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Report Highlights:

Indonesia's 2024/25 coffee production is expected to recover to 10.9 million (60-kilogram) bags on favorable weather despite a delayed harvest in Southern Sumatera. Exports for 2023/24 are revised downward as production falls more steeply than previously estimated. Domestic consumption is expected at 4.8 million bags on projected stable economic growth.

Indonesia Coffee Annual 2024

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Commodities
Coffee, green

Production
Indonesia coffee production is forecast at 10.9 million bags for 2024/25, partially recovering from 2023/24 severe weather mostly affecting Robusta producing areas. Production in lowland areas is expected to partially recover, while some improved yield is projected for the highland areas. Favorable weather in northern Sumatera is likely to raise Arabica crop yields for the 2024/25 harvesting period.

Due to the El-Nino-induced drought in 2023, the harvesting period in southern Sumatera is estimated to start in May-June 2024, a substantial delay from the norm (March-April). Therefore, shipments are anticipated to peak September-October 2024.

Table 1. Indonesia Coffee Production (million 60-kg bags)

	2019/20	2020/21	2021/22	2022/23	2023/24r	2024/25f
Arabica	1.3	1.3	1.3	1.4	1.4	1.4
Robusta	9.5	9.4	9.3	10.5	6.3	9.5
Total	10.7	10.7	10.6	11.9	7.7	10.9

Source: FAS Jakarta

Crop Area
Indonesia coffee area is expected to remain stable at 1.2 million hectares, and no major replanting programs have taken place in recent years. Most coffee plantations are smallholder farms occupying about 1-2 hectares each. A few large plantations located in Sulawesi and Sumatra are owned and maintained by private companies. A state-owned company in East Java also manages a large Robusta plantation.

A recent report from Ministry of Agriculture (MOA) suggests that farmer interest in growing arabica has grown in the last decade, largely because of the lucrative price. However, arabica crops are only suitable for high altitudes.

Northern Sumatera is the main producing region of Arabica in Indonesia. Other areas with smaller production are in the high-altitude areas of Java, Sulawesi, and Papua. Sumatra accounts for more than 60 percent of total Indonesian coffee crop area, followed by Java Island with 15 percent, and Nusa Tenggara and Sulawesi with smaller shares.

Inputs

Most of the Indonesian coffee crops are managed by smallholder farmers that generally have minimal access to fertilizer. In addition to the unavailability of fertilizer in some regions, many smallholders lack technical knowledge on proper fertilizer application. In some areas such Lampung, smallholders often receive inputs such as fertilizers and pesticides from village-level coffee aggregators on credit to be paid off after harvest. These aggregators are often smallholder coffee farmers themselves. Smallholders heavily depend on family labor, mainly for non-harvesting activities. Harvesting is often carried out on a rotational basis between farms to spread labor costs.

Yields

Robusta coffee yields vary by region, but generally are less than one metric ton (MT) per hectare, while arabica coffee yields are slightly higher. Indonesia's coffee crops rely on a balanced amount of sun and rain after flowering to produce optimal yields. Yields are most negatively affected by excess rain and strong winds during the cherry development stage.

Table 2. Indonesia Coffee Yield (Kg/ha)

	2019	2020	2021	2022	2023e	2024f
Northern Sumatera	931	934	957	1017	1026	1020
Southern Sumatera	872	891	888	867	823	869

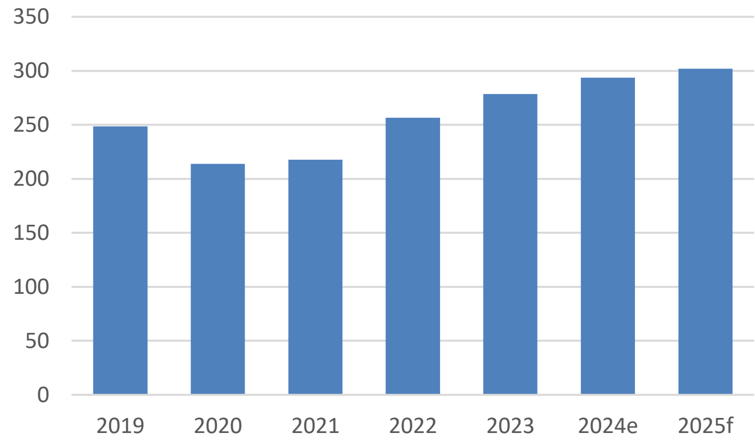
Source: Ministry of Agriculture

Consumption

Post expects Indonesia's 2024/25 coffee consumption to rise by 10,000 bags to 4.8 million bags on steady economic growth with continued improved performance in the food, beverage, hotel, and related sectors which drive coffee consumption. Coffee processors are likely to continue to squeeze their margins until peak robusta harvesting in the coming months.

