



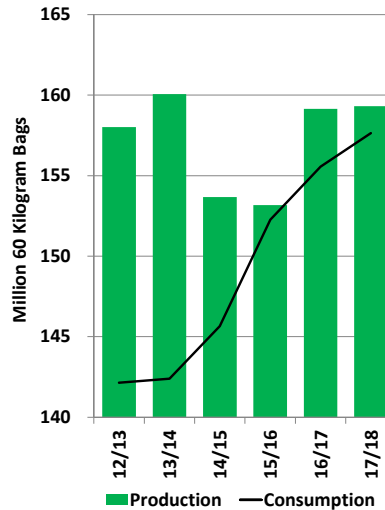
Coffee: World Markets and Trade

2017/18 Forecast Overview

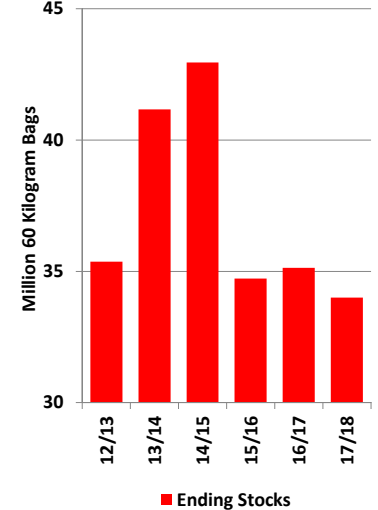
World coffee production for 2017/18 is forecast at 159 million bags (60 kilograms), unchanged from the previous year, as lower output in Brazil is offset by higher production in Vietnam, Mexico, and Indonesia as well as slight increases in most other countries. Similarly, world exports of green coffee are expected steady, totaling 111 million bags. With global consumption forecast at a record 158 million bags, ending inventories are expected to slip to 34 million bags after being higher the previous 5 years.

Brazil's Arabica output is forecast to drop 5.1 million bags to 40.5 million. Coffee trees in top growing regions Southern Minas Gerais and Sao Paulo have shown excellent vegetative development and vigor, and growers have intensified crop management, particularly pruning. Also, adequate rainfall has supported fruit development and filling. However, production potential is expected to drop compared to the previous season since a majority of trees are in the off-year of the biennial production cycle. Robusta production is expected to rebound by 1.1 million bags to 11.6 million. Last year's output plummeted to a 7-year low due to above-average temperatures and a prolonged dry spell in Espirito Santo, where a majority is grown. The water deficit is still an important issue for the state and several restrictions such as limits on irrigation have been enforced, reducing production potential nearly 40 percent. The combined Arabica and Robusta harvest is forecast to decrease 4.0 million bags to 52.1 million. Despite lower output, strong carryover stocks from last year's on-year Arabica crop will allow total supply to slip just 1.4 million bags. With bean exports expected unchanged at 29.4 million bags on steady demand from top markets EU and the United States, ending stocks are forecast to fall 1.5 million bags to 3.9 million.

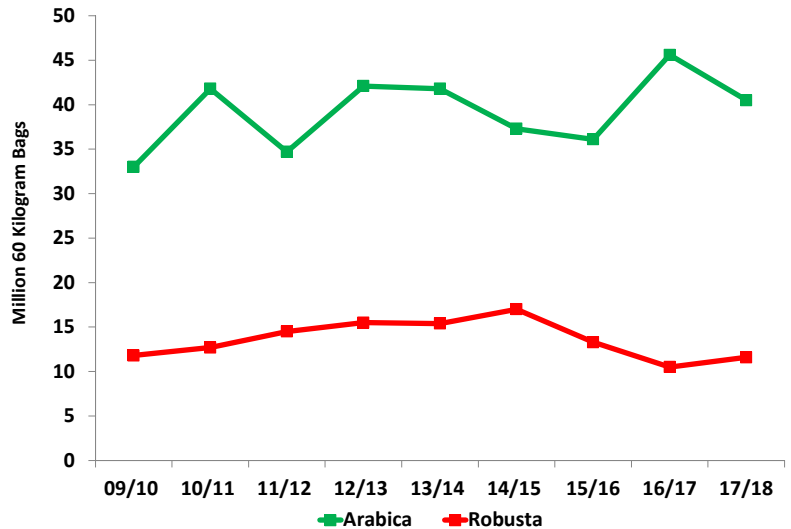
Record World Consumption
Forecast on Flat Production...



