



SPOTLIGHTS

- ✓ 900 hectares of coffee in Lam Dong are infected mealybugs
- ✓ Dak Nong – over 1000 hectares of coffee is threatened by mealybugs
- ✓ Increasing prices of fertilizers
- ✓ Domestic coffee prices make a new record
- ✓ Outlook for world and domestic coffee prices

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I. Domestic markets

1.1 Production

Recently, according to farmers in Central Highlands, mealybugs have been appearing and expanding in many coffee plantations, withering many coffee trees. In Dak Lak, growers are actively spray pesticides; however, Plant Protection Department in Dak Lak recommends that growers should not massively use pesticide applications because this year, coffee area infected mealybugs is well average, epidemic of mealybugs has not spread. Indiscriminate pesticide applications might increase expense and damage people and environment.

Hot weather puts mealybugs into advantages to grow on coffee trees in Central Highlands. "Mealybugs have spread one forth of local coffee growing area; this year, rate of disease and poor harvest must be double higher than that of the previous year, high demand of growers also raises price of insecticide", said a grower in Dak Nong.

Lam Dong Province**900 hectares of coffee are damaged by unfavorable weather**

Mr Nguyen Van Son, vice director of Department of Agriculture and Rural Development (DARD) in Lam Dong said that in nearly 900 hectares of coffee in Di Linh district, 15%-24% were damaged due to unfavorable weather; among which, Tan Nghia commune suffered from the worst damage with 300 hectares, followed by Dinh Lac commune with over 180 hectares. Di Linh is the largest intensive coffee growing area in Lam Dong with 45,000 hectares of total coffee area.

According to coffee growers in Lam Dong, this year, they witness not only prolonged drought but also sudden hot-cold waves; therefore, most coffee areas bearing flowers late are withered, dropping flowers and immature cherries without any solution.

(Source: Sai Gon Tiep Thi Online)

Dak Nong – More than 1,000 hectares of coffee are infected mealybugs

On May 5, DARD in Dak Nong district said that since early April, due to unfavorable weather, breaking annual rules, many localities in the district have witnessed plant pests, especially mealybugs impacting coffee trees.

According to latest statistics, in the whole district, there are over 1,000 hectares of coffee are threatened by mealybugs, causing serious damage, among which, 500 hectares in Krong No district, 350 hectares in Dak Mil district and 150 hectares in Dak Song district, etc.

In heavily infected districts, especially in Krong No, as dry season has just ended, due to subjectivity, some growers do not permanently look after their milpa, and therefore, they do not spray insecticides right at the beginning of rain season. When mealybugs are found and insecticide applications are used, mealybugs have caused serious damage. Mealybugs have withered many coffee plantations, turning many immature coffee cherries black, heavily influencing productivity of the coming crop.

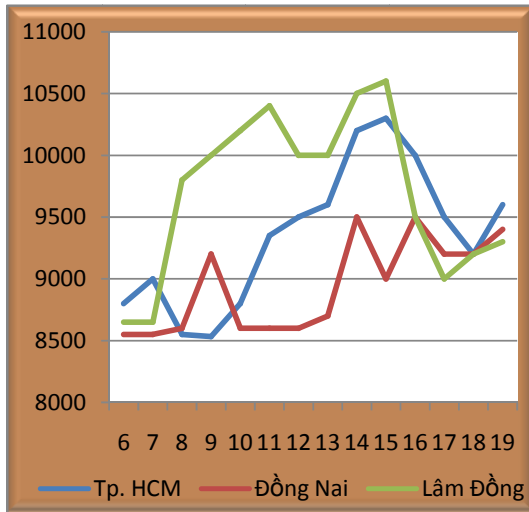
In order to help farmers prevent from mealybugs, DARD has directed Division of Agriculture and Rural Development, Plant Protection Stations in districts and communes to instruct farmers to buy and spray pesticides specially treating mealybugs; in heavily infected areas, dried coffee branches, bunches and cherries will be cut down. In localities, which find mealybugs attacking coffee trees' roots, it is necessary to spray chemical insecticides and lime coffee trees' roots to kill insects.

