



INTERNATIONAL COFFEE ORGANIZATION
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ
ORGANISATION INTERNATIONALE DU CAFÉ

E

MONTHLY COFFEE MARKET REPORT

August 2012

Coffee prices experienced negative corrections across the board in August 2012, with the ICO composite indicator falling by 6.6% compared to July. This continues the downward trend seen over the last year, despite a brief recovery last month. All four group indicators lost value, although these decreases were much more pronounced in the case of Arabicas than Robustas. This trend was mirrored in the futures market with the New York exchange losing 7.3% compared to July and the London exchange relatively unchanged, leading to a further narrowing in the differential between the two. Furthermore, price volatility fell in August for all coffee indicators.

Total coffee production in 2011/12 is now estimated at around 132.7 million bags, a slight decrease of 1.2% on the previous year. Concerns over heavy rains in Brazil at the beginning of the harvest seem to have been mostly alleviated, although their effect on the quality of the crop remains to be determined. Furthermore, there are signs that production is recovering in Colombia, following four consecutive months of increased year-on-year output. Total exports in July 2012 reached 9.1 million bags, up 17.9% on the same month last year. This result brings exports for the first ten months of coffee year 2011/12 to 90.4 million bags, a 1.5% increase on 2010/11.

This report also includes a brief analysis of world coffee consumption and coffee drinking patterns over the last ten years. Overall levels of consumption are healthy, with solid potential for further growth, although there have been slight changes recorded in the patterns of consumption, such as out-of-home and at-home drinking, and roasted compared to soluble coffee.

Graph 1: ICO composite indicator prices
Daily: 1 August 2011 – 3 September 2012



Price movements

Average coffee prices fell in August, resuming the downward trend observed over the last 12 months, despite the upward correction seen in July. Daily prices of the ICO composite and group indicators are shown in Graphs 1 and 2. The monthly average of the **ICO composite indicator price** fell by 6.6% to 148.50 US cents/lb, its second-lowest level in two years (Table 1). Decreases were recorded in all four coffee groups, most significantly in **Colombian**

Milds, Other Milds and **Brazilian Naturals**, which fell by 7.6%, 8.2% and 9.1%, respectively. **Robustas** saw a relatively minor downward adjustment (-0.5%) to 106.52 US cents/lb, leading to a significant decrease in the differential between Arabicas and Robustas. Indeed, the arbitrage between the averages of the New York and London futures markets fell by 15.4% compared to July 2012 (Table 2 and Graph 3).