Causing World Ending
Stocks to Slip

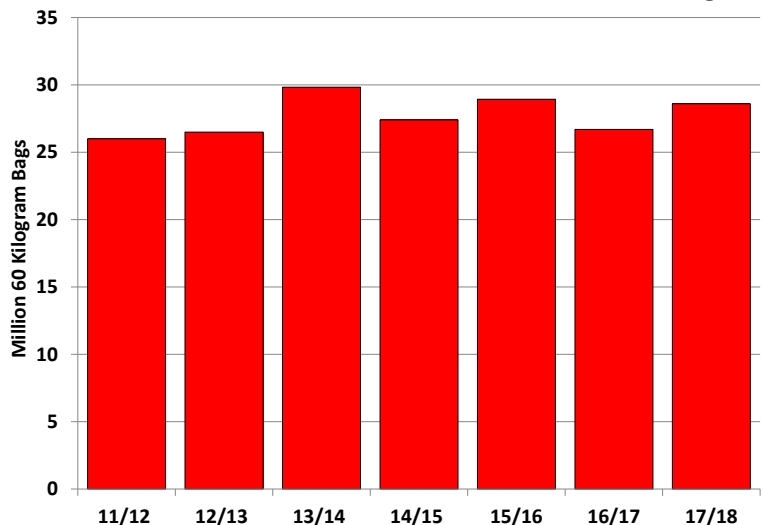


Brazil's Arabica Output Enters Off-Year, Robusta Up Slightly



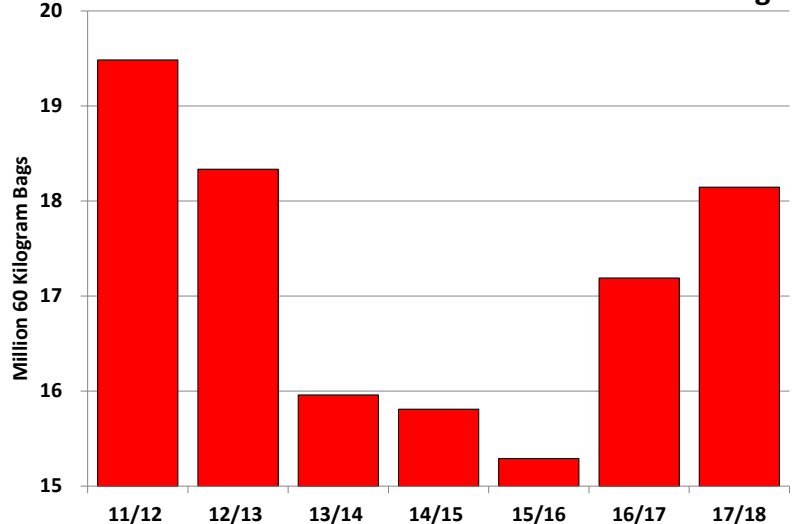
Vietnam's production is forecast to rebound 1.9 million bags to 28.6 million as sufficient rains fell between January and March 2017, leading to good flowering and fruit-set. Also, farmers benefited from the previous year's higher prices, allowing them to increase expenditures for fertilizers and other inputs to raise yields. Despite stronger output, weak carryover stocks from last year's drought lowers total supply nearly 700,000 million bags. As a result, bean exports are forecast to decline 1.0 million bags to 24.0 million, and ending stocks are nearly unchanged at 1.3 million bags.

Vietnam's Production to Recover from Last Year's Drought



Central America and Mexico are forecast to add nearly 1.0 million bags of production to reach 18.1 million, though the region continues to struggle with the coffee rust outbreak that first lowered output 5 years ago. Production has mostly recovered in Honduras, Mexico, and Nicaragua during this period but remains depressed in El Salvador, Guatemala, and Costa Rica. Bean exports for the region are forecast to gain 700,000 bags to 15.1 million, mainly due to higher exportable supplies in countries expanding production. Approximately 40 percent of the region's exports are destined for the United States, followed by 35 percent to the European Union.

