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**Date:** 11/14/2014

**GAIN Report Number:** BR14008

## **Brazil**

### **Coffee Semi-Annual**

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**Report Highlights:**

Brazilian coffee production for 2014/15 was revised upward to 51.2 million 60-kg bags, a 1.7 million bag increase compared to previous estimate due to better than expected yields in some growing areas, but still off 3.3 million bags from the previous year. Similarly, coffee exports were revised up marginally to 33.53 million bags, but remain 600,000 below the previous year. Carry-over stocks are projected at 6.98 million bags.

#### **Commodities**

## Coffee, Green

### Production

The Agricultural Trade Office Sao Paulo (ATO) revised Brazilian coffee production estimate for marketing year (MY) 2014/15 (July-June) to 51.2 million 60-kg bags, green equivalent, up 3 percent compared to previous figure due to better than expected agricultural yields in growing areas such as center-western Minas Gerais, Sao Paulo and Espirito Santo. Arabica production is estimated at 34.2 million bags, whereas Robusta output is estimated at 17 million bags.

Harvest was completed in September and according to industry sources, beans size is significantly worse than previous year. However, the overall coffee cup quality for 2014 crop is better than 2013. Area harvested and tree inventory estimates are unchanged. The table below shows production estimates by state from MY 2010/11 to MY 2014/15.

<b>Brazilian Coffee Production (Million 60-kg bags)</b>					
<b>State/Variety</b>	<b>MY 10/11</b>	<b>MY 11/12</b>	<b>MY 12/13</b>	<b>MY 13/14</b>	<b>MY 14/15</b>
<b>Minas Gerais</b>	28.50	23.50	29.50	27.90	23.30
<b>Southwest</b>	16.00	11.50	15.70	14.10	11.50
<b>Central-western</b>	5.50	4.50	6.40	5.00	6.00
<b>Southeast</b>	7.00	7.50	7.40	8.80	5.80
<b>Espirito Santo</b>	11.50	13.50	15.20	15.50	16.10
<b>Arabica</b>	3.10	2.70	3.00	3.50	3.00
<b>Robusta</b>	8.40	10.80	12.20	12.00	13.10
<b>Sao Paulo</b>	5.00	4.10	5.40	4.30	4.60
<b>Parana</b>	2.40	1.90	1.80	1.70	0.90
<b>Others</b>	7.10	6.20	5.70	5.10	6.30
<b>Arabica</b>	2.80	2.50	2.40	2.10	2.40
<b>Robusta</b>	4.30	3.70	3.30	3.00	3.90
<b>Total</b>	54.50	49.20	57.60	54.50	51.20
<b>Arabica</b>	41.80	34.70	42.10	39.50	34.20
<b>Robusta</b>	12.70	14.50	15.50	15.00	17.00

Source: ATO/Sao Paulo.

In September 2014, 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 2014/15. As reported by CONAB, coffee production is estimated at 45.14 million bags (32.11 million bags for Arabica and 13.03 million for Robusta coffee), up 570,000 bags from the previous estimate in May.

The September 2014 coffee production estimate for MY 2014/15 released by the Brazilian Institute of Geography and Statistics (IBGE) shows the production of 2.707 million metric tons of coffee, or 45.12

million 60-kg bags (32.28 million bags for Arabica and 12.84 million for Robusta coffee), a 7 percent drop vis-à-vis MY 2013/14 (48.68 million bags). No official forecast has been announced for MY 2015/16.

### Coffee Prices in the Domestic Market

The table below shows the Coffee Index price series released by the University of Sao Paulo's Luiz de Queiroz College of Agriculture (ESALQ). Lower supply supported the increase in coffee prices during 2014 both in the local currency, the real, as well as in U.S. dollars (US\$ 184.87/bag during the July-October 2014 compared to US\$ 121.07/bag during the same period in 2013).

<b>Arabica Coffee Prices in the Domestic Market (Real, 60kg/bag).</b>					
<b>Month</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>January</b>	280.75	433.34	485.04	341.16	289.44
<b>February</b>	278.68	495.98	441.31	317.72	366.32
<b>March</b>	279.70	524.27	387.53	303.42	437.24
<b>April</b>	282.18	524.41	379.53	300.51	449.45
<b>May</b>	289.46	530.76	382.65	297.25	429.28
<b>June</b>	305.98	514.99	360.61	285.71	396.74
<b>July</b>	302.36	457.81	408.06	287.57	387.87
<b>August</b>	313.93	470.62	378.48	286.18	437.19
<b>September</b>	328.23	511.57	385.92	273.90	433.52
<b>October</b>	327.15	490.45	374.97	253.94	480.13
<b>November 1/</b>	355.51	493.83	355.23	247.73	453.57
<b>December</b>	387.01	491.35	341.40	272.10	--

Source: CEPEA/ESALQ/USP. 1/ November 2014 refers to November 11.

