

LONDON ICE MARKET



LONDRES

Posición	último	dif	alto	bajo	cierre
MAY24	4175	94	4217	4087	4081
JUL24	4165	103	4202	4063	4062
SEP24	4086	101	4122	3987	3985
NOV24	3969	85	4014	3887	3884

NUEVA YORK

Posición	último	dif	alto	bajo	cierre
MAY24	243,70	3,85	247,75	242,55	239,85
JUL24	235,15	4,05	238,90	233,25	231,10
SEP24	233,55	4,20	236,80	230,55	229,35
DEC24	231,80	4,25	234,75	229,40	227,55

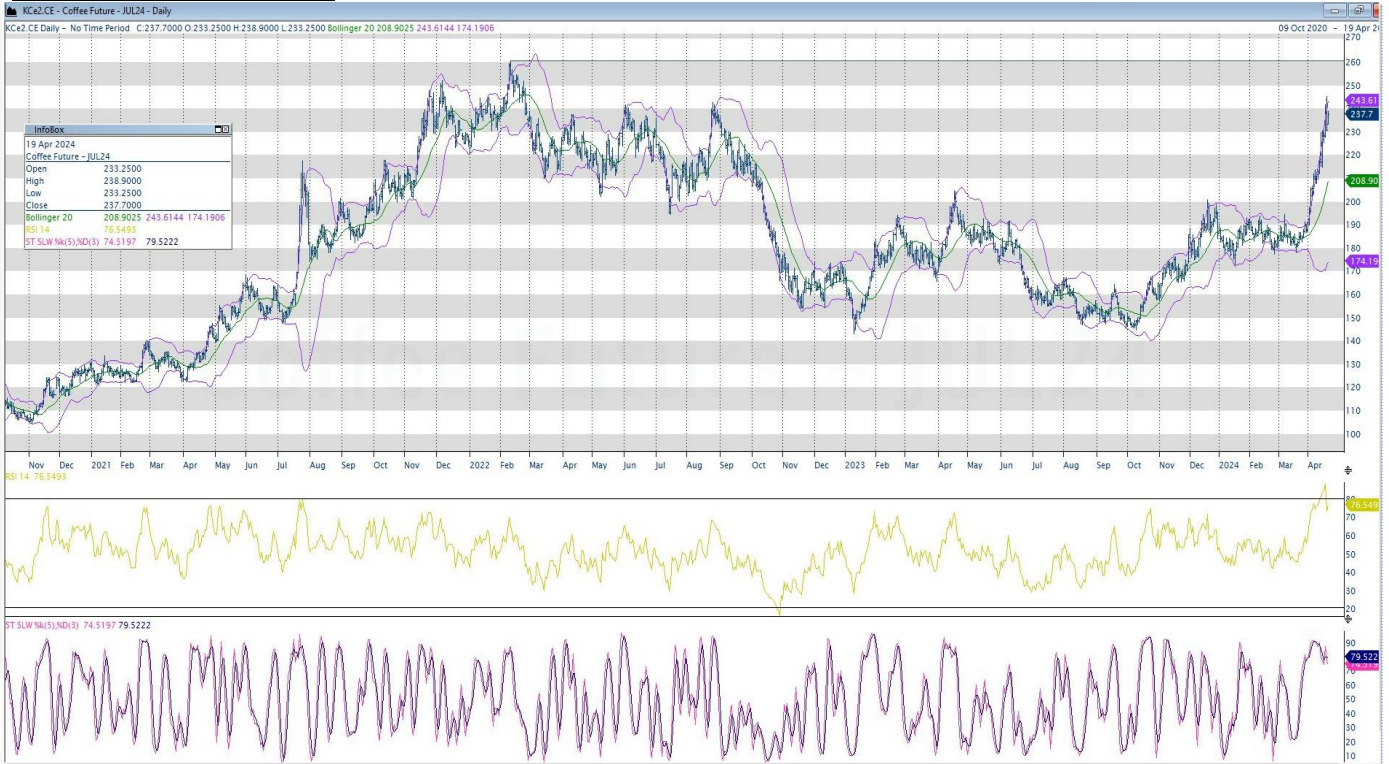
London ICE:

Supports: 4080, 3990, 3950 & 3725
Resistances: 4195

New York ICE:

Supports: 229,25, 226,50 & 214,75
Resistances: 239,75, 243,75 & 260,50

NEW YORK ICE MARKET



WEEKLY MARKET REPORT



BRAZIL

As per SOMAR, the last 10 days of April should be marked by dry weather in a large part of the interior of Brazil, a condition that should prevail over coffee-producing areas in the Southeast, North of Paraná and a large part of Bahia. It is only in the state of Rondônia that the rains are expected to continue more regularly and with more moderate volumes.

