Uganda Coffee Development Authority

MINISTRY OF AGRICULTURE, ANIMAL INDUSTRIES AND FISHERIES

UCDA MONTHLY REPORT FOR JUNE 2007

***In This Issue*: -**

- ***This is the ninth monthly report for the coffee year (Oct/Sept. 2006/07).***
- ***Farm-gate prices for Robusta oscillated between Shs. 1,150 and Shs. 1,250 per kilo. FAQ prices recorded a high of Shs. 2,500/kilo.***
- ***244,789 60-kilo bags of coffee were exported in June 2007, an increase of 30.7% compared to a similar month last year.***
- ***Coffee export earnings stood at $ 24.32 m, 60% above what was recorded in June last year.***
- ***The export price averaged 166 cents/kilo, an increase of 4 cents over that of May 2007.***
- ***Coffee shipment in the first nine months (Oct/Jun.) stood at 2.025 m bags, comprising: Arabica – 0.450 m bags and robusta – 1.574 m bags, which is 35.7% above a similar period last year.***
- ***Coffee exports in the financial year Jul/Jun 2006/07 totalled 2.54 m ($ 228.5 m), up by 20.5% and 31.7% in volume and value over last year.***
- ***Quality of export lots continued to improve in terms of out-turn, retention and cup, heavy rains notwithstanding.***

Coffee exports totalled 244,789 60-kilo bags in June 2007, representing an increase of 30.6% over the 187,448 bags recorded in June last year. Similarly, the corresponding value went up by almost 67% from $ 14.6 m in June 2006 to $ 24.3 m.

As compared to the previous month, volume and value went up by 33% and 36%, respectively from 184,560 bags ($ 17.9 m) as shown in the table below.

TABLE 1.0 COMPARATIVE COFFEE EXPORT PERFORMANCE – 60-KG BAGS; US$

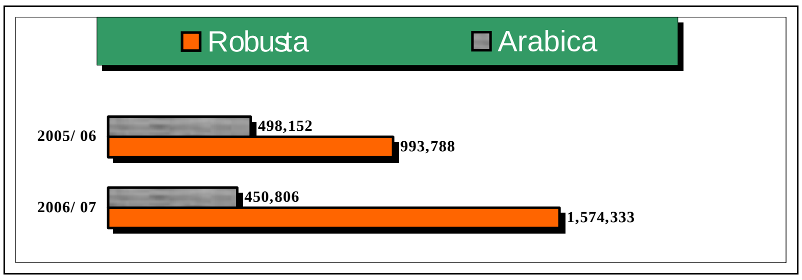
MONTHS	2006/07		2005/06		%-Age Change	
	Qty	Value $	Qty	Value $	Qty	Value $
G/ Total	2,025,139	186,442,469	1,491,940	128,283,502	35.74	45.3
October	155,571	13,357,091	121,696	9,280,806	27.84	43.9
November	250,728	22,960,240	182,053	14,472,486	37.72	58.6
December	248,709	22,207,999	180,344	14,849,249	37.91	49.6
January	316,128	28,367,743	228,714	19,679,281	38.22	44.2
February	222,099	20,145,787	165,762	16,113,588	33.99	25.0
March	265,399	24,222,366	155,960	14,630,894	70.17	65.6
April	137,156	12,955,518	146,642	13,714,424	-6.47	-5.5
May	184,560	17,906,947	123,321	10,967,328	49.67	64.9
June	244,789	24,318,778	187,448	14,575,446	30.59	66.9

For the period Oct/Jun. - 2006/07, coffee exports totalled 2,025,139 m bags: Robusta – 1,574,338 m bags and Arabica – 450,806 m bags. This represents an overall increase in volume of 35.7% compared with 1,491,940 bags that comprised 993,788 bags of robusta and 498,152 bags as indicated in the chart below. The volume of Robusta rose by 58% while that of Arabica fell by almost 10%. The drop in Arabica is expected given that the performance in 2005/06 was good.

As has always been reiterated, the increase in robusta quantities is attributed to the replanting programme under the government's strategic intervention, which was given support by good farm-gate prices.

Cumulative Coffee Export Performance – Oct/June 2006/07

- in 60-Kilo Bags -



Coffee exports in the 12 months (Jul/Jun. 2006/07) amounted to 2,535,523 bags ($ 228.5 m), representing an overall increase of 20.5% in volume and 31.7% in value compared to a similar period last year.

1.0 EXPORTS BY TYPE AND GRADE

Table 2.0 gives coffee export performance by type, grade and unit price in the month of June 2007. The monthly average realised price was 166 cents per kilo, which was 2.5% up compared with that of May 2007. The weighted average price for robusta, which totalled 208,489 bags, was up by 10 cents from 152 cents in May 2007 to 162 cents/kilo. However, that of Arabica that totalled 36,300 bags fell by 4.2% from 192 cents to 184 cents/kilo.

