

CONFIDENTIAL

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

THIS ISSUE:

- ARTICLES ABOUT COFFEE IN 2017 – OUTLOOK FLASHBACK (PAGE 3)
- ALL ABOUT PINHALENSE MACHINES – MACHINE OF THE MONTH FLASHBACK (PAGE 4)

ROBUSTA PRODUCTION TO INCREASE DUE TO FAVORABLE CLIMATE

Projections of Robusta production growth for the next season went up in Espírito Santo state due to climate improvement in the region. According to a Center for Advanced Studies in Applied Economics (Cepea) forecast, the water volume in reservoirs and rivers of the state is likely to increase. This favorable condition will enhance the development of the beans and consequently collaborate for greater productivity. The scenario for the next season is also positive in Rondônia and Bahia.

Source: Cepea

RONDÔNIA GOVERNMENT DISTRIBUTES CLONAL COFFEE SEEDLINGS

The government of Rondônia distributed three million clonal coffee seedlings free of charge to hundreds of micro and small coffee growers in the state. The seedlings are of a new coffee variety developed by the Brazilian Agricultural Research Corporation (Embrapa) to meet local soil and climate conditions. Rondônia's coffee production growth results from the move from traditional crops to modern planting techniques and management as well as the use of genetically improved seedlings.



Source: CaféPoint

MAPA TO INVEST IN COFFEE PRODUCTION IN MATO GROSSO STATE

The Ministry of Agriculture, Livestock and Food Supply (MAPA) announced that it will invest R\$ 6 (US\$ 1.8) million in coffee production in Mato Grosso state in the next two years using seedlings of highly productive varieties. The investment is part of the ProCafé project developed in partnership with the Brazilian Agricultural Research Corporation (Embrapa).

Source: G1 Mato Grosso

SPECIALTY COFFEE PRODUCTION GROWS IN ESPÍRITO SANTO STATE



The Agricultural Research and Extension Services Institute of Espírito Santo (Incaper) has been playing a relevant role in supporting specialty coffee production in all producing municipalities of Espírito Santo. The state has promoted a real revolution in the production of this type of coffee and became one of the most appreciated origins in the world attracting buyers from a variety of consumer markets and creating job and income opportunities. The state's total production of Arabica coffee was 2.9 million bags in 2017 with 1.0 million bags considered of superior quality and 300 thousand bags scoring 80 points and above. These significant results derive from the specialty coffee production program developed by the public and private sector since 1997.

Source: Incaper

HIGH YIELD RUST RESISTANT IAC VARIETIES UP TO 70% MORE PRODUCTIVE

Three new Arabica coffee varieties developed by the Campinas Agronomy Institute (IAC) – IAC Catuaí SH3, IAC Obatã 4739 and IAC 125 RN – are being used by coffee growers who benefit from yields that are 35% to 70% higher than the cultivars Red and Yellow Catuaí that today account for 90% of the coffee planted in Brazil. These new varieties are also resistant to rust, the main coffee disease. According to coffee growers, the expense to control rust is around 8% of the total production cost per hectare.

Source: Revista Cafeicultura

☉ COFFEE HUSK AS A NEW SOURCE OF CAFFEINE?

A study conducted by the Federal Technological University of Paraná (UTFPR) aimed to compare the amount of caffeine present in coffee husk and in roasted coffee beans. Although the amount of caffeine extracted from roasted beans is six times greater than that obtained from coffee husk, that adds up to 2.5 to 3.0 million tons per year, husks can be considered an interesting source of caffeine that is yet to be used commercially.

Source: ABIC

☉ NEW AWARD FOR COFFEE JOURNALISM

Fifty-seven journalists from the five regions of Brazil participated in the 1st Brazilian Coffee Journalism Competition with the theme "The importance of cooperatives in the sustainability of Brazilian coffee" held in December. The first three winners of each category – TV, printed media, internet and radio – received prizes that totaled R\$ 90 (US\$ 28) thousand. The event was promoted by the National Coffee Growers' Council (CNC) in partnership with the Organization of Brazilian Cooperatives (OCB) and the Varginha Coffee Growers Cooperative (Minasul).

Source: Minasul



☉ BRAZILIAN COFFEE EXPORTS TO ARAB COUNTRIES INCREASE

Although Brazilian coffee exports have declined in 2017, sales to Arab countries have grown. Brazil has been promoting the product in the region and there is increasing interest in exporting there. Shipments to the region from January to November totaled US\$ 209 million, an increase of 28.3% over the same period last year.

Source: ABIC

☉ SINGLE-SERVE MARKET TO GROW UP TO 100%

The Brazilian capsule (single-serve) market represents only 1% of consumption but is expected to grow 100% by 2019. This growth will be facilitated by the end of patents. According to a survey commissioned by the Brazilian Coffee Roasters' Association (ABIC), consumers are more demanding and willing to pay premium prices for a superior quality.

Source: CaféPoint

☉ PINHALENSE CONVENTION ALIGNS AND UPDATES ITS BRAZILIAN SALES FORCE



During Pinhalense's 2017 Convention held last December in Espírito Santo do Pinhal, where Pinhalense's is located, sales agents from several states, such as Minas Gerais, Espírito Santo, São Paulo, Bahia, Rondônia and Brasília had the opportunity to learn about new products and to align strategies. The company's directors and managers updated participants with lectures, demonstration of new products, and technical visits that included computer-controlled high-performance equipment recently installed in Pinhalense's manufacturing lines.

