

BRAZIL

The week was defined by extreme volatility and shifting liquidity. Earlier in the week, the strong KC rally allowed buyers to meet sellers' asking prices, improving flow and creating attractive coverage opportunities. As prices moved higher, sellers became increasingly defensive, reducing available liquidity both domestically and on the FOB side. By the end of the week, the sharp correction led buyers to lower their bids aggressively, while sellers showed little willingness to adjust, widening the bid-offer gap and leaving the market largely locked once again. As a general sentiment, and despite the volatility, exporters are being able to cover their shorts. The Rio Minas market also showed a lot of volatility. Reported traded volume, however, remained moderate. Conillon differentials remained practically unchanged on a week-on-week basis. Overall availability remains good, but recent price increases scared off sellers.

COLOMBIA

No changes from last week. Due to the high market volatility, over the weekend, intermediaries preferred to wait to sell their inventory during the week, expecting the market to continue rising and find better prices. Due to the El Niño phenomenon, the government is taking preventive measures to avoid potential disruptions to the power supply caused by the decrease in the initial water levels of rivers and reservoirs. The main risk for the 26/27 main crop is quality defects due to underfilling and broca. For the 26/27 Mitaca, the risk is in coffee volume, since the flowering could be affected by high temperatures. External demand remains low due to high prices for Q4.

PERU

Origin remains highly unsettled, and the ongoing volatility continues to weigh on market activity. Elevated price levels, combined with the uncertainty, are limiting liquidity, with flow still well below what the market had anticipated, pending a lower crop this year.

CAM / MEXICO

The situation is similar across Central America/Mexico. Market participants remain cautious amid the current volatility, which many view as disconnected from the underlying fundamentals. There is growing discussion around the rationale for offering lower differentials when Colombia and Peru remain expensive, as Centrals are expected to become an important replacement origin. At the same time, there is concern about the impact of the upcoming Brazilian crop on market direction.

Overall, suppliers remain open to discussing differentials but are primarily focused on analyzing bids rather than committing to new business. As a result, feedback from origin remains slow, with activity continuing at a cautious pace.

TANZANIA

Robusta dry cherry auctions are running on a weekly basis, with green coffee already flowing to the market. On the Arabica side, mills have begun to receive parchment deliveries, with steady flow expected in a few weeks, as most coffee is still on drying beds due to the cold season affecting the region. Port operations in Dar es Salaam remain smooth and efficient, with no disruptions to export logistics at this time.

UGANDA

The recent London rally supported stronger local prices, encouraging producers to sell and improving availability for nearby execution. While volumes are increasing, the broader Robusta season remains delayed. Internal buying differentials and FX remained stable, while the improved coffee flow is helping exporters cover their nearby shipments. The Arabica season is slowly starting in Western Uganda. We still need to see some rain in order to be confident about the quality.

INDONESIA

The KC rally incentivized a few buyers to take the opportunity to lock in lower diffs on forward shipments. Collectors in Sumatra and shippers in Medan increased their price ideas, while farmgate prices outside of Sumatra remained relatively unchanged. Crop flow remains small, with the off year in Java, Sulawesi, and Flores limiting availability. On the Robusta market, local shippers were not aggressively selling. Their main concern was that, by seeing such volatility in the market, the farmers would start speculating on the market and retain flow in the hope of higher prices. The harvest is now in full swing, and we are now at the peak. Volumes are expected to decrease by August.

VIETNAM

The Robusta market saw healthy demand, pushing farmers to sell during the recent London rally. It is now estimated that only 12% of the crop remains with farmers, which will naturally firm up the differentials for the remaining volume, therefore limiting the availability of flow.