Production in Central America and Mexico Rebounding



Colombia's production is forecast nearly flat at 14.6 million bags as output remains strong on favorable growing conditions. In the last decade, yields have increased nearly 30 percent due largely to higher plant density as well as a renovation program using rust-resistant varieties, which reduced the average age of coffee trees from 15 to 7 years. Exports as well as ending stocks are seen unchanged at 12.3 million bags and 1.2 million, respectively.

Indonesia's production is forecast to gain a modest 300,000 bags to 10.9 million. Output is seen rising in the lowland areas of Southern Sumatra and Java, where approximately 75 percent of the Robusta crop is grown, more than offsetting declines in the highland areas where excessive rainfall during the flowering period lowered yields. Flat Arabica production is expected as the dominant growing region of northern Sumatra experienced favorable weather during flowering and cherry formation. Bean exports are forecast little changed at 7.3 million bags on stable supplies.

India's production is forecast to gain nearly 300,000 bags to 5.5 million following last year's crop that suffered from dry conditions during the flowering and fruit-set period. However, the main growing states of Karnataka, Kerala and Tamil Nadu continued to experience below-average rainfall, leaving output expectations below previous highs. Also, according to the Ministry of Water Resources, reservoir levels

in southern India have only 9 percent of their total storage capacity, down from last year's level of 13 percent. Bean exports are forecast stable at 4.0 million bags.

The **European Union** accounts for over 40 percent of the world's coffee bean imports and is forecast fractionally lower to 46.5 million bags. Top suppliers include Brazil (31 percent), Vietnam (24 percent), Colombia (7 percent), and Honduras (6 percent). Consumption is expected to rise slightly to 44.8 million bags, leaving ending stocks at 12.5 million bags.

The **United States** imports the second-largest amount of coffee beans and is forecast nearly unchanged at 26.0 million bags. Top suppliers include Brazil (27 percent), Colombia (20 percent), and Vietnam (16 percent). Consumption is expected to gain 500,000 bags to 26.0 million, while ending stocks are expected to total 7.0 million bags.

Revised 2016/17

World **production** is revised up from the December estimate by 2.5 million bags to 159.1 million.

- Mexico is revised up 1.1 million bags to 3.3 million as producers begin to recover from the rust outbreak that started 3 years earlier.
- Honduras is raised 800,000 bags to 6.3 million on higher-than-anticipated planted area reaching maturity.
- Indonesia is revised 600,000 bags higher to 10.6 million due to favorable weather during the flowering and cherry ripening period.

World **bean exports** are raised 2.0 million bags to 110.7 million.

- Vietnam is raised 1.5 million bags to 25.0 million, unexpectedly drawing inventories lower.
- Honduras is revised up 1.0 million bags to 6.1 million on strong U.S. and European demand.
- Indonesia is up 700,000 bags to 7.2 million on higher exportable supplies.
- Brazil is down 1.6 million bags to 29.4 million as suppliers prefer to build inventories.

For additional information, please contact Tony Halstead at 202-720-4620, or Tony.Halstead@fas.usda.gov

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*:

<http://usda.mannlib.cornell.edu/MannUsda/viewTaxonomy.do?taxonomyID=7>

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>

Click on Standard Query and select FAS in the Product Group and scroll down to Coffee and Products.

To view volume data in Green Bean Equivalent (GBE), select quantity and choose FAS Converted.

