International Coffee Organization
Organización Internacional del Café
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LETTER FROM THE EXECUTIVE DIRECTOR

COFFEE MARKET REPORT

November 2007

The coffee market continued to consolidate in November at price levels observed in the previous two months, although Arabica prices were slightly down compared to those in October. In contrast, Robusta prices were slightly higher, with the average of the 2nd and 3rd positions on the London futures market (LIFFE) at 84.28 US cents/lb in November, compared to 81.67 US cents/lb in October. As regards market fundamentals, there appear to be no significant movements that could result in high price volatility.

On the basis of adjusted data for a number of exporting countries, namely Colombia, Ethiopia, Vietnam and others, I have revised the figure for total production of 121.6 million bags in crop year 2006/07 to around 125 million bags. This adjustment occurred after observing export figures at the end of crop year 2006/07 and various reports from exporting countries. Indeed, production in Vietnam has been revised upwards to 18.6 million bags. Some sources indicate Vietnamese production to be over 20 million bags. With regard to crop year 2007/08, I have also received information that leads me to revise my preliminary estimate of world production from 114 million bags to 116 million bags.

Total exports for the twelve months from November 2006 to October 2007 amounted to 96.4 million bags, an increase of 7.7% compared to 89.5 million bags for the period November 2005 to October 2006. It may be noted that Vietnam exported 18.1 million bags between November 2006 and October 2007 compared to 13.1 million bags during the preceding twelve-month period.

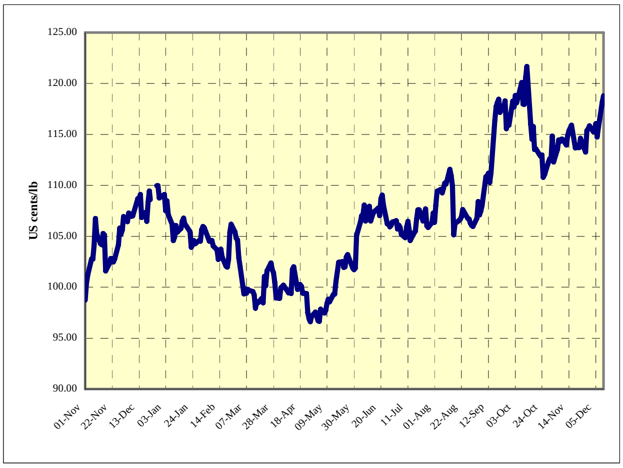
During the month, I attended the 47th General Assembly of the InterAfrican Coffee Organisation (IACO), held in Yaoundé (Cameroon), which was also the occasion of the first Forum for the Promotion of African Coffees. Efforts to improve quality and marketing activities with a view to increasing domestic consumption were discussed. I also addressed the 15th Encafe Conference, held in Recife (Brazil) on the topic of sustainable consumption. In my presentation I highlighted the increasing consumption of Brazil which is forecast to reach 17 million bags by the end of 2007.

Price movements

The monthly average of the **ICO composite indicator price** was 114.43 US cents/lb in November, a slight fall of 1.1% compared to the October level of 115.71 US cents/lb (Table 1). Arabica prices were also down. This trend was reversed in the first weeks of December[1]. Graph 1 shows changes in the ICO daily composite indicator price since 1 November 2006.

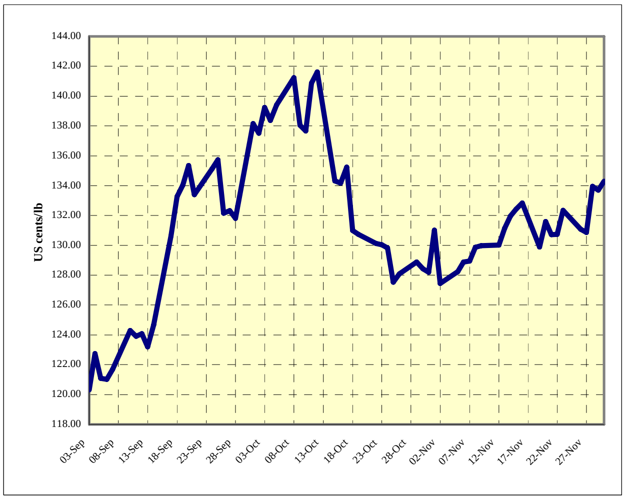
Graphs 2 to 5 show changes in daily indicator prices for the four groups of coffee since 3 September 2007. Robustas was the only group to record a slight rise in prices during November compared to the previous month.

