Euan Mann

- **ED&F Man Cocoa & Coffee Research   (2003 - 2006)**

  - Employed by ED&F Man Cocoa to support efforts to 'rebuild' ED&F Man Coffee Research
  - Applied cocoa crop forecasting methods to coffee crop forecasting (Brazil & Vietnam)
  - Eventually responsible for Coffee Research at Volcafe (post ED&F Man takeover)

- **ED&F Man Derivatives Advisors   (2006 - 2010)**

  - Developed (& managed) fundamentally based cocoa & coffee trading strategies
  - Worked with industry, trade, and funds to commercialise trading strategy using options

- **Complete Commodity Solutions (CCS)   (2010 - Present)**

  - CCS established to provide world leading, independent, soft commodity market analysis
  - First client, Cadbury Plc, and subsequently Kraft Foods/Mondelez
  - Current clients include international commodity merchants, multinational food producers, and commodity hedge funds. We have also completed projects on behalf of The World Bank, and the commodities division of the NYSE Liffe Commodity Exchange

Calculating Coffee Consumption

- Disappearance   = Net Imports +/- Stock Change

- Net Imports   = Green Coffee Imports
  + Roast & Ground Coffee Imports
  + Instant Coffee Imports
  + 3-in-1 Coffee Imports
  - Green Coffee Exports
  - Roast & Ground Coffee Exports
  - Instant Coffee Exports
  - 3-in-1 Coffee Exports

- Stock Change   Green Coffee Δ
  Roast & Ground Coffee Δ
  Instant Coffee Δ
  3-in-1 Coffee Δ

North America Disappearance

Mn 60 kg Bags	CCS	NKG	Armajaro	TRS	ICO	Average
2007/08	24.6	24.8	23.7	24.6	24.6	24.5
2008/09	24.6	24.9	24.1	24.6	24.9	24.6
2009/10	24.3	24.7	24.7	24.3	24.7	24.5
2010/11	25.2	25.4	24.5	25.2	25.4	25.1
2011/12	25.8	26.0	24.7	25.8	26.2	25.7
Total	**124.4**	**125.8**	**121.7**	**124.5**	**125.8**	**124.4**

