

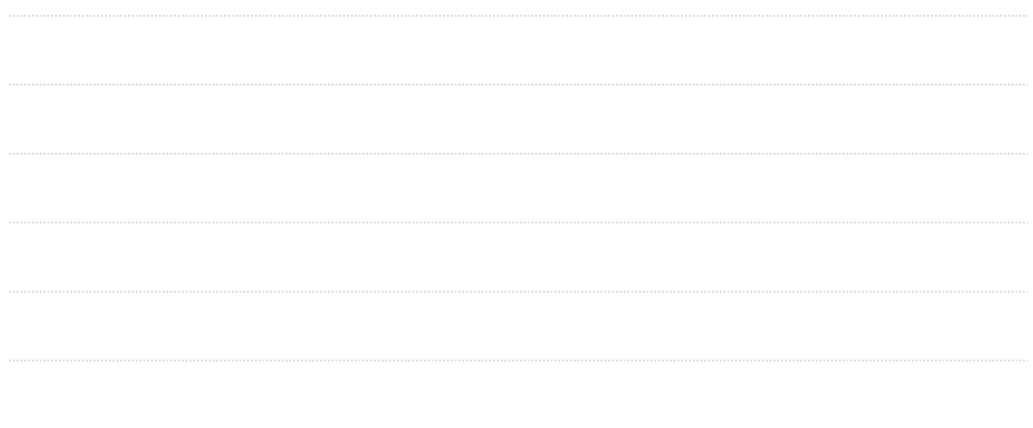


2018/19 Marks Second Consecutive Year of Surplus

Figure 1: ICO composite indicator daily prices



The **ICO composite indicator averaged 97.74 US cents/lb in September 2019**, increasing 1.7% from August 2019. It reached its lowest point of 94.01 US cents/lb in the month on 5 September. It peaked at 100.29 US cents/lb on 16 September, which is the only day that the indicator exceeded 100 US cents/lb in September 2019.

