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Report Highlights:

Overall, Indonesia's total 2024/25 coffee production rose by approximately 2.4 million bags from the previous year. However, post revised down this 2024/25 production estimate 8 percent from the previous report's estimate to 10 million bags as robusta crop recovery from severe weather impacts in 2023/24 underperformed expectations. Green bean exports for 2024/25 are also revised down from the previous report 13 percent to 5.2 million on lower-than-expected exportable supplies. However, 2024/25 exports are still 18 percent higher than 2023/24 exports due to overall increased supply and improved demand from several international markets. The United States is expected to remain the largest destination market for Indonesian coffee green bean exports.

Commodity

Coffee, green

Production

After a significant decrease in 2023/24 due to severe weather, total Indonesian coffee production was previously expected to recover to 10.9 million bags in 2024/25. However, it has since been revised down 8 percent from the previous report to 10 million bags due to lower-than-expected robusta recovery. Robusta production estimates for 2024/25 were revised down 9 percent to 8.6 million bags due to patchy recovery in the main robusta growing areas of the Southern Sumatera region. Robusta production increased mostly in the highlands while in the majority of lowlands robusta crops largely failed to recover. Robusta coffee makes up more than 85 percent of Indonesia's total coffee production.

In the Northern Sumatera region, farmers have started the second harvest season of arabica crops. Post maintains 2024/25 arabica production at 1.4 million bags assuming continued favorable weather conditions. The Northern Sumatera region, consisting of Aceh province and North Sumatera province, is a key producing area for arabica crops. Most coffee farmers in Aceh cultivate arabica crops as their main source of income, while farmers in North Sumatera consider arabica farming as an alternative source of income. Coffee farmers in the Berastagi region of North Sumatera also grew other crops such as vegetables in between their rows of arabica trees to supplement their income. In several areas, farmers receive technical assistance from coffee exporters or buyers' representatives who procure their beans. The assistance provided is geared towards increasing arabica yields, including introducing farmers to suitable shade tree species, access to good planting materials, and ways to control pest and disease.

Figure 1. Arabica Trees in North Sumatera, Intercropped with Vegetables (left) and with Shade Trees (right)

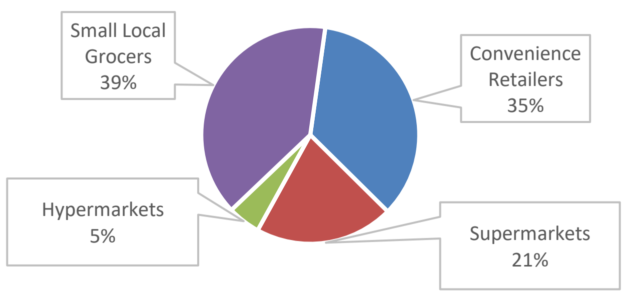
Source: FAS Jakarta, September 2024

Consumption

Post maintains Indonesia coffee consumption at 4.8 million bags for 2024/25, up less than one percent from 2023/24 on continued weak consumer purchasing power. Despite stable 5 percent economic growth in the first semester of 2024, in October 2024 Indonesia's national statistical agency (BPS) reported five consecutive months of deflation, indicating prolonged weak consumer spending.

Weaker purchasing power is expected to limit the growth of luxury coffee product sales, while mid-to-lower income consumers continue to buy more affordable coffee products, including ready-to-drink (RTD) bottled coffee. RTD coffee products have become popular with Indonesian consumers due to extensive distribution channels with a wide variety of affordable, shelf-stable options. A consumer survey in 2023 showed that the majority of respondents tend to purchase coffee products priced at less than 30,000 Indonesian Rupiah (IDR, approximately $2). The survey also found that 30 percent of respondents consumed more coffee in 2023 than during the COVID-19 pandemic.

Figure 2. Ready to Drink (RTD) Coffee Channels (2024)



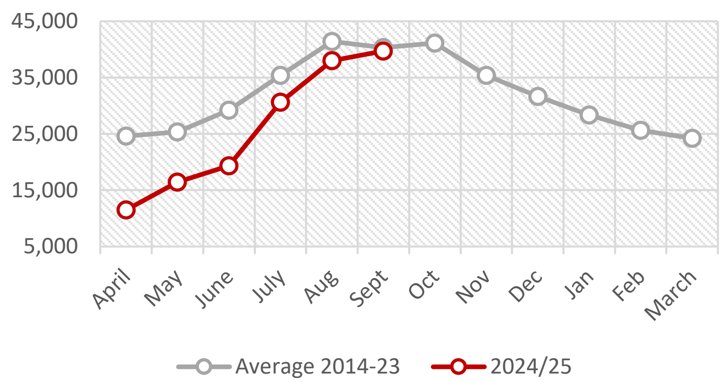
Source: Euromonitor

Trade

Post expects Indonesian coffee exports to recover in 2024/25, although more slowly than previously expected. Post revised down its 2024/25 Indonesia green bean exports estimate by 15 percent to 5.2 million bags as shipments during the period of April to September 2024 reached only 2.6 million bags, 26 percent below the 10-year average.

