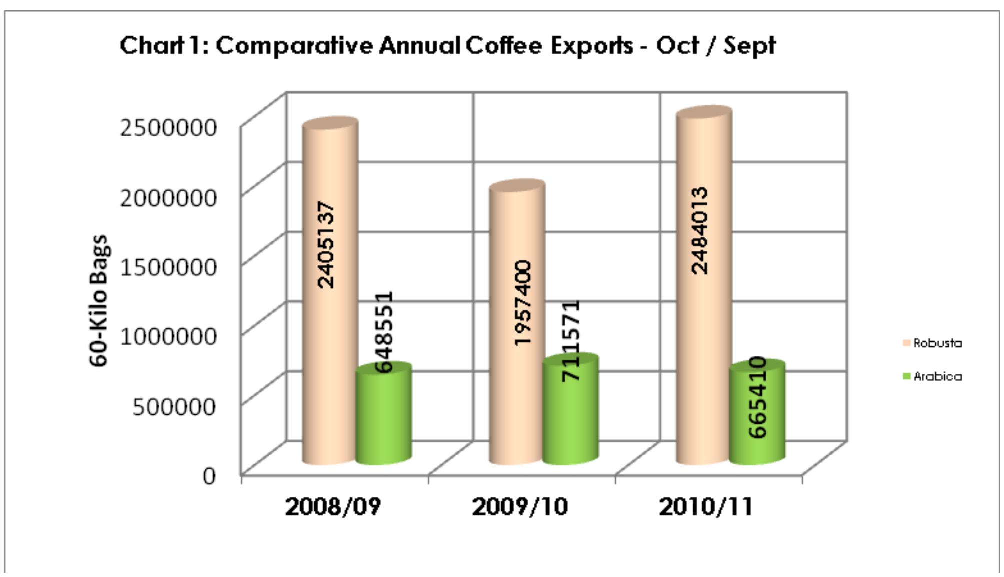
UCDA MONTHLY REPORT FOR SEPTEMBER 2011

***Highlights**: -*

- *This is the last monthly report for the coffee year (Oct/Sept. 2010/11).*
- *340,378 60-kilo bags of coffee worth US $ 48.8 m were exported to various destinations in September 2011, 100.5% and 157.6% up in volume and value, respectively over the same period last year.*
- *The weighted average price at export level stood at 239 cents/kilo compared to 112 cents in September 2010, a rise 113.4%.*
- *Farm-gate prices ranged between Shs. 2,000 – 2,500 per kilogramme of Robusta dry cherries (Kiboko); Shs. 4,200 – 4,500 /Kg of FAQ; and Shs.7,000 - 9,000 per kilogramme of Arabica parchment.*
- *Coffee exports in Coffee Year 2010/11 (Oct/Sep) stood at 3.15 m bags valued at $448.89 m, 18.0% and 68.0% rise in quantity and value over a similar period last year.*

A total of 340,378 60-Kilo bags of coffee worth US $ 48.8 million were exported in the month of September 2011, representing a 100.54% and 157.55%% increase in volume and value respectively over the same month last year when the totals stood at 169,738 bags ($ 18.9 m).

Chart 1 and table 1.0 beneath represent the performance of the industry in coffee year 2010 (Oct/Sep) on a comparative basis for Robusta and Arabica.



Cumulatively, this year's performance in twelve months (Oct/Sep) is up by 18.0% and 69.9% in quantity and value respectively as illustrated in the table below. The improvement is more pronounced in Robusta, especially from the South and Southwestern crop with timely rainy season that salvaged the crop from the earlier severe drought.

