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Brazil

Coffee Annual

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This report updates BR12015. ATO/Sao Paulo forecasts the Brazilian coffee production for marketing year (MY) 2013/14 (July-June) at 53.7 million 60-kg bags, a 5 percent decrease relative to MY 2012/13 mainly due to the off-year of the biennial production cycle of the Arabica in southern and center-western Minas Gerais and Sao Paulo. Post projects coffee exports for MY 2013/14 at 31.04 million bags, similar to the previous MY (31 million bags). Carry-over stocks are projected at 8.23 million bags.

Production

For marketing year (MY) 2013/14 (July-June), the Agricultural Trade Office (ATO/Sao Paulo) forecasts the Brazilian coffee production at 53.7 million bags (60 kilograms per bag), green equivalent, down 2.4 million bags compared to MY 2012/13 (56.1 million bags). Information was collected from field trips, government sources, state departments of agriculture, growers' associations, cooperatives and traders.

Arabica trees production is projected at 38.5 million bags, down 6 percent relative to the previous season. The off-year of the production cycle in southern and center-western Minas Gerais is likely to be partially offset by the good production potential (on-year) in eastern Minas Gerais and Espirito Santo, therefore reducing the overall gap between the on- and off-year in Brazil. Arabica coffee harvest should begin in May/June.

Robusta production is forecast to yield 15.2 million bags, similar to revised production for MY 2012/13 (15 million bags), primarily due to the good production potential in Espirito Santo. Robusta producing regions began harvest in March/April

Post revised upward the MY 2012/13 coffee production estimates to 56.10 million bags, based on updated information from post contacts. According to post contacts, roughly 80 percent of the Brazilian 2012/13 crop has already been marketed to date, showing a slow flow of product compared to previous seasons. Traders report that growers have been resistant to sell the crop (especially high quality product) in expectation for better prices, therefore selling only enough bags to balance their cash-flows.

The table below shows forecast production by state and variety for MY 2013/14, as well as production estimates from MY 2009/10 to MY 2012/13.

Brazilian Coffee Production (Million 60-kg bags)					
State/Variety	**MY 09/10**	**MY 10/11**	**MY 11/12**	**MY 12/13**	**MY 13/14**
Minas Gerais	22.10	28.50	23.50	28.50	26.80
Southwest	12.10	16.00	11.50	15.20	13.50
Central-western	4.20	5.50	4.50	6.10	5.00
Southeast	5.80	7.00	7.50	7.20	8.30
Espirito Santo	10.60	11.50	13.50	14.80	15.60
Arabica	2.40	3.10	2.70	3.00	3.30
Robusta	8.20	8.40	10.80	11.80	12.30
Sao Paulo	4.20	5.00	4.10	5.40	4.70
Parana	1.90	2.40	1.90	1.80	1.90
Others	6.00	7.10	6.20	5.60	4.70
Arabica	2.40	2.80	2.50	2.40	1.80
Robusta	3.60	4.30	3.70	3.20	2.90
Total	44.80	54.50	49.20	56.10	53.70
Arabica	33.00	41.80	34.70	41.10	38.50
Robusta	11.80	12.70	14.50	15.00	15.20
Source: ATO/Sao Paulo.					

In January 2013, the Brazilian government (GoB), through the Ministry of Agriculture, Livestock and Supply's (MAPA) National Supply Company (CONAB), released its first survey projecting Brazilian coffee production for MY 2013/14. Total production is projected between 46.98 and 50.16 million 60-kg bags, a 0.66 to 3.84 million bag reduction compared to the final estimate for MY 2012/13 (50.82 million bags – 38.34 million bags for Arabica and 12.82 million for Robusta coffee.

CONAB projects arabica production between 34.99 and 37.47 million bags, whereas the robusta crop is estimated between 11.98 and 12.69 million bags. CONAB is expected to release the second coffee survey for the 2013 crop in mid-May.

