

CONFIDENTIAL

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

- ARTICLES ABOUT COFFEE IN 2021 – OUTLOOK FLASHBACK (PAGE 3)

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

P&A THANKS JOÃO STAUT FOR MANY YEARS OF COLLABORATION

After 26 years with P&A, João Staut has decided to leave the company in order to devote more time to specialty coffee exporter QualicaféX and advertising agency GSB2, associate companies that he founded with other partners. Active both in the exports of Pinhalense equipment and consulting, João had a key role at P&A's development since its creation in 1995. João was initially the trader in charge of Pinhalense exports for Latin America and, as more traders entered P&A's team, he first supervised them and eventually moved on to concentrate on large projects, strategic planning and consulting. As part of this process, João progressively dedicated more time to manage QualicaféX and to support GSB2, companies whose control he shares with the founder of P&A and that will now benefit from his full-time involvement. The P&A team will miss João very much but will still benefit from his informal advice, friendship and presence because P&A, QualicaféX and GSB2 share the same work space. João may be now contacted at e-mail qualicafex@qualicafex.com.br. We count on his continued success in our associate companies and... thank you very much, João Staut!



Source: P&A

BRAZIL CUP OF EXCELLENCE AUCTION PRICES ARE HIGHEST EVER

The Brazilian Cup of Excellence 2021 auction, held online in December 2021, registered the highest average prices in history, both in Dollar and Real terms, reaching US\$ 14.83 per pound or R\$ 11,152.33 (US\$ 1,961.71) per 60-kg bag. The total revenue was R\$ 2,127,649.91 (US\$ 374,256.80), the highest amount in Reais since the first Cup of Excellence held in the country in 1999. The contest's winner coffee lot, produced by Fazenda Cachoeira, located in Carmo do Paranaíba in the Cerrado Mineiro region, received the highest bid of R\$ 49,600 (US\$ 8,730) per bag for the first lot and R\$ 45,900 (US\$ 8,069) per bag for the second one.

Source: BSCA

BRAZILIAN SHIPMENT DELAYS WILL LAST LONGER AND GENERATE REVENUE LOSSES

Although Brazil has overcome many logistics bottlenecks and exported 36.3 million bags from January to November 2021, generating a record revenue of US\$ 5.4 billion, the volume of coffee not shipped adds up to 3 million bags that are equivalent to an additional US\$ 500 million in export revenues. According to the Brazilian Coffee Exporters' Association (Cecafé), such a situation is not likely to be solved in the short term.

Source: Notícias Agrícolas

IMPACTS OF HEAVY RAINFALL ON COFFEE PRODUCTION

Heavy rains flooded coffee plantations in several Brazilian areas. Rainfall was four times above normal in the northern regions of Minas Gerais. Excessive rains cause immature coffee cherries to fall and production to be reduced. High moisture levels also prevent the use of good agricultural practices and cause the dissemination of pests and diseases. But unlike other climate impacts, extra rain can improve water conditions in coffee plantations. Extra moisture has improved conditions in other areas where rainfall is less intense, including the main coffee producing region, South Minas Gerais. Finally, intense rainfall may call for reinforcement in the application of fertilizers and benefit the 2023 crop.

Source: Reuters

BRAZIL WILL HAVE THE LOWEST CARRY OVER IN HISTORY

The National Coffee Growers' Council (CNC) pointed out that 2022 is expected to be a especially difficult year which prevents the sector from planning for the mid-term. Due to the adverse climate conditions, logistics uncertainty, lower production and especially the high costs of inputs, Brazil is expected to have its lowest carry over stocks in history by March 2022. The volume will be enough to supply the market but not much will be left.

Sources: CNC and Notícias Agrícolas

BIOLOGICAL MANAGEMENT OF NEMATODES PREVENTS LOSSES IN COFFEE PLANTATIONS

According to research carried out by the São Paulo state Biological Institute, coffee productivity can be reduced by 20% due to nematodes. Integrated preventive management to control the incidence of nematodes includes sampling, resistant varieties, crop rotation or intercropping, and biological control. The main infestations are of *Meloidogyne* sp. and *Pratylenchus* sp. phytonematodes, and the main species are *M. incognita* and *M. paranaensis*. These species affect the coffee root system by absorbing its water and nutrients, impact plant development and affect productivity. The dissemination of nematodes can occur by infested seedlings, floods, transit of agricultural implements with clods of soil containing nematodes, and transit of people.



Fonte: Agrolink

RECORD VOLUME OF COFFEE PRODUCTION IN ESPÍRITO SANTO STATE

In 2021 Espírito Santo coffee production faced good weather conditions in the Conilon producing areas and a not so favorable scenario in the regions where Arabica is grown. As a result, Conilon production grew much and accounted for a record of 11.2 million bags of green coffee. Conversely, Arabica production reached only 2.9 million bags of green coffee, representing a reduction of 38.2% compared to 2020. The state's total production reached a record volume of 14.2 million bags of coffee in 2021 but with an increase of only 1.5% compared to the 2020 harvest.

Source: Agrolink

COFFEE IS FOURTH MOST VALUABLE BRAZILIAN AGRI-PRODUCT

The Gross Production Value (GVP) of Brazilian coffee reached R\$ 40.12 billion (US\$ 7.05 bn) in 2021. Arabica coffee accounted for R\$ 30,78 billion (US\$ 5.41 bn) and Conilon R\$ 9.34 billion (US\$ 1,64 bn), corresponding to 76.7% and 23.3% of the total, respectively. The coffee sector accounts for 5.3% of the total Brazilian agricultural production value and occupies the fourth place in the GVP ranking. The three products with higher GVP than coffee are soybeans, which accounted for 47.8%, corn 16.5%, and sugarcane 11.3%.

