

UNITED STATES

Retail coffee prices in the US surged 21% in August compared to the same month last year, the largest annual jump since October 1997. On a monthly basis, coffee prices rose 4%, the most in 14 years, with tariffs mostly to blame. Coffee brands and shops have been trying to absorb these added costs, but there is clear evidence they are now being passed on to consumers. A new Executive Order was issued by the US President that incorporates a program called "Potential Tariff Adjustment for Aligned Partners" (PTAAP). The program allows for exempting tariffs on products that cannot be produced in sufficient quantities in the US, including coffee. However, these exemptions are not automatic and depend on bilateral trade agreements.

BRAZIL

The country's Supreme Court has sentenced former President Jair Bolsonaro to 27 years and three months in prison for attempting a coup to stay in power after losing the 2022 election. The verdict is historic as it marks the first time a former Brazilian head of state has gone on trial for attempting to overthrow the government. US Secretary of State Marco Rubio warned Washington would respond "accordingly" to what he called "a witch hunt." The current 50% US punitive tariffs on Brazil are directly linked to the Bolsonaro case.

MEXICO & CENTRAL AMERICA

With new crop harvesting activities only a few weeks away, it has been notable how few FOB offers have hit the market. Most exporters and local traders remain highly cautious over the 50% Brazil tariff effect and any spillover demand that will come to the region as roasters scramble for replacements.

INDONESIA

Arabica: Local prices continue to firm as limited coffee flow is increasing concerns over the upcoming Sumatra crop. Exporters are cautiously presenting forward offers but not much business is being transacted.

Robusta: Coffee flow has been stable with a few aggressive buyers but most traders have opted for a conservative approach. Local prices are steadily inching upwards.

INDIA

Coffee flow has been minimal as farmers are selling very little expecting better prices. However, FOB offers for prompt shipment have begun to trickle in. Exporters remain cautious amidst market volatility,

resulting in subdued demand. There have been no rains in the coffee regions for the past few days and both Arabica and Robusta crops look adequate without any warnings or concerns.



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