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

	2012/13	2013/14	2014/15	2015/16	2016/17	Jun 2017/18
Arabica Production						
Brazil	42,100	41,800	37,300	36,100	45,600	40,500
Colombia	9,927	12,075	13,300	14,000	14,500	14,600
Ethiopia	6,500	6,345	6,475	6,510	6,520	6,545
Honduras	4,725	4,400	5,100	5,300	6,300	6,500
Peru	4,300	4,250	2,900	3,500	4,225	4,500
Mexico	4,450	3,750	2,980	2,125	3,100	3,600
Guatemala	4,000	3,500	3,125	3,125	3,000	2,900
Nicaragua	1,925	2,000	2,100	2,100	2,400	2,500
China	1,535	1,947	1,975	2,100	2,200	2,200
Costa Rica	1,675	1,450	1,400	1,625	1,300	1,550
India	1,643	1,703	1,630	1,725	1,420	1,480
Indonesia	2,000	1,900	1,270	1,500	1,300	1,300
Vietnam	900	1,175	1,050	1,100	1,100	1,100
Papua New Guinea	775	815	760	700	1,000	900
Kenya	660	850	750	750	700	750
Other	5,757	4,505	4,343	4,286	4,128	4,310
Total	92,872	92,465	86,458	86,546	98,793	95,235
Robusta Production						
Vietnam	25,600	28,658	26,350	27,830	25,600	27,500
Brazil	15,500	15,400	17,000	13,300	10,500	11,600
Indonesia	9,900	10,000	9,200	10,600	9,300	9,600
India	3,660	3,372	3,810	4,075	3,750	3,970
Uganda	2,800	3,000	2,800	2,900	3,500	3,600
Malaysia	1,400	1,500	2,100	2,200	2,100	2,100
Cote d'Ivoire	1,750	1,675	1,400	1,600	1,450	1,500
Thailand	1,000	1,000	1,000	700	800	700
Cameroon	485	375	525	575	525	550
Tanzania	570	350	550	500	500	550
Other	2,481	2,264	2,481	2,340	2,326	2,407
Total	65,146	67,594	67,216	66,620	60,351	64,077
Production						
Brazil	57,600	57,200	54,300	49,400	56,100	52,100
Vietnam	26,500	29,833	27,400	28,930	26,700	28,600
Colombia	9,927	12,075	13,300	14,000	14,500	14,600
Indonesia	11,900	11,900	10,470	12,100	10,600	10,900
Ethiopia	6,500	6,345	6,475	6,510	6,520	6,545
Honduras	4,725	4,400	5,100	5,300	6,300	6,500
India	5,303	5,075	5,440	5,800	5,170	5,450
Peru	4,300	4,250	2,900	3,500	4,225	4,500
Uganda	3,600	3,850	3,550	3,650	4,200	4,350
Mexico	4,650	3,950	3,180	2,300	3,300	3,800
Guatemala	4,010	3,515	3,185	3,295	3,170	3,100
Nicaragua	1,925	2,000	2,125	2,125	2,425	2,525
China	1,535	1,947	1,975	2,100	2,200	2,200
Malaysia	1,400	1,500	2,100	2,200	2,100	2,100
Costa Rica	1,675	1,450	1,400	1,625	1,300	1,550
Cote d'Ivoire	1,750	1,675	1,400	1,600	1,450	1,500
Tanzania	1,180	800	1,150	1,100	1,050	1,150
Papua New Guinea	825	855	810	750	1,050	950
Kenya	660	850	750	750	700	750
Thailand	1,000	1,000	1,000	700	800	700
Cameroon	535	425	575	625	575	600
El Salvador	1,250	550	700	560	600	575
Venezuela	730	700	460	500	530	575
Laos	460	475	475	475	450	475
Philippines	455	450	475	425	475	450
Other	3,623	2,989	2,979	2,846	2,654	2,767
Total	158,018	160,059	153,674	153,166	159,144	159,312