Graph 2: Group indicator prices
Daily: 1 August 2011 – 3 September 2012

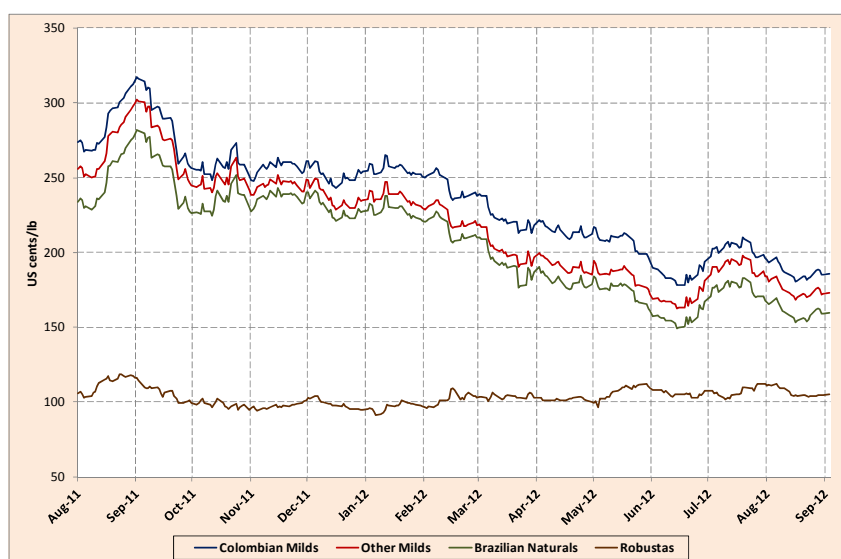


Table 1: ICO indicator prices and futures prices (US cents/lb) – August 2012

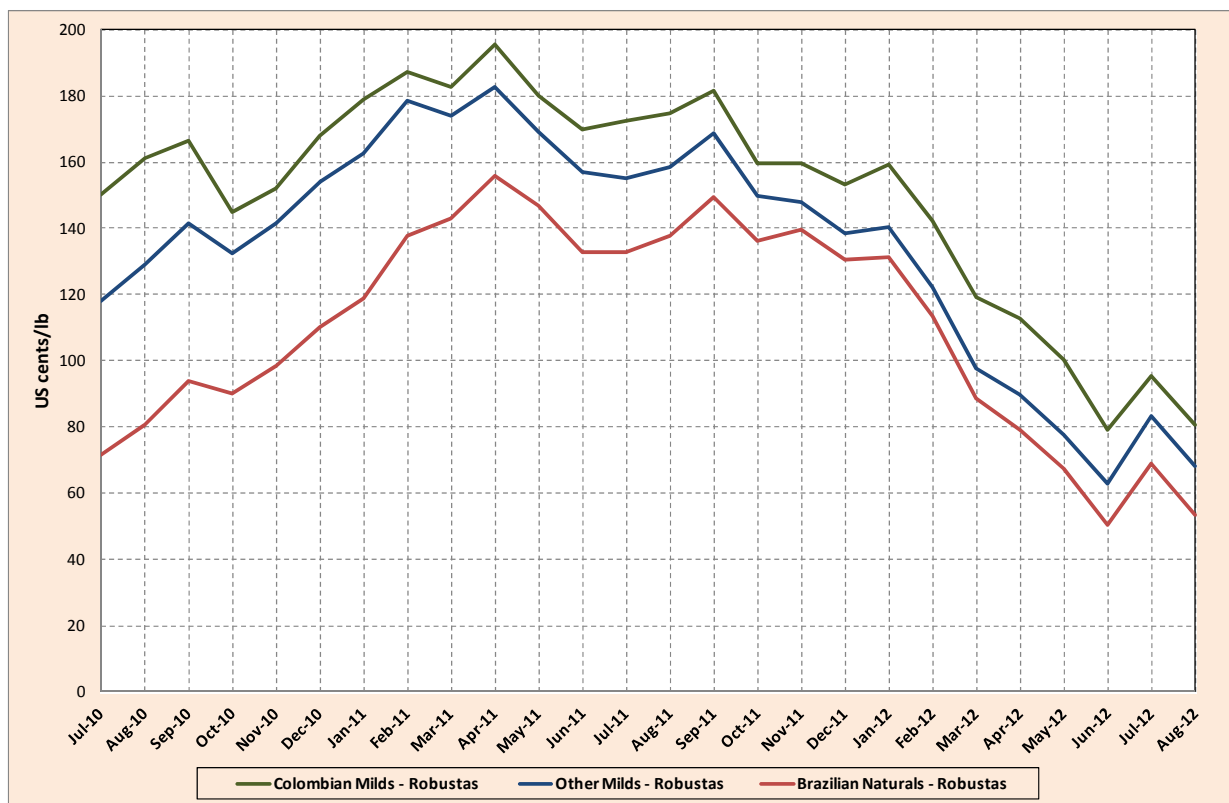
| | ICO Composite | Colombian Milds | Other Milds | Brazilian Naturals | Robustas | New York* | London* |
|--|------------------|--------------------|---------------|-----------------------|---------------|---------------|--------------|
| Monthly averages | | | | | | | |
| 2011 | | | | | | | |
| August | 212.19 | 286.97 | 270.44 | 249.83 | 112.07 | 260.39 | 102.71 |
| September | 213.04 | 287.54 | 274.88 | 255.64 | 106.06 | 261.39 | 96.10 |
| October | 193.90 | 257.66 | 247.82 | 234.28 | 98.10 | 236.74 | 88.64 |
| November | 193.66 | 256.99 | 245.09 | 236.75 | 97.24 | 235.25 | 85.78 |
| December | 189.02 | 251.60 | 236.71 | 228.79 | 98.41 | 227.23 | 87.65 |
| 2012 | | | | | | | |
| January | 188.90 | 255.91 | 237.21 | 228.21 | 96.72 | 227.50 | 84.19 |
| February | 182.29 | 244.14 | 224.16 | 215.40 | 101.93 | 212.09 | 88.69 |
| March | 167.77 | 222.84 | 201.26 | 192.03 | 103.57 | 188.78 | 91.37 |
| April | 160.46 | 214.46 | 191.45 | 180.90 | 101.80 | 181.75 | 91.81 |
| May | 157.68 | 207.32 | 184.65 | 174.17 | 106.88 | 176.50 | 96.82 |
| June | 145.31 | 184.67 | 168.69 | 156.17 | 105.70 | 159.93 | 94.75 |
| July | 159.07 | 202.56 | 190.45 | 175.98 | 107.06 | 183.20 | 96.14 |
| August | 148.50 | 187.14 | 174.82 | 160.05 | 106.52 | 169.77 | 96.12 |
| Annual averages | | | | | | | |
| 2001 | 45.59 | 72.05 | 62.28 | 50.70 | 27.54 | 58.86 | 23.92 |
| 2002 | 47.74 | 64.90 | 61.52 | 45.23 | 30.01 | 57.02 | 25.88 |
| 2003 | 51.90 | 65.33 | 64.20 | 50.31 | 36.95 | 65.24 | 34.11 |
| 2004 | 62.15 | 81.44 | 80.47 | 68.97 | 35.99 | 79.53 | 32.85 |
| 2005 | 89.36 | 115.73 | 114.86 | 102.29 | 50.55 | 111.38 | 46.80 |
| 2006 | 95.75 | 116.80 | 114.40 | 103.92 | 67.55 | 112.30 | 59.77 |
| 2007 | 107.68 | 125.57 | 123.55 | 111.79 | 86.60 | 121.83 | 78.56 |
| 2008 | 124.25 | 144.32 | 139.78 | 126.59 | 105.28 | 136.46 | 97.17 |
| 2009 | 115.67 | 177.43 | 143.84 | 115.33 | 74.58 | 128.40 | 67.69 |
| 2010 | 147.24 | 225.46 | 195.96 | 153.68 | 78.74 | 165.20 | 71.98 |
| 2011 | 210.39 | 283.84 | 271.07 | 247.61 | 109.21 | 256.36 | 101.23 |
| % change between Aug-12 and Jul-12 | | | | | | | |
| | -6.6 | -7.6 | -8.2 | -9.1 | -0.5 | -7.3 | 0.0 |
| % change between Aug-12 and Aug-11 | | | | | | | |
| | -30.0 | -34.8 | -35.4 | -35.9 | -4.9 | -34.8 | -6.4 |
| % change between Aug-12 and 2011 average | | | | | | | |
| | -29.4 | -34.1 | -35.5 | -35.4 | -2.5 | -33.8 | -5.0 |
| Volatility (%) | | | | | | | |
| Aug-11 | 5.7 | 5.3 | 6.0 | 6.5 | 7.2 | 6.8 | 7.5 |
| Sep-11 | 7.7 | 8.0 | 8.2 | 9.0 | 8.2 | 9.2 | 9.0 |
| Oct-11 | 10.6 | 10.4 | 10.9 | 11.4 | 10.0 | 12.4 | 11.2 |
| Nov-11 | 4.7 | 5.7 | 6.0 | 6.1 | 4.9 | 7.5 | 4.9 |
| Dec-11 | 6.1 | 6.6 | 6.8 | 6.7 | 4.7 | 8.0 | 5.5 |
| Jan-12 | 6.5 | 6.4 | 7.3 | 7.1 | 6.6 | 7.7 | 8.1 |
| Feb-12 | 4.4 | 5.4 | 5.4 | 5.9 | 10.4 | 6.4 | 6.5 |
| Mar-12 | 8.4 | 7.8 | 9.0 | 12.6 | 7.3 | 10.4 | 6.8 |
| Apr-12 | 5.1 | 5.5 | 6.0 | 7.2 | 3.2 | 7.2 | 3.4 |
| May-12 | 6.0 | 5.7 | 6.1 | 6.4 | 8.7 | 6.8 | 5.9 |
| Jun-12 | 7.9 | 8.7 | 9.7 | 9.8 | 5.9 | 10.9 | 5.7 |
| Jul-12 | 6.9 | 7.2 | 8.6 | 8.6 | 6.8 | 9.8 | 6.6 |
| Aug-12 | 4.8 | 5.4 | 5.7 | 6.3 | 4.0 | 6.0 | 4.0 |
| Variation between Aug-12 and Jul-12 | | | | | | | |
| | -2.1 | -1.9 | -2.9 | -2.4 | -2.8 | -3.8 | -2.6 |

