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Brazil

Coffee Semi-annual

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Report Highlights:

Brazil's coffee production for MY 2015/16 was revised down to 49.4 million 60-kg bags, a nine percent drop relative to a revised number for the previous season, due to below average yields and smaller size of the beans in some growing areas. Coffee exports in MY 2015/16 reached historic levels at 36.57 million bags, indicating that the 2014 harvest was not severely affected by the drought in Minas Gerais and São Paulo. Carry-over stocks from crops prior to 2014 also supported the steady flow of exports. Carry-over stocks for MY 2015/16 are projected down at 5.2 million bags.

Production

The Agricultural Trade Office (ATO) in São Paulo revised the Brazilian coffee production estimate for marketing year (MY) 2015/16 (July-June) to 49.4 million 60-kg bags, green equivalent, a nine percent reduction compared to the revised estimate for MY 2014/15 (54.3 million bags), the result of below average yields and smaller size of the beans in some growing areas. Arabica production is estimated at 36.1 million bags, whereas Robusta output is estimated at 13.3 million bags.

The harvest was virtually completed in October. Local industry reports that bean size this year is below average compared to the previous crop and bean quality was somewhat impacted by rainfall during the harvest in some areas. Area harvested and tree inventory estimates remain unchanged.

ATO/São Paulo revised production estimates for MY 2013/14 and MY 2014/15 up to 57.2 and 54.3 million bags, respectively, because of plentiful carry-over stocks. The table below shows production estimates by state from MY 2011/12 to MY 2015/16.

Brazilian Coffee Production (Million 60-kg bags)					
State/Variety	MY 11/12	MY 12/13	MY 13/14	MY 14/15	MY 15/16
Minas Gerais	23.50	29.50	29.40	26.00	25.30
Southwest	11.50	15.70	15.00	14.00	12.20
Central-western	4.50	6.40	5.50	6.20	5.50
Southeast	7.50	7.40	8.90	5.80	7.60
Espirito Santo	13.50	15.20	15.80	16.40	13.00
Arabica	2.70	3.00	3.50	3.30	3.10
Robusta	10.80	12.20	12.30	13.10	9.90
Sao Paulo	4.10	5.40	4.60	4.60	4.30
Parana	1.90	1.80	1.70	1.00	1.20
Others	6.20	5.70	5.70	6.30	5.60
Arabica	2.50	2.40	2.60	2.40	2.20
Robusta	3.70	3.30	3.10	3.90	3.40
Total	49.20	57.60	57.20	54.30	49.40
Arabica	34.70	42.10	41.80	37.30	36.10
Robusta	14.50	15.50	15.40	17.00	13.30

Source: ATO/Sao Paulo.

In September 2015, 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 2015/16. As reported by CONAB, coffee production is estimated at 42.15 million bags (31.3 million bags for Arabica and 10.85 million for Robusta coffee), down 2.13 million bags from the previous estimate in June 2015.

The September 2015 coffee production estimate for MY 2015/16 released by the Brazilian Institute of Geography and Statistics (IBGE) shows the production of 2.570 million metric tons of coffee, or 42.84 million 60-kg bags (32.3 million bags for Arabica and 10.54 million for Robusta coffee), a five percent

drop vis-à-vis MY 2014/15 (45.15 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 São Paulo's Luiz de Queiroz College of Agriculture (ESALQ). Coffee prices in local currency have remained stable during 2015 (January-October), but increased approximately nine percent relative to the same period in 2014 due to expectation of a significant reduction in the coffee crop for both the 2014 and 2015 crops. Coffee prices in U.S. dollars in 2015 (January-October) dropped by 23 percent (US\$ 137.90/bag) compared to US\$ 178.19/bag during the same period in 2014, the result of the sharp devaluation of the Brazilian Real (see exchange rate table at end).

Arabica Coffee Prices in the Domestic Market (Real, 60kg/bag)					
Month	2011	2012	2013	2014	2015
January	433.34	485.04	341.16	289.44	465.92
February	495.98	441.31	317.72	366.32	459.99
March	524.27	387.53	303.42	437.24	447.10
April	524.41	379.53	300.51	449.45	445.69
May	530.76	382.65	297.25	429.28	421.95
June	514.99	360.61	285.71	396.74	424.02
July	457.81	408.06	287.57	387.87	414.50
August	470.62	378.48	286.18	437.19	454.98
September	511.57	385.92	273.90	433.52	456.95
October	490.45	374.97	253.94	480.12	478.11
November 1/	493.83	355.23	247.73	460.95	458,27
December	491.35	341.40	272.10	455.20	

Source: CEPEA/ESALQ/USP. 1/ November 2015 refers to November 13th.

