Coffee Market Outlook

117th International Coffee Council
September 2016
Prices
Daily prices: Last two years
Movements in exchange rates (US$ against local currencies)
Currency depreciation offsets decline in world market price
Supply & Demand
World coffee production

- 147.1 million bags in crop year 2015/16
- 0.3% increase on 2014/15
- Arabicas unchanged
- Robustas $\uparrow$ 0.9%
World coffee production (2)
Production in Brazil

• Current ICO estimate of 2016/17 production: 55 million bags

• Significant recovery after three consecutive years of lower output

• Domestic consumption estimated at 20.5 million bags
Production in Colombia
World consumption

- Increasing by 1.1% to 151.0 million bags in coffee year 2015/16
- Still strong demand in many countries, particularly some traditional markets
- But biggest potential is emerging markets and exporting countries
Inventories in importing countries

Million 60kg bags

- Japan
- USA
- EU

Balance
Supply/Demand Balance

![Graph showing Supply and Demand Balance from 2012/13 to 2015/16.

- **Production** is represented in blue.
- **Consumption** is represented in red.
- **Balance** is represented in green.

- **2012/13**
  - Production: 5.5
  - Consumption: -2.5
  - Balance: 3

- **2013/14**
  - Production: 5.1
  - Consumption: -3.8
  - Balance: 1.3

- **2014/15**
  - Production: 5.5
  - Consumption: -2.5
  - Balance: 3

- **2015/16**
  - Production: 5.1
  - Consumption: -3.8
  - Balance: 1.3

Million 60kg bags

The graph illustrates the supply and demand balance over the years, showing a mix of production surplus and deficit.
Comparison with other sources
Conclusions
Coffee market in deficit for second consecutive year in 2015/16
Concerns ahead for Robusta in 2016/17
And finally
Comparison with vanilla (1)

Expensive Vanilla
Since 2012, a global shortage has sent U.S. prices surging
$260/kilogram

Highest since 2003

Source: Cook Flavoring Co.
Note: Chart reflects high end of annual price ranges for top-quality beans

Bloomberg
Comparison with vanilla (2)

World vanilla production (1961 - 2013)

Source: FAO

Production (tonnes)
Comparison with vanilla (3)

World coffee production (1965/66 - 2015/16)
Comparison with vanilla (4)
Thank you