

BRAZIL

Arabica: A very slow week in terms of business following the recent sharp drop in the NY market. Although the internal market prices have come off a bit, mainly driven by the buyers lowering their targets, the volume offered remains low for the time being as sellers are not feeling the pressure and keep waiting for a substantial NY recovery. The diffs have not followed NY downwards, the currency and BRL price adjustments did not offset the NY loss. FOB offers remain more aggressive vs December 2022 in an attempt by the trading companies to escape the inverted switch. FOB forward prices remain unattractive to undecided buyers.

Conilon: The main price driver for Conilons, the internal industry, kept away from the market and lowered their target basis a little each day. Such pressure resulted in lower BRL prices for “bicas” WoW and the diffs did not react alike as the London market also fell sharply in the last few days. The FOB market remains very slow as the demand side is expected to get better offers in diffs soon, following the internal market movement.

COLOMBIA

Colombian internal market has been a little more active these past days as NY keeps moving down. It's most likely that producers and intermediaries are afraid that prices will collapse even more. Differentials have remained attractive enough to make roasters more active in requests for fresh offers. However, little business was reported. It seems like roasters are holding their purchases as much as they can, as the diff keeps edging downwards. Weather this week has been a little drier, especially in the southern regions. This drier weather can eventually help the flowering for the next mitaca, but at some point, rains are going to be needed. FX keeps getting stronger with no intentions of adjustments in the short/medium term. The currency situation is not only driven by the worldwide economic scenario but also due to the tax reform the country needs to adopt, sooner or later.

ETHIOPIA

At farm gate, cherries are expensive and are being sold for 260 USC/lb. green equivalent, excluding any transport or post-farm processing costs. Meanwhile, fuel prices have more than doubled in the past months so transport and processing costs are inflating costs further.

On the macro-economic front, the cost-of-living crisis has stifled the demand for imported goods and reduced the current account deficit. In the black market, the Birr has strengthened and is currently trading in the mid-80s vs the US dollar, having broken the 100-level last week. If this trend continues, coffee will become even more expensive for exporters.

On a positive note, weather has been favorable for quality and the expectation is that the current 22/23 harvest will be an improvement over 21/22. Lastly, the highly anticipated African Union-mediated negotiations between the Government of Ethiopia and TPLF rebels failed to happen last week. The conflict resolution seems to be in limbo.

RWANDA

The agronomy season is in full swing as the regulator (NAEB) has commenced its distribution of free fertilizer (NPK) to all farmers (paid via export taxes). There are indications that the amount of NPK distributed this year will be slightly higher than in 2021, which is promising and proof that the higher fertilizer levy on green exports that was introduced earlier this year is being put to good use. To support Government efforts, Sucafina Rwanda is also in the process of distributing >1,000 tons of agricultural lime in regions where our soil studies show soils are too acidic. On the trade side, despite the drop in NY many wet mill owners continue to sit on their outright owned stock in anticipation of higher prices.

TANZANIA

Arabica: Oct is when we usually start to see the peak of the flow in Arabica, but this year is a totally different story. The auction was cancelled this week due to lack of volume. Farmers and suppliers are sitting on coffee waiting for prices to improve, meanwhile the market is heading in the opposite direction. It will take some time for reality to set in.

Robusta: Many middlemen are sitting on clean coffee, waiting for prices to improve to liquidate. According to the feedback in the field, over the past four week there were 0 transactions at a local level.

INDONESIA

Robusta: Arrival dropped 15% from the previous week. Farmers still have some stock on their hands but are in no rush to sell. According to a recent flowering survey, we are not optimistic about the next crop. Talk in the market is about 7-12% lower production in 23/24 than the 22/23 crop. The current situation is very tight with almost no offers on the market.

VIETNAM

The weather in Gia Lai was mostly sunny with almost no rain, which is very favorable for harvesting and drying coffee. Our data shows that nearly 2M bags (including processed coffee and 23'000 bags of arabica) were exported in September. Year-to-date accumulated shipments/exports is 29.619M bags including 1.012M bags Arabica and 2.62M bags processed coffee (green beans equivalent).

Robusta: Farmers in Robusta growing regions continued to speed up harvesting supported by dry conditions in the northern part of Central Highland.

Arabica: Currently farmers have harvested about 20% of the crop. Cherry/bean size improved significantly from over 60% above Scr 16 in normal crop to over 70% this crop thanks to favorable weather, sufficient rainfall, decent amount fertilizer input and fewer cherry population.

