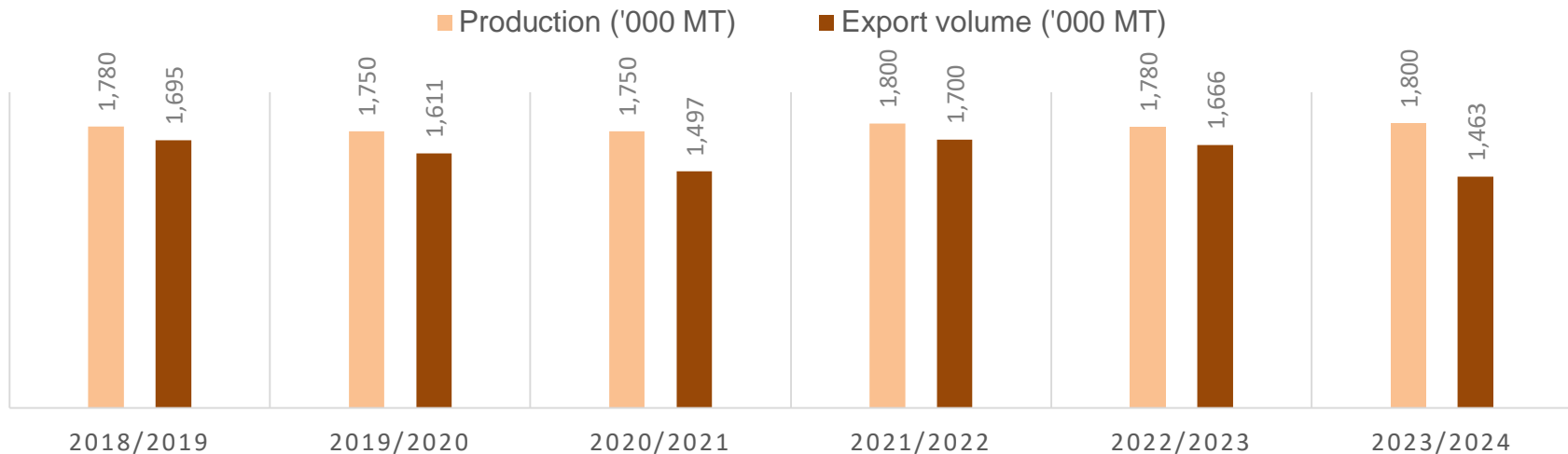


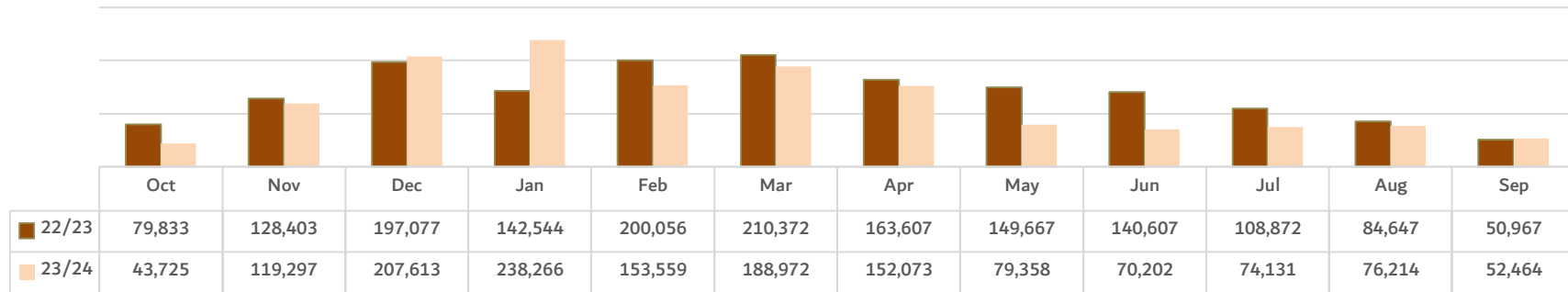
# CROP 2023/2024 OVERVIEW

## GREEN COFFEE BEAN PRODUCTION



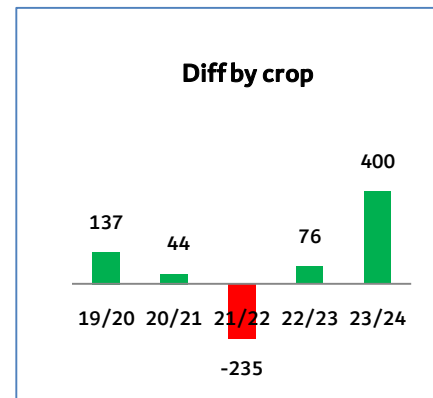
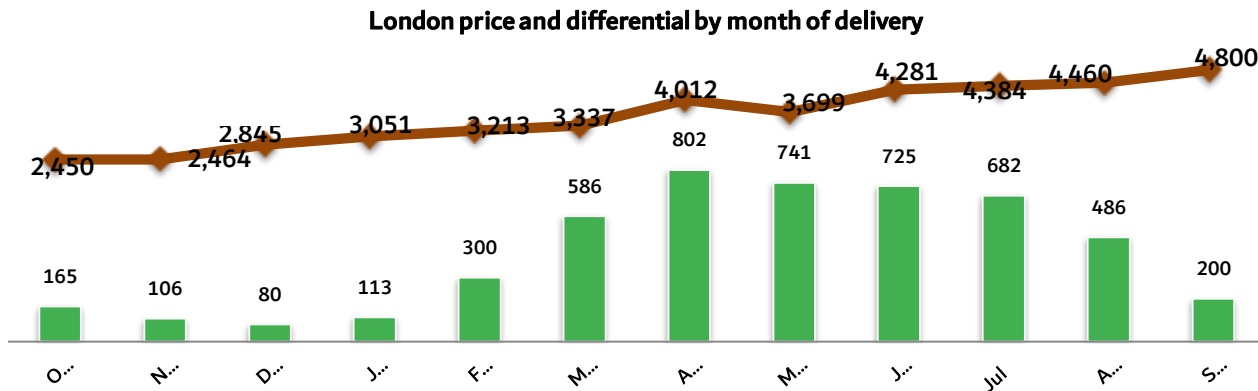
- Estimated total output of crop 23/24: 1.8 million tons of green coffee, of which around 1.72 million tons of Robusta
- Area: over 600.000 hecta – not much expansion as the profitability remains lower compared to other crops (e.g., durian)
  - Quality was stable; with the R3 grade ratio lower than the average of the last five years (although higher than last year).
  - The ratio on screen 16 and above was around 60%-70%

# GREEN COFFEE BEAN EXPORTED VOLUME



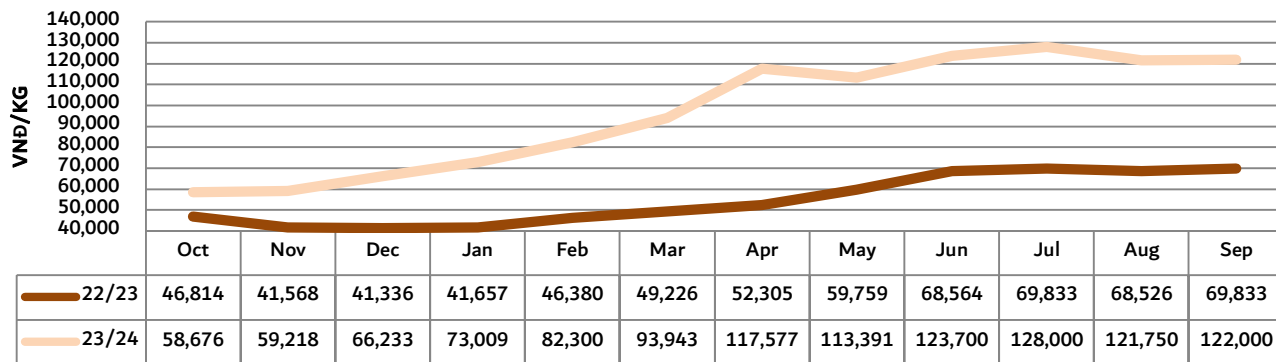
- Total coffee export is projected at 1.6 million tons, of which 1.4655million tons (90%) as raw material (unroasted, unprocessed) – same figure compared to last crop
- Export volumes to some major markets are trending downwards (USA - down 20%, Germany - down 17%) due to competition from Brazil and Indonesia...
  - There was almost no of carry-over stock of 22/23 crop – particularly, October exported volume reached a historic low of 43,000 tons, only 55% of same period last year's figure.
  - Estimated domestic consumption is about 250,000 tons of green coffee - equivalent to last crop's amount.
  - Since May, export volumes have sharply decreased, averaging 70,000 tons. This marks a 60% drop from the average of 170,000 tons during the Nov 23-April 24 period and a 35% decline from the same period last year