The Brazilian Institute of Geography and Statistics (IBGE) has also released its March 2013 coffee production forecast for MY 2013/14. The IBGE forecast for the 2013 coffee crop is 2,949,429 metric tons of coffee, or 49.16 million 60-kg coffee bags, a 4 percent drop compared to 2012 (3,063,513 metric tons or 51.06 million bags).

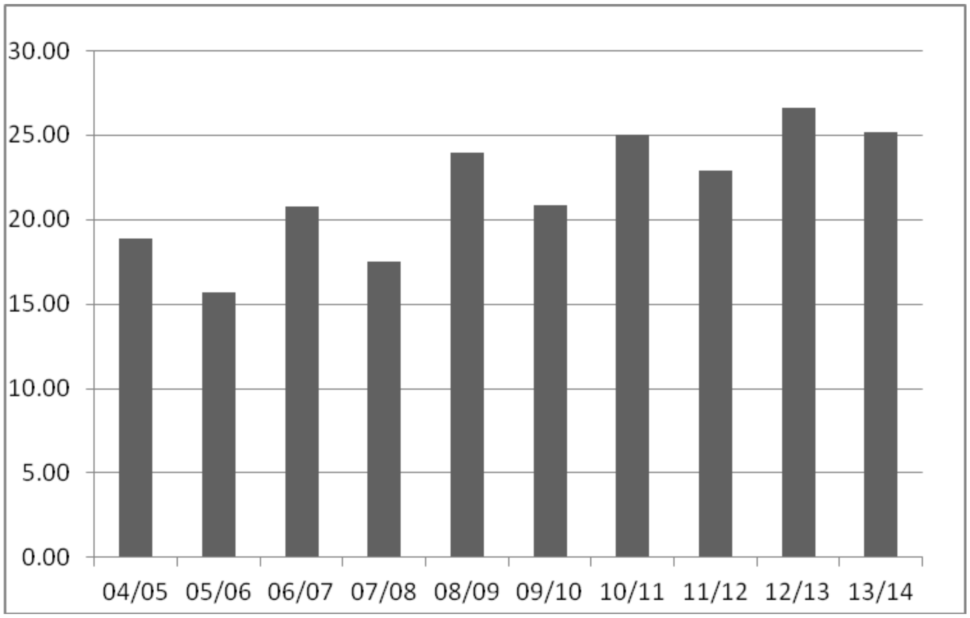
Coffee Area Tree Inventory

The table below shows the Brazilian coffee area and tree population from MY 2009/10 through MY 2013/14.

Brazilian Coffee Area andTree Population (billion trees, million hectares, thousand trees/hectare)					
	MY 09/10	**MY 10/11**	**MY 11/12**	**MY 12/13**	**MY 13/14**
Total Trees	6,598	6,635	6,595	6,860	6,865
Non-Bearing	873	815	835	1,000	1,055
Bearing	5,725	5,820	5,760	5,860	5,810
Total Area	2,395	2,409	2,410	2,387	2,442
Non-Bearing	244	234	260	282	307
Harvested	2,151	2,175	2,150	2,105	2,135
Trees/ha	2,755	2,754	2,737	2,874	2,811
Non-Bearing	3,578	3,483	3,212	3,546	3,436
Bearing	2,662	2,676	2,679	2,784	2,721
Source; ATO/Sao Paulo					

Yields

ATO/Sao Paulo projects the Brazilian coffee yield for MY 2013/14 at 25.15 bags/hectare, down 5 percent from MY 2012/13 (26.65 bags/ha). The chart below shows historical agricultural yields. The yield differential for arabica trees between an on- and off-year has been reduced over time, due to improved crop management, including pruning, replacement of old coffee fields by more dense fields (more trees/hectare), irrigation as well as improvement of coffee varieties. Robusta fields have also improved crop management, irrigation and the use of better clones.



