SUCAFINA

WEEK 36 | ORIGIN REPORT

ETHIOPIA

As Ethiopian export delays continue, the Coffee and Tea Authority (CTA) has demanded stringent measures against 58 exporters for failing to export coffee and generate foreign currency despite receiving a great deal of financial backing. In response, the National Bank of Ethiopia (NBE) has now ordered all banks to provide audit reports on exporters.

KENYA

It remains quiet as farmers retain their fly-crop parchment while waiting for the government to issue licenses for private mills. A small auction of 4,862 bags is scheduled for this coming Tuesday. Quality is low and no certified volume is being offered.

RWANDA

A small second flush of cherry started to flow in the west and as a result several wet mills have reopened. Good volumes of Fully washed parchment are being traded locally.

TANZANIA

Robusta: Coffee is slowly making its way to Dar as logistical challenges remain. Volumes at the Robusta cherry auctions are winding down and most cherry is now in the hands of local traders. Internal price expectations remain high.

Arabica: Just completed the third auction for the season with a little more success. Most coffee at reasonable levels found a home. Delays and congestion are hampering port operations due to seasonality with a lot of exports coming up in the next few months.

UGANDA

Arabica: The lack of rainfall has slightly delayed the harvest in the West of the country. The expectation is that coffee flow will pick up significantly during the second half of September. It is expected the crop to be 10-15% lower YOY as the areas below the equator are off-cycle. Looking forward to next year, all eyes are on the weather as significant rains are needed to replenish soil moisture and support cherry growth.

Robusta: The flow into Kampala has surged in response to London market movements. Some observers estimate local traders are still holding coffee from the previous crop. Market moves have helped ease differentials, but steady demand continues to provide price support. We concluded a tour of key Robusta producing zones of winter crop (Nov - Feb). Production is expected to be lower given soil moisture deficiency, land degradation and a switch to sugarcane and other crops. Overall, we see a pattern of reduction of winter crop.

INDIA

The last Monsoon showers continued in the coffee areas, supporting cherry growth. Diffs firmed up, mainly due to the drop in London and New York markets. No major demand was reported. Soluble manufacturers are waiting for prices to come down but some of them are carrying very low inventories.

INDONESIA

Arabica: Sumatra early harvest has commenced with small volume and low yields. Flow is expected to pick up by months-end, at which point it is expected for prices to ease. Dry weather persists through Southern Sumatra and Java.

Robusta: Harvest is nearly finished and only 5% of the crop remains on the trees. FOB prices are still firm. Flowering in West Lampung & Pagar Alam in South Sumatra looks very good, giving hope that next crop will be much better. In Tanggamus and Lampung, the main flowering has just finished and turned to fruit set. Weather remains dry, but there is no damage to coffee trees so far.

PNG

Harvest is wrapping up with very small internal coffee flow but shipping window will be hitting its peak in September and October. Weather has been very inconsistent with a mix of dry and wet as all exporters are focused on getting shipments out on time.

VIETNAM

The weather in the Central Highlands has been cloudy with showers and thunderstorms, especially in the afternoons and evenings. The rainfall has been heavy to very heavy and temperature is ranging from 19 to 30 degrees Celsius. It has gotten to the point where no matter what price you pay you won’t find any sellers in the local market. This is clearly indicating that stocks in the hands of farmers are now at totally depleted. New crop business is on standby as local exporters keep balking at firm differentials and any trades focus on fulfilling existing commitments.

YUNNAN

Building on recent concerns, most of the first fruits ripened and went to black quickly with very minimal amounts harvested. The positive angle is that all remaining maturing cherry derives from the main flowering and it appears to be the most even in recent years. Development is still slow due to lack of sunshine. Expectations remain for flow to commence in late October or early November.