

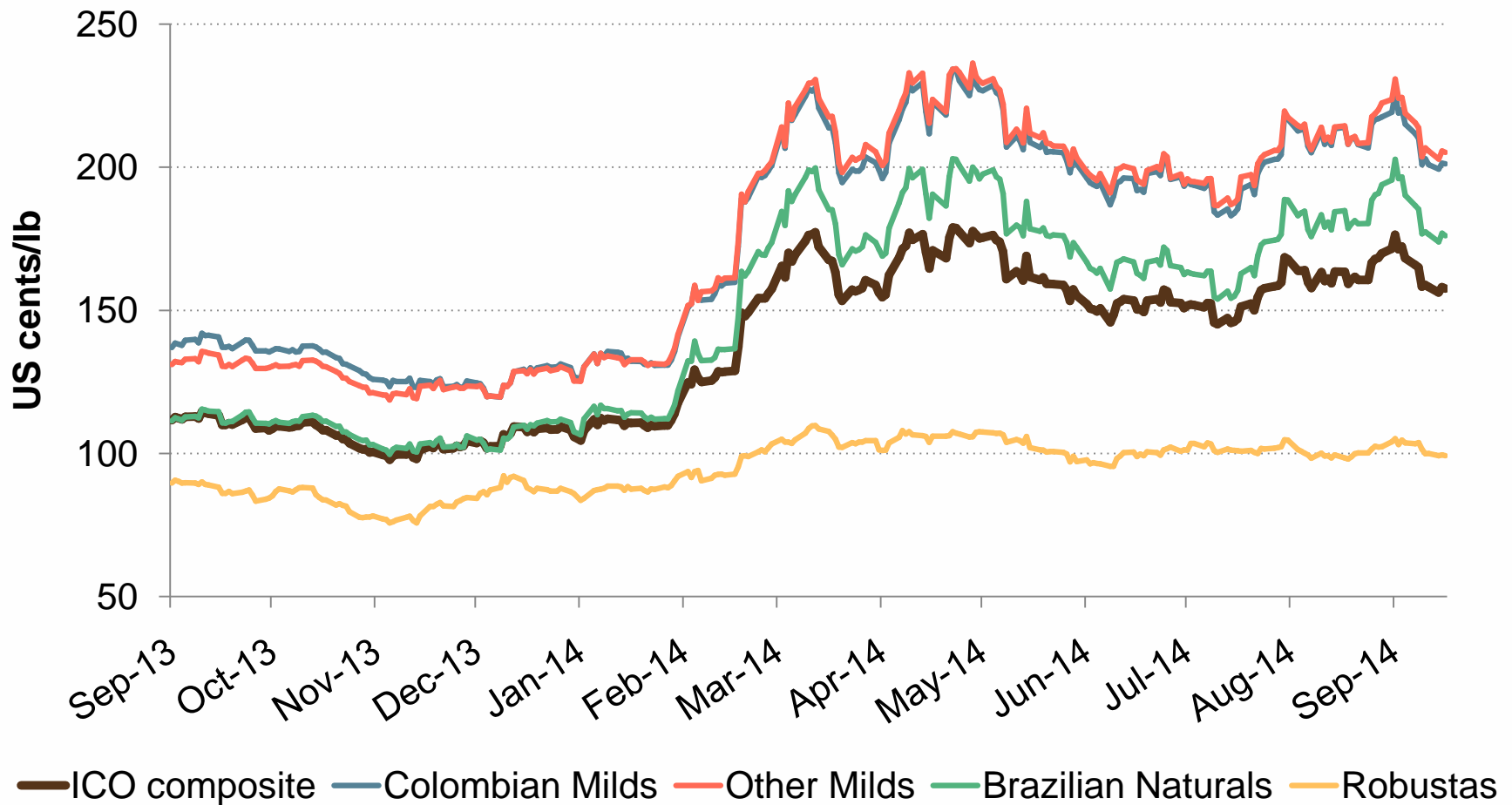


# Coffee market outlook

