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Prepared By: Sérgio Barros

Approved By: Nicolas Rubio

Report Highlights:

ATO/Sao Paulo coffee production estimate for MY 2019/20 (July-June) was revised downward to 58 million 60-kg bags, due to lower agricultural and de-husking yields than previously projected in the Arabica growing areas. Post's coffee export estimate for MY 2019/20 is revised downward to 35.32 million bags, due to expected lower coffee supply. The soluble coffee industry is expected to directly benefit from the Free Trade Agreement (FTA) signed last June by the European Union and Mercosur countries. The Brazilian Soluble Industry Association (ABICS) forecasts an increase of 35 percent in sales after the import tariff is removed under the FTA's 5-year phase out period. The Ministry of Agriculture, Livestock and Supply (MAPA) successfully intervened for the coffee industry and the Brazilian government recreated the Coffee Policy Deliberative Council (CDPC) which sets policies for the sector.

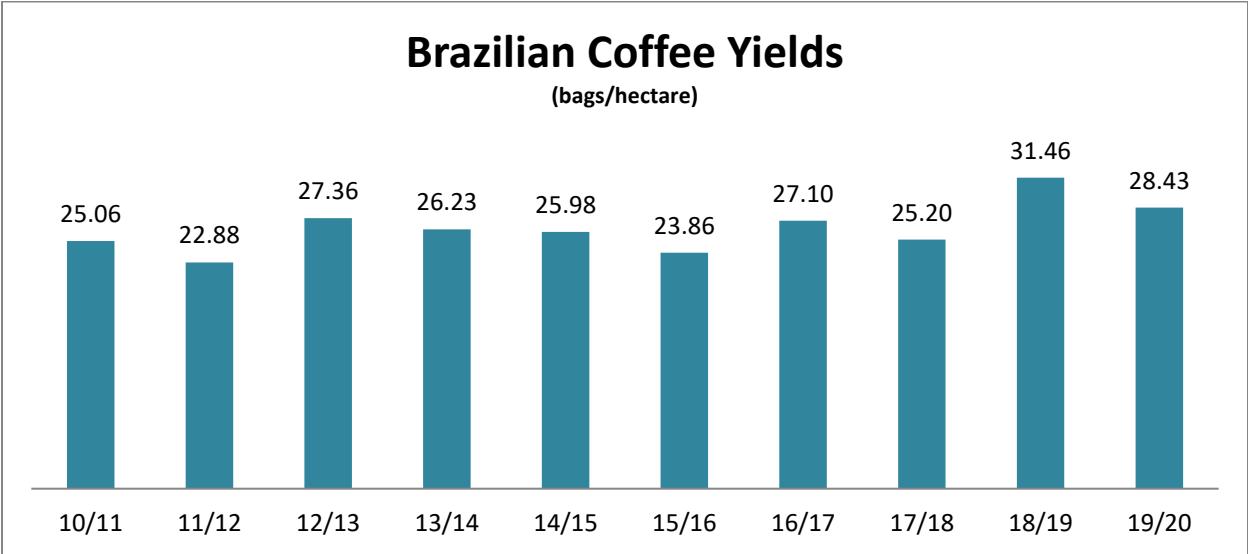
Production

Agricultural Trade Office (ATO)/Sao Paulo revised downward its Brazilian coffee production estimate for marketing year (MY) 2019/20 (July-June) to 58 million 60-kg bags, green equivalent, a two percent reduction vis-à-vis previous estimate (59.3 million bags). Arabica production is estimated at 39.9 million bags, down 1.1 million bags compared to the previous estimate, due to lower than expected agricultural and de-husking yields, as well as lower than average coffee screen sizes in major Arabica growing areas. Despite the concerns about the frost that occurred last July in Arabica producing regions in southern and southeastern Brazilian states, it virtually caused insignificant damage to the coffee output. Robusta production is estimated slightly down at 18.1 million bags, a 200,000 bags drop compared to the previous estimate. The MY 2018/19 coffee crop estimate remains unchanged at 64.8 million 60-kg bags.