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

	2012/13	2013/14	2014/15	2015/16	2016/17	Jun 2017/18
Bean Exports						
Brazil	27,143	30,600	33,051	31,870	29,400	29,400
Vietnam	23,783	27,269	19,791	26,950	25,000	24,000
Colombia	8,100	10,300	11,615	11,490	12,250	12,250
Indonesia	8,290	8,540	6,770	7,938	7,200	7,300
Honduras	4,480	3,940	4,760	5,000	6,125	6,300
Peru	4,100	4,100	2,750	3,300	4,025	4,300
Uganda	3,575	3,600	3,400	3,500	4,000	4,000
India	3,420	3,330	3,358	4,063	4,000	3,960
Ethiopia	3,500	3,285	3,500	3,405	3,300	3,310
Guatemala	3,750	3,150	3,050	3,040	2,900	2,800
Other	14,852	11,895	11,697	12,377	12,467	13,225
Total	104,993	110,009	103,742	112,933	110,667	110,845
Roast and Ground Exports						
European Union	1,070	1,185	1,220	1,260	1,300	1,300
Switzerland	810	890	975	1,040	1,100	1,000
Vietnam	110	120	457	550	550	550
Mexico	126	105	175	200	200	200
China	54	81	57	56	105	100
United States	365	580	380	60	100	100
Colombia	85	80	90	90	90	90
Indonesia	35	40	50	48	40	50
Panama	15	29	42	41	45	40
Brazil	31	30	28	28	30	30
Other	29	80	46	30	36	38
Total	2,730	3,220	3,520	3,403	3,596	3,498
Soluble Exports						
Brazil	3,486	3,516	3,494	3,645	3,600	3,600
Malaysia	2,150	2,110	2,775	2,975	3,300	3,500
Vietnam	750	900	1,282	2,000	2,000	2,100
India	1,435	1,667	1,525	1,625	1,535	1,583
Mexico	915	940	860	840	950	950
Colombia	670	660	715	800	825	850
Indonesia	2,000	1,800	1,900	1,910	800	850
Thailand	1,700	2,100	1,975	960	800	700
China	178	252	440	632	530	600
Ecuador	1,075	810	760	740	484	410
Other	765	898	660	929	940	840
Total	15,124	15,653	16,386	17,056	15,764	15,983
Exports						
Brazil	30,660	34,146	36,573	35,543	33,030	33,030
Vietnam	24,643	28,289	21,530	29,500	27,550	26,650
Colombia	8,855	11,040	12,420	12,380	13,165	13,190
Indonesia	10,325	10,380	8,720	9,896	8,040	8,200
Honduras	4,480	3,940	4,760	5,000	6,125	6,300
India	4,858	5,013	4,894	5,693	5,540	5,550
Peru	4,100	4,100	2,750	3,300	4,025	4,300
Uganda	3,575	3,600	3,400	3,500	4,000	4,000
Malaysia	2,150	2,110	2,775	2,975	3,300	3,500
Ethiopia	3,500	3,285	3,500	3,405	3,300	3,310
Other	25,701	22,979	22,326	22,200	21,952	22,296
Total	122,847	128,882	123,648	133,392	130,027	130,326

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

	2012/13	2013/14	2014/15	2015/16	2016/17	Jun 2017/18
Bean Imports						
European Union	45,070	44,650	45,140	45,900	46,700	46,500
United States	23,360	24,550	23,525	25,100	25,800	26,000
Japan	7,520	6,890	7,185	7,280	7,350	7,500
Canada	2,330	2,525	2,450	2,800	2,950	3,000
Russia	2,050	2,280	2,240	2,430	2,600	2,700
Switzerland	2,310	2,300	2,420	2,460	2,600	2,700
Korea, South	1,715	2,035	2,150	2,280	2,400	2,500
Algeria	1,915	2,265	2,165	2,275	2,300	2,325
Malaysia	1,375	1,270	1,340	1,440	1,900	2,100
Australia	1,180	1,185	1,310	1,425	1,375	1,350
Other	13,252	12,665	12,592	13,503	12,445	12,165
Total	102,077	102,615	102,517	106,893	108,420	108,840
Roast and Ground Imports						
China	79	93	141	460	795	800
Canada	675	730	765	375	400	425
Vietnam	22	12	10	20	340	400
Russia	180	215	260	315	325	350
Ukraine	340	340	275	250	250	275
Korea, South	110	125	155	185	190	200
Australia	170	180	190	155	175	180
Japan	135	140	110	105	115	120
Norway	110	110	120	130	125	120
Taiwan	55	50	70	95	90	100
Other	310	394	443	293	287	301
Total	2,186	2,389	2,539	2,383	3,092	3,271
Soluble Imports						
Philippines	3,400	2,985	3,570	5,500	6,000	6,000
Russia	1,900	1,735	1,550	1,650	1,550	1,600
China	552	679	858	1,615	1,510	1,500
Canada	1,225	1,350	1,280	1,370	1,350	1,350
Japan	750	840	815	810	875	900
Ukraine	785	690	570	470	500	500
Indonesia	630	555	720	644	430	400
Iran	160	140	80	210	300	300
United States	340	365	480	110	250	300
Argentina	260	260	250	265	260	260
Other	2,320	2,408	2,185	2,342	2,318	2,304
Total	12,322	12,007	12,358	14,986	15,343	15,414
Imports						
European Union	45,070	44,650	45,140	45,900	46,700	46,500
United States	23,700	24,915	24,005	25,210	26,050	26,300
Japan	8,405	7,870	8,110	8,195	8,340	8,520
Philippines	3,880	3,145	3,755	6,185	6,600	6,500
Canada	4,230	4,605	4,495	4,545	4,700	4,775
Russia	4,130	4,230	4,050	4,395	4,475	4,650
China	1,561	1,682	1,889	2,938	3,005	3,100
Korea, South	1,825	2,160	2,305	2,465	2,590	2,700
Switzerland	2,310	2,300	2,420	2,460	2,600	2,700
Algeria	1,945	2,300	2,195	2,320	2,335	2,365
Other	19,529	19,154	19,050	19,649	19,460	19,415
Total	116,585	117,011	117,414	124,262	126,855	127,525

