



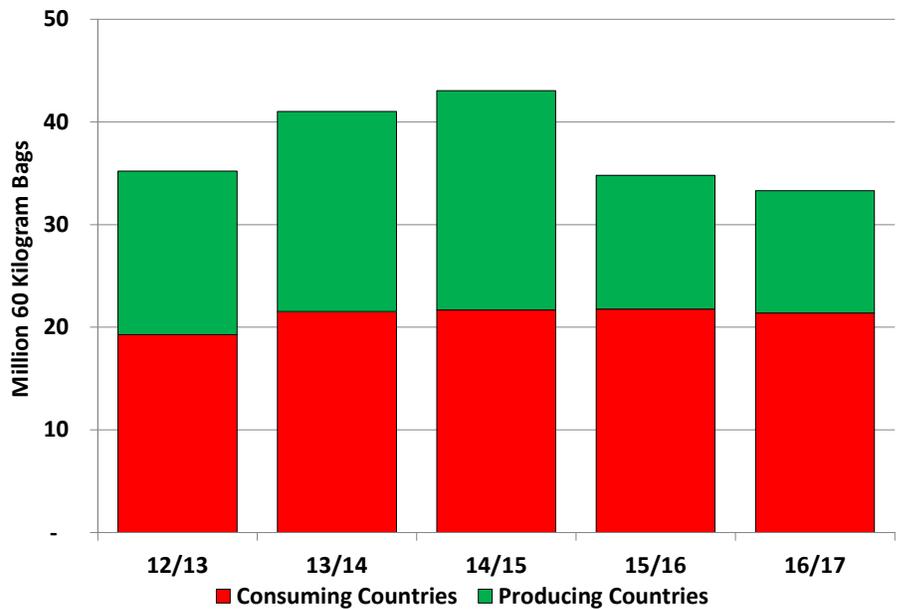
Coffee: World Markets and Trade

2016/17 Forecast Overview

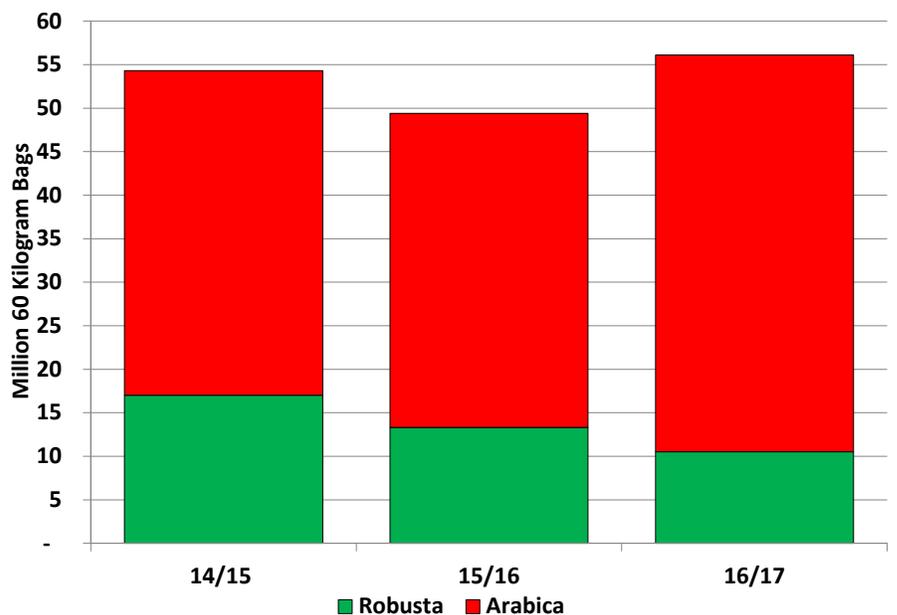
World coffee production for 2016/17 is forecast 3.7 million bags higher than the previous year to 156.6 million bags (60 kilograms) as record Arabica output in Brazil more than offsets lower Robusta production in Brazil, Vietnam, and Indonesia. Global consumption is forecast at a record 153.3 million bags, drawing ending inventories to a 5-year low, particularly in producing countries. With stocks continuing to tighten, the International Coffee Organization (ICO) composite price rebounded 31 percent between January and November 2016 to reach \$1.46 per pound. World exports are expected to slip from last year's record primarily due to lower shipments from Vietnam, Indonesia, and Brazil.