The harvest of the Robusta and Arabica beans is over and post contacts report that approximately 50 to 60 percent of the current crop has already been marketed by producers. Coffee traders report the Robusta bean and cup quality to be average and similar to the previous season, whereas the Arabica bean and cup quality are reported below average. ATO/Sao Paulo estimates for area harvested and tree inventory remain unchanged from previous figures. The table below shows production estimates by state from MY 2015/16 through MY 2019/20.

Brazilian Coffee Production (Million 60-kg bags)					
State/Variety	MY 15/16	MY 16/17	MY 17/18	MY 18/19	MY 19/20
Minas Gerais	25.30	32.50	27.80	33.30	27.70
Southwest	12.20	17.80	14.50	18.60	15.50
Central-western	5.50	7.20	5.20	7.10	5.50
Southeast	7.60	7.50	8.10	7.60	6.70
Espirito Santo	13.00	10.50	10.40	15.50	16.60
Arabica	3.10	3.80	3.20	4.60	3.70
Robusta	9.90	6.70	7.20	10.90	12.90
Sao Paulo	4.30	5.90	4.20	6.30	5.20
Parana	1.20	1.10	1.30	1.10	1.00
Others	5.60	6.10	7.20	8.60	7.50
Arabica	2.20	2.30	2.00	2.90	2.30
Robusta	3.40	3.80	5.20	5.70	5.20
Total	49.40	56.10	50.90	64.80	58.00
Arabica	36.10	45.60	38.50	48.20	39.90
Robusta	13.30	10.50	12.40	16.60	18.10
Source: ATO/Sao Paulo.					

Post revised the Brazilian coffee yield for MY 2019/20 down to 28.43 bags/hectare, a one percent reduction relative to the previous estimate. Overall, higher production costs associated with stagnant coffee prices led to decreased crop management and use of inputs (herbicides, pesticides and fertilizers); therefore, affecting to some extent agricultural yields during the 2019/20 crop. Irregular weather conditions in some producing areas also contributed to drive yields down. The graph below illustrates the evolution of Brazilian coffee yields since the 2010/11 crop.



Source: ATO/Sao Paulo

In September 2019, the Brazilian government (GOB), through the National Supply Company (CONAB) of the Ministry of Agriculture, Livestock and Supply (MAPA), released the third official coffee production estimate for MY 2019/20. As reported by CONAB, coffee production is estimated at 48.99 million bags (34.47 million bags for Arabica and 14.52 million for Robusta coffee), a drop of 12.67 million 60-kg bags vis-à-vis the previous crop year (61.66 million bags).

The September 2019 coffee production estimate for MY 2019/20 released by the Brazilian Institute of Geography and Statistics (IBGE) shows the production of 3.017 million metric tons of coffee, or 50.3 million 60-kg bags (35.1 million bags for Arabica and 15.2 million for Robusta coffee), a decrease of 16 percent relative to the previous MY (59.88 million bags).

Both CONAB and IBGE use a different methodology to forecast coffee production than Post, and both are consistently lower than Post’s estimates. No official forecast has been announced for the MY 2020/2021 coffee production by CONAB or IBGE. Initial projections made by the coffee industry forecasts a significant larger crop in Brazil, mainly due to the on-year of the biennial production cycle of Arabica coffee plants.

Coffee Prices in the Domestic Market

The tables below show the Arabica and Robusta Coffee Index Price Series released by the University of São Paulo's Luiz de Queiroz College of Agriculture (ESALQ). Average Arabica coffee prices in the local currency, the Real, during the 2019 harvest (June-September) remained virtually unchanged from the same period the year before, both in the local currency, the Real, and in US\$ dollar terms, given that the exchange rate did not fluctuate significantly during these periods.

In spite of the lower coffee supply for 2019, the coffee industry has already priced the value of the coffee bag for the current crop based on the expectations of abundant supplies next year. Given that the Arabica trees will be on the on-year of the biennial production cycle, production is expected to be higher. Therefore, current prices have remained stable.

