



International Coffee Organization  
Organización Internacional del Café  
Organização Internacional do Café  
Organisation Internationale du Café

E

## LETTER FROM THE EXECUTIVE DIRECTOR

### COFFEE MARKET REPORT

January 2008

*The upward trend in coffee prices continued during the month of January 2008, with the monthly average of the ICO composite indicator price at 122.33 US cents per lb compared to 105.81 cents in January 2007. The increase was significant in the case of Robustas, with the monthly average at 99.71 US cents per lb in January 2008 compared to 91.39 cents in December 2007. On 31 January, the daily average of Robusta reached 104.09 cents, the highest level for 12 years. Arabica prices are at their highest level for 10 years. Market fundamentals underpinned this upward trend since there was a slowdown in exports as a result of a relatively tight supply situation created by producers anticipating an even steeper rise in prices. The current increase in prices has generated speculative activities, particularly on the part of investment funds, which took significant long positions on futures markets, provoking a supply shortage mainly in the case of Robustas. Notwithstanding this upward trend, the appreciation of the national currencies of a number of exporting countries in relation to the US dollar increased the cost of inputs. Moreover, the social and political difficulties in Kenya seem to be having repercussions not only on the activities of the coffee chain in this country but also in Uganda, whose exports via the Kenyan port of Mombasa have virtually ground to a halt since December 2007.*

*Exports in December 2007 amounted to 7.6 million bags, bringing total exports during 2007 to 95.5 million bags, an increase of 3.7% compared to the figure for 2006. However, exports for the first quarter of coffee year 2007/08 (October – December) totalled 22 million bags, indicating a slight slackening in comparison with the same period in coffee year 2006/07 (23.5 million bags).*

*Lastly, it should be noted that January was marked by a meeting of the Executive Board and a special session of the Council, which approved Resolution 436 designating the International Coffee Organization as Depositary for the International Coffee Agreement 2007 concluded in London in September 2007.*

**Price movements**

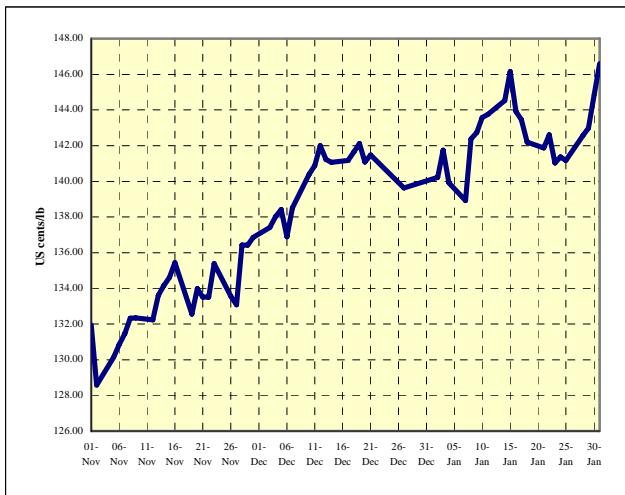
Price levels recorded a further increase, with the monthly average of the **ICO composite indicator price** at 122.33 US cents/lb in January 2008 compared to 118.16 US cents/lb in December 2007 (Table 1). The steepest rise was recorded for Robustas, with the ICO indicator price up from 91.39 US cents/lb in December 2007 to 99.21 cents in January 2008. The behaviour of the market at the beginning of February indicates a continuation of the upward trend in prices for all four groups of coffee, as the ICO composite indicator price recorded on 8 February was 133.19 cents per pound. Graph 1 shows changes in the ICO daily composite indicator price since 2 January 2007.

Graphs 2 to 5 show changes in daily indicator prices for the four groups of coffee since 1 November 2007.

