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Report Highlights:

FAS Mumbai forecasts India's marketing year (MY) 2018/19 coffee crop (October–September) at 5.2 million 60-kilogram (kg) bags, as heavy monsoon rains significantly affected the crop in the coffee growing regions of Karnataka and Kerala. FAS Mumbai forecasts lower exports at 5.4 million 60-kg bags due to lower expected production and smaller carryover stocks after strong MY 2017/18 numbers. The limited supply is expected to drive domestic farm-gate bean prices higher once the harvest begins in December.

Commodities:

Coffee, Green

Area:

For MY 2018/19, FAS Mumbai forecasts planted area to increase to 450,000 hectares with the bearing area forecast at around 422,000 hectares. Post estimates the number of bearing trees to be higher than last year, but the impact of heavy rains and flooding may negatively affect the yields. The southern states of Karnataka (54 percent) and Kerala (19 percent) account for 73 percent of planted area. The non-traditional lower-yielding areas of Andhra Pradesh, Orissa, and Northeastern India have seen a marginal increase in area, but planted area in these states is limited.

Production:

India's MY 2018/19 coffee crop (October–September) is forecast at 5.2 million 60-kg bags, as heavy monsoon rains significantly affected the crop in coffee growing regions of Karnataka and Kerala. FAS Mumbai estimates 300,000 60-kg bags lower than the official USDA estimate of 5.5 million 60-kg bags for MY 2018/19. Post estimates Arabica production at 1.5 million 60-kg bags and Robusta production at 3.7 million 60-kg bags. The Karnataka state contributes 70 percent of coffee production in the country, followed by the Kerala state at 20 percent. India is primarily a producer of the Robusta variety with 70 percent of total production; Karnataka is the leading producer of the Robusta variety with almost 49 percent of total production.

The expected reduction in the MY 2018/19 crop is based on the impact of heavy monsoon rains received in the two major coffee growing states of Karnataka and Kerala. The heavy rains led to berry droppings, which will affect the overall yields, especially the Robusta variety. There have been less incidences of plant mortality reported due to excessive rains, but there are concerns regarding emergence of fungal diseases, which may also affect yields. Trade sources indicate rains in August caused significant damage not only to the coffee crop, but also to other crops such as pepper, and areca nut, which have increasingly become a strong source of income for farmers. Trade associations indicate the crop losses to be around 20 percent higher than the Coffee Board of India (the Board) estimates. Post estimates MY 2018/19 yields for Arabica variety at 455 kg per hectare, and Robusta variety at 991 kg per hectare.

For MY 2017/18, the Board revised its production estimates at 5.27 million 60-kg bags (316,000 MT comprising 95,000 MT of Arabica and 221,000 MT of Robusta) in its final forecast. Post revised the MY 2017/18 production estimate to reflect the Board's final estimate.

According to the India Meteorological Department, during the Southwest Monsoon (June–September), the coffee growing district in Chikmagalur (Karnataka state) received 13 percent above normal (50-year average) rainfall. During the same time, the Kodagu district of Karnataka received 59 percent above normal; the Hassan district of Karnataka received 27 percent above normal. Other major coffee growing regions in Kerala state received above normal rainfall, with heavy rains in early August and spread out through September.

Consumption:

The MY 2018/19 consumption forecast is 1.25 million 60-kg bags (75,000 MT). Industry estimates indicate coffee consumption remained between 1.16 million 60-kg bags and 1.25 million 60-kg bags (70,000–75,000 MT). The Board has not published any consumption data since 2011. FAS Mumbai consumption estimates are based on industry analysis and discussions with industry stakeholders.

Trade:

FAS Mumbai estimates exports at 5.4 million 60-kg bags as exporters continue to draw down stocks. The Indian currency has weakened by ten percent since October 2017, prompting strong export orders. However, the uncertainty around the currency and anticipated low carryover stocks for next year may prompt lower exports in 2019 than in 2018. Italy, Germany, and Belgium remain the top export markets for coffee beans while Russia is a top export market for instant, soluble coffee.

Since April 2018, green coffee prices for Arabica Parchment and Robusta Cherry in Karnataka state rose by 9 percent and 19 percent, respectively. While Robusta Cherry prices remain higher than last year's average prices, Arabica Plantation prices remain well below the average prices in 2017. Indian prices have tracked with global prices for both varietals.

FAS Mumbai estimates MY 2018/19 imports at 1.3 million 60-kg bags. Imports of green coffee are expected to remain stable, as most of the coffee is processed for re-exports due to duty exemptions and lower overall prices. In MY 2017/18, imports of green coffee to India were dominated by Vietnam, Uganda, and Kenya.

