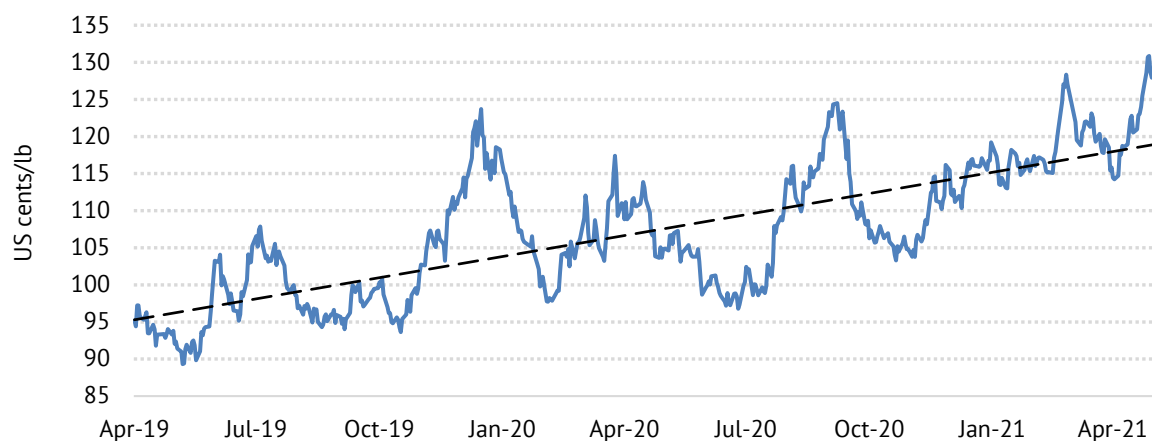


## Coffee prices rallied in April 2021 amid an anticipated decline in production and signs of economic recovery from covid-19 pandemic

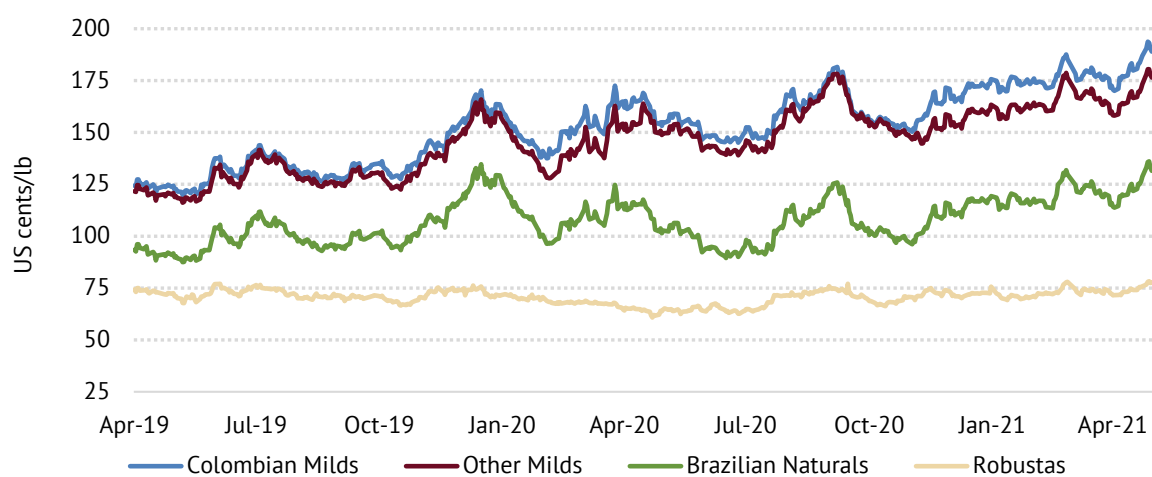
In April 2021, the ICO composite indicator rose by 1.4% to 122.03 US cents/lb as prices for all group indicators increased. Over the last six months, coffee prices have recorded a steady increase in monthly averages despite a few daily slumps. Relatively firm prices seem to encourage sales as world coffee exports amounted to 11.9 million 60-kg bags in March 2021, 2.4% higher than in March 2020. Shipments in the first half of coffee year 2020/21 increased by 3.5% to 65.4 million bags compared to 63.2 million bags recorded over the same period in coffee year 2019/20. However, cumulative exports from April 2020 to March 2021 are provisionally estimated at 129.5 million bags, a 1% decrease compared with the 130.8 million bags recorded from April 2019 to March 2020. World consumption for coffee year 2020/21 is projected at 166.3 million bags, an increase of 1.3% on its level of 164.2 million bags in coffee year 2019/20. The ICO has revised its production estimate for the current coffee year downwards, owing to Brazil's smaller 2021/22 Arabica crop. Despite this, world consumption is forecast to remain at 2% below total production of 169.6 million bags in coffee year 2020/21.

