



HAWAII COFFEE

Biannual report of acreage, farm prices, production, and farm value.

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Statewide production hits 30-year high

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The Hawaii Agricultural Statistics Service (HASS) estimates coffee production at 6.4 million pounds (parchment basis) for the 1996-97 season, up 19 percent increase from the previous season and the largest output for Hawaii since the 1966-67 season. Farm prices across the State averaged \$3.25 per pound (parchment basis), up 8 percent from last season and the highest farm return in seven seasons. Statewide farm revenues are estimated at a record high \$20.8 million, up 28 percent from the 1995-96 season.

Floater sink Big Island production

Hawaii island production is estimated at 2.3 million pounds (parchment basis) for the 1996-97 season, down 8 percent from the previous season. The decline in output was primarily the result of less-than-favorable weather in the major growing areas of North and South Kona. A three-month period of extremely dry weather (see the rainfall chart on page 3) that followed the spring flowering was especially harmful. The dry conditions stressed the developing berries and resulted in a high percentage of "floaters" during the initial rounds of harvest. Floaters are undesirable because they are generally coffee cherries that are dried, partially-dried, or underdeveloped. The floater problem subsided as the season progressed, but subsequent rounds were not enough to overcome the initial loss.

The Big Island's total area in coffee got a perk from new acreage and totaled 1,960 acres at the end of 1996, up 10 percent from the previous year. Harvested acreage is estimated at 1,620 acres, up 18 percent from the

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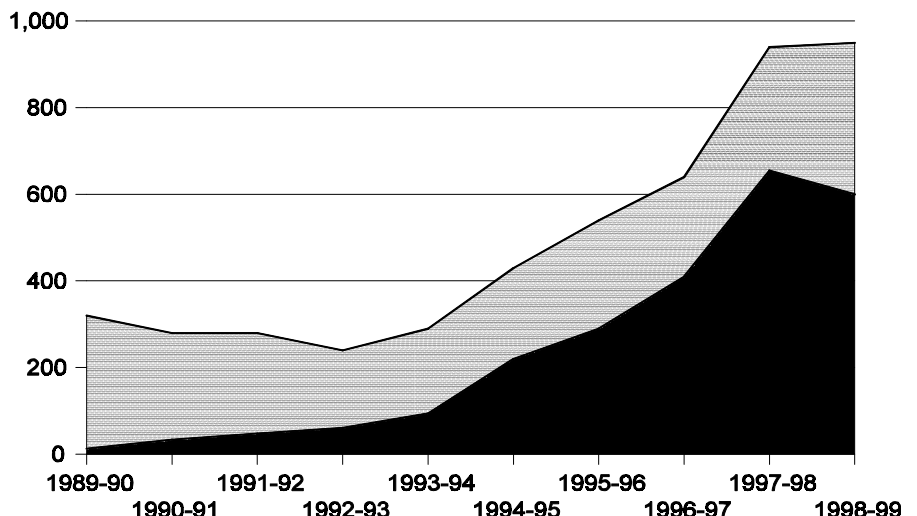
Fact finding for agriculture.
 HAWAII DEPARTMENT OF AGRICULTURE
 U.S. DEPARTMENT OF AGRICULTURE
 P.O. BOX 22159
 HONOLULU, HI 96823-2159
 (808) 973-9588

DONALD A. MARTIN
 State Agricultural Statistician

RON NAKAMURA
 Research Statistician

Contributing: James Yamaki - Hawaii
 Llewellyn Suzuki - Hawaii
 June Okamura - Oahu & Kauai
 Wendell Au - Oahu
 Naomi Landgraf - Maui & Molokai

HAWAII COFFEE: Production by islands, 1991/92-1996/97



More on 1996-97 season

previous season and the highest amount in five seasons. Newly bearing acreage accounted for part of the increase, but stepped up activity in rejuvenating previously unharvested acreage was also a factor. Strong farm prices in recent seasons have spurred interest in harvesting all the coffee that is available.

Farm prices averaged a record high \$4.70 per pound (parchment

basis), up 2 percent from the previous high set last season. Growers received higher prices for both cherry (\$1.05 per pound) and parchment (\$5.50 per pound) coffee. Higher world coffee prices (see the chart on page 4) and strong demand for Kona coffee were credited with increasing and sustaining local farm prices. Farm value for Big Island coffee is pegged at \$10.8 million for the

1996-97 season, down 6 percent from the previous season.