*Average of the 2nd and 3rd positions

Table 2: Price differentials (US cents/lb)

| | Colombian Milds Other Milds | Colombian Milds Brazilian Naturals | Colombian Milds Robustas | Colombian Milds New York* | Other Milds Brazilian Naturals | Other Milds Robustas | Brazilian Naturals Robustas | New York* London* |
|--|-----------------------------------|---|--------------------------------|---------------------------------|--------------------------------------|-------------------------|-----------------------------------|----------------------|
| Aug-11 | 12.66 | 31.90 | 181.48 | 26.14 | 19.24 | 168.82 | 149.58 | 165.29 |
| Sep-11 | 12.66 | 31.90 | 181.48 | 26.14 | 19.24 | 168.82 | 149.58 | 165.29 |
| Oct-11 | 9.83 | 23.37 | 159.55 | 20.91 | 13.54 | 149.72 | 136.18 | 148.10 |
| Nov-11 | 11.91 | 20.25 | 159.75 | 21.74 | 8.34 | 147.85 | 139.50 | 149.47 |
| Dec-11 | 14.89 | 22.81 | 153.19 | 24.37 | 7.92 | 138.30 | 130.38 | 139.58 |
| Jan-12 | 18.71 | 27.71 | 159.20 | 28.42 | 9.00 | 140.49 | 131.49 | 143.30 |
| Feb-12 | 19.98 | 28.74 | 142.21 | 32.06 | 8.76 | 122.22 | 113.47 | 123.39 |
| Mar-12 | 21.58 | 30.80 | 119.26 | 34.06 | 9.22 | 97.69 | 88.46 | 97.41 |
| Apr-12 | 23.01 | 33.55 | 112.66 | 32.71 | 10.55 | 89.65 | 79.10 | 89.94 |
| May-12 | 22.67 | 33.15 | 100.45 | 30.83 | 10.48 | 77.78 | 67.30 | 79.68 |
| Jun-12 | 15.98 | 28.49 | 78.97 | 24.73 | 12.51 | 62.99 | 50.48 | 65.18 |
| Jul-12 | 12.11 | 26.58 | 95.50 | 19.36 | 14.46 | 83.38 | 68.92 | 87.06 |
| Aug-12 | 12.31 | 27.09 | 80.62 | 17.37 | 14.77 | 68.30 | 53.53 | 73.65 |
| Absolute change between Aug-12 and Jul-12 | | | | | | | | |
| | 0.20 | 0.51 | -14.88 | -1.99 | 0.31 | -15.08 | -15.39 | -13.41 |
| % change between Aug-12 and Jul-12 | | | | | | | | |
| | 1.7 | 1.9 | -15.6 | -10.3 | 2.2 | -18.1 | -22.3 | -15.4 |

* Average of the 2nd and 3rd positions

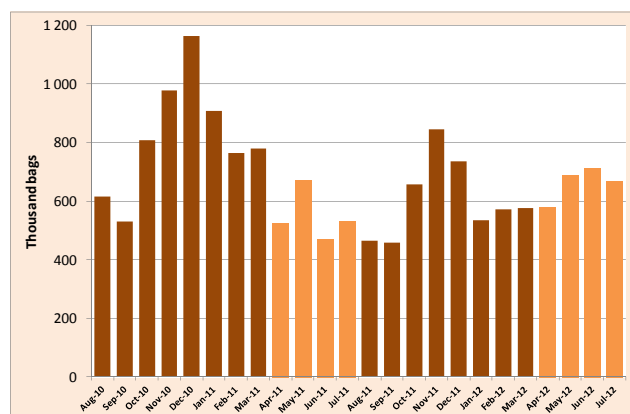
Graph 3: Differential between prices of Arabica and Robusta indicators
July 2010 – August 2012

Market fundamentals

World production in 2011/12 has been revised upwards slightly to 132.7 million bags, representing a 1.2% decrease on the previous year. This revision is mostly attributable to better-than-expected levels of production in Vietnam, which is now estimated at 21 million bags, up 7.9% on the previous year. This brings total production of Robustas to an estimated 51.5 million bags, representing some 38.8% of the world total.

