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Report Highlights:

FAS Nairobi forecasts a 12 percent jump in Kenya's coffee production to 950,000 60-kilogram (kg) bags in the Marketing Year (MY) 2026/27, due new harvested area, and improved crop care following two years of high prices. Exports are expected to reach 940,000 bags, while domestic consumption is likely to stay flat due to reduced purchasing power and the disruption of urban coffee culture. Kenya's coffee sector is also entering a new regulatory environment following the enactment of a new Coffee Act of 2026 that shifts regulatory oversight to a re-established Coffee Board of Kenya.

Table 1: Production, Supply, and Distribution (PSD)

Coffee, Green	2024/2025		2025/2026		2026/2027	
Market Year Begins	Oct 2024		Oct 2025		Oct 2026	
Kenya	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	105	0	106		107
Area Harvested (1000 HA)	0	105	0	105		106
Bearing Trees (MILLION TREES)	0	170	0	170		172
Non-Bearing Trees (MILLION TREES)	0	0	0	2		2
Total Tree Population (MILLION TREES)	0	170	0	172		174
Beginning Stocks (1000 60 KG BAGS)	61	61	83	74		97
Arabica Production (1000 60 KG BAGS)	1000	950	850	850		950
Robusta Production (1000 60 KG BAGS)	0	0	0	0		0
Other Production (1000 60 KG BAGS)	0	0	0	0		0
Total Production (1000 60 KG BAGS)	1000	950	850	850		950
Bean Imports (1000 60 KG BAGS)	30	30	30	30		30
Roast & Ground Imports (1000 60 KG BAGS)	0	0	0	0		0
Soluble Imports (1000 60 KG BAGS)	43	43	45	45		45
Total Imports (1000 60 KG BAGS)	73	73	75	75		75
Total Supply (1000 60 KG BAGS)	1134	1084	1008	999		1122
Bean Exports (1000 60 KG BAGS)	950	923	850	800		900
Rst-Grnd Exp. (1000 60 KG BAGS)	30	17	30	30		30
Soluble Exports (1000 60 KG BAGS)	13	12	10	10		10
Total Exports (1000 60 KG BAGS)	993	952	890	840		940
Rst,Ground Dom. Consum (1000 60 KG BAGS)	38	38	40	40		40
Soluble Dom. Cons. (1000 60 KG BAGS)	20	20	22	22		22
Domestic Consumption (1000 60 KG BAGS)	58	58	62	62		62
Ending Stocks (1000 60 KG BAGS)	83	74	56	97		120
Total Distribution (1000 60 KG BAGS)	1134	1084	1008	999		1122
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Sources: Trade Data Monitor, Coffee Board of Kenya, and Post Estimates

Production

FAS Nairobi forecasts a steady recovery of Kenya's coffee production to climb to 950,000 bags in the MY 2026/27. This represents a nearly 12 percent increase over the 850,000 bags estimated for MY 2025/26. This growth trend is primarily fueled by farmers' response to a period of sustained high market prices. After enjoying two years of favorable prices, growers now have the capital to reinvest in their farms. This reinvestment enables more consistent fertilizer application and more effective control of the pests and diseases that often stifle yields. Coffee farms in the key Mt. Kenya region flowered robustly following the severe drought that lasted up to March 2026. In addition, Post projects that the harvested area will increase marginally to 106,000 hectares as recent plantings mature.

Kenya is aggressively pursuing a coffee expansion program that spans the Central, Eastern, and Rift Valley regions. This initiative is being funneled through the New Kenya Planters Co-operative Union, which utilizes a government supported revolving fund to provide farmers with saplings and fertilizers. Complementing national efforts, several county governments have launched localized grant programs to help farmers offset the costs of expanding their coffee plantations. The expansion has tested the country's capacity to produce planting materials, with the Coffee Research Institute facing a massive backlog; despite efforts to ramp up production, the institute is overwhelmed by a surge in demand for planting materials.

Figure 1: A Revamped Coffee Saplings Production Facility

Source: Coffee Research Institute

Over most of the last decade, most of Kenya's peri-urban coffee growing areas underwent systematic uprooting of coffee farms to make way for residential housing. The aggressive conversion was driven by demand for urban expansion, and residential settlements. The trend was particularly rampant across the peri-urban Nairobi, Thika, Kiambu, and Nyeri. In the last two years, the trend has slowed down due to significant stagnation within the real estate market. Without the backing of a clear land use policy to safeguard arable land, industry analysts see this as a temporary reprieve for the coffee sector, and the new trajectory could reverse if a coffee market slump sets in.