Source: Embrapa Café

Brazilian Prices

Main Producing Regions / Farm Gate

December 30, 2021

Arabica Naturals (R\$/ 60 kg bag)		Conilon / Robusta (R\$/ 60 kg bag)	
Cerrado MG	1485,00 =	Colatina-ES fair average price	840,00 =
Mogiana	1480,00 =		
South Minas	1480,00 =		
Arabica Pulped Naturals (R\$/ 60 kg bag)		BM&F (US\$/60kg Arabica bag)	
Cerrado MG	1555,00 ↑	Mar 2022	267,55 ↓
South Minas	1550,00 ↑	May 2022	264,45 ↓
		Jul 2022	265,60 ↓
		Real R\$ / Dolar US\$	
		Dec 30, 2021	5,58 ↓

+ 5.06%

Source: www.qualicafex.com.br

FEB: COFFEE AND PANDEMIC IN 2021... AND BEYOND: THIRD WAVE?

https://www.peamarketing.com.br/imgs/pa_coffidential__163__february2021_210217084149.pdf

MAR: BEYOND LIVING INCOME... A REGIONAL DEVELOPMENT CHALLENGE

https://www.peamarketing.com.br/imgs/pa_coffidential__164__march2021_210316103452.pdf

APR: IS THE FUTURE OF COFFEE PRODUCTION GROWTH IN BRAZIL AT RISK?

https://www.peamarketing.com.br/imgs/pa_coffidential__165__april2021.pdf

MAY: BRAZIL IS SECOND LARGEST PRODUCER OF WET PROCESSED COFFEE IN THE WORLD,
AFTER COLOMBIA

https://www.peamarketing.com.br/imgs/pa_coffidential__166__may2021.pdf

JUN: ENVIRONMENTAL IMPACTS OF CHERRY COFFEE PROCESSING

https://www.peamarketing.com.br/imgs/pa_coffidential__167__june2021_210614032023.pdf

JUL: PATHWAYS TO REACH OPTIMUM COFFEE PRODUCTIVITY AND TO INCREASE GROWERS' INCOME

https://www.peamarketing.com.br/imgs/pa_coffidential__168__july2021.pdf

AUG: FINAL COFFEE HANDLING FOR EXPORTS: A TECHNICAL UPDATE

https://www.peamarketing.com.br/imgs/pa_coffidential__169__august2021_210813075755.pdf

SEP: TYPES OF FROSTS AND IMPACTS ON PRODUCTION IN YEARS TO COME

https://www.peamarketing.com.br/imgs/pa_coffidential__170__september2021.pdf

OCT: - HIGH PRICES PAVE THE WAY FOR INCREASED PRODUCTION OUTSIDE BRAZIL AND VIETNAM

https://www.peamarketing.com.br/imgs/pa_coffidential__171__october2021_211014025207.pdf

NOV: WHAT CAN COCOA LEARN FROM COFFEE?

https://www.peamarketing.com.br/imgs/pa_coffidential__172__november2021_211122041621.pdf

DEC: THE PERFECT STORM IN BRAZIL AND OPPORTUNITIES FOR OTHER ORIGINS

https://www.peamarketing.com.br/imgs/pa_coffidential__173__december2021.pdf

FEB: BEYOND “CORE MACHINES” IN DRY MILLING FOR EXPORTS:
THE DEVIL AND THE PROFITS ARE IN THE DETAIL

https://www.peamarketing.com.br/imgs/pa_coffidential__163__february2021_210217084149.pdf

MAR: - A REFLECTION ABOUT PINHALENSE’S 70 YEARS OF COFFEE MACHINERY MANUFACTURING

https://www.peamarketing.com.br/imgs/pa_coffidential__164__march2021_210316103452.pdf

APR: NOT-SO-WET MILLING

https://www.peamarketing.com.br/imgs/pa_coffidential__165__april2021.pdf

MAY: HOW “CHEAP ELEVATORS” CAN ADD TO MILLING COSTS OVER THEIR LIFE TIME

https://www.peamarketing.com.br/imgs/pa_coffidential__166__may2021.pdf

JUN: NEW PRODUCT LAUNCH: DENSIMETRIC TABLE MVF-3S

https://www.peamarketing.com.br/imgs/pa_coffidential__167__june2021_210614032023.pdf

JUL: IMPROVE YOUR LOGISTICS WITH NEW COMPACT BULK CONTAINER LOADER

https://www.peamarketing.com.br/imgs/pa_coffidential__168__july2021.pdf

AUG: GREEN COFFEE BLENDING, WEIGHING AND PACKING EQUIPMENT

https://www.peamarketing.com.br/imgs/pa_coffidential__169__august2021_210813075755.pdf

SEP: REENGINEERING COFFEE DRYING 1.0 AND 2.0

https://www.peamarketing.com.br/imgs/pa_coffidential__170__september2021.pdf

OCT: CONTINUATION (from last month)... REENGINEERING COFFEE DRYING 3.0 AND 4.0

https://www.peamarketing.com.br/imgs/pa_coffidential__171__october2021_211014025207.pdf

NOV: COCOA PROCESSING

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DEC: COMPACTA: THE NEW COMBINED HULLING UNIT

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