There are also signs that production might be starting to recover in Colombia, with July's production of 668 thousand bags 26% higher than the same month last year, completing four consecutive months of higher year-on-year production (Graph 4). However, the cumulative volume for the first ten months of 2011/12 is still lower than the same period last year. Less positive are reports coming out of Central America, where the coffee leaf rust disease has affected crops in Guatemala and Honduras. The magnitude of this damage remains to be quantified.

Graph 4: Monthly production in Colombia (August 2010 to July 2012)



Total exports in July 2012 reached 9.1 million bags, bringing the total for the first ten months of 2011/12 to 90.4 million bags, a 1.5% increase on the previous year (Table 4). This growth is mostly found in exports of Robusta, which are currently 12.2% higher than the same period in 2010/11, and to a lesser extent in the Other Milds group, whose shipments rose by 4.7%. Vietnam, Honduras and Indonesia registered particularly strong performances.

Table 3: Production in selected exporting countries

| Crop year commencing | | | | | % change |
|-------------------------------------|----------------|----------------|----------------|----------------|-------------|
| | 2008 | 2009 | 2010 | 2011 | 2010-2011 |
| TOTAL | 128 263 | 122 658 | 134 260 | 132 715 | -1.2 |
| Africa | 15 949 | 15 834 | 16 181 | 16 691 | 3.2 |
| Cameroon | 750 | 750 | 608 | 1 083 | 78.2 |
| Côte d'Ivoire | 2 397 | 1 795 | 982 | 1 600 | 62.9 |
| Ethiopia | 4 949 | 6 931 | 7 500 | 6 500 | -13.3 |
| Kenya | 541 | 630 | 658 | 680 | 3.3 |
| Tanzania | 1 186 | 709 | 800 | 534 | -33.2 |
| Uganda | 3 197 | 2 797 | 3 290 | 3 212 | -2.4 |
| Others | 2 929 | 2 223 | 2 342 | 3 082 | 31.6 |
| Arabicas | 7 894 | 9 147 | 10 150 | 9 063 | -10.7 |
| Robustas | 8 055 | 6 687 | 6 030 | 7 628 | 26.5 |
| Asia & Oceania | 34 696 | 36 886 | 36 044 | 38 008 | 5.4 |
| India | 3 950 | 4 794 | 5 033 | 5 233 | 4.0 |
| Indonesia | 9 612 | 11 380 | 9 129 | 8 620 | -5.6 |
| Papua New Guinea | 1 028 | 1 038 | 870 | 1 415 | 62.7 |
| Thailand | 376 | 470 | 579 | 693 | 19.8 |
| Vietnam | 18 438 | 17 825 | 19 467 | 21 000 | 7.9 |
| Others | 1 292 | 1 379 | 967 | 1 047 | 8.3 |
| Arabicas | 4 420 | 5 106 | 5 206 | 6 194 | 19.0 |
| Robustas | 30 277 | 31 780 | 30 839 | 31 814 | 3.2 |
| Mexico & Central America | 17 310 | 16 894 | 19 142 | 18 997 | -0.8 |
| Costa Rica | 1 320 | 1 450 | 1 588 | 1 801 | 13.4 |
| El Salvador | 1 450 | 1 065 | 1 860 | 1 260 | -32.2 |
| Guatemala | 3 785 | 3 835 | 3 950 | 3 750 | -5.1 |
| Honduras | 3 450 | 3 575 | 4 326 | 4 500 | 4.0 |
| Mexico | 4 651 | 4 200 | 4 850 | 4 300 | -11.3 |
| Nicaragua | 1 445 | 1 871 | 1 669 | 2 100 | 25.8 |
| Others | 1 209 | 899 | 899 | 1 286 | 43.1 |
| Arabicas | 17 168 | 16 761 | 18 938 | 18 762 | -0.9 |
| Robustas | 142 | 134 | 204 | 236 | 15.7 |
| South America | 60 309 | 53 044 | 62 893 | 59 019 | -6.2 |
| Brazil | 45 992 | 39 470 | 48 095 | 43 484 | -9.6 |
| Colombia | 8 664 | 8 098 | 8 523 | 7 800 | -8.5 |
| Ecuador | 691 | 813 | 854 | 1 075 | 25.9 |
| Peru | 3 872 | 3 286 | 4 069 | 5 492 | 35.0 |
| Others | 1 090 | 1 377 | 1 353 | 1 168 | -13.7 |
| Arabicas | 49 391 | 41 988 | 50 932 | 47 185 | -7.4 |
| Robustas | 10 918 | 11 056 | 11 962 | 11 834 | -1.1 |
| TOTAL | 128 263 | 122 658 | 134 260 | 132 715 | -1.2 |
| Colombian Milds | 9 964 | 9 181 | 9 693 | 8 784 | -9.4 |
| Other Milds | 27 055 | 26 630 | 29 907 | 31 376 | 4.9 |
| Brazilian Naturals | 41 853 | 37 190 | 45 626 | 41 043 | -10.0 |
| Robustas | 49 392 | 49 657 | 49 035 | 51 511 | 5.1 |
| Arabicas | 78 872 | 73 001 | 85 226 | 81 203 | -4.7 |
| Robustas | 49 392 | 49 657 | 49 035 | 51 511 | 5.1 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | |
| Colombian Milds | 7.8 | 7.5 | 7.2 | 6.6 | |
| Other Milds | 21.1 | 21.7 | 22.3 | 23.6 | |
| Brazilian Naturals | 32.6 | 30.3 | 34.0 | 30.9 | |
| Robustas | 38.5 | 40.5 | 36.5 | 38.8 | |
| Arabicas | 61.5 | 59.5 | 63.5 | 61.2 | |
| Robustas | 38.5 | 40.5 | 36.5 | 38.8 | |

