Uganda Coffee Development Authority

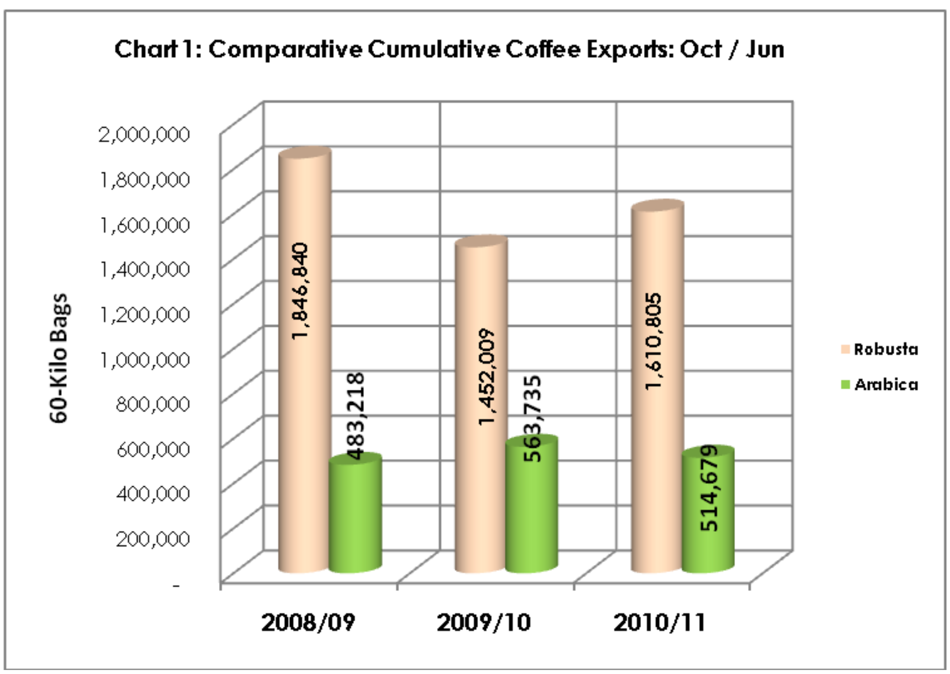
MINISTRY OF AGRICULTURE, ANIMAL INDUSTRIES AND FISHERIES

UCDA MONTHLY REPORT FOR JUNE 2011

***Highlights**: -*

- *This is the ninth monthly report for the coffee year (Oct/Sept. 2010/11).*
- *370,924 60-kilo bags of coffee worth US $ 57.95 m were shipped to various destinations during the month of June 2011, representing a 58% and 152% rise in volume and value, respectively.*
- *Weighted average price at export level stood at 260 cents/kilo.*
- *Farm-gate prices ranged between Shs. 1,800 – 2,000 per kilogramme of Robusta dry cherries (Kiboko); Shs. 4,500 – 4,800 /Kg of FAQ; and Shs.8,000 - 9,000 per kilogramme of Arabica parchment.*
- *Coffee exports in 9 months (Oct/Jun 2010/11) stood at 2.12 m bags ($300.9 m) consisting of Robusta - 1.61 m bags ($ 183.84 m) and Arabica - 0.51 m bags ($ 117.05 m).*
- *Coffee exports in the 12 months (July 2010 – June 2011) were 2.78 million bags worth US $ 371.0 m.*

A total of 370,924 60-Kilo bags of coffee worth US $ 57.95 million were shipped in June 2011, a 58% and 152% increase in volume and value respectively in relation to 234,956 bags ($ 23.02 m) recorded in June last year. Chart 1 and table 1.0 below represent the performance in 9 months (Oct'10/Jun' 11) on a comparative basis.



A total of 2.12 m bags worth $ 300.9 million, an increase of 5.4% in volume and 53.1% in value compared to 2,015,744 bags ($ 196.5 million) recorded in a similar period last year was shipped in Oct/Jun.

