



# FLAVOUR COFFEE

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## Weekly Report – Week 03/2009 – Thursday January 15th, 2009

### 1. General Overview of the Local Market

- Group 1

Volume traded this week was higher than the week before but still relatively small for this time of the year. Producers are reluctant sellers while most of exporters cannot afford to pay current prices, unless those who are in need to cover shorts. Some business have been reported as high as R\$275.00 (equivalent to US\$15.00 c/lb under ICE-H9, FOB). Local roasters continue in a buying mood, looking for low grade, past crop and inferior grade/s qualities.

- Group 2

Local market finally recovered after a long period of declining prices. Prices that have reached as low as R\$180.00 per bag by the end of last year, are now back to R\$200.00 – R\$205.00 range on a firm trend with most producers aside of the market. Even inferior Rio cup qualities, strong Rio zona cup, rain damaged coffees that have been neglected lately, now deserve bids from local roasters.

- Conilons

Type 7 bica were traded to Victoria exporters in moderate volume while local roasters and soluble industry have paid prices between R\$235.00 and R\$242.00 CIF Sao Paulo, equivalent to about US\$2.00 c/lb over LIFFE.

### 2. Local Prices traded during the week

#### A. R\$ per 60 kilos bag:

Type 6/7 spot Varginha, soft cup, between R\$255.00 and R\$275.00

Rio Minas Type 7 Rio standard cup spot Manhuaçu between R\$197.00 and R\$205.00. (Much lower than Conilons)

Low Grade Group 1, 600 defects – CIF Sao Paulo – between R\$235.00 and R\$240.00

Type 7 Conilons – basis delivery Colatina/Linhares – between R\$220.00/R\$222.00

#### B. FOB Prices:

3/4 MTGB good cup (Swedish/Primeiro) – US\$ 24.00 c/lb under ICE.

RM 17/18 – US\$38.00 c/lb under ICE-NY-H-09 FOB.

Conilons 13 up – US\$1.00 under LIFFE, FOB.

### 3. Financial and Political News

- Trade and Labor ministers criticize large companies by cutting jobs after getting public financing resources. The companies directors argue that under current scenario of slow demand and high interest rates, there are no other alternatives than reduce the costs.
- Exchange market had another volatile week. The Dollar exchange rate ranged about 5 pct this week between R\$2.279 and R\$2.403. Today it closed at R\$2.38 (R\$2.292 last Thursday)

### 4. Crop Estimates

- There are many foreign visitors currently on coffee areas in the interior of the country (mostly in South of Minas fields) to evaluate next coffee crop. Based on local sources from South of Minas and Zona da Mata (the 2 main coffee Arabica producing areas) the private estimates will range between 40 and 44 million bags while CONAB and producer's sources are estimating next crop to be below 40 million bags. This usual divergence that can not be confirmed before the end of each crop.

### 5. Export Activities

- Group 1

Quite good volume of business traded this week. Current brazilian differentials are too wide specially when compared with Central American and Colombia differentials, all with huge premiums over ICE.

"17/18 SS FC and GC 's" traded between US\$16.00 and US\$21.00 under ICE for different string of shipments between February till July.

Small bean qualities (Good cups as Swedish and Primeiro and Fine Cups as Top German, USA and Japan) traded in large volume between US\$20.00 and US\$24.00 c/lb under ICE for several combinations of shipments between February and July shipments.

Even some business of new crop (09/10 crop) have been reported for shipments between July09 and March 2010 at differentials slightly tighter than 08/09 ones.

- Group 2

Very little business reported this week. Rio Minas qualities traded between US\$84.00 and US\$87.00, FOB, for February shipments but in small chops. Differentials remain wide between US\$37.00 and US\$40.00 under respectively for 17/18 and small beans qualities.

- Conilons

Nothing reported this week. Offers are easier than before between US\$1.00 and US\$3.00 c/lb under LIFFE for February till July shipments but attracting no buyers.

### 6. General

- CNC (Producers Association) and some producing coffee leaders are lobbying Agriculture and Trade Ministry officials to get an aid package of BRL 3 billion to coffee producers. They have requested immediate debt postponements among other measures to help coffee producers that claim they are obtaining the same prices on the last 3 years.
- The TOP 10 exporters list has been not issued lately as some large exporters do not allow CECAFE to publish their performances anymore. However the TOP 3 Brazilian green coffee exporters during 2008 were: COOXUPE - 1.813.000, UNICAFE - 1.755.00 and STOCKLER – 1.512.000, about 20 pct of the 2008 green coffee shipments.

Best Regards  
Flavour Coffee