Coffee Prices in the Domestic Market

The Coffee Index price series released by the University of Sao Paulo's Luiz de Queiroz College of Agriculture (ESALQ) follows. The series tracks coffee prices in the domestic spot market since September 1996. Higher coffee supply in 2012 led to lower domestic prices both in the local currency, the real, as well as in U.S. dollars (US$ 201.14/bag in 2012 as opposed to 297.52/bag in 2011). The devaluation of the real also contributed to lower coffee prices in U.S. dollars.

Arabica Coffee Prices in the Domestic Market (Real, 60kg/bag).					
Month	**2009**	**2010**	**2011**	**2012**	**2013**
January	268.41	280.75	433.34	485.04	341.16
February	269.34	278.68	495.98	441.31	317.72
March	262.48	279.70	524.27	387.53	303.42
April	260.10	282.18	524.41	379.53	300.59
May 1/	268.02	289.46	530.76	382.65	309.36
June	256.64	305.98	514.99	360.61	
July	247.50	302.36	457.81	408.06	
August	255.34	313.93	470.62	378.48	
September	254.29	328.23	511.57	385.92	
October	262.20	327.15	490.45	374.97	
November	272.55	355.51	493.83	355.23	
December	281.57	387.01	491.35	341.40	
Source: CEPEA/ESALQ/USP. 1/ May 2013 refers to May 9					

Consumption

For MY 2013/14, Post forecasts the Brazilian coffee domestic consumption at 21.15 million coffee bags (20.02 million bags of roast/ground and 1.13 million bags of soluble coffee, respectively), up 2.6 percent relative to the previous season, reflecting results from the newest domestic consumption survey released by the Brazilian Coffee Industry Association (ABIC).

Brazilian consumption for MY 2012/13 is estimated at 20.62 million 60-kg bags, green equivalent, up 2.95 percent compared to MY 2011/12 (20.03 million bags). Roast and ground coffee consumption accounted for 19.50 million bags, whereas soluble consumption is estimated at 1.12 million bags. Estimates are based on periodic surveys conducted by ABIC and reflect population growth, increased per capita consumption, increased purchasing power, increased quality of the domestic brands, strong growth of superior and gourmet coffee and the effects of domestic campaigns to promote coffee consumption.

ABIC reports that the coffee industry processed 20.33 million bags, green equivalent, from November 2011 to October 2012, up 3.09 percent compared to the same period the year before (19.72 million bags). Per capita consumption for 2012 is estimated at 4.98 kg of roasted coffee per person, up 2 percent from 2011.

ABIC projects total domestic consumption for 2013 at 20.9 million bags, up 2.8 percent compared to 2012. Total market sales are projected at R$ 8.7 billion for 2013. The table below shows domestic ground and soluble coffee consumption as reported by ABIC.

Domestic Ground and Soluble Coffee Consumption (Million 60 kg bags, Kg/year).					
Year	**Consumption (Million 60 kg bags)**			**Consumption per capita (kg)**	
	Roast/Ground	**Soluble**	**Total**	**Roast**	**Green Beans**
2001	13.00	0.60	13.60	3.91	4.88
2002	13.30	0.74	14.04	3.86	4.83
2003	12.90	0.80	13.70	3.72	4.65
2004	14.10	0.80	14.90	4.01	5.01
2005	14.60	0.90	15.50	4.11	5.14
2006	15.40	0.93	16.33	4.27	5.34
2007	16.10	1.00	17.10	4.42	5.53
2008	16.68	0.98	17.66	4.51	5.64
2009	17.37	1.02	18.39	4.65	5.81
2010	18.06	1.07	19.13	4.81	6.02
2011	18.60	1.12	19.72	4.88	6.10
2012	19.21	1.12	20.33	4.98	6.23
Source: Brazilian Coffee Industry Association (ABIC). 1/ Projection Note: Estimates refer to November-October period.					