Arabica Coffee - Type 6 Price Index in the Domestic Market (Real, 60kg/bag).					
Month	2015	2016	2017	2018	2019
January	465.92	491.31	514.23	446.42	410.87
February	459.99	489.82	508.65	438.32	407.70
March	447.10	491.06	485.92	429.81	395.60
April	445.69	466.71	467.63	430.71	384.21
May	421.95	460.36	455.69	451.01	389.03
June	424.02	484.87	445.85	452.01	411.93
July	414.50	498.52	451.90	439.25	423.66
August	454.98	479.03	458.76	421.14	408.74
September	456.95	502.94	453.46	415.39	430.62
October	478.11	511.07	445.95	441.23	421.59
November	468.39	556.74	452.87	441.59	--
December	479.32	501.80	447.36	420.32	--

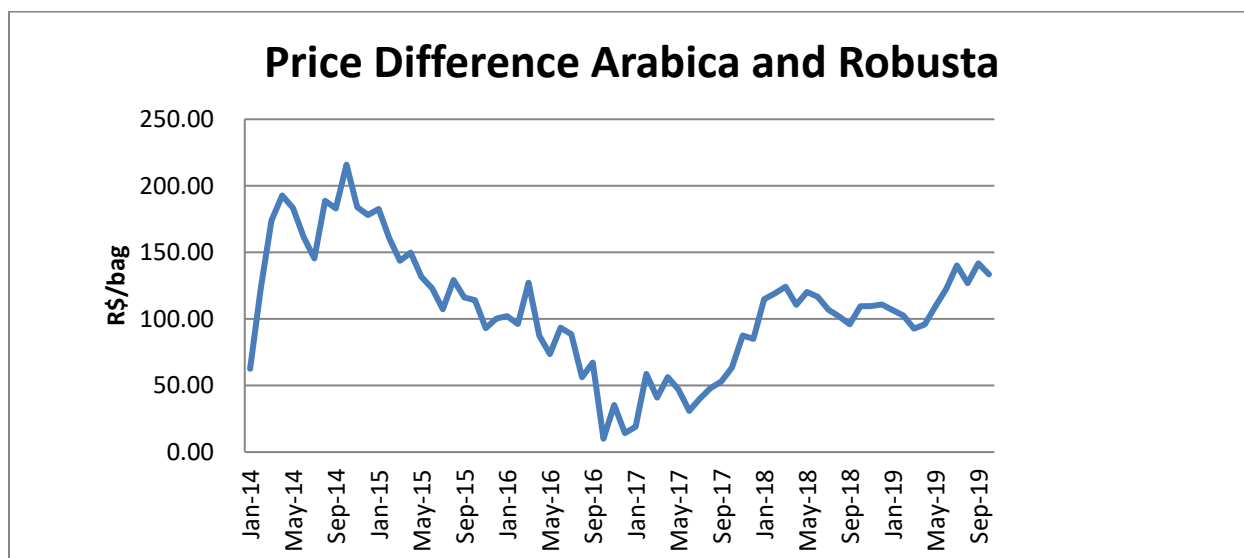
Source: CEPEA/ESALQ/USP.

On the other hand, the larger Robusta volumes harvested during 2019 (April-July) supported the drop in prices compared to the previous year. Indeed, the average Robusta (April-July) prices dropped by 13 percent in the local currency, the Real (R\$ 285.18/bag), and by 17 percent in US\$ dollars (US\$ 73.75/bag) compared to the same period in 2018 (R\$ 329.65/bag or US\$ 88.99/bag).

Robusta Coffee - Type 6 Price Index in the Domestic Market (Real, 60kg/bag).					
Month	2015	2016	2017	2018	2019
January	283.28	389.27	495.19	331.57	304.21
February	299.58	393.61	449.93	319.12	305.15
March	303.44	363.88	444.97	305.55	302.88
April	295.88	379.33	411.31	320.04	288.40
May	290.33	386.71	408.81	330.78	279.44
June	301.03	391.40	414.96	335.39	289.42
July	307.28	409.99	411.84	332.38	283.47
August	325.68	422.87	410.77	319.25	281.87
September	340.81	435.74	400.50	319.38	288.82
October	363.94	501.07	382.43	331.70	288.09
November	375.25	521.31	365.36	331.94	--
December	378.98	487.60	362.30	309.44	--

Source: CEPEA/ESALQ/USP.

The price spread between both varieties (see graph below) has consistently increased since 2017 due to the continuous recovery of Robusta production after years suffering from drought, thus pushing prices steadily down. The average price differential is R\$ 122.80/bag for the April-September 2019 period compared to R\$ 45.85 during the same period in 2017.