TABLE 2.0 COFFEE EXPORTS BY TYPE, GRADE, & UNIT PRICE
– in 60-kilo bags; US $, US $/kg -

TYPE/GRADE	QTY		Value $	PRICE $/Kilo
	60-Kilo Bags	% - AGE		
GRAND TOTAL	**244,789**		**24,319,780**	**1.66**
ROBUSTA	**208,489**	**100**	**20,318,936**	**1.62**
Organic	1,050	0.50	115,603	**1.83**
Screen 18	19,987	9.59	2,143,669	**1.79**
Screen 17	9,018	4.33	945,181	**1.75**
Screen 15	131,186	62.92	13,127,310	**1.67**
Screen 14	1750	0.84	159,895	**1.52**
Screen 12	22,661	10.87	2,187,904	**1.61**
BHP 1199	9,783	4.69	668,664	**1.14**
Other Rob.[1]	13,054	6.26	970,710	**1.24**
ARABICA	**36,300**	**100**	**4,000,844**	**1.84**
Bugisu AA	4,687	12.91	655,995	**2.33**
Bugisu A	820	2.26	107,087	**2.18**
Arab- AB	1800	4.96	226,594	**2.10**
Mixed Arabica	940	2.59	90,371	**1.60**
Bugisu - PB	820	2.26	101,800	**2.07**
Wugar	4,216	11.61	536,194	**2.12**
Drugar	16,660	45.90	1,821,593	**1.82**
Others	6,357	17.51	461,210	**1.21**

[1] Represents such coffees like Sc.1299, Sc. 1599, Sc. 1899, etc. in robustas.

The rise in Robusta prices was most noted in Organic, Scr.18 and Scr.15 that moved from 179 cents/kilo in May 2007 to 183 cts, from 168 cts to 179 cents and from 159 cents/kilo to 167 cents, respectively.

Arabica coffee exports totalled 36,300 bags worth $ 4.0 m at an average price of 184 cents/kilo, representing a drop of 18.6% in quantity and 22.2% in value compared with the performance in May 2007. Bugisu AA fetched the highest price at $ 2.33 per kilo, which was 2.6% up compared to $ 2.27 in May.

2.0 INDIVIDUAL EXPORTER PERFORMANCE

Table 3.0 gives the performance of the individual coffee exporting companies in the month of June in terms of quantity, individual and cumulative market shares. Of the 27 registered coffee exporting companies in the current year, 17 performed during the month. The market share of the best 5 fell from 70.7% in May 2007 to 59.1%; these included: Ugacof (U) Ltd. – 14.4% (17.9%), Ibero (U) Ltd – 12.9% (12.0%), Kyagalanyi Coffee Ltd. – 11.7% (18.1%), Great Lakes – 11.4% (7.1%) and Kawacom (U) Ltd., where the figures in parenthesis represent performance in the previous month - May.

Table 3.0 PERFORMANCE BY INDIVIDUAL EXPORTERS IN JUNE 2007

	EXPORTER	QTY	%- Age Market Share	
		60-Kilo Bags	Individual	Cumulative
	GRAND TOTAL	244,789	100	
1	Ugacof Ltd. .	35,118	14.35	14.3
2	Ibero (U) Ltd.	31,639	12.93	27.3
3	Kyagalanyi Coffee Ltd.	28,719	11.73	39.0
4	Great Lakes	27,967	11.42	50.4
5	Kawacom (U) Ltd.	21,207	8.66	59.1
6	Job Coffee	20,408	8.34	67.4
7	Savannah Commodities	20,219	8.26	75.7
8	Pan Afric Impex Ltd.	19,808	8.09	83.8
9	Kampala Domestic Store	12,108	4.95	88.7
10	Wabulungu Multipurpose	11,840	4.84	93.6
11	Nakana	7,776	3.18	96.7
12	Lake Land Holding Ltd.	3,660	1.50	98.2
13	Kitasha	1,750	0.71	99.0
14	Gumutindo	1,260	0.51	99.5
15	Olam (U) Ltd	700	0.29	99.8
16	UNEX	330	0.13	99.9
17	MTL Main Trading Co	280	0.11	100.0

3.0 LOCAL SITUATION

Despite the rainy season that had virtually put harvesting and drying processes to a halt, FAQ deliveries received at the export grading factories in Kampala were within acceptable Moisture content range.

Kiboko (dry cherries of robusta) prices were in the range of Shs. 1,150 – 1,250 per kilo, same as in the previous month. The clean coffee (FAQ) prices average Shs. 2,400 per kilo although some well organized farmers in Buwama, Mpigi district, Kabonero and Ddwaniro Sub-counties in Masaka and Rakai, respectively received up to Shs. 2,700 per kilo. The price differential earned by farmer groups is a result of UCDA and NUCAFE's collaborative effort to organize them into viable groups. Farmers have now realized the advantage of having good quality coffee and working together. Arabica parchment prices averaged Shs 2,400 per kilo, same as in the previous month.

4.0 GLOBAL SITUATION

Fund and speculative buying dominated both markets during the month in response to an anticipated increase in demand for the coffee against a shortage of supplies especially in Vietnam and Brazil. World production for the crop year 2006/07 has been put at 121.5 million bags while consumption is between 119 to 120 million bags.

The New York market opened higher due to the expected cooler Brazilian groves, and the tightening in the Brazilian supplies after the Nation's cyclically smaller harvest ends in September. However prices fell in the last few days of the month when the anticipated damaging frost did not appear in the groves because most trees have been moved away from the freeze prone areas over the last 15 years.