Ready to Drink (RTD) coffee sales data shows growth in 2023 as producers continue to offer more varieties with affordable selling prices, supported by a wide range of distribution networks such as convenience stores, grocery stores, small local grocers, and kiosks.

Figure 1. Ready to Drink (RTD) Coffee Sales Volume (million liters)



Source: Euromonitor

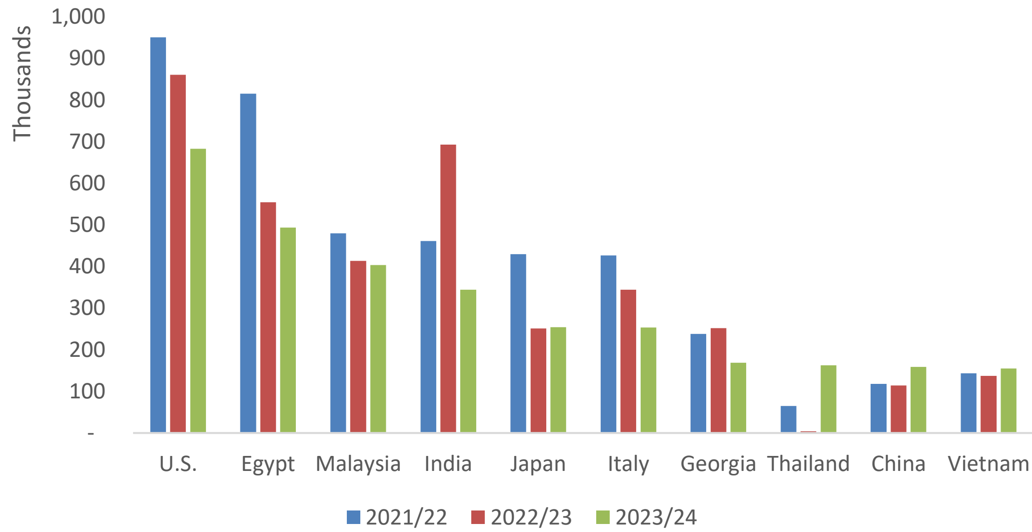
Trade

Indonesia green bean exports are forecast to increase from 4.3 million bags to 6 million bags in 2024/25, as supplies are expected to rise along with the recovered production. Indonesia's largest destination markets remain the United States, ASEAN member states combined (Malaysia, Thailand, and Vietnam), Egypt, India, and Japan. In 2023/24, green bean shipments to the United States reached 16 percent of total exports, ASEAN countries (15 percent), and Egypt (12 percent). Shipments to EU member states accounted for 14 percent of total exports in 2023/24, a decrease of 66 percent from the previous year. The EU Deforestation Regulation (EUDR) that will come into effect at the end of 2024 is likely to affect shipments in 2024/25. The EUDR requires importers to provide due diligence statements proving their commodities are not contributing to deforestation.

Indonesia sourced robusta green beans mainly from Vietnam and arabica green beans mainly from Brazil. In 2023/24, imports from Vietnam tripled to 642,000 bags. Local roasters sourced 205,000 bags from Brazil in the same period, jumping from 86,000 bags in 2022/23, primarily for high-end customer segments. Post forecasts green bean imports at 500,000 bags for 2024/25, lower than the current year as roasters will procure more local green beans with higher local supplies.

Post revises 2022/23 green bean exports down 12 percent to 6.7 million based on corrected official data.