Production, Supply and Demand Data Statistics:

Table 1. India: Commodity, Coffee, Green, PSD			
Coffee, Green	2016/2017	2017/2018	2018/2019

Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
India						
Area Planted (a)	415	449	440	454	450	450
Area Harvested (a)	370	410	400	413	422	422
Bearing Trees (b)	530	532	540	540	542	542
Non-Bearing Trees (b)	100	100	98	98	97	97
Total Tree Population (b)	630	632	638	638	639	639
Beginning Stocks	2,645	2,645	1,873	1,873	1,233	1,077
Arabica Production	1,583	1,583	1,400	1,583	1,380	1,500
Robusta Production	3,617	3,617	4,020	3,683	4,120	3,700
Other Production	-	-	-	-	-	-
Total Production	5,200	5,200	5,420	5,266	5,500	5,200
Bean Imports	1,306	1,306	1,300	1,300	1,250	1,250
Roast & Ground Imports	2	2	2	2	2	2
Soluble Imports	78	78	78	75	70	75
Total Imports	1,386	1,386	1,380	1,377	1,322	1,327
Total Supply	9,231	9,231	8,673	8,516	8,055	7,604
Bean Exports	4,273	4,273	4,310	4,300	3,750	3,750
Rst-Grnd Exp.	5	5	5	4	5	5
Soluble Exports	1,880	1,880	1,910	1,920	1,670	1,670
Total Exports	6,158	6,158	6,225	6,224	5,425	5,425
Rst,Ground Dom. Consum	550	550	525	525	530	530
Soluble Dom. Cons.	650	650	690	690	720	720
Domestic Consumption	1,200	1,200	1,215	1,215	1,250	1,250
Ending Stocks	1,873	1,873	1,233	1,077	1,380	929
Total Distribution	9,231	9,231	8,673	8,516	8,055	7,604

Figures in Thousand 60-kilogram bags,
Except Where Indicated: (a) Thousand hectares, (b) million trees

Table 2. India: Rainfall Statistics for Coffee Growing Regions in Karnataka and Kerala

State/District	Southwest Monsoon (Jun-Sep)		Departure from Normal	Northeast Monsoon (Oct-Dec)*		Departure from Normal
	Actual (in mm)	Normal (in mm)		Actual (in mm)	Normal (in mm)	
Karnataka						
Chikmagalur	1,878	1,657	13%	117.9	186.2	-37%
Kodagu	3,464	2,182	59%	176.9	224.2	-21%
Hassan	732	574	27%	112.7	176.8	-36%
State Total	782	823	-6%			
Kerala						
Wayanad	3,068	2,632	17%	243.8	241.5	1%
Travancore	1,024	871	17%	300.3	344.6	-13%
Nelliampathies	2,378	2,060	15%	228.9	320.3	-29%
State Total	2,447	1,964	25%			

*Rainfall data up to November 7, 2018

Source: Indian Meteorological Department, Government of India

Table 3. India: Coffee Planted Area in Major States (in hectares)

State	2015/16			2016/17			2017/18*		
	Arabica	Robust a	Total	Arabica	Robust a	Total	Arabica	Robust a	Total
Karnataka	111,225	124,213	235,438	108,845	135,940	244,785	108,795	135,990	244,785
Kerala	4,217	81,284	85,501	4,228	81,642	85,870	4,231	81,649	85,880
Tamil Nadu	29,062	5,870	34,932	29,513	6,094	35,607	29,513	6,094	35,607
Andhra Pradesh	67,089	267	67,356	71,088	267	71,355	75,892	264	76,156
Odisha	4,191	-	4,191	4,239	-	4,239	4,282	-	4,282
North Eastern Region	5,595	1,423	7,018	5,903	1,598	7,501	6,198	1,815	8,013
Total	221,379	213,057	434,436	223,816	225,541	449,357	228,911	225,812	454,723

Non-Traditional Area (NTA)

*Provisional

Source: Ministry of Commerce and Industry, May 2018

Table 4. India: Coffee Bean Retail Prices in Major Consuming Centers, Rupees 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	309	152	328	178	366	191
Average 2016	259	151	298	172	336	182
Average 2017	246	162	283	180	300	179
Average 2018*	214	144	287	183	299	179

1\ Exchange Rate equals Rupees 72.28 per dollar as of November 07, 2018

*Average of data through May 2018

(Rupees/kg of clean coffee beans of Arabic Plantation A and Robusta Cherry AB)

Source: Coffee Board of India

Table 5. 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	9,116	2,962	9,047	2,978	9,302	3,041
Average 2016	8,118	3,018	8,224	3,051	8,210	3,035
Average 2017	7,897	3,436	7,933	3,404	7,955	3,454
Average 2018*	7,041	3,017	6,979	3,016	7,019	3,075

1\ Exchange Rate equals Rupees 72.28 per dollar as of November 07, 2018

*Average of data through April 2018

(Rupees/kg of clean coffee beans of Arabic Parchment and Robusta Cherry)

Source: Coffee Board of India