Figure 1: ICO composite indicator daily prices



Coffee prices continued their upward trend as the **monthly average of the ICO composite indicator rose to 122.03 US cents/lb in April 2021**, 1.4% higher than in March 2021 and 12% higher than in April 2020. This level also represents the sixth consecutive month of increase and the highest monthly average in over three and a half years. In April 2021, the daily composite indicator fluctuated between 114.22 and 130.87 US cents/lb. The linear trend observed in Figure 1 has gotten steeper every consecutive month since the start of the coffee year in October 2020. Market fundamentals are one of the main drivers of the current price trends as the imbalance between consumption and total production is getting smaller. Arabica supplies are expected to tighten in the near future, with Brazil's production projected to decline by more than 30% in its 2021/22 off-year crop. Moreover, various restrictions due to the ongoing pandemic affecting particularly the movement of population are expected to be gradually eased in the near future.

Figure 2: ICO group indicator daily prices



**Average prices for all group indicators increased in April 2021.** Prices for Colombian Milds and Brazilian Naturals confirmed their steady upwards trends since October 2020. Colombia Milds rose by 2.4% to 181.70 US cents/lb and the average price for the Brazilian naturals increased by 1.7% to 124.18 US cents/lb. After slipping in November 2020, the average price for Other Milds regained its upward trend and an increase of 1% was observed in April 2021 to 168.65 US cents/lb against 167.05 US cents/lb in March 2021. The differential between Colombian Milds and Other Milds increased by 25% to 13.05 US cents/lb and the differential between Other Milds and Brazilian Naturals decreased by 0.9%. As for the Robusta group, mixed price movements have been observed since October 2020. However, an increase of 0.8% to 74.47 US cents/lb was recorded in April 2021 in comparison with 73.86 US cents/lb in March 2021. Nevertheless, this monthly average price for Robusta is 16% higher than the level of 63.97 US cents/lb recorded in April 2020. The differential between Colombian Milds and Robusta increased by 3.5% to 107.23 US cents/lb.

In April 2021, the **arbitrage** between Arabica and Robusta coffees, as measured on the New York and London futures markets, increased by 4.7% to 71.01 US cents/lb.

Figure 3: Arbitrage between New York and London futures markets

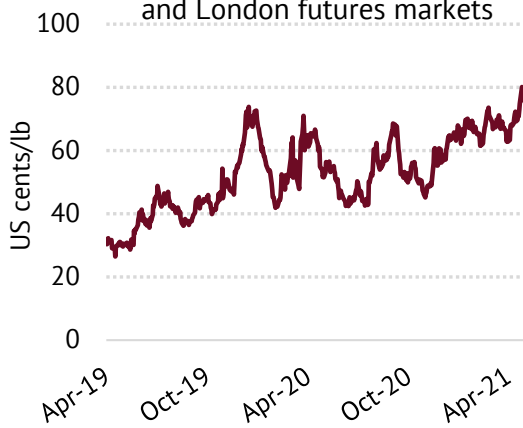
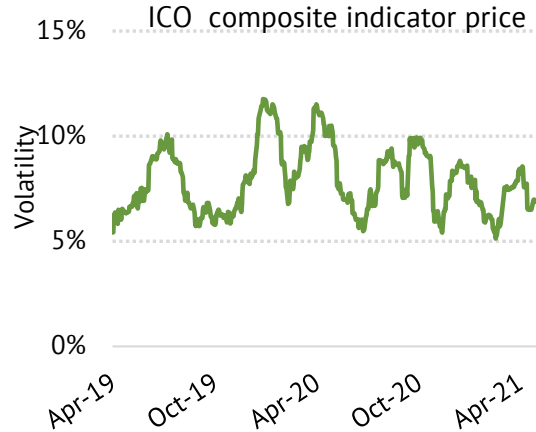