Trade

Exports

ATO/Sao Paulo forecasts total Brazilian coffee exports for MY 2013/14 at 31.04 million bags, similar to the previous marketing year (31 million bags). Green bean exports are likely to account for 27.5 million bags, while soluble coffee exports are forecast at 3.5 million bags. According to post contacts, Brazil is likely to regain market share from Central American coffees for washed coffee due to lower expected supply from that producing region.

Coffee exports for MY 2012/13 were revised to 31 million 60-kg bags, green beans, down 1.95 million bags from previous estimate, based on year-to-date export volumes and anticipated May-June loadings. Green bean (arabica and robusta) exports are estimated at 27.465 million bags, whereas soluble coffee exports are estimated at 3.5 million bags

According to the March 2013 Coffee Market Report International released by the International Coffee Organization (ICO), total world coffee consumption for 2012 is preliminarily estimated at 142 million bags, up 3 million bags compared to 2011.

The table below shows green coffee bean (NCM 0901.11.10), soluble coffee (NCM 2101.11.10) and roasted coffee exports (NCM 0901.21.00) by country of destination, according to SECEX, for CY 2012, MY 2011/12 and 2012/13 (July-March).

Brazilian Green Coffee Exports by Country of Destination (NCM 0901.11.10, MT,US$ 000 FOB)						
	CY 2012 1/		**MY 2011/12 2/**		**MY 2012/13 2/**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Germany	289,627	1,121,454	257,114	1,226,547	231,018	783,717
United States	288,031	1,054,549	286,163	1,338,368	246,451	825,400
Italy	152,559	606,757	117,641	580,300	119,303	416,113
Japan	133,589	560,805	102,400	527,241	128,108	483,818
Belgium	104,518	432,955	89,813	445,760	81,372	292,436
Slovenia	37,746	117,349	24,847	86,328	33,128	97,410
Sweden	35,608	137,142	25,930	124,099	26,809	89,455
Spain	33,841	135,379	32,542	153,824	26,892	90,887
France	31,534	118,191	25,754	111,645	26,826	88,664
Argentina	29,903	94,579	19,025	67,909	19,384	56,654
Others	366,750	1,342,563	296,003	1,300,961	285,530	920,484
Total	1,503,707	5,721,721	1,277,232	5,962,981	1,224,821	4,145,037
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note: Numbers may not add rounding 1/Jan - Dec, 2/July-March						

Brazilian Roasted Coffee Exports by Country of Destination (NCM 0901.21.00, MT,US$ 000 FOB)			
	CY 2012 1/	**MY 2011/12 2/**	**MY 2012/13 2/**

Country	Quantity	Value	Quantity	Value	Quantity	Value
United States	1,151	11,207	1,078	10,435	866	8,874
Italy	242	1,272	644	3,426	2	37
Argentina	164	1,217	93	853	114	784
Paraguay	136	810	90	526	89	528
Japan	133	900	126	834	67	478
Chile	110	880	104	909	80	594
Uruguay	59	344	46	250	36	210
Bolivia	46	231	127	603	23	122
Georgia	24	135	22	115	24	132
China	20	158	11	114	5	44
Others	132	1,127	133	1,205	95	791
Total	2,218	18,280	2,473	19,270	1,402	12,596
Source : Brazilian Foreign Trade Secretariat (SECEX) Note: Numbers may not add rounding 1/Jan - Dec, 2/July-March						

