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Hawaii Coffee

Season-ending estimates and outlook for next season.

Largest Harvest in 35 Seasons

Hawaii farmers harvested 9.5 million pounds (parchment basis) of coffee during the 1998/99 season, up 1 percent from the previous season and the largest harvest since the 1963/64 season. Farm prices averaged \$2.60 per pound (parchment basis), down 13 percent from the previous season. The value of farm sales is estimated at \$24.7 million, down 12 percent from the 1997/98 season.

Hawaii island records third consecutive year of increased production

Coffee growers on Hawaii island harvested 3.5 million pounds (parchment basis) during the 1998/99 season, up 23 percent from the previous season and the largest harvest in 26 seasons. While weather conditions were less than ideal for coffee, it was an improvement from previous seasons. As a result, average yields improved 7 percent. Also contributing to the boost in output were improved cultural practices and a 14 percent increase in harvested acreage.

Farm prices averaged \$4.60 per pound (parchment basis) during the 1998/99 season, down 19 percent from the previous season. A combination of the larger crop and market conditions were major reasons for the decline in the farm price.

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Statistics page 2

Number of farms, acreage, yield, marketings, average farm prices, and farm value.

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Charts and brief reviews of the past 10 years for harvested acreage, farm prices, and farm value.

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Forecasts for the 1999/2000 crop by major growing areas.

World coffee situation page 4

Latest estimate from the U.S. Department of Agriculture.

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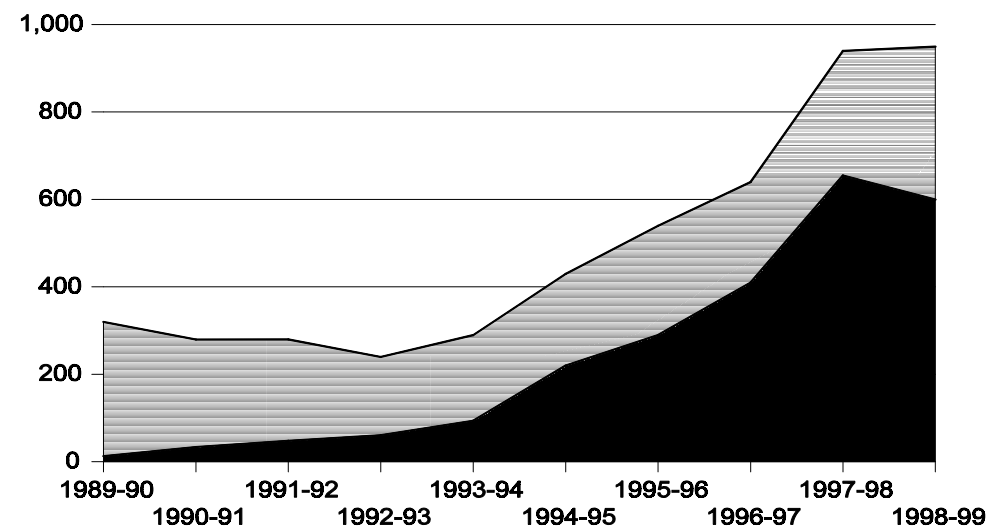
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Hawaii Coffee Marketings

State of Hawaii, 1989/90-1998/99

1,000 pounds (parchment basis)



Combined output from Maui, Molokai, Oahu, and Kauai registers first decline

Maui, Molokai, Oahu, and Kauai combined to produce 6.0 million pounds (parchment basis) during the 1998/99 season, down 8 percent from the previous season. Yields varied among the individual islands, but the alternate bearing nature of the crop was a major reason for the overall decline in output. With fruit set down on the majority of trees, the combined average yield per harvested acre for these islands declined 12 percent and more than offset a 1-percent increase in harvested acreage. Weather conditions varied among the islands and were generally fair for the 1998/99 crop. The only exception were frequent

showers at the start and end of the harvesting period that hampered field operations.