# LONDON AND DIFF PRICE

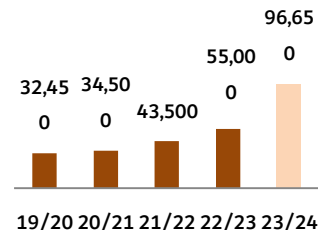


- London prices have risen significantly over time - increasing month-on-month at averaging 4,300 \$/MT - occasionally exceeding \$5,000, reaching a 20-years peak
- Average Diff level of crop 23/24: +400, Robusta grade 2, 5% bulk – five times more expensive than the previous crop

# LOCAL FAQ PRICE



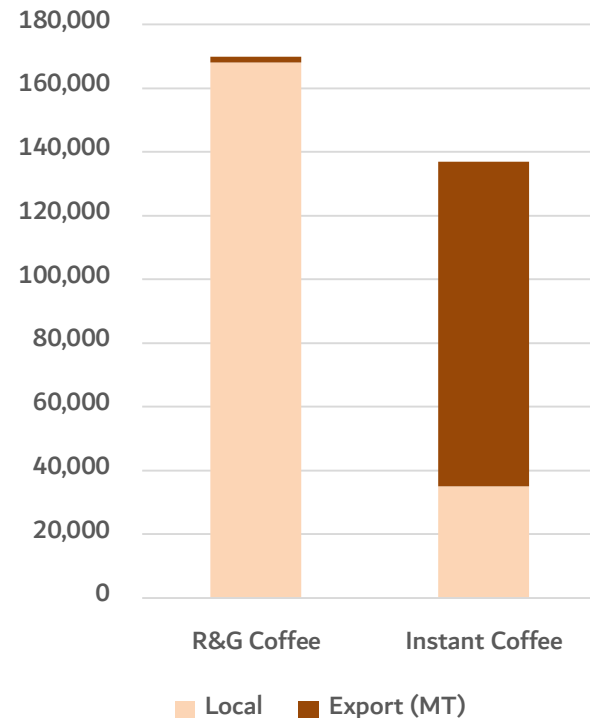
Avg. FAQ price by crop



- Domestic FAQ prices surged, continuously breaking record highs - from 56,000 VND/kg at the start of the crop to over 120,000 VND/kg end of crop - (peaking at 128,000 VND/kg in July 2024)
  - Average domestic price (including est. figures of Sep) for the crop: 96,650 VND/kg– up 175% from last crop and up 185% from the last 5-year average.
  - Domestic prices fell slightly at the start of the crop as farmers sold immature coffee at about 60,000 VND. However, from Dec.23 to Apr.24, the significant London price rally boosted the local price to over 10,000 VND/kg more from it previous month. Once again, like the period of end 22/23 crop, it had led to defaults from local supplier/farmer to local exporters and FDI
  - Local demand for Vietnamese Robusta coffee remains strong, especially from newly operated or capacity expanded instant coffee processing plants

## LOCAL CONSUMPTION

- Estimated amount of green coffee used for processing and domestic consumption: about 250,000 tons – accounting for 13% of total production
  - Estimated roasted and grounded coffee production for domestic consumption: 168,000 tons – an increase of 3% compared to the previous crop, while the export volume is approximately 2,000 mt (USDA report, May 2024)
  - Instant coffee production for domestic consumption is estimated at 39,000 tons, while the exports reaching about 100,000 tons – an 10% decrease from the previous crop (USDA report, May 2024)
  - Nearly 150,000 tons of green coffee imported (including stock in bonded-warehouses) from Brazil, Indonesia, Africa, Laos, and China (USDA report, May 2024) – up more than 50% from the previous crop, primarily to replace high-priced Vietnamese Robusta