Changes to MY 2024/25

Post revises production estimate for MY 2024/25 from 750,000 bags to 950,000 bags, reflecting a significant recovery following the sector instability in MY 2023/24. This prior volatility was precipitated by abrupt regulatory reforms that overhauled marketing and licensing structures mid-season, resulting in the suspension of input supplies by marketing agents. The recovery is also attributed to favorable weather and the implementation of a new government subsidy program managed by the revitalized New Kenya Coffee Planters Union. The subsidy restored coffee farmers' access to essential agricultural inputs.

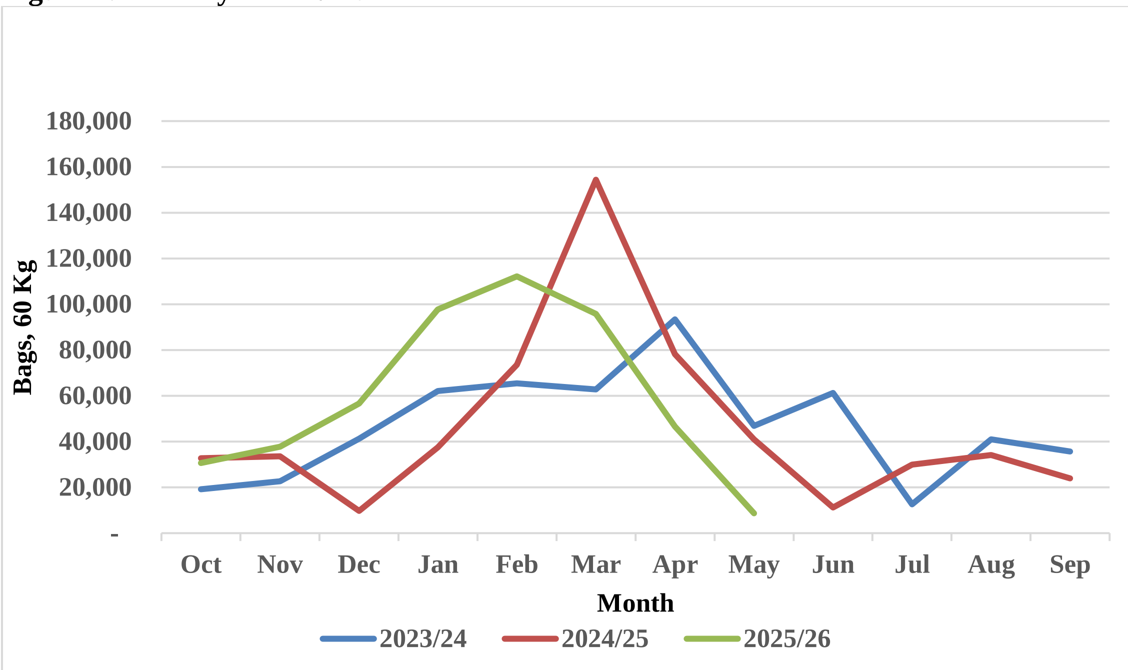
Figure 2: Kenya's Key Coffee Growing Areas

Source: Coffee Board of Kenya

Marketing

Roughly 80 percent of Kenya coffee is sold through producer co-operatives, with the remainder managed by corporate and individual estates. The Nairobi Coffee Exchange (NCE), a spot market founded in 1935, facilitates over 95 percent of coffee sales. Other transactions occur through direct contracts between producer agents and exporters. These direct sales require registration with the Coffee Directorate, which is currently re-establishing itself as the Coffee Board of Kenya. The NCE is regulated by the Capital Markets Authority (CMA), which also licenses brokers to prepare auction catalogues. As of early 2026, the CMA has licensed 16 coffee brokers for the exchange. Currently, eleven are farmer-owned cooperatives or unions, while the rest are private, with 15 actively trading during the 2025/2026 season.

Figure 3: Monthly Sales Volumes at NCE



Source: NCE

Prices

Average coffee prices at NCE have surged since MY 2024/25 due to a tight global supply. This price situation is expected to correct itself due to a projected two percent increase in global coffee production for 2025/26. The rebound in production is largely attributed to the biennial cyclical factor in key Arabica regions and improved rainfall following previous dry weather.

In April 2026, the average coffee price at the NCE fell to about $268.77 per 50kg bag, marking a 28.4 percent dip from $375.24 in October 2025. [Note: Sale bids at the NCE are per 50kg bags.] Since the NCE trades in U.S. dollars, the Kenyan shilling's stability, holding at roughly KSh 129 per dollar for much of the MY 2025/26, has been key in keeping local producer returns steady.