DARD in Dak Nong recommends that: during the change of seasons, especially unfavorable weather, hot weather and lack of rain are advantages for the growth of mealybugs. Therefore, growers should permanently look after plantations, besides trimming branches and fertilizing, they need to use actively suitable pesticide applications before mealybugs appear.

(Source: nhandan.com.vn)

1.2 Prices of input materials

Figure 1: Weekly price movements of Urea fertilizer in some domestic markets in 2011 (Unit: VND/kg)

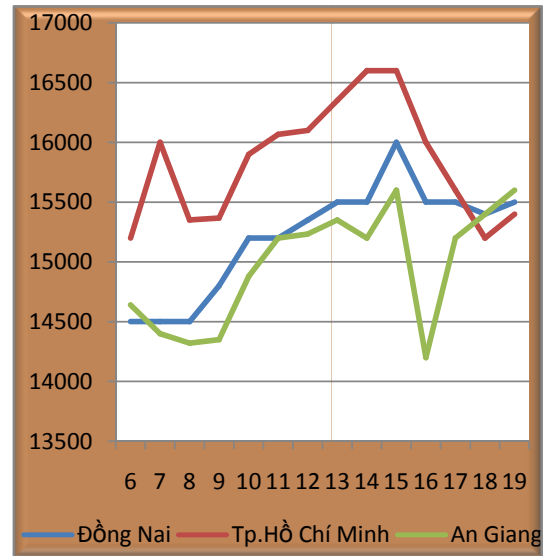


Source: AGRODATA

This week, Urea fertilizer witnessed price hike in almost domestic markets, up VND 100 - 400/kg on average. The highest increase is reported in HCM City at VND 9,600/kg, up 4.4% against last week. In Lam Dong and Dong Nai, the prices increased VND 100/kg and VND 200/kg, up equal to 1.1% and 2.1% respectively.

The price hike during the last two weeks is mainly attributed to a 20% of increase in prices of coal for production, raising production cost of many enterprises; therefore, fertilizer producers have to raise prices. As reported by Vietnam Ministry of Industry and Trade, since quarter I/2011, the prices have rose 18.3% with Urea; 2.6% with phosphate fertilizer, 37.9% with NPK; 66.3% with DAP.

Figure 2: Weekly price movements of DAP fertilizers in some domestic markets in 2011 (Unit: VND/kg)



Source: AGRODATA

This week, similar to Urea, prices of the Philippines' DAP experienced increase in all Northern, Central and Southern markets. However, average increase level is lower than that of last week, which gained 1.3%.

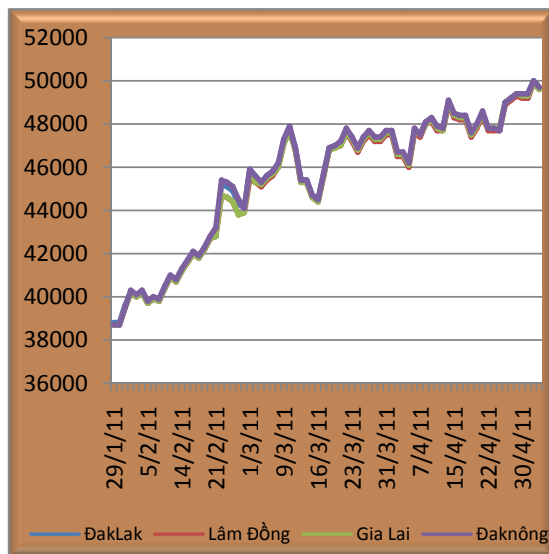
Now, demand in fertilizers in summer-fall crop is increasing, raising prices in many markets. In order to valorize the prices, Petro-Vietnam Fertilizer and Chemicals Cooperation decides to raise volume of fertilizers provided to the Center and the Southwest aimed at meeting the peak period fertilizer demand in summer-fall crop, as follows: in early half of May, the Cooperation will transport 10,000 tons of Urea to the Center and another 5,000 tons to Southwest provinces. Besides, Vietnam Ministry of Industry and Trade is proposing to ask fertilizer producers and importers to maintain a mandated fertilizer stockpiles to provide when markets experienced movements or lost balance of supply-demand.