Source: ATO/Sao Paulo based on CEPEA price index for type 6 coffee.

Exchange Rate

The table below shows the official exchange rate as released by the Brazilian Central Bank from 2013 to 2019.

Exchange Rate (R\$/US\$1.00 - official rate, last day of period)							
Month	2013	2014	2015	2016	2017	2018	2019
January	1.99	2.43	2.66	4.04	3.13	3.16	3.65
February	1.98	2.33	2.88	3.98	3.10	3.24	3.74
March	2.01	2.26	3.21	3.56	3.17	3.32	3.90
April	2.00	2.24	2.98	3.45	3.20	3.48	3.94
May	2.13	2.24	3.18	3.60	3.26	3.74	3.94
June	2.22	2.20	3.10	3.21	3.30	3.86	3.83
July	2.29	2.27	3.39	3.24	3.13	3.75	3.76
August	2.37	2.24	3.65	3.24	3.15	4.14	4.14
September	2.23	2.45	3.98	3.25	3.17	4.00	4.16
October	2.20	2.44	3.86	3.18	3.27	3.72	4.00
November	2.32	2.56	3.85	3.40	3.26	3.86	4.04
December	2.34	2.66	3.90	3.47	3.31	3.87	

Source: Brazilian Central Bank (BACEN) - Last day of month. 1/ November 2019 refers to November 6

Consumption

Post reports domestic coffee consumption for MY 2019/20 unchanged at 23.53 million 60-kg coffee bags (22.35 million bags of roast/ground coffee and 1.18 million bags of soluble coffee, respectively), an increase of 1.4 percent relative to the previous marketing year (23.2 million 60-kg bags). Estimates reflect population growth, the high penetration of coffee in Brazilian households, and steady growth of superior and gourmet coffee both sold in capsules and roasted grains.

Euromonitor, a market research consulting company, has recently released a study that estimates total domestic coffee consumption for Brazil at 1.2 and 1.4 million metric tons of coffee (after roasting and grinding) for 2019 and 2024, respectively. ABIC has not yet released the November 2018-October 2019 coffee consumption survey.

Trade

ATO/Sao Paulo estimates Brazilian coffee exports in MY 2019/20 at 35.32 million bags, a 1.5 million bag drop compared to the previous figure, due to expected lower coffee supply. Green bean exports are projected to account for 32 million bags, while soluble coffee exports are forecast at 3.3 million bags. Major destinations for the current MY include the United States and Germany, followed by Italy, Belgium and Japan.

Coffee exports for MY 2018/19 reached the highest export volume ever. Record figures were revised upward from 39.72 to 41.42 million 60-kg bags, green beans, to reflect updated information from the Brazilian Green Coffee Association (CECAFE). The volume represents record exports for the Brazilian industry. Green bean (Arabica and Robusta) exports are estimated at 37.38 million bags, whereas soluble coffee exports are estimated at 4.02 million bags. Brazil remains extremely competitive in the international market and the weak exchange rate has consistently encouraged exports. The Port of Santos in the state of Sao Paulo concentrates the majority of shipments, roughly 80 percent of total export volume.

According to the September 2019 coffee trade statistics released by the International Coffee Organization (ICO), total world coffee consumption for 2018/19 is estimated at 164.82 million bags, up 3.4 million bags relative to 2017/18 (161.42 million bags). Brazil represents over a 30 percent of total world exports and approximately 15 percent of the world consumption.

The table below shows green coffee bean (NCM 0901.11.10), roasted coffee (NCM 0901.21.00) and soluble coffee exports (NCM 21.01.11.10) by country of destination, according to the Trade Data Monitor (TDM) based on the Secretariat of Foreign Trade (SECEX) for MY 2016/17, 2017/18 and 2018/19 (July-June), as well as for the July-October period for MY 2017/18, 2018/19 and 2019/20.