Output from Maui, Molokai, Oahu, and Kauai tops 4 million pounds

Maui, Molokai, Oahu, and Kauai had combined coffee production of 4.1 million pounds (parchment basis) for the 1996-97 season, up 41 percent from the previous season. Unlike the Kona district on the Big Island, growers on these

HAWAII COFFEE: Number of farms, acreage, yield, marketings, price, and value by islands, 1992/93 - 1996/97, State of Hawaii

Crop year ^{1/}	Farms	Acreage		Yield ^{2/}	Marketings ^{3/}	Farm prices			Value of sales	Green production
		In crop	Harvested			Cherry	Parchment	All		
	<i>Number</i>	<i>Acres</i>		<i>1,000 pounds</i>		<i>Cents per pound</i>			<i>\$1,000</i>	<i>1,000 pounds</i>
State										
1992-93	600	7,000	4,000	0.6	2,400			170.0	4,080	1,900
1993-94	580	7,000	4,200	0.7	2,900			225.0	6,525	2,200
1994-95	585	6,800	4,400	^{4/} 1.0	^{4/} 4,300			^{4/} 280.0	^{4/} 12,040	^{4/} 3,400
1995-96	580	6,700	5,400	1.0	5,400			300.0	16,200	4,320
1996-97	560	6,900	5,700	1.1	6,400			325.0	20,800	5,000
Hawaii										
1992-93	594	1,980	1,530	1.2	1,790	48.0	270.0	206.0	3,687	1,420
1993-94	574	1,865	1,370	1.4	1,960	67.0	320.0	300.0	5,880	1,548
1994-95	575	1,820	1,425	^{4/} 1.5	^{4/} 2,100	95.0	^{4/} 475.0	^{4/} 400.0	^{4/} 8,400	^{4/} 1,640
1995-96	570	1,780	1,370	1.8	2,500	100.0	515.0	460.0	11,500	2,000
1996-97	550	1,960	1,620	1.4	2,300	105.0	550.0	470.0	10,810	1,850
Kauai										
1992-93	1	4,330	2,370	0.2	580			^{6/} 54.0	318	455
1993-94 ^{5/}	6	5,135	2,830	0.3	940			^{7/} 68.6	645	562
1994-95 ^{5/}	10	4,980	2,975	0.7	2,200			^{4 7/} 165.0	^{4/} 3,640	1,760
1995-96 ^{5/}	10	4,920	4,030	0.7	2,900			^{7/} 162.0	4,700	2,320
1996-97^{5/}	10	4,940	4,080	1.0	4,100			243.0	9,990	3,150
Maui/Molokai										
1992-93	5	690	100	0.3	30			250.0	75	25
1993-94 ^{5/}										
1994-95 ^{5/}										
1995-96 ^{5/}										
1996-97^{5/}										

¹ Coffee harvesting occurs throughout the year in Hawaii. The main harvest normally begins in September and extends to the early part of the following year. ² Average yields based on parchment equivalent marketings and harvested acreage. ³ Expressed in parchment equivalent pounds. Coffee marketed in cherry form was converted to an equivalent parchment weight and added to parchment marketings (parchment equivalent basis). ⁴ Revised. ⁵ Kauai, Maui, and Molokai combined to avoid disclosures of individual operations. ⁶ Average International Coffee Organization price during October, November, and December on the New York Market (based on 1979 International Coffee Agreement). ⁷ Weighted combination of farm prices and the average International Coffee Organization price during October, November, and December on the New York Market (based on 1979 International Coffee Agreement).

More on 1996-97 season

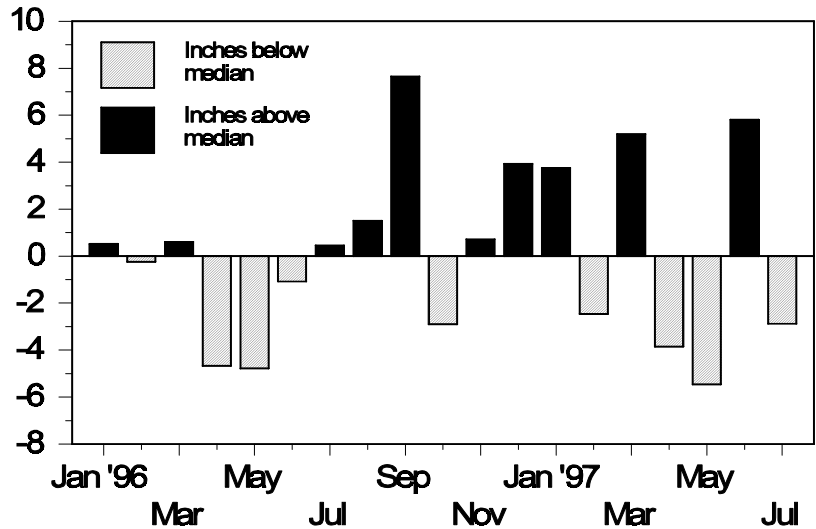
islands did not experience any unusual problems with floaters because nearly all the coffee fields are irrigated.

Total area devoted to coffee on these four islands remained relatively stable at 4,940 acres. Harvested acreage increased less than 1 percent to 4,080 acres. Yields climbed to an average of 1,000 pounds (parchment basis) per harvested acre.

Farm price averaged \$2.43 per pound (parchment basis) during the 1996-97 season for these four islands, up 50 percent from the previous season. Total farm value is estimated at \$10.0 million, more than double the previous season's \$4.7 million value.

