

CONFIDENTIAL

YOUR BEST SOURCE OF INFORMATION ABOUT THE BRAZILIAN COFFEE BUSINESS... AND MUCH MORE.

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- ARTICLES ABOUT COFFEE IN 2016 – OUTLOOK FLASHBACK (PAGE 3)
- ALL ABOUT PINHALENSE MACHINES – MACHINE OF THE MONTH FLASHBACK (PAGE 4)

GREEN COFFEE IMPORTS INTO BRAZIL RAISE FRESH DEBATE

The request made by the roasted & ground and soluble coffee industries for green coffee imports has raised doubts about the volume of Conilon/Robusta still available in Brazilian stocks. The soluble industry seeks to import Robusta coffee to be exported as soluble in the so called "drawback system" in order to counter the Conilon shortage. An informal survey carried out in the state of Espírito Santo, the country's largest Conilon producer, points out that Conilon is still available in the market, contrary to industry's arguments to request imports. This estimate will now be checked by an official CONAB survey currently under way. The Brazilian Coffee Roasters' Association (ABIC) has again expressed its need to import Robusta coffee that currently comprises 40 to 60% of the blends of roasted and ground coffee in the domestic market.

Source: CaféPoint

DROUGHT MAY AFFECT COFFEE MARKET FOR ANOTHER TWO YEARS

According to the Roast and Ground Coffee Industry Association of Espírito Santo (Sincafe), the negative effects of the drought on the state coffee production should last another two years at least, even with normal rainfall in the period. The lower coffee output, that previously affected the producing sector, is now also affecting consumers. The lack of raw Conilon product has made coffee prices increase more than 43% in supermarkets over the last 12 months. The composition of coffee blends offered to consumers are also being affected due to the lack of Conilon. The national industry is currently using less than 10% of Conilon in blends, a proportion that usually reaches 45% or more in regular production periods.

Source: A Gazeta

COCATREL AND MINASUL CREATE HIGH-POTENTIAL EXPORT COMPANY

The Cocatrel and Minasul coffee cooperatives have announced a new partnership with the creation of an independent exporting company called UCOM whose aim is to strengthen both coops' participation and share in the global coffee market. Together the two coops are present in 200 municipalities of South Minas, the largest Arabica producing area in the world, and receive over 3 million coffee bags per year from their 12,000 members. UCOM will soon have a storage capacity of 800,000 bags and the ability to process up to 7,200 bags or 24 containers of coffee per day in their new Pinhalense mill. The new coffee trading and export company will be located in Varginha, Minas Gerais.



Source: CaféPoint

SMALLER BRAZILIAN COFFEE EXPORTS IN 2016?

Brazil exported 30.77 million 60-kg coffee bags to 127 countries on the five continents from January to November 2016, according to CeCafé (Brazilian Coffee Exporters Association), with an estimated revenue of US\$ 4.8 billion. Over the past 12 months, from December 2015 to November 2016, the Brazilian coffee exports totalled 34 million bags.

Source: Portal do Agronegócio

ABIC AND GLOBAL COFFEE PLATFORM SIGN COOPERATION LETTER

A Letter of Cooperation between the Global Coffee Platform (GCP) and the Brazilian Coffee Roasters' Association (ABIC) to promote sustainability in the coffee sector was signed during the 24th Encafé Roasters' Conference and Trade Fair last November. ABIC pioneered a program to promote sustainability and quality in coffee production and industrial processes in 2006. The Global Coffee



Platform (GCP) is a global, multi-stakeholder organization that promotes sustainability for the entire coffee sector. GCP was created with the union of IDH's Sustainable Coffee Program and the 4C Association in 2016. It has specific strategies for each coffee producing country where it operates and its Brazil Program is coordinated by P&A.

Sources: CaféPoint and P&A

NEW PRUNNING TECHNIQUE ATTRACTS GROWERS

A new coffee pruning technique is attracting the attention of coffee growers in Uberlândia, Minas Gerais state. Assembled on a tractor, the machine cuts the plant at the desired height without pulling any materials - root stock - out of the soil. The innovation saves time and labor as the tree is not fully removed and production potential is recovered sooner. Biomass is conserved as the branches pruned are left on the soil for future use as natural fertilizer.