Figure 2. Indonesia Green Bean Largest Export Destinations 2021-2024



Source: Trade Data Monitor (TDM), LLC

Table 3. Arabica Spot at Medan, 2018-2024 (IDR/kg)

	2018	2019	2020	2021	2022	2023	2024
Jan	57,495	52,101	54,862	60,558	115,135	83,195	99,373
Feb	56,625	49,683	50,733	61,201	120,659	94,239	102,860
Mar	56,591	48,342	55,802	64,574	109,210	94,299	101,778
Apr	55,820	46,849	62,087	66,070	110,717	95,268	122,088
May	57,515	47,156	55,112	73,426	108,798	94,804	117,761
Jun	56,509	51,637	49,194	76,932	115,627	92,614	
Jul	54,738	52,010	52,600	83,641	110,862	82,766	
Aug	53,079	48,415	60,338	89,133	112,860	81,598	
Sep	52,032	49,328	62,736	92,147	115,505	80,395	
Oct	60,281	49,062	55,339	97,821	105,585	83,344	
Nov	57,451	53,557	55,249	107,508	88,805	93,531	
Dec	52,077	62,365	59,127	114,524	88,384	102,543	

Source: Commodity Futures Trading Regulatory Agency (Bappebti)

Table 4. Robusta Spot at Lampung, 2018-2024 (IDR/kg)

	2018	2019	2020	2021	2022	2023	2024
Jan	24,930	22,528	18,529	19,208	36,713	31,831	56,069
Feb	25,855	22,462	17,980	19,635	35,316	33,933	55,854
Mar	26,317	22,226	18,352	20,693	34,569	35,219	59,018
Apr	25,265	20,628	18,195	20,555	32,441	38,642	72,712
May	26,219	19,829	17,701	22,043	32,504	42,340	73,018
Jun	25,686	20,469	16,943	24,333	32,950	44,939	
Jul	26,674	20,135	18,353	27,666	31,702	45,401	
Aug	25,311	18,998	21,951	28,552	34,919	44,114	
Sep	24,104	18,812	22,606	32,259	36,132	44,526	
Oct	26,943	17,862	19,073	33,041	34,302	42,037	
Nov	25,346	19,491	20,089	35,249	31,026	44,700	
Dec	22,758	20,238	20,593	36,428	32,143	47,790	

Source: Commodity Futures Trading Regulatory Agency (Bappebti)

Table 5. Exchange Rate (IDR/$)

	2018	2019	2020	2021	2022	2023	2024
Jan	13,380	14,163	13,732	14,062	14,341	15,267	15,627
Feb	13,590	14,035	13,776	14,044	14,350	15,138	15,660
Mar	13,758	14,211	15,195	14,417	14,348	15,288	15,711
Apr	13,803	14,143	15,867	14,551	14,375	14,844	16,125
May	14,060	14,393	14,906	14,334	14,615	14,827	16,148
Jun	14,049	14,227	14,196	14,351	14,702	14,932	
Jul	14,415	14,044	14,582	14,507	14,983	15,044	
Aug	14,560	14,242	14,725	14,390	14,850	15,252	
Sep	14,869	14,111	14,848	14,258	14,989	15,367	
Oct	15,179	14,118	14,758	14,191	15,435	15,760	
Nov	14,697	14,069	14,237	14,270	15,665	15,599	
Dec	14,497	14,017	14,166	14,327	15,608	15,511	

Source: Bank of Indonesia

Table 6. Production, Supply and Distribution: Coffee

Coffee, Green	2022/23		2023/24		2024/25	
Market Begin Year	Apr-22		Apr-23		Apr-24	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	1,056	1,056	691	1,650		993
Arabica Production	1350	1,350	1,300	1,350		1,400
Robusta Production	10,500	10,500	8,400	6,300		9,500
Other Production	-	-				
Total Production	11,850	11,850	9,700	7,650	-	10,900
Bean Imports	347	347	700	942		500
Roast & Ground Imports	17	17	20	17		20
Soluble Imports	983	983	1,000	882		1,000
Total Imports	1,347	1,347	1,720	1,841	-	1,520
Total Supply	14,253	14,253	12,111	11,141		13,413
Bean Exports	7,695	6,736	5,000	4,288		6,000
Rst-Grnd Exp.	57	57	50	70		50
Soluble Exports	1,040	1,040	1,000	1,000		1,000
Total Exports	8,792	7,833	6,050	5,358	-	7,050
Rst,Ground Dom. Consum	3,260	3,260	3,270	3,270		3,270
Soluble Dom. Cons.	1,510	1,510	1,520	1,520		1,530
Domestic Consumption	4,770	4,770	4,790	4,790	-	4,800
Ending Stocks	691	1,650	1,271	993		1,563
Total Distribution	14,253	14,253	12,111	11,141	-	13,413
	-	-	-	-	-	-
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

Attachments:

No Attachments