

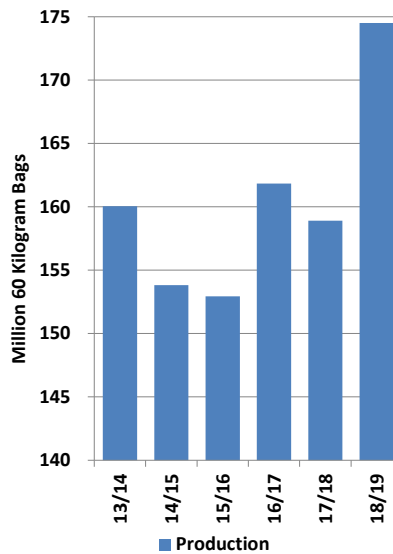


Coffee: World Markets and Trade

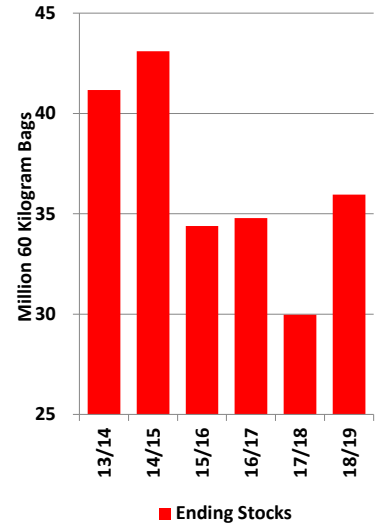
2018/19 Forecast Overview

World coffee production for 2018/19 is forecast at a record 174.5 million bags, up 15.6 million from the previous year. Brazil is forecast to account for nearly all the gain as its Arabica crop enters the on-year of the biennial production cycle and Robusta continues to rebound. Record world exports are forecast, largely on the strength of Brazil. Although world consumption is forecast to rise by a modest 3.3 million bags to a record 163.6 million, ending stocks are expected to rebound sharply by 7.1 million bags to 37.1 million. Against this backdrop, coffee prices as measured by the International Coffee Organization (ICO) composite price index have dropped over 10 percent in the last year.

Record World Production...

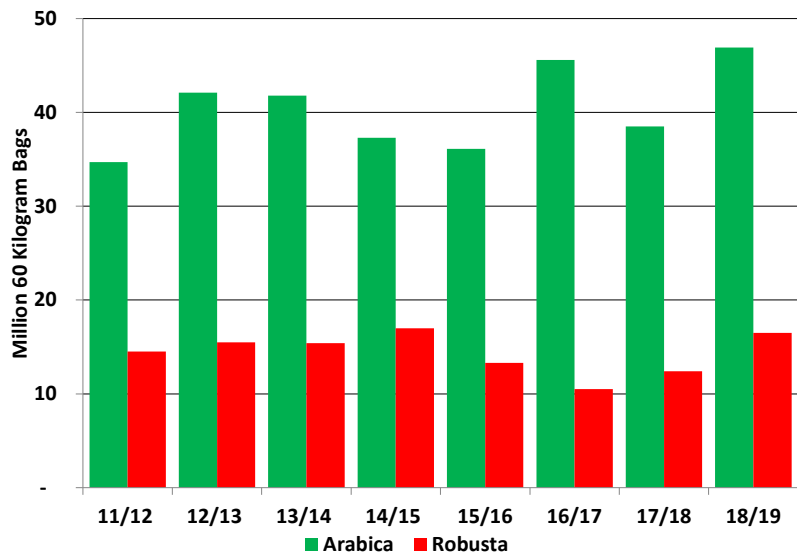


Expected to Rebuild World Ending Stocks



Brazil's Arabica output is forecast to surge 8.4 million bags above the previous season to 46.9 million, with over 80 percent of output coming from regions with trees in the on-year of the biennial production cycle. Good blossoming between September and November 2017 was followed by ideal weather during the fruit-set and fruit development period in Minas Gerais and Sao Paulo. Although Parana and the southeast of Minas Gerais are in the off-year of the biennial production cycle, the drop is expected to be less intense than average. Robusta production is forecast to continue rebounding, gaining 4.1 million bags to 16.5 million.