Brazilian Soluble Coffee Exports by Country of Destination (NCM 2101.11.10, MT,US$ 000 FOB)						
	CY 2012 1/		**MY 2011/12 2/**		**MY 2012/13 2/**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
United States	12,104	89,521	10,711	82,523	10,466	78,551
Russian Federation	9,739	91,905	5,990	56,978	7,712	70,361
Ukraine	5,395	47,592	4,339	40,873	4,410	36,523
Argentina	5,213	34,716	3,647	23,594	4,038	25,960
Japan	4,911	43,315	3,741	34,107	3,566	30,278
Germany	4,483	37,327	2,685	23,071	3,405	28,107
United Kingdom	3,418	28,214	1,584	13,898	2,682	21,871
Indonesia	2,831	21,182	2,438	19,513	2,645	18,211
South Korea	2,607	34,818	1,706	22,099	1,684	23,483
Canada	2,117	21,679	1,396	15,167	1,922	18,663
Others	27,151	248,212	21,212	199,272	21,608	192,330
Total	79,968	698,482	59,449	531,094	64,138	544,338
Source : Brazilian Foreign Trade Secretariat (SECEX) Note: Numbers may not add rounding 1/Jan - Dec, 2/July-March						

The tables below include data on monthly coffee exports (quantity and value) for MY 2012/13 (July-April), as reported by Brazilian Green Coffee Association (CECAFE) and the Brazilian Soluble Coffee Association (ABICS). Total coffee exports during the July 2012 – April 2013 period were 25.7 million bags, similar to the same period during MY 2011/12 (25.8 million bags). Preliminary data show that coffee export registrations for May 2013 were 519,358 million bags while cumulative green coffee export shipments for May 2013 are 177,670 million bags through May 9.

CECAFE reports that in spite of the delay in the harvest and processing of the beans in the beginning of the crop due to rainfall, coffee exports have been catching up to the regular flow.

Brazilian Monthly Coffee Exports for MY 2012/13

(Thousand 60-kg bag, green equivalent).						
Month	**Conillon**	**Arabica**	**Roasted**	**Total Green**	**Soluble**	**Total**
Jul-12	174.33	1,680.29	4.10	1,858.72	265.17	2,123.89
Aug-12	233.48	2,033.73	3.78	2,270.98	328.64	2,599.62
Sep-12	76.76	1,883.36	3.20	1,963.32	298.42	2,261.74
Oct-12	60.23	2,524.84	3.09	2,588.16	330.94	2,919.09
Nov-12	66.47	2,479.14	2.33	2,547.93	295.43	2,843.37
Dec-12	69.49	2,524.87	2.10	2,596.47	338.47	2,934.93
Jan-13	37.59	2,253.78	1.14	2,292.51	258.92	2,551.43
Feb-13	38.46	1,933.25	1.68	1,973.38	233.02	2,206.40
Mar-13	60.30	2,203.68	2.46	2,266.44	296.02	2,562.47
Apr-13	109.97	2,298.63	7.60	2,416.20	277.99	2,694.18
Cumulative	927.08	21,815.56	31.47	22,774.11	2,923.01	25,697.12
Source: CECAFE and ABICS.						

Brazilian Monthly Coffee Exports for MY 2012/13 (US$ 1,000,000).						
Month	**Conillon**	**Arabica**	**Roasted**	**Total Green**	**Soluble**	**Total**
Jul-12	24.03	359.19	1.99	385.21	54.01	439.22
Aug-12	32.21	429.50	1.93	463.64	65.37	529.01
Sep-12	10.92	396.45	1.46	408.82	59.28	468.11
Oct-12	8.46	543.06	1.42	552.94	63.93	616.87
Nov-12	8.76	526.40	1.10	536.26	58.74	595.01
Dec-12	8.63	521.75	1.05	531.43	65.57	597.00
Jan-13	5.30	451.77	0.58	457.65	51.59	509.24
Feb-13	5.36	371.16	0.89	377.42	49.04	426.46
Mar-13	8.93	407.69	1.24	417.86	57.60	475.46
Apr-13	16.10	408.17	1.57	425.85	54.71	480.56
Cumulative	128.71	4,415.15	13.24	4,557.10	579.83	5,136.93
Source: CECAFE and ABICS.						