Consumption

ATO/São Paulo adjusted downward our estimate for domestic coffee consumption in MY 2015/16 to 20.33 million coffee bags, equivalent to MY 2014/15, to reflect stable consumption.

Trade

The estimate for Brazilian coffee exports in MY 2015/16 remains unchanged at 33.33 million bags, down 3.24 million bags from the previous marketing year, due to expected lower product availability. Green bean exports are expected to contribute 30 million bags, while soluble coffee exports are estimated at 3.3 million bags.

Coffee exports for MY 2014/15 were revised up to a historical record of 36.57 million 60-kg bags, green beans, up 2.44 million bags from previous season, based on updated information

from the industry. Green bean (arabica and robusta) exports are estimated at 33.05 million bags, whereas soluble coffee exports are estimated at 3.49 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 2014/15 (July-June), 2014/15 (July-Sep) and 2015/16 (July-Sep).

Brazilian Green Coffee Exports by Country of Destination						
(NCM 0901.11.10, MT,US\$ 000 FOB)						
	MY 2014/15 1/		MY 2014/15 2/		MY 2015/16 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
United States	394,719	1,220,879	108,355	338,958	123,829	312,121
Germany	391,642	1,286,334	98,350	339,401	85,006	216,696
Italy	168,527	597,246	42,274	147,968	47,386	140,092
Japan	145,534	530,194	32,352	114,720	26,740	86,798
Belgium	183,631	583,463	47,064	147,197	26,619	75,990
Turkey	40,574	103,748	5,636	14,148	11,782	27,747
Venezuela	5,177	19,600	0	0	11,313	36,067
Canada	40,809	146,117	10,671	37,326	10,600	37,647
Spain	61,069	181,012	10,618	35,480	10,302	26,704
Mexico	38,070	87,235	10,810	26,589	10,084	21,600
Others	519,578	1,527,020	127,202	385,444	121,591	305,404
Total	1,989,333	6,282,847	493,333	1,587,231	485,254	1,286,867
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note: Numbers may not add rounding 1/July-June, 2/July-September						

Brazilian Roasted Coffee Exports by Country of Destination
(NCM 0901.21.00, MT,US\$ 000 FOB)

Country	MY 2014/15 1/		MY 2014/15 2/		MY 2015/16 2/	
	Quantity	Value	Quantity	Value	Quantity	Value
United States	585	4,897	178	1,594	141	1,179
Italy	345	1,499	88	434	123	503
Argentina	145	800	31	200	44	203
Japan	155	901	45	281	31	131
Paraguay	73	409	23	139	26	176
Bolivia	52	227	16	78	17	60
France	31	261	9	110	14	110
Uruguay	72	556	16	126	14	118
Germany	24	154	0	0	13	58
Chile	58	347	2	24	8	64
Others	119	865	39	274	16	106
Total	1,660	10,916	448	3,261	447	2,706

Source : Brazilian Foreign Trade Secretariat (SECEX)

Note: Numbers may not add rounding 1/July-June, 2/July-September

Brazilian Soluble Coffee Exports by Country of Destination						
(NCM 2101.11.10, MT,US\$ 000 FOB)						
Country	MY 2014/15 1/		MY 2014/15 2/		MY 2015/16 2/	
	Quantity	Value	Quantity	Value	Quantity	Value
United States	14,130	98,628	4,213	29,142	3,383	20,426
Russia	8,671	64,873	2,371	18,474	2,496	17,357
Ukraine	4,096	29,577	1,616	12,408	1,690	9,705
Japan	4,684	35,214	1,241	9,521	1,349	9,378
Indonesia	3,570	22,630	583	3,296	1,097	7,123
United Kingdom	2,572	21,485	589	5,081	1,074	9,295
Canada	2,618	22,779	935	8,103	821	6,129
Germany	2,517	18,081	816	5,357	796	5,547
Hungary	1,773	10,947	512	3,284	552	2,910
Saudi Arabia	1,542	14,143	414	3,953	526	4,131
Others	29,809	239,607	7,656	63,065	7,452	56,529
Total	75,982	577,965	20,946	161,684	21,238	148,530

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 2014/15 and MY 2015/16 (July-October), as reported by the Brazilian Green Coffee Association (CECAFE) and the

Brazilian Soluble Coffee Association (ABICS). Preliminary data updated as of November 12, 2015, show that coffee export shipments for November 2015 are 1.111 million bags.

