Consumption in Western Europe 2000 to 2007

Consumption in Eastern Europe 2000 to 2007

Consumption in North America 2000 to 2007

Consumption in Latin America 2000 to 2007

Consumption in Asia & Oceania 2000 to 2007

Outlook 2009: Supply 1

- Production costs
  - Steadily rising in recent years
  - Prices of key inputs (fertilizers + oil) now declining
  - Price of labour not affected
Outlook 2009: Supply 2

- Influence of exchange rates:
  - In countries with exchange rate linked to the US$, coffee prices have fallen in local currency and production has become less attractive
  - In countries with flexible exchange rates, coffee prices almost unchanged in local currency

Outlook 2009: Demand 1

- Developed country markets
  - 58% of world consumption
  - Shift in types of coffee consumed ("downtrading"):
    - Out-of-home to in-home
    - Higher price to lower price with possible impact on market for specialty coffee
  - Effect on overall volume of consumption expected to be limited

Outlook 2009: Demand 2

- Producing country markets
  - 26% of world consumption
  - Influence of exchange rates:
    - In countries with exchange rate linked to the US$, coffee prices have fallen in local currency and internal consumption may be stimulated
    - In countries with flexible exchange rates, prices almost unchanged in local currency
  - Effect on overall volume of consumption likely to be limited

Outlook 2009: Demand 3

- Emerging markets
  - 18% of world consumption
  - Vulnerabilities:
    - Coffee still a "luxury" good
    - Possible devaluations of local currencies vs. US$ may increase coffee prices to consumers
    - Macroeconomic dislocations (unemployment, lack of credit) may reduce demand
  - Effect on consumption still uncertain

Outlook 2009: Prices

- Short-term:
  - Low production in Colombia and Central America raises differentials of washed Arabicas
  - Market heavily influenced by exogenous factors (stock exchanges, exchange rates)
- Medium-term:
  - Low 2009/10 Brazil crop tends to support to prices
- Long-term: current price levels do not stimulate new plantings, especially of Arabica coffee