M.A.M. TRADING CORPORATION

Market Update | August 2026 | 2026/27 Outlook

COFFEE & BRAZIL — DESK STRATEGY

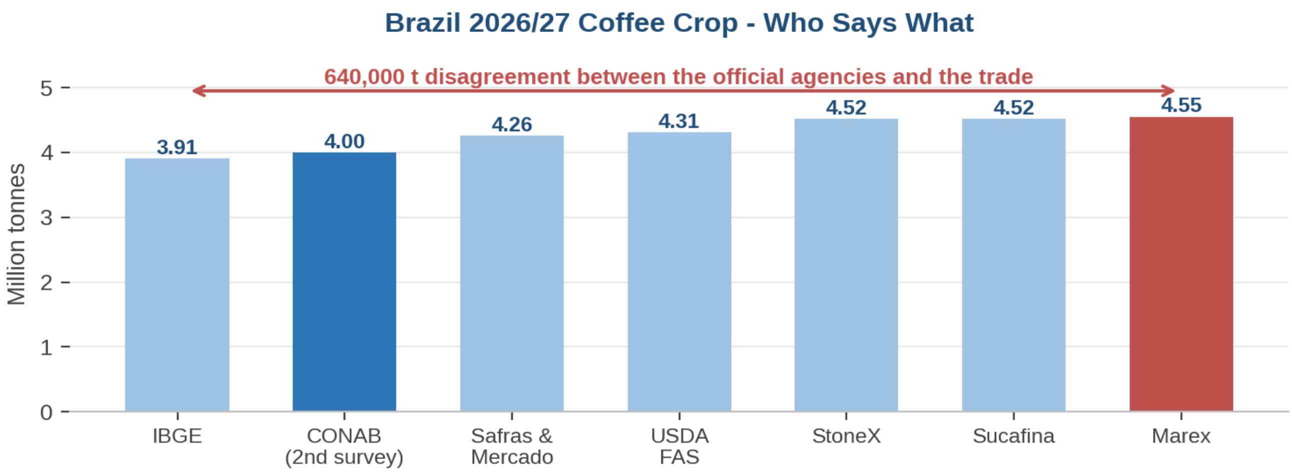
PUBLIC EDITION

Prepared for our trade partners and the wider sourcing community.
A desk-strategy edition — how we are positioning across the 2026/27 coffee year, and why.
Full origin-level data and grade pricing available on request.

Coffee closed July up 9%, and enters August with the risk premium intact. Arabica September finished the month at USD 7.12/kg after touching 7.48 midweek; robusta added 3.3%. That is not a supply story — a record crop is still coming. It is built on three things: exchange warehouses at a two-and-a-half year low, a Brazilian harvest running well behind, and rain that has hurt quality and may have hurt next year's crop too. Here is how we are trading it.

THE SETUP — WHERE 2026/27 BEGINS

Metric	Latest	Comparison	Read
ICE Arabica Sep-26	USD 7.12/kg	6.54 end-June	+9% over July
ICE Robusta Sep-26	peak USD 3,877/t	—	+3.3% over July
Certified arabica stocks	approx. 17,600 t	-30,500 t y/y	2.5-year low
Brazil harvest, 29 July	78% done	90% last year	Arabica only 69%
World production (USDA)	11.38 Mt	10.73 Mt	Record, +6%
Hedgepoint world surplus	492,000 t	594,000 t before	Cut, not raised



Brazil 2026/27 crop estimates by source. The official agencies and the trade houses are far apart — and that gap is the single biggest price risk this year.