London International Financial Futures Exchange- (LIFFE) opened at US$ 1,715 and 1,725 a tonne for July and September contracts and closed at US $ 1,855 and $ 1,875 a tonne, respectively.

Coffee Sugar Cocoa Exchange (CSCE) opened at US cents 113.50 and 116.60 per lb. for the front months of July and Sept. contracts and closed lower at US cents 111.00 and 112.80, respectively at the end of the month

5.0 BUYERS OF UGANDA COFFEE

Table 5.0 shows the main buyers of coffee from Uganda in the month of June 2007 in terms of quantity, individual and cumulative market shares. The market share for the top 5 coffee buyers slightly fell from 53.9% to 51.4%. And there was a shift in relative positions of the individual firms. These included: Drucafe – 12.2% (9.0%), Bernhard Rothfos – 11.5% (11.4%), Sucafina – 10.4% (11.0%), Ecom Agro industrialist –8.8% (14.2%), Hacofco – 8.5% (4.4%), where the figures in parenthesis represent percentage performance in the previous month (May 2007).

TABLE 5.0 BUYERS OF UGANDA COFFEE IN JUNE 2007: 60-kilo bags

	BUYERS	QTY	%-Age Market Share	
		60-Kilo Bags	Individual	Cumulative
	GRAND TOTAL	**244,789**	**100**	**-**
1	Drucafe	29,757	12.16	12.16
2	Bernhard Rothfos	28,239	11.54	23.69
3	Sucafina	25,472	10.41	34.10
4	Ecom Agro industrialist	21,567	8.81	42.91
5	Hacofco	20,823	8.51	51.41
6	Icona Café	13,120	5.36	56.77
7	Decotrade	11,444	4.68	61.45
8	Elmathahib	7,000	2.86	64.31
9	Cofftea (Sudan)	6,300	2.57	66.88
10	Socadec	4,628	1.89	68.77
11	Robusta Trading Co.	3,850	1.57	70.35
12	Volcafe	3,815	1.56	71.90
13	Sucre-exp	3,024	1.24	73.14
14	Elite	2,425	0.99	74.13
15	Louis Dreyfus	2,010	0.82	74.95
16	Guzman	1,628	0.67	75.62
17	Aziende	1,295	0.53	76.15
18	Olam International	1,025	0.42	76.56
19	Others	57,367	23.44	100.00

6.0 COFFEE EXPORTS BY DESTINATION

Table 4.0 below shows the major destinations of Uganda coffee in June 2007. Exports to European Union countries stood at 188,979 bags, an increase of 26.2% from 149,245 bags recorded in May 2007. Coffee exports to Sudan also improved from 32,900 (17.83%) in May 2007 to 45,850 bags (18.7%). Coffee to Africa as a whole totalled 49,370 bags, which was 20.2% of total export quantity.

Table 4.0 COFFEE EXPORTS BY DESTINATION IN JUNE 2007.

	DESTINATION	Qty	Percentage Market Share	
		60-kg Bags	Individual	Cumulative
	GRAND TOTAL	244,789	100.00	-
1	EU[1]	188,979	77.20	77.20
2	Sudan	45,850	18.73	95.93
3	USA	4,550	1.86	97.79
4	Tunisia	3200	1.31	99.10
5	Switzerland	1240	0.51	99.60
6	Australia	650	0.27	99.87
7	Algeria	320	0.13	100.00

7.0 COFFEE DEVELOPMENT AND PROMOTION

- The Board of Directors at its 145th Meeting passed the UCDA budget 2007/08 whose theme is "Back to the Future – Rejuvenated Coffee Re-planting". The budget puts emphasis on: Coffee Production Campaign, Quality improvement, Value Addition and Promotion, among others. The production campaign has the following thematic areas - research, extension, farmer organisation and inputs & credit, and it is ongoing in 10 pilot districts.
- Coffee Production Campaigns were conducted in the districts of Mbale, Manafwa and Kapchorwa during the month with particular emphasis on post harvest handling. The coffee traders were advised to have clean stores and to always trade in dry coffee parchment. The meetings were attended by the district political leaders who called upon traders to register with the District Commercial Officers for ease of co-ordination.
- During the month, UCDA in conjunction with District Authorities made quality spot checks in the districts of Masaka, Rakai, Mbarara, Bushenyi and Ntungamo. The objective was to ensure that the traders that had received training in post harvest handling practices prior to the onset of the season, were compliant. With exception of a few, the majority did a commendable job.
- Meanwhile, Budadiri Arabica Coffee Factory Ltd., has evolved a Coffee Quality Improvement programme in Mt. Elgon zone in conjunction with its sister company, Budadiri Micro Finance Co. Through this programme, coffee dry trays are made and distributed to farmers using the Micro finance credit facilities.

8.0 OUTLOOK FOR JULY 2007

Despite the intermittent rains that are predicted in July/August, which might compromise the drying and marketing processes, coffee shipment in July 2007 is projected at 260,000 bags.

[1]EU countries are: Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, The Netherlands, and UK.