### Consumption

No changes have been made to coffee domestic consumption estimates. ATO/Sao Paulo estimates the Brazilian coffee domestic consumption for MY 2014/15 at 20.1 million coffee bags, similar to MY 2013/14.

### Trade

#### Exports

Brazilian coffee exports for MY 2014/15 are estimated at 33.53 million bags, up 1.15 million bags from previous estimate to reflect updated information from industry contacts. Green bean exports are expected to contribute 30 million bags, while soluble coffee exports are estimated at 3.5 million bags.

Coffee exports for MY 2013/14 were revised upward to 34.13 million 60-kg bags, green beans, up 755,000 bags from previous estimate, based on updated information from the industry. Green bean

(arabica and robusta) exports are estimated at 30.59 million bags, whereas soluble coffee exports are estimated at 3.5 million bags.

The table below shows green coffee bean (NCM 0901.11.10) and roasted coffee exports (NCM 0901.21.00) by country of destination, according to SECEX, for MY 2013/14 (July-June), 2013/14 (July-Sep) and 2014/15 (July-Sep).

<b>Brazilian Green Coffee Exports by Country of Destination</b>						
<b>(NCM 0901.11.10, MT,US\$ 000 FOB)</b>						
	<b>MY 2013/14 1/</b>		<b>MY 2013/14 2/</b>		<b>MY 2014/15 2/</b>	
<b>Country</b>	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>
Germany	370,977	962,293	72,863	176,242	98,350	339,401
USA	371,998	950,771	77,322	185,288	108,355	338,958
Italy	163,766	448,572	40,491	106,033	42,274	147,968
Japan	130,078	386,993	26,342	77,138	32,352	114,720
Belgium	135,278	370,064	26,253	70,612	47,064	147,197
Spain	45,606	116,500	12,474	32,121	10,618	35,480
UK	39,287	110,646	8,341	22,518	8,542	30,984
Slovenia	52,913	104,246	16,064	33,901	11,570	26,555
France	42,086	103,387	9,819	23,548	10,213	31,750
Canada	37,807	101,592	6,574	17,258	10,671	37,326
Others	459,214	1,116,839	110,362	265,425	113,324	336,892
<b>Total</b>	<b>1,849,010</b>	<b>4,771,904</b>	<b>406,904</b>	<b>1,010,085</b>	<b>493,333</b>	<b>1,587,231</b>
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note: Numbers may not add rounding 1/July-June, 2/July-September						

<b>Brazilian Roasted Coffee Exports by Country of Destination</b>						
<b>(NCM 0901.21.00, MT,US\$ 000 FOB)</b>						
	<b>MY 2013/14 1/</b>		<b>MY 2013/14 2/</b>		<b>MY 2014/15 2/</b>	
<b>Country</b>	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>
USA	774	7,116	114	877	178	1,594
Argentina	183	1,140	54	335	31	200
Japan	144	902	35	210	45	281
Chile	78	597	23	140	2	24
Uruguay	85	569	23	138	16	126
France	43	545	0	0	9	110
Germany	65	496	14	103	0	0
Italy	123	476	22	75	88	434
Russia	63	457	20	136	0	0
Paraguay	72	401	14	78	23	139
Others	168	1,105	44	313	55	352
<b>Total</b>	<b>1,799</b>	<b>13,804</b>	<b>363</b>	<b>2,405</b>	<b>448</b>	<b>3,261</b>
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note: Numbers may not add rounding 1/July-June, 2/July-September						

The tables below include data on monthly coffee exports (quantity and value) for MY 2013/14 and MY 2014/15 (July-September), as reported by the Brazilian Green Coffee Association (CECAFE) and the Brazilian Soluble Coffee Association (ABICS). Total coffee exports during MY 2013/14 period were 34.13 million bags, up 10 percent from MY 2012/13 (30.91 million bags). Producers have taken advantage of the steady coffee prices during the first semester of 2014 and have partially drained coffee stocks.

According to CECAFE, coffee exports during July-October 2014 are 12.378 million bags, up 14 percent compared to the same period in 2013. Preliminary data show that coffee export shipments for October 2014 are 3.264 million bags. It is worth noting the high volume of robusta exports during MY 2014/15: 1.338 million bags during July-October 2014 as opposed to 578,688 bags during the same period in 2013.