## KEY TAKEAWAYS

- During the first period of the crop from November 23 to January 24, the price of coffee beans increased sharply from an average of 56,000 VND/kg to over 72,000 VND/kg, many domestic suppliers did not deliver according to the signed sales contract with exporters, causing supply risks and balancing exporters' profits
- The price of Vietnamese Robusta coffee was the most expensive in the world (and was higher than the price of Arabica), mainly due to the sharp increase in London prices while the demand for Vietnam Robusta processed domestically and abroad is still increasing. This would bring benefits to growers but also bringing more difficulties in trading and export
  - Vietnamese Robusta has been losing its price's competitive advantage, which is giving up a lot of market share to Brazilian Conilon and Indonesian Robusta
  - Operation and trading costs (per ton) have increased sharply, as all firms need bigger cash flows
- London prices had fluctuated in wide price ranges, which could cause many risks and difficulties in managing profits and position
- Crop 23/24 carry-over is expected to be over 100,000 tons by the end of October 2024 due to
  - Some people only sell in moderation because they still expect prices to continue to increase before and after the harvest
  - There has been a significant rise in the amount of imported coffee to offset domestic consumption and processing

# CROP 2024/2025 FORECAST



## PRODUCTION AND LOCAL PROCESSING

- Production is expected to decrease slightly to 1.7 million tons (28.1 million 60kg bags) due to the impact of drought (El Nino) happened last April - May in the Central Highlands regions
- The new crop is coming (selling) slower than the previous seasons due to
  - Impact of rainstorms during the harvesting period in September, October (estimated by the end of November, only 30% of total crop is harvested in all regions)
  - Farmers have no pressure to sell, waiting for the cherry to be over 90%-95% ripe before harvesting – as an expectation of the price trend is unlikely to decrease when London still has many strong upside sessions, while many exporters, especially FDI in the had bought and giving inquiries regularly at high prices (over 110,000 VND/kg).
- The current price is very profitable for coffee farmers so there has been more investment in fertilizer and quality management. The ratio on screen 16 and above remains over 60%.

## EXPORTING

- The demand for using Vietnamese Robusta coffee is still large, so Vietnam's export output can still be guaranteed compared to previous years (1.5 - 1.6 million tons) but with price must be competitive compared to Brazil, Indonesia, Uganda...
- Current FAQ price has been offered above 125,000 VND/kg recently, the level that farmers should be very satisfied when considering production cost. However, even at the level, buying in large quantities has not been easy
- Most Vietnamese exports have a much lower volume of pre-sold contract for Dec 24 -June 25 shipment than in previous years
- Diff is offering for standard Vietnam Robusta Grade 2 in bulk @ H-150 (Dec, Jan, Feb shipment)
  - If London prices fall below 4200\$: diffs would revert to a premium due to domestic prices being below farmers' expectations (100,000 VND/kg)
  - If London prices remain above 4200\$: Diff would stay at minus level but then could tighten depending on inventory levels after early crop stock release

## LOCAL CONSUMPTION

- Total capacity of instant coffee processing plants: 100,000 MT of finished product/year, equivalent to around 230,000 MT of green coffee
  - Expected an increase of capacity of spray-drying and freeze-drying production in 2025/2026 in Vietnam
  - The local consumption of roasted and ground coffee: stable, with estimated consumption exceeding 160,000 tons
  - The total domestic consumption of green coffee would increase to 350.000 tons/year if all instant coffee plants operated at full capacity. However, if Vietnamese Robusta prices remain higher than those of other countries, many instant coffee manufacturers may continue to switch to Robusta from Brazil, Indonesia...

## KEY TAKEAWAYS

- If London prices do not rise rapidly , Vietnamese Robusta prices would not increase after the first quarter of 2025 due to the large inventories available (in contrast to the previous season on 23/24).
- Export volume will be distributed evenly and stably each month instead of focusing on the early period of the crop
- Most of local exporters would likely to offer more short-term shipment , and trying to use instant buy-and-fix method
- The amount of coffee imported into Vietnam would increase to 200,000 tons if Vietnamese coffee prices continue to be not competitive to other origins
- The amount of carry-over stock by end of 24/25 crop might larger than the latest crop

## EUDR IN VIETNAM

- Vietnam is one of the first and most active countries in implementing origin traceability projects to adapt to EUDR regulations. Over the year, farmers, governments, international organizations and all big exporters have been coordinating well in locating, documenting and conducting certification on a large scale
- Recently temporarily delay from EU on the implementation of EUDR with the new effective date of January 1, 2026 (instead of January 1, 2025).
  - Causes damage to local and FDI exporter that have spent a lot of money, time and effort to prepare
  - Losing the competitive advantage of Vietnamese coffee compared to other origin
  - Might cause the reduce the price of green coffee as the supply is not tightened by traceability barriers