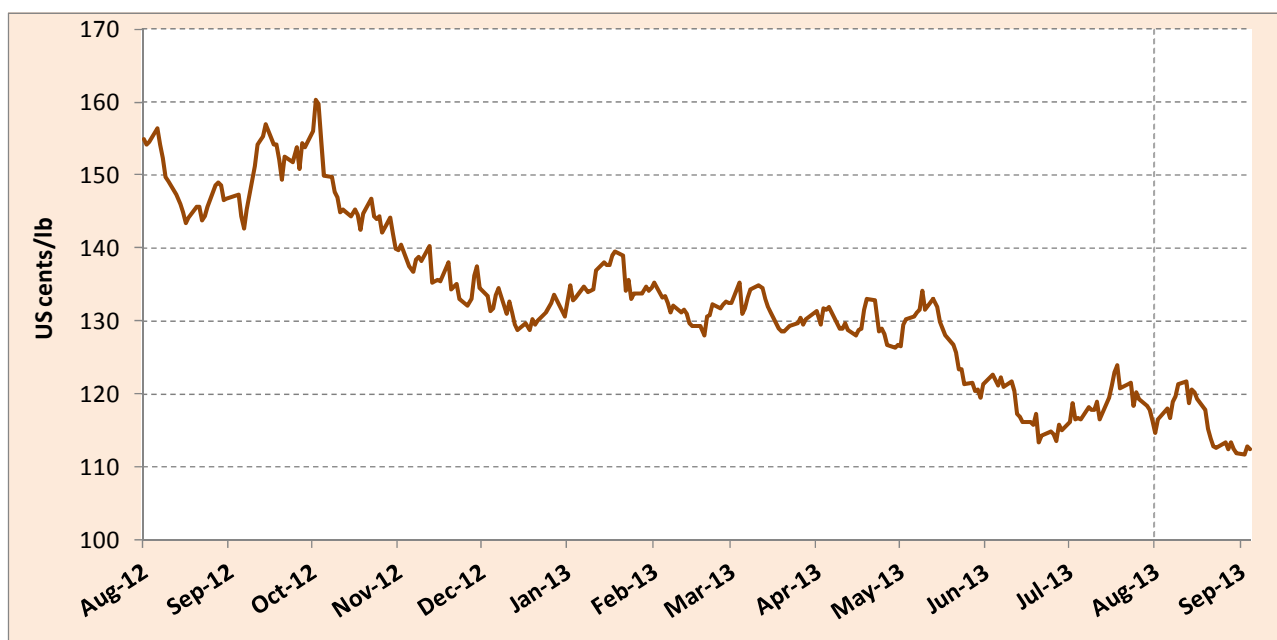


MONTHLY COFFEE MARKET REPORT

August 2013

Coffee prices continued to slide in August, despite a brief bounce at the beginning of the month. The monthly average of the ICO composite indicator price dropped to its lowest level in nearly four years, as did the monthly averages of the three Arabica group indicators. Total exports in July 2013 reached 9.1 million bags, 6.6% less than July 2012, but total exports for the first ten months of the coffee year are still up 3.6% at 94.5 million bags. In terms of coffee consumption, an increase of 2.1% is estimated in calendar year 2012 to around 142 million bags, compared to 139.1 million bags in 2011. Most of this increase can be attributed to strong growth in exporting countries and emerging markets, which grew by 2.5% and 4.7%, respectively. Consumption in traditional coffee-consuming countries grew by a more modest 1% compared to 2011.

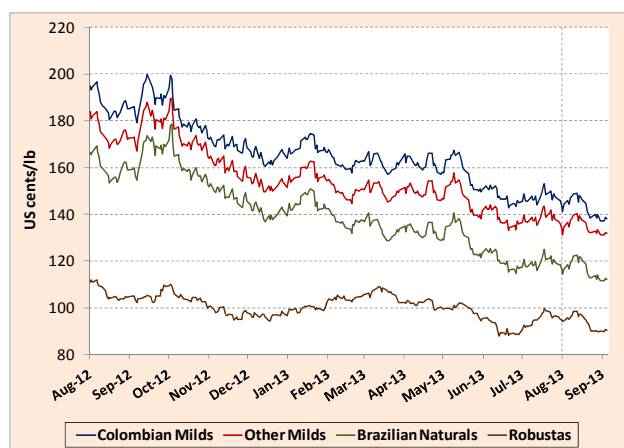
Graph 1: ICO composite indicator daily prices
(1 August 2012 to 4 September 2013)



Price movements

The monthly average of the **ICO composite indicator price** fell by 2.1% in August to a level of 116.45 US cents/lb (Graph 1). This is its lowest level since September 2009. All four group indicators dropped compared to July, with significant decreases recorded in the three Arabica groups. **Colombian Milds**, **Other Milds** and **Brazilian Naturals** fell by 2.9%, 2.3% and 2.2%, respectively. A decrease of 1.3% was recorded in **Robustas** (Graph 2). The arbitrage between Arabicas and Robustas also narrowed in August (Graph 3), with the price differentials between the three Arabica groups and Robustas all decreasing.