In order to well stockpile, Government will support enterprises through preferences in credit, tax, warehouse investment, access to source of foreign currency. However, fertilizer prices will not be valorized immediately when pressure on fertilizer demand for summer-fall crop is increasing.

1.3 Domestic and export prices

This week, coffee markets saw a strong fluctuation due to information about coffee supplies from key producing countries. On May 4, world coffee prices jumped up, raising domestic prices up VND 600/kg, reaching VND 50,000/kg, the highest level of domestic prices.

Figure 3: Daily domestic price movements in some localities (Unit: VND/kg)



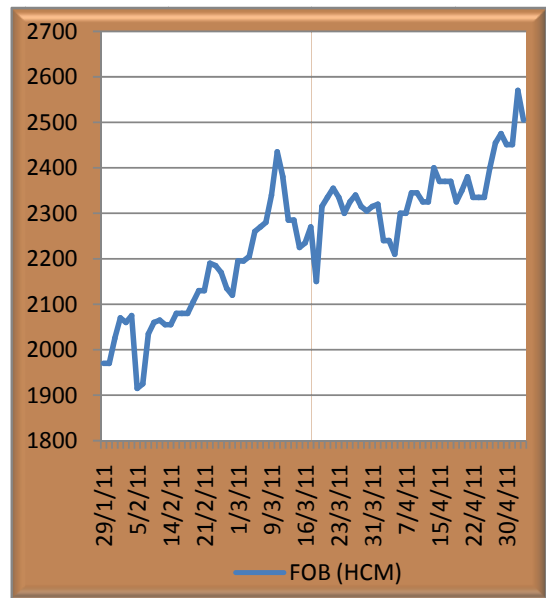
Source: AGRODATA

However, after that, operating profit partly slowed down the price hike. The prices finished the session on May 5 at VND 300/kg in. The reduction is also attributed to an increase in value of the U.S dollar, encouraging investors to massively sell their

coffee. In addition, the information that Brazil is harvesting Arabica coffee also supports decreasing trend of coffee prices in domestic markets. At the weekend, the prices finished higher at VND 100/kg.

In the coming days, it is likely that this increasing trend will continue due to information about unfavorable weather in Indonesia, which is threatening its coffee output, as well as insects and diseases in Vietnam, spreading out in many Robusta plantations of the country. Many experts expect about a higher price than the record on May 4.

Figure 4: Price movements of coffee exports in HCM City (Unit: USD/ton)



Source: AGRODATA

This week, a 3.53% of increase, up to \$85.5/ ton, in average prices of coffee exports pushed the prices to the highest level at \$ 2,570/ ton. Shortage of supply and unfavorable information about coffee output of Brazil and Columbia reduced price minus of Vietnam's coffee to \$ 700/ ton. Now, a decline in the value of the U.S

dollar is encouraging investors to purchase because they will have more benefits as buying coffee by the U.S dollar than by other foreign currencies. It seems that prices of Vietnam's Robusta exports will benefit by the decline in value of the U.S. dollar.

II. World Markets

2.1 Production

Coffee output in Columbia might be lower than expected

Columbia's National Coffee Association thinks that it is too soon to consider degree of damage caused by recent rains; however, it also believes in an output from 9 to 9.5 million bags this year. "Growers in the country's area producing 60% of total coffee output are self-confident about their harvest among Sep to Dec. High prices also attract growers' attention on caring for coffee, partially reducing degree of damage caused by unfavorable weather in this crop; moreover, we are also witnessing favorable weather during recent days", said Columbia's Minister of Ministry of Agriculture. (Source: Reuter on May 6, 2011)

2011, a strong increase in Vietnamese and Indonesia's exports

In 2011, Vietnam's coffee exports is expected to be around 1.3 million tons, equal to 21.67 million bags, up 0.5 million tons against the forecast last month. As calculated, in 2011, volume of Vietnam's coffee exports has rose 4%, while Indonesia's exports witness a double increase. (Source: Reuter on May 5, 2011)

