

**Required Report:** Required - Public Distribution

**Date:** November 28,2019

**Report Number:** VM2019-0061

## **Report Name:** Coffee Semi-annual

**Country:** Vietnam

**Post:** Hanoi

**Report Category:** Coffee

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### **Report Highlights:**

Posts has revised its number for Vietnam's exports for marketing year 2018/2019 (MY18/19) to 27.4 million bags, green bean equivalent (GBE), slightly higher than the USDA official number. For MY19/20, Post forecasts coffee production at 32.22 million bags, higher than the current USDA estimate of 30.5 million bags, due to the ongoing expansion in Vietnam's cultivation area and yield. Post forecasts MY19/20 exports at 28.25 million bags (GBE), higher than the previous year, and in line with the USDA official number.

### Executive Summary:

While MY18/19's coffee bean output remained at 30.4 million bags, Post revised its estimate for Vietnam's coffee exports slightly higher at 27.4 million bags, with a smaller stock of 1.98 million bags, compared to the USDA official number. However, export volume was lower than the previous year due to unfavorable export prices.

For the MY19/20 crop, Post forecasts production to increase to 32.22 million bags due to an ongoing expansion of Vietnam's cultivation area, increasing yield on replanted high yield trees, and favorable weather condition. Post forecasts that exports will increase to 28.25 million bags based on higher production.

### PRODUCTION

For MY18/19, Post estimates that the production of green bean coffee remained at 30.4 million bags, similar to the USDA official number. However, based on additional research, Post has also reduced the Arabica green bean production number to 1.05 million bags, and increased the Robusta green bean production number to 29.35 million bags. Similarly, for MY17/18, Post revised its production numbers for Arabica and Robusta green bean to 1.03 and 28.27 million bags respectively, while leaving total production unchanged at 29.3 million bags. Industry contacts confirmed that Arabica bean production accounts for approximately 3-4 percent of the total output.

In MY19/20, Post forecasts production up by 6 percent from the previous year, higher than the USDA official number. Post bases this forecast on a number of factors, including the ongoing expansion of cultivation area, increasing yields, and favorable weather conditions (Table 1). Post has also observed new plantations in the provinces of Dak Nong, Lam Dong, Gia Lai, and Kon Tum. At the same time, industry sources confirm that farmers have switched to higher-yield varieties for new cultivation and re-planting, leading to an upward trend in yields. Despite the hot spell and dry weather early this year due to El Nino, rainfall improved during the July and August months supporting the cherry setting.

Inter-cropping also continued trend as supplementary income for coffee farmers, including products such as durian, avocado, pepper.

**Table 1: Coffee Production by Marketing Year (Oct.-Sept.) (green bean)**

	<b>MY17/18</b>	<b>MY18/19 Estimate</b>	<b>MY19/20 Forecast</b>
<b>Marketing year begins</b>	Oct. 2017	Oct. 2018	Oct. 2019
Cultivation area (hectare)	605,000	607,000	618,000
Production (thousand bags)	29,300	30,400	32,225
Average yield (MT/ha)	2.91	3.00	3.13

