

Green Coffee Quality Report Review & Expectations

Brazil

It has been raining over the coffee areas from Parana to Minas Gerais with some storms reported. Harvesting got some interruption in some areas but in South of Minas those rains did not jeopardize the picking yet although is going to create problems for ideal drying.

Group 1 Arabicas producers that usually start their picking in May/June, are indeed in full swing picking activities. They are getting excellent yields thus there are chances to get even a higher production than previously expected. The bean size that was a big deal last crop is so far very promising with more than 30 pct of screen 17 and above.

Group 2 Availabilities are getting scarce as long as Rio Minas new crop are not showing up yet. Zona da Mata new crop so far available is cupping good cup (and better) therefore R/M availabilities remain too much dependent of current crop qualities that is scarce and in strong producer hands. Prices remained stable in local currency but too high for those still in need to cover needs.

Some scattered and small new crop qualities were seen in South of Minas, apparently good grade quality and fortunately quite high bean size. Seems still too early to state that but looks promising.

Conilon Conilon producers that usually start harvesting operations early in March, are on a very slow pace or postponing their picking as much as possible. They are very concerned with extremely low yields so far obtained. They hope to be able to improve these yields as long as cherries remain on the trees. The dryness hardly affected cherry's developments. Bean size and grade have been affected as well therefore the general quality of the crop seems to be poor. It is still too early to access the quality of the whole crop but looks to be an additional frustration crop for north of Espirito Santo, the main producing Conilon area.

According to Safras & Mercados wire news, 17 % of the harvesting has been already done.

Colombia

The Mitaca crop is in full swing, quality is still a challenge. Midcrop yields continue very poor in the central and northern coffee regions, and the flow in the south has been delayed.

Costa Rica

Crop 15/16 average yields cherry to green seems to become up 12 to 13 % to 1,635,000 bags 60 kg each, however millers and coops are complaining about lower yields on 2 to 3 pounds/% and that the percentage of 1st quality European preparation has shrunken from normal historic percentages.

This means more parchment is needed to be able to prepare an EP coffee so less exportable qualities on offer and a possible loss to millers and coops if original calculations were based on historic parameters.

This is to be blame on El Niño effect as the country suffers from a lighter rainy season past year affecting the fill-up of the cherry and also the size of beans; at the end reduced specific weight.

The crop of 16/17 is going to be a smaller crop as the quantity from the Tarrazu region will be heavily reduced after this year record crop and climate is not improving.

Actually it is still too difficult to estimate but for a start it might be similar to 14/15 at 1,45 million bags. This new crop again and for the third consecutive year is suffering for a reduced, light, inconsistent and delayed rain regime. Even right now, almost June and still the rainy pattern has not been established properly in the whole country and neither in most coffee producing regions.

The inconsistency and delay of rain inhibit coffee growers to apply the 2nd round of fertilization as they might be losing if rain does not come and makes its magic.

If they spread the mineral fertilization and rain does not show up properly it will vaporize, causing heavy losses on investment and on crop volume.

Nicaragua

The same situation applies to Nicaragua on yields and climate as in Costa Rica.

The crop 15/16 was also a big one and will be finishing around 1.85 to 1.9 million bags. The crop is sold on an estimated 92 % leaving just 8 % to be sold = 150,000 bags 60 kg of export qualities.



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

Follow us on Twitter

<https://twitter.com/OfGmbH>

The yields on 1st quality EP coffees were low so reducing/blocking their whole dry milling capacity. This created a bottle neck on their exports affecting shipments since March 16 and affecting their ability to ship all April and May shipments on time as their whole export program got delayed and concentrated on these 2 months.

Vessel capacity availability has been reduced due to this effect and had experienced the rolling of booking from one vessel to the next one or to the one afterwards.

Crop 16/17 is expect to be similar to 15/16 of 1.85 million bags

Honduras

The crop is over with no more pickings taking place. Producers start to maintain farms. Intermediaries are the strongest coffee holders. Rains are seen throughout the country, they came at the right time, good flowerings were triggered and conditions are good for fertilization.

Guatemala

Harvesting is about to finish and the last couple of good qualities are being negotiated. Rains have been reported in most of the coffee producing regions and farmers are fertilizing and planting. Some Roya outbreaks have been reported in higher altitudes, but with recent flowerings, producers have to wait to apply fungicides.

Peru

Mid-altitudes are at the peak of the harvest with a higher demand for manpower, however labour remains a problematic subject as mining/road construction absorb many potential workers.

