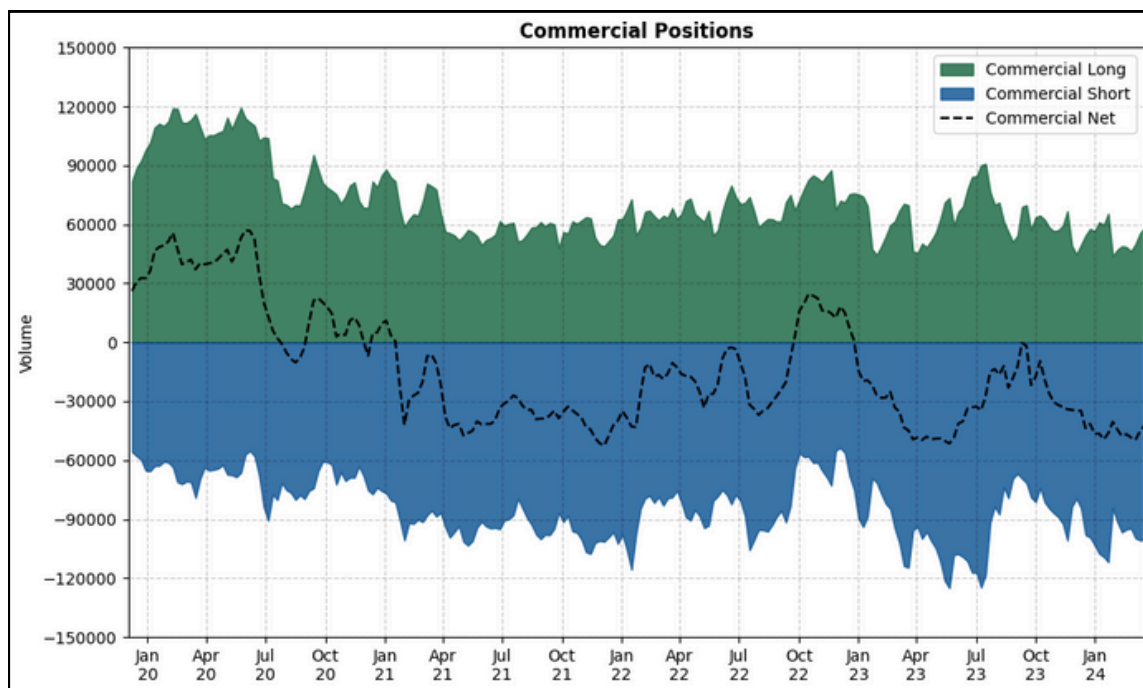


- The graph depicting overall coffee production vs consumption trends highlights a concerning decline in coffee stocks. This decline indicates a potential imbalance between supply and demand, with consumption outpacing production.
- Decreasing stocks could exert upward pressure on prices due to supply constraints, especially if production issues persist in key coffee-producing regions like Brazil and Vietnam.



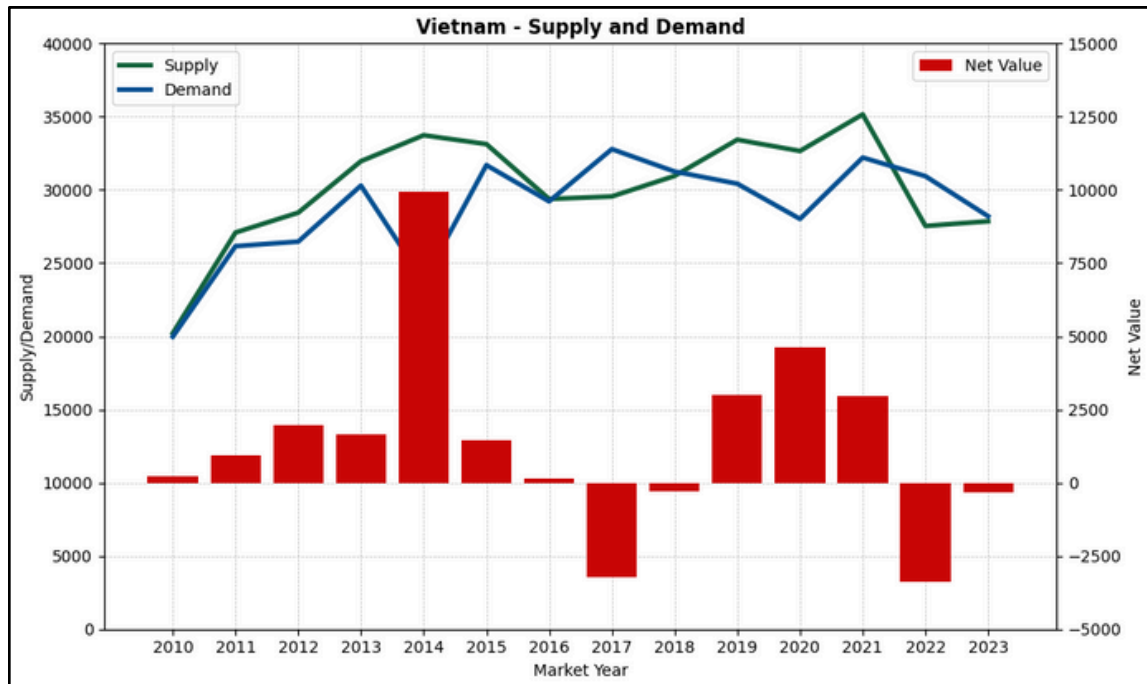
COT Report

- The latest COT report reveals interesting trends among market participants. Commercial players are actively shorting positions post-price spike to hedge against potential volatility and secure prices for their coffee products.
- On the other hand, non-commercial players, including speculators and hedge funds, are increasing long positions, betting on further price increases driven by supply concerns and speculative momentum.
- Recent indications suggest potential selling by non-commercial players, which could signal profit-taking or a shift in market sentiment.



Vietnam

- Analysis of Vietnam's supply vs demand dynamics reveals an imbalance, with demand surpassing supply. This imbalance is particularly concerning given that Vietnam is the world's largest producer of robusta coffee.
- Increased demand for Vietnamese robusta beans, coupled with production challenges due to drought, has contributed to the recent surge in robusta prices. However, it's important to note that while Vietnam's situation is a major factor, it may not be the sole driver of price increases.



Key Notes

- The current market situation reflects a combination of supply shortages and speculative activity. While there are signs of supply shortage in Robusta, particularly in Vietnam, speculation by non-commercial players may also be influencing prices.
- Two main opportunities emerge from the current market dynamics: potential arbitrage opportunities if producer prices lag behind future contracts, and the possibility of serial liquidations if fundamentals do not support the current price surge, leading to increased volatility and spread openings.
- Monitor non-commercial long positions closely; a decrease may signal an impending wave of short selling, potentially exerting downward pressure on prices.