Stocks

During MY 2013/14, total ending stocks are projected at 8.233 million bags, up 1.51 million bags relatively to MY 2012/3 (6.723 million bags). CONAB coffee stocks in December 31, 2012 are reported at 1.61 million bags, whereas coffee stocks held by MAPA/DECAF (Funcafe stocks) are virtually depleted.

CONAB's 2013 privately-owned stocks survey has not been released yet. The survey includes coffee stocks held by growers, coffee cooperatives; exporters, roasters and the soluble industry on March 31st. The Coffee National Council (CNC) which includes several coffee associations and cooperatives has recently decided to restart the release of coffee stocks owned by coffee cooperatives, however no release has been made to date.

Policy

In March 2013, the National Monetary Council (CMN) approved the refinancing of the credit line to fund storage costs. Producers were given an additional 12 months to repay back their debts.

On May 7th, MAPA announced the new reference price (minimum price) for arabica coffee at R$ 307.00 per bag, up R$ 45.31 compared the previous price (R$ 261.69 per bag). The robusta coffee reference price (minimum price) remained unchanged at R$156.57 per bag. The reference price will be used by the GOB for any support price tools adopted by the government. No such measures have been announced. Both Arabica and robusta coffee producers are unhappy with such prices. They claim that the reference price should have been set at approximately R$ 340.00 and R$ 180 per bag, respectively.

PS&D Tables

Coffee, Green Brazil	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2,410	2,410	2,398	2,387		2,442
Area Harvested	2,150	2,150	2,130	2,105		2,135
Bearing Trees	5,760	5,760	5,865	5,860		5,810
Non-Bearing Trees	835	835	950	1,000		1,055
Total Tree Population	6,595	6,595	6,815	6,860		6,865
Beginning Stocks	2,906	2,906	2,283	2,238		6,723
Arabica Production	34,700	34,700	40,200	41,100		38,500
Robusta Production	14,500	14,500	15,700	15,000		15,200
Other Production	0	0	0	0		0
Total Production	49,200	49,200	55,900	56,100		53,700
Bean Imports	0	0	0	0		0
Roast & Ground Imports	0	0	0	0		0
Soluble Imports	0	0	0	0		0
Total Imports	0	0	0	0		0
Total Supply	52,106	52,106	58,183	58,338		60,423
Bean Exports	26,556	26,556	29,600	27,465		27,500
Rst-Grnd Exp.	51	51	50	35		40
Soluble Exports	3,236	3,236	3,300	3,500		3,500
Total Exports	29,843	29,843	32,950	31,000		31,040
Rst,Ground Dom. Consum	18,900	18,905	19,580	19,495		20,020
Soluble Dom. Cons.	1,080	1,120	1,110	1,120		1,130
Domestic Use	19,980	20,025	20,690	20,615		21,150
Ending Stocks	2,283	2,238	4,543	6,723		8,233
Total Distribution	52,106	52,106	58,183	58,338		60,423
1000 HA, MILLION TREES, 1000 60 KG BAGS						

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)

Month	2007	2008	2009	2010	2011	2012	2013
January	2.12	1.76	2.32	1.87	1.67	1.74	1.99
February	2.12	1.68	2.38	1.81	1.66	1.71	1.98
March	2.05	1.75	2.25	1.78	1.62	1.82	2.01
April	2.03	1.69	2.18	1.77	1.57	1.89	2.00
May	1.93	1.63	1.97	1.81	1.57	2.02	2.00
June	1.93	1.64	1.95	1.80	1.57	2.02	
July	1.88	1.57	1.87	1.75	1.56	2.05	
August	1.96	1.63	1.88	1.75	1.59	2.04	
September	1.84	1.92	1.78	1.69	1.85	2.03	
October	1.74	2.12	1.74	1.70	1.69	2.03	
November	1.78	2.33	1.75	1.71	1.81	2.10	
December 1/	1.77	2.34	1.74	1.66	1.88	2.04	

Source : Gazeta Mercantil and BACEN (as of October 2006) 1/ May 2013 refers to May 9.