Figure 4: Rolling 30-day volatility of the ICO composite indicator price



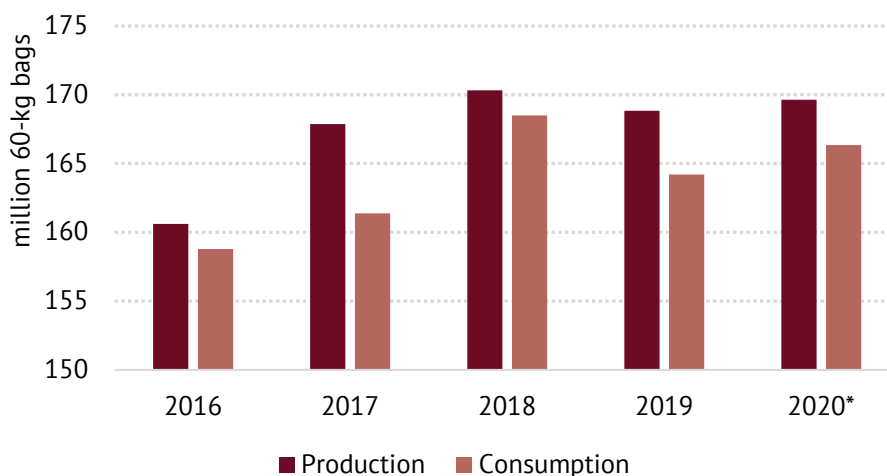
**Intra-day volatility of the ICO composite indicator price decreased from 7.7% in March 2021 to 7.3% in April.** The volatility for all indicators decreased in April, with Robusta experiencing the highest decrease of 1.1%. While the volatility of the London Futures market has decreased by 1.5% to 7% in April 2021, it has remained unchanged in the New York Futures market at 9.3%, the same level recorded in March 2021.

In April 2021, certified stocks of Arabica for New York Futures exchange were 2.07 million bags and certified stocks of Robusta coffee for the London Futures Exchange were 2.53 million bags, representing an increase by 5% and 1% respectively.

**Total production in coffee year 2020/21 is estimated to rise by 0.5% to 169.63 million bags,** with Arabica production increasing by 2.6% to 99.42 million bags. The production of Robusta coffee is expected to decrease by 2.4% to 70.21 million bags. At the regional level, a slight decrease of 0.8% is expected for Africa at 18.54 million bags in coffee year 2020/21 in comparison with 18.68 million bags in the previous coffee year. Production for Asia & Oceania is forecast to fall by 1.1% from 49.48 million bags in 2019/20 to 48.95 million in 2020/21. Production for Mexico & Central America is expected to decrease slightly by 0.1% at 19.54 million bags against 19.56 million bags in coffee year 2019/20. An increase of 1.8% in production is expected from South America at 82.59 million bags, compared with 81.12 million bags in 2019/20.