Source: Revista Cafeicultura

EXHIBITION OF 1900-TO-1950 COFFEE ADS IN SANTOS

The Coffee Museum has a new temporary exhibition covering coffee advertising at newspapers and magazines published in São Paulo and Rio de Janeiro from 1900 to 1950. This time travel opportunity shows the evolution of the national coffee brands and their strategies to attract consumers with printed messages, illustrations and instructions to prepare brewed and soluble coffee, the latter an innovation at the time. The museum, located in the historical center of Santos, São Paulo state, is open year-round from Tuesday to Sunday, and also on Mondays until March, always from 9am to 5pm.

Source: Revista Cafeicultura



COFFEE FUND ALLOCATION TO FINANCE 2017 CROP

The Ministry of Agriculture, Livestock and Food Supply has released the 2016 allocation of Funcafé moneys. Coffee storage received the highest allocation of R\$1.48 billion (US\$ 461 mi); R\$814 million (US\$254 mi) were destined to Coffee Acquisition Financing (FAC); up to R\$567 million (US\$177 mi) for working capital (US\$ 80 mi for cooperatives, US\$ 52 mi for the roasting industry and US\$ 44 mi for the soluble industry); R\$532 million (US\$165 million) for coffee production; and R\$ 7.8 million for the recovery of damaged crops. This allocation represents 74% of the total R\$ 4.6 billion (US\$1,435 billion) contracted by financial actors for coffee.

Source: CNC

TRES LAUNCHES SPECIAL EDITION CAPSULES

The multi-beverage segment of 3Corações Group has recently launched a limited edition of capsules made with award winning coffees from the Cerrado, in Minas Gerais. This special blend has sweet taste with pronounced acidity and nutty aromas. TRES machines work with capsules for espresso, filtered coffee, tea and other hot beverages.

Source: Revista Cafeicultura

FRAN'S CAFÉ CHAIN TO HAVE COFFEE SUPPLIED BY 3CORAÇÕES

Fran's Café, the largest Brazilian coffee shop chain, has entered into a partnership with 3Corações that will now become the official supplier of its stores. 3Corações has created an exclusive line for the chain with options in capsules and roasted beans. The goal of Fran's Café is to increase the coffee share in the company's total revenue, currently between 30 and 40%. The company also plans to open 8 new stores in 2017 all of which to be owned by the group itself.

Source: Folha de S. Paulo Online

AWARD CEREMONY HELD FOR SÃO PAULO'S BEST COFFEES

Growers of the best coffees produced in São Paulo received their award certificates from the state governor at a now traditional ceremony held at Palácio dos Bandeirantes in São Paulo last December. The ceremony included a special cupping session with the winning lots of São Paulo's 15th Coffee Quality Contest. Besides growers and authorities, several roasters and brands that acquired the winning coffees attended the event.

Source: MAPA (Ministry of Agriculture, Livestock and Food Supply)

FEB: FACING THE REALITIES OF COFFEE GROWING

http://www.peamarketing.com.br/imgs/pa_coffidential__103__february2016.pdf

MAR: A CALL FOR COLLECTIVE ACTION: TOWARDS A SUSTAINABLE COFFEE SECTOR

http://www.peamarketing.com.br/imgs/pa_coffidential__104__march2016.pdf



APR: GROWER-CENTRIC SUSTAINABILITY... AT LAST!

http://www.peamarketing.com.br/imgs/pa_coffidential__105__april2016_brasil.pdf

MAY: SCIENTIFIC AND MANAGEMENT RESPONSES TO TRAUMATIC INCIDENTS THAT AFFECT COFFEE GROWING

http://www.peamarketing.com.br/imgs/pa_coffidential__106__may2016.pdf

JUN: IS MANUAL SELECTIVE HARVESTING A SOURCE OF JOBS... OR POVERTY?

