



Vietnam coffee monthly round-up

October 2021

Wet weather conditions in the first half of October caused by tropical storms have significantly slowed down the harvest pace and reduced the quality of coffee at the beginning of the new crop.

Inventory

The upcountry inventory in October is estimated at 49,410 tonnes, 35% lower than last month. Port inventory in October is about 163,700 tonnes, 19% lower than last month. Due to favorable weather, 2021-2022 is expected to be a good crop year for Vietnam with high coffee production. Many local traders believe that farmers have sold 6-7 percent of the 21/22 crops.

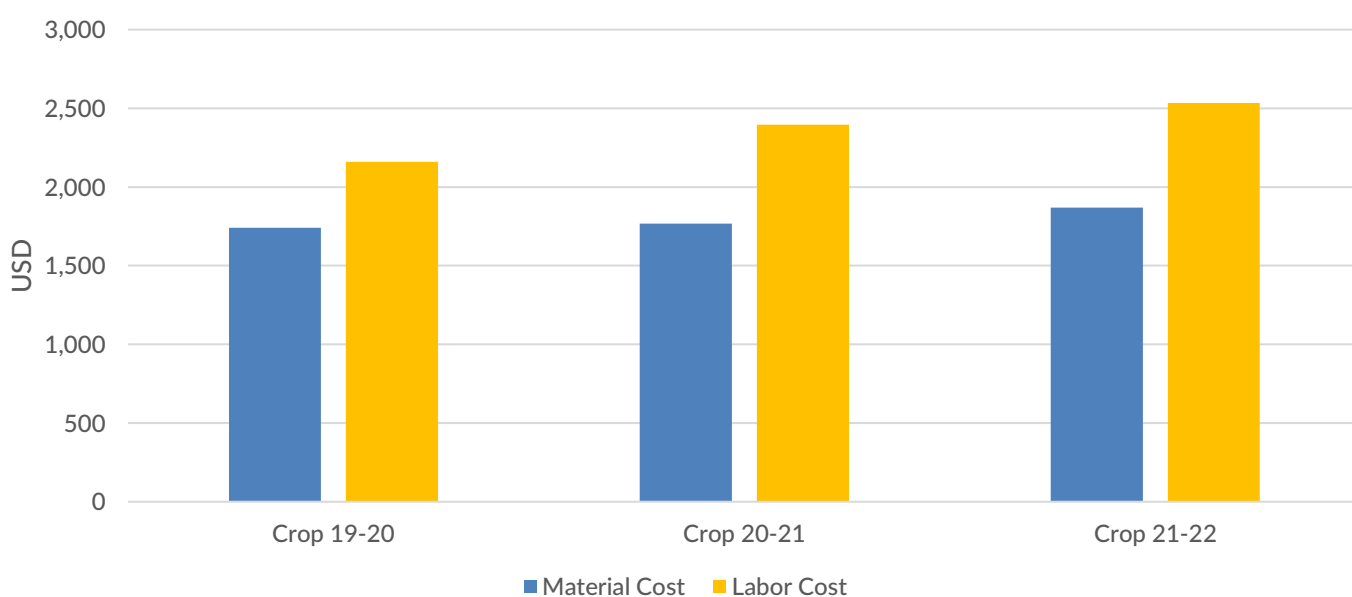
Shipment

It is estimated that Vietnam's coffee exports in October were down 16% from September at 100,952 tonnes and up 2% compared to the same period last year. Generally, in the first ten months of 2021, Vietnam's coffee exports were estimated at 1,225,000 tonnes, down by 8% from a year earlier.

Price

Robusta farmgate prices have continued to rise, which are reported between VND 40,500/kg and VND 42,000/kg spot Daklak, this price increased by about 600-700 VND compared to the price of September 2021. Although the price has highly increased, the production cost is much higher, especially fertilizer and labor cost, farmers' sales volume is not as high as in previous years. In the 20-21 crop, for one hectare of coffee growing area, the cost of materials (including fertilizer, electricity, fuel, ...) was \$1,767 and labor cost was \$2,396. But for the 21-22 crop, the cost of materials is \$1,870 and the cost of labor is \$2,535, an increase of 6%. The differential price for Vietnam Robusta grade 2 in October is pretty firm at 220/230 under for the current crop delivered until December 2021.