Brazil's Arabica production is forecast to jump 9.5 million bags to a record 45.6 million as yields improve. Good blossoming between September and November 2015 was followed by ideal weather during the fruit-set and fruit development period in Minas Gerais and Sao Paulo, two regions that account for about 80 percent of output. Following last year's sharp decline, Robusta production is expected to drop an additional 2.8 million bags to a 10-year low of 10.5 million due to above-average temperatures and prolonged dry spells in Espirito Santo, where the vast majority is grown. Water

Ending Stocks in Producing Countries Continue Tightening



Brazil's Arabica Production at Record, Robusta Continues Sharp Decline

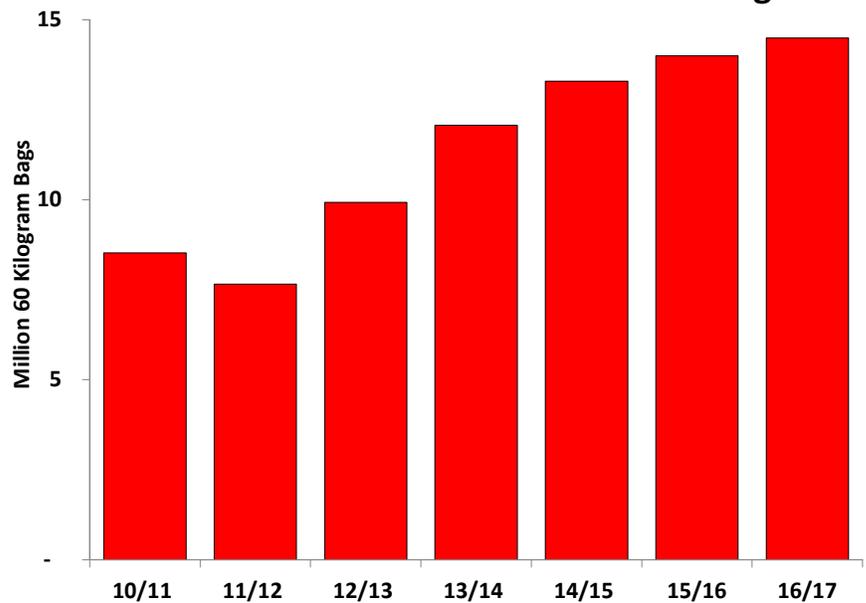


shortages continue to limit irrigation, a common practice in the state. Although the combined Arabica and Robusta harvest is forecast to expand 6.7 million bags to 56.1 million, total supply is expected nearly unchanged due to the previous year's drawdown in stocks. Consumption is expected unchanged at 20.5 million bags. With bean exports expected to slip 900,000 bags to 31.0 million, ending stocks are forecast to rise slightly.

Vietnam's production is forecast to decline 2.2 million bags to 26.7 million as high temperatures combined with dry growing conditions between January and April 2016 to weaken yields. Cultivated area is forecast nearly equal to last year, and over 95 percent of total output is Robusta. Ending stocks are expected to fall a second-consecutive year to total 2.3 million bags following previous year's large build-up. Bean exports are forecast 3.5 million bags lower to 23.5 million.

Colombia's Arabica production is forecast up 500,000 bags to 14.5 million on continued growth due to the replanting program started several years ago as well as favorable weather. However, some producers are struggling to maintain quality due to labor shortages, which limits their ability to adequately control pests such as the coffee cherry borer. Bean exports, mostly to the United States and Europe, are forecast to gain 800,000 bags to 12.2 million.

