

# Green Coffee Quality Report Review & Expectations

## Brazil

The whole month was characterized by typical summer weather with hot, sunny days and local storms at the end of the day. The wet cold waves that came from south were not strong enough to break the warm atmosphere. The southeast Arabica areas were getting isolated rains and high temperatures over 30 degrees.

Most of the Brazilian coffee production areas benefitted from the precipitation that was seen at the end of the month, but the situation in the north of Espírito Santo and south of Bahia continues to be alarming dry. There were not even occasional summer rains and therefore no recovery from the long dryness is seen. The damage of the Conilon crop seems irreversibly done and shall be only accessible when the harvesting begins by early April.

The most optimistic players are forecasting a crop that will not surpass 14.0 mio. bags of Conilon in Brazil.

Jan.–Feb. is key time for cherries to fill up and to reach optimal size, the lack of moisture will hurt branch development in next year's crop. Dryness also leaves the plants weaker and susceptible to disease. Last but not least, 70% to 80% of the crop is irrigated in the north of Espírito Santo, the most affected area, but the local government has limited the usage of water.

## Colombia

Farmers are selling their last cherries and main crop comes to an end. Shippers are struggling with the many defects and smaller beans of the remainders of the main crop. Local sources start to talk about a critical stage due to water deficit from Q4 2015 during El Niño. The size of the beans is becoming smaller with a lower percentage of Supremos. The production which was initially estimated at 14,2 mio. bags could decrease to around 13 million. To give some respiration to the producers, the Federation is taking measures to allow producers to export lower qualities.

## Costa Rica

The flow of cherries is now generously coming from the highlands. Very dry weather conditions continue through the central valley. Nice flowerings were spotted in the Atlantic regions. Icafe adjusted their 3rd estimate by 2.4% to 1.51 Mio.

## Mexico

Mexico is struggling with a weak crop amid growing domestic consumption and a de-

valuating peso currency that encourages exports of coffee, which is traded internationally in dollars.

## Nicaragua

The weather is colder, cloudier and windier than usual, so parchment is taking longer to be set at the sun drying patios. The use of a mixture of sun drying patio & machine drying is becoming more frequent. People in the local market and field consider that the current crop will not be that much higher than previous one, so in the range between 1.6 to 1.7 mio. bags.

Main reasons are:

- The government seems to finally control smuggling of coffee into Nicaragua due to tax evasion (-\$7/46 Kg) and better differentials paid for Nicaragua Coffee.
- Some people indicate contraband from Honduras were about 200,000 to 300,000 bags per year, so this crop exporters might see the reality on Nicaragua's coffee production potential and trend.
- Most participants indicate that if adequate care and husbandry is applied to plantations the next crop 16/17 will be big as many new plantations will come to their 3th and 4th crop, which are normally the highest productions cycles on a healthy coffee plant.
- Lower yields than expected from wet parchment to green bean, which will reduce the availability of coffee
- Due to a drier rainy season, without rain but colder and stronger winds in high altitudes (coffee area between 1000 to 1200 meters) the cherries are not ripening so producers will soon be forced to decide to harvest the cherries at a stage where the level of ripeness doesn't matter. This will influence volume, weight and quality of the production.

## Honduras

The flow from the lowlands is over and the high altitude flow is now coming in steadily. The quality is improving. The cold weather pattern is affecting the quality throughout the country. Wetter days do not allow farmers to properly sundry the parchment. Crop is now estimated between 80 and 85% advanced. The outcome of the total crop 2015/16 it is still too early to predict as illegal contraband to neighbor countries is estimated to be between 1 to 1.5 million/46kg bags.

## Guatemala

Coffee picking is completed by 80–90%, now concentrating in Strictly Hard Bean coffees from the high zones in various coffee regions in the country, mostly facing adverse weather



## Sense of Coffee GmbH

Alte Steinhauserstrasse 3  
CH-6330 Cham

M +41 (0)79 909 76 16

T +41 (0)41 740 66 70

F +41 (0)41 740 66 71

info@senseofcoffee.ch

www.senseofcoffee.ch

Follow us on Twitter

<https://twitter.com/OfGmbH>

conditions. In the low zones where the coffee picking ended earlier, there is scattered flowering as there has not been enough rain to promote strong flowering, and this could end up in the loss of the first flowering. Coffee producers are conducting maintenance works in the nursery to use in coffee tree renovation before the rainy season. Mexican buyers who are said to have transferred large quantities of parchment coffee to their territory seem absent at this time.

