

# CONFIDENTIAL

**YOUR BEST SOURCE OF INFORMATION ABOUT THE BRAZILIAN COFFEE BUSINESS. THIS ISSUE:**

**- ARTICLES ABOUT COFFEE IN 2020 – OUTLOOK FLASHBACK (PAGE 3)**

**- ALL ABOUT PINHALENSE AND CARMOMAQ MACHINES – MACHINE OF THE MONTH FLASHBACK (PAGE 4)**

## **ACCESS TO 5.0 AGRICULTURE FOR US\$ 5.5 PER HA PER YEAR**

New Campo Conectado (Connected Countryside) solutions will take 5.0 agriculture to Brazilian growers for an annual fee of US\$ 5.5 per hectare. The phone and internet provider Claro will make the infrastructure investments by installing new antennas all over Brazilian rural areas. Relevant information such as soil and air moisture, temperature, Normalized Difference Vegetation Index (NDVI) and meteorological data will be provided through real-time analyses supported by machine learning and artificial intelligence technologies. Real-time management will rationalize investments in seeds and the use of fertilizers, agrochemicals and fossil fuel, and improve traceability. The Connected Countryside solution will leverage the increase of growers' efficiency, productivity, competitiveness and sustainability.

Source: Globo Rural

## **IAC TO DEVELOP DECAFFEINATED COFFEE TREES WITH SAME BEAN QUALITY**

The Campinas Agronomy Institute (IAC) received funds to invest in research to revolutionize coffee, sugarcane and citrus production. In the case of coffee, the Institute will focus on the "genetic scissors" technique that won the Nobel Prize in Chemistry in 2020. The technique allows the removal of the caffeine gene from the plants with no change in the original taste and aroma of their beans. The private sector is supporting the initiative to meet the demand for decaffeinated coffee in Brazil and abroad.

Source: Canal Rural

## **LOWER COFFEE PRODUCTION MAY SUSTAIN PRICES IN 2021**

It is already known that coffee production in 2021/22 will be smaller than the one registered in 2020/21 although it is still early to quantify such reduction. Besides being an off-year in the Arabica biennial crop cycle, coffee trees were severely affected by the drought during the flowering season, in the second-half of 2020. Espírito Santo, the main Conilon producing state, is registering favorable weather and expects to increase its production in relation to last year's. This scenario, added to the high volume of coffee already sold, is sustaining coffee prices in Reais (R\$).

Source: CEPEA

## **OVER 74% OF RECORD BRAZILIAN CROP ALREADY SOLD**

Last crop coffee sales happened earlier than usual in Brazil due to the stronger dollar value. Over 74% of the 2020 crop had already been sold by November. According to CONAB, the country produced a record of 63 million bags in 2020, an increase of 27.9% compared to "off-year" 2019 and 2.3% compared to "on-year" 2018. Arabica coffee production reached 48.7 million bags and Conilon 14.3 million bags, an increase of 42.2% and a decrease of 4.7%, respectively, compared to 2019.

Source: Estadão

## **VALUE OF BRAZILIAN COFFEE PRODUCTION REACHED US\$ 6.4 BN IN 2020**

The Gross Value of Production (GVP) of Brazilian coffee reached R\$ 34 billion (US\$ 6.4 bn) in 2020. Arabica coffees accounted for R\$ 28.2 billion (US\$ 5.3 bn) and Conilon R\$ 5.8 billion (US\$ 1.1 bn), corresponding to 83% and 17% of the total, respectively. The coffee sector accounts for 5.7% of the total Brazilian crop value and occupies the fifth place in the GVP ranking. The four products with a higher GVP than coffee are soybeans, that accounted for 39.7%, corn 15.7%, sugarcane 12%, and cotton 8.8%.

Source: Agrolink

## ☐ BRAZIL ACCOUNTS FOR ALMOST 30% OF ARABICAS CERTIFIED BY ICE

Certified coffees from Brazil reached 437,518 bags, well above the mid-2020 estimates. Mostly if not all pulped natural / CD / semi-washed, these Brazilian coffees account for 29% of the total of 1,484,998 bags of certified Arabica coffee at ICE, the coffee exchange in New York City. Brazilian pulped naturals / CDs have been acceptable at ICE for many years now but it is only recently that the respective differentials, set by the exchange, have become attractive. This changed markedly the profile of coffees currently certified by the exchange. CDs, also called honeys in Central America, have gone a long way since they were developed in Brazil in the late 1980s and early 1990s, with technical support and a strong push from Pinhalense machinery maker.

Sources: StoneX and P&A

## ☐ INTERCROPPING WITH SOYBEANS AT MINAS' CERRADO

Some coffee producers in the Cerrado Mineiro region are growing soybeans between coffee lines. They aim at increasing organic material and contributing to nitrogen soil fixation besides obtaining revenues from selling the grain. Although this technique is not much different from the conventional intercropping methods, coffee cultivation practices become more difficult, mainly leaf spraying, in which case growers have to select products that can be applied to both cultures.

Source: Revista Cafeicultura



## ☐ COOABRIEL REWARDS SUSTAINABLE COFFEE GROWERS

Cooabriel, a coffee coop located in the São Gabriel da Palha municipality of Espírito Santo state, held an event to recognize its group of growers that produced sustainable coffees in 2020. This is part of the coop's awareness work on the importance of sustainable production. The additional price obtained by these sustainable coffees will be passed on to the growers. The event included a Global Coffee Platform presentation on the benefits of sustainable production.