Source: ADS

Brazilian Prices

Main Producing Regions / Farm Gate

December 28, 2017

Arabica Naturals (R\$/ 60 kg bag)		Conilon / Robusta (R\$/ 60 kg bag)	
Cerrado MG	435,00 ↓	Colatina-ES fair average price	354,00 ↓
Mogiana	430,00 ↓		
South Minas	430,00 ↓		
Arabica Pulped Naturals (R\$/ 60 kg bag)		BM&F (US\$/60kg Arabica bag)	
Cerrado MG	475,00 ↓	Mar 2018	154,00 ↓
South Minas	470,00 ↓	Sep 2018	153,00 ↓
		Dez 2018	157,20 ↓
		Real R\$ / Dolar US\$	
		Dec 28, 2017	3,31 ↑

+ 10.5%

Source: www.qualifacex.com.br

FEB: REPLICATING SUCCESS STORIES IN THE COFFEE BUSINESS: METHODOLOGY, ENABLING ENVIRONMENT AND TECHNOLOGY TRANSFER

http://www.peamarketing.com.br/imgs/pa_coffidential__115__february2017.pdf

MAR: BRAZILIAN TECHNOLOGY AS A DEVELOPMENT PARTNER: A COFFEE GROWER'S TESTIMONIAL

http://www.peamarketing.com.br/imgs/pa_coffidential__116__march2017.pdf

APR: MARKET SURVEY OF 10-YEAR TENDENCIES

http://www.peamarketing.com.br/imgs/pa_coffidential__117__april2017_170413055121.pdf



MAY: A BRAVE NEW PROCESSING WORLD: PULPING UNRIPE CHERRIES, FERMENTING RIPE CHERRIES AND MORE

http://www.peamarketing.com.br/imgs/pa_coffidential__118__may2017_170522093406.pdf

JUN: HOW THE FEASIBILITY OF COFFEE GROWING IS AFFECTED BY PROCESSING

http://www.peamarketing.com.br/imgs/pa_coffidential__119__june2017.pdf

JUL: FEASIBILITY OF COFFEE PRODUCTION REQUIRES SUSTAINABILITY AS ASSET AND NOT LIABILITY

http://www.peamarketing.com.br/imgs/pa_coffidential__120__july2017_170710113912.pdf

AUG: WILL BRAZIL PRODUCE 63 OR 75 MILLION BAGS IN 2026?

http://www.peamarketing.com.br/imgs/pa_coffidential__121__august2017.pdf



SEP: WHAT YOU SHOULD KNOW ABOUT BRAZILIAN COFFEE

http://www.peamarketing.com.br/imgs/pa_coffidential__122__september2017_170911044152.pdf

OCT: REVISITING CLIMATE CHANGE IN BRAZIL

http://www.peamarketing.com.br/imgs/pa_coffidential__123__october2017.pdf

NOV: BRAZIL, GLOBAL CHAMPION IN NATIVE VEGETATION AND BIODIVERSITY

http://www.peamarketing.com.br/imgs/pa_coffidential__124__november2017.pdf



DEC: UNVEILING BRAZIL'S HIDDEN COFFEE QUALITY SECRETS

http://www.peamarketing.com.br/imgs/pa_coffidential__125__december2017_171218054856.pdf

FEB: IMPROVING TECHNICAL SERVICE ABROAD

http://www.peamarketing.com.br/imgs/pa_coffidential__115__february2017.pdf



MAR: ZERO-WATER PULPER ECO SUPER RELEASED FOR SALES ABROAD:

SAME PINHALENSE EFFICIENCY AND PERFORMANCE NOW WITHOUT WATER

http://www.peamarketing.com.br/imgs/pa_coffidential__116__march2017.pdf

APR: THE MICRO-LOT-PROCESSING JIGSAW PUZZLE: QUALITIES + FLOWS + LAYOUTS + MACHINES FOR WASHED + HONEY + NATURAL COFFEES

http://www.peamarketing.com.br/imgs/pa_coffidential__117__april2017_170413055121.pdf

MAY: PINHALENSE AWARDED PRIZE FOR BEST NEW PRODUCT AT SCA'S GLOBAL EXPO 2017

http://www.peamarketing.com.br/imgs/pa_coffidential__118__may2017_170522093406.pdf

JUN: HOW THE FEASIBILITY OF COFFEE GROWING IS AFFECTED BY PROCESSING

http://www.peamarketing.com.br/imgs/pa_coffidential__119__june2017.pdf



JUL: MACHINES OF THE DECADE

http://www.peamarketing.com.br/imgs/pa_coffidential__120__july2017_170710113912.pdf

AUG: COCOA PROCESSING EQUIPMENT

http://www.peamarketing.com.br/imgs/pa_coffidential__121__august2017.pdf



SEP: PINHALENSE ELECTRIC CONTROL SYSTEMS FOR COFFEE MILLS

http://www.peamarketing.com.br/imgs/pa_coffidential__122__september2017_170911044152.pdf

OCT: DRIERS FOR WASHED AND NATURAL COFFEES, PULPED NATURALS/HONEYS, AND WASHED OVER-RIPE AND UNRIPE CHERRIES

http://www.peamarketing.com.br/imgs/pa_coffidential__123__october2017.pdf

NOV: HIGH-TECH COFFEE GRADING BY SIZE

http://www.peamarketing.com.br/imgs/pa_coffidential__124__november2017.pdf



DEC: PROCESSING AWARD-WINNING COFFEES

http://www.peamarketing.com.br/imgs/pa_coffidential__125__december2017_171218054856.pdf