Key Drivers

- Record supply is still coming — USDA has world output at 11.38 Mt, arabica up 12.1% to an all-time high, exports also a record
- But the warehouse is empty — certified arabica stocks at about 17,600 t, a two-and-a-half year low and some 30,500 t below last year, so any delay moves the price hard
- The harvest is late — 78% done by 29 July against 90% a year ago. Conilon is finished at 97%, but arabica is only 69%
- Quality is the new problem — Minas Gerais took 32.4 mm in the week to 26 July, some 2,700% of average, and Cepea says the rain hit roughly 30% of the crop still standing
- Surplus forecasts are being cut, not raised — Hedgepoint took its world surplus down from 594,000 t to 492,000 t on poor weather in Vietnam and Indonesia
- And nobody agrees on Brazil — CONAB says 4.00 Mt, the trade houses say up to 4.55 Mt

Outlook: Firm, with a real risk premium. Bearish on paper supply, but too thin on stocks and too uncertain on quality to relax.

THE DESK STRATEGY — HOW WE ARE TRADING IT

Our position in one line

Trade quality and the calendar, not the flat price. A record crop into empty warehouses gives you violent ranges in both directions, and we are not calling a level. What we can act on is that rain has split this crop into good cup and everything else — and that the shipping window is now compressed.

1. Buy cup quality, not tonnage

Cepea reports July rain hit around 30% of the standing crop, with fermentation, dropped cherries and lower cup quality all in play. Good cup will separate from the rest. We fix specifications early.

2. Lean robusta where blends allow

Conilon is finished at 97% and came in clean, while arabica is only 69% harvested and rain-affected. Arabica is down to 60.2% of green exports, the lowest since 2015.

3. Book Brazil shipment early

A late harvest now feeds into the same congested berths that could not load 56,000 t in a single month last year, with 57% of ships delayed. The window is compressed. We book ahead.

4. Front-load Europe before EUDR

The deforestation rules apply from 30 December 2026 for large and medium operators, with no further delay. We are moving EU volume and paperwork early, not in December.

5. Instant coffee is safe again

The July tariff round exempted both green and soluble, protecting around USD 2 billion of Brazilian trade into the US. Soluble is back on the table.

6. Work the liquidity windows

Volatility has stalled the physical market — growers are selling only against immediate commitments and buyers are hesitant. Windows open briefly. We stay ready rather than chase.

BRAZIL PHYSICAL, PRICES AND WHAT WE ARE WATCHING

Brazil physical, end of July

Origin / grade	Local	USD equivalent	Month
Sul de Minas, good cup arabica	R$ 1,770-1,780/bag	approx. USD 5,830-5,860/t	+11.2%
Espirito Santo, conilon type 7	R$ 1,070-1,080/bag	approx. USD 3,520-3,560/t	+1.9%

End-July levels, converted at USD/BRL 5.0619, the rate on 30 July. The dollar eased 0.91% that day.

Watch list

Date	Event	Why it matters
This month	Crop classification bulletins	First hard read on rain damage to cup quality
This month	Early flowering in the fields	Competes with the main September flowering
Aug–Sep 2026	Harvest finishes	Settles whether CONAB or the trade had it right
Sep–Oct 2026	Main flowering	Sets the 2027/28 crop, in an El Nino year
30 Dec 2026	EUDR applies	Large and medium operators, no further delay

The risk we are watching hardest — and it is about 2027

This is no longer just an El Nino story, and that matters. UFLA and Rural Clima report that July's unseasonal rain has **induced early flowering, now under way**. Those small fruits will compete for energy with the main flowering in September, and the risk is a sharp drop of pinheads — which would cut the productive potential of the **2027/28 crop**. Layered on top, El Nino risk is now put above 70% from this month onwards. None of this changes the crop being picked today. All of it points at next year. If you have 2027 cover to think about, start now. If you are buying for this season, price the stock position and the cup quality.

Want the full report? Comment "REPORT" below, or reach out directly for the full Deep Dive — origin-by-origin production and export tables, differentials by group, freight by lane, the EUDR and tariff position in detail, and our buying calendar.

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Sources: ICO Coffee Market Report, USDA FAS, CONAB, IBGE, Cecafe, Safras & Mercado, Cepea, Cooxupe, Hedgepoint, UFLA / Rural Clima, ICE, Drewry, NOAA, USTR / Federal Register. Reference levels are indicative, not offers. Market commentary, not investment or hedging advice.