SUCAFINA

WEEK 18 | ORIGIN REPORT

BRAZIL

Arabica: The short week of international holidays slowed down the search for new business. Locally, reported turnover was low, but we are already seeing an improvement in differential prices. The Arabica harvest should accelerate this month, and the forecast looks favorable for coffee regions to contribute to this happening.

Conilon: It has been a relatively quiet week overall with a low volume of business reported as the majority of producers are currently focused on harvesting. Coffee prices in BRL and differentials have remained firm and practically unchanged. As the harvest advances, buyers are trying to put pressure on prices particularly the internal industries that are only buying the minimum for spot deliveries. However, sellers remain reluctant and are holding offers for now. The FOB market has also been sidelined with a lot of consultations for Conilon and only a small parcel of business being reported.

COLOMBIA

The Mitaca is running behind schedule, and it's likely that we'll start to see higher volumes toward the end of May. While there has been more parchment available in the origin over the last couple of weeks, significant volumes aren't expected for at least another two weeks. Replacement differentials have remained unchanged despite volatility in NY and an increase in raw materials available for the internal market.

As for the weather, May has seen much less rainfall than usual, and this situation is expected to continue with El Niño becoming stronger and more present. May usually marks the beginning of the rainy season. With drier weather in the coming months, we will likely see more coffee available in Colombia but the quality may be affected, which could shake the prices of lower grades.

INDONESIA

Robusta: Local prices hit the record historically, again, but arrival was slow as farmers & collectors sold out their coffee before the Eid al-Fitr holiday. Weather was dry and farmers were able to harvest & dry. Highland areas started the full swing of harvesting while in lowland areas, harvest is estimated to be about 40% completed. Robusta Java harvest has just started with pricing similar to South Sumatra.

Arabica: Post Eid al-Fitr high level collector stocks plus peak harvest in Aceh, North Sumatra and Java led to softening local prices amid a low demand environment. Prices have stabilized now. Harvest flow will be good in these primary producing regions in the next few weeks.

PNG

Flow is picking up to full speed with reports from all parts of the country showing plenty of coffee in the fields and coming into main buying stations. All predictions are pointing to a similar crop size to 2022/23. As seen in previous years, local prices are still sitting high to kick off harvest but will be likely to start to drop as we are seeing a softening FOB diffs from all exporters.

VIETNAM

Weather in the Central Highlands remained dry, muggy and hot and with a very limited amount of rain. Robusta farmers continued to irrigate their coffee plantation while waiting for the rainy season to come. Last week, Son La received a good amount of rain, which stimulated very good flowering in the Northern arabica region. We forecast more rain in the coming weeks when the rainy season is supposed to start. The local market was quiet last week due to the long holiday. The majority of exporters stepped aside without any offer due to difficulty in sourcing from local market.

YUNNAN

Trade volume was low. However, FOB price remained strong. Reasonable rain arrived for some of the coffee regions, which is very much needed as the weather has been hot and dry. Trees are looking generally healthy, and fruit is developing.

KENYA

The last auction of 2022-23 main crop is scheduled for tomorrow (sale 29) with 17k bags on offer with mostly grinders quality. Auctions will then re-start early-July for the the fly crop. The harvest of the fly crop has already started in central regions. The outlook is positive as farmers are expecting higher production compared to last year. Outlook for the 2023-24 crop is also good as recent heavy rainfalls across the countries triggered promising rounds of flowerings and helped soil moisture to recover after several years of drought.

RWANDA

On the night of 2 to 3 May, heavy rains hit Rwanda’s Western, Southern and Northern districts. Sadly, over 130 people lost their lives and over 5,000 homes were washed away. Landslides have blocked or washed away roads making disaster-struck regions difficult to access. Sucafina Rwanda (RWACOF) will contribute to the relief effort and is currently mobilizing resources.

Regarding coffee, the cherry harvest is about 75% complete and the flow has started to slow down significantly. The crop is still 3-4 weeks earlier than previous years and it is clear now that the total crop will also be relatively small. This insight has fueled competition and further driven up cherry prices as some exporters are scrambling to cover their shorts.

TANZANIA

Robusta: New crop officially opened on the 1st of May although the auctions are yet to start. Rains are persisting, delaying the flow of cherry from farms to the auctions. Crop is looking smaller than originally anticipated, some reports are suggesting 20% decrease on last year's volumes.