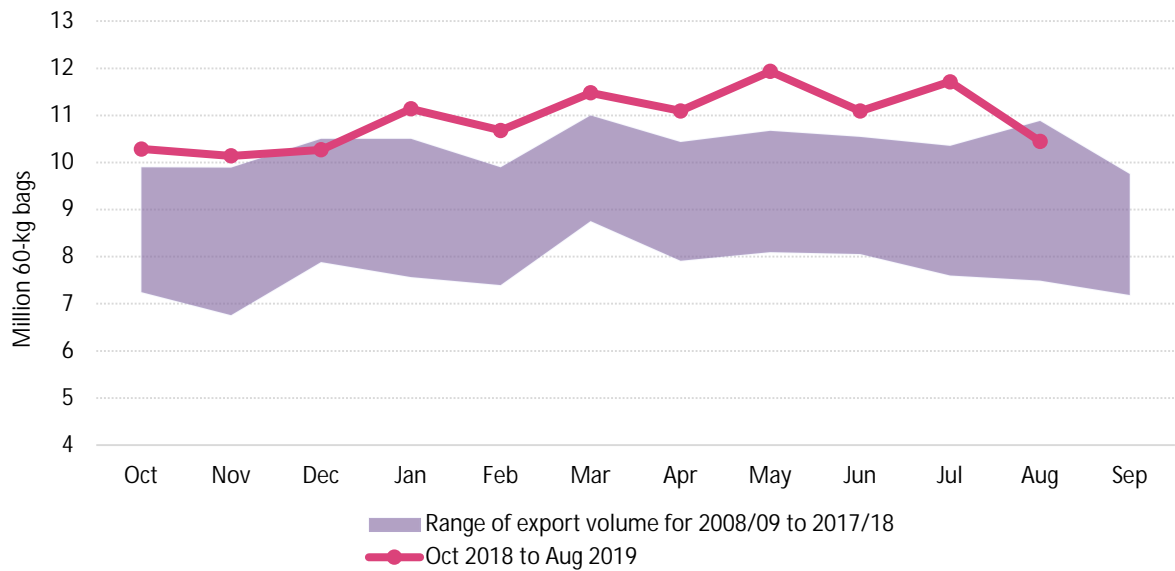


Prices for the Arabica group indicators rose in September 2019. Brazilian Naturals saw the largest increase, climbing 3% over the month to an average of 98.73 US cents/lb. The Colombian Milds and Other Milds indicators increased by 2.1%, to 131.90 US cents/lb and 128.89 US cents/lb, respectively. The group indicator for Robustas, on the other hand, dropped to its lowest monthly average since April 2010, falling 0.2% to 70.64 US cents/lb in September 2019. A consecutive two-year increase in Robusta production, driven primarily by Brazil and Viet Nam, has contributed to the decline.

Arbitrage between Arabica and Robusta coffees, as measured on the New York and London futures markets, increased by 9.1% to 42.50 US cents/lb, pushed both by a 2.9% increase in the New York futures market and a 1% decline in the London market. The decline drove the London futures market to its lowest level since March 2010, mirroring the fall in Robusta indicator prices. Additionally, certified stocks on the London futures market increased for the sixth consecutive month to 2.62 million bags in September 2019. This is 1.11 million bags higher than their level in September 2018.

Intra-day volatility of the ICO composite indicator price fell by 0.6 percentage points to 6.3%, as the intra-day volatility of the Arabica group indicators declined: 0.6 percentage points to 6.0% for Colombian Milds, 0.5 percentage points to 6.1% for Other Milds and 1.1 percentage points to 8.2% for Brazilian Naturals. Intra-day volatility of Robusta increased to 6.2%, 0.6 percentage points higher than August 2019.

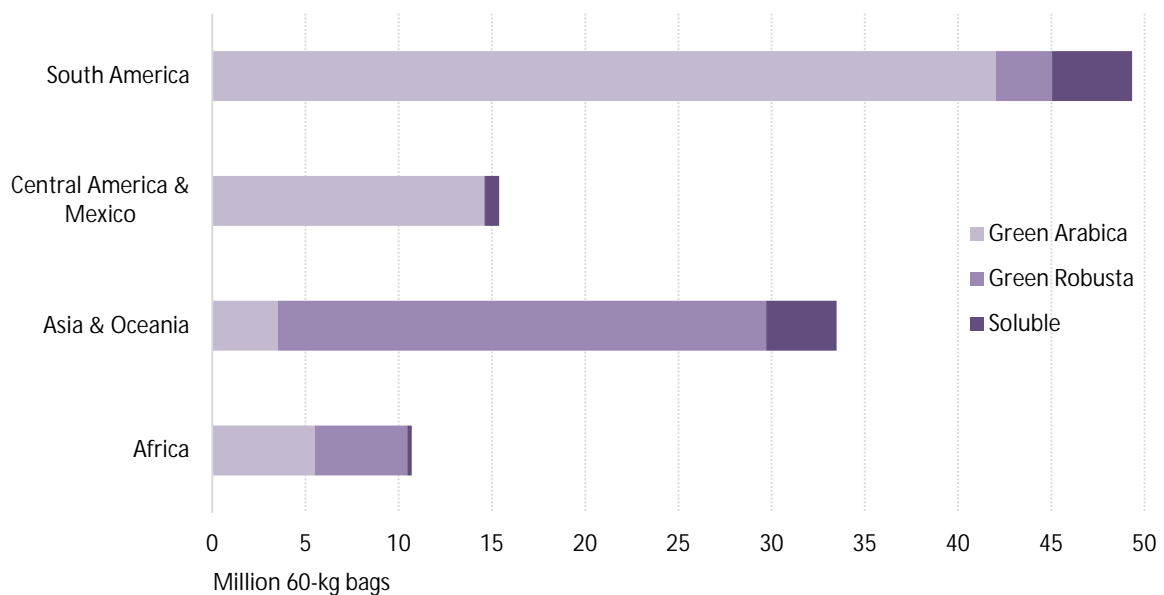
Figure 5: Comparison of 2018/19 exports with the previous ten years



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Exports of Other Milds fell by 4.1% to 24.99 million bags in October 2018 to August 2019. Shipments decreased in six of the ten largest members of this group during this period. Exports from Honduras fell by 5.1% to 6.57 million bags, from Peru by 7.3% to 3.14 million bags and from Mexico by 11.7% to 2.53 million bags. However, Guatemala’s shipments during this period rose by 5% to 3.34 million bags, and exports from Nicaragua rose by 13.2% to 2.64 million bags.