Table 2: Monthly Auction Price Performance at the NCE

Month	Avg. Price (per 50kg)	Avg. Price (per kg)	% Change	Trend Highlights
Oct/Nov 2025	$372 – $386	KSh 960 – KSh 1,001	-	Season opening with high quality offerings
Jan 2026	$374 – $386	KSh 965 – KSh 995	**+0.3%**	Sustained high prices; high competition
Feb 2026	$316 – $346	KSh 815 – KSh 893	**-12.9%**	Increased volumes
March 2026	$293 – $302	KSh 755 – KSh 780	**-10.1%**	Mid-season correction as volumes increased
April 2026	$250 – $273	KSh 645 – KSh 704	**-12.1%**	Late season; lower volumes

Source: NCE

Policy

In March 2026, Kenya enacted the Coffee Act, a new law to regulate the coffee sector. The new law transitions regulatory and commercial oversight from the Agriculture and Food Authority to the revived Coffee Board of Kenya. Complementing this regulatory shift is the establishment of an independent

Coffee Research and Training Institute, separating it from the broader Kenya Agricultural and Livestock Research Organization. In addition, the new law codifies several reforms that have been going on since 2022, including the reorganization of the Nairobi Coffee Exchange, and the establishment of the Direct Settlement System – a digital payment platform that enables direct, transparent, and faster payments from buyers to coffee farmers. This shift has also introduced a new system where licensed brokers have taken over the tasks of classifying coffee, preparing sale catalogues, and managing both auction and direct sales. In addition, the administrative responsibility for licensing coffee millers has been moved from the Agriculture and Food Authority to the county governments.

Consumption

Post projects Kenya's domestic coffee consumption to hit a plateau in the MY 2026/27 marketing year, with volumes remaining steady at 62,000 bags. The halt in growth is primarily due to intense inflationary pressures currently straining the purchasing power of local consumers, making coffee less accessible to the average household. The landscape of urban coffee culture is also shifting significantly. The proliferation of coffee houses and service outlets once seen in Nairobi and other major cities has lost its momentum. This decline is largely tied to the departure of several major non-governmental organizations and the withdrawal of key donor operations. These organizations historically supported the urban middle class and expatriate communities that formed the backbone of the high-end coffee market; their exit has left a void in demand and reduced the commercial viability of new shop expansions.

Additionally, the domestic coffee market can no longer depend on the tourism sector to drive growth. Kenya's tourism industry, a primary driver of coffee consumption via tourist hotels and lodges, is facing a slowdown due to rising travel costs for local and international visitors. This downturn supports the outlook for a stagnant domestic coffee market.

Trade

Post forecasts Kenya's coffee exports will increase by approximately 11.9 percent in MY 2026/27, rising from 840,000 to 940,000 bags. This growth is anticipated to be driven by an uptick in domestic production and sustained international demand for Kenyan coffee. Green bean exports remain the cornerstone of Kenya's coffee sector, as Kenya is yet to establish large-scale soluble coffee processing plants. The European Union remains the primary destination for these exports, historically accounting for more than half of Kenya's total coffee trade. To secure continued market access, Kenya has launched traceability mechanisms to comply with the European Union Deforestation Regulation (EUDR), which bans coffee and other agricultural goods sourced from land deforested after 2020. Following legislative adjustments to the EUDR, larger export firms must now meet these requirements by December 30, 2026, while smaller enterprises have until June 30, 2027.