Brazil's Arabica Production at Record, Robusta Continues Rebounding



Favorable temperatures and abundant rainfall boosted yields in the three major producing states of Espirito Santo, Rondonia, and Bahia. Also, expansion of clonal seedlings and improved crop management techniques are expected to aid this year's gain. The combined Arabica and Robusta harvest is forecast up 12.5 million bags to a record 63.4 million. The additional supply of both Arabica and

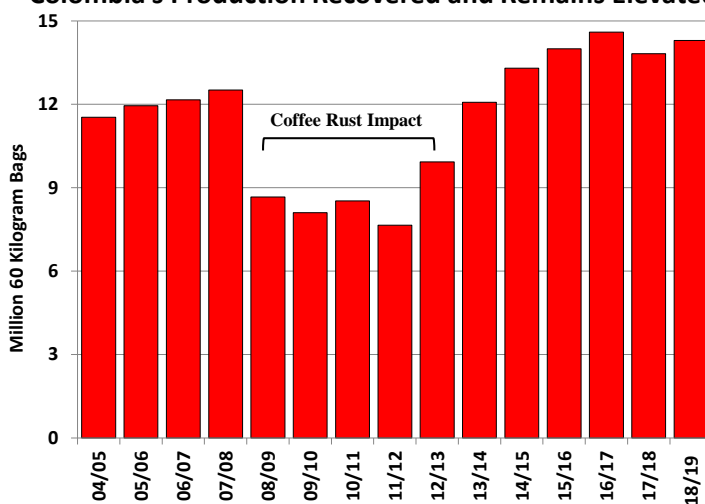
Robusta will fuel a sharp rebound in exports and ending stocks, while also allowing continued growth in consumption.

Vietnam's production is forecast to add 1.1 million bags to reach a record 30.4 million as cooler weather and off-season rains helped stimulate coffee trees just prior to flowering and cherry-setting. Some areas experienced heavy rains during flowering, prompting concern that yields would be lower than initial estimates. However, the additional rain resulted in larger cherries, which more than offset some areas where the rain damaged the flowers. Last year's large crop compensated for weak prices, allowing farmers to buy adequate inputs for this year's crop and boost yields. Cultivated area is forecast up slightly from last year, with nearly 95 percent of total output remaining as Robusta. Exports, domestic consumption, and ending stocks are expected to rise on higher available supplies.

Total output for **Central America** and **Mexico** is forecast up slightly to a record 20.6 million bags. Coffee rust remains in the region and continues to impact output, even though the last two harvests have been records. In Honduras in early 2017, coffee rust was found on a previously resistant coffee variety (Lempira). Then in April 2018, the Honduran Coffee Institute identified four new strains of coffee rust, though they had not affected producers on a large scale. Honduras accounts for nearly 40 percent of the region's output and is forecast unchanged at 7.6 million bags. Mexico and Guatemala each account for about 20 percent of the region's output and they continue to implement programs to replace trees with disease-resistant varieties. The combined bean exports for Central America and Mexico are forecast down 100,000 bags to 17.0 million. Over 45 percent of the region's exports are destined for the European Union, followed by about one-third to the United States.

Colombia's production is forecast up 500,000 bags to 14.3 million on favorable growing conditions and improving yields. In the last decade, yields have increased about 30 percent due largely to a renovation program that replaced older, lower-yielding trees with rust-resistant varieties. More than 420,000 hectares have been renovated since the replanting program began in 2012, representing nearly half of coffee's area, bringing total area planted with rust-resistant varieties to about 80 percent. Each year, an average 84,000 hectares are renovated, but the National Federation of Colombian Coffee Growers (FEDECAFE) and the Colombian Government plan to raise it to at least 90,000 hectares to reach production of 18 million bags. Only 72,000 hectares were renovated in 2017 because government support was not available to farmers until later in the year. Bean exports, mostly to the United States and European Union, are forecast up 600,000 bags to 12.3 million, drawing ending stocks lower a third consecutive year.

Colombia's Production Recovered and Remains Elevated



Indonesia's production is forecast to gain 500,000 bags to 10.9 million. Robusta output is expected to reach 9.7 million bags on favorable growing conditions in the lowland areas of Southern Sumatra and Java, where approximately 75 percent is grown. Arabica production is also seen rebounding to 1.2 million bags. Higher yields in the main growing region of Northern Sumatra are expected to more than offset lower yields from certain areas that experienced heavy rainfall and strong winds during fruit

development. Bean exports are forecast little changed at 7.0 million bags, while ending stocks are seen rising 300,000 bags to 900,000.

