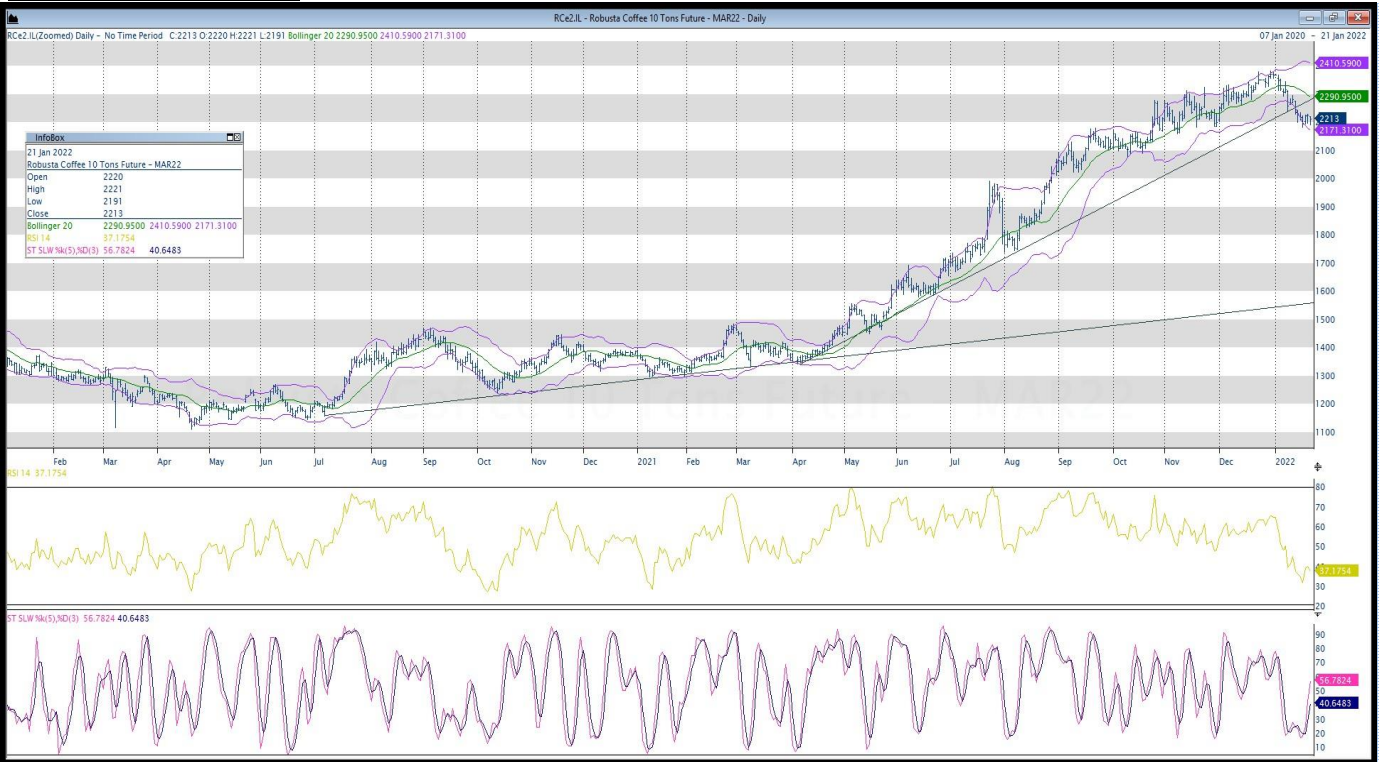


LONDON ICE MARKET



LONDRES

Posición	último	dif	alto	bajo	cierre
JAN22	2329	-19	2337	2318	2335
MAR22	2214	-13	2221	2191	2213
MAY22	2180	-12	2186	2162	2179
JUL22	2166	-16	2182	2154	2170

London ICE:

Supports: 2210 & 2190-2170
Resistances: 2280, 2310, 2330 & 2355

NUEVA YORK

Posición	último	dif	alto	bajo	cierre
MAR22	238,35	-5,30	242,20	236,00	237,90
MAY22	238,45	-5,35	242,30	236,25	238,10
JUL22	237,45	-5,30	241,25	235,35	237,20
SEP22	236,60	-5,00	239,70	234,65	236,25

New York ICE:

Supports: 234,50, 232,50 & 228,25-226,50
Resistances: 239,50, 241,50 & 251,50-260,00

NEW YORK ICE MARKET



BRAZIL

Safras & Mercado said that the 2022/23 Brazil coffee sales were 32% completed as of 14th January. Sales of Arabica are said to be 35% complete.

In its first official forecast for the upcoming season, Brazil's National Supply Company (Conab) estimates the 2022/23 coffee crop at 55.7 million bags. This a 16.8% increase over 2021, as the country enters the "on-year" in the Arabica biennial production cycle. The prediction, however, is below 2020's record crop of 63 million bags. The drop in production this year, when compared to 2020, is a reflection of adverse weather conditions, with drought and frost impacting Arabica crops in Minas Gerais, São Paulo, and Paraná, mostly in July and August 2021.