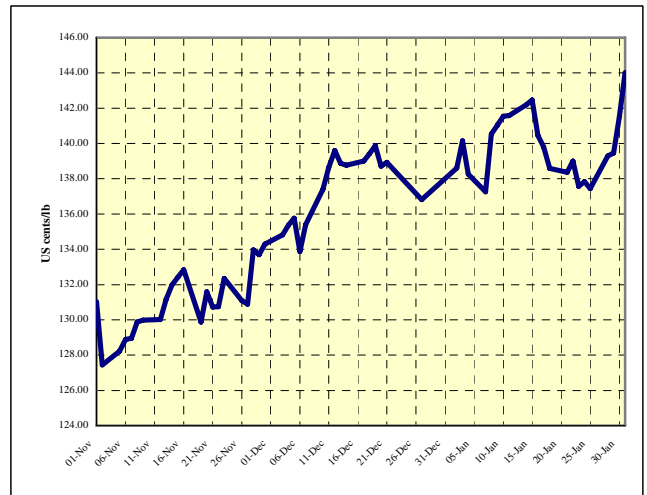
**Graph 1: Daily composite indicator price  
2 January 2007 – 8 February 2008**



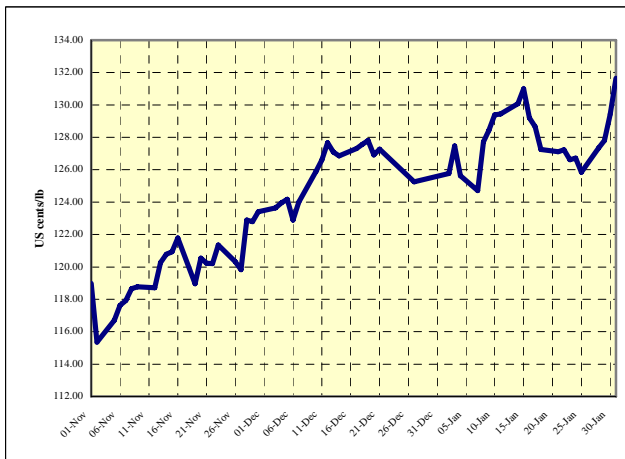
**Graph 2: Daily indicator prices for Colombian Milds  
1 November 2007 – 31 January 2008**



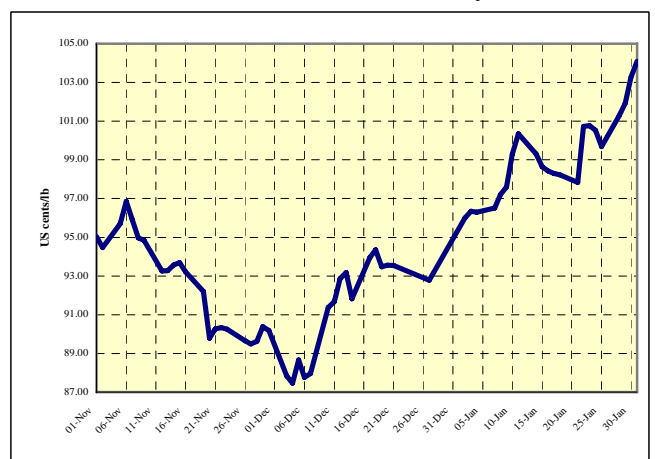
**Graph 3: Daily indicator prices for Other Milds  
1 November 2007 – 31 January 2008**