European Union imports are forecast up 1.1 million bags to 48.5 million and account for nearly 45 percent of the world's coffee bean imports. Top suppliers include Brazil (29 percent), Vietnam (24 percent), Honduras (7 percent), and Colombia (7 percent). Ending stocks are expected to rise 300,000 bags to 13.8 million.

The **United States** imports the second-largest amount of coffee beans and is forecast to jump 2.1 million bags to 26.5 million. Top suppliers include Brazil (23 percent), Colombia (22 percent), Vietnam (15 percent), and Honduras (6 percent). Ending stocks are forecast to gain 600,000 bags to 6.8 million.

Revised 2017/18

World **production** is revised down from the June 2018 estimate by 900,000 bags to 158.9 million.

- Colombia is reduced 600,000 bags to 13.8 million on lower yields following heavy rains and cloud cover during the first half of 2018.
- Indonesia is down 200,000 bags to 10.4 million.

World **bean imports** are raised 500,000 bags to 108.3 million.

- European Union is up 500,000 bags to 47.5 million as consumption was stronger than expected.

World **ending stocks** are raised 600,000 bags to 30.0 million.

- European Union is up 2.4 million bags to 13.5 million on updated data from the European Coffee Federation.
- United States is reduced 400,000 bags to 6.2 million on lower imports.
- Brazil is down 400,000 bags to 1.9 million on higher consumption.

The next publication of this circular will be on June 14, 2019.

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To download additional data tables, go to Production, Supply and Distribution Database (PSD Online): (<http://apps.fas.usda.gov/psdonline/psdHome.aspx>), scroll down to Reports, and Click the plus sign [+] next to Coffee

FAS Reports and Databases:

Current *World Market and Trade* Reports:

<http://apps.fas.usda.gov/psdonline/psdDataPublications.aspx>

Archives *World Market and Trade* Reports:

<https://usda.library.cornell.edu/concern/publications/m900nt40f?locale=en>

Production, Supply and Distribution Database (PSD Online):

<http://apps.fas.usda.gov/psdonline/psdHome.aspx>

Global Agricultural Information Network (Agricultural Attaché Reports):

<http://gain.fas.usda.gov/Pages/Default.aspx>

Global Agricultural Trade System (U.S. Exports and Imports):

<http://apps.fas.usda.gov/gats/default.aspx>

Marketing Years for Producing Countries

April-March

Angola
Bolivia
Burundi
Ecuador
Indonesia
Madagascar
Papua New Guinea
Peru
Rwanda

July-June

Brazil
Cuba
Dominican Republic
Haiti
Philippines
Tanzania

October-September

Cameroon
Central African Republic
Colombia
Congo (Kinshasa)
Costa Rica
Cote d'Ivoire
El Salvador
Ethiopia
Ghana
Guatemala
Guinea
Honduras
India
Jamaica
Kenya
Laos
Liberia
Malawi
Malaysia
Mexico
Nicaragua
Nigeria
Panama
Sierra Leone
Thailand
Togo
Uganda
United States
Venezuela
Vietnam
Yemen

Non-producing countries are on an October-September marketing year.