*Source: Post estimates*

## TRADE

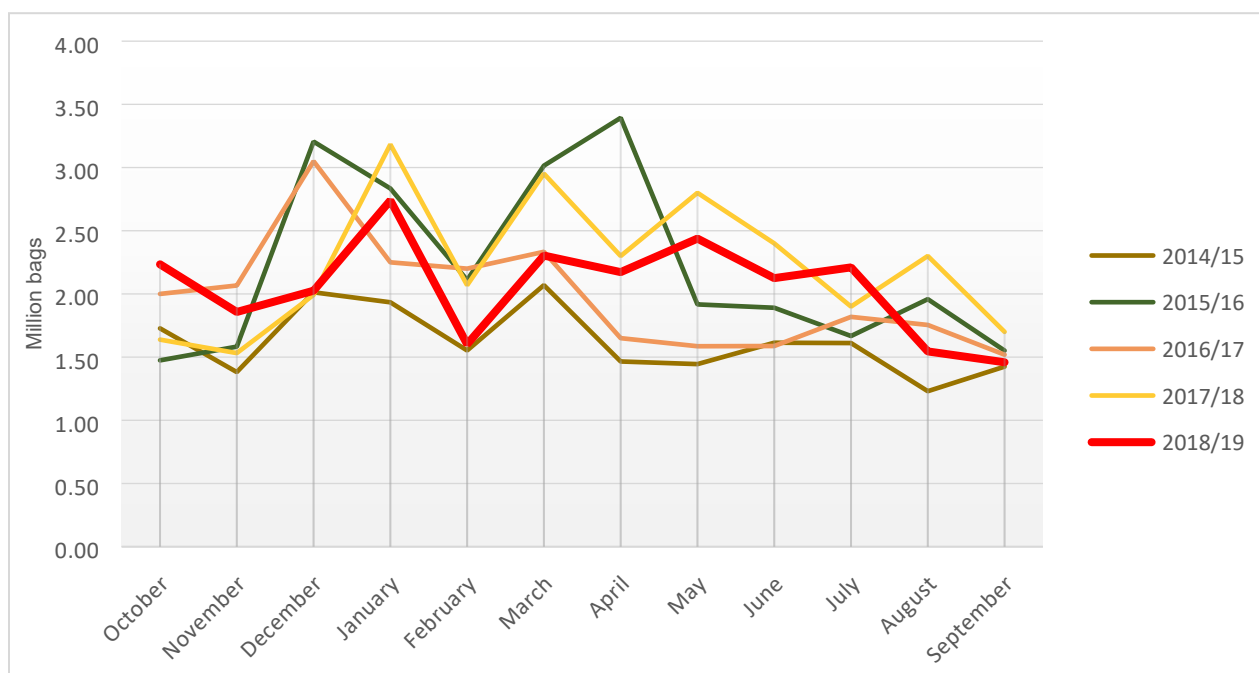
### Exports

Post revised its estimate for Vietnam's MY18/19 total coffee exports, including green beans and processed coffee, to 27.4 million bags. This estimate is slightly higher than the USDA official number, but lower than the previous year, due to lower prices. Local farmers tend to hold stock when prices are low, waiting for an increase for higher returns. In MY19/20, Post forecasts that, dependent on improving prices, exports will increase slightly by 3 percent to 28.25 million bags.

### Green Bean Exports

For MY18/19, Post revised its estimate for exports of green coffee beans up to 24.7 million bags, compared to the USDA official number of 24.5 million bags (Figure 1). In MY19/20, Post forecasts green bean exports at 25.5 million bags.