The difficulty of scheduling ships and obtaining containers has added difficulties to the harvest loss of the Arabica variety – which accounts for more than 80% of shipments –, resulting in a very challenging scenario. Coffee Exporters Council (Cecafé) stated that problems resulted in a decline of 9.7% in the volume exported, to 40.4 million bags, last year. However, even so, it was the third largest quantity shipped by the country according to official records. It is worth remembering that Brazilians shipped a record volume of 44.5 million bags in 2020.

In terms of revenue, exporters earned \$6.2 billion in 2021, up 10.3% year over year, which is explained by higher prices. The Brazil Real currency has shown a degree of muscle against the US Dollar in recent days and has strengthened by 3.97% against the US Dollar in the last two weeks. A stronger Brazil Real traditionally discourages export selling from Brazil's coffee producers, which could see a continued degree of internal price resistance, slower selling activity, which could manifest in a degree of continued buoyancy, within the coffee futures markets, should this trend continue.

VIETNAM

Vietnam coffee exports for the month of December were seen at 169,349 tonnes, up 57.6% m/m. 2021 shipments were seen at 1.6m tonnes, down 0.2% y/y.

Dak Lak is one of the largest coffee production areas in Vietnam and has over 209,000ha of coffee trees with an expected output of 557,000 tonnes of coffee. Thus, Dak Lak requires a large number of seasonal workers to help farmers harvest coffee. However, the pandemic made it difficult to travel between localities, leading to a shortage of workers. In addition to this, Vietnamese coffee producers and exporters also have to cope with the shortage of containers, while freight rates are constantly escalating.

The EU market accounts 38% of the total coffee export turnover of Vietnam. The average value of coffee exports to the EU has reached up to \$1.4 billion per year in the last five years. Vietnam's exports to the EU mainly focus on unroasted and decaffeinated coffee, with a volume of approximately 482,000 tonnes, worth \$838 million in the 11 months of 2021, down 12.8 per cent in volume and 1.2 per cent in value over the same period in 2020. Europe is the world's largest coffee consumption market and accounts for 47.9% of the total import value worldwide.

The Vietnam Coffee and Cocoa Association has targeted a coffee export turnover of 5-6 billion USD in 2030, doubling the export value at present. To reach this figure, experts believe that the domestic coffee industry needs to increase the proportion of processed coffee products from less than 10 percent at present to about 25 percent or even more. However, increasing the proportion of processed coffee products is a big challenge for the industry due to the level of technology, complex factory operation and awareness of farmers. At present, Vietnam has 160 coffee roasting facilities and 8 instant-coffee processing facilities. The number of instant-coffee processing facilities is small and most of them are operating below their designed capacity. The coffee industry should need to restructure effectively, including building a specialised cultivation area associated with the development of coffee processing; and application of advanced technology.

CENTRAL AMERICA / COLOMBIA

Colombian coffee production closed 2021 at 12.6 million bags. FNC Steering Committee expresses concern for higher costs this year and is cautious about the effect of the minimum wage increase. FNC and UNDP (United Nations Development Programs) sign an alliance for the sustainability of coffee-growing in Colombia.

Costa Rican output is posed to fall between 6-8% for the 21/22 crop year basis 70% of the crop already collected. Going forward, the input basket costs that include fertiliser and nutrients have increased around 400% according to the Costa Rican Coffee Institute.

OTHERS

Uganda authorities informed that December Coffee shipments were up 28% y/y to 536,889 bags from 419,338 bags a year earlier.

DEMAND / INDUSTRY

NY Certified stocks declined 13,124 bags to 1,374,344 bags. Pending 50,660 bags.

QUOTATION EURO / US DOLLAR

€/US\$ rate	last	high	low
EUR/USD Euro/US Dollar	1,1344	1,13599	1,1301

The Euro was hampered to some extent by a further increase in French coronavirus cases. ECB President Lagarde stated that the central bank has no need to act as fast as the Federal Reserve on monetary policy, although she also noted that the bank stood ready to respond if necessary.

There was evidence of divisions within the ECB minutes as a number of policymakers argued that inflation was at risk of over-shooting expectations. There were also comments that a higher for longer inflation scenario cannot be ruled out and the bank must be prepared to adjust policy in either direction.

Markets will monitor US-Russia talks over Ukraine with risk conditions having an important impact and the Euro was around 1.1330.

ADDITIONAL COMMENTS

In December 2021, **coffee prices reached a new multi-year high as the monthly average of the ICO composite indicator** price broke through the 200 c/lb mark, averaging 203.06 US c/lb. Thus, this is an increase of 4.0% as compared to 195.17 US cents/lb in November 2021. The price levels during coffee year 2021/22 so far mark a return to the higher levels experienced in 2011.

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