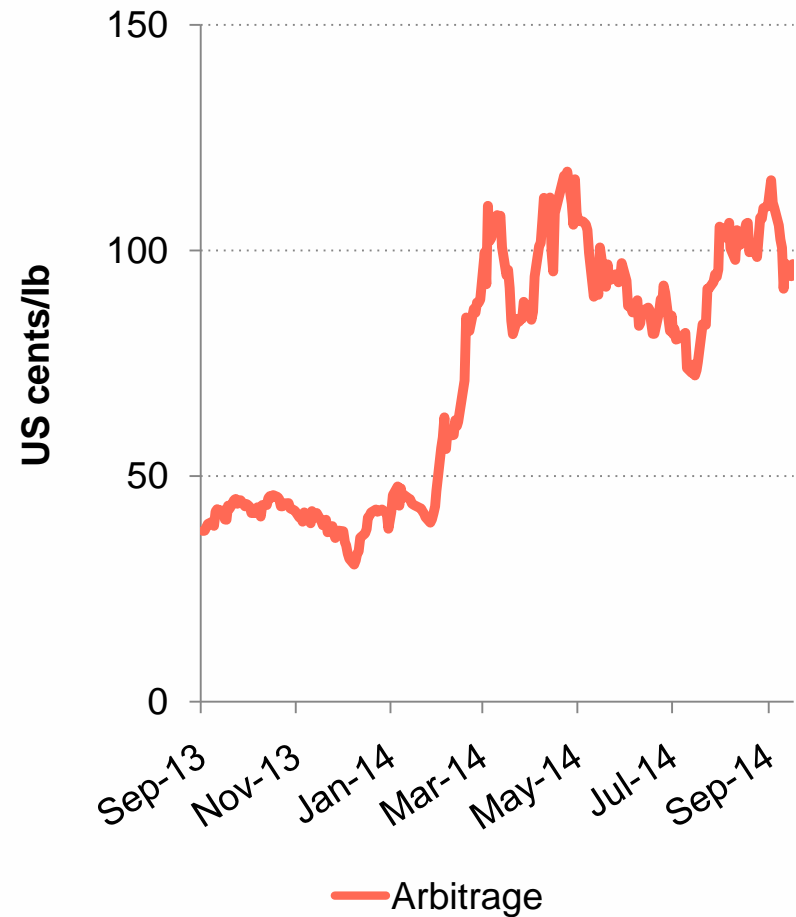
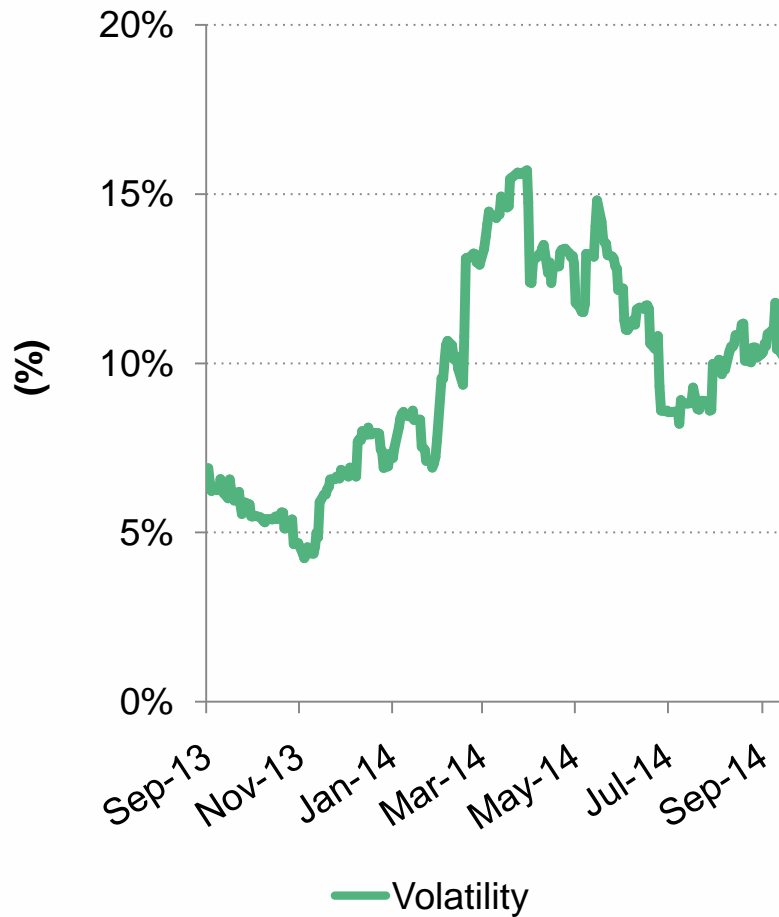
*Mauricio Galindo*

