



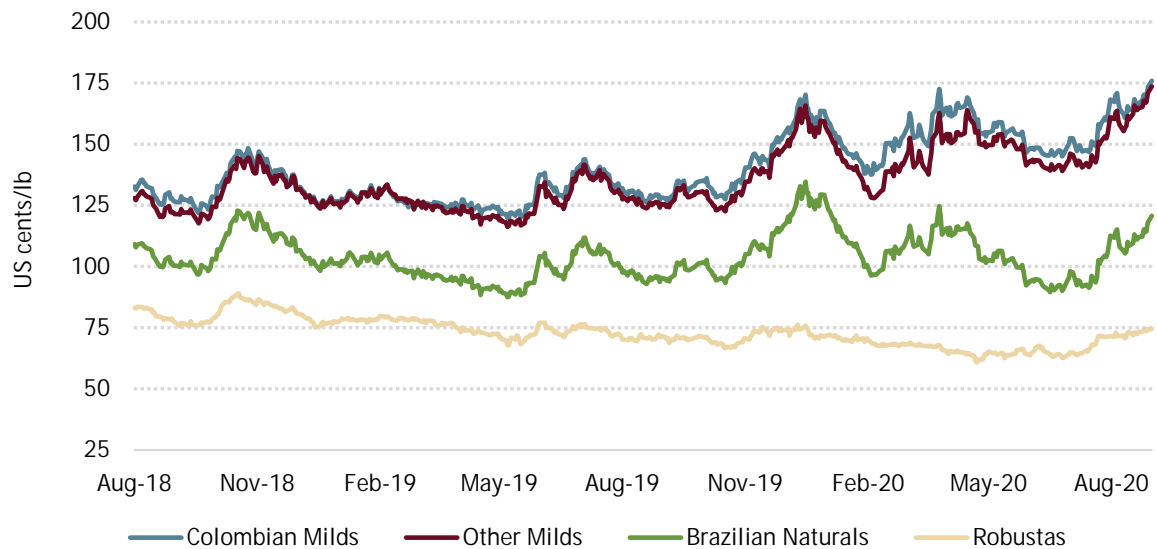
Figure 1: ICO composite indicator daily prices



The monthly average of the ICO composite indicator rose by 10.7% to 114.78 US cents/lb in August 2020. This is an increase of 19.5% compared to August 2019 when the ICO composite indicator averaged 96.07 US cents/lb, the lowest average for August since 2006. While prices have increased, they remain low compared to the long-term average of 139.21 US cents/lb in the

previous ten years. The daily composite indicator continued the upward trend at the end of July starting the month at 113.62 US cents/lb before reaching a low of 109.90 US cents/lb on 11 August. However, prices recovered over the rest of the month and reached a high of 121.31 US cents/lb on 31 August. Concerns over temporary tightness in supply, as evidenced by the lower output and exports in some countries, particularly producers of Mild Arabica, supported firm prices in August.

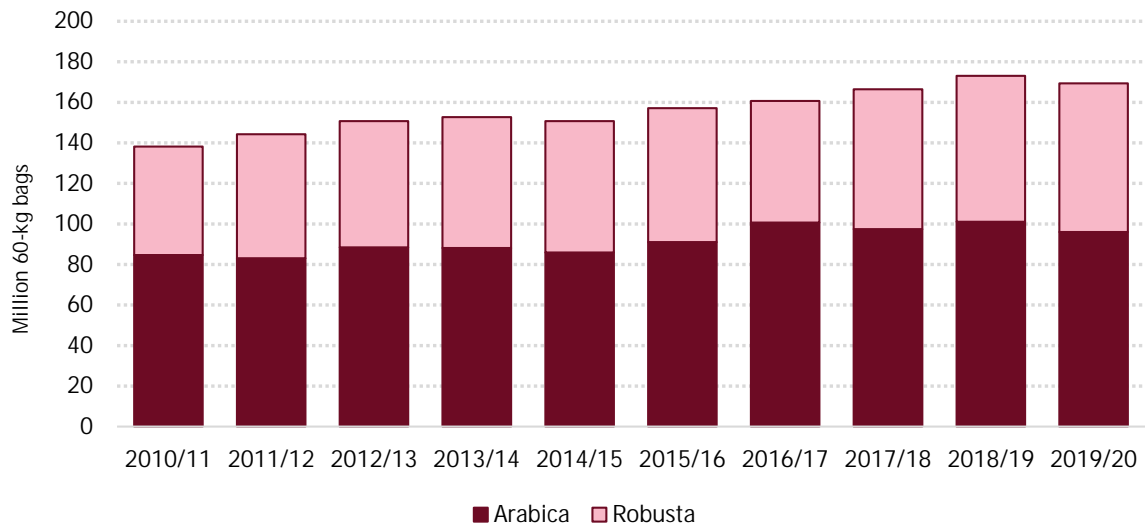
Figure 2: ICO group indicator daily prices