Rust outbreaks are appearing in the news which could impact the maturing of unripe cherries in the highlands.

#### **Peru**

Typical off-season break with main activities taking place to renovate and maintain farms. The weather conditions are favourable for this time of the year. Current rains help the fertilization process.

#### **Kenya**

Most dry mills report an increase in the secondary and tertiary parchment qualities arriving to their warehouses, indicating that much of the top parchment qualities have already been delivered. Exporters expect that during March they will see a decline in the quantities of good qualities on offer.

The weather is dry and sunny, good for stress on the trees for the early crop harvesting in April/May.

Logistics: Trends of railways wagon scarcity continues rendering delayed deliveries of cargos to port – railways appear to have outsourced their management and operations to a Brazilian rail firm and language barriers presenting a huge obstacle.

#### **Tanzania**

Steady and consistent rainfall is reported across most of the key Arabica coffee growing regions (the southern highlands, Kilimanjaro, Arusha and Kigoma). Some estates in the north have expressed concerns about CBD if the current early heavy rains continue for much longer, however at this stage the overall outlook for the next crop is very positive. Minor congestion is reported at Dar-Es-Salaam port as the new administration's procedural changes to cargo handling at the port take effect. In other news, a total of 127 out of 210 suspended clearing and forwarding agencies have resumed activities at the port after clearing their outstanding fees to the Tanzania Ports Authority (TPA) - The suspension of these agencies came about after the discovery of theft and missing of containers at the port.

#### **Ethiopia**

Sales of main stream coffees are still considered very low at this peak period of the season.

#### **Uganda**

**Arabica** With the end of the Drugar crop, the cherry flow came to an end as well. Parchment flow in Mbale is also slowing down and farmers keep the last volumes of the harvest and patiently wait for an ICE Arabica rally. The expectations for the fly crop are good due to good weather and early flowerings.

**Robusta** Flow remains slow, only small quantities are available from farmers who need some liquidity to pay for schools. The fly crop outlook remains good due to favourable weather triggering early flowering.

#### **China**

The harvest is well advanced and should be finished by early March. The internal market is quiet and farmers and middlemen are sitting on coffee waiting for better terminal market levels in order to sell.

#### **PNG**

Coffee activity remains limited during the off-season months. Wet weather is positive for the developing crop but has slowed the drying and transport of the small volume available. Due to heavy rains the road to Lae remained closed for a while because of a landslide, which washed away bridge, but was reopened in the meantime.

#### **India**

The Robusta harvesting season has come to an end and warehouses start to fill up. The balance is still being processed or taken into consignment by 3rd parties. Although overall volume is healthy, the parchment quantity is down this year by 20% (0.5 mio, bags) resulting in firm differentials.

#### **Vietnam**

So far exporters estimate that the crop is sold by 30–35% so far. The weather remains positive for this time of year hot and sunny.

#### **Indonesia**

Green coffee exports from Lampung in January ended at 12.832 mtons. Compared to Jan 2015 (18.421 tons) a decreased of 30%. Not a surprise considering the local situation of the last months. Exporters and local industry focus on new crop that is expected in May. Medium to heavy rains and also some periods with heavy winds interrupted the harvesting and drying of the cherries of the fly crop. The recent rains have been supportive for the cherry development in high land



#### **Sense of Coffee GmbH**

Alte Steinhäuserstrasse 3  
CH-6330 Cham

M +41 (0)79 909 76 16

T +41 (0)41 740 66 70

F +41 (0)41 740 66 71

info@senseofcoffee.ch

www.senseofcoffee.ch

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<https://twitter.com/OfGmbH>

areas so far. The highland crop is expected better compared with low land crop.

Generally the new crop harvest is expected to be delayed, starting in June due reduced production in the low lands.

#### **Various**

Lavazza is expected to close the purchase of Carte Noire for EUR 750 million in few weeks, Carte Noire is the french market leader in coffee with about 20% market share in the retail channel.

Sources: Flavour, Volcafe, Atte, Taylor Winch, ICONA



**Sense of Coffee GmbH**  
Alte Steinhauserstrasse 3  
CH-6330 Cham  
M +41 (0)79 909 76 16  
T +41 (0)41 740 66 70  
F +41 (0)41 740 66 71  
info@senseofcoffee.ch  
www.senseofcoffee.ch

Follow us on Twitter  
<https://twitter.com/OfGmbH>