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

	2012/13	2013/14	2014/15	2015/16	2016/17	Jun 2017/18
Domestic Consumption						
European Union	43,275	41,475	43,870	44,200	44,500	44,800
United States	23,027	23,811	23,578	25,114	25,499	25,950
Brazil	20,110	20,210	20,420	20,450	20,500	20,660
Japan	7,565	7,750	7,860	8,060	8,325	8,420
Philippines	4,405	3,590	4,230	6,210	7,175	6,950
Canada	4,230	4,605	4,495	4,545	4,700	4,775
Russia	4,130	4,230	4,050	4,395	4,475	4,650
Indonesia	2,815	2,540	2,900	3,175	3,320	3,400
Ethiopia	3,130	3,120	2,985	3,110	3,220	3,240
China	1,628	2,181	2,416	3,018	3,155	3,215
Vietnam	1,825	2,008	2,217	2,630	2,770	2,880
Korea, South	1,825	2,160	2,305	2,465	2,590	2,700
Mexico	2,170	2,731	2,339	2,325	2,375	2,400
Algeria	1,945	2,300	2,195	2,320	2,335	2,365
Australia	1,660	1,615	1,775	1,785	1,725	1,710
Switzerland	1,500	1,410	1,445	1,420	1,500	1,700
Colombia	1,200	1,300	1,400	1,425	1,600	1,650
India	1,100	1,170	1,191	1,250	1,200	1,215
Venezuela	1,290	1,170	1,151	1,151	1,111	1,215
Ukraine	1,255	1,155	1,025	945	1,025	1,075
Turkey	490	505	675	710	790	825
Norway	740	775	775	785	790	800
Argentina	835	685	710	741	730	725
Serbia	740	790	605	645	725	725
Malaysia	625	660	665	665	700	700
Other	8,624	8,443	8,373	8,728	8,723	8,902
Total	142,139	142,389	145,650	152,267	155,558	157,647
Ending Stocks						
European Union	10,845	12,400	12,225	12,100	12,500	12,500
United States	5,450	6,025	6,117	6,199	6,700	7,000
Brazil	9,068	11,946	9,305	2,777	5,411	3,886
Japan	2,980	3,100	3,350	3,485	3,500	3,600
India	1,982	2,026	2,586	2,645	2,275	2,205
Vietnam	1,946	2,130	6,373	3,803	1,183	1,313
Colombia	771	961	671	1,131	1,236	1,196
Philippines	95	100	100	500	400	400
Tanzania	255	202	322	250	220	290
Ecuador	309	410	400	210	237	261
Other	1,664	1,864	1,505	1,623	1,475	1,350
Total	35,365	41,164	42,954	34,723	35,137	34,001

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.