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Brazil

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Report Highlights:
Brazil's coffee production for MY 2016/17 was revised upward to 56.1 million 60-kg bags, due to better than expected Arabica coffee yields. Robusta production is significantly down for the second consecutive year as a consequence of a persistent water deficit, especially in the state of Espirito Santo, therefore pushing prices sharply higher. Coffee exports in MY 2015/16 reached the second highest historic level at 36.54 million bags.

Production

The Agricultural Trade Office (ATO) in São Paulo revised the Brazilian coffee production estimate for marketing year (MY) 2016/17 (July-June) up to 56.1 million 60-kg bags, green equivalent, an increase of 6.7 million bags relative to MY 2015/16 (49.4 million bags). Arabica production is estimated at 45.6 million bags, up four percent compared to the previous estimate, due to better than expected dehusking yields in the majority of the growing areas. On the other hand, Robusta production was revised down to 10.5 million bags, a 13 percent decrease from the May 2016 estimate, due to lower than expected yields, especially in the state of Espirito Santo, which has been steadily and severely affected by a deficit in water supply due to irregular rainfall since 2014.

The harvest ended in October. The overall quality of the Arabica beans has improved from the previous crop and the size pattern of the beans is normal compared to historical averages. However, the quality of Robusta beans is significantly below average.

Area harvested and tree inventory estimates remain unchanged. The table below shows production estimates by state from MY 2012/13 to MY 2016/17.

Brazilian Coffee Production (Million 60-kg bags)					
State/Variety	**MY 12/13**	**MY 13/14**	**MY 14/15**	**MY 15/16**	**MY 16/17**
Minas Gerais	29.50	29.40	26.00	25.30	32.50
Southwest	15.70	15.00	14.00	12.20	17.80
Central-western	6.40	5.50	6.20	5.50	7.20
Southeast	7.40	8.90	5.80	7.60	7.50
Espirito Santo	15.20	15.80	16.40	13.00	10.50
Arabica	3.00	3.50	3.30	3.10	3.80
Robusta	12.20	12.30	13.10	9.90	6.70
São Paulo	5.40	4.60	4.60	4.30	5.90
Parana	1.80	1.70	1.00	1.20	1.10
Others	5.70	5.70	6.30	5.60	6.10
Arabica	2.40	2.60	2.40	2.20	2.30
Robusta	3.30	3.10	3.90	3.40	3.80
Total	57.60	57.20	54.30	49.40	56.10
Arabica	42.10	41.80	37.30	36.10	45.60
Robusta	15.50	15.40	17.00	13.30	10.50
Source: ATO/São Paulo.					

In September 2016, 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 2016/17. As reported by CONAB, coffee production is estimated at 49.64 million bags (41.29 million bags for Arabica and 8.35 million for Robusta coffee), up 6.41 million bags compared to MY 2015/16 (43.24 million bags).

The September 2016 coffee production estimate for MY 2016/17 released by the Brazilian Institute of Geography and Statistics (IBGE) shows the production of 2.9 million metric tons of coffee, or 48.9 million 60-kg bags (41.1 million bags for Arabica and 7.8 million for Robusta coffee), up 4.8 million bags relative to MY 2015/16 (44.1 million bags). No official forecast has been announced for MY 2017/18.

Coffee Prices in the Domestic Market

The table below shows the Arabica Coffee Index price series released by the University of São Paulo's Luiz de Queiroz College of Agriculture (ESALQ). Arabic coffee prices in local currency have reacted positively in 2016 compared to 2015, driven by expectations of a smaller crop in MY 2017/18. Note that trees will be mostly on the off-year of the biennial production cycle, and traders have already anticipated an expected reduction in production for 2017. Coffee prices in U.S. dollars for July-October 2016 increased by 27 percent (US$ 154.33/bag) compared to US$ 121.40/bag during the same period in 2015, mainly due to the sharp devaluation of the Brazilian Real (see exchange rate table at end of report).

Arabica Coffee Prices in the Domestic Market (Real, 60kg/bag).					
Month	**2012**	**2013**	**2014**	**2015**	**2016**
January	485.04	341.16	289.44	465.92	491.31
February	441.31	317.72	366.32	459.99	489.82
March	387.53	303.42	437.24	447.10	491.06
April	379.53	300.51	449.45	445.69	466.71
May	382.65	297.25	429.28	421.95	460.36
June	360.61	285.71	396.74	424.02	484.87
July	408.06	287.57	387.87	414.50	498.52
August	378.48	286.18	437.19	454.98	479.03
September	385.92	273.90	433.52	456.95	502.94
October	374.97	253.94	480.12	478.11	511.07
November 1/	355.23	247.73	460.95	468.39	561.69
December	341.40	272.10	455.20	479.32	--
Source: CEPEA/ESALQ/USP. 1/ November 2016 refers to November 8.					