Table1.0 Comparative Coffee Export Performance in 60-kilo bags & US$

Coffee Year	2010/11		2009/10		%-age Change	
	Qty	Value $	Qty	Value $	Qty	Value $
Grand Total	**2,125,484**	**300,894,929**	**2,015,744**	**196,524,586**	**5.44**	**53.11**
October	188,012	23,300,354	199,011	18,672,578	-5.53	24.78
• *Robusta*	*118,422*	*10,761,243*	*146,711*	*11,789,081*	*-19.28*	*-8.72*
• *Arabica*	*69,590*	*12,539,111*	*52,300*	*6,883,497*	*33.06*	*82.16*
November	266,726	32,143,239	233,511	21,963,202	14.22	46.35
• *Robusta*	*200,569*	*19,415,851*	*185,004*	*15,012,284*	*8.41*	*29.33*
• *Arabica*	*66,157*	*12,727,388*	*48,507*	*6,950,918*	*36.39*	*83.10*
December	237,747	28,692,471	272,755	25,698,474	-12.83	11.65
• *Robusta*	*186,450*	*18,359,248*	*208,903*	*16,509,486*	*-10.75*	*11.20*
• *Arabica*	*51,297*	*10,333,223*	*63,852*	*9,188,988*	*-19.66*	*12.45*
January	215,180	29,981,006	263,014	25,146,131	-18.19	19.23
• *Robusta*	*159,880*	*17,495,886*	209,993	17,019,416	*-23.86*	*2.80*
• *Arabica*	*55,300*	*12,485,120*	53,021	8,126,715	*4.30*	*53.63*
February	193,965	27,831,927	262,793	26,277,806	-26.19	5.91
• *Robusta*	*142,834*	*15,881,209*	184,432	14,653,763	*-22.55*	8.38
• *Arabica*	*51,131*	*11,950,718*	78,361	11,624,043	*-34.75*	2.81
March	223,099	34,102,773	219,684	21,965,391	1.55	55.26
• *Robusta*	*171,643*	*20,628,903*	145,988	11,613,230	*17.57*	*77.63*
• *Arabica*	*51,456*	*13,473,870*	73,696	10,352,161	*-30.18*	*30.16*
April	176,561	26,873,084	152,640	15,546,559	15.67	72.86
• *Robusta*	*130,279*	*15,766,844*	*91,882*	*7,242,599*	*41.79*	*117.70*
• *Arabica*	*46,282*	*11,106,240*	*60,758*	*8,303,960*	*-23.83*	*33.75*
May	253,270	40,022,317	177,380	18,233,343	42.78	119.50
• *Robusta*	*194,336*	*24,699,623*	105,498	8,641,249	*84.71*	*185.43*
• *Arabica*	*58,934*	*15,322,694*	71,882	9,592,094	*-18.01*	*59.74*
June	370,924	57,947,758	234,956	23,021,102	57.87	151.72
• *Robusta*	*306,392*	*40,834,833*	173,598	14,644,776	*76.50*	*178.84*
• *Arabica*	*64,532*	*17,112,925*	61,358	8,376,326	*5.17*	*104.30*

On a year-to-year basis, the twelve months ending June 30, 2011, (Financial Year 2010/11) total coffee exports amounted to 2,778,711 bags worth $ 371.0 million: Robusta – 2,116,196 bags ($ 230.2 million) and Arabica – 662,515 bags ($140.8 million), representing an improvement in both volume and value over the same period last year.

The improvement in prices on the world market prompted farmers to release stocks on the market.

1.0 Exports by Type and Grade

Table 2.0 represents coffee exports by type, grade and average realised price for each coffee grade during the month of June 2011. The weighted average price for the month stood at $ 2.60 per kilogramme, 3 cent down compared to $ 2.63 recorded in May 2011.

Robusta prices averaged $ 2.22 per kilogramme up from $ 2.12 in May, $ 2.02 in April, $ 2.00 in March, $ 1.85 in February, $ 1.82 in January 2011, $ 1.64 in December 2010 and $1.51 in November 2010 and October 2010; the continued affirmative trend being in tandem with global prices.

Similarly, Arabica prices were up at $ 4.42 per kilogramme up from an average of $ 4.33 in May, $ 4.00 in April and $ 4.36 realised in March. The highest price recorded in arabica grades being $ 5.69 for Organic Okoro followed by Mt. Elgon at $ 5.55 and $ 5.50 for Bugisu A, which went to the specialty markets. Market fundamentals - supply tightness - still support price firmness.

Table 2.0 Coffee Exports by Type, Grade & Unit Price in June 2011

– *in 60-kilo bags; US $, US $/kg* –

Coffee type/ Grade	Quantity 60-Kilo Bags	%-age	Value in US $	Unit Price $/Kilo
TOTAL	**370,924**		**57,947,758**	**2.60**
ROBUSTA	**306,392**	**100.00**	**40,834,833**	**2.22**
Washed Robusta	320	0.10	49,524	2.58
Organic Robusta	330	0.11	50,199	2.54
Screen 18	20,354	6.64	2,902,756	2.38
Screen 17	8,332	2.72	1,218,150	2.44
Screen 15	175,110	57.15	24,571,391	2.34
Screen 12	66,734	21.78	8,711,894	2.18
BHP 1199	16,696	5.45	1,411,747	1.41
Other Robustas	18,516	6.04	1,919,172	1.73
ARABICA	**64,532**	**100.00**	**17,112,925**	**4.42**
Organic OKORO	720	1.12	245,716	5.69
Mt. Elgon	1,740	2.70	579,766	5.55
Bugisu Supremo	2,920	4.52	899,609	5.13
Bugisu AA	7,390	11.45	2,290,613	5.17
Bugisu A	6,160	9.55	2,034,021	5.50
Bugisu AB	960	1.49	282,542	4.91
Bugisu CPB	940	1.46	283,153	5.02
Bugisu B	232	0.36	62,297	4.48
Bugisu C	88	0.14	24,445	4.63
Wugar	1,600	2.48	416,722	4.34
Drugar	35,226	54.59	9,185,960	4.35
Other Arabicas	6,556	10.16	808,082	2.05

