

BRAZIL

Arabica: According to Cecafe November's report, 3.29 million bags of Arabica coffee were shipped (the highest month in 2022) and the annual exports totalized 31.18 million bags. The top 5 destinations from January to November are: USA, Germany, Italy, Belgium and Japan. It's interesting to note that the 6th destination for Brazil's Arabica was Colombia with 876,000 bags. According to the 4th survey of the 2022 coffee crop, released today by the National Supply Company, Brazilian production should total 50.920 million bags, 6.7% above the 2021 crop. Official holidays are almost here, but it seems that market has been on holidays for a couple of weeks already. Nominal expensive prices not only for internal market but also for FOB price lists. The weather in coffee growing regions looks good.

Conilon: According to Cecafe November's report 98,995 thousand bags of Conilon coffee were shipped (the lowest month in 2022) and the annual exports totaled 1.43 million bags. The top 5 destinations from January to November are: Colombia, Spain, Argentina, USA and Chile. The business flow continues slowly with producers holding back offers and hoping for better prices. Price movement is going in favor of producers as mid-merchants and exporters continue to be in the market and willing to pay whatever the price is to cover their immediate short positions. This has caused a significant BRL price improvement in the past few weeks and differentials are again at high levels. Stocks are high for this period, demonstrating not a lack of coffee but no interest in selling. Internal industries are still in the market for stocks to cover early 2023 deliveries, showing a lack of coverage that keeps supporting the prices. FOB market remains very calm since the diffs are still expensive.

INDONESIA

Arabica: Persistent rains continue, significantly delaying drying. Local prices remain firm.

Robusta: Coffee supplies were limited last week. Neither local nor multinational exporters have indicated their need to purchase asalan coffee (unsorted green coffee). Persistent rains last week contributed to the delay of fly crop. FOB business remains quiet and there has been a lack inquiries for Indonesia Robusta since the Vietnam Robusta price is much more competitive.

VIETNAM

Weather was favorable for harvesting and drying this past week. Customs data shows 2.15m bags exported in November (including processed coffee and 59K bags of Arabica).

Arabica: Farmers have harvested around 85-90% and very limited availability can be found.

Robusta: Farmers in Gia Lai/Kon Tum and a great part of Dak Nong have finished their harvest. We estimated that 75-80% of the crop have been harvested as of end of last week. Business was quiet, where local exporters focused mostly on executing their commitment, but reluctant to add new sales.

YUNNAN

An interesting week to follow the Chinese market. Cherry continues to flow with total harvest around 50% harvested (some areas up to 60%). Prices began the week higher and finished the week still expensive. This is mainly a result of a few major coffee buyers coming in to offer well below where the market was positioned, but still at a price above where they finished last season.

ETHIOPIA

Farmgate prices for cherry are reaching unprecedented heights and make little commercial sense. Cherry is being bought in Yirgacheffe and Guji well north of 70 Birr/Kg (3.67usd/lb FOB equivalent). Due to the high prices, most wet mills are not operating at full capacity and many are opening only sporadically to cover their most important commitments. Exporters hope Akribis will adjust their prices to NY later in the season. The regulator increased minimum registration prices last Tuesday by as much as 16cnts on Washed and G1's, leaving the prices of commercials at unrealistic levels (1.72 usd/lb for Lek/DJ G4's & 1.68 usd/lb for Lek/DJ G5's). The scene in the West is fairly similar. The focus of shippers is now on producing or securing high-quality coffees for the specialty and high commercial markets that attracts premiums over normal Grade 2 coffees.

The peace negotiations are progressing well and the prospects of Ethiopia being welcomed back into the fold of Western Governments and subsequent resuming of finance agreements is increasing. This could result in an easing on the tight forex controls that were imposed on shippers during the conflict in Tigray.

TANZANIA

Arabica: We had our last auction for the year on the 15th of Dec with a very modest volume of coffee submitted. Most of the action seems to be in direct export (DE) this year and everyone has been busy buying the coffee in the field. Power issues are still a problem in some areas and mills are working at full capacity when there is power available. There's a bit of a push to sell coffee as we approach the holiday season.

UGANDA

Arabica: On Drugar, we saw a marginal increase in the flow to Kampala with the NY rally last week, but the season generally is over. Right now, its middlemen liquidating clips of their long position. We anticipate the flow to dry before the holiday season and with little availability, the

price has continued upward. On the cherry side, the focus has shifted towards the southwest harvest that will start in Feb 2023.

Robusta: No change in the Robusta story. The flow for the first half December has been better than November but is still well below past seasons. We continue to monitor the situation closely but the erratic pattern of rains, sunshine and harvests is resulting in confusion among exporters. Local prices across traders and exporters continue to be within narrow range.