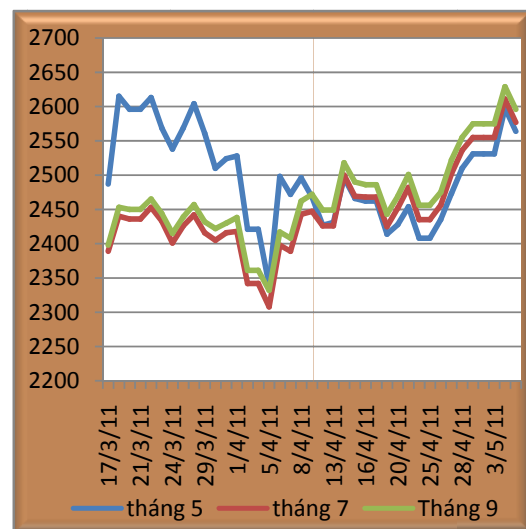
In Vietnam, stockpiles of farmers and brokers sharply declined this week.

According to coffee agents in Center Highlands, this week, a huge amount of coffee has been sold out by farmers aimed to making full of benefit from high prices, if there are any information about unfavorable weather in the coming week, the prices might rise more strongly than those of this week (Source: Reuter on May 6, 2011).

2.2 World prices

Figure 5: Futures price movements of Robusta at London exchanged.

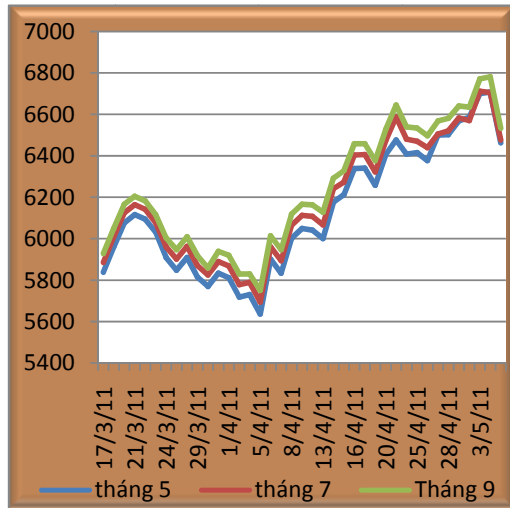
(Unit: USD/ton)



Source: AGRODATA

Mainly due to an increase in demand of investors as well as rare selling activities from producers, the prices in world coffee markets easily make a record in the session on May 4. Futures price of Robusta for May delivery finished higher at \$ 67/ton, equal to 2.7%, futures price for Jul delivery rises \$ 56/ ton, equal to 2.2%.

Figure 6: Futures price movements of Arabica coffee at New York exchanges. (Unit: USD/ton)



Source: AGRODATA

On May 3, Arabica prices at New York exchanges made a new record with 308.9 cent/lb, equal to \$ 680/ton. However, after that, the prices experienced a contrast way compared to Robusta prices, lightly reducing \$ 0.3 – 11.5/ day. However, Brazil' Robusta is forecast to be harvested later due to prolonged rains, reducing Robusta supply; however, the information that Brazil's Arabica will be harvested sooner than predicted seems not to support Arabica prices in markets.

III. Outlook for markets

3.1 Work markets

Although Brazil and Columbia's harvest is coming, world prices are still supported by the most decline in value of the U.S dollar for the first 3 years. The information that Arabica crop in Brazil and Robusta crop in Colombia will come later than expected will encourage the futures prices to increase next week.

3.2 Domestic markets

This week, price minus of Vietnam's coffee exports reflects the facts that export prices of Vietnam's coffee are supported by rare supply and increasing demand. According to local agents in Dak Lak and Gia Lai, this week, benefited price made farmers to sell out a huge amount of coffee stockpiles. Therefore, if the value of the U.S dollar continues to reduce, the prices are forced to sharply increase due to low stockpiles.