In thousand bags

Table 4: Total exports of all forms of coffee (October to July 2010/11 and 2011/12)

| | 2010/11 | 2011/12 | % change |
|------------------------------|---------------|---------------|------------|
| TOTAL | 89 052 | 90 362 | 1.5 |
| Colombian Milds | 8 180 | 7 083 | -13.4 |
| Other Milds | 21 633 | 22 658 | 4.7 |
| Brazilian Naturals | 27 592 | 25 099 | -9.0 |
| Robustas | 31 647 | 35 521 | 12.2 |
| Arabicas | 57 405 | 54 841 | -4.5 |
| Robustas | 31 647 | 35 521 | 12.2 |
| Angola | 6 | 8 | 36.8 |
| Benin | 0 | 0 | |
| Bolivia | 51 | 68 | 32.5 |
| Brazil | 28 516 | 23 933 | -16.1 |
| Burundi | 284 | 163 | -42.5 |
| Cameroon | 513 | 394 | -23.1 |
| Central African Republic | 87 | 20 | -77.7 |
| Colombia | 7 210 | 6 189 | -14.2 |
| Congo, Dem. Rep. of | 118 | 134 | 13.6 |
| Congo, Rep. of | 0 | 0 | |
| Costa Rica | 1 139 | 1 230 | 8.0 |
| Côte d'Ivoire | 820 | 1 593 | 94.2 |
| Cuba | 7 | 13 | 91.0 |
| Dominican Republic | 71 | 92 | 28.7 |
| Ecuador | 1 131 | 1 299 | 14.8 |
| El Salvador | 1 765 | 955 | -45.9 |
| Ethiopia | 2 623 | 2 142 | -18.3 |
| Gabon | 1 | 0 | -100.0 |
| Ghana | 43 | 52 | 22.3 |
| Guatemala | 3 100 | 3 037 | -2.0 |
| Guinea | 270 | 351 | 30.0 |
| Haiti | 6 | 3 | -58.0 |
| Honduras | 3 756 | 4 878 | 29.9 |
| India | 5 113 | 4 869 | -4.8 |
| Indonesia | 5 008 | 5 989 | 19.6 |
| Jamaica | 12 | 12 | -1.4 |
| Kenya | 548 | 545 | -0.5 |
| Liberia | 4 | 2 | -40.2 |
| Madagascar | 93 | 89 | -4.5 |
| Malawi | 21 | 11 | -47.9 |
| Mexico | 2 305 | 2 743 | 19.0 |
| Nicaragua | 1 439 | 1 351 | -6.1 |
| Nigeria | 2 | 6 | 174.1 |
| Panama | 51 | 39 | -22.9 |
| Papua New Guinea | 770 | 967 | 25.5 |
| Paraguay | 0 | 0 | 4600.9 |
| Peru | 2 819 | 3 285 | 16.5 |
| Philippines | 10 | 5 | -51.0 |
| Rwanda | 228 | 173 | -24.1 |
| Sierra Leone | 19 | 37 | 97.3 |
| Tanzania | 739 | 522 | -29.4 |
| Thailand | 316 | 275 | -13.1 |
| Timor-Leste | 42 | 20 | -52.9 |
| Togo | 115 | 130 | 12.5 |
| Uganda | 2 501 | 2 320 | -7.2 |
| Venezuela | 2 | 0 | -76.8 |
| Vietnam | 15 050 | 20 175 | 34.1 |
| Yemen | 29 | 22 | -24.3 |
| Zambia | 8 | 11 | 42.6 |
| Zimbabwe | 5 | 3 | -33.3 |
| Other exporting countries 1/ | 285 | 209 | -26.7 |

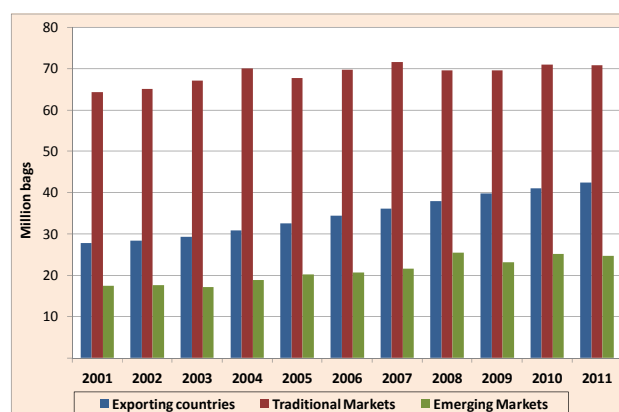
In thousand bags

1/ Equatorial Guinea, Guyana, Lao (PDR), Nepal, Sri Lanka, and Trinidad and Tobago

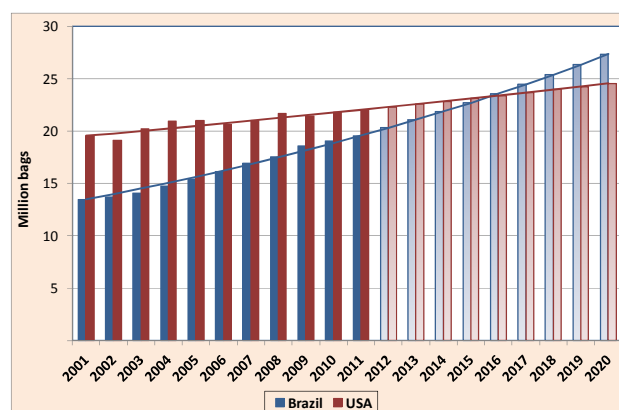
World consumption (2001 to 2011)

World consumption has seen strong growth over the last ten years, reaching an estimated 137.9 million bags in 2011 (see the Annex).

Graph 5 shows trends in consumption in traditional markets, emerging markets and exporting countries since 2001. While traditional markets have registered average annual growth rates of around 1.6%, the strongest growth has been recorded in emerging markets and exporting countries, with rates of 3.5% and 4.3%, respectively. Exporting countries now account for 31% of world consumption, up from 25% in 2001.