*22<sup>nd</sup> September 2014*

# ICO indicator prices

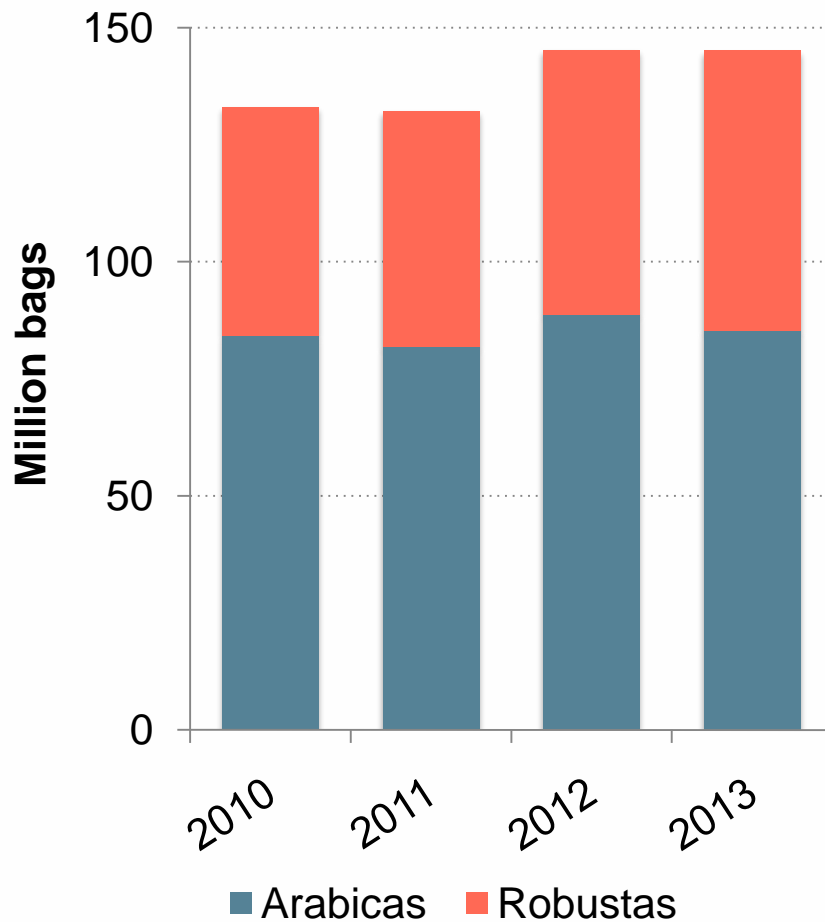


# Price volatility & Arabica/Robusta arbitrage





# Coffee production

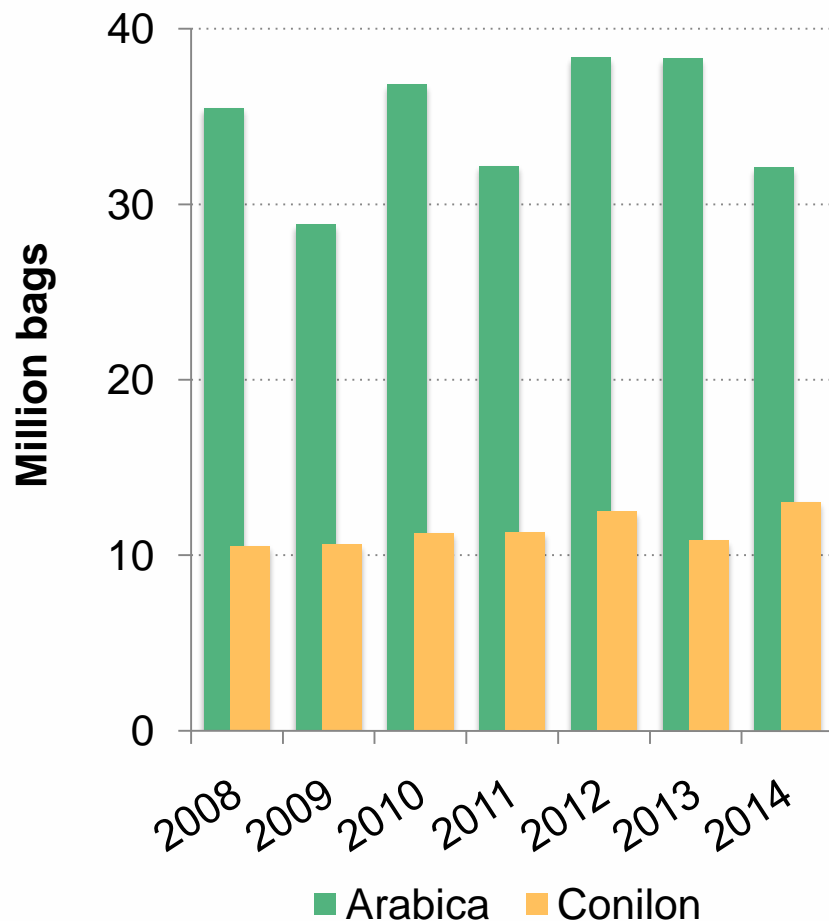


- 145.2 million bags in 2013/14
- Roughly unchanged on 2012/13
  - Robustas ↗ 6%
  - Arabicas ↘ 4%



# Production in Brazil

- New estimate for 2014/15: 45.14 million bags, 8.2% lower than 2013/14
- Arabica 16.6% lower, but Robusta up 19.9%
- Record crops in 2013/14 and 2012/13