Graph 1: Daily composite indicator price 1 November 2006 – 12 December 2007

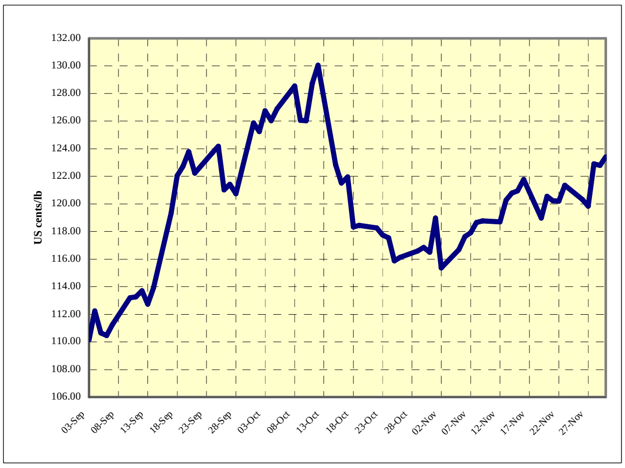


Graph 2: Daily indicator prices for Colombian Milds 3 September – 30 November 2007

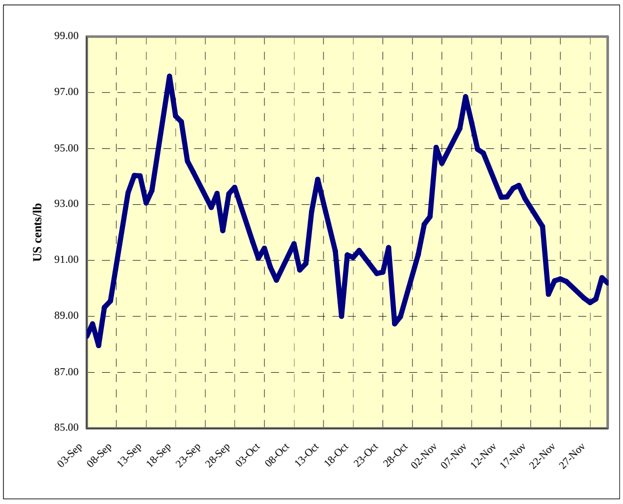
Graph 3: Daily indicator prices for Other Milds 3 September – 30 November 2007



Graph 4: Daily indicator prices for Brazilian Naturals 3 September – 30 November 2007



Graph 5: Daily indicator prices for Robustas 3 September – 30 November 2007



[1] *The price recorded on 12 December was 119.88 US cents/lb.*

Table 1: ICO daily indicator prices and futures prices (US cents/lb) – November 2007

	ICO composite	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	New York*	London*
Nov-07							
01-Nov	114.83	131.94	131.03	118.98	95.04	127.85	87.16
02-Nov	112.31	128.58	127.44	115.36	94.47	124.20	86.16
05-Nov	113.53	130.13	128.23	116.69	95.71	125.30	86.75
06-Nov	114.46	130.83	128.89	117.63	96.86	126.07	87.82
07-Nov	114.32	131.47	128.94	117.91	95.92	125.88	87.09
08-Nov	114.52	132.33	129.87	118.65	94.97	127.18	86.36
09-Nov	114.54	132.34	129.98	118.76	94.84	127.08	85.91
12-Nov	113.95	132.23	130.02	118.70	93.26	127.15	84.73
13-Nov	114.86	133.60	131.15	120.27	93.27	128.03	85.14
14-Nov	115.37	134.16	131.97	120.79	93.58	129.57	85.43
15-Nov	115.61	134.62	132.43	120.94	93.68	130.13	84.94
16-Nov	115.91	135.45	132.85	121.78	93.21	130.25	84.46
19-Nov	113.69	132.55	129.88	118.97	92.21	126.92	81.99
20-Nov	113.88	133.99	131.60	120.55	89.79	128.92	82.49
21-Nov	113.70	133.50	130.73	120.22	90.27	127.82	82.58
22-Nov	113.72	133.50	130.74	120.21	90.34	Holiday	82.46
23-Nov	114.63	135.39	132.35	121.35	90.25	Holiday	82.87
26-Nov	113.60	133.56	131.09	120.33	89.66	126.82	81.85
27-Nov	113.28	133.07	130.88	119.84	89.50	126.75	81.28
28-Nov	115.36	136.42	133.96	122.90	89.62	130.13	82.08
29-Nov	115.53	136.42	133.69	122.79	90.38	129.75	82.76
30-Nov	115.84	136.86	134.29	123.41	90.19	130.25	81.85
2006							
November	103.48	123.95	122.27	110.04	76.79	120.99	69.02
December	108.01	131.41	128.44	117.36	76.67	128.96	68.60
2007							
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**
annual averages							
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
% variation between Nov-07 and Oct-07							
	-1.11	-2.33	-2.45	-1.85	1.64	-4.88	3.20
% variation between Nov-07 and Nov-06							
	10.58	7.56	7.14	8.93	20.58	5.63	22.11
% variation between Nov-07 and 2006 average							
	19.51	14.14	14.51	15.34	37.07	13.80	41.01
volatility (%)							
Oct-06	0.87	1.00	0.97	1.07	1.09	1.14	1.27
Nov-06	1.28	1.23	1.26	1.26	1.78	1.56	1.87
Dec-06	0.92	1.05	1.03	1.13	0.99	1.74	1.23
Jan-07	0.83	0.75	0.77	0.76	1.32	1.27	1.36
Feb-07	0.84	0.89	0.89	0.98	1.04	1.05	1.07
Mar-07	1.11	0.97	1.08	1.07	1.59	1.72	1.39
Apr-07	0.98	1.01	1.08	1.19	1.14	1.18	1.27
May-07	0.73	0.74	0.77	0.85	0.95	1.25	0.86
Jun-07	0.90	0.79	0.81	0.79	1.64	1.17	1.28
Jul-07	0.76	0.91	0.84	0.85	1.10	1.44	1.40
Aug-07	1.17	1.22	1.26	1.18	1.32	1.89	1.14
Sep-07	1.48	1.59	1.63	1.59	1.70	1.98	1.28
Oct-07	1.46	1.50	1.61	1.61	1.52	2.03	1.13
Nov-07	**0.91**	**1.15**	**1.12**	**1.21**	**0.92**	**1.29**	**1.00**