Colombia's Production to Continue Rising



Indonesia's production is forecast to drop 2.1 million bags to 10.0 million due to severe drought throughout

most of the growing regions. Dry weather disrupted the flowering and ripening stage of cherry formation and was most acutely felt in lowland areas of Southern Sumatra and Java where approximately 75 percent of the Robusta crop is grown. Arabica production, situated in Northern Sumatra, was mostly unaffected by these conditions. Bean exports are forecast to plunge 1.4 million bags to 6.5 million on lower available supplies.

Central America and Mexico account for over 15 percent of the world's Arabica production, and coffee rust continues to hamper output for most of these countries. Although the region's total coffee production is forecast to add nearly 600,000 bags to total 15.4 million, output is still 20 percent below the record set 5 years ago. Mexico is expected to gain 200,000 bags to 2.2 million following last year's 1.2 million-bag-plunge due to coffee rust. Honduras is expected to rise 200,000 bags to 5.5 million, just short of pre-rust output levels. Nicaragua is forecast 100,000 bags higher to 2.2 million as a result of good weather during bloom as well as the addition of output from recently renovated land. Costa Rica, El Salvador, and Guatemala are nearly flat at 1.4 million bags, 575,000 bags, and 3.4 million bags, respectively, as these countries continue to struggle with rust and output remains below their pre-rust level. Bean exports for the region are forecast to gain 300,000 bags to 13.1 million mainly due to higher exportable supplies in Honduras. Approximately 40 percent of the region's exports are destined for the United States, followed by over one-third to the European Union.

The **European Union** accounts for over 40 percent of the world's coffee bean imports and is forecast down 300,000 bags to 45.5 million. Top suppliers include Brazil (33 percent), Vietnam (25 percent), Honduras (7 percent), and Colombia (7 percent). With consumption rising 300,000 bags to 44.4 million, ending stocks are expected slightly lower at 11.9 million bags.

The **United States** imports the second-largest amount of coffee beans and is forecast down 300,000 bags to 24.8 million. Top suppliers include Brazil (27 percent), Colombia (20 percent), and Vietnam (16 percent). Consumption is expected to gain nearly 200,000 bags to 25.3 million, drawing ending stocks down slightly to 6.0 million bags.

Revised 2015/16

World **production** is revised down from the June estimate by 300,000 bags to 153.0 million.

- Uganda is reduced nearly 900,000 bags to 3.7 million on lower-than-anticipated yields.
- Mexico is down 500,000 bags to 2.0 million due to coffee rust.
- Malaysia is 700,000 bags higher to 2.2 million on increased Robusta area and yields.

World **bean exports** are lowered 200,000 bags to 112.6 million.

- Brazil is lowered nearly 900,000 bags to 31.9 million on reduced shipments to the United States and EU.
- Uganda is reduced 500,000 bags to 3.5 million on lower exportable supplies.
- Vietnam is up nearly 1.0 million bags to 27.0 million as rising prices provided an incentive to draw inventories lower.

World **ending stocks** are lowered 600,000 bags to 34.8 million.

- Vietnam is down 1.8 million bags to 3.8 million on stronger-than-anticipated shipments.
- Brazil is up nearly 500,000 bags to 2.7 million on slower exports to top markets.

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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:

<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	Jun 2016/17	Dec 2016/17
Arabica Production						
Brazil	42,100	41,800	37,300	36,100	43,850	45,600
Colombia	9,927	12,075	13,300	14,000	13,300	14,500
Ethiopia	6,500	6,345	6,475	6,500	6,500	6,500
Honduras	4,725	4,400	5,100	5,300	6,100	5,500
Peru	4,300	4,250	2,900	3,500	3,800	3,800
Guatemala	4,000	3,500	3,125	3,275	3,300	3,300
China	1,535	1,947	2,200	2,300	2,300	2,500
Nicaragua	1,925	2,000	2,100	2,100	2,100	2,200
Mexico	4,450	3,750	2,980	1,800	2,100	2,000
India	1,643	1,703	1,630	1,725	1,420	1,420
Costa Rica	1,675	1,450	1,400	1,400	1,400	1,400
Indonesia	2,000	1,900	1,270	1,500	1,300	1,400
Vietnam	900	1,175	1,050	1,100	1,050	1,100
Kenya	660	850	750	750	700	800
Papua New Guinea	775	815	760	700	700	700
Other	5,757	4,630	4,498	4,401	4,146	4,165
Total	92,872	92,590	86,838	86,451	94,066	96,885
Robusta Production						
Vietnam	25,600	28,658	26,350	27,830	26,225	25,600
Brazil	15,500	15,400	17,000	13,300	12,100	10,500
Indonesia	9,900	10,000	9,200	10,600	8,700	8,600
India	3,660	3,372	3,810	4,075	3,750	3,750
Uganda	2,800	3,000	2,800	2,900	3,000	3,000
Malaysia	1,400	1,500	2,100	2,200	1,500	2,000
Cote d'Ivoire	1,750	1,675	1,400	1,600	1,700	1,800
Thailand	1,000	1,000	1,000	700	1,000	1,000
Cameroon	485	375	525	525	575	575
Laos	460	475	475	475	550	500
Other	2,591	2,133	2,547	2,290	2,531	2,426
Total	65,146	67,588	67,207	66,495	61,631	59,751
Production						
Brazil	57,600	57,200	54,300	49,400	55,950	56,100
Vietnam	26,500	29,833	27,400	28,930	27,275	26,700
Colombia	9,927	12,075	13,300	14,000	13,300	14,500
Indonesia	11,900	11,900	10,470	12,100	10,000	10,000
Ethiopia	6,500	6,345	6,475	6,500	6,500	6,500
Honduras	4,725	4,400	5,100	5,300	6,100	5,500
India	5,303	5,075	5,440	5,800	5,170	5,170
Peru	4,300	4,250	2,900	3,500	3,800	3,800
Uganda	3,600	3,850	3,550	3,650	3,700	3,700
Guatemala	4,010	3,515	3,185	3,350	3,375	3,375
China	1,535	1,947	2,200	2,300	2,300	2,500
Nicaragua	1,925	2,000	2,125	2,125	2,125	2,225
Mexico	4,650	3,950	3,180	2,000	2,300	2,200
Malaysia	1,400	1,500	2,100	2,200	1,500	2,000
Cote d'Ivoire	1,750	1,675	1,400	1,600	1,700	1,800
Costa Rica	1,675	1,450	1,400	1,400	1,400	1,400
Tanzania	1,180	800	1,150	1,100	1,050	1,050
Thailand	1,000	1,000	1,000	700	1,000	1,000
Kenya	660	850	750	750	700	800
Papua New Guinea	825	855	810	750	750	750
Cameroon	535	425	575	575	625	625
El Salvador	1,250	550	700	540	525	575
Laos	460	475	475	475	550	500
Philippines	455	450	475	425	475	475
Dominican Republic	475	450	425	400	400	400
Other	3,878	3,358	3,160	3,076	3,127	2,991
Total	158,018	160,178	154,045	152,946	155,697	156,636