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	**3,149,423**	**448,890,669**	**2,668,971**	**267,129,190**	**18.00**	**68.04**
Robusta	**2,484,013**	**294,606,045**	**1,957,400**	**163,800,481**	**26.90**	**79.86**
Arabica	**665,410**	**154,284,625**	**711,571**	**103,328,729**	**-6.49**	**49.75**
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	32,206,730	233,511	21,963,202	14.22	46.64
• *Robusta*	*200,269*	*19,394,818*	*185,004*	*15,012,284*	*8.25*	*29.19*
• *Arabica*	*66,457*	*12,811,912*	*48,507*	*6,950,918*	*37.00*	*84.32*
December	237,747	28,691,532	272,755	25,698,474	-12.83	11.65
• *Robusta*	*187,487*	*18,580,525*	*208,903*	*16,509,486*	*-10.25*	*12.54*
• *Arabica*	*50,260*	*10,111,007*	*63,852*	*9,188,988*	*-21.29*	*10.03*
January	215,180	29,981,006	263,014	25,146,130	-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	27,888,920	262,793	26,277, 806	-26.19	6.13
• *Robusta*	*142,834*	*15,938,202*	184,432	14,653,763	*-22.55*	*8.77*
• *Arabica*	*51,131*	*11,950,718*	78,361	11,624,043	*-34.75*	*2.81*
March	228,579	34,839,722	219,684	21,965,391	4.05	58.61
• *Robusta*	*172,243*	*20,795,170*	145,988	11,613,230	*17.98*	*79.06*
• *Arabica*	*56,336*	*14,044,553*	73,696	10,352,161	*-23.56*	*35.67*
April	175,540	26,997,877	152,640	15,546,559	15.00	73.66
• *Robusta*	*129,578*	*15,844,878*	*91,882*	*7,242,599*	*41.03*	*118.77*
• *Arabica*	*45,962*	*11,152,999*	*60,758*	*8,303,960*	*-24.35*	*34.31*
May	247,460	39, 255,651	177,380	18,233,343	39.51	115.30
• *Robusta*	*193,356*	*24,484,235*	105,498	8,641,249	*83.28*	*183.34*
• *Arabica*	*54,104*	*14,771,417*	71,882	9,592,094	*-18.01*	*54.004*
June	370,924	58,221, 591	234,956	23,021,102	57.87	152.91
• *Robusta*	*306,392*	*41,108,666*	173,598	14,644,776	*76.50*	*180.71*
• *Arabica*	*64,532*	*17,112,925*	61,358	8,376,326	*5.17*	*104.30*
July	376,173	54,429,413	266,215	27,945,510	41.30	94.77
• *Robusta*	*334,502*	*44,052,764*	*210,977*	*19,266,257*	*58.55*	*128.65*
• *Arabica*	*41,671*	*10,376,649*	*55,238*	*8,379,252*	*-24.56*	*23.84*
August	308,739	44,252,599	217,284	23,701,754	*42.09*	*86.71*
• *Robusta*	257,823	32,059,107	170,178	16,056,668	*51.50*	*99.66*
• *Arabica*	50,916	12,193,492	47,106	7,64,5086	*8.09*	*59.49*
September	340,378	48,825,274	169,728	18,957,343	*100.54*	*157.55*
• *Robusta*	281,227	34,090,553	124,236	11, 351,674	*126.37*	*200.31*

• *Arabica*	*59,151*	14,734,721	45,492	7,605,669	*30.03*	*93.73*

For the twelve months ending September 2011 (Oct/Sept 2010/11), coffee exports stood at 3.149 million bags valued at $ 448.89 million; it comprised 2.48 m bags of Robusta and 0.67 m bags of Arabica. This represents an overall improvement in quantity of 18% and value of 68.04%, which is ascribed to good weather in the Southern and South-western regions and the rise in coffee prices on the global market compared to the previous year. However, the volume of Arabica dropped from 0.70 m to 0.665 m bags in line with the cyclic nature of Arabica coupled with prevalence of pests and disease notably Coffee Leaf Rust and Coffee Berry Disease in the Mountain Elgon area.

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 September 2011**.** The weighted average price for the month stood at $ 2.39 per kilogramme, 2 cents down from August and 3 cents below what was recorded in July 2011. The September price is however 113.4% higher than what was realized in the same month in 2010 at 112 cents per kilo.

