

BRAZIL

Conilon: Good volumes of business have been reported this week, especially for prompt shipment. Prices in BRL remained stable despite volatility in the market and local currency. The volume of offers in the market is at healthy levels. The harvest is coming to an end and coffee is flowing well. Differentials are more competitive against the September '23 but still tight for forward deliveries. FOB demand is concentrated on Q4 '23 and Q1'24 shipments but limitations to traders remain due to inverted spreads.

Arabica: Local flows remain relatively quiet as the harvest is ongoing and coffee is not yet flowing to market. Producers are reluctant to sell as they seek to take advantage of any rally to secure sales at better prices. FOB offers by exporters and trading companies have not changed much. Buyers continue to look for nearby opportunities in search of lower prices, not only FOB but also internally, with increasing demand for lower grades of arabica at more attractive prices.

ETHIOPIA

The country fell short of its coffee export targets for the just-concluded fiscal year, prompting authorities to lower targets for the new budget cycle. According to CTA, Ethiopia exported a total of 240,000 metric tons of coffee this fiscal year (2022-2023) worth USD 1.33 billion, which fell far below their expectation of USD 2 billion at the beginning of the year. The deputy director of the CTA claims the reason for the drop in exports is the decline in the international price of coffee, along with contract cancellations from lower demand in destination countries. In the new fiscal year (2023-2024), Ethiopia has set a plan to earn USD 1.7 billion by exporting 350,000 metric tons of coffee.

KENYA

The auction has still not resumed due to a delay in delivering licenses to market participants. Dry parchment remains upcountry as farmers are holding stocks while waiting for the government's direction on new regulations. The harvest is now at its peak and we forecast the fly crop at around 14k MT.

TANZANIA

Robusta: Auctions are proceeding, and we estimate that 14kMT of cherry has been traded through the auction. As always, there are reports of side selling. We estimate that 35% of the season's cherry has been commercialized so far. Yields are trending in the right direction with fewer smaller beans and a greater share of larger bean sizes.

Arabica: We are waiting for the announcement of the first auction. A small quantity of parchment is starting to find its way through. A lot of coffee is still drying, and our expectation is that deliveries to the mills will start within the next two weeks. Speculation remains high on any price predictions for the upcoming season.

UGANDA

Robusta: Standard quality coffee flows into Kampala rose last week by around 20%. This increase is largely attributed to the decreasing capacity of local traders to hold their inventories and medium-size exporters willingness to buy more coffee. The local price continues a slow but gradual downward trend, but the erratic LDN benchmark is ensuring diffs remain firm. The harvest is about 85% completed and we anticipate erratic flows for the next 2 to 3 weeks as the crop approaches its end. On the climate front we continue with mostly dry weather with sporadic rains allowing proper drying and enabling the healthy development of the new crop.

INDIA

Monsoon has been weak in all coffee regions, but the biggest concern is in the Arabica producing regions of Karnataka. The next Arabica crop looks less promising as lack of moisture will be an issue for small holder farmers. FOB diffs firmed up as farmers are still holding 20-25% of their stocks and not willing to release at the moment. Soluble companies are waiting for the next Vietnam and Uganda crop before deciding to cover needs for November onwards.

INDONESIA

Robusta: Less rain was experienced over the past the week and the weather was supportive of coffee flowering. Local prices eased compared to previous weeks, but FOB offers can vary greatly based on traders' positions. Prices for nearby shipments remain firm. Indo roasters are still watching Vietnam prices & market movement. Buyers appear to be patiently waiting for a lower market to start purchases.

PNG

Local prices have continued their downward trajectory and several buying stations have begun to turn coffee away. We continue to work with our direct suppliers to ensure coffee flows and we can fulfill pending shipments.

VIETNAM

Tropical typhoon Talim had no impact on coffee regions. The majority of growing areas received favorable, widespread rains to support the second round of fertilization. Buyers with short term demand can get deliveries but at a very high price. Local exporters are only focusing on fulfilling their commitments or asking for delayed shipments until new crop. New crop offers are varied but remain at positive levels. Most multinationals are not engaged in prompt delivery and are focused on new crop from November onwards.

YUNNAN

Some regions have been impacted by the dry weather earlier in the season with increased abortion and lower yields. However, the broader impact is expected to be limited and yields are projected to be 30-35% above last season.