Coffee Summary
Thousand 60-Kilogram Bags

	2014/15	2015/16	2016/17	2017/18	Jun 2018/19	Dec 2018/19
Arabica Production						
Brazil	37,300	36,100	45,600	38,500	44,500	46,900
Colombia	13,300	14,000	14,600	13,825	14,500	14,300
Honduras	5,100	5,300	7,510	7,600	7,350	7,600
Ethiopia	6,475	6,510	6,943	7,055	7,100	7,100
Peru	2,900	3,500	4,225	4,375	4,400	4,400
Mexico	2,980	2,125	3,100	3,875	4,300	4,300
Guatemala	3,125	3,125	3,400	3,600	3,700	3,700
Nicaragua	2,100	2,100	2,600	2,700	2,500	2,500
China	2,125	1,900	1,900	2,000	2,000	2,000
India	1,630	1,725	1,583	1,583	1,380	1,500
Vietnam	1,050	1,100	1,100	1,300	1,400	1,400
Costa Rica	1,400	1,625	1,300	1,500	1,350	1,350
Indonesia	1,270	1,500	1,300	1,000	1,400	1,200
Uganda	750	750	1,200	750	800	800
Kenya	750	750	815	715	750	750
Other	4,353	4,230	4,450	4,076	4,186	4,218
Total	86,608	86,340	101,626	94,454	101,616	104,018
Robusta Production						
Vietnam	26,350	27,830	25,600	28,000	28,500	29,000
Brazil	17,000	13,300	10,500	12,400	15,700	16,500
Indonesia	9,200	10,600	9,300	9,400	9,700	9,700
Uganda	2,800	2,900	4,000	3,600	4,000	4,000
India	3,810	4,075	3,617	3,683	4,120	3,700
Malaysia	2,100	2,200	2,100	2,100	2,100	2,100
Cote d'Ivoire	1,400	1,600	1,090	1,250	1,400	1,400
Thailand	1,000	700	800	700	650	650
Tanzania	550	500	500	550	600	600
Cameroon	525	575	450	470	525	525
Other	2,473	2,319	2,231	2,275	2,255	2,300
Total	67,208	66,599	60,188	64,428	69,550	70,475
Production						
Brazil	54,300	49,400	56,100	50,900	60,200	63,400
Vietnam	27,400	28,930	26,700	29,300	29,900	30,400
Colombia	13,300	14,000	14,600	13,825	14,500	14,300
Indonesia	10,470	12,100	10,600	10,400	11,100	10,900
Honduras	5,100	5,300	7,510	7,600	7,350	7,600
Ethiopia	6,475	6,510	6,943	7,055	7,100	7,100
India	5,440	5,800	5,200	5,266	5,500	5,200
Uganda	3,550	3,650	5,200	4,350	4,800	4,800
Mexico	3,180	2,300	3,300	4,075	4,500	4,500
Peru	2,900	3,500	4,225	4,375	4,400	4,400
Guatemala	3,185	3,295	3,570	3,780	3,890	3,890
Nicaragua	2,125	2,125	2,625	2,725	2,525	2,525
Malaysia	2,100	2,200	2,100	2,100	2,100	2,100
China	2,125	1,900	1,900	2,000	2,000	2,000
Cote d'Ivoire	1,400	1,600	1,090	1,250	1,400	1,400
Costa Rica	1,400	1,625	1,300	1,500	1,350	1,350
Tanzania	1,150	1,100	1,050	1,150	1,300	1,300
Papua New Guinea	810	750	1,115	810	800	800
Kenya	750	750	815	715	750	750
El Salvador	700	560	600	650	600	650
Thailand	1,000	700	800	700	650	650
Venezuela	460	500	530	575	585	585
Cameroon	575	625	500	520	575	575
Laos	475	475	410	450	475	475
Philippines	475	425	475	450	425	425
Other	2,971	2,819	2,556	2,361	2,391	2,418
Total	153,816	152,939	161,814	158,882	171,166	174,493

Coffee marketing year for producer countries begins either in October (Colombia), April (Indonesia) or July (Brazil), as examples. Coffee marketing year for non-producer countries begins in October. To access a complete dataset for each country, please visit: <http://apps.fas.usda.gov/psdonline/psdQuery.aspx>