**Graph 4: Daily indicator prices for Brazilian Naturals  
1 November 2007 – 31 January 2008**



**Graph 5: Daily indicator prices for Robustas  
1 November 2007 – 31 January 2008**



**Table 1: ICO daily indicator prices and futures prices (US cents/lb) – January 2008**

	<b>ICO composite</b>	<b>Colombian Milds</b>	<b>Other Milds</b>	<b>Brazilian Naturals</b>	<b>Robustas</b>	<b>New York*</b>	<b>London*</b>
<b>Jan-08</b>							
01-Jan	Holiday						
02-Jan	119.95	140.22	138.61	125.78	96.00	137.88	88.36
03-Jan	121.11	141.74	140.15	127.46	96.35	139.03	88.77
04-Jan	119.89	139.92	138.26	125.63	96.30	136.53	88.72
07-Jan	119.34	138.91	137.26	124.71	96.51	135.30	88.88
08-Jan	121.66	142.37	140.52	127.73	97.21	139.30	89.56
09-Jan	122.17	142.74	141.05	128.43	97.61	139.50	89.99
10-Jan	123.27	143.57	141.55	129.38	99.28	140.53	91.74
11-Jan	123.68	143.75	141.57	129.44	100.35	140.22	92.46
14-Jan	123.75	144.52	142.20	130.07	99.31	141.45	92.33
15-Jan	124.09	146.15	142.47	131.00	98.65	140.55	91.35
16-Jan	122.74	143.92	140.46	129.20	98.43	138.90	91.15
17-Jan	122.33	143.45	139.80	128.65	98.30	138.35	90.99
18-Jan	121.46	142.19	138.59	127.26	98.23	136.98	90.72
21-Jan	121.19	141.87	138.37	127.12	97.84	Holiday	90.63
22-Jan	122.46	142.61	139.01	127.24	100.73	138.97	93.37
23-Jan	121.78	141.03	137.58	126.62	100.78	135.20	93.17
24-Jan	121.82	141.37	137.84	126.71	100.52	136.28	93.01
25-Jan	121.15	141.17	137.44	125.85	99.68	135.18	92.19
28-Jan	122.75	142.58	139.29	127.36	101.29	138.18	93.80
29-Jan	123.20	142.98	139.45	127.80	101.93	137.40	94.53
30-Jan	124.85	144.86	141.50	129.42	103.28	140.35	95.84
31-Jan	126.57	146.60	144.02	131.66	104.09	141.88	95.73
<b>Jan-08</b>	<b>122.33</b>	<b>142.66</b>	<b>139.86</b>	<b>127.93</b>	<b>99.21</b>	<b>138.47</b>	<b>91.70</b>
<b>2007</b>							
January	105.81	126.07	124.53	112.50	79.13	123.76	71.10
February	104.18	123.82	122.03	110.03	79.08	119.74	71.09
March	100.09	118.33	117.08	104.91	77.00	114.38	69.16
April	99.30	116.11	114.60	102.22	79.58	112.29	72.03
May	100.09	115.01	113.24	101.49	83.91	111.28	76.26
June	107.03	121.20	119.33	107.32	92.68	118.22	84.82
July	106.20	120.78	117.63	106.24	92.51	115.61	84.50
August	107.98	125.22	123.19	111.73	87.44	121.64	79.91
September	113.20	130.37	128.04	117.14	92.78	127.74	83.27
October	115.71	136.49	134.29	122.12	91.10	134.36	81.67
November	114.43	133.32	131.00	119.87	92.59	127.80	84.28
December	118.16	140.12	137.58	125.93	91.39	135.08	84.62
<b>2008</b>							
January	122.33	142.66	139.86	127.93	99.21	138.47	91.70
<b>annual averages</b>							
2000	64.24	102.60	87.07	79.86	41.41	94.58	40.11
2001	45.59	72.05	62.28	50.70	27.55	58.86	23.92
2002	47.74	64.91	61.54	45.25	30.02	57.02	25.88
2003	51.91	65.33	64.20	50.31	36.95	65.24	34.11
2004	62.15	81.44	80.47	68.97	35.99	79.53	32.84
2005	89.36	115.73	114.86	102.29	50.55	111.38	46.80
2006	95.75	116.80	114.40	103.92	67.55	112.30	59.77
2007	107.68	125.57	123.55	111.79	86.60	121.83	78.56
<b>% change between Jan-08 and Dec-07</b>	3.53	1.81	1.66	1.59	8.56	2.51	8.36
<b>% change between Jan-08 and Jan-07</b>	15.61	13.16	12.31	13.72	25.38	11.89	28.97
<b>% change between Jan-08 and 2007 average</b>	13.60	13.61	13.20	14.44	14.56	13.66	16.72