Graph 5: Consumption in traditional markets, emerging markets and exporting countries (2001 to 2011)

In absolute terms, the largest consumption gains have come from Brazil, which has added 6 million bags since 2001. Indeed, if demand continues to increase in Brazil at the same rate, it will soon surpass the USA to become the world's largest consumer of coffee, as indicated in Graph 6.

Graph 6: Consumption outlook for Brazil and USA (2001 to 2020)

In terms of per capita consumption, the highest rates are found mostly in Scandinavia and Switzerland, with Germany and Canada also consuming over 6kg per person (Table 5). Per capita consumption in the rest of Europe has been less stable recently, with slight decreases recorded in Spain, Italy and the United Kingdom, among others. Current levels in most emerging markets are towards the lower level of the spectrum, indicating potential room for expansion. As regards coffee-exporting countries, Brazil has by far the highest rates of per capita consumption, at 6kg a year, although relatively significant levels are also seen in Honduras, Costa Rica and Ethiopia. However, there is clearly much potential for growth, particularly in countries with large populations such as India, Indonesia and Mexico.

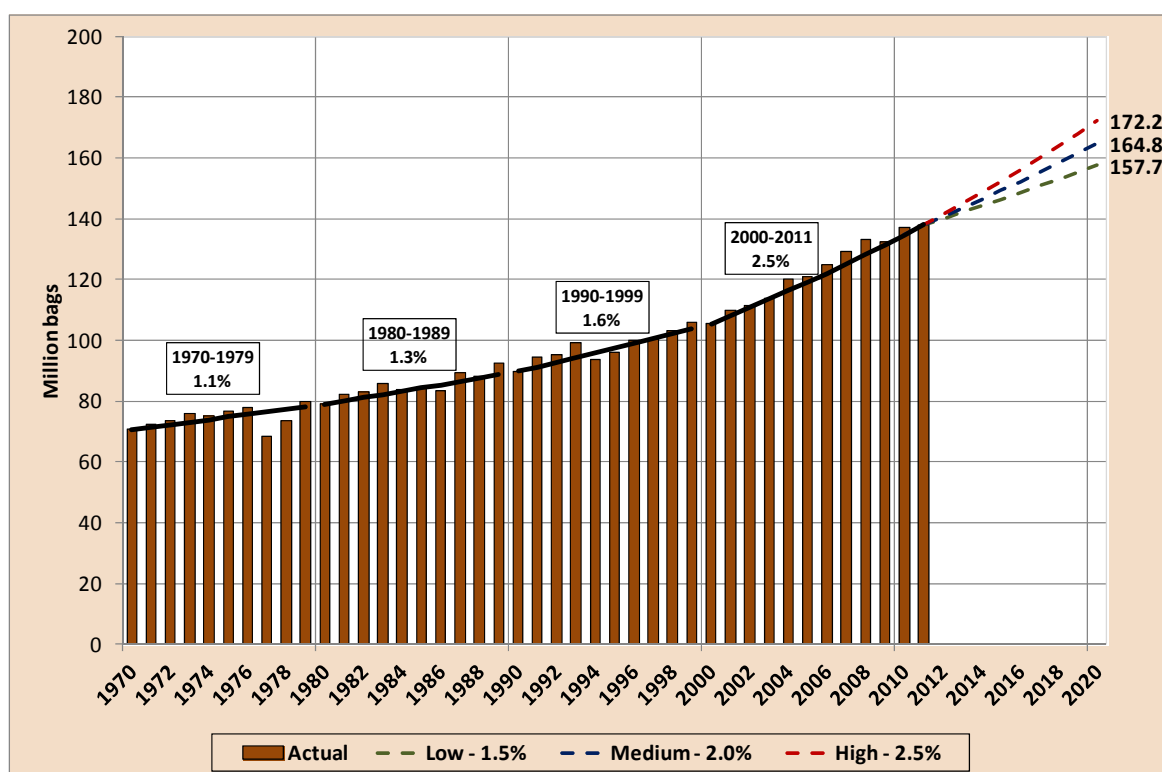
Graph 7 shows a consumption outlook until 2020 under three different growth scenarios: low (1.5%), medium (2%) and high (2.5%). Given historical growth rates and the strong potential demand in emerging markets and exporting countries, it seems plausible that the world market will be able to absorb at least 20 million additional bags of coffee until the end of the decade.

**Table 5: Per capita consumption in selected countries
Calendar years 2008 to 2011**

| | 2008 | 2009 | 2010 | 2011 |
|----------------------------|------|------|------|------|
| <i>Exporting countries</i> | | | | |
| Brazil | 5.5 | 5.8 | 5.9 | 6.0 |
| Honduras | 3.8 | 3.7 | 3.6 | 3.6 |
| Costa Rica | 3.5 | 3.2 | 3.1 | 3.6 |
| Ethiopia | 2.2 | 2.2 | 2.3 | 2.4 |
| Philippines | 0.9 | 1.2 | 1.3 | 1.4 |
| Mexico | 1.2 | 1.2 | 1.2 | 1.3 |
| Vietnam | 0.7 | 0.7 | 0.9 | 1.1 |
| Indonesia | 0.9 | 0.9 | 0.9 | 0.9 |
| India | 0.1 | 0.1 | 0.1 | 0.1 |
| <i>Traditional Markets</i> | | | | |
| Finland | 12.6 | 11.9 | 12.1 | 12.3 |
| Norway | 9.0 | 8.9 | 9.2 | 9.7 |
| Denmark | 7.6 | 7.4 | 9.3 | 8.7 |
| Switzerland | 9.1 | 7.7 | 8.0 | 8.2 |
| Sweden | 8.3 | 7.3 | 7.9 | 7.3 |
| Germany | 7.0 | 6.5 | 6.8 | 6.9 |
| Canada | 5.8 | 5.9 | 6.3 | 6.3 |
| France | 5.0 | 5.5 | 5.5 | 5.7 |
| Italy | 5.9 | 5.8 | 5.8 | 5.7 |
| Spain | 4.7 | 4.5 | 4.3 | 4.2 |
| USA | 4.2 | 4.1 | 4.1 | 4.2 |
| Japan | 3.3 | 3.4 | 3.4 | 3.3 |
| United Kingdom | 3.0 | 3.1 | 3.0 | 2.8 |
| <i>Emerging Markets</i> | | | | |
| Australia | 3.3 | 3.4 | 3.8 | 3.9 |
| Algeria | 3.7 | 3.6 | 3.4 | 3.0 |
| Korea, Rep. of | 2.1 | 1.9 | 2.1 | 2.2 |
| Ukraine | 2.3 | 1.9 | 2.0 | 1.7 |
| Russia | 1.6 | 1.3 | 1.6 | 1.6 |