Coffee Summary, Continued

Thousand 60-Kilogram Bags

	2014/15	2015/16	2016/17	2017/18	Jun 2018/19	Dec 2018/19
Bean Exports						
Brazil	33,051	31,870	29,325	26,936	32,200	32,000
Vietnam	19,791	26,950	25,000	25,250	25,200	25,500
Colombia	11,615	11,490	12,700	11,700	12,500	12,300
Honduras	4,760	5,000	7,290	7,200	7,050	7,300
Indonesia	6,770	7,938	7,309	6,940	7,200	7,000
Uganda	3,400	3,500	4,600	4,500	4,600	4,600
Peru	2,750	3,300	4,025	4,185	4,200	4,200
Ethiopia	3,500	3,405	3,853	3,950	3,980	3,980
India	3,358	4,063	4,273	4,300	3,750	3,750
Guatemala	3,050	3,040	3,325	3,550	3,600	3,600
Other	11,689	12,415	12,221	12,748	12,650	12,805
Total	103,734	112,971	113,921	111,259	116,930	117,035
Roast and Ground Exports						
European Union	1,220	1,260	1,395	1,445	1,400	1,400
Switzerland	975	1,040	1,150	1,225	1,200	1,200
Vietnam	457	550	550	550	550	550
Mexico	175	200	155	180	170	170
Colombia	90	100	155	165	100	100
China	57	56	180	75	75	75
Indonesia	50	48	65	70	60	40
Brazil	28	28	31	20	30	30
Panama	45	45	30	30	25	25
Nicaragua	20	10	10	10	15	15
Other	406	80	16	10	17	17
Total	3,523	3,417	3,737	3,780	3,642	3,622
Soluble Exports						
Brazil	3,494	3,645	3,725	3,494	3,300	3,300
Malaysia	2,775	2,975	2,940	3,050	2,950	3,100
Vietnam	1,282	2,000	2,000	2,100	2,150	2,150
India	1,525	1,625	1,880	1,920	1,670	1,670
Indonesia	1,900	1,910	800	1,000	1,020	1,100
Mexico	860	840	970	950	1,000	1,000
Colombia	715	800	900	850	900	900
European Union	225	520	510	680	500	700
Thailand	1,975	960	850	650	700	700
Ecuador	760	740	484	572	600	650
Other	875	986	945	885	810	810
Total	16,386	17,001	16,004	16,151	15,600	16,080
Exports						
Brazil	36,573	35,543	33,081	30,450	35,530	35,330
Vietnam	21,530	29,500	27,550	27,900	27,900	28,200
Colombia	12,420	12,390	13,755	12,715	13,500	13,300
Indonesia	8,720	9,896	8,174	8,010	8,280	8,140
Honduras	4,760	5,000	7,290	7,200	7,050	7,300
India	4,894	5,693	6,158	6,224	5,425	5,425
Uganda	3,400	3,500	4,600	4,500	4,600	4,600
Peru	2,750	3,300	4,025	4,185	4,200	4,200
Ethiopia	3,500	3,405	3,853	3,950	3,980	3,980
Guatemala	3,070	3,044	3,330	3,555	3,605	3,605
Other	22,026	22,118	21,846	22,501	22,102	22,657
Total	123,643	133,389	133,662	131,190	136,172	136,737

Coffee marketing year for producer countries begins either in October (Colombia), April (Indonesia) or July (Brazil), as examples. Coffee marketing year for non-producer countries begins in October. Roasted coffee was converted to green bean equivalent by multiplying the net weight of roasted coffee by 1.19. Soluble coffee was converted to green bean equivalent by multiplying the net weight of soluble coffee by 2.6. For each non-producing country, the trade balance between imports and exports is used in order to avoid double-counting for these figures.

Coffee Summary, Continued

Thousand 60-Kilogram Bags

	2014/15	2015/16	2016/17	2017/18	Jun 2018/19	Dec 2018/19
Bean Imports						
European Union	45,140	46,150	46,050	47,450	48,000	48,500
United States	23,525	25,100	25,810	24,450	27,000	26,500
Japan	7,185	7,280	7,000	6,500	7,500	7,500
Canada	2,450	2,800	3,030	3,035	3,200	3,100
Russia	2,240	2,430	2,710	2,840	3,000	3,000
Switzerland	2,420	2,460	2,600	2,750	2,900	2,900
Korea, South	2,150	2,280	2,500	2,490	2,700	2,500
Algeria	2,165	2,275	2,165	2,270	2,300	2,300
Australia	1,310	1,425	1,415	1,540	1,600	1,600
Malaysia	1,340	1,440	1,510	1,550	1,500	1,600
Other	12,592	13,428	12,480	13,450	12,960	13,860
Total	102,517	107,068	107,270	108,325	112,660	113,360
Roast and Ground Imports						
China	141	460	945	800	800	800
Vietnam	10	20	340	400	500	500
Russia	260	315	325	375	350	350
Ukraine	275	250	260	270	275	275
Canada	765	375	220	285	185	250
Korea, South	155	185	225	245	250	250
United States	0	0	160	115	200	200
Australia	190	155	190	160	175	175
Norway	120	130	125	140	150	150
Taiwan	70	95	140	120	150	150
Other	553	398	452	457	432	427
Total	2,539	2,383	3,382	3,367	3,467	3,527
Soluble Imports						
Philippines	3,570	5,500	6,000	5,500	5,000	5,000
China	858	1,615	1,782	2,000	2,000	2,000
Russia	1,550	1,650	1,705	1,270	1,600	1,600
Canada	1,280	1,370	1,300	1,430	1,300	1,350
Japan	815	810	925	1,140	1,200	1,200
Indonesia	720	644	391	828	400	850
Iran	80	210	300	560	600	600
United States	470	85	510	225	400	400
Ukraine	570	470	440	425	350	350
South Africa	250	250	265	315	300	300
Other	2,185	2,412	2,269	2,373	2,356	2,386
Total	12,348	15,016	15,887	16,066	15,506	16,036
Imports						
European Union	45,140	46,150	46,050	47,450	48,000	48,500
United States	23,995	25,185	26,480	24,790	27,600	27,100
Japan	8,110	8,195	8,030	7,720	8,780	8,780
Philippines	3,755	6,185	6,420	6,060	5,400	5,600
Russia	4,050	4,395	4,740	4,485	4,950	4,950
Canada	4,495	4,545	4,550	4,750	4,685	4,700
China	1,889	2,938	3,534	3,550	3,700	3,700
Switzerland	2,420	2,460	2,600	2,750	2,900	2,900
Korea, South	2,305	2,465	2,725	2,735	2,950	2,750
Algeria	2,195	2,320	2,205	2,300	2,340	2,340
Other	19,050	19,629	19,205	21,168	20,328	21,603
Total	117,404	124,467	126,539	127,758	131,633	132,923