Production cost per 1 hectare

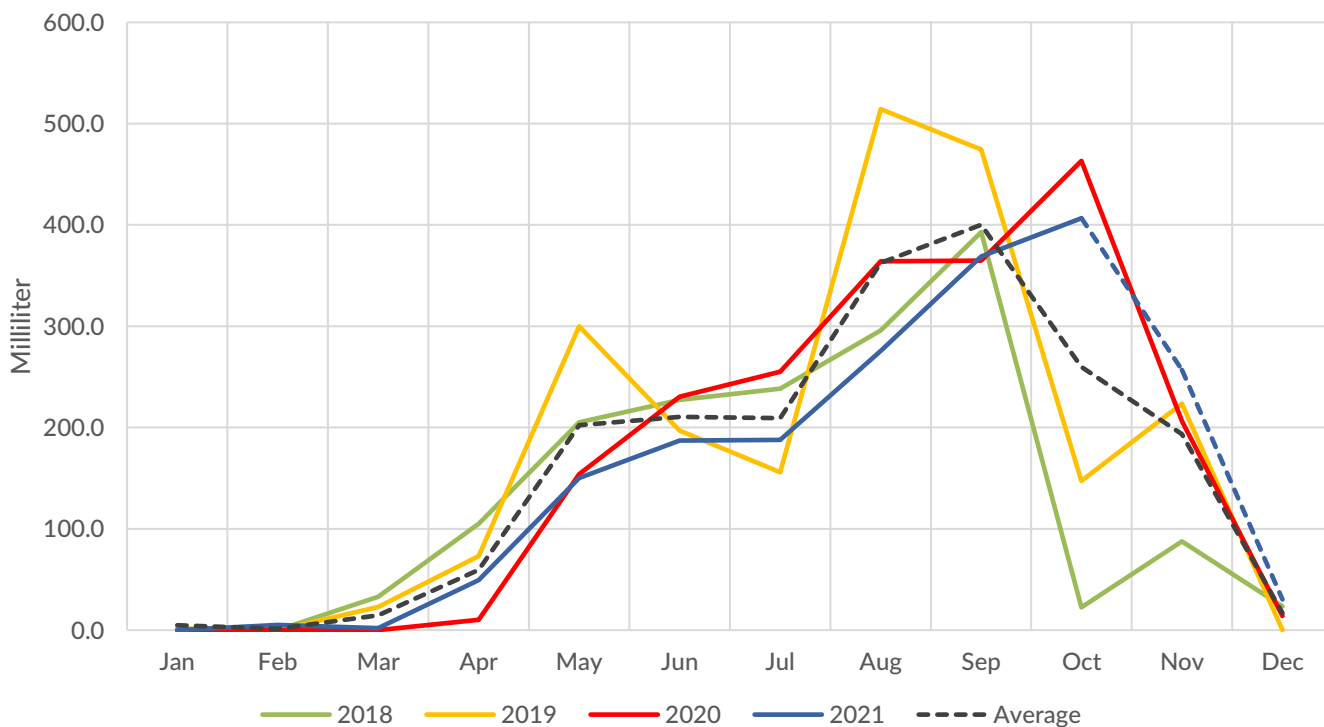


Analyzed by Simexco Daklak Ltd.

Weather

The average rainfall in October is good, higher than the 5-year average. Rainy days mainly fall in the first half of the month, in the second half of the month, the average rainfall is relatively low from 3.5 - 4 mm. This weather is favorable for harvesting and drying cherries. However, wet weather conditions in the first half of October caused by tropical storms have significantly slowed down the harvest pace and reduced the quality of coffee at the beginning of the new crop. Farmers in Dak Lak harvested around 4%, Gia Lai 5%, Dak Nong 5%, and Lam Dong 4%.

Rainfall in Buon Ma Thuot City



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Others

In October, the Covid epidemic in Dak Lak broke out strongly, the number of community cases increased sharply. Therefore, many areas are blocked or social distancing, causing a shortage of labor to collect cherries.

Fertilizer prices continue to increase, many types of fertilizers nearly doubled compared to last year. This year, Tet will take place earlier than usual, late January and early February. Trade activities will be off for a week before and after Tet, so selling before Tet will be better.

The shortage of empty containers situation has not been eased. Ocean freight is incredibly high and booking is very hard to get. This not only reduces the amount of coffee exported from Vietnam but also reduces the competitiveness of Vietnamese Robusta coffee on the global market.

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