

BRAZIL

Arabica: Quiet week overall mostly followed by NY easing. Prices have eased a bit but not as much as the futures. Diffs went slightly upward with less business reported. The offers continue to appear at the market, but the gap between sellers and buyers increased. Weather continues to help the harvest, which is advancing at a normal pace so far. This week was the Coffee Dinner and Summit in Sao Paulo, with a good number of representatives of the business worldwide discussing all matters related to coffee and with a lot of focus on sustainability.

Conilon: The volume of business reported continued with a good flow as producers are taking advantage of the rising prices following the London market. Differentials kept firm, though, as sellers are always aiming for better levels in BRL. Internal industries were more active in the market, chasing offers and slightly increasing prices. Exporters remained the main buyers of the week, followed by a very high demand FOB market with a good volume of business reported at negative diffs.

INDIA

We visited a few villages in South Coorg, and the crop condition looks promising. Farmers are busy with shade lopping, pruning and the first round of fertilization before onset of monsoon. Some farmers have liquidated part of their stocks at an average of RS. 6200/- per bag to meet immediate financial requirements, like the purchase of fertilizer and paying school fees for children with academic year starting on 1 June. Prices are more or less at the same levels as last week. Very little supply and demand is seen.

INDONESIA

Robusta: Super tight situations as local price keeps moving higher everyday wherever London moves. Basis price traded at 40,000-40,500/kg and there's always someone willing to pay more to get volume. Arrival improved. Last week about 12.5Kmt delivered to Bandar Lampung an increase of 35% over the previous week. A few lowland areas in Southern Sumatra are on the last picking while harvests in the highland are in the full swing. We reckon harvest progress has reached 52% this week. Weather was sunny in the morning but rainy in the afternoon.

Arabica: Harvest pace in Sumatra has slowed significantly with only pockets and fly crop available June-Aug. Good weather in Java has benefitted processing and drying and we see an increase in cherry price as more specialty producers enter the market. Demand seems to have picked up as destination stocks are depleted but only to fill hand-to-mouth needs considering prices are still very high.

PNG

With last week's volatile market we still saw differing prices locally but certainly a tightening in price to match demand in the market. Smaller than expected local buying but this is likely due to very wet weather from the previous week making it difficult for smallholders to deliver to buying points.

VIETNAM

FOB and local markets were quiet last week as coffee supply remains extremely tight while differentials keep heading north. Exporters are struggling to buy coffee to cover their shorts and some of FDI's factories are offering their stock back to traders or local exporters/local dealers. This is mostly for commercial grades not high-quality coffee.

YUNNAN

After a period of dry heat, we have seen some nice rains that have encouraged a strong 3rd flowering in Yunnan. Trees are looking healthy and yield potential for the upcoming crop is good. Still a long way to go for this to become certain with a risk of significant heat causing an abortion of latest flowerings and a 40% increase in the cost of fertilizer to producers who are not feeling 'the need' to put in a lot of work after a couple of very successful years.

ETHIOPIA

After months of back and forth, the Government this week announced the VAT levy was no more and that shippers and their vertically integrated middlemen can trade coffee locally with no additional cost. For months on end this law had hampered the flow of coffee from upcountry and played a significant role in the skyrocketing prices by forcing shippers to opt out of trading as they were expected to pay up to 2.30/lb. for low commercials. This had not only caused coffee to stop moving to Addis for export but also jeopardized the quality. Coffee was being stored in subpar, humid conditions. The weather in Addis and most growing regions remains unseasonably wet, which is affecting moisture content. Aside from quality, the lack of empty containers from shipping lines also remains a huge impediment. It seems all these factors have been putting ECTA under considerable pressure. The Government needs forex desperately and coffee is not moving. This has been the driving factor behind CTA closing down exporter warehouses (so far upwards of 20 exporters have been shut down) and seizing their stock. The intent is to make an example of these shippers and encourage the rest of the industry to find any way they can to ship their coffee. For now, it is being reported that only exporters who were holding coffee with valid contracts have been targeted by CTA. Nevertheless, the message is clear "Move your coffee now!"

RWANDA

Our estimates predict the season is 88% complete. The wet mills that are still open are currently only operational a few days per week and the focus has shifted to moving parchment to Kigali for dry milling.

UGANDA

Robusta: FAQ flow continues to gradually improve week over week. The local diff rally finally slowed in comparison to the London rally but is still on the upward trend. Among exporters, all opportunities are being seized to cover shorts. On the supply side, farmers and middlemen are trying to make most of the unprecedented flat price levels because they fear a market correction while most of the harvest is still yet to come. On the weather front, we are entering the dry season in Uganda (June - August), which is marked by the peak harvest and flow. The forecast for upcoming week predicts further dryness.