**Figure 1: Volume of Green Bean Coffee Export by Month (million bags)**

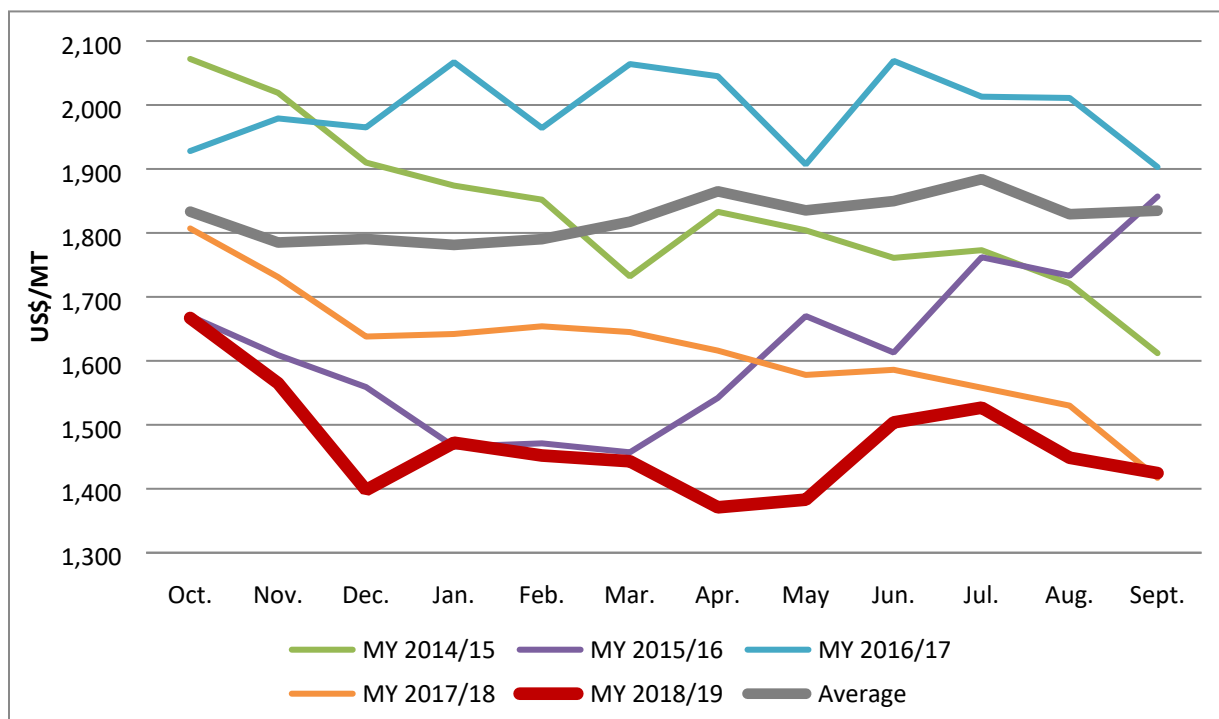


Source: Vietnam Customs, Trade

## PRICE

In MY18/19, export prices fell to their lowest level in the past five years (Figure 2). As a result, local prices also initially decreased to a low of VND30,000 per kilo, but these eventually rebounded to the VND32,000-33,000 range during the last few months of the marketing year.

**Figure 2: Export Prices for Green Coffee, MY14/15 to MY18/19 (US\$/MT)**



Source: Trade

## STOCK

Post has revised its estimate for the MY18/19 stock at 1.98 million bags, down from the USDA official number, based on higher exports. For MY19/20, Post forecasts Vietnam's stock to increase to 4.1 million bags due to the aforementioned expansion in production and the high carry-over stock.

**Statistical Tables:**  
**Production, Supply, and Demand Data Statistics:**

**Vietnam's Coffee Production, Supply and Demand (PSD)**

Coffee, Green	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Tree Population	0	0	0	0	0	0
Beginning Stocks	1183	1183	763	763	2133	1983
Arabica Production	1300	1026	1400	1050	1400	1120
Robusta Production	28000	28274	29000	29350	29100	31105
Other Production	0	0	0	0	0	0
Total Production	29300	29300	30400	30400	30500	32225
Bean Imports	500	500	500	500	500	500
Roast & Ground Imports	400	400	500	500	550	500
Soluble Imports	160	160	160	160	160	160
Total Imports	1060	1060	1160	1160	1210	1160
Total Supply	31543	31543	32323	32323	33843	35368
Bean Exports	25250	25250	24500	24700	25500	25500
Rst-Grnd Exp.	550	550	550	550	600	550
Soluble Exports	2100	2100	2150	2150	2200	2200
Total Exports	27900	27900	27200	27400	28300	28250
Rst,Ground Dom. Consum	2500	2500	2600	2550	3000	2600
Soluble Dom. Cons.	380	380	390	390	400	400
Domestic Consumption	2880	2880	2990	2940	3400	3000
Ending Stocks	763	763	2133	1983	2143	4118
Total Distribution	31543	31543	32323	32323	33843	35368

(1000HA), (Million trees), (1000 60 KG Bags)

**Attachments:**

No Attachments