The farm value of sales is estimated at \$8.6 million, down 28 percent from the previous season. The 8-percent decline in production was one factor, but a 22-percent decrease in the average farm price was the principle reason for the overall decline in farm value.

For the 1998/99 season these four islands combined to account for 63 percent of the State's total coffee output and 35 percent of the farm value.

Hawaii Coffee Statistics

Number of farms, acreage, yield, marketings, farm prices, and value by islands.
State of Hawaii, 1994/95-1998/99

Crop year ¹	Farms	Acreage		Yield ²	Marketings ³	Farm prices			Value of sales	Green production
		In crop	Harvested			Cherry	Parchment	All ⁴		
	<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										
1994-95	585	6,800	4,400	1.0	4,300			280.0	12,040	3,400
1995-96	580	6,800	5,500	1.0	5,400			300.0	16,200	4,320
1996-97	560	6,600	5,400	1.2	6,400			325.0	20,800	5,000
1997-98	585	7,000	5,800	1.6	9,400			300.0	28,200	7,720
1998-99	610	7,400	6,100	1.6	9,500			260.0	24,700	7,600
Hawaii										
1994-95	575	1,820	1,425	1.5	2,100	95.0	475.0	400.0	8,400	1,640
1995-96	570	1,880	1,470	1.7	2,500	100.0	515.0	460.0	11,500	2,000
1996-97	550	2,160	1,720	1.3	2,300	105.0	550.0	470.0	10,810	1,850
1997-98	575	2,490	1,900	1.5	2,850	135.0	700.0	570.0	16,245	2,300
1998-99	600	2,800	2,170	1.6	3,500	130.0	500.0	460.0	16,100	2,800
Kauai/Maui/Molokai/Oahu⁵										
1994-95	10	4,980	2,975	0.7	2,200			⁶ 165.0	3,640	1,760
1995-96	10	4,920	4,030	0.7	2,900			⁶ 162.0	4,700	2,320
1996-97	10	4,440	3,680	1.1	4,100			243.0	9,990	3,150
1997-98	10	4,510	3,900	1.7	6,550			183.0	11,955	5,420
1998-99	10	4,600	3,930	1.5	6,000			143.0	8,600	4,800

¹ Coffee harvesting occurs throughout the year in Hawaii. The main harvest normally begins in late summer 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.

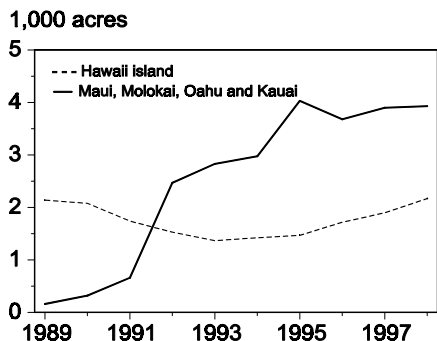
⁴ Represents an average farm price for parchment equivalent sales. Obtained by dividing farm revenues from the sale of cherry and parchment coffee by total marketings (parchment equivalent basis).

⁵ Kauai, Maui, Molokai, and Oahu combined to avoid disclosure of individual operations.

⁶ 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).

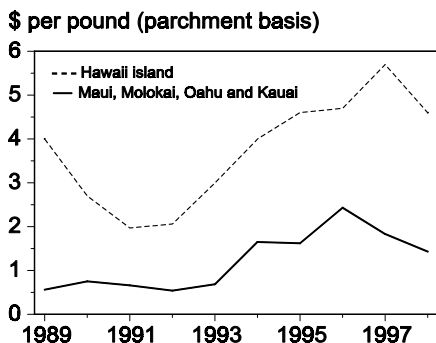
Other coffee trends

Harvested Acreage



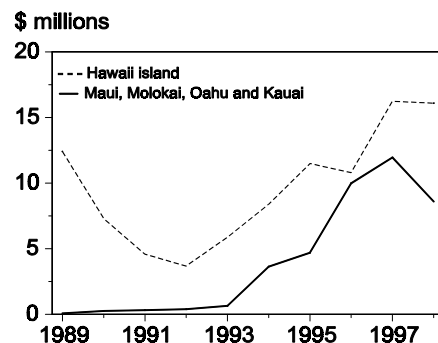
Harvested acreage totaled a record high 6,100 acres during the 1998/99 season. The previous record was set during the 1959/60 season at 5,900 acres. While coffee acreage has increased in the traditional growing areas of Hawaii island, it was the expansion of acreage to Maui, Molokai, Kauai, and Oahu that enabled the industry achieve its new record. Today, Hawaii island accounts for 38 percent of the State's total coffee acreage.