The Robusta prices averaged $ 2.02 per kilogramme, down from $ 2.10 in August and $ 2.21 in July 2011. On the other hand, it was better than what was realised in May - $ 1.71, April - $ 2.02, March - $ 2.00, February- $ 1.85, January 2011- $ 1.82, December 2010- $1.64, November 2010 and in October 2010 - $1.51 per kilogramme. Organic Robusta recorded the highest price among Robustas at $ 2.56 per kilo.

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

– *in 60-kilo bags; US $, US $/kg –*

Coffee type/ Grade	Quantity 60-Kilo Bags	%-age	Value in US $	Unit Price $/Kilo
TOTAL	**340,378**		**48,825,275**	**2.39**
ROBUSTA	**281,227**	**100**	**34,090,553**	**2.02**
Organic Robusta	680	0.24	104,272	2.56
Washed Robusta	994	0.35	12,720	2.04
Screen 18	29,067	10.34	3,819,020	2.19
SCREEN 17	9,565	3.40	1,322,313	2.30
SCREEN 15	128,355	45.64	16,512,040	2.14
SCREEN 12	71,144	25.30	8,431,882	1.98
BHP 1199	18,257	6.49	1,524,384	1.39
Other Robustas	23,165	8.24	2,254,922	1.62
Arabica	**59,151**	**100**	**14,734,721**	**4.15**
Mt Elgon	1,080	1.83	364,288	5.62
Organic Bugisu	280	0.47	236,523	5.73
Bugisu AA	833	1.41	236,523	4.73
Bugisu A	177	0.30	41,707	3.93
Bugisu PB	20	0.03	4,762	4.74
Bugisu AB	1,628	2.75	476,010	4.87
Organic Wugar	350	0.59	95,834	4.56
Wugar	5,500	9.30	1,690,620	5.12

Drugar	43,186	73.01	10,900,4731	4.21
Other Arabicas	6,097	10.31	828,208	2.26

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

Arabica prices continued to rise with the average unit price at $ 4.15 per kilogramme in September 16 cents up from $ 3.99 recorded in August but same as what was recorded in July. The highest price recorded for Arabica grades was Mt. Elgon + at $ 5.51 followed by Mt. Elgon at $ 5.38 per kilogramme sold in the specialty markets.

2.0 Individual Exporter Performance

Table 3.0 represents the performance of individual coffee exporting companies during the month of September 2011 where the top 10, led by Ugacof Ltd., handled 87% of total exports of which the best 5 held a market share of 69.0% reflecting increasing concentration (see Annex 1 and II).

Table 3.0: Export Performance by Individual Companies in September 2011

	Exporting Company	Quantity	%- age Market Share	
		Bags	Individual	Cumulative
	Grand Total	**340,378**	**100.00**	
1	Ugacof Ltd.	65,870	19.35	19.4
2	LD Commodities	64,831	19.05	38.4
3	Kyagalanyi Coffee Ltd	41,578	12.22	50.6
4	Olam (U) Ltd	31,665	9.30	59.9
5	Kawacom (U) Ltd	30,758	9.04	69.0
6	Ibero (U) Ltd.	16,345	4.80	73.8
7	Land Holdings Ltd.	13,310	3.91	77.7
8	Great Lakes Coffee	10,972	3.22	80.9
9	Kampala Domestic Store	10,957	3.22	84.1
10	Job Coffee Ltd.	9,886	2.90	87.0
11	Pan Afric Impex	9,508	2.79	89.8
12	Savannah Commodities	9,500	2.79	92.6
13	Armajaro	6,725	1.98	94.6
14	Anderson Investments Ltd.	4,631	1.36	95.9
15	Kamba Petroleum	3,848	1.13	97.1
16	Ankole Coffee Producers	2,310	0.68	97.7
17	Bakwanye Trading Company	1,360	0.40	98.1
18	Penform Trading Company	1,336	0.39	98.5
19	Gatto Estates	960	0.28	98.8
20	Gumutindo Coffee Cooperative Society	800	0.24	99.1
21	Nakana Coffee Factory	664	0.20	99.2
22	Coffee Services td.	660	0.19	99.4
23	AJS Coffee	634	0.19	99.6
25	Risala	600	0.18	99.8
26	Three Farmers Ltd.	340	0.10	99.9
27	Mbale Importers and Exporters Ltd.	330	0.10	100.0