Coffee marketing year for producer countries begins either in October (Colombia), April (Indonesia) or July (Brazil), as examples. Coffee marketing year for non-producer countries begins in October. Roasted coffee was converted to green bean equivalent by multiplying the net weight of roasted coffee by 1.19. Soluble coffee was converted to green bean equivalent by multiplying the net weight of soluble coffee by 2.6. For each non-producing country, the trade balance between imports and exports is used in order to avoid double-counting for these figures.

Coffee Summary, Continued

Thousand 60-Kilogram Bags

	2014/15	2015/16	2016/17	2017/18	Jun 2018/19	Dec 2018/19
Domestic Consumption						
European Union	43,870	44,495	42,345	45,725	45,300	46,100
United States	23,568	25,083	25,522	25,835	27,050	26,509
Brazil	20,420	20,855	21,625	22,420	23,000	23,200
Japan	7,860	8,060	8,210	8,253	8,580	8,252
Philippines	4,230	6,210	6,995	6,510	5,425	5,625
Russia	4,050	4,395	4,740	4,485	4,950	4,950
Canada	4,495	4,545	4,550	4,750	4,685	4,700
China	2,416	2,833	3,655	3,825	4,200	4,200
Indonesia	2,900	3,175	3,203	3,560	3,900	3,900
Ethiopia	2,985	3,110	3,100	3,110	3,120	3,120
Vietnam	2,217	2,630	2,770	2,880	2,990	2,990
Korea, South	2,305	2,465	2,725	2,735	2,950	2,750
Mexico	2,339	2,325	2,057	2,280	2,700	2,750
Algeria	2,195	2,320	2,205	2,300	2,340	2,340
Australia	1,775	1,785	1,730	1,875	1,900	1,900
Switzerland	1,445	1,420	1,450	1,525	1,700	1,700
Colombia	1,400	1,415	1,450	1,500	1,630	1,600
India	1,191	1,250	1,200	1,215	1,250	1,250
Venezuela	1,151	1,151	1,133	1,217	1,164	1,214
Ukraine	1,025	970	960	1,085	1,025	1,025
Turkey	675	710	960	875	800	850
Norway	775	785	805	740	805	805
Egypt	480	525	630	770	650	800
Iran	145	295	405	710	800	800
Argentina	710	741	754	602	795	795
Other	9,015	9,180	9,115	9,492	9,509	9,464
Total	145,637	152,728	154,294	160,274	163,218	163,589
Ending Stocks						
European Union	12,225	12,100	13,900	13,500	11,900	13,800
Brazil	9,305	2,372	3,828	1,919	4,007	6,854
United States	6,117	6,199	7,190	6,177	7,200	6,800
Japan	3,350	3,485	3,305	2,772	3,200	3,300
Vietnam	6,373	3,803	1,183	763	1,183	1,133
India	2,586	2,645	1,873	1,077	1,380	929
Indonesia	53	46	12	593	475	918
Philippines	100	500	400	400	800	800
Colombia	671	1,131	886	696	641	521
Tanzania	322	250	220	290	310	310
Other	2,002	1,862	1,993	1,779	1,716	1,691
Total	43,104	34,393	34,790	29,966	32,812	37,056

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