Farm Price



Hawaii island coffee growers experienced the first decline in farm prices in 7 seasons during the 1998/99 crop year. Still, at an average of \$4.60 per pound (parchment basis), the 1998/99 farm price was the third highest on record. While Hawaii island coffee growers have been overtaken by growers on other islands in terms of acreage and production, they account for 65 percent of total farm revenues largely due to their higher farm prices.

Farm Value



Although total farm revenues declined 12 percent during the 1998/99 season due to lower farm prices, the \$24.7 million ranked second only to the previous season's total.

In terms of value, coffee ranked sixth among Hawaii crops in 1998. Pineapples, sugarcane, macadamia nuts, milk, and seed crops were the individual commodities that rank ahead of coffee.

Outlook for 1999/2000 season

Larger crop anticipated

All major growing areas expected to share in increase.



Hawaii island

The majority of coffee millers on the Big Island expect the 1999/2000 crop to be larger than the just completed season. A few millers are forecasting a harvest of similar size to the 1998/99 season.

Among those that are expecting a larger crop, there were varying estimates of the size of the increase. However, most agreed that the main reason for an upcoming boost in production will be an influx of newly bearing acreage in the Kona, Ka'u, and Hamakua areas.

Maui, Molokai, Oahu, and Kauai

The 1999/2000 crop is expected to be larger than the 1998/99 crop on all islands. Increases will vary between the islands with the overall boost expected to exceed 15 percent. Newly bearing acreage, the continued maturity of trees, and the alternate bearing nature of the crop are reasons for the expectant increase in production.

World Coffee Update

Latest summary of world coffee situation from the Foreign Agricultural Service of the U.S. Department of Agriculture, June 1999.

Production forecast to decline 2 percent

World coffee production in 1999/2000 is forecast at 104.5 million bags (60 kilograms or 132.276 pounds), 2 percent below the previous year's record coffee crop. Brazil's coffee production for 1999/2000 is forecast at 26.5 million bags, down 26 percent from last year's record. Partially offsetting this decline are some year-to-year increases from 1998/99 in the following countries: Cote d'Ivoire, 1.7 million bags; Colombia, 1.2 million bags; Ecuador, 853,000 bags; India, 665,000 bags; Vietnam, 667,000 bags; Mexico, 550,000 bags; Kenya, 467,000 bags; and El Salvador, 495,000 bags. Countries with downward projections from last season include Ethiopia, 367,000 bags; Papua/New Guinea, 105,000; and Guatemala, 60,000 bags.

World exports anticipated to increase 1 percent

Total world exports of coffee in 1999/2000 are forecast at 82.4 million bags, up 1 percent from the estimated 1998/99 level of 81.5 million bags. Some key upward changes in year-to-year exports include: Cote d'Ivoire, 1.5 million bags; Ecuador, 803,000 bags; Vietnam, 700,000 bags; El Salvador, 504,000 bags; Ethiopia, 500,000 bags; Mexico, 430,000 bags; India, 350,000 bags; and Honduras, 325,000 bags. The projected increases in these countries exports more than offset the forecast decline in Brazil's exports. Brazil's exports of coffee are forecast to decline by 20 percent from 1998/99 to 1999/2000, mainly as a result of lower supplies. Brazil's exports of coffee in 1999/2000 are forecast at 17.8 million bags, 16.0 million bags of green coffee and 1.8 million bags of soluble coffee.