3.0 Local Situation

Local prices oscillated between Shs. 2,000 – 2,500, Shs. 4,200 – 4,500 and Shs 7,000 – 9,000 per kilogramme of Kiboko (dry Robusta cherries), FAQ and Arabica parchment respectively; more or less the same as in the last three months. The price differentials to farmers with good quality coffee in sizeable quantities coupled with the generally better prices on the market, have translated in adherence to good agricultural practices. A number of farmers, especially in Masaka area, pool their coffee together, process it into FAQ and sell directly to exporters; a health trend in fighting poverty at household level.

Outturn at all levels has continued to improve as the year progressed for Kiboko to FAQ from a low average of 45% in quarter one (Oct/Dec) to 49.8% in (Jan/Mar), to 52% in (Mar/Jun) to around 56% in the first two months the fourth quarter (Jul/Sept). Similarly, the screen retention for Sc. 18 averaged 13% from 7-8% in the second quarter and.

Harvesting of the main season in South and Southwestern regions has come to an end with virtually no coffee stocks at farmer and processor levels.

4.0 Coffee Exports by Destination

Table 4.0 gives coffee exports by destination during the month of September 2011. EU countries accounted for 64.5% with 219,666 bags as opposed to 71.6% (221,416 bags) in August 2011. Switzerland was second with 64,546 bags (19%). Sudan registered 20,980 bags (6.16%) vis-à-vis 37,030 bags (11.9%) recorded in August.

Table 4.0 Main Destinations of Uganda Coffee in September 2011

	Destination	QTY	%- Age Market Share	
		60-Kilo Bags	Individual	Cumulative
	Grand Total	**340,378**	**100.00**	**-**
1	EU[1]	219,666	64.54	64.54
2	Switzerland	64,546	18.96	83.50
3	Sudan	20,980	6.16	89.66
4	India	9,000	2.64	92.31
5	USA	6,418	1.89	94.19
6	Russia	4,260	1.25	95.44
7	Algeria	3,708	1.09	96.53
8	South Africa	3,183	0.94	97.47
9	Egypt	2,151	0.63	98.10
10	Israel	1,676	0.49	98.59
11	China	1,280	0.38	98.97
12	Kenya	1,200	0.35	99.32

[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.

13	Syria	1,002	0.29	99.62
14	Georgia	668	0.20	99.81
15	Canada	320	0.09	99.91
16	Morocco	320	0.09	100.00

5.0 Buyers of Uganda Coffee

Table 5.0 represents the buyers of Uganda coffee in September 2011 where the top 10 buyers collectively held a market share of 79.81% up from 75.15% registered in August this year, an increase in concentration. The top buyer was Louis Dreyfus with 67,231 bags (19.75%), with Sucafina second with 64,910 bags (19.07%).

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

	BUYERS `	QTY	%-Age Market Share	
		60-Kilo Bags	Individual	Cumulative
	GRAND TOTAL	**340,378**	**100.00**	
1	Louis Dreyfus	67,231	19.75	19.75
2	Sucafina	64,910	19.07	38.82
3	Olam International	40,063	11.77	50.59
4	Ecom Agroindutrialists	29,778	8.75	59.34
5	Volcafé	19,216	5.65	64.99
6	Bernard Rothfos	16,345	4.80	69.79
7	ABACO	10,830	3.18	72.97
8	Socadec	9,454	2.78	75.75
9	Coex Coffee	7,106	2.09	77.83
10	Armajaro	6,725	1.98	79.81
11	Webcor	5,624	1.65	81.46
12	Icona Café	5,354	1.57	83.04
13	Cofftea (Sudan)	5,250	1.54	84.58
14	Luigi Lavazza	4,950	1.45	85.85
15	Coffy Handles	4,652	1.37	85.95
16	Aldwami	4,200	1.23	87.18
17	World Botanical	4,136	1.22	88.39
18	Coffee Services	3,751	1.10	90.95
19	Tata Coffee	3,060	0.90	91.85
20	Strauss Commodities	2,770	0.81	92.66
21	Berthold	1,920	0.56	93.23
22	Hamburg Coffee	1,718	0.50	93.73
23	Guzman	1,662	0.49	94.22
24	Others	19,673	5.78	100.00