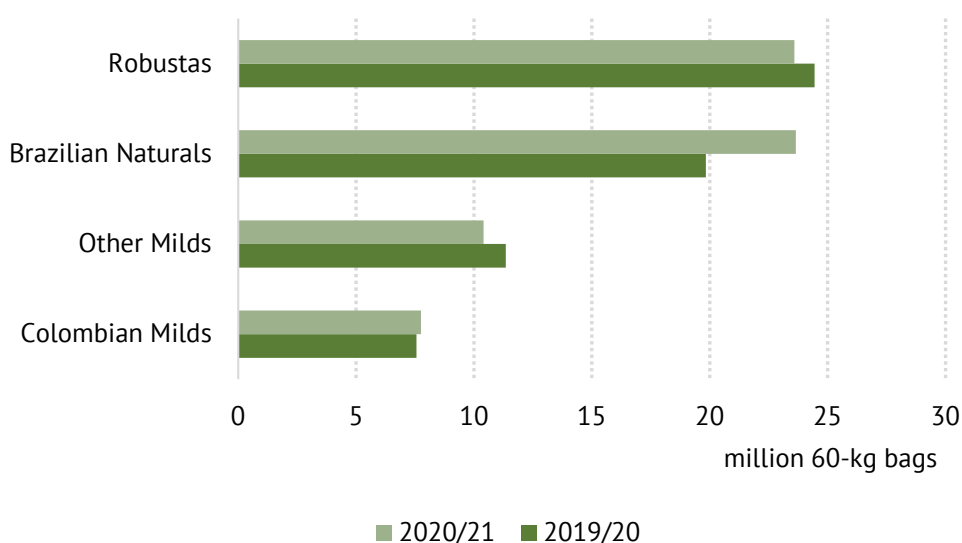
**World coffee consumption is projected to increase by 1.3% to 166.34 million bags in 2020/21 compared to 164.20 million bags for coffee year 2019/20.** The negative impact on coffee consumption experienced during coffee year 2019/20 with the outbreak of the covid-19 pandemic is fading as consumption is regaining its normal trend. Consumption in importing countries and domestic consumption in exporting countries is expected to grow by 1.3% and 1.4% respectively. Consumption in Africa is expected to increase by 1.8% at 12.24 million bags. Consumption in Asia & Oceania will increase by 1.4% at 36.50 million bags. In the region of Mexico and Central America, consumption is expected to increase by 0.7% at 5.36 million bags. As a result, the surplus of total production over world consumption is expected to be reduced at 3.28 million bags, compared with 4.6 million bags in the previous coffee year.

Figure 5: Production and consumption in coffee year



**Global exports in March 2021 totalled 11.94 million bags, compared with 11.66 million bags in March 2020.** Exports in the first half of coffee year 2020/21 reached 65.4 million bags, representing an increase of 3.5% compared to 63.2 million bags during the same period in coffee year 2019/20. Cumulative exports of Colombian Milds over the first half of coffee year 2020/21 increased by 2.6% to 7.75 million bags, while exports of Other Milds decreased by 8.3% to 10.4 million bags from 11.35 million bags in 2019/20. Total exports of Brazilian Naturals increased by 19.2% to 23.66 million bags, compared to 19.84 million bags recorded over the first six months of coffee year 2019/20. Shipments of Robusta over half of coffee year 2020/21 fell by 3.5% to 23.59 million bags.