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

2.0 Individual Exporter Performance

Table 3.1 represents the performance of individual coffee exporting companies during the month of June 2011 where the top 10, led by Ugacof Ltd., handled 78.8% of total exports, an ease in concentration compared to May when the joint share stood at 83.0%.

Table 3.0: Export Performance by Individual Companies in June 2011

	Exporting Company	Quantity	%- age Market Share	
		Bags	Individual	Cumulative
	Grand Total	**370,924**	**100.00**	
1	Ugacof Ltd.	52,178	14.07	14.1
2	Kyagalanyi Coffee Ltd	42,696	11.51	25.6
3	Savannah Commodities	34,338	9.26	34.8
4	Lake Land Holdings Ltd.	28,130	7.58	42.4
5	Kawacom (U) Ltd	26,783	7.22	49.6
6	LD Commodities	26,326	7.10	56.7
7	Kampala Domestic Store	25,610	6.90	63.6
8	IBERO (U) Ltd	19,919	5.37	69.0
9	Pan Afric Impex	19,050	5.14	74.1
10	Olam (U) Ltd.	17,129	4.62	78.8
11	Great Lakes Coffee	14,874	4.01	82.8
12	Wabulungu Multi Purpose Estates	13,952	3.76	86.5
13	Job Coffee Ltd.	13,169	3.55	90.1
14	Armajaro	10,860	2.93	93.0
15	Kamba Petroleum	8,773	2.37	95.4
16	Nakana Coffee Factory Ltd	6,844	1.85	97.2
17	Pen Form Trading	3,127	0.84	98.1
18	Gumutindo Co-op	2,040	0.55	98.6
19	Ankole Coffee Processors	1,060	0.29	98.9
20	Kitasha	1,046	0.28	99.2
21	Bakwanye Trading Company	1,040	0.28	99.5
22	Mbale Importers & Exporters	980	0.26	99.7
23	Ankole Coffee Producers Co-op U	680	0.18	99.9
24	Kaweri Coffee Plantation	320	0.09	100.0

3.0 Local Situation

Local prices remained strong and hovered between Shs. 1,800 – 2,200, Shs. 4,500 – 4,800 and Shs 7,000 – 9,000 per kilogramme of Kiboko (dry Robusta cherries), FAQ and Arabica parchment; more or less the same as in May. Farmers with good quality coffee in sizeable quantities continued to receive much better prices by processing it to FAQ level and sell directly to exporters.

Harvesting of the main season in South and South-western, especially in Masaka, Ibanda, Ntungamo, Bushenyi (Ishaka), Mitooma; and Isingiro districts is at the peak. Outturn at all levels has tremendously improved, it hovered around 56% for Kiboko to FAQ up from 45% recorded in Oct/Dec 2010. Similarly, the screen retention for Sc. 18 averaged above 10% from 7-8% in the second quarter.

Field reports point to renewed interest in coffee growing in virtually every district. Agronomic practices have improved tremendously with a consequential reduction Red blister and twig borer infestation; restoring farmers' confidence in coffee growing.

4.0 Coffee Exports by Destination

Table 4.0 gives coffee exports by destination during the month of June 2011. EU countries accounted for 58.0% with 215,070 bags as opposed to 75.3% (190,636 bags) in May 2011. Sudan registered 81,250 bags (21.9%) vis-à-vis 19,200 bags (7.6%) recorded in May.

Table 4.0 Main Destinations of Uganda Coffee in June 2011

	Destination	QTY	%- Age Market Share	
		60-Kilo Bags	Individual	Cumulative
	Grand Total	**370,924**	**100.00**	
1	EU[1]	215,070	57.98	58.0
2	Sudan	81,250	21.90	79.9
3	Switzerland	27,766	7.49	87.4
4	USA	16,822	4.54	91.9
5	India	11,250	3.03	94.9
6	Ecuador	4,480	1.21	96.1
7	Russia	3,860	1.04	97.2
8	Israel	2,950	0.80	98.0
9	Vietnam	2,560	0.69	98.7
10	Eritrea	1,020	0.27	98.9
11	Egypt	995	0.27	99.2
12	Kenya	696	0.19	99.4
13	China	650	0.18	99.6
14	Australia	620	0.17	99.7
15	Japan	615	0.17	99.9
16	Korea	320	0.09	100.0

5.0 Buyers of Uganda Coffee

Table 5.0 represents the buyers of Uganda coffee in May 2011 where the top 10 buyers collectively held a market share of 72.6% up from 70.2% registered in April this year, an increase in concentration. The top buyer was Sucafina with 45,452 bags (17.9%), an improvement from 19,449 bags (11.0%) realised in April.