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	Jun 2016/17	Dec 2016/17
Bean Imports						
European Union	45,070	44,650	45,140	45,815	44,500	45,500
United States	23,360	24,550	23,525	25,100	24,550	24,800
Japan	7,520	6,890	7,150	7,240	7,375	7,300
Canada	2,330	2,525	2,450	2,800	2,600	2,800
Switzerland	2,310	2,300	2,420	2,460	2,500	2,500
Russia	2,050	2,280	2,240	2,430	2,300	2,400
Korea, South	1,715	2,035	2,150	2,280	2,275	2,310
Algeria	1,915	2,265	2,165	2,200	2,250	2,250
Mexico	850	1,360	1,440	2,175	1,600	1,900
Malaysia	1,375	1,270	1,340	1,415	2,100	1,500
Other	13,582	12,510	12,447	12,588	12,235	12,470
Total	102,077	102,635	102,467	106,503	104,285	105,730
Roast and Ground Imports						
Canada	675	730	765	375	600	500
China	79	93	141	460	300	500
Russia	180	215	260	315	275	325
Ukraine	340	340	275	250	250	250
Korea, South	110	125	155	185	175	190
Australia	170	180	190	155	200	175
Norway	110	110	120	130	120	125
Japan	135	140	110	105	125	115
Indonesia	150	175	175	100	0	100
Taiwan	55	50	70	95	75	90
Other	182	231	278	300	304	309
Total	2,186	2,389	2,539	2,470	2,424	2,679
Soluble Imports						
Philippines	3,400	2,985	3,570	5,500	4,000	5,000
Russia	1,900	1,735	1,550	1,650	1,800	1,700
China	552	679	858	1,615	1,500	1,500
Canada	1,225	1,350	1,280	1,370	1,200	1,300
Japan	750	840	815	810	825	825
Indonesia	630	555	720	650	700	700
United States	340	365	480	110	450	450
Ukraine	785	690	570	470	400	400
Argentina	260	260	250	265	250	250
South Africa	210	220	250	250	250	250
Other	2,200	2,318	2,020	2,291	2,181	2,156
Total	12,252	11,997	12,363	14,981	13,556	14,531
Imports						
European Union	45,070	44,650	45,140	45,815	44,500	45,500
United States	23,700	24,915	24,005	25,210	25,000	25,250
Japan	8,405	7,870	8,075	8,155	8,325	8,240
Philippines	3,880	3,145	3,755	6,085	4,300	5,300
Canada	4,230	4,605	4,495	4,545	4,400	4,600
Russia	4,130	4,230	4,050	4,395	4,375	4,425
China	1,561	1,682	1,889	2,938	2,750	2,850
Korea, South	1,825	2,160	2,305	2,465	2,450	2,500
Switzerland	2,310	2,300	2,420	2,460	2,500	2,500
Algeria	1,945	2,300	2,195	2,230	2,280	2,280
Other	19,459	19,164	19,040	19,656	19,385	19,495
Total	116,515	117,021	117,369	123,954	120,265	122,940

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	Jun 2016/17	Dec 2016/17
Bean Exports						
Brazil	27,143	30,600	33,051	31,870	32,000	31,000
Vietnam	23,783	27,269	19,791	26,950	25,150	23,500
Colombia	8,100	10,300	11,615	11,400	11,500	12,200
Indonesia	8,290	8,540	6,770	7,940	6,100	6,500
Honduras	4,480	3,940	4,760	4,900	5,700	5,100
India	3,420	3,330	3,358	3,950	3,600	4,000
Peru	4,100	4,100	2,750	3,300	3,600	3,600
Uganda	3,575	3,600	3,400	3,500	4,000	3,600
Ethiopia	3,500	3,285	3,500	3,520	3,525	3,525
Guatemala	3,750	3,150	3,050	3,000	3,000	3,000
Other	14,852	11,889	11,688	12,299	11,720	12,620
Total	104,993	110,003	103,733	112,629	109,895	108,645
Roast and Ground Exports						
European Union	1,070	1,185	1,220	1,260	1,000	1,000
Switzerland	810	890	975	1,040	950	1,000
Vietnam	110	120	457	550	550	550
United States	365	580	390	60	200	200
Mexico	126	105	175	200	125	150
Colombia	85	80	90	90	90	90
China	54	81	57	57	250	75
Panama	15	29	42	41	45	45
Indonesia	35	40	50	40	40	40
Brazil	31	30	28	28	30	30
Other	29	80	46	30	40	40
Total	2,730	3,220	3,530	3,396	3,320	3,220
Soluble Exports						
Brazil	3,486	3,516	3,494	3,645	3,200	3,200
Malaysia	2,150	2,110	2,775	2,975	3,000	2,800
Vietnam	750	900	1,282	2,000	1,500	2,000
India	1,435	1,667	1,525	1,650	1,500	1,575
Thailand	1,700	2,100	1,975	950	1,500	1,500
Indonesia	2,000	1,800	1,900	1,920	1,800	1,300
Mexico	915	940	860	850	600	850
Colombia	670	660	715	800	800	825
China	178	252	440	632	700	650
Ecuador	1,075	810	760	740	500	500
Other	765	898	660	929	740	740
Total	15,124	15,653	16,386	17,091	15,840	15,940
Exports						
Brazil	30,660	34,146	36,573	35,543	35,230	34,230
Vietnam	24,643	28,289	21,530	29,500	27,200	26,050
Colombia	8,855	11,040	12,420	12,290	12,390	13,115
Indonesia	10,325	10,380	8,720	9,900	7,940	7,840
India	4,858	5,013	4,894	5,605	5,105	5,580
Honduras	4,480	3,940	4,760	4,900	5,700	5,100
Peru	4,100	4,100	2,750	3,300	3,600	3,600
Uganda	3,575	3,600	3,400	3,500	4,000	3,600
Ethiopia	3,500	3,285	3,500	3,520	3,525	3,525
Guatemala	3,770	3,175	3,070	3,004	3,010	3,010
Other	24,081	21,908	22,032	22,054	21,355	22,155
Total	122,847	128,876	123,649	133,116	129,055	127,805