# Coffee Leaf Rust in Central America: 2014/15 update



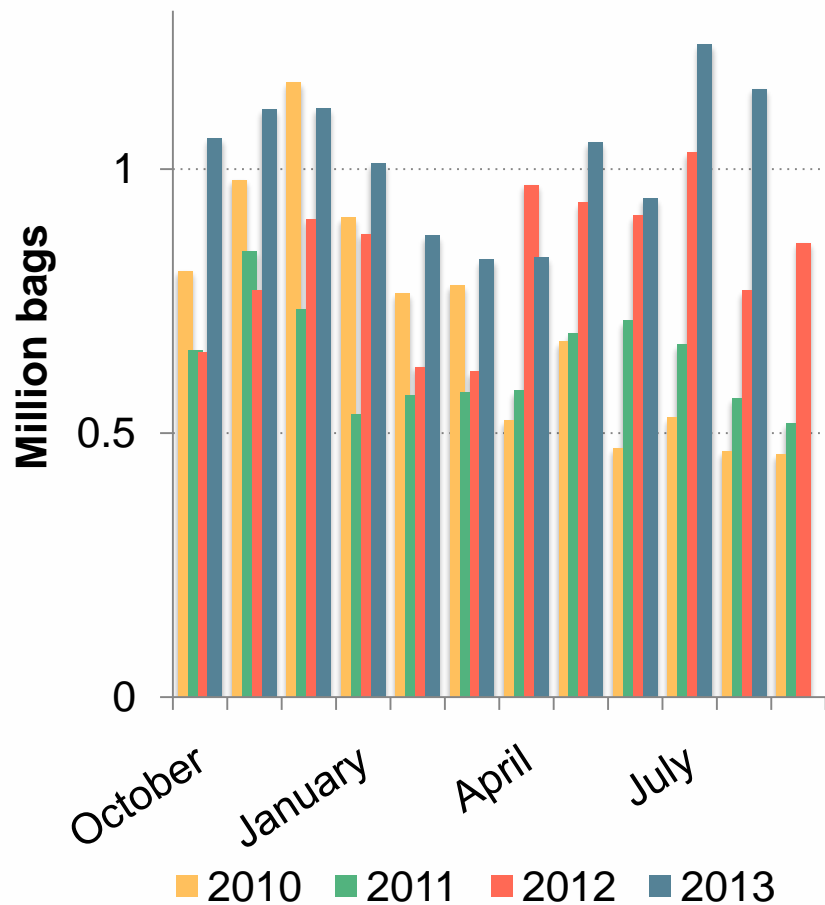
	Area affected (hectares)	% incidence	Production change (2012-2013)	Production change (2013-2014)	Value losses (2011-2013 US\$ million)
Costa Rica	60,000	60%	-12%	3%	43
Dominican Republic	80,000	65%	-43%	20%	34
El Salvador	66,000	45%	-20%	64%	70
Guatemala	97,000	36%	-6%	8%	132
Honduras	70,000	60%	-15%	23%	91
Jamaica	170	20%	-5%	-5%	5
Nicaragua			-20%		46
Panama	15,000	65%	-25%	-5%	6
Peru	270,000	60%		-23%	0
<b>TOTAL</b>	<b>658,170</b>	<b>51%</b>	<b>-18%</b>	<b>-2%</b>	<b>615</b>

