5. Coffee market situation
COFFEE MARKET SITUATION

125th International Coffee Council
23-27 SEPTEMBER 2019
LONDON, UNITED KINGDOM
Prices
ICO COMPOSITE INDICATOR DAILY PRICE
ICO GROUP INDICATOR DAILY PRICES
NEW YORK AND LONDON FUTURES

Average of 2nd and 3rd positions

US CENT$/lb


- New York
- London
ICO COMPOSITE INDICATOR PRICE SINCE OCTOBER 1990

Nominal and real terms
UN index Base year = 2000
EVOLUTION OF THE ICO COMPOSITE INDICATOR AND THE BRAZILIAN REAL
RETAIL PRICE OF ROASTED COFFEE IN SELECTED COUNTRIES
SUPPLY & DEMAND
WORLD PRODUCTION

Coffee years from 1990/91 to 2018/19

Million 60-kg bags

PRODUCTION BY TYPE OF COFFEE

Coffee years 1990/91 - 2018/19

Arabica
Robusta
TOTAL EXPORTS VOLUME & VALUE

Coffee years

Volume (million 60-kg bags)  Value (billion USD)
CONSUMPTION PER REGION

MILLION 60-KG BAGS

AFRICA
ASIA & OCEANIA
CENTRAL AMERICA & MEXICO
EUROPE
NORTH AMERICA
SOUTH AMERICA
INVENTORIES IN IMPORTING COUNTRIES AND ICO AVERAGE COMPOSITE INDICATOR PRICE

INVENTORIES + FREE PORTS

COMPOSITE INDICATOR
BALANCE
CONCLUSIONS
CONCLUSIONS

- Analysis of fundamental market factors seems to indicate that the downward pressure on prices is mainly attributable to the surplus in the market as exports have been increasing steadily.

- Cumulative surpluses over the last two coffee years amounting 7 million bags.

- It would be interesting to analyze which ratio of supply/demand is likely to support reasonable price levels.

- From historical perspectives it should be noted that the previous low prices crisis lasted 4 consecutive years (2000-2004).
CONCLUSIONS

- However, in the free market environment, increasing domestic consumption will contribute to reducing exports flows and keep a tight balance between supply and demand.

- A healthy coffee industry will depend on maintaining dynamic growth in consumption. Developing the market will reduce the gap between global supply and world consumption to support prices.
Thank you