*Averages of 2nd and 3rd positions

Table 2: Production in selected exporting countries

Crop year commencing	2004	2005	2006	2007	% change 2006-2007
TOTAL	**114 834**	**109 792**	**125 056**	**115 763**	**-7.43**
Africa	***13 853***	***13 617***	***14 303***	***15 907***	***11.22***
Cameroon	727	849	831	795	-4.29
Côte d'Ivoire	2 301	2 396	2 482	2 500	0.74
Ethiopia	4 069	4 252	4 500	5 600	24.45
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	2 643	2 600	2 390	2 470	3.35
Arabicas	*7 176*	*6 733*	*7 124*	*8 284*	*16.28*
Robustas	*6 677*	*6 884*	*7 178*	*7 623*	*6.20*
Asia & Oceania	***28 733***	***29 249***	***32 200***	***30 725***	***-4.58***
India	4 592	4 567	4 750	4 850	2.10
Indonesia	7 536	8 659	6 770	7 100	4.88
Papua New Guinea	998	1 268	806	1 043	29.45
Thailand	884	999	766	935	22.05
Vietnam	14 174	13 595	18 555	15 950	-14.04
Others	548	160	554	847	52.87
Arabicas	*3 542*	*3 719*	*3 146*	*3 511*	*11.59*
Robustas	*25 191*	*25 530*	*29 054*	*27 514*	*-5.30*
Mexico & Central America	***15 814***	***17 154***	***16 869***	***18 326***	***8.64***
Costa Rica	1 887	1 778	1 570	1 900	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	3 500	1.12
Mexico	3 867	4 000	4 035	4 350	7.80
Nicaragua	1 130	1 718	1 275	1 650	29.43
Others	1 214	1 277	1 205	1 450	20.32
Arabicas	*15 799*	*17 023*	*16 737*	*18 191*	*8.68*
Robustas	*15*	*132*	*131*	*135*	*2.80*
South America	***56 434***	***49 771***	***61 685***	***50 805***	***-17.64***
Brazil	39 272	32 944	42 512	32 625	-23.26
Colombia	12 033	12 329	12 789	12 400	-3.04
Ecuador	938	1 138	1 172	950	-18.94
Others	4 191	3 361	5 212	4 830	-7.32
Arabicas	*48 691*	*40 103*	*51 875*	*40 321*	*-22.27*
Robustas	*7 743*	*9 668*	*9 810*	*10 484*	*6.87*
TOTAL	**114 834**	**109 792**	**125 056**	**115 763**	**-7.43**
Colombian Milds	13 345	13 416	14 004	13 863	-1.01
Other Milds	25 113	25 363	26 722	28 164	5.39
Brazilian Naturals	36 750	28 799	38 156	28 280	-25.88
Robustas	39 625	42 213	46 174	45 457	-1.55
Arabicas	75 208	67 578	78 882	70 306	-10.87
Robustas	39 625	42 213	46 174	45 457	-1.55
TOTAL	**100.00**	**100.00**	**100.00**	**100.00**	
Colombian Milds	11.62	12.22	11.20	11.97	
Other Milds	21.87	23.10	21.37	24.33	
Brazilian Naturals	32.00	26.23	30.51	24.43	
Robustas	34.51	38.45	36.92	39.27	
Arabicas	65.49	61.55	63.08	60.73	
Robustas	34.51	38.45	36.92	39.27	