Graph 2: ICO group indicator daily prices
(1 August 2012 to 4 September 2013)



Graph 3: Arbitrage between New York and London futures markets
(1 August 2012 to 4 September 2013)

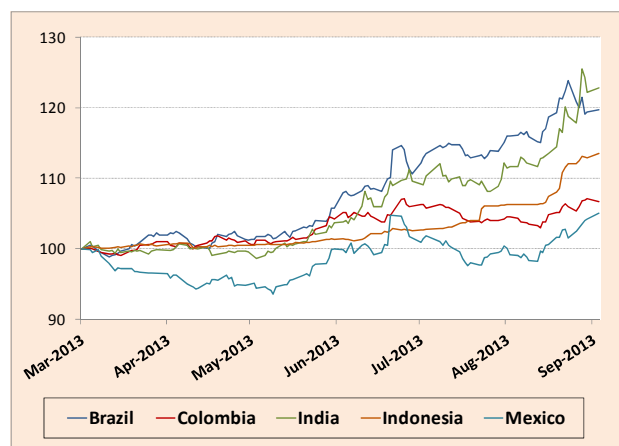


Market fundamentals

These price movements have been exacerbated in recent weeks by depreciations in the exchange rates of several exporting countries against the US dollar, most notably the Brazilian real and Indian rupee (Graph 4). A weaker currency can encourage greater selling by exporting countries, thus increasing availability in the market and putting further downward pressure on prices.

Although changes in the exchange rate could potentially increase the price paid to growers in domestic currency, it will also increase the cost of inputs which are imported in US dollars. As a result, particularly given the significant decreases in coffee prices over the last two years, current market levels are still believed to be below the cost of production.

Graph 4: Index of daily exchange rates of selected exporting countries against the US dollar
(1 March 2013 to 3 September 2013)



Total production by all exporting countries in crop year 2012/13 has been revised downwards slightly to an estimated 144.4 million bags, up 7.6% on 2011/12. In terms of **exports**, total shipments in July 2013 reached 9.1 million bags, down 6.6% on the same month last year. However, total exports for the first ten months of coffee year 2012/13 increased by 3.6% to 94.5 million bags, compared to 91.2 million in the same period in 2011/12.

World consumption in calendar year 2012 is estimated at around 142 million bags, a 2.1% increase on 2011. Consumption in traditional coffee-consuming countries reached 71.4 million bags, a modest 1% increase on the previous year. The USA is the largest single consuming country, recording 22.2 million bags in 2012 compared to 22 million in 2011. In the EU, total consumption increased slightly by 0.6% to 41 million bags, with a notable increase of 9.1% recorded in Spain, but there were decreases of 6.7% and 2.9% in Germany and France, respectively. Consumption in Italy and the United Kingdom was relatively unchanged on 2011.

The most dynamic growth in consumption in recent years has been in exporting countries and emerging markets. As can be seen in Graph 5, total coffee consumption in non-traditional markets has grown

by nearly 50% since 2003. Brazil is easily the largest consumer of the exporting countries, increasing by 3.1% in 2012 to 20.2 million bags. Strong consumption growth was also recorded in Indonesia, increasing by 7.5% to 3.6 million bags, and India, by 4.8% to 1.9 million bags.

In emerging markets, total consumption in 2012 is estimated at 27.2 million bags, a 4.7% increase on the previous year. The largest consumer in this category is Russia, which recorded 3.8 million bags in 2012, up 2% on 2011. Significant increases were also registered in Algeria and Australia, of 9% and 15.9%, respectively. Emerging markets in total added an estimated 1.2 million bags to consumption in 2012, compared to 1.1 million for exporting countries and 672,000 for traditional markets. Full data on coffee consumption in selected countries can be found in Table 6.