Brazilian Monthly Coffee Exports for MY 2014/15						
(Thousand 60-kg bag, green equivalent).						
Month	Conillon	Arabica	Roasted	Total Green	Soluble	Total
Jul-14	428.75	2,273.56	2.03	2,704.34	332.72	3,037.06
Aug-14	385.64	2,386.98	2.57	2,775.19	317.64	3,092.83
Sep-14	248.61	2,410.44	3.29	2,662.34	326.36	2,988.70
Oct-14	279.54	2,813.90	4.06	3,097.50	248.57	3,346.07
Nov-14	450.20	2,492.35	1.70	2,944.24	208.93	3,153.17
Dec-14	463.42	2,433.89	0.61	2,897.91	319.85	3,217.76
Jan-15	344.79	2,495.63	1.08	2,841.50	216.99	3,058.49
Feb-15	252.80	2,227.83	2.61	2,483.23	260.76	2,743.99
Mar-15	344.70	2,468.82	3.58	2,817.10	313.08	3,130.18
Apr-15	528.59	2,352.87	1.32	2,882.77	323.78	3,206.55
May-15	409.74	2,217.28	2.01	2,629.03	296.24	2,925.28
Jun-15	406.72	1,934.64	3.21	2,344.57	325.86	2,670.43
Cumulative	4,543.50	28,508.17	28.05	33,079.72	3,490.78	36,570.50

Source: CECAFE and ABICS.

Brazilian Monthly Coffee Exports for MY 2015/16						
(Thousand 60-kg bag, green equivalent).						
Month	Conillon	Arabica	Roasted	Total Green	Soluble	Total
Jul-15	405.38	2,124.73	3.46	2,533.57	326.36	2,859.92
Aug-15	383.32	2,196.78	2.14	2,582.23	309.50	2,891.73
Sep-15	333.69	2,547.08	2.29	2,883.07	267.59	3,150.65
Oct-15	358.55	2,573.53	3.12	2,935.20	280.52	3,215.72
Cumulative	1,480.94	9,442.12	11.01	10,934.07	1,183.96	12,118.02

Source: CECAFE and ABICS.

Brazilian Monthly Coffee Exports for MY 2014/15	
(US\$ 1,000,000).	

Month	Conillon	Arabica	Roasted	Total Green	Soluble	Total
Jul-14	51.74	454.76	1.06	507.56	59.27	566.83
Aug-14	45.79	477.36	0.88	524.03	56.75	580.78
Sep-14	30.20	502.68	1.31	534.19	58.38	592.57
Oct-14	33.73	607.37	1.44	642.53	44.89	687.43
Nov-14	54.43	530.96	0.62	586.02	38.05	624.07
Dec-14	55.91	532.17	0.27	588.35	57.10	645.45
Jan-15	39.98	530.31	0.53	570.82	37.81	608.63
Feb-15	29.38	457.58	0.93	487.89	47.31	535.20
Mar-15	39.23	473.38	1.02	513.63	53.95	567.57
Apr-15	58.35	422.23	0.45	481.03	55.20	536.23
May-15	43.41	392.03	0.75	436.18	49.47	485.66
Jun-15	46.11	335.90	0.99	382.99	53.62	436.62
Cumulative	528.26	5,716.73	10.25	6,255.23	611.80	6,867.03

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	45.53	368.30	1.40	415.24	51.44	466.68
Aug-15	42.31	368.62	0.87	411.80	49.16	460.96
Sep-15	37.26	412.48	0.65	450.40	42.73	493.12
Oct-15	38.27	404.82	1.05	444.14	43.33	487.47
Cumulative	163.37	1,554.22	3.97	1,721.57	186.65	1,908.22

Source: CECAFE and ABICS.