The United States is expected to remain the largest destination market for Indonesia coffee green bean exports with a market share of between 12 percent and 15 percent in 2024/25, followed by Egypt (11 percent), Malaysia (9 percent), and Japan (6 percent). In the last five years, Indonesia shipped between 680,000 to 1 million bags of coffee green beans to the United States, over 62 percent of which were arabica beans. A combination of increased robusta prices and weakened demand caused robusta shipments to the United States to decrease by 60 percent in the first semester of 2024/25.

Figure 3. Indonesia Coffee Green Bean Exports 2024/25 Still Below Average (MT)

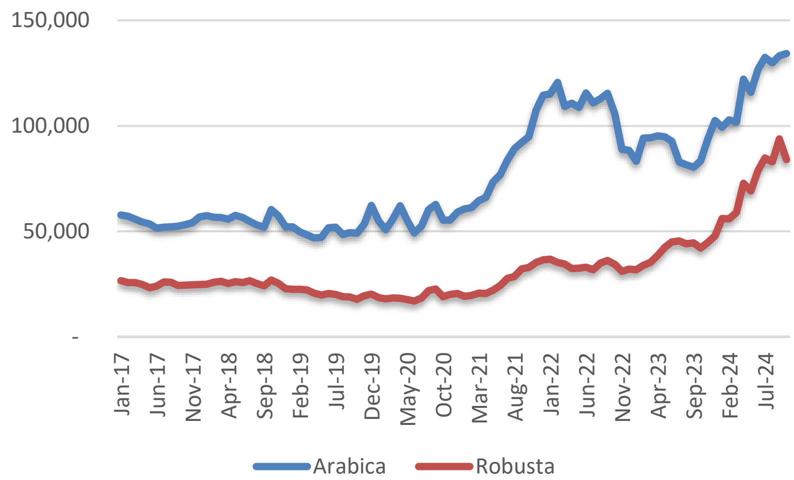


Source: Trade Data Monitor (TDM), LLC

Shipments of Indonesia coffee green beans to the European Union (EU) reached 664,000 bags from April to September 2024, 35 percent higher than the same period last year. The EU market accounted for about 30 percent of total Indonesia coffee exports from 2019/20 to 2022/23, but then plummeted to 12 percent last year due to economic stagnation and inflation. The implementation of the EU's Deforestation Regulation (EUDR) is expected to further curb Indonesian coffee exports to the EU as the requirements for this new regulation will be onerous and costly for the Indonesian coffee industry and exporters to meet. Besides coffee, the EUDR will also apply to cattle, cocoa, palm oil, rubber, soybeans, and wood, and will require proof that these commodities are not produced in deforested areas using geographic traceability. Farmers already certified by third party organizations will find it easier to come into compliance with EUDR, but most coffee farmers are not yet in compliance. However, the recent 12-month postponement of the implementation of the EUDR will give more time for Indonesian producers to come into compliance and enable Indonesia coffee exports to the EU to improve, at least for the remainder of 2024/25 assuming more exportable supplies than in 2023/24.

Robusta bean prices continued to rise in 2024 up to 79 percent higher compared to 2023. The rise of robusta prices has led to multiple incidents of on-plantation coffee berry theft which were reported in several locations in the Southern Sumatera region. Farmers had to bolster security around their soon-to-be harvested robusta crops, organizing themselves into patrol groups. The rise in theft prompted the local government to implement a coffee land registration program, allowing for the traceability of traded coffee beans.

Figure 4. Arabica and Robusta Spot Prices, 2017 - 2024 (IDR/kg)



Source: Bappebti

Green bean imports typically rise from January to March before the onset of the main harvest of robusta beans in Southern Sumatera. Indonesia's two main import origins for coffee green beans are Brazil and Vietnam. In the first half of 2024/25, green bean imports from Vietnam decreased about 10 percent from the previous year as local roasters procured more local beans on higher domestic supply. Post expects imports of green beans to decrease to 475,000 bags in 2024/25 from the previous year's 942,000 bags.