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

TABLE 5.0 Buyers of Uganda Coffee in June 2011: 60-kilo bags

	BUYERS `	QTY 60-Kilo Bags	%-Age Market Share Individual	Cumulative
	GRAND TOTAL	**370,924**	**100.00**	
1	Sucafina	42,978	11.59	11.6
2	ABACO	37,800	10.19	21.8
3	Louis Dreyfus	26,326	7.10	28.9
4	Aldwami	25,900	6.98	35.9
5	Socadec	21,158	5.70	41.6
6	Bernard Rothfos	19,919	5.37	46.9
7	Ecom Agro Industrialist	17,383	4.69	51.6
8	Olam International	17,129	4.62	56.2
9	Icona Café	14,398	3.88	60.1
10	Coex Coffee	11,050	2.98	63.1
11	Straus Commodities	10,965	2.96	66.1
12	Armajaro	10,860	2.93	69.0
13	Cofftea (Sudan)	10,500	2.83	71.8
14	Volcafé	10,461	2.82	74.6
15	Coffee Services	9,901	2.67	77.3
16	Tata Coffee	8,690	2.34	79.6
17	Decotrade	8,280	2.23	81.9
18	Guzman	8,128	2.19	84.1
19	Africa Tea and Coffee	7,046	1.90	86.0
20	Supremo	5,760	1.55	87.5
21	Webcor	4,625	1.25	88.8
22	Hamburg Coffee	4,472	1.21	90.0
23	Others	37,195	10.03	100.0

6.0 Coffee Development and Promotional Activities

- Under the Netherlands Trust Fund (NTF) II coffee project, 30 coffee participants underwent a one-week training during the June 13-17, 2011 at Hotel Africana. The trainees, thereafter depending on performance, shall become certified trade advisors. The programme is being coordinated by Uganda Export Promotion Board (UEPB) supported by UCDA and NUCAFE while the actual training is by International Trade Centre (ITC) experts. The main goal of this initiative is to make coffee firms more competitive locally and internationally.
- UCDA participated in the workshop on agricultural financing under the theme: "Zipping Finance and Farming in Africa-harnessing the Continent's potential", which was organized by Bank of Uganda and GIZ at Speke Resort, Munyonyo. The workshop addressed agricultural financing in Africa with the purpose of harnessing agricultural productivity through affordable agricultural finance.

  UCDA made a presentation in the agribusiness forum, which was chaired by aBiTrust. A number of issues discussed highlighted: (i) factors impacting on agricultural financing especially of agribusinesses; (ii) specific constraints to agribusinesses such as poor rural infrastructure - low investments in water and environment, access to credit, land tenure system, numeracy and financial illiteracy among other constraints; (iii) policy implications-allocate more resources to market development and value added products, invest in industrial research in partnership with academia, well-regulated rural financial institutions, build capacity of institutions providing agricultural finance; promote access to market information; have an effective monitoring system which entails working hand in hand with SMEs, among others.

7.0 Outlook – July 2011

- Coffee exports in July 2011 are projected at 320,000 bags as harvesting intensifies; and farmers selling off their coffee reserves to benefit from the good prices.
- Total global coffee production in the crop year 2010/11 is estimated at 133 million bags, representing an increase of 8.1% over the preceding crop year – 2009/10. As for 2011/12, global production is pegged at 130 million bags, a drop explained by the Brazilian off-year biennial cycle.

8.0 Upcoming Events

Three trainings geared towards quality improvement and market development have been slated for July 2011, as follows:

(1) Q-Certification Course July 4 - 8, 2011 at UCDA Premises, UMA Showground, Lugogo. The training will jointly be conducted by UCDA and the Coffee Quality Institute (CQI)

(2) Regional Robusta training and Certification course slated for July 11-15, 2011 in Kampala. The training is jointly sponsored by UCDA and USAID COMPETE Project.

(3) Q - Graders Instructors' course in Nairobi for Eastern Africa: Ugandans (4), Tanzania (2), Kenya (4), Rwanda (2) and Burundi (2), funded by participating countries along with USAID COMPETE Project.

(4) ITC training on Certification requirements for the Common Code for Coffee Communities (4Cs), under the NTF II Coffee Project. It targets NUCAFE associations.