

Coffee Updates

Summary

World coffee production in 2004/05 is forecast at 119.0 million bags (60 kilograms or 132.276 pounds), up 1 percent from the first forecast made in June, and up 9 percent from the 2003/04 season. Most of the upward adjustment from the June forecast comes from the Vietnam crop. Vietnam's coffee production in 2004/05 is now estimated at 14.2 million bags, up nearly 2.2 million bags from the June forecast. Brazil's coffee production in 2004/05 is now estimated at 41.7 million bags, down 700,000 bags from the June 2004 forecast.

Total coffee supply in producing countries in 2004/05 is forecast at 143.2 million bags, up 1 percent from the revised 2003/04 level. All of the increase is the result of higher production, as beginning stocks for 2004/05 are estimated to have declined 7.7 million bags, or about 25 percent from the previous year's level.

World coffee exports in 2004/05 are forecast to decrease by 2 percent or 2.1 million bags from last year's revised level. Brazil's total exports of coffee in 2004/05 are forecast at 23.6 million bags, a decrease of 1.4 million bags from the 2003/04 level. Vietnam's exports of coffee in 2004/05 are estimated at 13.3 million bags, down about 8 percent from 2003/04. Because of the higher production of coffee in 2004/05 and the lower level of exports compared to last year, ending stocks in 2004/05 are estimated to recover to 25.8 million bags.

World coffee consumption in 2003/04 is estimated at 117.3 million bags, up less than 1 percent from the preliminary 2002/03 level—89.5 million bags in importing countries and 27.8 million bags in exporting countries. Although USDA does not maintain an official database for importing and consuming countries, world consumption is calculated using the information that is available. World consumption can be estimated based on net exports from producing countries, the change in major importers' stock levels, plus consumption in producer countries. Exports from producing countries are assumed to be consumed in the importing countries, after adjusting for changes in the stock levels in the importing countries.

Brazil

The coffee production estimate for Brazil's 2004/05 crop has been revised downward to 41.7 million bags, a nearly 2-percent decrease compared to the previous estimate, but up 9.7 million bags from 2003/04, since coffee trees are mostly in the on-year of the biennial production cycle. Excessive rainfall, especially in southern-Minas Gerais and Sao Paulo, caused losses in harvested volumes due to bean droppage, beans with different maturation stages, and irregular fruit formation. No changes have been made to area harvested and tree inventory. The table below shows the coffee production estimate by state and variety of coffee from marketing year (MY) 1999/00 to MY 2004/05.

Brazil's Coffee Production

State/Variety	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
	(Million 60-kilogram bags)					
Minas Gerais	15.40	16.00	16.20	26.7	13.70	20.60
Southwest 1/	8.40	9.00	8.50	15.00	7.00	11.00
Central-western 1/	3.50	3.00	3.20	4.85	3.00	4.00
Southeast 1/	3.50	4.00	4.50	6.85	3.70	5.60
Espirito Santo	4.70	7.40	9.70	11.50	7.70	7.80
Arabica	2.00	2.60	2.20	3.00	1.70	2.50
Robusta	2.70	4.80	7.50	8.50	6.00	5.30
Sao Paulo 1/	3.70	3.60	3.20	5.90	3.00	4.70
Parana 1/	2.80	2.20	0.50	2.60	2.20	2.60
Others	4.20	4.90	5.50	6.90	5.40	6.00
Arabica	1.90	2.20	2.30	3.40	2.00	2.50
Robusta	2.30	2.70	3.20	3.50	3.40	3.50
 Total	 30.80	 34.10	 35.10	 53.60	 32.00	 41.70
Arabica	25.80	26.60	24.40	41.60	22.60	32.90
Robusta	5.00	7.50	10.70	12.00	9.40	8.80

1/ Arabica.

Brazil's government and coffee industry officials have raised the volume limit at the official coffee auctions to 80,000 bags.

Brazil: Auctions of Government-Owned Coffee Stocks

Date of Auction	Quantity Offered	Quantity Sold	Price Range
	60-kilogram bags		Brazil reais/bag
2004			
June 2	200,000	200,000	241.20
June 15	80,000	75,069	161.00-170.50
July 1	80,000	79,551	150.50-158.70
August 4	40,000	39,849	147.50-161.30
August 25	40,000	39,990	146.00-158.50
September 9	40,000	39,785	150.10-157.00
September 29	40,000	39,080	160.50-165.80
October 14	45,000	44,471	146.00-161.00
November 4	45,000	44,928	140.00-160.00
November 24	50,000	49,785	135.50-162.70

United States

Stocks

U.S. coffee stocks at the end of October 2004 totaled 5.4 million bags, down 218,126 bags from the September 30, 2004, level. Details follow in 60-kilogram bags.

U.S. Coffee Stocks

Location	September 30	October 31	Difference
	-----60-kilogram bags-----		
New York	2,215,798	2,058,753	(157,045)
New Orleans	1,437,187	1,430,216	(6,971)
Jacksonville	110,000	137,000	27,000
Miami	1,048,120	981,134	(66,986)
Houston	333,692	343,348	9,656
Laredo	91,148	85,421	(5,727)
Port Everglades	0	0	0
San Francisco	353,510	327,986	(25,524)
Los Angeles	2,570	2,570	0
Seattle	0	0	0
Norfolk	20,197	28,219	8,022
Philadelphia	6,526	5,975	(551)
Baltimore	0	0	0
Total	5,618,748	5,400,622	(218,126)

United States Announces Intent To Rejoin the International Coffee Organization

At a special event on September 15, 2004, the U.S. government formally announced its intent to rejoin the International Coffee Organization (ICO). E. Anthony Wayne, Assistant Secretary of State for Economic and Business Affairs, made the announcement. The Executive Director of the ICO, Nestor Osorio, who participated in the event, welcomed the decision by the U.S. government on behalf of the ICO and its member states. Mr. Osorio stated that this move demonstrated the commitment of the U.S. government to support multilateral cooperation in the field of coffee. Mr. Osorio added that the presence of the United States will reinforce the new objectives of the ICO such as promoting sustainability in coffee, sponsorship of coffee development projects, promotion of coffee consumption, and ensuring the participation of a wide range of stakeholders, including the private sector, in efforts to assist the world coffee economy.

2004 National Coffee Drinking Trends

The National Coffee Association (NCA) published the 2004 National Coffee Drinking Trends (NCDT). This year's nationwide survey confirmed the continuing growth of occasional coffee drinkers, but notably uncovered a significant jump in the ranks of "dual drinkers"; that is, those who regularly drink both traditional coffee and gourmet coffee beverages. Overall coffee consumption remained strong and steady in 2004, totaling 8 in 10 American adults. About half the population continues to drink coffee daily, although down by 2 percent from 2003. For more information about obtaining the 2004 NCDT or the full data set, contact Steve Wolfe at smwolfe@ncausa.org.