Brazilian Green Coffee Exports by Country of Destination						
(NCM 0901.11.10, July-June, MT,US\$ 000 FOB)						
	MY 2016/17		MY 2017/18		MY 2018/19	
Country	Quantity	Value	Quantity	Value	Quantity	Value
United States	353,604	989,912	304,014	812,523	396,903	864,872
Germany	349,268	974,431	307,676	779,858	383,102	811,407
Italy	178,914	525,755	167,633	464,829	211,239	476,385
Japan	124,345	394,982	103,640	295,692	159,364	389,249
Belgium	115,669	347,370	97,945	273,875	154,627	322,090
Turkey	56,632	154,643	48,542	123,155	67,929	142,129
United Kingdom	33,560	106,317	42,041	108,056	69,472	137,849
Canada	45,874	130,482	40,350	110,154	47,599	114,750
France	46,820	127,087	41,007	105,810	48,428	101,955
Spain	41,141	118,404	36,197	96,951	46,598	100,169
Others	418,119	1,163,079	415,615	1,083,380	573,435	1,217,053
Total	1,763,944	5,032,461	1,604,660	4,254,282	2,158,696	4,677,908

Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX)

Brazilian Green Coffee Exports by Country of Destination						
(NCM 0901.11.10, July-October, MT,US\$ 000 FOB)						
	MY 2017/18		MY 2018/19		MY 2019/20	
Country	Quantity	Value	Quantity	Value	Quantity	Value
United States	107,511	292,993	106,169	246,324	137,145	279,521
Germany	100,789	261,330	95,608	215,638	115,748	239,183
Italy	56,811	166,949	55,998	139,129	70,044	155,582
Belgium	28,680	84,009	48,382	99,179	55,099	104,046
Japan	33,351	96,852	35,617	93,983	32,569	71,500
Netherlands	6,304	17,363	7,575	17,577	32,224	39,080
Mexico	825	2,022	9,827	16,846	26,209	37,380
Turkey	13,507	34,439	16,478	36,690	18,036	35,435
Spain	11,432	31,841	14,098	33,328	15,561	31,448
Canada	13,381	36,842	14,138	36,305	14,392	33,227
Others	155,107	414,975	181,878	401,429	180,959	360,623
Total	527,698	1,439,615	585,768	1,336,428	697,986	1,387,027

Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX)

Brazilian Roasted Coffee Exports by Country of Destination						
(NCM 0901.21.00, July-June, MT,US\$ 000 FOB)						
	MY 2016/17		MY 2017/18		MY 2018/19	
Country	Quantity	Value	Quantity	Value	Quantity	Value
United States	619	4,522	564	3,686	665	3,439
Argentina	255	2,173	261	2,851	225	2,252
Paraguay	113	795	129	895	195	1,179
Japan	157	925	163	868	163	879
Uruguay	86	617	94	777	94	721
Chile	102	563	82	496	86	434
Jordan	0	0	0	0	49	133
Bolivia	32	159	38	281	32	138
Libya	0	0	56	194	28	111
Venezuela	387	3,208	6	22	25	101
Others	442	2,102	153	1,062	200	1,275
Total	2,193	15,066	1,547	11,133	1,760	10,661

Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX)

Brazilian Roasted Coffee Exports by Country of Destination						
(NCM 0901.21.00, July-October, MT,US\$ 000 FOB)						
	MY 2017/18		MY 2018/19		MY 2019/20	
Country	Quantity	Value	Quantity	Value	Quantity	Value
United States	191	1,307	281	1,240	185	807
Colombia	0	0	0	0	117	177
Argentina	76	774	94	910	105	547
Japan	47	278	45	225	84	329
Paraguay	28	199	83	536	61	283
Venezuela	0	0	16	59	61	241
Chile	42	274	27	150	45	200
Uruguay	31	268	37	360	34	225
Bolivia	19	174	10	46	22	86
Guyana	0	0	0	1	10	40
Others	65	410	63	377	66	422
Total	501	3,684	660	3,903	794	3,359

Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX)

Brazilian Soluble Coffee Exports by Country of Destination						
(NCM 2101.11.10, July-June, MT,US\$ 000 FOB)						
	MY 2016/17		MY 2017/18		MY 2018/19	
Country	Quantity	Value	Quantity	Value	Quantity	Value
United States	12,915	86,709	13,887	95,737	15,088	95,032
Russia	13,400	99,190	9,455	73,313	9,260	67,304
Indonesia	4,587	32,309	5,813	39,620	5,998	33,998
United Kingdom	2,630	23,510	3,787	34,607	4,361	30,643
Japan	4,847	38,554	4,149	33,180	3,997	28,468
Singapore	1,355	7,602	1,466	8,247	3,472	16,617
Peru	1,466	12,090	1,745	12,737	3,048	16,721
Ukraine	3,318	22,948	2,005	16,057	2,903	20,553
Canada	2,341	20,484	2,085	16,179	2,735	17,761
Poland	1,746	12,742	2,147	12,591	2,426	12,182
Others	32,359	250,729	26,126	197,381	30,888	202,479
Total	80,963	606,867	72,661	539,650	84,177	541,759

Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX)

Brazilian Soluble Coffee Exports by Country of Destination						
(NCM 2101.11.10, July-October, MT,US\$ 000 FOB)						
	MY 2017/18		MY 2018/19		MY 2019/20	
Country	Quantity	Value	Quantity	Value	Quantity	Value
United States	5,903	41,805	5,999	40,097	5,579	32,678
Russia	3,655	28,630	3,760	27,907	2,746	18,636
Indonesia	1,463	10,575	943	5,829	2,639	14,220
United Kingdom	1,443	14,125	1,401	9,702	1,640	11,387
Japan	1,265	11,002	1,324	9,476	1,507	10,123
Singapore	399	2,470	718	3,691	1,497	6,970
Ukraine	533	4,398	906	6,758	1,052	6,557
Poland	697	4,152	446	2,634	984	4,848
Canada	964	7,935	1,102	7,472	893	5,093
Saudi Arabia	710	6,130	816	6,017	751	4,836
Others	8,564	67,957	9,695	66,637	9,857	61,259
Total	25,597	199,179	27,108	186,220	29,143	176,607

Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX)

The tables below include data on monthly coffee exports (quantity and value) for MY 2018/19 and MY 2019/20 (July-October), as reported by the Brazilian Green Coffee Association (CECAFE) and the Brazilian Soluble Coffee Association (ABICS). Preliminary data shows that until November 8, coffee export registrations for November 2019 were 908,755 bags while cumulative green coffee export shipments for November 2019 are 197,311 bags.

Brazilian Monthly Coffee Exports for MY 2018/19						
(Thousand 60-kg bag, green equivalent).						
Month	Robusta	Arabica	Total Green	Roasted	Soluble	Total
Jul-18	369.84	1,755.48	2,125.31	1.67	338.54	2,465.52
Aug-18	539.63	2,622.29	3,161.92	2.69	379.88	3,544.49
Sep-18	292.16	2,549.93	2,842.09	0.95	307.88	3,150.92
Oct-18	368.99	3,240.73	3,609.73	2.08	326.21	3,938.02
Nov-18	235.42	3,362.44	3,597.87	2.37	302.81	3,903.05
Dec-18	168.20	3,462.14	3,630.34	1.58	372.79	4,004.70
Jan-19	150.61	3,073.90	3,224.51	1.48	244.68	3,470.67
Feb-19	212.00	3,051.11	3,263.12	1.04	310.45	3,574.60
Mar-19	190.88	2,557.88	2,748.76	1.84	366.21	3,116.81
Apr-19	240.37	2,706.38	2,946.75	2.08	318.26	3,267.09
May-19	460.81	3,014.41	3,475.21	1.38	396.77	3,873.35
Jun-19	385.58	2,365.53	2,751.11	3.92	358.75	3,113.78
Cumulative	3,614.48	33,762.22	37,376.71	23.07	4,023.23	41,423.00

Source: CECAFE and ABICS.

Brazilian Monthly Coffee Exports for MY 2019/20 (Thousand 60-kg bag, green equivalent).						
Month	Robusta	Arabica	Total Green	Roasted	Soluble	Total
Jul-18	601.68	2,438.45	3,040.14	1.95	348.40	3,390.49
Aug-18	461.64	2,570.18	3,031.81	1.36	334.37	3,367.54
Sep-18	310.55	2,796.75	3,107.31	2.02	341.30	3,450.63
Oct-18	274.00	2,826.20	3,100.20	1.17	320.74	3,422.11
Cumulative	1,647.87	10,631.58	12,279.45	6.50	1,344.82	13,630.77

Source: CECAFE and ABICS.