6.0 Coffee Development and Promotional Activities

- A total of 7.992 million seedlings have been planted during the coffee year 2010/11. There is a very high demand for planting material due to the current favourable rains and good farm gate coffee prices. Sizeable quantities of seed were distributed to nursery operators in Mt. Elgon area.

- Three coffee shows were held in Kapchorwa, Bulambuli and Manafwa districts. The show goers appreciated good agricultural practices and the need to apply fertilizers to increase yields. Coffee tasting by farmers as a quality evaluation measure was done. During the event, COFFEE A CUP donated a motorised pulper to Kapchorwa Coffee Farmers Association.
- As part of preparations for the 5th Uganda National Barista Championship (UNBC), a total of 35 participants were trained as baristas from 19th September 2011. The training will run up to 22nd October 2011. Participants were drawn from hotels, cafés and tertiary institutions. The demand for Barista training is increasing, an indicator of changing consumer tastes and preferences which warrants coffee outlets to position themselves competitively through capacity building in coffee preparation. At the end of the training, participants will be more abreast with new coffee preparation techniques envisaged to boost domestic coffee consumption.
- Two auditors from UN visited Uganda from 20th September to 6th October 2011 to audit the Netherlands Trust Fund II coffee project activities. They interviewed officers from the three trade support institutions NUCAFE (National Union of Coffee Agribusinesses and Farm Enterprises), UCDA and Uganda Export Promotion Board, the implementer, monitor and evaluator of the project, respectively. They also visited other organizations which compliment the objects of the NTF II coffee project envisaged to enhance export competitiveness of the Uganda coffee sub-sector. They appreciated UCDA's role in monitoring project activities.
- Uganda participated in the 107th ICO Council meeting in London where Mr. E.O. Silva from Brazil was appointed the next Executive Director of ICO. Mr. Henry Ngabirano was appointed as the Chairman of the Council while Mr. David Braun from Switzerland was appointed as Vice Chairman.

7.0 Outlook – October 2011

- Coffee exports in October 2011 are projected at 200,000 bags as exporters and other players prepare for the new season 2011/12 and also continue offloading their stocks to fulfil contractual obligations with buyers.
- Total global coffee production in the crop year 2010/11 is estimated at 133.3 million bags, representing an increase of 8.1% compared to crop year – 2009/10.
- As for 2011/12, global production is estimated at 130 million bags on account of lower production in Brazil and Indonesia. Nonetheless, increased output is expected in Vietnam, Mexico, Honduras and some African countries.

- Global consumption for 2010/11 was estimated at 135.2 million bags up from 132.2 million bags consumed in 2009/10 coffee year. Consumption could reach 138 million bags in 2011/2 coffee year with remarkable growth in producing countries.
- Stocks are likely to dwindle in producing countries estimated at the end of the year 2010/11 at 27.4 million. On the other hand. A stock pile-up in importing countries as a result of rising coffee exports to 110.1 million in 2010/11 from 100.3 million the previous year has been witnessed. This may impact prices slightly downwards although it is likely to be counteracted by a buoyant global consumption growth estimated at 2.3% per year.