In thousand bags

Market fundamentals

The 2007/08 crop has been fully harvested in Brazil while it has only just begun in most other exporting countries. On the basis of preliminary information provided by Member countries, **total production** for this crop year is expected to be around 116 million bags, approximately 9 million bags below the 2006/07 figure due to the fall in Brazilian and Vietnamese production. The anticipated increase in the crop of other countries will not be sufficient to offset the fall in production of both countries for crop year 2007/08.

In the case of crop year 2006/07, total production amounted to 125 million bags (Table 2). The figure for Vietnamese production was revised upward, since production was, in fact, 18.6 million bags. Vietnam has now consolidated its position as a major coffee supplier.

Exports during October 2007 totalled 7.1 million bags, representing a slight rise of 2.2% compared to exports of 7 million bags in September. Table 3 presents recent export figures for the six largest exporting countries. Cumulative exports for coffee year 2006/07 (October 2006 – September 2007) totalled 96.6 million bags, an increase of 9.6% compared with the figure of 88.2 million bags for coffee year 2005/06 (Table 4).

Table 3: Exports of all forms of coffee

Country of origin	January – December 2003	2004	2005	2006	2007 1/
Brazil	25.70	26.44	26.15	27.34	22.95
Vietnam	11.63	14.86	13.43	14.00	15.29
Colombia	10.24	10.19	10.87	10.94	8.91
Indonesia	4.79	5.46	6.74	5.28	3.23
India	3.71	3.65	2.82	3.70	2.64
Guatemala	3.82	3.31	3.47	3.31	3.50

In million 60-kg bags
1/ January to October only

Table 4: Exports
Coffee years 2005/06 and 2006/07

	2005/06	2006/07	% variation
TOTAL	**88.19**	**96.62**	**9.56**
Colombian Milds	11.83	12.39	4.76
Other Milds	20.51	21.17	3.20
Brazilian Naturals	26.56	29.57	11.30
Robustas	29.29	33.50	14.38
Arabicas	58.91	63.13	7.16
Robustas	29.29	33.50	14.38
Africa	***10.54***	***11.71***	***11.11***
Cameroon	0.76	0.76	0.79
Côte d'Ivoire	2.08	2.48	19.17
Ethiopia	2.70	2.77	2.49
Kenya	0.64	0.72	13.21
Tanzania	0.66	0.73	10.77
Uganda	2.00	2.70	35.08
Others	1.70	1.54	-9.34
Asia & Oceania	***24.14***	***26.42***	***9.46***
India	3.58	3.07	-14.41
Indonesia	5.74	4.12	-28.26
Papua New Guinea	0.99	0.78	-21.67
Thailand	0.56	0.33	-41.27
Vietnam	13.22	18.09	36.86
Others	0.04	0.04	-3.91
Mexico & Central America	***13.09***	***13.85***	***5.78***
Costa Rica	1.32	1.36	3.31
El Salvador	1.27	1.19	-5.90
Guatemala	3.35	3.75	11.92
Honduras	2.93	3.22	9.80
Mexico	2.51	2.89	15.38
Nicaragua	1.43	1.21	-15.03
Others	0.29	0.22	-23.72
South America	***40.42***	***44.64***	***10.44***
Brazil	25.50	28.74	12.71
Colombia	10.74	11.18	4.04
Ecuador	0.94	1.04	9.80
Others	3.24	3.69	13.94

In million bags

I am continuing to consult countries about the level of their opening stocks for crop year 2007/08. The information received leads me to believe that **opening stocks in exporting countries** for crop year 2007/08 are around 25 million bags, of which 80% are held in Brazil. This level is congruent with the revised figure for production. **Stocks of green coffee in importing countries**, including free ports, totalled 20.4 million bags at the end of March 2007. Certified stocks in the New York (ICE) and London (LIFFE) futures markets recorded a further increase during the month of November (Table 5).