IV. Appendix

4.1. Weekly prices of green coffee in some domestic markets (Unit: VND 1000/kg)

Date	Dak Lak	Lam Dong	Gia Lai	Dak Nong
12/4/2011	47800	47700	47800	47900
13/4/11	47800	47700	47700	47800
14/4/11	49000	48900	49000	49100
15/4/11	48400	48300	48400	48500
16/4/11	48300	48200	48300	48400
18/4/11	48300	48200	48300	48400
19/4/11	47500	47400	47500	47600
20/4/11	47900	47800	47900	48000
21/4/11	48500	48400	48500	48600
22/4/11	47800	47700	47800	47800
25/4/11	47800	47700	47800	47800
26/4/11	47800	47700	47800	47700
27/4/11	49000	48900	49000	49000
28/4/11	49200	49100	49200	49200
29/4/11	49400	49300	49400	49400
30/4/11	49400	49200	49300	49400
3/5/2011	49400	49200	49300	49400
4/5/2011	50000	49900	49900	50000
5/5/2011	49700	49600	49600	49700
6/5/2011	49800	49700	49700	49800

Source: AGROINFO

4.2. Daily coffee export prices in Ho Chi Minh City (Unit: USD/ton)

Date	28/4/11	29/4/11	30/4/11	3/5/11	4/5/2011	5/5/2011	6/5/11
FOB (HCM)	2,455	2,475	2,451	2,451	2,570	2,505	2,510

Source: AGROINFO

4.3 Robusta coffee futures prices at London exchanges (Unit: USD/ton)

Date	May	July	September
19/4/11	2414	2425	2443
20/4/11	2428	2452	2469
21/4/11	2454	2482	2501
22/4/11	2408	2435	2456
25/4/11	2408	2435	2456
26/4/11	2435	2456	2475
27/4/11	2473	2502	2522
28/4/11	2510	2536	2555
29/4/11	2531	2555	2575
30/4/11	2531	2555	2575
3/5/11	2531	2555	2575
4/5/11	2598	2611	2629
5/5/11	2564	2577	2596
6/5/11	2567	2582	2602

Source: AGROINFO

4.4 Arabica coffee futures prices at New York exchanges (Unit: USD/ton)

Date	May	July	September
19/4/11	6258	6323	6377
20/4/11	6406	6474	6527
21/4/11	6477	6588	6645
22/4/11	6409	6480	6540
25/4/11	6415	6470	6534
26/4/11	6377	6439	6497
27/4/11	6500	6505	6568
28/4/11	6502	6521	6581
29/4/11	6569	6582	6641
30/4/11	6586	6570	6635
3/5/11	6700	6712	6772
4/5/11	6708	6706	6782
5/5/11	6463	6477	6533
6/5/11	6463	6477	6533

Source: AGROINFO

4.5 Robusta coffee prices in the U.S. and Europe markets (Unit: USD/ton)

Date	USA	Europe
2/5/2011	2765	2657
3/5/2011	2820	2710
4/5/2011	2787	2687
5/5/2011	2787	2687

Source: AGROINFO

4.6 Prices of Colombia Milds in the U.S. and Europe markets (Unit: USD/ton)

Ngày	USA	Europe
2/5/2011	7194	7400
3/5/2011	7222	7334
4/5/2011	7007	7090
5/5/2011	6892	6933

Source: AGROINFO

4.8 Weekly average prices of the Philippines' DAP in some localities (Unit: VND 1000/kg)

Week	Dong Nai	Ho Chi Minh	An Giang
2	14300	15350	14500
3	14150	15500	14500
4	14150	15200	14500
5	14500	15200	14600
6	14500	15200	14600
7	14500	16000	14400
8	14500	15350	14300
9	14800	15367	14400
10	15200	15900	14900
11	15200	16067	15200
12	15350	16100	15233
13	15500	16350	15350
14	15500	16600	15200
15	16000	16600	15600
16	15500	16000	15200
17	15500	15600	15000
18	15400	15200	15400
19	15500	15400	15600

Source: AGROINFO

4.9 Weekly average prices of Urea fertilizer in some localities (Unit: VND 1000/kg)

Week	Ho Chi Minh	Dong Nai	Lam Dong
2	9500	8700	8300
3	9350	8550	8650
4	9000	8550	8650
5	8800	8550	8650
6	8800	8550	8650
7	9000	8550	8650
8	8550	8600	9800
9	8533	9200	10000
10	8800	8600	10200
11	9350	8600	10400
12	9500	8600	10000
13	9600	8700	10000
14	10200	9500	10500
15	10300	9000	10600
16	10000	9500	9500
17	9500	9200	9000
18	9200	9200	9200
19	9600	9400	9300

Source: AGROINFO