P&A COFFEE NEWSLETTER
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Year 06 - No. 66 - January 03, 2013

COFFIDENTIAL

YOUR BEST SOURCE OF INFORMATION ABOUT THE BRAZILIAN COFFEE BUSINESS... AND MUCH MORE. THIS ISSUE:
- SELECION OF ARTICLES ABOUT THE COFFEE MARKET IN 2012 – OUTLOOK FLASHBACK (PAGE 3)
- ALL ABOUT PINHALENSE MACHINES – MACHINE OF THE MONTH FLASHBACK (PAGE 4)

FORECASTS HEAT DISCUSSION ABOUT BRAZILIAN 2013 CROP

A large Brazilian coffee exporter has recently released a controversial estimate of 52.5 million bags for 2013 which has been contested by Cocatrel, the coffee cooperative in the region of Três Pontas, in South Minas. Cocatrel expects that there will be a 15 to 20% drop in the 2013 coffee output in its area, compared to the previous crop. A crop survey by Cooxupé's agronomists indicate that the 2013 coffee crop may be 25% smaller than the current one. In 2012, 9.68 million bags were produced in the Minas Gerais and São Paulo growing areas covered by the cooperative whereas the estimate for 2013 is of 7.25 million bags. Next year will be the "off-year" (smaller crop) in the Brazilian production biennial cycle; Brazil's production in "on-year" 2012 was approximately 50.8 million bags, according to CONAB.

Sources: Cooxupé, Agnocafé, CONAB and P&A

FALLING PRICE TREND CONTINUES IN BRAZILIAN MARKET

Coffee prices have fallen in Brazil in November, for both Arabica and Conilon. Prices in South Minas for a bag of fair average quality coffee were R$355 on average in November whereas in October they were R$384, a 7.46% drop. In November 2011 the same type of quality was traded at R$ 520. Prices of "rioy" coffee from Matas de Minas were R$282 per bag in November compared to R$305 in October, a substantial 7.5% fall. In Espirito Santo, Conilon coffee type 7 went from R$280 in October to R$ 264 in November.

Source: Safras & Mercado

STATE COFFEE FUND CREATED IN MINAS GERAIS

The governor of Minas Gerais state has signed a bill creating the State Coffee Fund, called Fecafé, that will make available approximately R$ 100 million (US$ 50 million) for special projects and guarantees for the coffee sector. Fecafé will be managed by the Secretariat of Agriculture, Livestock and Supply of Minas Gerais (Seapa) and the Development Bank of Minas Gerais (BDMG). Criteria such as interest rates and credit limits will be defined by the fund's coordination group at the beginning of 2013.

Sources: Seapa and CaféPoint

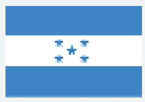
INCREASE IN COFFEE SUPPLY TO BE CONCENTRATED IN 6 COUNTRIES

The most prestigious business newspaper in Brazil used local sources to short-list countries with potential to expand their coffee production significantly in the near future: Brazil, Peru, Honduras and Ethiopia in the case of Arabica, and Brazil again, Vietnam and Indonesia in Robusta. Brazil, once considered a supplier of large volumes only, is now recognized as a producer of high quality coffees and as a source of modern technologies for coffee breeding, growing, harvesting and processing. Brazil is currently the largest source of sustainable and certified coffees in the world.

Source: Valor Econômico


BRAZIL


PERU


HONDURAS


INDONESIA


ETHIOPIA


VIETNAM

POÇOS DE CALDAS IS FIRST FAIRTRADE TOWN IN SOUTHERN HEMISPHERE

Poços de Caldas, a municipality in South Minas Gerais, one of the most traditional specialty coffee growing areas in Brazil, has become the first Fairtrade Town in the Southern Hemisphere. In order to obtain the recognition, all hotels, stores and restaurants in Poços now have to offer FT coffee. Fairtrade growers use good agricultural practices and contribute to the well-being of their communities.

Source: Dinheiro Rural

GROWERS FROM MINAS, SÃO PAULO AND PARANÁ COMPETE FOR BEST NATURAL COFFEE

Natural coffee lots from the regions of Mogiana, in São Paulo, Cerrado and Matas de Minas, in Minas Gerais, and Norte Pioneiro do Paraná have been pre-selected to compete for the title of best natural Brazilian coffee. Eighty eight lots have qualified for the national phase of the 2012 Cup of Excellence Natural Late Harvest competition. The national jury will evaluate these lots in January to determine which will go to the international phase of the contest with international jurors.

Source: BSCA (Brazil Specialty Coffee Association)

WEST BAHIA IN THE PROCESS OF OBTAINING GI

Coffee growers from West Bahia have started the second phase of the process to obtain a Geographical Indication (GI). The first phase included the collection of historical data and the development of reports that are now going to be submitted to the Ministry of Agriculture and finally to INPI, the National Institute of Industrial Property, that approves the process and grants the GI certification.

Source: Abacafé (Coffee Growers' Association of West Bahia)

HIGHEST BID FOR NATURAL COFFEE IN MINAS AUCTION

The highest bid in the auction of the winners of the 9th Minas Gerais Coffee Quality Competition went to a natural coffee from Patrocínio, in the Cerrado region, at R$ 2,500.00 (US$ 1,200.00) per bag. The runner-up coffee, a pulped natural lot from Matas de Minas, reached R$ 2,000.00 (US$ 960,00).