Graph 5: Index of consumption in traditional markets, exporting countries and emerging markets (Calendar years 2003 to 2012)

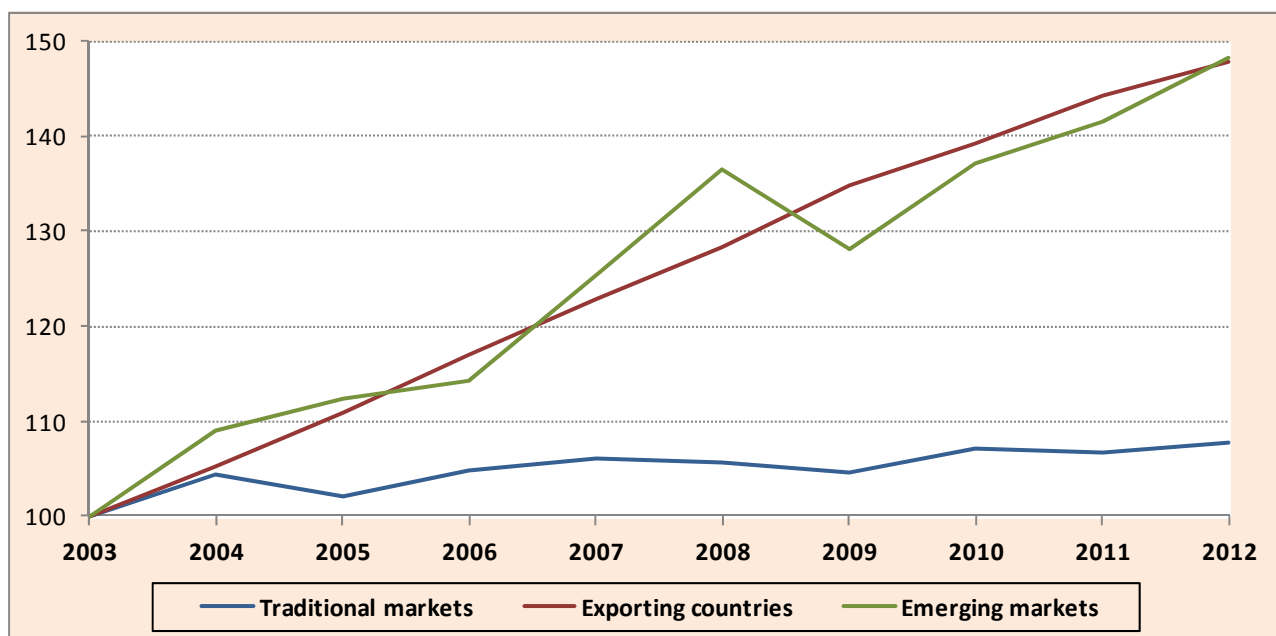


Table 1: ICO indicator prices and futures prices (US cents/lb)

	ICO Composite	Colombian Milds	Colombian Other Milds	Brazilian Naturals	Brazilian Robustas	New York*	London*
Monthly averages							
Aug-12	148.50	187.14	174.82	160.05	106.52	169.77	96.12
Sep-12	151.28	190.10	178.98	166.53	104.95	175.36	94.65
Oct-12	147.12	181.39	173.32	161.20	104.47	170.43	94.66
Nov-12	136.35	170.08	159.91	148.25	97.67	155.72	87.32
Dec-12	131.31	164.40	152.74	140.69	96.59	149.58	85.94
Jan-13	135.38	169.19	157.29	145.17	99.69	154.28	88.85
Feb-13	131.51	161.70	149.46	136.63	104.03	144.89	94.41
Mar-13	131.38	161.53	149.78	133.61	106.26	141.43	97.22
Apr-13	129.55	161.76	149.81	132.62	101.68	139.91	93.15
May-13	126.96	158.35	147.19	130.29	99.18	138.64	91.07
Jun-13	117.58	147.55	138.26	120.01	90.79	126.37	81.82
Jul-13	118.93	147.46	138.39	119.47	95.21	125.27	85.34
Aug-13	116.45	143.26	135.15	116.81	94.01	122.31	84.10
% change between Aug-13 and Jul-13							
	-2.1	-2.9	-2.3	-2.2	-1.3	-2.4	-1.4
Annual averages							
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
2012	156.34	202.08	186.47	174.97	102.82	179.22	91.87
% change between Aug-13 and 2012 average							
	-25.5	-29.1	-27.5	-33.2	-8.6	-31.8	-8.5
Volatility (%)							
Jul-13	7.1	7.8	8.4	9.2	5.1	10.7	5.3
Aug-13	6.0	6.3	6.0	7.6	5.1	6.9	5.3
Variation between Aug-13 and Jul-13							
	-1.1	-1.5	-2.4	-1.6	0.1	-3.8	0.0

* Average price for 2nd and 3rd positions

Table 2: Price differentials (US cents/lb)