Brazilian Monthly Coffee Exports for MY 2018/19 (US\$ 1,000,000).						
Month	Robusta	Arabica	Total Green	Roasted	Soluble	Total
Jul-18	37.50	264.94	302.44	1.49	56.07	360.00
Aug-18	53.75	377.74	431.50	0.95	60.79	493.24
Sep-18	26.91	354.45	381.36	0.27	48.04	429.67
Oct-18	33.88	431.61	465.49	0.60	50.75	516.83
Nov-18	22.76	447.72	470.47	0.84	44.29	515.61
Dec-18	16.11	481.57	497.69	0.49	54.39	552.57
Jan-19	13.78	413.84	427.61	0.36	36.35	464.32
Feb-19	19.07	403.65	422.73	0.29	46.19	469.21
Mar-19	17.20	328.41	345.61	0.64	52.89	399.14
Apr-19	21.69	337.93	359.62	0.63	45.09	405.34
May-19	37.77	362.03	399.79	0.46	57.80	458.05
Jun-19	31.40	281.75	313.15	0.73	54.90	368.78
Cumulative	331.81	4,485.64	4,817.45	7.76	607.56	5,432.77

Source: CECAFE and ABICS.

Brazilian Monthly Coffee Exports for MY 2019/20 (US\$ 1,000,000).						
Month	Robusta	Arabica	Total Green	Roasted	Soluble	Total
Jul-18	49.48	308.28	357.76	0.80	49.06	407.63
Aug-18	37.79	329.74	367.53	0.34	51.55	419.43
Sep-18	24.80	362.93	387.72	0.46	50.02	438.20
Oct-18	21.82	368.59	390.41	0.34	50.31	441.06
Cumulative	133.89	1,369.54	1,503.43	1.94	200.95	1,706.32

Source: CECAFE and ABICS.

Imports

The table below shows roasted coffee (NCM 0901.21.00) imports by country of origin, according to the Trade Data Monitor (TDM), based on the Secretariat of Foreign Trade (SECEX) for MY 2016/17, 2017/18 and 2018/19 (July-June), as well as for the July-October period for MY 2017/18, 2018/19 and 2019/20.

Brazilian Roasted Coffee Imports by Country of Origin						
(NCM 0901.21.00, July-June, MT,US\$ 000 FOB)						
	MY 2016/17		MY 2017/18		MY 2018/19	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Switzerland	1,385	43,441	1,642	42,268	1,832	37,591
France	197	3,405	242	4,304	453	6,561
United States	192	1,749	235	2,130	307	2,640
Italy	991	10,086	266	5,389	302	4,554
Portugal	161	1,519	186	1,746	168	1,304
United Kingdom	121	2,049	194	3,401	142	2,522
Spain	109	1,545	147	2,392	134	2,121
Colombia	11	133	93	430	63	396
Germany	-	-	-	-	26	459
Brazil	3	6	29	89	8	110
Others	9	34	105	185	3	131
Total	3,177	63,967	3,139	62,334	3,437	58,388
Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX)						

Brazilian Roasted Coffee Imports by Country of Origin						
(NCM 0901.21.00, July-October, MT,US\$ 000 FOB)						
	MY 2017/18		MY 2018/19		MY 2019/20	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Switzerland	476	13,669	701	14,093	624	18,198
France	93	1,752	192	2,699	188	2,530
Italy	94	2,219	133	1,777	117	1,484
United States	92	823	76	643	82	737
Portugal	73	690	46	432	80	491
Spain	58	914	51	756	40	566
United Kingdom	63	1,172	62	1,056	26	431
Poland	-	-	-	-	23	205
Colombia	40	175	36	253	22	86
Belgium	-	1	2	62	4	150
Others	72	72	3	32	6	95
Total	1,060	21,488	1,302	21,804	1,212	24,973
Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX)						

Stocks

ATO/Sao Paulo estimates carry-over stocks for MY 2019/20 at 1.38 million bags, a decrease of 783,000 bags compared to the previous season, due to the lower coffee availability in the current season.

On March 31, CONAB released the 2019 private stocks survey, including stocks held by growers, coffee cooperatives, exporters, roasters, and the soluble industry. Private stocks are estimated at 12.89 million bags, slightly down compared to the previous crop (9.83 million bags). The table below shows the results of the 2018 and 2019 private stock surveys, according to the new methodology set by CONAB in 2017. Government owned stocks held by CONAB on March 31, 2019 were virtually zero.