In kilogrammes

Graph 7: World consumption outlook (1970 to 2020)



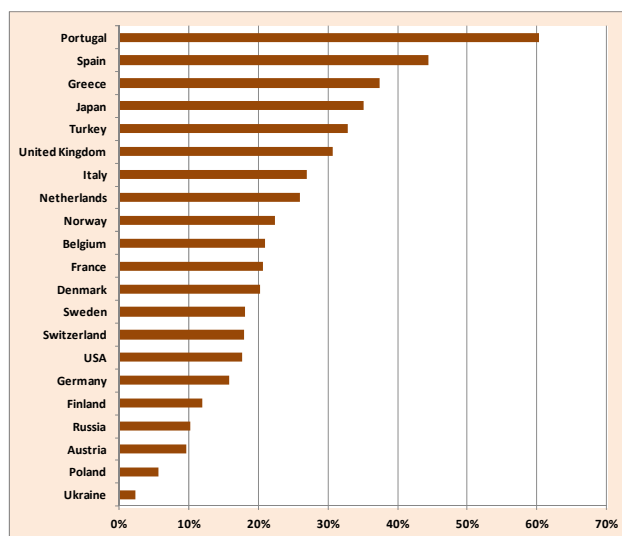
Finally, the ICO will soon release a study on coffee drinking patterns in 21 importing countries, based on data collected by Euromonitor International. This study (ICC-109-8) will provide information on trends in coffee consumption, such as at-home and out-of-home drinking, and demand for roasted and soluble coffee, since 1997.

Some key results of this study are shown in Graphs 8 and 9. In terms of out-of-home versus at-home consumption, the highest rates of out-of-home drinking are found in Portugal, Spain and Greece (although all three have experienced decreases in the percentage of coffee drunk outside the home in the last 4-5 years). In Austria, Poland and the Ukraine, on the other hand, over 90% of coffee is consumed in the home.

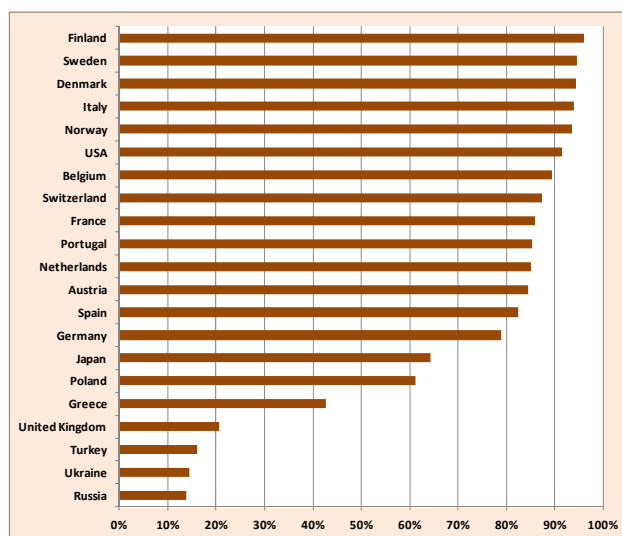
A further notable trend is the growth in chained coffee stores, which in the United Kingdom have increased from 6.6% of total consumption in 1997 to 17.3% in 2011, the highest rate among the 21 countries under study.

As regards consumption of roasted coffee compared to soluble coffee, most countries show a preference for roasted coffee. Only Greece, the United Kingdom, Turkey, Ukraine and Russia consume more than 50% of their coffee in soluble form, although roasted coffee has recorded strong growth in Greece, the UK and Russia over the last few years.

Graph 8: Average out-of-home coffee consumption (%) in selected importing countries (1997 to 2011)



Graph 9: Average roasted coffee consumption (%) in selected importing countries (1997 to 2011)



To conclude, coffee prices returned to trend in August, exhibiting downward tendencies, particularly in the case of Arabicas. Production in 2011/12 is only slightly below that of 2010/11, attributable in large part to strong performance in Robustas. In terms of consumption, there are positive indications that the market should be capable of absorbing extra production up to 2020, enabling the supply/demand balance to remain relatively stable.