	Colombian Milds Other Milds	Colombian Milds Brazilian Naturals	Colombian Milds Robustas	Other Milds Brazilian Naturals	Other Milds Robustas	Brazilian Naturals Robustas	New York* London*
Aug-12	12.32	27.09	80.62	14.77	68.30	53.53	73.65
Sep-12	11.12	23.57	85.15	12.45	74.03	61.58	80.71
Oct-12	8.07	20.19	76.92	12.12	68.85	56.73	75.77
Nov-12	10.17	21.83	72.41	11.66	62.24	50.58	68.40
Dec-12	11.66	23.71	67.81	12.05	56.15	44.10	63.64
Jan-13	11.90	24.02	69.50	12.12	57.60	45.48	65.43
Feb-13	12.24	25.07	57.67	12.83	45.43	32.60	50.48
Mar-13	11.75	27.92	55.27	16.17	43.52	27.35	44.21
Apr-13	11.95	29.14	60.08	17.19	48.13	30.94	46.76
May-13	11.16	28.06	59.17	16.90	48.01	31.11	47.57
Jun-13	9.29	27.54	56.76	18.25	47.47	29.22	44.55
Jul-13	9.07	27.99	52.25	18.92	43.18	24.26	39.93
Aug-13	8.11	26.45	49.25	18.34	41.14	22.80	38.21
% change between Aug-13 and Jul-13							
	-10.6	-5.5	-5.7	-3.1	-4.7	-6.0	-4.3

* Average price for 2nd and 3rd positions

Table 3: Total production in exporting countries

Crop year commencing	2009	2010	2011	2012*	% change 2011-12
TOTAL	122 917	133 355	134 166	144 399	7.6
Colombian Milds	9 160	9 722	8 706	10 928	25.5
Other Milds	26 526	28 873	32 078	28 030	-12.6
Brazilian Naturals	37 177	45 627	41 192	49 038	19.0
Robustas	50 055	49 132	52 190	56 403	8.1
Arabicas	72 862	84 222	81 975	87 996	7.3
Robustas	50 055	49 132	52 190	56 403	8.1

In thousand bags

* Estimated

Table 4: Total exports of all forms of coffee by exporting countries

	July 2012	July 2013	% change	October - July		
				2011/12	2012/13	% change
TOTAL	9 692	9 053	-6.6	91 203	94 484	3.6
Colombian Milds	664	893	34.6	7 112	8 435	18.6
Other Milds	2 622	2 206	-15.9	22 892	21 284	-7.0
Brazilian Naturals	2 378	2 349	-1.2	25 331	27 850	9.9
Robustas	4 028	3 606	-10.5	35 868	36 915	2.9
Arabicas	5 664	5 448	-3.8	55 335	57 569	4.0
Robustas	4 028	3 606	-10.5	35 868	36 915	2.9

In thousand bags

Full trade statistics for all exporting countries are available on the ICO website at www.ico.org/trade_statistics.asp**Table 5: Certified stocks on the New York and London futures markets**

	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
London	2.39	2.17	1.94	1.82	1.78	1.77	1.89	2.05	2.11	2.08	2.00	1.64	1.32
New York	2.22	2.43	2.72	2.82	2.90	2.96	3.03	3.09	3.10	3.11	3.09	3.11	3.15

In million bags

Table 6: Total coffee consumption in selected countries

Calendar years	2009	2010	2011	2012*	% change 2011 - 2012
World total	132 270	137 025	139 050	142 002	2.1
Exporting countries	39 616	40 910	42 397	43 455	2.5
Brazil	18 583	19 070	19 573	20 178	3.1
Ethiopia	3 089	3 253	3 383	3 387	0.1
Indonesia	3 333	3 333	3 333	3 584	7.5
Mexico	2 200	2 239	2 354	2 354	0.0
Philippines	1 770	1 973	2 150	2 175	1.2
India	1 605	1 725	1 829	1 917	4.8
Venezuela	1 649	1 650	1 650	1 650	0.0
Vietnam	1 068	1 302	1 583	1 583	0.0
Others	6 320	6 366	6 542	6 628	1.3
Importing countries	92 653	96 115	96 653	98 547	2.0
Traditional markets	69 204	71 004	70 717	71 389	1.0
USA	21 436	21 783	22 044	22 238	0.9
Germany	8 897	9 292	9 460	8 830	-6.7
Japan	7 130	7 192	7 015	7 131	1.7
France	5 677	5 713	5 962	5 789	-2.9
Italy	5 806	5 781	5 689	5 731	0.7
Canada	3 273	3 586	3 574	3 498	-2.1
Spain	3 352	3 232	3 149	3 435	9.1
United Kingdom	3 220	3 134	2 925	2 926	0.0
Others	10 413	11 290	10 898	11 810	8.4
Emerging markets	23 449	25 111	25 936	27 157	4.7
Russia	3 131	3 661	3 695	3 767	2.0
Algeria	2 066	2 021	1 942	2 117	9.0
Poland	2 001	2 156	2 034	1 950	-4.1
Korea, Rep. of	1 551	1 666	1 801	1 714	-4.8
Australia	1 223	1 370	1 407	1 631	15.9
Others	13 478	14 236	15 057	15 979	6.1

In thousand bags

* Estimated