8.0 Upcoming Events

1. 2nd Coffee Day organized by Uganda Coffee Trade Federation (UCTF) to be held at Nakanyonyi, Mukono District on 6th October 2011. This gathering attracts stakeholders from the coffee industry under the "Private Public Partnership" arrangement where they are updated on key issues affecting the sector and progress on critical ones such as multiplication of CWD resistant materials are discussed.
2. Uganda National Barista Championship 26-28th November, 2011 and international training.
3. Continuation of Barista training at Lugogo up to 21st October, 2011.
4. Third training session of the trainees undertaking the Certified Trade Advisors Programme: November 2011.
5. 50/51st Annual General Assembly of IACO and the Conference on 50 years of the African coffee industry, Nairobi, Kenya, 21st-25th November 2011. The theme of the conference is: 'The Way Forward for the inter African Coffee Organization and the African Coffee Industry'.
6. 9th African Fine Coffee Conference and Exhibition, Addis Ababa, Ethiopia, 16-18th February, 2012.

ANNEX I: COFFEE EXPORTS BY EXPORTER BY TYPE 2010/11

Quantity in 60-kilo bags

EXPORTER	QUANTITY			MARKET SHARE (%)	
	ROBUSTA	ARABICA	TOTAL	INDIVIDUAL	CUMULATIVE
UGACOF LTD	445,671	26,639	472,310	15.00	15.00
KYAGALANYI COFFEE LTD	244,877	133,146	378,023	12.00	27.00
KAWACOM (U) LTD	148,651	162,254	310,905	9.87	36.87
OLAM (U) LTD	247,755	26,666	274,421	8.71	45.58
SAVANNAH COMMODITIES	185,763	39,104	224,867	7.14	52.72
LD COMMODITIES LTD	204,644		204,644	6.50	59.22
LAKELAND HOLDINGS LTD	124,857	51,752	176,609	5.61	64.83
KAMPALA DOMESTIC STORE	172,147		172,147	5.47	70.30
IBERO (U) LTD	153,030	6,581	159,611	5.07	75.36
GREAT LAKES (U) LTD	16,300	126,204	142,504	4.52	79.89
PAN AFRIC IMPEX (U) LTD	135,065	300	135,365	4.30	84.19
JOB COFFEE	84,527	41,021	125,548	3.99	88.17
WABULUNGU M-PURPOSE ESTATES LTD	90,072	3,724	93,796	2.98	91.15
KAMBA PETROLEUM	50,786	8,370	59,156	1.88	93.03
NAKANA COFFEE FACTORY	52,977		52,977	1.68	94.71
ARMAJARO	50,229		50,229	1.59	96.31
PENFORM TRADING CO.	28,940	17	28,957	0.92	97.23
MBALE IMPORTERS & EXPORTERS		15,107	15,107	0.48	97.71
ANKOLE COFFEE PROD CO-OP	10,240	320	10,560	0.34	98.04
KAWERI COFFEE	9,985		9,985	0.32	98.36
ANKOLE COFFEE PROCESSORS	8,319	1,360	9,679	0.31	98.67
BAKWANYE TRADING CO LTD		8,908	8,908	0.28	98.95
COFFEE SERVICES	4,971	3,240	8,211	0.26	99.21
GUMUTINDO COFFEE COOP ENT ERPRISES		8,000	8,000	0.25	99.46
ANDERSON INVESTMENT LTD.	5,931	444	6,375	0.20	99.67
KITASHA	2,446		2,446	0.08	99.74
A.J.S. COFFEE COMPANY	1,942		1,942	0.06	99.81
GATTO ESTATES	960	900	1,860	0.06	99.86
THREE FARMERS	1,660		1,660	0.05	99.92
UGANDA COFFEE EXPORT CENTRE		1,050	1,050	0.03	99.95
RISALA	600		600	0.02	99.97
UNION EXPORT SERVICES	334		334	0.01	99.98
TRANSGAZ COMPANY LTD.	300		300	0.01	99.99
ZIGOTI COFFEE WORKS		293	293	0.01	100.00
BRIDGE COMMODITIES	34	10	44	0.00	100.00
Total	**2,484,013**	**665,410**	**3,149,423**	**100**	