http://www.peamarketing.com.br/imgs/pa_coffidential__107__june2016.pdf

JUL: HOW UNTIMELY RAINS AND COLD WEATHER AFFECTED QUALITY IN BRAZIL'S MAIN ARABICA GROWING AREA

http://www.peamarketing.com.br/imgs/pa_coffidential__108__july2016.pdf



AUG: PINHAL: THE COFFEE AND WINE TERROIR

http://www.peamarketing.com.br/imgs/pa_coffidential__109__august2016.pdf

SEP: SOUTH-SOUTH COLLABORATION AND THE PLIGHT OF THE SMALL GROWER

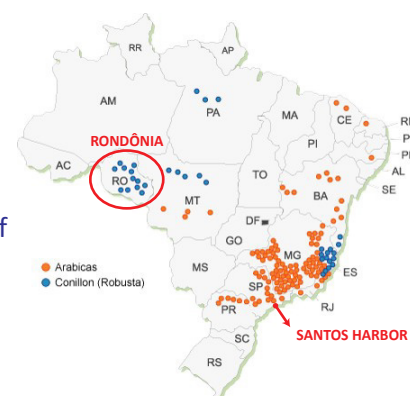
http://www.peamarketing.com.br/imgs/pa_coffidential__110__september2016.pdf

OCT: CHALLENGES FOR AND LESSONS FROM BRAZIL

http://www.peamarketing.com.br/imgs/pa_coffidential__111__october2016.pdf

NOV: RONDÔNIA, A NEW COFFEE PRODUCING "COUNTRY"?

http://www.peamarketing.com.br/imgs/pa_coffidential__112__november2016.pdf



DEC: BrexiTrumPT and Coffee

http://www.peamarketing.com.br/imgs/pa_coffidential__113__december2016.pdf

FEB: HUSK AND DUST REMOVAL AND DISPOSAL

http://www.peamarketing.com.br/imgs/pa_coffidential__103__february2016.pdf

MAR: A ROTARY DRIER FOR EVERY NEED, FROM MICRO TO LARGE LOTS

http://www.peamarketing.com.br/imgs/pa_coffidential__104__march2016.pdf



APR: FREE UPDATING AND COACHING ON COFFEE PROCESSING TECHNIQUES AT PINHALENSE BOOTH 809 AT SCAA EXPO 2016: COME AND PARTICIPATE

http://www.peamarketing.com.br/imgs/pa_coffidential__105__april2016_brasil.pdf

MAY: WELL OVER HALF OF ALL COFFEE CONSUMED IN THE WORLD TODAY GOES THROUGH AT LEAST ONE PINHALENSE MACHINE!

http://www.peamarketing.com.br/imgs/pa_coffidential__106__may2016.pdf



JUN: ON-FARM PROCESSING OF CHERRIES AT DIFFERENT STAGES OF MATURATION

http://www.peamarketing.com.br/imgs/pa_coffidential__107__june2016.pdf

JUL: MECHANICAL SIPHONS ARE ESSENTIAL TO PRODUCE HIGH QUALITY NATURALS... AND WASHED COFFEES TOO

http://www.peamarketing.com.br/imgs/pa_coffidential__108__july2016.pdf

AUG: HULLERS FOR NATURAL, PULPED NATURAL AND HONEY COFFEES

http://www.peamarketing.com.br/imgs/pa_coffidential__109__august2016.pdf



SEP: ZERO WATER CONSUMPTION COFFEE PULPER ECO SUPER D

http://www.peamarketing.com.br/imgs/pa_coffidential__110__september2016.pdf

OCT: DO DENSIMETRIC TABLES REMOVE COLOR DEFECTS?

http://www.peamarketing.com.br/imgs/pa_coffidential__111__october2016.pdf

NOV: WHY TO BUY PINHALENSE EQUIPMENT?

http://www.peamarketing.com.br/imgs/pa_coffidential__112__november2016.pdf



DEC: PINHALENSE HIGH-EFFICIENCY SELF-CLEANING SUSTAINABLE ELEVATORS

http://www.peamarketing.com.br/imgs/pa_coffidential__113__december2016.pdf

Brazilian Prices

Main Producing Regions / Farm Gate

December 30, 2016

Arabica Naturals (R\$/ 60 kg bag)		Conilon / Robusta (R\$/ 60 kg bag)	
Cerrado MG	505,00 ↓	Colatina-ES fair average price	490,00 ↓
Mogiana	500,00 ↓		
South Minas	500,00 ↓		
Arabica Pulped Naturals (R\$/ 60 kg bag)		BM&F (US\$/60kg Arabica bag)	
Cerrado MG	545,00 ↓	Dec 2016	166,55 ↓
South Minas	540,00 ↓	Mar 2017	171,75 ↓
		Sep 2017	180,95 ↓
		Real R\$ / Dolar US\$	
		Dec 30, 2016	3,26 ↓

+ 9%

Source:
www.qualificafex.com.br