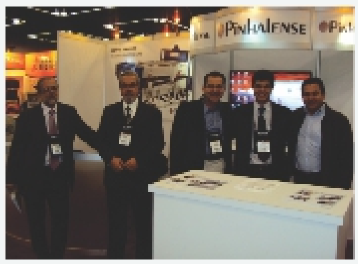
Source: Brazilian Ministry of Agriculture, Livestock and Food Supply (MAPA)

BRAZILIAN CAIPIRINHA NOW MADE WITH COFFEE

The traditional Brazilian drink "caipirinha" can now be flavored with coffee. The new drink, created by baristas at the Santos Coffee Museum, is a huge success with consumers. To make coffee caipirinha, it is necessary to add ice made with coffee to the other typical components of the drink: sugar-cane spirit ("cachaça") and lemon (or other fruit) juice.

Source: CaféPoint

Pictures of the Month Flashback



Brazilian Prices

December 28, 2012

Main Producing Regions / Farm Gate

Arabica Naturals (R$/ 60 kg bag)		
Cerrado-MG fair average quality T.6	325,00	↓
Mogiana-SP fair average quality T.6	320,00	↓
South Minas fair average quality T.6	320,00	↓

Arabica Pulped Naturals (R$/ 60 kg bag)		
Cerrado-MG	365,00	↓
South Minas	360,00	↓

+ 15%

Conilon/ Robusta (R$/ 60 kg bag)		
Colatina-ES fair average quality	270,00	↑

BM&F (US$/ 60 kg)		
Mar 2013	181,95	↑
Sep 2013	188,00	↑
Dec 2013	190,75	↓

Real R$/ Dolar US$		
December 28	2,04	↓

Source: www.qualicafex.com.br

FEB: THE REVIVAL OF NATURAL COFFEES

http://peamarketing.com.br/coffidential/coffidential-055.pdf

MAR: SUSTAINABILITY: RECOMMENDATIONS FROM A BRIEF COST-BENEFIT ANALYSIS

http://peamarketing.com.br/coffidential/coffidential-056.pdf

APR: SÃO PAULO, THE NEW COFFEE DRINKING HUB

http://peamarketing.com.br/coffidential/coffidential-057.pdf

MAY: TRANSFERRING INCOME TO (SMALL) GROWERS: EFFICIENCY OF COFFEE CHAIN, YIELDS AND FARM SIZE

http://peamarketing.com.br/coffidential/coffidential-058.pdf

JUN: COMMUNICATING SUSTAINABILITY: GMP AND TECHNOLOGY

http://peamarketing.com.br/coffidential/coffidential-059.pdf

JUL: FIVE YEARS OF COFFIDENTIAL NEWSLETTER / CONSULTING AT P&A

http://peamarketing.com.br/coffidential/coffidential-060.pdf

AUG: US$ 5.2 BILLION STRATEGIC PLAN FOR THE BRAZILIAN COFFEE BUSINESS

http://peamarketing.com.br/coffidential/coffidential-061.pdf

SEP: COFFEE AS A NEW LUXURY PRODUCT: TRENDS AND OPPORTUNITIES

http://peamarketing.com.br/coffidential/coffidential-062.pdf

OCT: MORE DEMAND FOR ROBUSTAS: GOOD OPPORTUNITY TO BUILD A REPUTATION

http://peamarketing.com.br/coffidential/coffidential-063.pdf

NOV: POOLING EFFORTS: SUSTAINABILITY AND THE SMALL GROWERS

http://peamarketing.com.br/coffidential/coffidential-064.pdf

DEC: ROBUSTA MARKET SHARE AND THE FUTURE OF CONSUMPTION

http://peamarketing.com.br/coffidential/coffidential-065.pdf

FEB: PROCESSING NATURAL COFFEES

http://peamarketing.com.br/coffidential/coffidential-055.pdf

SRE-025

MAR: SUSTAINABILITY OF COFFEE PROCESSING BEYOND FARM GATE

http://peamarketing.com.br/coffidential/coffidential-056.pdf

APR: EVER LARGER DRY COFFEE MILLS... FROM A SINGLE SUPPLIER

http://peamarketing.com.br/coffidential/coffidential-057.pdf

MAY: DRIERS FOR SMALL GROWERS

http://peamarketing.com.br/coffidential/coffidential-058.pdf

JUN: BEYOND COFFEE: EQUIPMENT FOR COCOA, MACADAMIA, BRAZIL NUTS, BLACK PEPPER, BEANS AND OTHER SEEDS AND GRAINS

http://peamarketing.com.br/coffidential/coffidential-059.pdf

JUL: MACHINE (DECISION) OF THE MONTH: BROWN FIELD OR GREEN FIELD?

http://peamarketing.com.br/coffidential/coffidential-060.pdf

AUG: PINHALENSE FACILITIES: THREE FACTORIES AND HEADQUARTERS

http://peamarketing.com.br/coffidential/coffidential-061.pdf

SEP: CREATING OPPORTUNITIES AND ADDING VALUE WITH DRY CHERRY HULLERS

http://peamarketing.com.br/coffidential/coffidential-062.pdf

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OCT: PRE-CLEANERS AND DESTONERS

http://peamarketing.com.br/coffidential/coffidential-063.pdf

NOV: CENTRALIZING ON-FARM MILLING

http://peamarketing.com.br/coffidential/coffidential-064.pdf

DEC: DRY MILLING OF ROBUSTA COFFEE

http://peamarketing.com.br/coffidential/coffidential-065.pdf

P&A wishes you a Prosperous and Happy Coffee Year!