\*Averages of 2<sup>nd</sup> and 3<sup>rd</sup> positions

**Table 2: Production in selected exporting countries**

Crop year commencing	2004	2005	2006	2007	% change 2007-2006
<b>TOTAL</b>	<b>115 330</b>	<b>109 335</b>	<b>125 569</b>	<b>116 446</b>	<b>-7.27</b>
<b>Africa</b>	<b>14 349</b>	<b>12 935</b>	<b>14 795</b>	<b>15 829</b>	<b>6.99</b>
Cameroon	727	849	827	795	-3.91
Côte d'Ivoire	2 301	1 962	2 847	2 350	-17.47
Ethiopia	4 568	4 003	4 636	5 733	23.67
Kenya	756	640	750	925	23.29
Tanzania	763	721	750	867	15.63
Uganda	2 593	2 159	2 600	2 750	5.76
Others	2 640	2 601	2 384	2 409	1.05
<i>Arabicas</i>	<i>7 675</i>	<i>6 484</i>	<i>7 270</i>	<i>8 471</i>	<i>16.51</i>
<i>Robustas</i>	<i>6 674</i>	<i>6 451</i>	<i>7 525</i>	<i>7 359</i>	<i>-2.21</i>
<b>Asia &amp; Oceania</b>	<b>28 733</b>	<b>29 249</b>	<b>31 982</b>	<b>30 525</b>	<b>-4.56</b>
India	4 592	4 567	4 750	4 850	2.10
Indonesia	7 536	8 659	6 650	7 000	5.27
Papua New Guinea	998	1 268	807	1 043	29.21
Thailand	884	999	766	935	22.05
Vietnam	14 174	13 595	18 455	15 950	-13.57
Others	548	160	554	747	34.80
<i>Arabicas</i>	<i>3 542</i>	<i>3 719</i>	<i>3 134</i>	<i>3 527</i>	<i>12.54</i>
<i>Robustas</i>	<i>25 191</i>	<i>25 530</i>	<i>28 848</i>	<i>26 998</i>	<i>-6.41</i>
<b>Mexico &amp; Central America</b>	<b>15 814</b>	<b>17 379</b>	<b>17 088</b>	<b>18 771</b>	<b>9.85</b>
Costa Rica	1 887	1 778	1 580	1 912	21.01
El Salvador	1 437	1 502	1 372	1 476	7.61
Guatemala	3 703	3 676	3 950	4 000	1.26
Honduras	2 575	3 204	3 461	3 833	10.75
Mexico	3 867	4 225	4 200	4 500	7.13
Nicaragua	1 130	1 718	1 300	1 750	34.63
Others	1 214	1 277	1 225	1 300	6.14
<i>Arabicas</i>	<i>15 799</i>	<i>17 243</i>	<i>16 954</i>	<i>18 626</i>	<i>9.87</i>
<i>Robustas</i>	<i>15</i>	<i>136</i>	<i>135</i>	<i>145</i>	<i>7.68</i>
<b>South America</b>	<b>56 434</b>	<b>49 771</b>	<b>61 704</b>	<b>51 320</b>	<b>-16.83</b>
Brazil	39 272	32 944	42 513	33 740	-20.64
Colombia	12 033	12 329	12 789	12 400	-3.04
Ecuador	938	1 138	1 177	950	-19.29
Others	4 191	3 361	5 225	4 230	-19.05
<i>Arabicas</i>	<i>48 691</i>	<i>40 103</i>	<i>51 892</i>	<i>40 828</i>	<i>-21.32</i>
<i>Robustas</i>	<i>7 743</i>	<i>9 668</i>	<i>9 812</i>	<i>10 493</i>	<i>6.94</i>
<b>TOTAL</b>	<b>115 330</b>	<b>109 335</b>	<b>125 569</b>	<b>116 446</b>	<b>-7.27</b>
Colombian Milds	13 345	13 416	14 004	13 863	-1.01
Other Milds	25 113	25 519	27 000	27 947	3.51
Brazilian Naturals	37 249	28 615	38 246	29 642	-22.50
Robustas	39 622	41 785	46 319	44 994	-2.86
<b>Arabicas</b>	<b>75 708</b>	<b>67 550</b>	<b>79 250</b>	<b>71 452</b>	<b>-9.84</b>
<b>Robustas</b>	<b>39 622</b>	<b>41 785</b>	<b>46 319</b>	<b>44 994</b>	<b>-2.86</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	
Colombian Milds	11.57	12.27	11.15	11.90	
Other Milds	21.77	23.34	21.50	24.00	
Brazilian Naturals	32.30	26.17	30.46	25.46	
Robustas	34.36	38.22	36.89	38.64	
<b>Arabicas</b>	<b>65.64</b>	<b>61.78</b>	<b>63.11</b>	<b>61.36</b>	
<b>Robustas</b>	<b>34.36</b>	<b>38.22</b>	<b>36.89</b>	<b>38.64</b>	

In thousand bags

**Market fundamentals**

I am continuing to monitor world production and, on the basis of information received from a number of countries, my estimate of world production for crop year 2008/09 remains at between 123 and 126 million bags. This estimate may be adjusted as relevant information is received from producing countries.

In the case of crop year 2007/08, which is still in progress, **total production** is around 116 million bags (Table 2).