On the other hand, Robusta prices have abruptly increased since 2015. The Robusta Coffee Index price series released by ESALQ increased by 38 percent from October 2015 (R$ 363,94/bag) to October 2016 (R$ 501,08/bag) due to the sharp drop in production from 17 million bags for MY 2014/15 to 13.3 million bags in MY 2015/16 and to 10.5 million bags during the current crop. Therefore, the price differential between Arabica and Robusta varieties has narrowed in the last year.

Consumption

The estimate for domestic coffee consumption for MY 2016/17 remains unchanged at 20.51 million coffee bags (19.4 million bags of roast/ground coffee and 1.11 million bags of soluble coffee, respectively), equivalent to MY 2015/16, reflecting stable consumption. The Brazilian

Coffee Industry Association (ABIC) has not released yet the November 2015-October 2016 coffee consumption survey.

Trade

ATO/São Paulo's estimate for Brazilian coffee exports in MY 2016/17 has been revised down to 34.23 million bags, a decrease of 1.31 million bags from the previous marketing year, reflecting the export pace for the initial months of the current marketing year. Green bean exports are expected to contribute 31 million bags, while soluble coffee exports are estimated at 3.2 million bags. Brazil remains the largest world coffee exporter representing over one third of world trade.

Coffee exports for MY 2015/16 were revised downward to 35.54 million 60-kg bags, green beans, a decrease of 1 million bags from the previous season, but still the second highest export volume ever, based on updated information from the industry. Green bean (arabica and robusta) exports are estimated at 31.87 million bags, whereas soluble coffee exports are estimated at 3.65 million bags.

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 SECEX, for MY 2015/16 (July-June), 2015/16 (July-Oct) and 2016/17 (July-Sep).

Brazilian Green Coffee Exports by Country of Destination						
(NCM 0901.11.10, MT,US$ 000 FOB)						
	MY 2015/16 1/		**MY 2015/16 2/**		**MY 2016/17 2/**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
United States	402,454	999,224	163,560	411,328	128,075	345,229
Germany	373,065	895,525	124,485	314,783	114,259	308,391
Italy	179,024	491,896	67,874	195,471	68,700	197,367
Japan	134,043	402,863	39,903	127,358	40,030	128,625
Belgium	126,942	334,680	41,715	115,987	33,990	97,897
France	40,017	93,365	12,586	30,803	16,673	43,443
Canada	44,698	125,506	15,089	50,126	15,483	42,186
Spain	40,075	100,754	13,688	35,071	14,919	42,034
United Kingdom	30,402	92,281	11,569	36,118	12,167	37,345
Greece	24,759	55,678	8,564	19,694	13,993	36,365
Others	517,350	1,217,701	184,611	451,821	147,247	386,033
Total	1,912,828	4,809,475	683,644	1,788,562	605,536	1,664,915
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note: Numbers may not add rounding 1/July-June, 2/July-October						

Brazilian Soluble Coffee Exports by Country of Destination
(NCM 2101.11.10, MT,US$ 000 FOB)

	MY 2015/16 1/		MY 2015/16 2/		MY 2016/17 2/	
Country	**Quantity**	**Value**	**Quantity**	**Quantity**	**Value**	**Quantity**
Russia	10,547	71,449	3,471	23,762	4,782	32,043
United States	13,843	79,131	4,528	27,079	4,214	27,267
Japan	5,539	38,570	1,822	12,439	1,862	14,456
Indonesia	3,612	21,139	1,280	8,222	1,737	11,194
Ukraine	4,324	24,570	2,078	12,065	1,649	10,246
Canada	2,138	15,072	1,048	7,739	894	7,003
United Kingdom	3,403	29,026	1,446	12,464	855	6,734
Malaysia	1,503	9,693	498	3,303	1,222	6,437
Peru	1,177	10,274	314	3,066	762	6,365
Saudi Arabia	1,763	13,251	797	6,190	741	5,989
Others	32,144	220,710	10,850	79,169	11,033	78,115
Total	79,992	532,886	28,131	195,499	29,750	205,851
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note: Numbers may not add rounding 1/July-June, 2/July-October						