<b>Brazilian Monthly Coffee Exports for MY 2013/14</b>						
<b>(Thousand 60-kg bag, green equivalent).</b>						
<b>Month</b>	<b>Conillon</b>	<b>Arabica</b>	<b>Roasted</b>	<b>Total Green</b>	<b>Soluble</b>	<b>Total</b>
<b>Jul-13</b>	196.28	1,737.46	2.38	1,936.11	296.65	2,232.76
<b>Aug-13</b>	134.18	2,247.53	2.08	2,383.78	276.45	2,660.24
<b>Sep-13</b>	149.23	2,249.19	1.12	2,399.54	326.99	2,726.53
<b>Oct-13</b>	99.01	2,804.54	4.31	2,907.85	327.00	3,234.86
<b>Nov-13</b>	79.23	2,369.34	3.84	2,452.41	246.65	2,699.06
<b>Dec-13</b>	88.37	2,575.67	4.06	2,668.10	327.97	2,996.07
<b>Jan-14</b>	115.40	2,362.49	1.58	2,479.48	298.08	2,777.56
<b>Feb-14</b>	148.65	2,509.93	1.79	2,660.37	265.99	2,926.36
<b>Mar-14</b>	141.85	2,394.40	1.49	2,537.74	244.50	2,782.24
<b>Apr-14</b>	207.90	2,607.30	2.10	2,817.29	300.14	3,117.43
<b>May-14</b>	213.50	2,507.54	1.79	2,722.84	292.84	3,015.67
<b>Jun-14</b>	368.40	2,285.87	3.20	2,657.47	303.42	2,960.89
<b>Cumulative</b>	1,941.99	28,651.25	29.74	30,622.98	3,506.68	34,129.66

Source: CECAFE and ABICS.

<b>Brazilian Monthly Coffee Exports for MY 2014/15</b>						
<b>(Thousand 60-kg bag, green equivalent).</b>						
<b>Month</b>	<b>Conillon</b>	<b>Arabica</b>	<b>Roasted</b>	<b>Total Green</b>	<b>Soluble</b>	<b>Total</b>
<b>Jul-14</b>	428.75	2,271.38	2.03	2,702.16	332.72	3,034.87
<b>Aug-14</b>	384.75	2,382.10	2.57	2,769.42	317.64	3,087.06
<b>Sep-14</b>	254.93	2,372.88	2.96	2,630.77	309.70	2,940.47
<b>Cumulative</b>	1,068.43	7,026.36	7.56	8,102.34	960.06	9,062.39

Source: CECAFE and ABICS.

<b>Brazilian Monthly Coffee Exports for MY 2013/14</b>						
<b>(US\$ 1,000,000).</b>						
<b>Month</b>	<b>Conillon</b>	<b>Arabica</b>	<b>Roasted</b>	<b>Total Green</b>	<b>Soluble</b>	<b>Total</b>
<b>Jul-13</b>	26.19	268.45	1.11	295.74	54.77	350.51
<b>Aug-13</b>	17.03	335.95	0.64	353.62	50.25	403.88
<b>Sep-13</b>	18.36	328.32	0.36	347.05	60.56	407.60
<b>Oct-13</b>	11.53	409.75	2.02	423.30	62.01	485.31
<b>Nov-13</b>	8.69	328.07	1.96	338.72	44.67	383.39
<b>Dec-13</b>	9.28	356.31	1.73	367.32	58.26	425.58
<b>Jan-14</b>	12.39	320.57	0.76	333.71	51.13	384.84
<b>Feb-14</b>	15.70	351.29	0.92	367.91	43.68	411.59
<b>Mar-14</b>	16.99	386.08	0.45	403.52	41.39	444.91
<b>Apr-14</b>	25.37	464.10	0.79	490.26	50.15	540.41

<b>May-14</b>	25.43	483.35	0.80	509.57	48.56	558.14
<b>Jun-14</b>	45.43	461.70	1.58	508.70	50.22	558.92
<b>Cumulative</b>	232.38	4,493.92	13.14	4,739.44	615.64	5,355.08
Source: CECAFE and ABICS.						

<b>Brazilian Monthly Coffee Exports for MY 2014/15</b>						
<b>(US\$ 1,000,000).</b>						
<b>Month</b>	<b>Conillon</b>	<b>Arabica</b>	<b>Roasted</b>	<b>Total Green</b>	<b>Soluble</b>	<b>Total</b>
<b>Jul-14</b>	51.74	454.48	1.05	507.28	59.27	566.54
<b>Aug-14</b>	45.66	476.40	0.88	522.94	56.75	579.69
<b>Sep-14</b>	31.02	494.58	1.18	526.79	55.50	582.29
<b>Cumulative</b>	128.43	1,425.46	3.11	1,557.01	171.52	1,728.52
Source: CECAFE and ABICS.						