Figure 6: Coffee exports October 2018-August 2019



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Robusta shipments increased by 5.6% to 42.84 million bags in the first eleven months of coffee year 2018/19. Viet Nam is the world's largest exporter of Robusta coffee and its total shipments increased by 3.9% to 24.97 million bags. However, India's exports declined by 5.6% to 5.62 million bags, and Indonesia's exports decreased by 9.8% to 4.82 million bags. Uganda's exports remained stable, increasing by 0.6% to 4.09 million bags in October 2018 to August 2019. Côte d'Ivoire's shipments grew by 49.1% to 1.62 million bags, which more than offsets the 8.4% decrease in exports from the Lao People's Democratic Republic, amounting to 323,291 bags.

While shipments to date for the coffee year are higher, exports in August 2019 decreased by 4% to 10.45 million bags compared to August 2018. Arabica shipments decreased by 2.3% to 6.54 million bags, and Robusta by 6.6% to 3.9 million bags. The decrease in Arabica shipments was led by Other Milds, which fell by 15.3% to 1.99 million bags in August 2019, while exports of Brazilian Naturals remained stable at 3.27 million bags. Exports of Colombian Milds, however, rose by 18.3% to 1.29 million bags.

Global coffee consumption is estimated to have risen by 2.1% in coffee year 2018/19 at 164.82 million bags. Consumption in importing countries grew by 2.4% to 114.51 million bags while exporting countries' consumption rose by 1.3% to 50.31 million bags, which represents 30.5% of world consumption.

Coffee production in 2018/19 exceeded global consumption by 4.05 million bags, which marks the second year of surplus. The total cumulative surplus is 5.48 million bags. This surplus has contributed to the low prices this coffee year, with the composite indicator averaging 100.47 US cents/lb for October 2018 to September 2019. In comparison, the average for the composite indicator in 2017/18 was 111.51 US cents/lb, and in 2016/17 was 132.43 US cents/lb. Additionally, exports in coffee year 2018/19 set a new record and put further pressure on prices. The total volume shipped in the first eleven months of coffee year 2018/19, 120.28 million bags, has already surpassed the total volume shipped in coffee year 2017/18.

Table 1: ICO indicator prices and futures prices (US cents/lb)

	ICO Composite	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	New York*	London*
Monthly averages							
Sep-18	98.17	125.74	121.18	99.87	76.70	102.83	68.03
Oct-18	111.21	140.83	137.34	115.59	85.32	119.73	77.16
Nov-18	109.59	139.27	137.11	113.27	83.52	117.06	75.23
Dec-18	100.61	127.86	127.10	102.10	77.57	105.79	69.59
Jan-19	101.56	129.28	128.46	102.94	78.24	107.93	70.32
Feb-19	100.67	127.93	128.45	100.06	78.65	104.12	70.52
Mar-19	97.50	125.23	123.89	95.81	76.96	98.84	68.61
Apr-19	94.42	124.42	121.13	92.47	73.28	95.31	65.06
May-19	93.33	124.40	120.55	91.95	71.12	94.86	62.45
Jun-19	99.97	133.49	129.73	100.69	74.02	104.44	65.41
Jul-19	103.01	137.63	135.47	105.43	73.93	109.01	64.83
Aug-19	96.07	129.20	126.23	95.85	70.78	99.87	60.90
Sep-19	97.74	131.90	128.89	98.73	70.64	102.81	60.31
% change between Aug-19 and Sep-19							
	1.7%	2.1%	2.1%	3.0%	-0.2%	2.9%	-1.0%
Volatility (%)							
Aug-19	6.3%	6.0%	6.1%	8.2%	6.2%	8.4%	6.9%
Jul-19	6.9%	6.6%	7.2%	9.3%	5.6%	10.1%	6.8%
Variation between Aug-19 and Sep-19							
	-0.6	-0.6	-1.1	-1.1	0.6	-1.7	0.1