Table 1. Indonesia Coffee Production, Supply and Distribution

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	500	1,650	480	993
Arabica Production	1,200	1,350	1,350	1,350	1,400	1,400
Robusta Production	9,500	10,500	6,800	6,300	9,500	8,600
Other Production	-	-				
Total Production	10,700	11,850	8,150	7,650	10,900	10,000
Bean Imports	347	347	950	942	500	475
Roast & Ground Imports	17	17	20	17	20	20
Soluble Imports	983	983	1,000	882	1,000	950
Total Imports	1,347	1,347	1,970	1,841	1,520	1,445
Total Supply	13,103	14,253	10,620	11,141	12,900	12,438
Bean Exports	6,735	6,736	4,285	4,288	6,500	5,200
Rst-Grnd Exp.	57	57	70	70	50	90
Soluble Exports	1,040	1,040	1,000	1,000	1,000	1,020
Total Exports	7,832	7,833	5,355	5,358	7,550	6,310
Rst,Ground Dom. Consum	3,260	3,260	3,270	3,270	3,270	3,270
Soluble Dom. Cons.	1,511	1,510	1,515	1,520	1,530	1,530
Domestic Consumption	4,771	4,770	4,785	4,790	4,800	4,800
Ending Stocks	500	1,650	480	993	550	1,328
Total Distribution	13,103	14,253	10,620	11,141	12,900	12,438
	-	-	-	-	-	-
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

Table 2. Robusta Spot Prices in Lampung 2018-2023 (IDR/kg)

	2019	2020	2021	2022	2023	2024
Jan	22,528	18,529	19,208	36,713	31,831	56,069
Feb	22,462	17,980	19,635	35,316	33,933	55,854
Mar	22,226	18,352	20,693	34,569	35,219	59,018
Apr	20,628	18,195	20,555	32,441	38,642	72,712
May	19,829	17,701	22,043	32,504	42,340	69,183
Jun	20,469	16,943	24,333	32,950	44,939	78,739
Jul	20,135	18,353	27,666	31,702	45,401	84,688
Aug	18,998	21,951	28,552	34,919	44,114	82,914
Sep	18,812	22,606	32,259	36,132	44,526	93,811
Oct	17,862	19,073	33,041	34,302	42,037	84,037
Nov	19,491	20,089	35,249	31,026	44,700	77,221
Dec	20,238	20,593	36,428	32,143	47,790	

Source: Indonesia's Commodity Futures Trading Supervisory Body (Bappebti)

Table 3. Arabica Spot Price in Medan 2019-2024 (IDR/kg)

	2019	2020	2021	2022	2023	2024
Jan	52,101	54,862	60,558	115,135	83,195	99,373
Feb	49,683	50,733	61,201	120,659	94,239	102,860
Mar	48,342	55,802	64,574	109,210	94,299	101,778
Apr	46,849	62,087	66,070	110,717	95,268	122,088
May	47,156	55,112	73,426	108,798	94,804	115,932
Jun	51,637	49,194	76,932	115,627	92,614	126,734
Jul	52,010	52,600	83,641	110,862	82,766	132,513
Aug	48,415	60,338	89,133	112,860	81,598	129,851
Sep	49,328	62,736	92,147	115,505	80,395	133,269
Oct	49,062	55,339	97,821	105,585	83,344	134,268
Nov	53,557	55,249	107,508	88,805	93,531	133,395
Dec	62,365	59,127	114,524	88,384	102,543	

Source: Indonesia's Commodity Futures Trading Supervisory Body (Bappebti)

Table 4. Exchange Rate (IDR/$)

	2019	2020	2021	2022	2023	2024
Jan	14,163	13,732	14,062	14,341	15,267	15,627
Feb	14,035	13,776	14,044	14,350	15,138	15,660
Mar	14,211	15,195	14,417	14,348	15,288	15,711
Apr	14,143	15,867	14,551	14,375	14,844	16,125
May	14,393	14,906	14,334	14,615	14,827	16,083
Jun	14,227	14,196	14,351	14,702	14,932	16,337
Jul	14,044	14,582	14,507	14,983	15,044	16,257
Aug	14,242	14,725	14,390	14,850	15,252	15,756
Sep	14,111	14,848	14,258	14,989	15,367	15,324
Oct	14,118	14,758	14,191	15,435	15,760	15,515
Nov	14,069	14,237	14,270	15,665	15,599	15,769
Dec	14,017	14,166	14,327	15,608	15,511	

Source: Bank of Indonesia

Attachments:

No Attachments