Monthly Rainfall At Kainaliu, Hawaii

Deviation from Median in Inches



The Kainaliu rainfall station is located at an elevation of 1,500 feet and is situated approximately one mile from the border separating the districts of North and South Kona.

Hawaii Agricultural Statistics Service

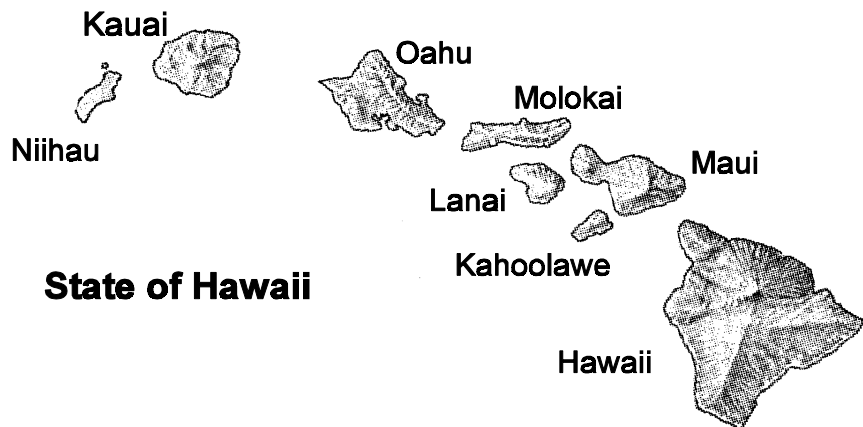
Outlook for 1997-98 season

Hawaii island

Most growers and millers in the Kona area of the island are anticipating the harvest of a larger crop during the 1997-98 season. Generally beneficial weather during the winter months resulted in good flowering throughout the Kona district. A dry April and May apparently did not severely affect fruit set and development.

Harvesting of the 1997-98 crop was underway by late-July. Initial deliveries were small, but quality was reportedly very good. No problems were encountered with floaters. Prospects are for a long season with production steadily building in the next few weeks.

Farm prices for cherry coffee were in the \$1.10 - \$1.20 range at the start of the season. Most buyers of coffee are expecting prices to remain stable during the season.



Maui, Molokai, Oahu, and Kauai

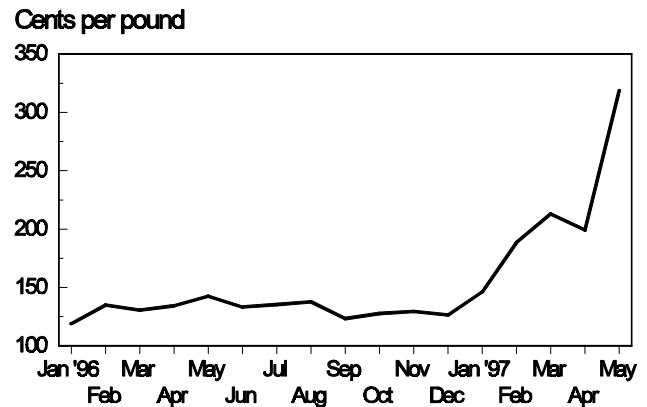
Production on individual islands are expected to vary due to the mix in tree ages, climatic conditions, and cultural practices present on each island. However, areas expected to show an increase in production are expected to more than offset those areas that may experience a downturn in production.

World Coffee Outlook

The coffee supply and demand situation has been very volatile during the past 6 months. In May 1997, the average price for Colombian mild arabicas was \$3.19 per pound, more than double the price in May 1996. The price for Brazilian and other arabicas jumped over 55 percent in the same period. This price volatility has been caused by uncertainty in the market about supplies--especially production in Brazil and Colombia. Also, labor disputes in both countries have caused some problems with the regular shipment of coffee. Further, U.S. coffee stocks are at very low levels.

Many coffee producing countries have increased their exports during the 1996/97 marketing year in response to higher world prices. Capitalizing on these higher prices, some countries--like Brazil--exceeded the export quota limit suggested by the Association of Coffee Producing Countries (ACPC).

Colombian Mild Arabicas
ICO Monthly Coffee Prices on the New York Market
1979 ICA Agreement Basis



COFFEE: World Supply and Distribution for Producing Countries

Crop Year	Beginning Stocks	Total Production	Total Imports	Total Supply	Total Exports	Domestic Use	Ending Stocks
<i>Thousands of 60-kilogram bags</i>							
1993/94	40,232	93,303	652	134,187	76,686	22,887	34,614
1994/95	34,614	98,281	1,145	134,040	70,135	23,104	40,801
1995/96	40,801	89,158	1,123	131,082	74,666	24,345	32,071
1996/97	32,071	100,718	1,098	133,887	82,876	25,002	26,009
1997/98	26,009	103,682	821	130,512	84,422	26,115	19,975

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U.S. Department of Agriculture
 Hawaii Agricultural Statistics Service
 P.O. Box 22159
 Honolulu, HI 96823-2159

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