Brazilian Roasted Coffee Exports by Country of Destination						
(NCM 0901.21.00, MT,US$ 000 FOB)						
	MY 2015/16 1/		**MY 2015/16 2/**		**MY 2016/17 2/**	
Country	**Quantity**	**Value**	**Quantity**	**Quantity**	**Value**	**Quantity**
United States	660	4,760	213	1,669	208	1,576
Italy	370	1,319	190	729	146	492
Japan	121	536	38	160	58	341
Argentina	180	751	68	290	67	275
Paraguay	70	541	30	222	38	215
Chile	53	269	8	64	42	212
Uruguay	71	491	24	172	25	144
China	28	215	3	11	7	81
Germany	26	116	13	58	13	73
Georgia	24	109	10	45	13	65
Others	132	767	52	281	30	179
Total	1,735	9,875	650	3,700	647	3,654
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note: Numbers may not add rounding 1/July-June, 2/July-October						

The tables below include data on monthly coffee exports (quantity and value) for MY 2015/16 and MY 2016/17 (July-October), as reported by the Brazilian Green Coffee Association (CECAFE) and the Brazilian Soluble Coffee Association (ABICS). Preliminary data updated as of November 7, 2015, show that coffee export shipments for November 2016 are at 178,414 bags.

Brazilian Monthly Coffee Exports for MY 2015/16 (Thousand 60-kg bag, green equivalent).						
Month	**Conillon**	**Arabica**	**Roasted**	**Total Green**	**Soluble**	**Total**

Jul-15	411.46	2,135.97	3.46	2,550.89	328.81	2,879.71
Aug-15	396.05	2,197.64	2.14	2,595.83	310.23	2,906.06
Sep-15	335.91	2,574.17	2.31	2,912.40	278.36	3,190.76
Oct-15	359.91	2,845.90	3.49	3,209.30	322.37	3,531.67
Nov-15	293.86	2,945.84	1.38	3,241.08	256.33	3,497.41
Dec-15	110.00	2,822.72	2.25	2,934.96	315.03	3,249.99
Jan-16	78.04	2,459.98	2.05	2,540.07	268.96	2,809.03
Feb-16	70.21	2,552.31	2.49	2,625.00	313.36	2,938.36
Mar-16	61.53	2,708.81	1.99	2,772.34	330.19	3,102.52
Apr-16	59.65	2,124.11	1.97	2,185.73	272.50	2,458.23
May-16	68.14	2,160.92	2.00	2,231.06	297.98	2,529.04
Jun-16	83.46	2,013.71	2.73	2,099.91	350.77	2,450.67
Cumulative	2,328.22	29,542.09	28.26	31,898.56	3,644.88	35,543.44
Source: CECAFE and ABICS.						

Brazilian Monthly Coffee Exports for MY 2016/17
(Thousand 60-kg bag, green equivalent).

Month	Conillon	Arabica	Roasted	Total Green	Soluble	Total
Jul-16	38.24	1,609.62	2.71	1,650.58	314.84	1,965.42
Aug-16	39.65	2,654.42	2.90	2,696.97	344.92	3,041.89
Sep-16	30.49	2,648.95	2.50	2,681.94	361.25	3,043.18
Oct-16	9.83	2,883.31	2.91	2,896.05	328.07	3,224.12
Cumulative	118.20	9,796.30	11.03	9,925.53	1,349.08	11,274.60
Source: CECAFE and ABICS.						

Brazilian Monthly Coffee Exports for MY 2015/16
(US$ 1,000,000).

Month	Conillon	Arabica	Roasted	Total Green	Soluble	Total
Jul-15	46.24	370.15	1.40	417.80	51.81	469.61
Aug-15	43.70	368.52	0.87	413.09	49.27	462.36
Sep-15	37.50	416.84	0.65	455.00	44.32	499.32
Oct-15	38.43	449.73	1.13	489.30	48.81	538.11
Nov-15	31.21	446.94	1.04	479.19	39.32	518.50
Dec-15	11.06	432.36	1.46	444.87	47.48	492.35
Jan-16	7.86	366.12	0.56	374.53	40.59	415.13
Feb-16	7.46	380.04	0.91	388.41	45.91	434.32
Mar-16	6.81	397.84	0.45	405.09	47.89	452.98
Apr-16	6.55	311.34	0.68	318.57	40.96	359.53
May-16	7.50	316.80	0.80	325.11	45.57	370.67
Jun-16	9.22	298.40	1.21	308.82	50.87	359.70
Cumulative	253.54	4,555.08	11.16	4,819.79	552.80	5,372.59
Source: CECAFE and ABICS.						

