

BRAZIL

Arabica: Same behavior as previous weeks; the volume of new crop coffee improved but it is still far from the usual expected volume for this time of the season. We estimate the total current crop sold is at 40%. FOB diff is still expensive and the switch is being priced for forward offers. Overall replacement in BRL remained steady. July exports figures came in at 2.168m bags (2.023m Arabica & 0.144m Conilon); less than June'22 and July'21.

Conilon: Low activity overall. London is not affecting the proud producers on keep holding the coffee and prices remained firm during the week. Internal industries keep driving the market, buying Conilon up to November and being more competitive than the FOB market.

COLOMBIA

As availability is low the inversion in NY is doing nothing to move coffee out faster and producers and middlemen remain proud. Weather in Colombia is still wet, and August is already showing precipitation levels above the historical levels. It's not only the excess of rains causing issues, but also the lack of sunlight, which is much needed not only for the development of the current crop, but also for drying parchment.

YUNNAN

Heavy rains continued last week in parts of Yunnan but had no impact on the trees and crop. All areas are on track for scheduled harvests starting in late November/December.

INDONESIA

Robusta: The harvest in the lowlands of southern Sumatra has been completed and farmers are still drying their coffee and will sell it when they need money. In highland areas, cherry continues to be picked up, driven by high prices due to market uptrend. It's estimated that around 77-80% of Robusta has been harvested so far.

VIETNAM

The tropical storm "Mulan" made landfall to the North of Vietnam last week and brought great rains to the central coastal provinces as well as the central highland. Heavy, long rains with an average rainfall of 25mm per day occurred in all coffee growing regions upcountry and caused flooding in some lowland areas in Daklak and Gia Lai. Thankfully, there was no damage to the coffee crop.

Robusta: A consistent rally of the London market pushed farm gate price to a record high since 2011. Business overall remained quiet, mainly because of tight supplies in the local market. The majority of exporters were reluctant to offer for near shipments. FOB diffs went lower following the rally in the London market the days before. New crop business was almost at a halt where industries continued to show poor demand while exporters insisted on offering at the same price level as nearby shipments.

KENYA

The coffee board released a statement announcing that all coffee now needs to pass through the auction, which implies no more withdrawal for direct sales. However, exporters can submit a reserve price before the auction and if nobody bids higher, then the lot will be purchased at the reserve price and sold via the direct sale channel. So far, this new rule has not been enforced and it is unclear if/when it will be; more clarity is expected after the presidential elections that are taking place this week. The first post-election auction is scheduled for this week.

TANZANIA

Arabica: There is still no official date for the first auction, but it will likely happen either this Thursday or next week Thursday. Coffee flow is picking up and the slight rally in NY is helping exporters to come closer to farmers' expectations. Suppliers are in a holding pattern, waiting for the auctions to kick off so that everyone has a benchmark to work with.

Robusta: Cherry prices at the auction retracted a little vs the London movement. We are waiting to see if this was a glitch or a new pattern. There are still some issues with local transport and most of the purchased coffee remains upcountry and is waiting to be moved to Dar es Salaam.

UGANDA

Robusta: Most of the growing regions upcountry received sufficient rains this past week, which is very favorable for the crop. Business slightly picked up thanks to higher farm gate prices, which stimulated selling from farmers. Differentials are slightly cheaper compared to last week, with more interest in selling from local exporters. New crop business remains at a standstill with limited interest from both sides.

ETHIOPIA

ECTA announced that Ethiopia exported 299,314 MT of arabica this past fiscal year. This is only a few bags lower compared to last year. Revenue, however, has increased by 53.82% year-on-year. Offers for G4 and G5 naturals remains static. Shippers are still struggling with logistics and quality constraints. The latter being largely the result of heavy rains and cold weather conditions increasing the moisture content of export-ready coffees.

RWANDA

The short rainy season seems to have started as various regions of Rwanda are receiving up to 40mm of rain. So far, the pattern is within the long-term mean. Flowering has started in the Western districts and looks positive. Overall, demand is still firm. Many smaller exporters and wet mill owners are still sitting on expensive outright stocks and therefore still have high price expectations. The recent rally might see some of these stocks liquidated.

BURUNDI

The second and final government-sanctioned cherry payments to farmers have started. High inflation, mainly due to fuel shortages, is creating significant problems across sectors of the economy.