* Average price for 2nd and 3rd positions

Table 2: Price differentials (US cents/lb)

	Colombian Milds	Colombian Milds	Colombian Milds	Other Milds	Other Milds	Brazilian Naturals	New York*
	Other Milds	Brazilian Naturals	Robustas	Brazilian Naturals	Robustas	Robustas	London*
Sep-18	4.56	25.87	49.04	21.31	44.48	23.17	34.80
Oct-18	3.49	25.24	55.51	21.75	52.02	30.27	42.57
Nov-18	2.16	26.00	55.75	23.84	53.59	29.75	41.83
Dec-18	0.76	25.76	50.29	25.00	49.53	24.53	36.20
Jan-19	0.82	26.34	51.04	25.52	50.22	24.70	37.61
Feb-19	-0.52	27.87	49.28	28.39	49.80	21.41	33.60
Mar-19	1.34	29.42	48.27	28.08	46.93	18.85	30.23
Apr-19	3.29	31.95	51.14	28.66	47.85	19.19	30.25
May-19	3.85	32.45	53.28	28.60	49.43	20.83	32.41
Jun-19	3.76	32.80	59.47	29.04	55.71	26.67	39.03
Jul-19	2.16	32.20	63.70	30.04	61.54	31.50	44.18
Aug-19	2.97	33.35	58.42	30.38	55.45	25.07	38.97
Sep-19	3.01	33.17	61.26	30.16	58.25	28.09	42.50
% change between Aug-19 and Sep-19							
	1.3%	-0.5%	4.9%	-0.7%			

Table 3: World supply/demand balance

Coffee year (October to September)	2014	2015	2016	2017	2018*	% change 17/18 to 18/19
PRODUCTION	150 511	156 041	157 293	162 853	168 869	3.7%
Arabica	87 516	93 273	99 531	100 877	102 683	1.8%
Robusta	62 879	62 749				6.7%
Africa	17 123	16 804				1.9%
Asia & Oceania	46 365	49 343				4.6%
Mexico & Central America	16 093	16 036				-0.8%
South America	70 930	73 858				4.8%
CONSUMPTION	151 002	155 452	158 283	161 422	164 819	2.1%
Exporting countries	46 666	47 548	48 458			1.3%
Importing countries (Coffee Years)	104 336	107 904	109 825			2.4%
Africa	10 706	10 862	11 147			3.0%
Asia & Oceania	31 596	32 911	34 244			3.7%
Mexico & Central America	5 230	5 305	5 174			0.2%
Europe	50 991	52 140	52 043			1.5%
North America	27 363	28 934	29 559			2.2%
South America	25 116	25 300	26 116			1.1%
BALANCE	-491	589	-989	1 431	4 050	

In thousand 60-kg bags

*preliminary estimates

Note: Data on crop year production can be found at www.ico.org/trade_statistics.asp

Table 4: Total exports from exporting countries

	Aug-18	Aug-19	% change	October-August		
				2017/18	2018/19	% change
TOTAL	10 880	10 448	-4.0%	110 158	120 283	9.2%
Arabicas	6 699	6 544	-2.3%	69 602	77 440	11.3%
			18.3%			8.6%
			-15.3%			-4.1%
			0.1%			25.4%
Robustas	4 182	3 904	-6.6%	40 556	42 843	5.6%

In thousand 60-kg bags

Table 5: Certified stocks on the New York and London futures markets

	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
New York	2.70	2.78	2.79	2.80	2.82	2.83	2.84	2.81	2.75	2.70	2.70	2.66	2.60
London-8 (il)	13.7	(a)-8	(b)-8	(le)-4	(o)4.4	(n)-8	Td()7-5..01gaTJ	Tm(2.)-5	(79)TJ	J8.3581i298-6891il			

In million 60-kg bags