## Stocks

ATO/Sao Paulo estimates ending stocks in MY 2014/15 at 6.9 million bags, down 2.43 million bags compared to MY 2013/14 due to lower product availability. CONAB coffee stocks on March 31, 2014 are reported at 1.653 million bags.

CONAB recently released the 2014 private stocks survey, including stocks held by growers, coffee cooperatives, exporters, roasters and the soluble industry on March 31. Private stocks are estimated at 15.22 million bags, up 9 percent compared to the previous year (13.94 million bags). The table below shows the results of the last three private stock surveys released by CONAB.

<b>Brazilian Private Coffee Carry-Over Stocks (60-kg Bags)</b>						
	Mar 31, 2012 – 2011 crop		Mar 31, 2013 - 2012 crop		Mar 31, 2014 - 2013 crop	
	Arabica	Conillon	Arabica	Conillon	Arabica	Conillon
Industry	550,676	229,879	2,011,060	747,097	982,826	356,836
Roasters	533,493	176,175	1,989,992	667,720	932,035	275,748
Soluble	17,183	53,704	21,068	79,377	50,791	81,088
Exporters	1,569,713	140,137	1,517,667	208,684	2,989,296	197,656
Cooperatives	3,311,606	170,414	6,007,017	363,035	5,744,444	152,474
Others	2,289,485	152,705	2,830,366	253,349	4,446,601	347,439
Total	7,721,480	693,135	12,366,110	1,572,165	14,163,167	1,054,405
Grand Total	8,414,615		13,938,275		15,217,572	
Source: CONAB, Annual Carry Over Stock Surveys - Reference Month = March 31st.						

**Production, Supply and Demand Data Statistics:**

Coffee, Green Brazil	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2,387	2,387	2,442	2,442	0	2,437
Area Harvested	2,105	2,105	2,135	2,135	0	2,090
Bearing Trees	5,860	5,860	5,810	5,810	0	5,770
Non-Bearing Trees	1,000	1,000	1,055	1,055	0	1,185
Total Tree Population	6,860	6,860	6,865	6,865	0	6,955
Beginning Stocks	2,238	2,238	9,068	9,068	9,293	9,338
Arabica Production	42,100	42,100	39,400	39,500	33,100	34,200
Robusta Production	15,500	15,500	14,300	15,000	16,400	17,000
Other Production	0	0	0	0	0	0
Total Production	57,600	57,600	53,700	54,500	49,500	51,200
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
Total Supply	59,838	59,838	62,768	63,568	58,793	60,538
Bean Exports	27,143	27,143	30,000	30,593	29,000	30,000
Rst-Grnd Exp.	31	31	25	30	25	30
Soluble Exports	3,486	3,486	3,350	3,507	3,350	3,500
Total Exports	30,660	30,660	33,375	34,130	32,375	33,530
Rst,Ground Dom. Consum	19,000	19,000	19,000	19,000	19,000	19,000
Soluble Dom. Cons.	1,110	1,110	1,100	1,100	1,100	1,100
Domestic Use	20,110	20,110	20,100	20,100	20,100	20,100
Ending Stocks	9,068	9,068	9,293	9,338	6,318	6,908
Total Distribution	59,838	59,838	62,768	63,568	58,793	60,538

1000 HA, MILLION TREES, 1000 60 KG BAGS



## Exchange Rate

<b>Exchange Rate (R\$/US\$1.00 - official rate, last day of period)</b>							
<b>Month</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>January</b>	1.76	2.32	1.87	1.67	1.74	1.99	2.43
<b>February</b>	1.68	2.38	1.81	1.66	1.71	1.98	2.33
<b>March</b>	1.75	2.25	1.78	1.62	1.82	2.01	2.26
<b>April</b>	1.69	2.18	1.77	1.57	1.89	2.00	2.24
<b>May</b>	1.63	1.97	1.81	1.57	2.02	2.13	2.24
<b>June</b>	1.64	1.95	1.80	1.57	2.02	2.22	2.20
<b>July</b>	1.57	1.87	1.75	1.56	2.05	2.29	2.27
<b>August</b>	1.63	1.88	1.75	1.59	2.04	2.37	2.24
<b>September</b>	1.92	1.78	1.69	1.85	2.03	2.23	2.45
<b>October</b>	2.12	1.74	1.70	1.69	2.03	2.20	2.44
<b>November</b>	2.33	1.75	1.71	1.81	2.10	2.32	2.56
<b>December</b>	2.34	1.74	1.66	1.88	2.04	2.34	--

Source : Gazeta Mercantil and BACEN (as of October 2006) 1/ November 2014 refers to November 11.