Ethiopia

The Ministry of Trade has suspended some exporters and buying agents from buying from the exchange. The main cause is whoever buys on others behalf needs to present an export proof the coffee bought at the exchange were exported and generated forex to the country. The suspended parties are discussing the matter with the ministry to resolve the issue.

Nine month export volume reached 131,474 metric tons, an increase of 19 % compared to last season's performance.

Kenya

Harvesting activities of the early crop are progressing on the plantations close to Nairobi and smallholdings on the eastern slopes of Mt. Kenya and growing areas south of the capital.

Cherries are nicely filled out and overall bean size will be good.

Whilst April brought abundant rain, May so far has been considerably drier – not a problem at this stage, but the temperatures are noticeably cooler and that does usually presage the end of the rains. Exporters hope for additional rains

The world's largest shipping line has run out of food grade containers in Nairobi – not for the first time. Thankfully other shipping lines are at hand with availability so, with flexibility from the freight payers, exports are unhampered.

Tanzania

The northern and coastal regions of the country have continued to receive above average levels of rainfall while the southern areas are beginning to experience less frequent rainfall.

The weather in the southern highlands is moderate with temperatures reaching lows of to 13/14 °C. In the field, few more CPU's in the south open for the new harvest.

Uganda

Arabica Drugar fly crop comes to an end while the Mount Elgon region and the washed qualities are coming in at a steady flow and with good quality.

Robusta Dry weather in the western region has been favorable for harvesting and drying but volumes on offer remain small. Exporters expect the activitis to pick up soon, a couple of weeks delayed versus previous years.

India

Finally rains came into the coffee regions, triggering flowering in the non-irrigated areas. 65 % of the 16/17 crop is estimated to be sold by the farmers. Supply continues to tighten as farmers only sell hand to mouth.

Indonesia

Panjang exports of April (7.259 mtons, vs April 2015 at 25.197 mtons) reflect the current situation with hardly any stocks left and no fresh supply of coffee yet. New crop expected to start end of the month.



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

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

PNG

With the onset of the season processing mills and green coffee buying warehouses are all busy.

Vietnam

Scattered showers are now falling in all parts of the central highlands as we enter the wet season. As rain returns to Vietnam's parched coffee growing region after the worst drought in 30 years, it will be too late for some farmers with nearly a fifth of coffee trees either dead or damaged. The dry weather that has gripped the country's Central Highlands coffee belt is set to cut this year's harvest in the world's biggest producer of Robusta – used mainly for instant coffee – by up to 30%. But the effects will also be felt in future seasons as farmers wait for replanted stock to bear fruit, while the drought is turning more growers to plant pepper, which offers higher returns and uses less water, traders and analysts said. Analysts have already scaled back projections of a global coffee surplus in 2016/17 to a more balanced market, pushing depressed Robusta prices up around 20% since late February. Vietnam accounts for about 20% of global coffee output. Small farmers, with plots as little as a hectare or less, make up around 80% of its plantations which cover some 650,000 hectares (1.6 million acres). The El Nino inspired drought will leave about 18% of coffee trees dead or severely damaged, according to government figures, while the area planted to coffee could fall to around 600,000 hectares next year due to drought and crop switching, traders said.

Pepper crop grows Vietnam has already been pushing farmers to replant low-yielding coffee trees older than 20 years – about a third of its total stock – fearing a steep decline in output in coming years. Many have resisted due to the loss of income as replanting can mean up to three years without a crop, but drought damage is forcing farmers to act. In the main coffee province of Daklak, fewer growers were willing to stick to coffee, particularly after an extended decline in the price of Robusta. The soil has poor quality now, water supply is bad and prices are not profitable so farmers here have changed, turning to growing pepper and avocado. Vietnam is already the world's top producer and exporter of black pepper. Despite the recent rise in Robusta prices, farmers can earn up to 178,000 dong (\$8) for a kilogram of pepper, compared with around 36,000 dong for a kilogram of Robusta, which more than makes up for pepper's slightly lower yields per hectare. Vietnam Pepper Association chairman Do Ha Nam

said coffee farmers have already started replacing trees killed by the drought with pepper. The area planted with spices could jump 20% this year to 120,000 hectares, he said, with the pace of the crop shift picking up after a 17% expansion in 2015, according to government data. "This crop switching is an inevitable trend and also a protection for farmers," said Bach Thanh Tuan, head of the Daklak-based Community Development Center, which helps farmers with sustainable production. In Daklak, plant nurseries which had been selling young coffee trees and pepper vines, now only stocked pepper, said a trader at a foreign firm after a recent visit to the area. "Pepper prices have been very attractive, so farmers decided to make a switch," Nam said.

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



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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

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