Figure 6: Total exports over the first half of coffee year

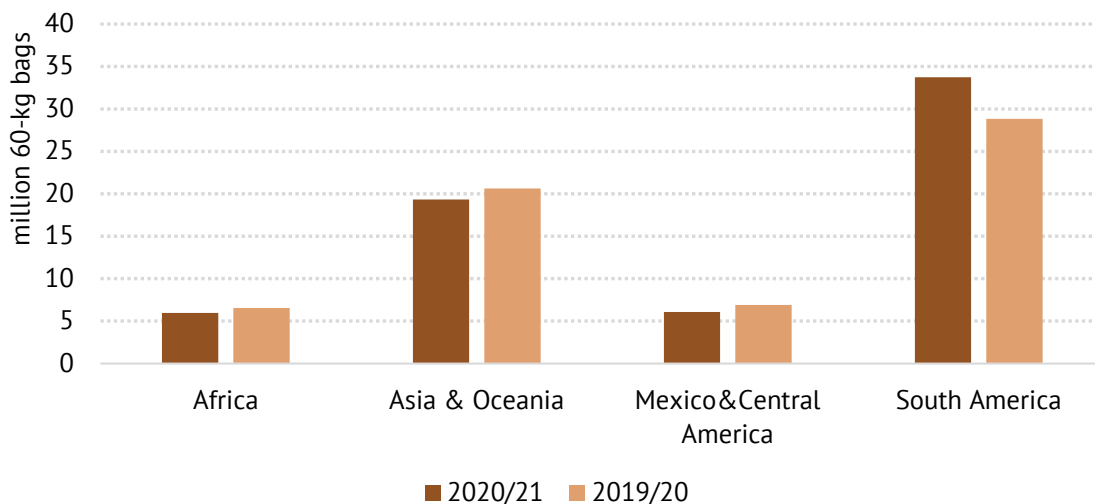


**The increase in exports was primarily driven by shipments of green coffee, which rose 4.3% to 59.32 million bags** in the first half of the coffee year compared to the same period in the previous year. Exports of roasted coffee fell by an estimated 4% to 336,172 bags, while those of soluble coffee fell by 3.4% to 5.72 million bags.

In regional terms, **exports of all forms of coffee from Africa in the first half of coffee year 2020/21 decreased by 8.9% to 5.96 million bags**, as shipments from Ethiopia, Côte d'Ivoire and Kenya declined by 28.5%, 49% and 9.5% respectively. Uganda, the largest regional exporter, has recorded an increase of 11.5% to 2.8 million bags. It should be noted that in March 2021, exports of Uganda totalled 572,839 bags, its highest volume of exports in a single month, generating over USD 53.55 million in export value.

**Asia & Oceania's coffee exports declined by 6.3% to 19.3 million bags in October 2020 to March 2021.** Viet Nam's exports during this period declined by 13.2% to 12.58 million bags, while Indonesia's shipments increased by 20.2% to 3.7 million bags. Exports from India, the region's third largest producer, recorded a small decrease of 0.5% to 2.55 million bags compared to 2.56 million bags in 2019/20.

Figure 7: Total exports over the first half of coffee year



**Compared to the first six months of coffee year 2019/20, exports from Mexico & Central America fell by 12.2% to 6.06 million bags** as parts of the region have not yet recovered from the severe impact of hurricanes Iota and Eta. Notably, shipments from Honduras, the region's largest producer, decreased by 20.9% to 2.19 million bags while those from Nicaragua fell by 12.7% to 1.05 million bags. Guatemala's exports declined by 15.9% to 1.05 million bags. Total exports of Costa Rica and El Salvador also declined by 7.2% and 28.2%, respectively. Indications of a recovery have nevertheless been observed in recent months, particularly in Honduras which exported 807,506 bags of coffee in March 2021, an increase of 4.5% compared to March 2020.

**From October 2020 to March 2021, South America's exports increased by 17% to 33.74 million bags.** During this period, exports of all forms of coffee from Brazil rose by 23.3% to 24.66 million bags. Brazil is nearing the end of its 2020/21 crop year, which was an on-year for its Arabica production. Exports from Colombia increased by 3.5% to 7.09 million bags. Ecuador recorded a relatively stable level of its exports at 1.75 million bags.

