

## Myanmar Market NewsBrews - 28 March 2018

### Post-West Era: Myanmar Beans Go East

- **Local market:**

**Harvest 2018:** Last cherries are being picked in higher altitudes (Chin Land @1800-2000 masl). Flow of coffees in stock, producers conclude their harvest operations. After some rainy days in January, the harvest could progress well during February and March. Coffee cherry prices barely changed compared to 2017. However, an overall higher demand and an increase of the minimum wage has encouraged processors to increase their coffee price about 0.15% in contrast to 2017. The price gap between a specialty coffee and a commercial grade is at 0.25-0.30 \$USD/lb.

**Quality:** From March 17 until 26, USAID, Myanmar Coffee Association (MCA), Winrock - USAID's executive NGO - in collaboration with the Coffee Quality Institute (CQI) held the yearly National Cupping Competition.

In 2017, the winning coffee was from Shan State, a natural processed arabica. It reached 89.58 points, underscoring the continuing improvement in the quality of coffees being produced in Myanmar. This year, a catimor variety from smallholder farmer "Arrow Brothers" was awarded the highest score in the category of washed coffees (87.00 points) while in the category „natural process“, a coffee from Pinlaung region was getting 87.16 points. In 2017, critics were raised among buyers and roasters that the Myanmar bean had been overrated - an explanation for the correction in 2018.

**Roasting:** An renown coffee manufacturer and roaster from Norway announced to set up a roasting plant in Myanmar in September 2018.

- **Export market:** On 19th March, the Mandalay Coffee Group (MCG) – one of Myanmar's largest exporters - signed an agreement with YOMA Bank, Rabobank and USAID (800 mio MMK = USD 600,000 mio). The loan shall enable coffee farmers to increase their output. According to MCG's director, coffee producers from Shan State will benefit from the loan. Founded in 2014, MCG is chaired by U Ye Myint and led by U Kyaw Hlaing with 49 local shareholders, involved in coffee production, processing, roasting and exporting.

Higher demand from Asian countries noted, while European buyers weren't much showing up this year. Some buyers from Western countries seem hesitant because of the crisis in Rakhine State. Two years ago, the market was mainly attracting buyers from US and Europe. This year, countries with a high coffee consumption such as Korea and Japan have become aware of Myanmar's high coffee quality.

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- **Politics:** The de-jure president U Htin Kyaw resigned from his role on March 21, citing that he needed to « take a rest ». According to the constitution, military-appointed Vice-President U Myint Swe will serve as acting president until Myanmar's parliament selects a replacement. The military's got 25% of votes in the Parliament that allows an effective veto on changes to the constitution. Some speculation came up about U Myint's Swe aspiration to run for presidency during the general election in 2020.

On 16th March, the Myanmar Coffee Association presented its achievements during an event held by the Myanmar Agricultural Network (MAN). In 2017, 860 MT tons of green coffee and 200 MT of specialty coffee were exported. The country counts 10 licenced Q-graders. MCA mentioned the future challenges, namely the expansion of specialty coffee production and the increase of home grown robusta in order to move from a net importing to an exporting country.

- **Currency:** Set at MMK1,328 per US dollar on February 16, the Myanmar Kyat reached its strongest level against the dollar in over 1.5 years. In March, the currency dropped back to MMK 1,340.

- **Events in Myanmar :**

Coffee Forum, organized by the Myanmar Coffee Association (June 2018, date tbc)

Thingyan: Myanmar will celebrate New Year (Water Festival) between 13th and 16th of April.

**Exchange Rate:** 1 USD = 1333 MMK

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