



Tropical Products: World Markets and Trade

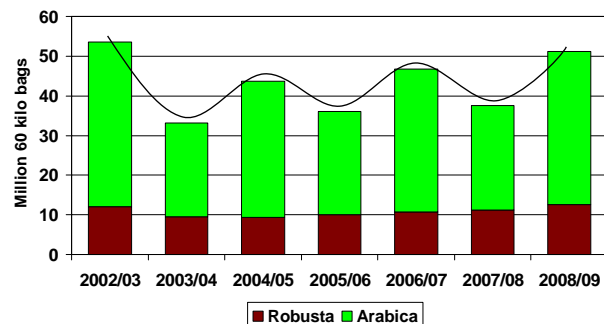
Coffee: 2008/09 Forecast Overview

- **World coffee production forecast to hit record 140.6 million bags**

World coffee production is forecast at 140.6 million bags (60 kilograms or 132.276 pounds), up 18.2 million bags from the previous year. Brazil and Vietnam are forecast to produce 51.1 million bags and 21.5 million bags, respectively, accounting for 17.5 million bags of the year-over-year increase.

Brazil: Production is expected to jump 36 percent to 51.1 million bags, mainly due to entering the on-year of the biennial cycle of Arabica trees. With 75 percent of the harvest coming from Arabica trees, output is largely determined by this on-year off-year cycle. The forecast harvest is expected to be the country's second-largest behind the 2002/03 crop of 53.6 million bags. Dry weather that prevailed in August and September 2007 partially offset initial prospects for a better crop. However, steady rains from October 2007 through April 2008 supported stable fruit setting and cherry development. The expected rise in production is also supported by improved prices throughout 2007, especially for Robusta coffee, which provided an incentive for better crop management and higher input utilization.

Brazil's Production Largely Determined by Biennial Cycle of Arabica Trees



Vietnam: Production is forecast to climb 23 percent to 21.5 million bags primarily on expectations of favorable weather. Last year's crop was damaged by heavy rains in several key planting areas as well as unseasonable frost in the Lam Dong province. Because production is overwhelmingly Robusta, output is primarily determined by weather versus a biennial cycle related to Arabica trees. Utilization of inputs such as irrigation, pesticides and fertilizer also heavily influence production.

Vietnam's Production is Dominated by Robusta Trees and is Influenced More by Adverse Weather and Crop Expansion