Brazilian Monthly Coffee Exports for MY 2016/17 (US$ 1,000,000).						
Month	**Conillon**	**Arabica**	**Roasted**	**Total Green**	**Soluble**	**Total**
Jul-16	4.58	252.23	0.84	257.64	47.85	305.50
Aug-16	5.21	426.92	1.75	433.88	54.28	488.16
Sep-16	4.06	440.25	0.64	444.95	56.38	501.33
Oct-16	1.32	493.74	1.46	496.51	54.55	551.06
Cumulative	15.16	1,613.14	4.69	1,632.99	213.07	1,846.06
Source: CECAFE and ABICS.						

Stocks

ATO/São Paulo estimates ending stocks in MY 2016/17 at 4.14 million bags, up 1.42 million bags relative to MY 2015/16, as a result of updated figures for exports and production. On March 31, CONAB released the 2016 private stocks survey, including stocks held by growers, coffee cooperatives, exporters, roasters, and the soluble industry. Private stocks are estimated at 13.59 million bags, down five percent compared to the previous year (14.37 million bags). CONAB has changed the methodology on how it reports the different industry agents. The table below shows the results of the last private stock survey released by CONAB.

Brazilian Private Coffee Carry-Over Stocks (60-kg Bags)		
Warehouse	**Mar 31, 2016 - 2015 crop**	
	Arabica	**Conillon**
Private	7,903,689	880,580
Cooperatives	3,438,308	209,820
Oficial Warehouses	173,561	28,683
Others	954,270	125
Total	12,469,828	1,119,208
Grand Total	13,589,036	
Source: CONAB, Annual Carry Over Stock Surveys - Reference Month = March 31st.		

Government owned stocks held by CONAB on October 31, 2016 are reported at 1 million bags. CONAB has held coffee auctions to sell public stocks, and stocks are expected to be zeroed by the end of the MY.

Production, Supply and Demand Data Statistics

Coffee, Green	**2014/2015**	**2015/2016**	**2016/2017**
Market Begin Year	**Jul 2014**	**Jul 2015**	**Jul 2016**

Brazil	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	2437	2437	2410	2410	0	2410
Area Harvested	2090	2090	2070	2070	0	2070
Bearing Trees	5770	5770	5735	5735	0	5735
Non-Bearing Trees	1185	1185	1125	1125	0	1125
Total Tree Population	6955	6955	6860	6860	0	6860
Beginning Stocks	11946	11946	9305	9305	2265	2717
Arabica Production	37300	37300	36100	36100	43850	45600
Robusta Production	17000	17000	13300	13300	12100	10500
Other Production	0	0	0	0	0	0
Total Production	54300	54300	49400	49400	55950	56100
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	52	52	60	65	65	65
Soluble Imports	0	0	0	0	0	0
Total Imports	52	52	60	65	65	65
Total Supply	66298	66298	58765	58770	58280	58882
Bean Exports	33051	33051	32720	31870	32000	31000
Rst-Grnd Exp.	28	28	30	28	30	30
Soluble Exports	3494	3494	3250	3645	3200	3200
Total Exports	36573	36573	36000	35543	35230	34230
Rst,Ground Dom. Consum	19325	19325	19400	19400	19400	19400
Soluble Dom. Cons.	1095	1095	1100	1110	1120	1110
Domestic Consumption	20420	20420	20500	20510	20520	20510
Ending Stocks	9305	9305	2265	2717	2530	4142
Total Distribution	66298	66298	58765	58770	58280	58882
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
January	1.87	1.67	1.74	1.99	2.43	2.66	4.04
February	1.81	1.66	1.71	1.98	2.33	2.88	3.98
March	1.78	1.62	1.82	2.01	2.26	3.21	3.56
April	1.77	1.57	1.89	2.00	2.24	2.98	3.45
May	1.81	1.57	2.02	2.13	2.24	3.18	3.60
June	1.80	1.57	2.02	2.22	2.20	3.10	3.21
July	1.75	1.56	2.05	2.29	2.27	3.39	3.24
August	1.75	1.59	2.04	2.37	2.24	3.65	3.24
September	1.69	1.85	2.03	2.23	2.45	3.98	3.25
October	1.70	1.69	2.03	2.20	2.44	3.86	3.18
November 1/	1.71	1.81	2.10	2.32	2.56	3.85	3.20
December	1.66	1.88	2.04	2.34	2.66	3.90	--
Source : Brazilian Central Bank (BACEN) 1/ November 2016 refers to November 8.							