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

	ICO Composite	Colombian Milds	Colombian Other Milds	Brazilian Naturals	Brazilian Robustas	New York*	London*
<b>Monthly averages</b>							
Apr-20	108.91	161.92	154.52	111.22	63.97	115.55	54.40
May-20	104.45	154.96	149.84	101.69	64.53	107.54	54.67
Jun-20	99.05	147.16	141.52	92.56	64.62	99.50	54.77
Jul-20	103.66	153.38	146.78	97.96	67.69	106.20	57.92
Aug-20	114.78	167.22	163.25	111.79	72.68	120.98	62.89
Sep-20	116.25	168.36	166.56	113.81	72.77	122.08	63.35
Oct-20	105.85	154.28	152.06	100.37	68.36	110.70	59.14
Nov-20	109.70	161.21	150.73	106.41	72.38	115.48	62.82
Dec-20	114.74	170.44	157.81	114.96	72.04	124.46	62.41
Jan-21	115.73	173.42	160.69	116.69	70.71	127.59	60.54
Feb-21	119.35	176.96	166.43	120.06	73.37	129.69	63.07
Mar-21	120.36	177.49	167.05	122.16	73.86	131.72	63.90
Apr-21	122.03	181.70	168.65	124.18	74.47	134.77	63.76
<b>% change between Mar-21 and Apr-21</b>							
	1.4%	2.4%	1.0%	1.7%	0.8%	2.3%	-0.2%
<b>Volatility (%)</b>							
Apr-21	7.3%	6.9%	7.2%	9.3%	7.1%	9.3%	7.6%
Mar-21	7.7%	7.1%	7.8%	9.7%	8.2%	9.3%	9.1%
<b>Variation between Mar-21 and Apr-21</b>							
	-0.4	-0.2	-0.6	-0.4	-1.1	0.0	-1.5

\* Average prices for 2nd and 3rd positions

**Table 2: Price differentials (US cents/lb)**

	Colombian Milds	Colombian Milds	Colombian Milds	Other Milds	Other Milds	Brazilian Naturals	New York*
	Other Milds	Brazilian Naturals	Robustas	Brazilian Naturals	Robustas	Robustas	London*
Apr-20	7.40	50.70	97.95	43.30	90.55	47.25	61.15
May-20	5.12	53.27	90.43	48.15	85.31	37.16	52.87
Jun-20	5.64	54.60	82.54	48.96	76.90	27.94	44.73
Jul-20	6.60	55.42	85.69	48.82	79.09	30.27	48.28
Aug-20	3.97	55.43	94.54	51.46	90.57	39.11	58.09
Sep-20	1.80	54.55	95.59	52.75	93.79	41.04	58.73
Oct-20	2.22	53.91	85.92	51.69	83.70	32.01	51.56
Nov-20	10.48	54.80	88.83	44.32	78.35	34.03	52.66
Dec-20	12.63	55.48	98.40	42.85	85.77	42.92	62.05
Jan-21	12.73	56.73	102.71	44.00	89.98	45.98	67.05
Feb-21	10.53	56.90	103.59	46.37	93.06	46.69	66.62
Mar-21	10.44	55.33	103.63	44.89	93.19	48.30	67.82
Apr-21	13.05	57.52	107.23	44.47	94.18	49.71	71.01
<b>% change between Mar-21 and Apr-21</b>							
	25.0%	4.0%	3.5%	-0.9%	1.1%	2.9%	4.7%

\* Average prices for 2nd and 3rd positions

**Table 3: World Supply/Demand Balance**

Coffee year commencing	2016	2017	2018	2019	2020*	% change 2019/20
<b>PRODUCTION</b>	<b>160 608</b>	<b>167 868</b>	<b>170 322</b>	<b>168 833</b>	<b>169 633</b>	<b>0.5%</b>
Arabica	99 940	98 187	99 919	96 930	99 423	2.6%
Robusta	60 668	69 680	70 403	71 903	70 211	-2.4%
Africa	16 839	17 461	18 579	18 681	18 539	-0.8%
Asia & Oceania	47 930	52 203	48 173	49 478	48 954	-1.1%
Mexico & Central America	20 322	21 752	21 636	19 557	19 544	-0.1%
South America	75 516	76 453	81 934	81 118	82 596	1.8%
<b>CONSUMPTION</b>	<b>158 781</b>	<b>161 377</b>	<b>168 492</b>	<b>164 202</b>	<b>166 346</b>	<b>1.3%</b>
Exporting countries	48 334	49 686	50 245	49 982	50 666	1.4%
Importing countries (Coffee Years)	110 447	111 691	118 247	114 220	115 680	1.3%
Africa	10 702	11 087	12 017	12 024	12 242	1.8%
Asia & Oceania	35 068	34 903	36 472	36 002	36 503	1.4%
Mexico & Central America	5 193	5 273	5 431	5 327	5 364	0.7%
Europe	52 148	53 251	55 637	53 372	54 065	1.3%
North America	29 559	29 941	31 779	30 580	30 993	1.4%
South America	26 111	26 922	27 156	26 898	27 180	1.0%
<b>BALANCE</b>	<b>1 827</b>	<b>6 491</b>	<b>1 830</b>	<b>4 631</b>	<b>3 286</b>	

