

BRAZIL

Arabica: It's a new year but the story is still the same. The market remains very quiet with a low volume of offers and producers are reluctant to sell. Merchants and exporters are trying to assess the market and have a better view of diffs and availability before taking any position. Lula assumed the Presidential chair officially and the mood in the Brazilian market is not the best with a lot of concerns about the government's next steps. The low liquidity on the internal market is keeping the prices in BRL firm with replacement at high positive levels. In the FOB market, the demand for nearby shipments remains high, but with high price differentials and the majority of offers for March 2023 onward, the volume of business reported is practically none.

Conilon: The behavior in Conilon market is also the same, with sellers getting back from holidays and still warming up for 2023. There's still a lack of offers despite the high stock levels. Prices are staying firm and differentials are very high. Internal industries are still the main market driver, keeping the market buying for early 2023 deliveries and showing a lack of coverage that keeps supporting the price levels.

COLOMBIA

We have had some slow weeks due to the holidays and the low volumes changing hands. The availability of parchment is limited for this period as the crop moves forward. We might see a small improvement of volumes during Jan, but the months of Feb and March get little tricky in terms of volumes. Despite the lack of coffee available for the local market, replacement diffs made small correction to the downside. Weather for the coffee regions continues with "normal" rain patterns: 22% lower compared the historic number of the accumulate rains for December, despite La Niña is still present. January is looking like it will behave similar to December, in terms of rain.

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 (raw materials). Persistent rains last week contributed to the delay of fly crop. FOB business remains quiet. There are a lack inquiries of Indonesia Robusta since Vietnam Robusta price is much more competitive.

VIETNAM

Robusta: Weather was cloudy and cold, making it unfavorable last week for drying and processing. Harvesting is mostly completed, pending few plantations in Daklak, Dak Nong only. The market was quiet the last 1-2 weeks despite London market making a great rebound. Farmers are reluctant to sell and intend to wait for better prices before they release more volume. Demand from buyers is poor while local exporters prefer to focus on executing their commitment and not keen to look for new business.

YUNNAN

We estimate that around 70-80% of the crop has been harvested. Cherry price is still very high at the moment. China is approaching a countrywide shut down for Chinese New Year. Covid has been hitting major cities very strongly. The cases are expected to soar further as the country celebrates CNY later this month.