WORLD CONSUMPTION
CALENDAR YEARS 2001 to 2011

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | % change 2010-2011 | CAGR * 2001 - 2011 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------|-----------------------|
| World total | 109 581 | 111 195 | 113 731 | 119 769 | 120 507 | 124 740 | 129 337 | 132 956 | 132 464 | 137 154 | 137 896 | 0.5 | 2.3 |
| Exporting countries | 27 799 | 28 449 | 29 386 | 30 898 | 32 617 | 34 373 | 36 177 | 37 943 | 39 798 | 41 040 | 42 412 | 3.3 | 4.3 |
| Brazil | 13 493 | 13 710 | 14 088 | 14 760 | 15 392 | 16 133 | 16 927 | 17 526 | 18 583 | 19 070 | 19 573 | 2.6 | 3.8 |
| Ethiopia | 2 041 | 2 149 | 2 264 | 2 384 | 2 511 | 2 644 | 2 785 | 2 933 | 3 089 | 3 253 | 3 383 | 4.0 | 5.2 |
| Indonesia | 1 919 | 1 834 | 1 820 | 1 958 | 2 375 | 2 750 | 3 208 | 3 333 | 3 333 | 3 333 | 3 333 | 0.0 | 5.7 |
| Mexico | 1 354 | 1 500 | 1 500 | 1 500 | 1 556 | 1 794 | 2 050 | 2 200 | 2 200 | 2 239 | 2 354 | 5.2 | 5.7 |
| Philippines | 821 | 825 | 873 | 969 | 1 030 | 1 050 | 1 060 | 1 390 | 1 770 | 1 973 | 2 150 | 9.0 | 10.1 |
| India | 1 017 | 1 084 | 1 142 | 1 188 | 1 272 | 1 357 | 1 438 | 1 518 | 1 605 | 1 713 | 1 763 | 2.9 | 5.7 |
| Venezuela, B.R. | 1 197 | 1 247 | 1 300 | 1 355 | 1 412 | 1 472 | 1 534 | 1 599 | 1 649 | 1 650 | 1 650 | 0.0 | 3.3 |
| Vietnam | 416 | 475 | 541 | 629 | 722 | 829 | 922 | 959 | 1 068 | 1 302 | 1 583 | 21.6 | 14.3 |
| Others | 7 156 | 7 347 | 7 700 | 8 140 | 8 482 | 8 646 | 8 710 | 9 043 | 9 219 | 9 460 | 9 857 | 4.2 | 3.3 |
| Importing countries | 81 782 | 82 746 | 84 345 | 88 871 | 87 890 | 90 367 | 93 161 | 95 013 | 92 666 | 96 114 | 95 484 | -0.7 | 1.6 |
| Traditional Markets | 64 300 | 65 076 | 67 144 | 69 982 | 67 661 | 69 760 | 71 526 | 69 564 | 69 529 | 70 961 | 70 841 | -0.2 | 1.0 |
| USA | 19 554 | 19 125 | 20 193 | 20 973 | 20 998 | 20 667 | 21 033 | 21 652 | 21 436 | 21 783 | 22 043 | 1.2 | 1.2 |
| Germany | 9 059 | 8 498 | 9 499 | 10 445 | 8 665 | 9 151 | 8 627 | 9 535 | 8 897 | 9 292 | 9 460 | 1.8 | 0.4 |
| Japan | 6 936 | 6 875 | 6 770 | 7 117 | 7 128 | 7 268 | 7 282 | 7 065 | 7 130 | 7 192 | 7 015 | -2.5 | 0.1 |
| France | 5 253 | 5 526 | 5 394 | 4 929 | 4 787 | 5 278 | 5 628 | 5 152 | 5 677 | 5 713 | 5 960 | 4.3 | 1.3 |
| Italy | 5 243 | 5 182 | 5 507 | 5 469 | 5 552 | 5 593 | 5 821 | 5 892 | 5 806 | 5 781 | 5 689 | -1.6 | 0.8 |
| Canada | 2 535 | 2 302 | 2 146 | 2 747 | 2 794 | 3 066 | 3 245 | 3 210 | 3 273 | 3 586 | 3 574 | -0.3 | 3.5 |
| Spain | 2 795 | 2 833 | 2 740 | 2 705 | 3 007 | 3 017 | 3 198 | 3 485 | 3 352 | 3 232 | 3 149 | -2.6 | 1.2 |
| United Kingdom | 2 215 | 2 261 | 2 236 | 2 458 | 2 680 | 3 059 | 2 824 | 3 067 | 3 220 | 3 134 | 2 926 | -6.7 | 2.8 |
| Others | 10 711 | 12 475 | 12 659 | 13 138 | 12 050 | 12 662 | 13 868 | 10 506 | 10 738 | 11 247 | 11 024 | -2.0 | 0.3 |
| Emerging Markets | 17 482 | 17 670 | 17 201 | 18 890 | 20 229 | 20 606 | 21 634 | 25 449 | 23 137 | 25 152 | 24 644 | -2.0 | 3.5 |
| Russia | 2 983 | 3 446 | 3 582 | 3 086 | 3 212 | 3 263 | 4 055 | 3 716 | 3 131 | 3 661 | 3 695 | 0.9 | 2.2 |
| Korea, Rep. of | 1 258 | 1 306 | 1 305 | 1 401 | 1 394 | 1 437 | 1 425 | 1 665 | 1 551 | 1 666 | 1 801 | 8.1 | 3.6 |
| Algeria | 1 454 | 1 852 | 1 752 | 2 159 | 1 892 | 1 836 | 1 968 | 2 118 | 2 066 | 2 021 | 1 789 | -11.5 | 2.1 |
| Australia | 765 | 976 | 873 | 864 | 1 039 | 992 | 1 031 | 1 145 | 1 223 | 1 370 | 1 407 | 2.7 | 6.3 |
| Ukraine | 228 | 440 | 647 | 739 | 1 025 | 968 | 1 057 | 1 733 | 1 460 | 1 485 | 1 324 | -10.8 | 19.2 |
| Others | 10 793 | 9 650 | 9 042 | 10 640 | 11 666 | 12 110 | 12 098 | 15 074 | 13 706 | 14 948 | 14 628 | -2.1 | 3.1 |

In thousand bags

* Compound Annual Growth Rate