- Trade & industry estimates very close to ICO

- Differences most likely due to slight variance in conversion factors

- Recommendation that ICO maintain current methodology

EU-27 Disappearance
Differences in Data Sources and Methodology

- Port Stock Change

  Bonded Warehouses
  Non-Bonded Warehouses

- Country-by-Country Net Imports

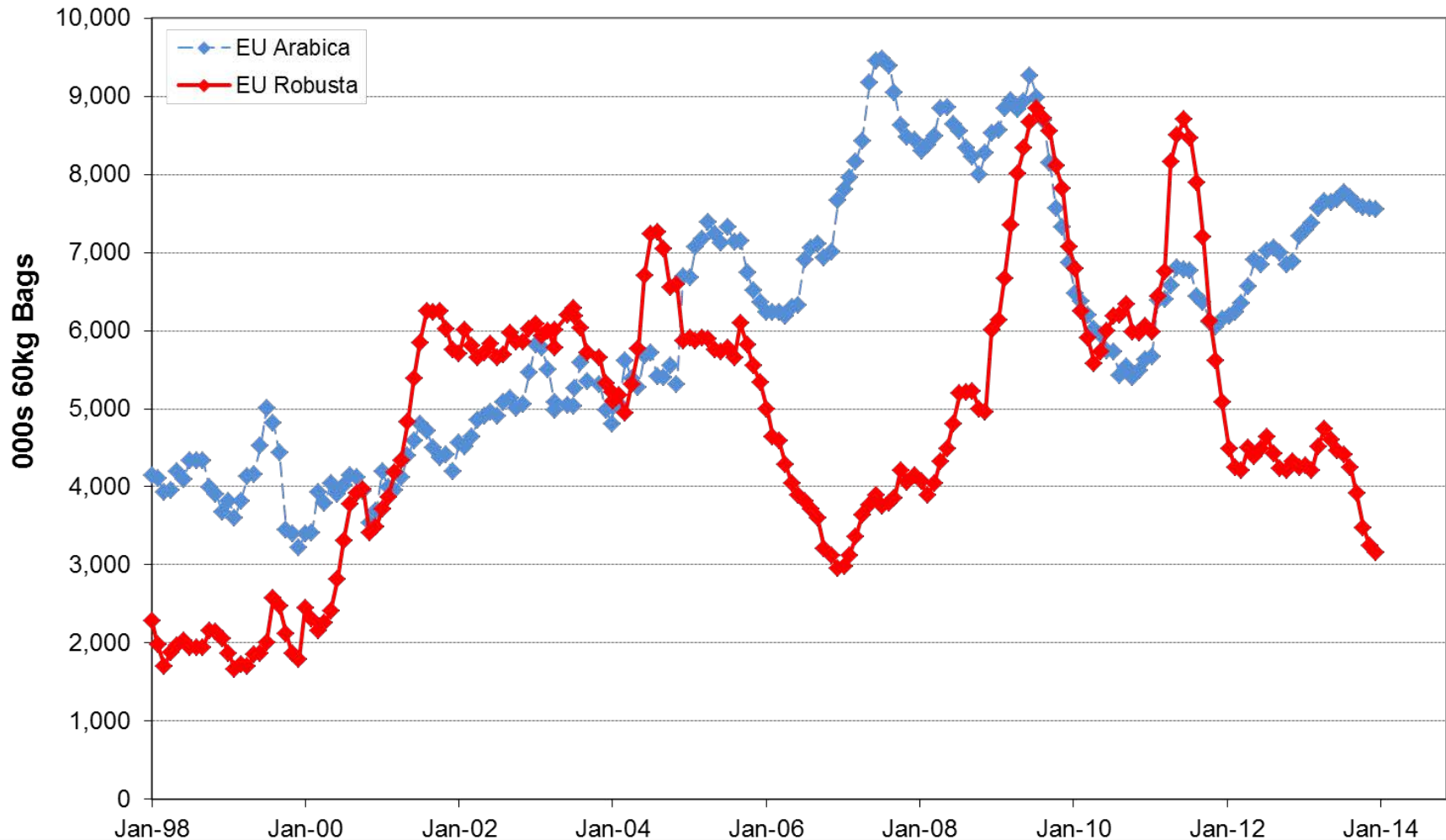 Customs Data

- EU-27 'Block' Net Imports

  Eurostat Data

EU Coffee Stocks

EU-27 Disappearance

Customs Data Probably Understates Disappearance

Germany Imports 1.0m bags from Vietnam

       Germany Exports 0.5m bags to Austria

              Austria Imports 0.3m bags from Vietnam

              Austria Imports 0.2m bags from Germany

If properly reported, Net Imports 1.0m bags

EU-27 Disappearance
Customs Data Probably Understates Disappearance

Germany Imports 1.0m bags from Vietnam
      Germany Exports 0.5m bags to Austria
            Austria Imports 0.3m bags from Vietnam
            Austria Imports 0.2m bags from Germany

If properly reported, Net Imports 1.0m bags

However, more likely that Net Imports of 0.8m bags will be reported

2010/11	EU-15 Exports to EU-15	6.3m
	EU-15 Imports from EU-15	3.4m
2011/12	EU-15 Exports to EU-15	6.2m
	EU-15 Imports from EU-15	3.3m

EU-27 Disappearance

Mn 60 kg Bags	CCS	NKG	Armajaro	TRS	ICO	Average
2007/08	42.6	42.6	42.4	44.6	41.4	42.7
2008/09	42.5	42.5	42.6	44.9	39.2	42.3
2009/10	43.4	43.4	42.7	45.0	42.0	43.3
2010/11	43.3	43.3	43.0	44.8	40.7	43.0
2011/12	42.8	42.8	43.1	44.6	40.7	42.8
Total	**214.5**	**214.6**	**213.8**	**223.9**	**204.0**	**214.2**

- Trade & industry estimates in broad alignment

- Difference between trade & industry and ICO 2.0-3.0m bags annually, or 10.0m bags over the last five years

- Provisional recommendation that Eurostat provides a more robust and reliable data set

Expert Working Group
Conclusions

- Coffee consumption statistics are particularly difficult to interpret!!!

- Discussion of statistics between ICO and Expert Working Group has resulted in a significant improvement in understanding of the different data sources (both for ICO and Experts)

- Work of the group can make a significant contribution to improve ICO Statistics and therefore the independent market benchmark

- This can only increase market transparency, helping producers and consumers alike to make informed decisions