Table 5: ICE and LIFFE certified stocks

End of	ICE	LIFFE
Nov-02	2.94	2.27
Nov-03	5.00	2.41
Nov-04	5.16	4.13
Nov-05	4.61	3.82
Jan-06	4.19	3.51
Feb-06	4.09	3.26
Mar-06	3.96	3.01
Apr-06	3.81	2.77
May-06	3.80	2.54
Jun-06	3.74	2.23
Jul-06	3.82	1.79
Aug-06	3.93	1.46
Sep-06	4.09	1.82
Oct-06	4.16	1.97
Nov-06	4.12	1.88
Dec-06	4.21	1.61
Jan-07	4.23	1.33
Feb-07	4.26	1.30
Mar-07	4.44	1.33
Apr-07	4.52	1.32
May-07	5.45	1.35
Jun-07	4.75	1.32
Jul-07	4.87	1.48
Aug-07	4.97	1.47
Sep-07	5.04	1.51
Oct-07	5.14	1.61
Nov-07	5.17	2.16

In million 60-kg bags

World consumption was estimated at 120.5 million bags in 2006 compared to 117.7 million bags in 2005, an increase of 2.4% (Table 6). If the buoyant consumption pattern continues, we can expect a world consumption level of more than 123 million bags in 2007. This rise is attributable notably to countries like Brazil, Canada, the Russian Federation, and Australia. **Domestic consumption in exporting Member countries** was estimated at 31.3 million bags. In importing countries as a whole consumption totalled some 89 million bags. Table 7 shows per capita consumption in selected importing countries. Retail prices have increased in almost all importing countries, largely on account of the firm market trend and increases in roasting costs (Table 8).

Table 6: World consumption (Calendar years 2002 – 2006)

	2002	2003	2004	2005	2006 1/
WORLD TOTAL	**109 862**	**111 882**	**117 393**	**117 706**	**120 476**
Producing countries	***27 511***	***28 189***	***29 238***	***30 164***	***31 309***
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
Importing countries	***82 352***	***83 694***	***88 154***	***87 542***	***89 167***
European Community	***38 637***	***39 764***	***41 083***	***39 374***	***40 988***
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	5 273
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	7 224	7 268
Other importing countries	***17 716***	***16 967***	***18 982***	***19 946***	***20 243***
Canada	2 302	2 133	2 776	2 945	3 472
Russian Federation	3 301	3 409	2 877	3 040	3 177
Algeria	1 852	1 752	2 159	1 899	1 844
Korea, Republic of	1 306	1 305	1 401	1 394	1 437
Australia	976	873	873	1 098	1 144
Ukraine	431	637	724	977	889
Others	7 547	6 858	8 171	8 593	8 280

In thousand bags
1/ Estimate

Table 7: Per capita consumption in selected importing countries (Calendar years 2002 – 2006)

	2002	2003	2004	2005	2006
Algeria	3.54	3.30	4.00	3.47	3.32
Australia	2.99	2.64	2.61	3.24	3.34
Canada	4.41	4.05	5.21	5.48	6.39
European Community	***4.78***	***4.90***	***5.04***	***4.82***	***5.00***
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	5.16
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	3.39	3.41
Korea, Republic of	1.66	1.65	1.76	1.75	1.79
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	1.15
USA	3.95	4.12	4.24	4.20	4.09

In kilogrammes

Table 8: Retail prices of roasted coffee in selected importing countries

	March			% variation
	2005	2006	2007	2007-2006
European Community				
Austria	373.31	406.71	413.23	**1.61**
Belgium	427.15	399.62	466.09	**16.63**
Cyprus	553.54	511.78	559.23	**9.27**
Denmark	438.55	421.08	472.38	**12.18**
Finland	290.75	275.86	307.52	**11.48**
France	284.77	274.77	326.74	**18.91**
Germany	405.61	412.16	440.86	**6.96**
Italy	642.52	601.34	668.50	**11.17**
Latvia	391.35	393.99	453.59	**15.13**
Luxembourg	618.59	597.52	677.51	**13.39**
Malta 1/	1 085.08	1 029.86	1 169.17	**13.53**
Netherlands	397.24	379.45		
Poland	268.96	257.28	306.53	**19.14**
Portugal	503.73	461.23	496.12	**7.57**
Slovakia	297.43	285.95	365.60	**27.85**
Slovenia	397.32	373.33	420.44	**12.62**
Spain	335.02	322.75	372.39	**15.38**
Sweden	315.39	294.69	339.09	**15.07**
United Kingdom 1/	1 478.28	1 439.24	1 757.85	**22.14**
Japan	872.22	761.73	847.79	**11.30**
Norway	432.23	372.30	435.94	**17.09**
Switzerland	620.10			
USA	300.90	330.10	347.50	**5.27**

In US cents/lb
1/ Soluble coffee

In conclusion, it should be noted that, despite the slight fall in Arabica prices during the month of November, world coffee prices remain firm. The weakness of the US dollar continues to reduce the favourable impact of this firmness on the export earnings of many exporting countries. In my next report on the market I will look into this issue in more detail.