**Exports** during December 2007 amounted to 7.6 million bags, bringing the total for 2007 to 95.5 million bags compared to 92.1 million bags in 2006 (Table 3).

**Table 3: Annual exports of all forms of coffee (January – December)**

	2005	2006	2007	% change
<b>TOTAL</b>	<b>87.19</b>	<b>92.11</b>	<b>95.52</b>	<b>3.71</b>
Colombian Milds	12.00	11.96	12.56	5.09
Other Milds	18.64	21.31	20.90	-1.90
Brazilian Naturals	26.40	28.39	28.45	0.22
Robustas	30.14	30.46	33.61	10.34
<b>Arabicas</b>	<b>57.05</b>	<b>61.65</b>	<b>61.91</b>	<b>0.43</b>
<b>Robustas</b>	<b>30.14</b>	<b>30.46</b>	<b>33.61</b>	<b>10.34</b>
<b>Africa</b>	<b>10.26</b>	<b>11.33</b>	<b>11.71</b>	<b>3.30</b>
Cameroon	0.70	0.74	0.73	-1.65
Côte d'Ivoire	1.82	2.40	2.79	15.94
Ethiopia	2.44	2.94	2.60	-11.29
Kenya	0.65	0.60	0.74	23.03
Tanzania	0.69	0.66	0.75	12.91
Uganda	2.37	2.17	2.69	23.95
Others	1.59	1.82	1.41	-22.47
<b>Asia &amp; Oceania</b>	<b>24.61</b>	<b>24.32</b>	<b>26.45</b>	<b>8.77</b>
India	2.82	3.70	2.95	-20.13
Indonesia	6.74	5.28	4.28	-19.01
Papua New Guinea	1.20	0.85	0.91	7.06
Thailand	0.37	0.44	0.34	-23.59
Vietnam	13.43	14.00	17.94	28.11
Others	0.04	0.04	0.03	-21.73
<b>Mexico &amp; Central America</b>	<b>11.80</b>	<b>13.12</b>	<b>14.03</b>	<b>6.95</b>
Costa Rica	1.48	1.31	1.37	4.21
El Salvador	1.28	1.29	1.21	-6.38
Guatemala	3.47	3.31	3.74	12.92
Honduras	2.39	2.90	3.31	14.27
Mexico	1.98	2.57	2.91	13.32
Nicaragua	1.00	1.45	1.25	-13.25
Others	0.20	0.29	0.24	-18.32
<b>South America</b>	<b>40.51</b>	<b>43.34</b>	<b>43.33</b>	<b>-0.01</b>
Brazil	26.15	27.34	27.83	1.78
Colombia	10.87	10.94	11.30	3.33
Ecuador	0.99	1.01	0.99	-2.33
Others	2.49	4.05	3.22	-20.55

In million bags

I confirm my estimate of **world consumption** in 2006 at around 120 million bags, comprising 31.3 million bags for **domestic consumption in exporting countries** and 88.6 million bags in **importing countries** (Table 4). Graph 6 shows changes in world consumption between 2000 and 2007. Preliminary estimates of **world consumption** in 2007 indicate a figure of around 123 million bags.

Tables 5 and 6 show per capita consumption in selected exporting and importing countries.

