

BRAZIL

Arabica: A very volatile week after the first round of elections sidelined producers due to currency firming. On the other hand, in an attempt to escape the inverted switch, trading companies continue to offer aggressively against December but forward prices remain firm. The rains continue over the coffee belt and even a few hailstorms hit some producing cities in MG, but without major damage to farms.

Conilon: The large volume of offers from sellers contradicts the low-to-absent interest on the part of Conilon's main buyer: the local industry. Thus, the FOB equivalent price has been improving as the BRL offers are getting lower and lower. However, ocean freight remains the main bottleneck to export competitiveness.

COLOMBIA

The lack of demand and availability of parchment for the local market as the crop kicks in are softening differentials. September weather closed with normal rain levels, around 4% less than the historical average for the month. For October, the expectation is a little more rain not only over the coffee regions but across the whole country. This is a normal weather for this period. La Niña phenomenon is expected to strengthen over the month and it may increase the rainfall in some regions.

INDONESIA

Arabica: New crop has not started yet so there is only a limited early crop flow from Sumatra. Main harvest will start at the end of October. Prices are very firm due to high demand and also because many exporters are covering their shorts.

Robusta: Coffee arrival continues to decrease. Last week around 3,700 MT were delivered to Bandar Lampung, a 30% decrease from the previous week. Robusta harvest has finished with few highland farmers still drying the last picked cherries. Flowering has completed in most coffee centers in Southern Sumatra. But in some highland areas there are still potential flowers - the final ones. The next crop should be smaller since the flowerings were poor due to continuous rain. Our pre-forecast was 8-10% drop from current crop. Some fly crop are starting to mature and will be ready to pick around December.

VIETNAM

Most of growing regions in central and the north of highlands have favorable weather conditions to speed up ripening and promote early harvesting and processing. The Robusta market was quiet this week with limited trading activities.

Arabica: Farmers have picked around 15 to 20% of their crop in lowland Son La and Dien Bien. Weather conditions are favorable for harvesting and drying cherry and parchment. In Son La and Dien Bien, the crop production is reduced about 25 to 30% compared to last crop because it's an off-cycle year, but the beans look bigger with around 70% Scr.16 from FAQ. We expect that the harvest will be in full swing in November. Encouraged by high cherry price, farmers continue to apply the same amount of fertilizers despite sky-high prices for fertilizers.

YUNNAN

Ripening continues and harvest remains positive as we approach the harvest in early- to mid-November. We are about to undertake a pre-harvest tour for a more specific update. Domestic demand remains strong for Yunnan coffee and weakened RMB means replacement costs for imported coffee is high, so producers hold high price expectations currently. Coronavirus restrictions are increasing across in China.

BURUNDI

Road borders with Rwanda that had been closed since the beginning of the coronavirus pandemic have finally been reopened. The central bank (BRB) just eased the regulations on FX. Individuals who are receiving deposits in USD through Western Union can now access them in USD – i.e. deposits are no longer automatically exchanged into BIF at the official rate. Similarly, FX bureaus will be authorized to restart work again. This is a good sign and a first step towards a freer FX market.

ETHIOPIA

The harvest is progressing well and more areas have started picking and processing cherries. Farmgate cherry prices are reportedly high. We expect that in November the harvest will be in full swing. Container and vessel availability have consistently improved but current crop offerings still remain at unattractive levels with most exporters quoting between 195 and 200 for Grade 5's.

KENYA

The first auction of the 2022/23 season took place this week with 14k bags on offer. Prices remain low due to lack of demand from exporters and large availability of fly crop. The lots on offer are of mediocre quality with large percentage of low grades. We are expecting liquidity and quality to improve from mid-November onwards as the new crop will start to be commercialized.

TANZANIA

Arabica volumes at the auction this week were tiny with only 200MT of new coffee submitted. A good chunk of coffee was sold, although buyers were forced to pay up. The main issue remains the same: the reserves and seller price expectation is not considering the inversion or a new levy that the regulator just introduced. Next week's auction is cancelled, due to lack of volume.

Robusta flow of dry cherry has effectively finished. Some dry cherry and clean coffee is being held by middlemen and millers who bought at higher levels and are carrying the outright price risk.

UGANDA

Arabica: Harvests are about 60% finished. Whilst the cherry flow from the lowland is declining, it's picking up in the mid and highlands. The flow of cherry into the wet mills continues to increase. The flow of DRUGAR and parchment remains steady into Kampala with no steep incline. Prices across board remain firm (including for cherry) despite the drop in the NY market over past week.

Robusta: We see farmers undertaking early harvests in some of the central districts. However, flows of FAQ are still negligible in Kampala. Our focus is on the weather and forecasts show good stretches of rain and sunshine. The provisional export number for Sep 2022 was at 503k bags, with breakdowns for Arabica and Robusta due to be reported in the coming days.