Prices for all group indicators rose in August 2020 for the second consecutive month. The largest increase occurred in the average price for Brazilian Naturals, which grew by 14.1% to 111.79 US cents/lb. Other Milds increased by 11.2% to 163.25 US cents/lb while Colombian Milds rose by 9% to 167.22 US cents/lb. As a result, the differential between Colombia Milds and Other Milds decreased by 39.8% to an average of 3.97 US cents/lb. The monthly average Robusta price increased by 7.4% to 72.68 US cents/lb.

The average arbitrage in August, as measured on the New York and London futures markets, rose by 20.3% to 58.09 US cents/lb. Certified stocks have also fallen in recent months. In August 2020, stocks of certified Arabica reached 1.54 million bags, the lowest volume since March 2017, and certified Robusta stocks amounted to 1.85 million bags, the lowest since November 2018. Additionally, the volatility of the ICO composite indicator price increased by 1.3 percentage points to 8.9%. The volatility for Colombian Milds increased by 1.8 percentage points to 8.5%, and for Other Milds by 1.6 percentage points to 8.5%. Brazilian Naturals volatility rose by 2 percentage points to 13.5%, while the volatility for Robusta prices remained unchanged at 6.3%.

Global coffee production



Viet Nam is the largest producer in Asia & Oceania and its output in 2019/20 is estimated to increase by 0.7% to 31.5 million bags. Viet Nam's harvesting ended before the start of the global pandemic and benefited from the higher yields of newer trees as well as less favourable prices for competing crops like pepper. Indonesia's production is estimated to increase by 16.5% to 11.2 million bags due to beneficial weather and firm prices for its Robusta crop. Production in the next two largest producers of the region, India and Papua New Guinea, is expected to decrease by 2.5% to 5.85 million bags and by 19.2% to 752,000 bags, respectively. Regional exports in the first ten months of the coffee year reached 34.1 million bags, 4.2% lower than in the same period for 2018/19 due to strong competition on the international market.

Production is expected to rise in Africa's two largest producers, Ethiopia and Uganda. Ethiopia's harvest is estimated to increase by 2.1% to 7.7 million bags due to beneficial weather and improved agricultural extension services. Output from Uganda is estimated at 4.9 million bags, 4.2% higher than last year, which is the second year of increase. Favourable weather and new trees reaching maturity have boosted yields in Uganda. However, output from Côte d'Ivoire is estimated to decrease by 10.2% to 2.2 million bags and from Tanzania by 23.4% to 900,000 bags. Exports from the region rose by 5.1% to 11.65 million bags in October 2019 to July 2020.

Production is projected to decrease in four of the five largest producers in Central America & Mexico. Honduras' harvest is estimated to fall by 7.2% to 6.8 million bags, which is the second year of decline. Low prices and a limited labour supply have discouraged farmers from harvesting their coffee. Production in Mexico is estimated to decrease by 5.8% to 4.1 million bags, in Guatemala by 1.2% to 3.96 million bags, and in Nicaragua by 3.7% to 2.7 million bags. However, Costa Rica's harvest is estimated to increase by 5.1% to 1.5 million bags benefiting from beneficial weather and greater rainfall. Regional exports reached 14.2 million bags in the first ten months of 2019/20, 9.3% lower than in 2018/19.

Output from Brazil, both the world's and South America's largest producer, fell by 10.9% to 58 million bags in crop year 2019/20, which ended March 2020. Brazil's Arabica output decreased by 17.4% to 37.12 million bags as it was an off-year of the biennial production cycle, but Robusta output rose by 3.4% to 20.88 million bags. The 2020/21 harvest has not been greatly affected by covid-19, with output anticipated to be similar to previous on-year crops. Colombia's production is expected to grow by 1.7% to 14.1 million bags in 2019/20. Shipments from the region fell by 7.2% to 46.65 million bags in October 2019 to July 2020 due to lower output as well as transportation delays.

Global coffee consumption is estimated to rise by 0.3% to 168.39 million bags in 2019/20. The first half of the coffee year

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