**Table 4: World consumption  
(Calendar years 2002 – 2006)**

	2002	2003	2004	2005	2006
<b>WORLD TOTAL</b>	<b>109 944</b>	<b>112 227</b>	<b>117 542</b>	<b>117 636</b>	<b>119 882</b>
<i>Producing countries</i>	<i>27 511</i>	<i>28 189</i>	<i>29 238</i>	<i>30 164</i>	<i>31 309</i>
Brazil	13 710	14 088	14 763	15 363	16 100
Indonesia	1 875	1 958	2 000	2 000	2 000
Ethiopia	1 833	1 833	1 833	1 833	1 833
Mexico	1 500	1 500	1 500	1 556	1 794
Colombia	1 400	1 400	1 400	1 400	1 400
India	1 084	1 142	1 188	1 272	1 337
Philippines	825	873	917	917	917
Venezuela	690	693	700	703	723
Others	4 594	4 703	4 938	5 121	5 205
<i>Importing countries</i>	<i>82 434</i>	<i>84 038</i>	<i>88 304</i>	<i>87 471</i>	<i>88 573</i>
<i>European Community</i>	<i>38 637</i>	<i>39 764</i>	<i>41 083</i>	<i>39 374</i>	<i>40 985</i>
Germany	8 498	9 499	10 445	8 665	9 151
Italy	5 182	5 507	5 469	5 552	5 593
France	5 526	5 394	4 929	4 787	5 269
United Kingdom	2 260	2 236	2 458	2 680	3 057
Spain	2 833	2 740	2 705	3 007	3 017
Netherlands	1 574	1 743	1 978	1 927	2 129
Poland	2 201	2 242	2 281	2 267	1 953
Belgium	1 484	1 575	1 281	1 158	1 537
Sweden	1 224	1 178	1 234	1 170	1 315
Finland	970	966	1 034	1 102	1 047
Others	6 884	6 685	7 268	7 058	6 917
USA	19 125	20 193	20 973	20 998	20 667
Japan	6 875	6 770	7 117	7 128	7 268
<i>Other importing countries</i>	<i>17 798</i>	<i>17 311</i>	<i>19 131</i>	<i>19 972</i>	<i>19 653</i>
Russian Federation	3 301	3 409	2 877	3 040	3 177
Canada	2 302	2 133	2 747	2 794	3 097
Algeria	1 852	1 752	2 159	1 892	1 836
Korea, Republic of	1 306	1 305	1 401	1 394	1 463
Australia	976	873	864	1 039	992
Ukraine	431	637	724	977	752
Others	7 629	7 202	8 359	8 836	8 336

In million bags

**Table 5: Per capita consumption in selected  
exporting countries  
(Calendar years 2002 – 2006)**

	2002	2003	2004	2005	2006
Brazil	4.59	4.65	4.81	4.93	5.10
Costa Rica	3.62	3.40	4.17	5.04	4.77
Dominican Republic	2.26	2.22	2.31	2.39	2.36
Haiti	2.30	2.27	2.23	2.19	2.16
Nicaragua	2.07	2.10	2.12	2.09	2.06
Honduras	1.86	1.83	1.86	2.02	1.98
El Salvador	1.44	1.42	1.44	1.62	1.85
Colombia	1.95	1.92	1.90	1.87	1.84
Venezuela	1.63	1.61	1.60	1.58	1.59
Madagascar	0.68	1.03	1.43	1.50	1.46
Guatemala	1.53	1.49	1.45	1.42	1.38
Ethiopia	1.50	1.47	1.43	1.39	1.36
Panama	1.31	1.29	1.26	1.24	1.24
Cuba	1.19	1.20	1.20	1.20	1.20
Mexico	0.88	0.88	0.87	0.90	1.02
Côte d'Ivoire	1.07	1.06	1.04	1.02	1.00
Ecuador	0.77	0.70	0.70	0.69	0.68
Philippines	0.62	0.65	0.66	0.65	0.64
Indonesia	0.52	0.53	0.54	0.53	0.52

