

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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India

Coffee Semi-annual

India MY 2015/16 crop is forecast at 5.3 million 60-kg bags

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Report Highlights:

India's MY 2015/16 coffee crop (Oct/Sep) is forecast at 5.3 million 60-kg bags. Large carryover stocks are expected to keep the prices subdued as exports are forecast at 5 million 60-bags. The share of soluble coffee in domestic consumption improves but overall consumption remains unchanged. The Coffee Board of India published its MY 2014/15 production final estimate at 5.4 million 60-kg bags.

Executive Summary:

Coffee, Green Market Begin Year India	2013/2014		2014/2015		2015/2016	
	Oct 2013		Oct 2014		Oct 2015	
	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	419	419	412	412	410	410
Area Harvested	381	381	372	372	370	370
Bearing Trees	568	568	553	553	541	541
Non-Bearing Trees	64	64	79	79	91	91
Total Tree Population	632	632	632	632	632	632
Beginning Stocks	1,982	1,982	2,026	2,026	2,271	2,691
Arabica Production	1,703	1,703	1,400	1,630	1,420	1,490
Robusta Production	3,372	3,372	3,700	3,810	3,780	3,810
Other Production	0	0	0	0	0	0
Total Production	5,075	5,075	5,100	5,440	5,200	5,300
Bean Imports	1,104	1,104	1,000	1,080	1,090	1,000
Roast & Ground Imports	3	3	3	3	3	3
Soluble Imports	45	45	42	42	42	38
Total Imports	1,152	1,152	1,045	1,125	1,135	1,041
Total Supply	8,209	8,209	8,171	8,591	8,606	9,032
Bean Exports	3,300	3,300	3,200	3,200	3,500	3,500
Rst-Grnd Exp.	16	16	4	4	3	3
Soluble Exports	1,667	1,667	1,496	1,496	1,497	1,497
Total Exports	4,983	4,983	4,700	4,700	5,000	5,000
Rst,Ground Dom. Consum	770	770	770	770	800	650
Soluble Dom. Cons.	430	430	430	430	450	600
Domestic Use	1,200	1,200	1,200	1,200	1,250	1,250
Ending Stocks	2,026	2,026	2,271	2,691	2,356	2,782
Total Distribution	8,209	8,209	8,171	8,591	8,606	9,032
1000 HA, MILLION TREES, 1000 60 KG BAGS						

Production

Marketing year 2015/16 coffee production is estimated at 5.3 million 60-kg bags; 100,000 60-kg bags higher from the USDA forecast. Arabica crop forecast is higher by 5 percent while Robusta is expected to remain unchanged. While the coffee growing regions received timely post-blossom (pre-monsoon) showers this March and was followed by satisfactory showers for a good crop, the rainfall in the southern interior portions of Karnataka during the southwest monsoon (Jun/Sep), which accounts for 70

percent of total production, was 20 percent below normal. Concerns regarding anticipated heavy rainfall in southern states, especially Tamil Nadu, during the northeast monsoon (Oct/Dec) may lower yields due to cherry droppings. Tamil Nadu accounts for 6 percent of the total production. While farm gate prices for Arabica are 20 percent lower than the average price last year, domestic prices are higher than ICE futures making exports less competitive. Farm gate prices for Robusta cherry remain low with large carryover stocks and anticipation of a new crop. Black pepper prices continue supporting growers with additional income

The Coffee Board of India estimated MY 2015/16 forecast at 5.9 million 60 kg bags (355,600 mt) in its post blossom forecast. However, according to trade sources, this is likely to be revised marginally downward in the post monsoon estimate to be released in December.

The Board revised the MY 2014/15 crop final estimate (Mar/Apr) to 5.4 million 60 kg bags (327,000 mt comprising 98,000 mt of Arabica and 229,000 mt of Robusta). FAS Post revised the MY 2014/15 production estimate to reflect the official Board final estimate.

Consumption

Domestic coffee consumption has remained relatively flat despite a large number of international coffee chains entering the Indian market. FAS forecasts MY 2015/16 consumption around 1.25 million 60 kg bags (75000 mt). Trade sources indicate that while the ratio of roast and ground coffee consumption has traditionally been higher, the share of soluble coffee has risen in the past few years.

Trade

With large carryover stocks and competitive prices vis-à-vis global prices, exports in MY 2015/16 are forecast at 5 million 60-kg bags.

Exports in MY 2014/15 have been much lower than last year. While the volume of exports of Robusta remains high, the value of exports has come down. Trade sources indicate that the reduction in the export incentive from five percent under Vishesh Krishi and Gram Udyog Yojana (VKGUY) to three percent announced in the new scheme titled Merchandise Exports from India Scheme (MEIS) led to a slowdown in exports. Green coffee exports; specifically, Robusta cherry exports remain strong as prices remain low and demand in European markets remains firm. Italy, Belgium and Germany remained top export destinations for green beans with more than 50 percent export market share.

Table 1. India: Coffee Bean Retail Prices in Major Consuming Centers, Rs. per Kilo 1

Year	Bangalore		Chennai		Hyderabad	
	Arabica	Robusta	Arabica	Robusta	Arabica	Robusta
Average 2007	137	87	170	91	150	89
Average 2008	150	114	157	118	164	127
Average 2009	210	105	215	109	229	119
Average 2010	217	98	225	104	233	110
Average 2011	297	131	300	134	314	141
Average 2012	247	156	298	148	309	170
Average 2013	199	157	229	182	250	190
Average 2014	311	169	321	187	332	185
Average 2015*	308	163	319	166	370	188

1\ Exchange Rate equals Rs. 64.82 per dollar as of Oct 27, 2014

*Average of data through Mar 2015

(Rs/kg of clean coffee beans of Arabic Plantation A & Robusta Cherry AB)

Source: Coffee Board of India

Table 2. India: Uncured Coffee Bean Farm Gate Prices in Major Producing Centers, Rs. per 50kg 1

Year	Chikmagalur		Sakaleshpur		Madikeri	
	Arabica	Robusta	Arabica	Robusta	Arabica	Robusta
Average 2009	6,752	1,869	6,418	1,872	6,459	1,929
Average 2010	6,949	1,940	6,894	1,821	6,966	1,870
Average 2011	10,144	2,663	10,151	2,606	10,061	2,600
Average 2012	7,984	3,000	8,053	3,036	8,046	3,036
Average 2013	6,393	2,945	6,411	2,956	6,473	3,056
Average 2014	10,011	3,399	9,952	3,728	9,805	3,349
Average 2015*	10,086	3,222	9,983	3,229	10,321	3,325

1\ Exchange Rate equals Rs. 64.82 per dollar as of Oct 27, 2014

*Average of data through Mar 2015

(Rs/kg of clean coffee beans of Arabic Parchment & Robusta Cherry)

Source: Coffee Board of India

Commodities:

Coffee, Green