Brazilian Private Coffee Carry-Over Stocks (60-kg Bags)				
Warehouse	Mar 31, 2018 - 2017 crop		Mar 31, 2019 - 2018 crop	
	Arabica	Robusta	Arabica	Robusta
Private	4,799,907	500,604	6,187,723	711,901
Cooperatives	4,014,646	353,367	5,439,958	326,590
Coffee Grower	9,816	19,632	3,183	4,335
Official Government Warehouse	127,605	0	219,737	0
Total	8,951,974	873,603	11,850,601	1,042,826
	9,825,577		12,893,427	
Source: CONAB, Annual Carry Over Stock Surveys - Reference Month = March 31st.				

Policy

On October 17, the Ministry of Agriculture, Livestock and Supply (MAPA) successfully intervened for the coffee industry and the Brazilian government recreated the Coffee Policy Deliberative Council (CDPC), through Decree # 10,071. CDPC had been previously extinguished through presidential decree # 9,759 in April 2019, as part of the government overall strategy to eliminate and/or limit the action of all collegiate bodies in the public administration, which included CDPC as well.

CDPC is responsible for: approving the coffee crop plan, approve coffee agricultural and marketing research, approve crop forecasting, evaluate the market supply and demand, set technical and financial cooperative projects, both domestically and internationally, approve the use of the Coffee Economic Defense Fund (Funcafe) funds, among others. Recently, the Brazilian government reported a total of R\$5,071 billion (US\$ 1.26 billion) to finance the coffee sector during the 2019/20 crop season using funds from the Coffee Economic Defense Fund (Funcafe).

On June 28, the European Union (EU) and Mercosur reached a provisional agreement on a Free Trade Agreement (FTA), concluding two decades of talks. The final text and market access schedules still need to be determined. The EU will become the first major partner with which Mercosur has struck a trade agreement. The European Union is already

Mercosur's biggest trade and investment partner and it's second largest for goods trade. The four Mercosur governments, the 28 national governments of the EU and the European Parliament will have to ratify the deal before it enters into force.

According to the agreement, the EU would eventually abolish 82 percent of the taxes on Mercosur imports. Mercosur would gradually eliminate its duties on 91 percent of EU goods. The coffee industry is expected to directly benefit from the elimination of the current EU tariffs for soluble coffee (9 percent) and roasted and ground coffee (7.5 percent) in a 5-year phase out period. The Brazilian Soluble Industry Association (ABICS) forecasts an increase of 35 percent in sales after the import tariff is removed.

Production, Supply and Demand Data Statistics

Coffee, Green Market Begin Year Brazil	2017/2018		2018/2019		2019/2020	
	Jul 2017		Jul 2018		Jul 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2400	2400	2395	2395	2390	2390
Area Harvested	2020	2020	2060	2060	2040	2040
Bearing Trees	5640	5640	5740	5740	5700	5700
Non-Bearing Trees	1300	1300	1150	1150	1230	1230
Total Tree Population	6940	6940	6890	6890	6930	6930
Beginning Stocks	3828	3828	1919	1919	3864	2164
Arabica Production	38500	38500	48200	48200	41000	39900
Robusta Production	12400	12400	16600	16600	18300	18100
Other Production	0	0	0	0	0	0
Total Production	50900	50900	64800	64800	59300	58000
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	61	61	65	67	65	67
Soluble Imports	0	0	0	0	0	0
Total Imports	61	61	65	67	65	67
Total Supply	54789	54789	66784	66786	63229	60231
Bean Exports	26936	26936	36000	37376	33500	32000
Rst-Grnd Exp.	20	20	20	23	20	20
Soluble Exports	3494	3494	3700	4023	3300	3300
Total Exports	30450	30450	39720	41422	36820	35320
Rst,Ground Dom. Consum	21275	21275	22020	22020	22350	22350
Soluble Dom. Cons.	1145	1145	1180	1180	1180	1180
Domestic Consumption	22420	22420	23200	23200	23530	23530
Ending Stocks	1919	1919	3864	2164	2879	1381
Total Distribution	54789	54789	66784	66786	63229	60231
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

Attachments:

No Attachments