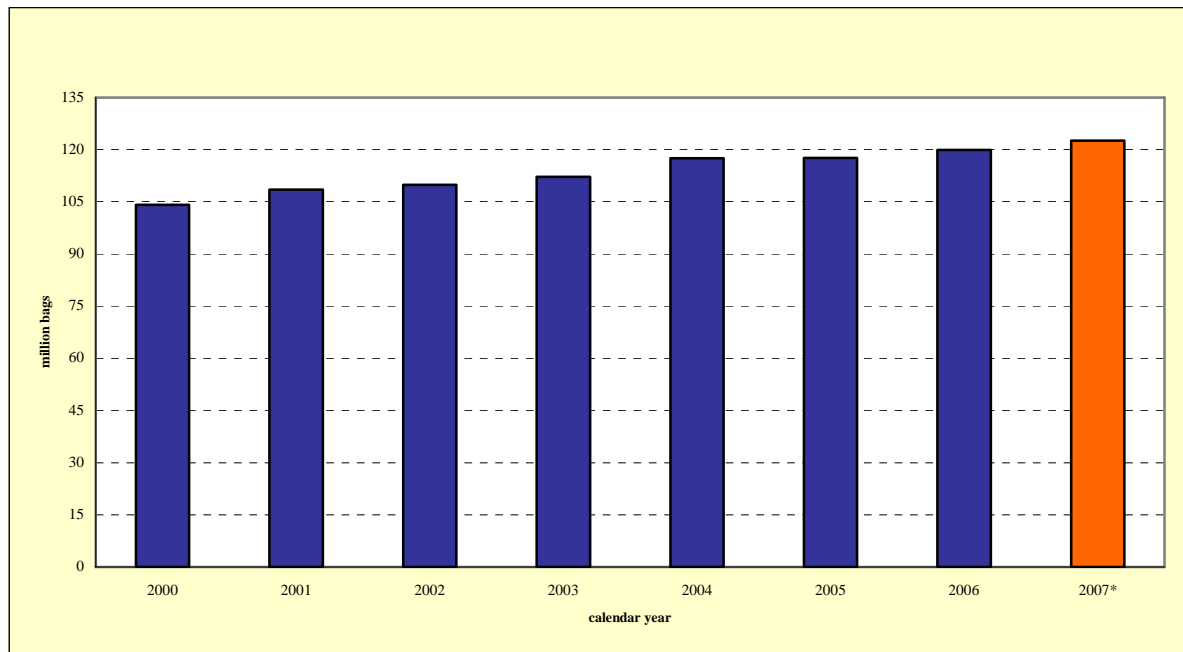
In kilogrammes

**Table 6: Per capita consumption in selected  
importing countries  
(Calendar years 2002 – 2006)**

	2002	2003	2004	2005	2006
Algeria	3.54	3.30	4.00	3.46	3.30
Australia	2.99	2.64	2.58	3.07	2.90
Canada	4.41	4.05	5.16	5.19	5.70
<i>European Community</i>	<i>4.78</i>	<i>4.90</i>	<i>5.04</i>	<i>4.82</i>	<i>5.00</i>
Austria	6.80	5.26	7.24	5.59	4.41
Belgium	8.67	9.16	7.42	6.68	8.84
Bulgaria	2.59	3.04	2.81	3.33	3.28
Cyprus	3.81	3.89	4.32	4.97	3.92
Czech Republic	3.78	3.66	3.62	3.87	3.58
Denmark	8.99	8.06	9.43	8.80	9.19
Estonia	4.89	5.08	5.71	6.48	7.48
Finland	11.19	11.10	11.87	12.60	11.92
France	5.54	5.37	4.88	4.71	5.15
Germany	6.18	6.90	7.58	6.29	6.64
Greece	4.49	5.04	4.72	4.70	4.62
Hungary	3.76	3.82	4.20	3.39	3.56
Ireland	2.08	2.27	3.31	3.23	2.88
Italy	5.36	5.67	5.61	5.68	5.71
Latvia	3.70	4.08	4.01	3.76	4.74
Lithuania	3.60	3.01	3.44	3.38	3.76
Luxembourg	13.22	12.07	15.67	11.66	13.49
Malta	1.36	1.58	2.33	2.44	4.32
Netherlands	5.87	6.46	7.30	7.08	7.80
Poland	3.44	3.51	3.58	3.56	3.07
Portugal	4.17	3.78	3.90	4.29	4.24
Romania	2.02	2.08	2.26	2.38	2.33
Slovakia	3.36	3.54	3.15	3.26	3.13
Slovenia	5.68	5.02	5.55	5.44	5.27
Spain	4.11	3.91	3.79	4.16	4.12
Sweden	8.24	7.89	8.22	7.76	8.69
United Kingdom	2.28	2.25	2.46	2.67	3.03
Japan	3.24	3.18	3.34	3.34	3.41
Korea, Republic of	1.66	1.65	1.76	1.75	1.83
Norway	9.13	8.95	9.23	9.61	9.27
Russian Federation	1.36	1.41	1.19	1.27	1.33
Switzerland	6.73	6.95	5.86	8.89	7.51
Ukraine	0.54	0.80	0.92	1.25	0.97
USA	3.95	4.12	4.24	4.20	4.09

In kilogrammes

**Graph 6: World consumption**  
**Calendar years 2000 – 2007\***



\* Estimated

*In conclusion, it should be noted that the current situation of supply and demand is underpinning the firmness in prices, making it likely that the present trend will prevail. This will depend, however, on the flow of exports and changes in stocks. However, it must also be said that there are no reasons to believe that regular supplies of coffee will be significantly disrupted.*