Table 3: Kenya's Main Coffee Export Destinations

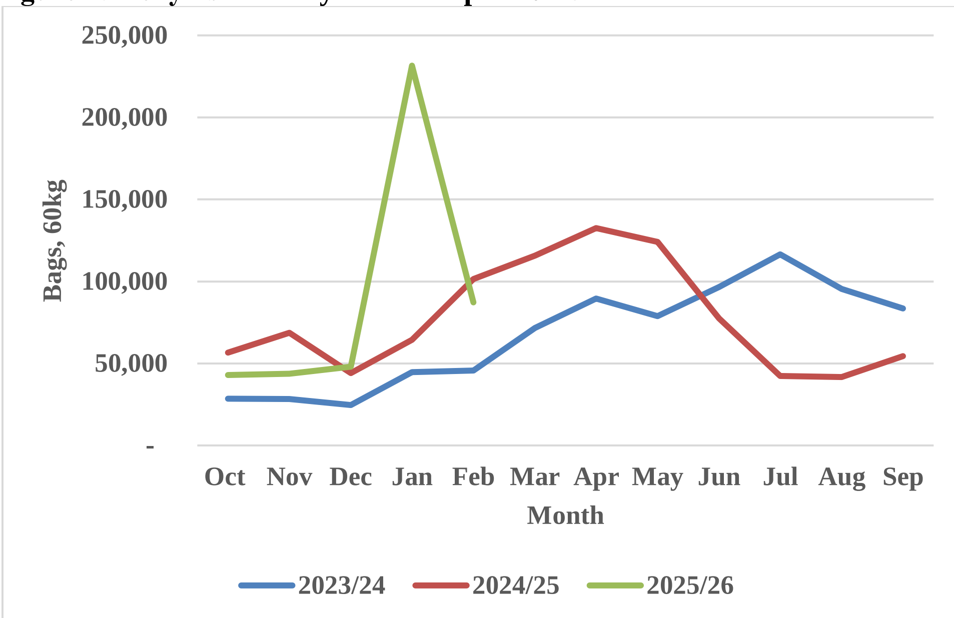
Destination	Unit	Volume			Percentage		
		MY 2022/23	MY 2023/24	MY 2024/25	MY 2022/23	MY 2023/24	MY 2024/25
United States	MT	12,253	8,122	9,737	22.4%	16.2%	17.2%
Belgium	MT	4,021	7,445	8,763	7.4%	14.9%	15.5%
Germany	MT	9,741	7,609	7,173	17.8%	15.2%	12.7%
Netherlands	MT	2,475	1,831	2,937	4.5%	3.7%	5.2%
France	MT	193	268	2,826	0.4%	0.5%	5.0%
South Korea	MT	3,085	2,492	2,817	5.6%	5.0%	5.0%
Sweden	MT	5,165	3,789	2,258	9.5%	7.6%	4.0%
Canada	MT	737	938	2,008	1.3%	1.9%	3.5%
Norway	MT	1,023	1,197	1,456	1.9%	2.4%	2.6%
Japan	MT	1,215	724	1,405	2.2%	1.4%	2.5%

Source: Trade Data Monitor LLC

Kenya's exports across ten destination countries have undergone a dynamic shift over the last three marketing years. While the United States remains the dominant export country, its journey has been one of volatility; after a sharp decline in the MY 2023/24, it saw a recovery in the MY 2024/25 to reach 9,737 MT, securing a 17.2 percent market share. In contrast, Belgium has had consistent growth, doubling its volume over the three-year span, from 4,021 MT in the MY 2022/23 to 8,763 MT in the MY 2024/25. France and Canada have followed similar, albeit smaller-scale, paths of rapid expansion, with France notably jumping from a negligible 0.4 percent share to a significant 5.0 percent in just two years. Germany, once a top-tier destination holding nearly 18 percent of the market, has seen its volume erode, dropping to 7,173 MT or 12.7 percent of the export market. Sweden experienced an even more dramatic downturn, with its market share decreasing from 9.5 percent to just 4.0 percent over the same period. Meanwhile, markets like South Korea, Norway, and Japan have remained relatively stable. Overall, Kenya's coffee export data reveals diversification, from previous heavy reliance on traditional destinations like Germany and Sweden toward high-growth opportunities in Western Europe and North America.

Typically, Kenya's coffee exports exhibit distinct cyclical fluctuations tied to harvest patterns. Kenya's coffee export volumes start low in October, bottoms out by December, and steadily increases to peak between April and July. The MY 2025/26 export cycle tracked the early steps of a typical marketing year before deviating into an unprecedented spike in January. Export volumes increased to an all-time high of 231,561 bags, representing a four-fold increase over MY 2024/25 volumes. This spike was catalyzed the retroactive extension of duty-free market access to the United States under the African Growth and Opportunity Act (AGOA), maintaining Kenya's duty-free export privileges. In addition, the month's export volumes were amplified by a substantial, one-off shipment to the Sudan.

Figure 4: Kenya's Monthly Coffee Export Volumes



Source: Trade Data Monitor LLC

Changes to MY 2025/2026 and MY 2024/25

Post has revised downwards export forecasts for MY 2025/26 from 890,000 to 840,000 bags, reflecting current monthly export trends and the updated production estimates for the remainder of the period. Additionally, MY 2024/25 export figures have been adjusted upwards to reflect actuals as reported by Kenya's statistics agency.

Stocks

Post projects that Kenya's coffee ending stocks will increase by nearly 23.7 percent to reach 120,000 bags in MY 2026/27, driven by the expected increased production. Estimates for MY 2025/26 have been adjusted upward to 97,000 bags, as stabilizing prices will discourage farmers and brokers from rushing their supply to the market. These inventories are anticipated to be held mainly by cooperative societies.

Attachments:

No Attachments