

BRAZIL

A time of high volatility amidst weather events. All the speculation about a cold front with potential frost failed to materialize, bringing relief to the market. All attention has shifted to the rain forecast, as constant and significant climate variations will contribute to high volatility. Small flowering events were reported in Mogiana and West of Sao Paulo, and the weather in the coming days should be monitored to confirm the beans' fixation. Flowering in the Conilon regions is significant, but a full crop estimate is still too premature.

ETHIOPIA

The country is pressing ahead to complete all remaining European shipments by September to avoid disruptions from EUDR regulations. With the rainy season starting early in 2024, most coffee-producing regions in Ethiopia have observed cherry ripening, perhaps resulting in an early 24/25 season.

KENYA

Auction prices have remained stable as quality improved with the crop progress. During the month of September, high-level meetings between government officials and the private sector are expected to address EUDR compliance and support.

TANZANIA

Robusta: Growers and local traders are releasing more coffee into the market as improved volumes enter Dar es Salaam warehouses.

Arabica: Parchment is flowing into mills, and exporters have started to offer small volumes. The first auction took place this past week, with 22K bags being offered. The Tanzania Coffee Board postponed the much-awaited switch to online auctions; physical auctions will proceed for the next 3-4 weeks.

UGANDA

Robusta: Coffee flow into Kampala has been dropping steadily, signaling the end of the season. Most exporters have shifted their focus from purchasing to execution, compounded by the absence of 3rd party EUDR coffee on the market. We expect the flow of Robusta to be negligible until the winter crop begins at the end of October.

Arabica: A few lowland areas in Western and Eastern Uganda have started harvesting cherries, but the season is expected to be in full swing by mid-September. Following a crop tour at the end of July, we estimate production to be at least 20% below its potential due to an extended off-cycle and recent adverse weather that has impacted tree health. Although most exporters have limited commitments, high local prices are anticipated for all types of Arabica (Natural, SW, and FW), driven mainly by speculation.

VIETNAM

Coffee flow and new crop business are very slow as buyers seek lower differentials. Coffee holders remain tentative as well amidst high volatility.

INDONESIA

Robusta: Arrivals to Lampung have dropped significantly as farmers hesitate to sell as they believe the market will increase. In Central Java, farmers have also started to hold coffee, seeking higher prices. Following the recent London rally, local prices have indeed surged. Traders have also begun purchasing Indo robusta to complement their Vietnam needs.

Arabica: Harvest pace has slowed considerably across Java, Flores, Bali, and Sulawesi, with only 10% of the crop remaining to be picked. With Sumatra starting in October, there will be a short gap in coffee flow, but with limited demand and ample stocks, it is unlikely to disrupt the market. Weather continues to be supportive of crop development.

