

# Green Coffee Quality Report Review & Expectations

## Brazil

Rains fell over most of the Southeast coffee areas. North of Espirito Santo however got irregular rains thus the situation on the Conilon plantations continue to remain critical. Indeed the statistics show that in February, Espirito Santo had 70% less rains than historical levels while Minas Gerais and São Paulo had 50% more rains than historical levels. Looks a paradox but there are already reports stating that the high amount of rains is starting to be a problem for Arabica cherries at this final stage growth. Some rains have been seen in the Robusta areas too, though still not enough to recover the harm of the drought. Many expect a lower Robusta crop and to come later due to the poor bean development.

Farmers start preparing their lands to for the upcoming harvesting,

## Colombia

Hydroelectricity generation situation is critical due to the low water levels at the dams and the new government started campaigns for water saving to avoid a blackout. Colombian coffee plants got only as much as 20% of normal precipitation with some areas getting no rain, leaving "fairly substantial dryness" for flowering crops that will probably hamper the yields in the second quarter. This has already resulted in over 10 cts premiums for Supremo's versus Excelso's because of the lack of bigger screen sizes.

The first picking of the Mitaca crop has started, however the flow is still very small.

The main crop is flowering in Colombia during the month of March. The mid crop is maturing.

## Costa Rica

Temperatures are reaching peak levels, leading to moisture stress in plants in most regions. Rainfall would detonate blossoming, but is not anticipated for at least a couple of weeks.

Harvesting is coming to an end. Activities are overall slowing down.

## Mexico

The late harvest continues in Mexico. Early bloom for the new crop begins in March.

## Honduras

Pickings are about 95% finished. Only the highlands still gather what is left on the trees.

## Guatemala

The present crop has now come to an end, less than 3% pending to be picked, mainly in coffee areas above 1600 masl, except for some farms in the Huehuetenango region, where it is estimated that 10% is yet to be picked. Estimates show that around 20% of the coffee crop in parchment is still in hands of intermediaries and producers.

The coffee trees are preparing themselves for the new crop, those situated at altitudes of up to 1100 masl are in their flowering stage, exposed to lighter rains, low humidity in the soil, high temperatures; adverse conditions for flowering, exposed to plague and disease. Coffee producers are conducting maintenance works in the nursery to use in coffee tree renovation before the rainy season (new plantings). Some rivers are registering below their normal levels. With the current humidity levels in the soil and forecast rains, exporters expect the river levels to stay the same and in some cases to drop somewhat.

## Peru

Lowland coffee regions are entering the peak harvest. Industry demand is growing.

## Kenya

Prices were generally steady to firm for the good qualities. The general perception is that the best coffees are through the system now – exporters believe that there will still be some excellent qualities but in smaller quantities – most of the coffees in coming weeks will be FAQ quality and lower as the dry mills chew through the volumes of through the remaining secondary and tertiary parchment still in their stores.

The early crop for harvesting in April onwards looks promising as trees are full of berries in most part of the coffee growing region. Logistics continue rather smoothly at the moment, and the weather conditions are hot and sunny.

## Tanzania

Small holder farmers in the Kilimanjaro region continue to make parchment deliveries to mills in the north. Exports estimate that about 500 tons of parchment are still held by mills on behalf of producers as they watch the price development situation. There are first estimates that the new crop will arrive early but volume wise it will be lower. The weather is mostly dry and hot.



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## Uganda

**Arabica** The Drugar flow is picking up and the crop outlook is positive. Also the Kasese region showed good activity

**Robusta** The local FAQ market is ready for the Western crop to start. Uganda confirms that the percentage of small screens (Screen 12) is smaller than normal this crop (around 15% of the coffee), creating shorts of this quality

## India

Early arrival of the Robusta crop and a lot of front loading resulted in congestion of warehouse space. Some of the shippers have suspended additional purchases due to lack of space. Robusta farmers are looking forward to the pre-monsoon rains as the irrigations systems are running at full speed to keep soil moisture. So far, an estimated half of the harvest got sold by the farmers.

## Indonesia

Quarantine authorities have banned Vietnamese coffees as surveyors missed a registration date. Arrivals from the interior are slow and due to the above reason local industry has to pay the requested differentials. The long dry season followed by a rainy one which may hamper the crop for some weeks – and rainy conditions prevail.

## Vietnam

Most of last's years carry over is gone, and all which is left is mostly in the hands of middle men: well financed warehouse managers in the countryside, holding tens of thousands of tons each, coffee still belonging to the farmers. The fact the ownership is so disperse makes the flow of coffee from the highlands to the exporting companies in HCMC extremely slow.

Sales have steadily recovered with 45% of the crop already sold as per exporters estimates.

A dry spell in the highlands is beginning to raise concerns over the health of the coffee trees that will still have to endure two more months of dry season. It's early to raise any alarms, but it is important to keep an eye on this subject.

Vietnam's finance ministry suggests setting up coffee development fund with export fee of \$2 per ton in 2017 or \$3.3 million a year. The fund will provide financial support for coffee production, protect coffee exporters' legitimate interests when involved in trading disputes and help mitigate the adverse impact of market volatility, the ministry said in

a statement. However, the proposal is pending approval from Prime Minister and fees won't apply when coffee prices should fall lower than the cost of production.

## Various

**Starbucks** might be confronting its biggest challenge yet. The American coffee giant has finally decided to open its first store in Milan, finally confronting the Italian coffee market. Although the Italian market as a whole represents only 7% of Starbucks' total revenue, the move is very symbolic, as it marks the return home of an americanized version of the traditional Italian coffee culture.

In a press conference in Paris, **Lavazza** announced past thursday the acquisition from Koninklijke Douwe Egberts B.V. of Carte Noire, the leading brand in the French coffee market. France has become Lavazza's second biggest market after the finalization of Carte Noire's acquisition. Lavazza is expecting to reach sales of 2 billion EUR by 2020.

**Nestlé** has reopened their improved factory in Tutbury, UK, after a series of investments to boost production in the last few years. The factory will become a "centre of reference" for Nestlé, manufacturing the three kinds of coffee, spray dried, freeze dried and capsules.

**Starbucks** has announced that it will launch a range of Nespresso-compatible espresso capsules, as the coffee chain seeks to expand its presence in the at-home coffee sector in Europe. New Starbucks espresso capsules are made using some of the finest Starbucks coffees and will enable customers to enjoy the same delicious coffee at home as they do in store. The range consists of a Fairtrade espresso roast, Guatemala Antigua espresso, Kenya espresso and Colombia espresso – all packaged in boxes of ten capsules.

The new line-up will bring Starbucks' coffee to even more consumers by applying the company's expertise in ethical sourcing, roasting and brewing of the highest quality Arabica coffee beans. The new Starbucks espresso capsules are compatible with Nespresso machines and will be sold in retail stores, grocery and through the Starbucks online store this summer in the UK and France.

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



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