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	Jun 2016/17	Dec 2016/17
Domestic Consumption						
European Union	43,275	41,475	43,870	44,115	43,900	44,400
United States	23,027	23,811	23,568	25,114	25,150	25,299
Brazil	20,110	20,210	20,420	20,510	20,520	20,510
Japan	7,565	7,750	7,825	8,020	8,325	8,225
Philippines	4,405	3,590	4,230	6,110	4,775	5,875
Canada	4,230	4,605	4,495	4,545	4,400	4,600
Russia	4,130	4,230	4,050	4,395	4,375	4,425
Indonesia	2,815	2,540	2,900	3,230	3,110	3,370
China	1,628	2,181	2,416	3,006	3,000	3,125
Ethiopia	3,130	3,120	2,985	2,972	2,975	2,975
Vietnam	1,825	2,008	2,217	2,600	2,868	2,870
Korea, South	1,825	2,160	2,305	2,465	2,450	2,500
Algeria	1,945	2,300	2,195	2,230	2,280	2,280
Mexico	2,170	2,731	2,339	2,150	2,350	2,150
Australia	1,660	1,615	1,775	1,785	1,800	1,850
Colombia	1,200	1,300	1,400	1,515	1,475	1,600
Switzerland	1,500	1,410	1,445	1,420	1,550	1,500
India	1,100	1,170	1,191	1,368	1,400	1,400
Venezuela	1,290	1,170	1,151	1,151	1,031	1,031
Ukraine	1,255	1,155	1,025	945	825	850
Norway	740	775	775	785	775	780
Argentina	835	685	710	741	785	760
Turkey	490	505	675	710	750	740
Malaysia	625	660	665	640	600	700
Serbia	740	790	605	645	650	650
Other	8,624	8,588	8,513	8,855	8,687	8,790
Total	142,139	142,534	145,745	152,022	150,806	153,255
Ending Stocks						
European Union	10,845	12,400	12,225	12,100	11,800	11,900
United States	5,450	6,025	6,117	6,199	5,800	6,000
Brazil	9,068	11,946	9,305	2,717	2,530	4,142
Japan	2,980	3,100	3,350	3,485	3,400	3,500
Vietnam	1,946	2,130	6,373	3,833	3,500	2,253
India	1,982	2,026	2,586	2,591	1,997	1,854
Colombia	771	961	666	1,126	486	1,091
China	0	100	300	500	0	500
Honduras	140	300	340	415	560	465
Philippines	95	100	100	500	100	400
Other	1,943	1,921	1,667	1,325	1,326	1,202
Total	35,220	41,009	43,029	34,791	31,499	33,307

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.