In thousand 60-kg bags

\*preliminary estimates

As the figures in this table are on a coffee year basis, these estimates will vary from the figures published in Table 1 of Coffee Production Report (<http://www.ico.org/prices/po-production.pdf>), which contains crop year data. For further details, see the explanatory note at the end of this report.

**Table 4: Total exports by exporting countries**

	Mar-20	Mar-21	% change	October-March		
				2019/20	2020/21	% change
<b>TOTAL</b>	<b>11 661</b>	<b>11 944</b>	<b>2.4%</b>	<b>63 198</b>	<b>65 402</b>	<b>3.5%</b>
Arabicas	7 063	7 061	0.0%	38 749	41 814	7.9%
Colombian Milds	1 066	1 229	15.3%	7 559	7 754	2.6%
Other Milds	2 460	2 501	1.7%	11 352	10 404	-8.3%
Brazilian Naturals	3 536	3 331	-5.8%	19 838	23 655	19.2%
Robustas	4 599	4 883	6.2%	24 450	23 588	-3.5%

In thousand 60-kg bags

Monthly trade statistics are available on the ICO website at [www.ico.org/trade\\_statistics.asp](http://www.ico.org/trade_statistics.asp)

**Table 5: Certified stocks on the New York and London futures markets**

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
New York	2.01	1.90	1.82	1.45	1.26	1.30	1.40	1.52	1.75	1.92	1.97	2.07
London	2.18	1.99	1.90	1.85	1.85	2.04	2.24	2.31	2.40	2.44	2.50	2.53

In million 60-kg bags



### **Explanatory Note for Table 3**

For each year, the Secretariat uses statistics received from Members to provide estimates and forecasts for annual production, consumption, trade and stocks. As noted in paragraph 100 of document [ICC 120-16](#), these statistics can be supplemented and complemented by data from other sources when information received from Members is incomplete, delayed or inconsistent. The Secretariat also considers multiple sources for generating supply and demand balance sheets for non-Members.

The Secretariat uses the concept of the marketing year, that is the coffee year commencing on 1 October of each year, when looking at the global supply and demand balance. Coffee-producing countries are located in different regions around the world, with various crop years, i.e. the 12-month period from one harvest to the next. The crop years currently used by the Secretariat commence on 1 April, 1 July and 1 October. To maintain consistency, the Secretariat converts production data from a crop year basis to a marketing year basis depending on the harvest months for each country. Using a coffee year basis for the global coffee supply and demand, as well as prices ensures that analysis of the market situation occurs within the same time period.

For example, the 2014/15 coffee year began on 1 October 2014 and ended 30 September 2015. However, for producers with crop years commencing on 1 April, the crop year production occurs across two coffee years. Brazil's 2014/15 crop year began on 1 April 2014 and finished 31 March 2015, covering the first half of coffee year 2014/15. However, Brazil's 2015/16 crop year commenced 1 April 2015 and ended 31 March 2016, covering the latter half of coffee year 2014/15. In order to bring the crop year production into a single coffee year, the Secretariat would allocate a portion of the April-March 2014/15 crop year production and a portion of the April-March 2015/16 production into 2014/15 coffee year production.

It should be noted that while estimates for coffee year production are created for each individual country, these are made for the purpose of creating a consistent aggregated supply-demand balance for analytical purposes, and does not represent the production occurring on the ground within the individual countries.