VIETNAM

Tight robusta coffee supplies from Vietnam, the world's largest producer of robusta coffee beans, are the major bullish factor. On March 26th, Vietnam's agriculture department projected that Vietnam's coffee production in the 2023/24 crop year could drop by -20% to 1.472 MMT, the smallest crop in four years, due to drought. The Vietnam Coffee Association said that Vietnam's 2023/24 coffee exports could drop -20% y/y to 1.336 MM. Marex Group Plc forecasts a global 2024/25 robusta coffee deficit of -2.7 million bags due to reduced output in Vietnam.

Vietnam exported 80,781 tons of coffee valued US\$306,2 million during the first half of April 2024, almost the same with last crop, Customs reported.

Dry conditions persist in coffee-growing areas. The daily rainfall data model indicates that the showers in early April were not followed through, and there has been very little to no rainfall since then. The weather outlook for the next 7 days continues to show dry conditions. Longer-term forecasts also suggest drier-than-normal conditions in May, posing a risk to the new crop as it transitions from the Pinhead state to the Rapid Expansion stage, requiring ample water.

CENTRAL AMERICA / COLOMBIA

As per Rabobank, **Colombian** production has recovered significantly with a 22% production increase in the first four months of the season. We maintain an 18% increase in production for the year as production tends to be frontloaded when prices are good, and the market is in backwardation.

Meanwhile, sales and exports out of **Honduras** are running 6% lower YOY, forcing a downward drop in our estimate to 5.3m bags (vs 5.8m bags previously and 5.6m bags last year).

OTHERS

Kenya - Some fly crop cherry picking has started. Heavy rains being received have given a boost to cherry ripening. However, they will slow down parchment drying if they continue in excess.

Ethiopia - The Ethiopian government's recent initiative to open up coffee exports to international investors hasn't seen any significant progress yet. This move was anticipated to potentially attract foreign investment into Ethiopia's coffee industry, but it seems to be facing delays in implementation.

DEMAND / INDUSTRY

JDE Peet's said the global coffee industry is finding the timing very tight to comply with the new EU law banning the import of commodities and related goods linked to deforestation anywhere in the world. The European Union law, which comes into effect at the end of 2024, will require EU importers of coffee, cocoa, cattle, palm and other commodities to prove their goods are not contributing to forest destruction or face hefty fines. Producing countries from Indonesia to Brazil have criticized the law, saying it is discriminatory and that the new rules could end up excluding vulnerable, small-scale farmers from accessing the EU's lucrative market. Their fear is that farmers in remote, rural regions might, for example, be unable to provide buyers of their goods with geolocation co-ordinates to prove their farms are not on land deforested after 2020 - one of the law's key requirements. JDE Peet's, maker of Douwe Egberts and L'Or coffee, said the EU has simplified this aspect of the law in some respects, but the industry will still struggle to comply by end-2024.

While coffee consumption has generally risen around 1-2% per year globally, the **Chinese coffee market** has seen a nearly 39% growth over the past five years, according to USDA data. Consumption has jumped from 3.6 million bags in 2019 to an estimated 5 million bags in 2024. This is compared to a 6.9% increase over the last five years for the EU and declines of 1.9% and 1.7% for the US and Brazil, respectively. Recent analysis from World Coffee Portal shows China has overtaken the US as the largest branded coffee shop market in the world by outlets, growing 58% over the last 12 months to reach 49,691 outlets. Growth was led by the rapid expansion of small store format and delivery focused Luckin Coffee and Cotti Coffee, which added 5,059 and 6,004 net new stores respectively. Starbucks opened net 785 outlets in China during the period and is the second largest branded coffee operator in the country by outlets.

In Q4 2023, net imports into non-producing countries were incredibly low, at a level not seen since Q4 2013. This is a result of a combination of circumstances. There may still be an element of high interest rates leading to a lower appetite for stock hoarding, although we would have assumed that most of this effect had already taken place. Secondly, exports from Brazil and Vietnam were relatively low in the preceding months. In Brazil, exports were delayed by several factors in 2H 2023: lack of truck drivers, shortages of containers and port congestions, to name a few. Meanwhile, in Vietnam, November exports were the lowest since 2013, simply because of a scarcity of coffee ahead of the new harvest. Thirdly, the disruptions in the Red Sea, which started in earnest in November, may have caused a further decline in planned imports into the European Union (EU). And finally, demand must have suffered.

QUOTATION EURO / US DOLLAR

€/US\$ rate	last	high	low
EUR/USD Euro/US Dollar	1,06442	1,06621	1,06107

The dollar was firm following constructive U.S. labor market data. Crude oil declined, affecting the Latin American currencies of Mexico and Colombia. In the US, second-hand home sales in March fell more than expected. German production prices rose 0.2% in March, above expectations.

ADDITIONAL COMMENTS

As per Rabobank, **Global coffee production is now estimated at 171.1m bags in 2023/24** (a 3.9m-bag drop vs our October estimates, mainly due to downgrades to Indonesia and Honduras). The global surplus in 2023/24 is now estimated at 0.5m bags, with a surplus in arabicas (2.4m bags) and a deficit in robustas (-1.9m bags). Estimates for 2024/25 are still in their infancy, but a stronger surplus of around 4.5m bags, mainly in arabicas, is expected.

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