Stocks

ATO/São Paulo estimates ending stocks in MY 2015/16 at 5.2 million bags, down 4.2 million bags compared to MY 2014/15, the result of lower product availability. On March 31, CONAB released the 2015 private stocks survey, including stocks held by growers, coffee cooperatives, exporters, roasters and the soluble industry. Private stocks are estimated at 14.37 million bags, down six percent compared to the previous year (15.22 million bags). The table below shows the results of the last three private stock surveys released by CONAB.

Brazilian Private Coffee Carry-Over Stocks (60-kg Bags)						
	Mar 31, 2013 - 2012 crop		Mar 31, 2014 - 2013 crop		Mar 31, 2015 - 2014 crop	
	Arabica	Conillon	Arabica	Conillon	Arabica	Conillon
Industry	2,011,060	747,097	982,826	356,836	1,355,135	494,816
Roasters	1,989,992	667,720	932,035	275,748	1,295,319	299,020
Soluble	21,068	79,377	50,791	81,088	59,816	195,796
Exporters	1,517,667	208,684	2,989,296	197,656	2,938,293	276,280
Cooperatives	6,007,017	363,035	5,744,444	152,474	5,336,967	158,968
Others	2,830,366	253,349	4,446,601	347,439	3,352,626	455,962
Total	12,366,110	1,572,165	14,163,167	1,054,405	12,983,021	1,386,026
Grand Total	13,938,275		15,217,572		14,369,047	

Source: CONAB, Annual Carry Over Stock Surveys - Reference Month = March 31st.

Coffee, Green	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jul 2013		Jul 2014		Jul 2015	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2442	2442	2437	2437	2437	2410
Area Harvested	2135	2135	2090	2090	2070	2070
Bearing Trees	5810	5810	5770	5770	5735	5735
Non-Bearing Trees	1055	1055	1185	1185	1125	1125
Total Tree Population	6865	6865	6955	6955	6860	6860
Beginning Stocks	9068	9068	10746	11946	5757	9398
Arabica Production	40600	41800	34200	37300	38000	36100
Robusta Production	15400	15400	17000	17000	14400	13300
Other Production	0	0	0	0	0	0
Total Production	56000	57200	51200	54300	52400	49400
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	34	34	38	52	42	60
Soluble Imports	0	0	0	0	0	0
Total Imports	34	34	38	52	42	60
Total Supply	65102	66302	61984	66298	58199	58858
Bean Exports	30600	30600	32500	33051	30000	30000
Rst-Grnd Exp.	30	30	27	28	30	30
Soluble Exports	3516	3516	3370	3491	3300	3300
Total Exports	34146	34146	35897	36570	33330	33330
Rst,Ground Dom. Consum	19130	19130	19250	19250	19500	19250
Soluble Dom. Cons.	1080	1080	1080	1080	1080	1080
Domestic Use	20210	20210	20330	20330	20580	20330
Ending Stocks	10746	11946	5757	9398	4289	5198
Total Distribution	65102	66302	61984	66298	58199	58858

(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)

Exchange Rate

Exchange Rate (R\$/US\$1.00 - official rate, last day of period)							
Month	2009	2010	2011	2012	2013	2014	2015
January	2.32	1.87	1.67	1.74	1.99	2.43	2.66
February	2.38	1.81	1.66	1.71	1.98	2.33	2.88
March	2.25	1.78	1.62	1.82	2.01	2.26	3.21
April	2.18	1.77	1.57	1.89	2.00	2.24	2.98
May	1.97	1.81	1.57	2.02	2.13	2.24	3.18
June	1.95	1.80	1.57	2.02	2.22	2.20	3.10
July	1.87	1.75	1.56	2.05	2.29	2.27	3.39
August	1.88	1.75	1.59	2.04	2.37	2.24	3.65
September	1.78	1.69	1.85	2.03	2.23	2.45	3.98
October	1.74	1.70	1.69	2.03	2.20	2.44	3.86
November 1/	1.75	1.71	1.81	2.10	2.32	2.56	3.80
December	1.74	1.66	1.88	2.04	2.34	2.66	

Source : Brazilian Central Bank (BACEN) 1/ November2015 refers to November 12.