Source: Revista Cafeicultura



## ☐ PARANÁ'S COFFEE ROUTE PROMOTES QUALITY AND BUSINESS

An association between entrepreneurs and local coffee growers was created in North Paraná, the main coffee producing region in the state, to promote its coffee culture and to explore it as a tourism alternative. The Coffee Route was developed to provide a unique experience whereby tourists and locals can visit farms and learn the entire coffee cycle, from seed to cup.

Source: Canal Rural

## ☐ MINAS GERAIS MAY MERGE ITS RESEARCH AND EXTENSION INSTITUTES

The merger between the Technical Assistance and Rural Extension Institute of Minas Gerais (EMATER) and the Agricultural and Livestock Research Institute of Minas Gerais (EPAMIG) is currently under discussion at the State Parliament. Much debate is needed as the two institutes have different activities – extension services and research, respectively – and the merge may weaken or affect their current focuses.

Source: Minas Gerais Legislative Assembly

## Brazilian Prices

Main Producing Regions / Farm Gate

December 30, 2020

### Arabica Naturals (R\$/ 60 kg bag)

Cerrado MG	595,00 ↑
Mogiana	590,00 ↑
South Minas	590,00 ↑

### Arabica Pulped Naturals (R\$/ 60 kg bag)

Cerrado MG	685,00 ↑
South Minas	680,00 ↑

+ 16.1%

### Conilon / Robusta (R\$/ 60 kg bag)

Colatina-ES fair average price	420,00 ↑
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### BM&F (US\$/60kg Arabica bag)

Mar 2021	141,85 ↑
May 2021	143,55 ↑
Jul 2021	144,20 ↑

### Real R\$ / Dolar US\$

Dec 30, 2020	5,18 ↓
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Source: [www.qualificafex.com.br](http://www.qualificafex.com.br)

**FEB:** LEVERAGING EFFORTS IN PRODUCING COUNTRIES TO MAKE COFFEE GROWERS MORE SUSTAINABLE

[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_151\\_\\_february2020.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__151__february2020.pdf)

**MAR:** CAN THE INTERNET BE USED TO IMPROVE TRAINING AND EXTENSION SERVICES?

[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_152\\_\\_march2020\\_200319082727.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__152__march2020_200319082727.pdf)

**APR:** CORONAVIRUS AND THE COMING BRAZILIAN CROP: A FAIR VIEW

[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_153\\_\\_april2020\\_200413085755.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__153__april2020_200413085755.pdf)

**MAY:** AN ALTERNATIVE FOR COFFEE GROWERS NOW AND AT “NEW NORMAL” TIMES

[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_154\\_\\_may2020.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__154__may2020.pdf)

**JUN:** LET’S SHARE IDEAS AND EXPLORE TOGETHER OPPORTUNITIES FOR THE COFFEE SECTOR

[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_155\\_\\_june2020\\_200608101126.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__155__june2020_200608101126.pdf)

**JUL:** COFFEE CONSUMPTION *WHERE* IT IS PRODUCED: COUNTRYSIDE AND SMALL TOWNS

[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_156\\_\\_july2020.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__156__july2020.pdf)

**AUG:** COVID-19, SUSTAINABILITY AND MARKET MYTHS - 1

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**SEP:** COVID-19, SUSTAINABILITY AND MARKET MYTHS - 2 - FERMENTATION

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**OCT:** COVID-19, SUSTAINABILITY AND MARKET MYTHS - 3 - SUN DRYING

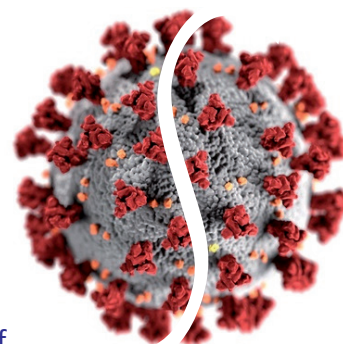
[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_159\\_\\_october2020.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__159__october2020.pdf)

**NOV:** A BRAVE NEW COFFEE WORLD AND COVID-19

[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_160\\_\\_november2020.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__160__november2020.pdf)

**DEC:** COFFEE CONSUMPTION WHERE IT IS PRODUCED: COUNTRYSIDE, SMALL TOWNS AND REGIONAL CENTERS... AND CAPITAL CITIES

[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_161\\_\\_december2020.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__161__december2020.pdf)



**FEB:** PINHALENSE LAUNCHES HI-TECH OPTICAL COFFEE CHERRY SORTER

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**MAR:** STATE-OF-THE-ART PARCHMENT COFFEE DRIERS

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**APR:** A MICRO LOT PROCESSING STAR... AND MORE

[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_153\\_\\_april2020\\_200413085755.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__153__april2020_200413085755.pdf)

**MAY:** PROCESSING COFFEE FOR THE LOCAL MARKET

[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_154\\_\\_may2020.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__154__may2020.pdf)

**JUN:** COFFEE PROCESSING OPPORTUNITIES AT COVID-19 AND NEW NORMAL TIMES

[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_155\\_\\_june2020\\_200608101126.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__155__june2020_200608101126.pdf)

**JUL:** SMALL INVESTMENTS AND GREAT RETURNS

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**AUG:** CHERRY SEPARATION

[https://www.peamarketing.com.br/imgs/pa\\_coffidential\\_\\_157\\_\\_august2020.pdf](https://www.peamarketing.com.br/imgs/pa_coffidential__157__august2020.pdf)

**SEP:** MUCILAGE REMOVAL

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**OCT:** STATE-OF-THE-ART PARCHMENT AND CHERRY DRIERS REVISITED

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**NOV:** COMBINED HULLING UNITS FOR WASHED, HONEY AND NATURAL COFFEES

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**DEC:** CARMOMAQ COFFEE ROASTERS FOR COFFEE SHOPS AND SMALL ROASTING PLANTS

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