Source: PROMECAFE, JNC (Peru)



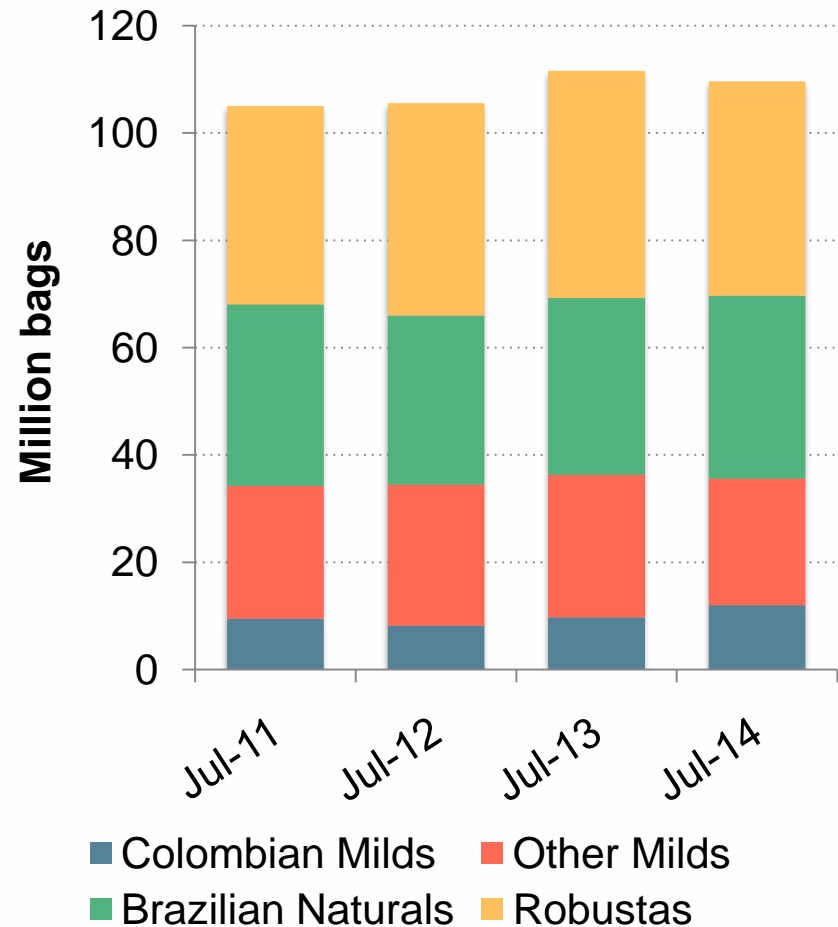
# Recovery in Colombia

- Production for the first 11 months of 2013/14:  
**11.2 million bags**
- 24% higher than 2012/13
- On course for highest production level since 2007/08



# Exports: (12 months ending July)

- 109.7 million bags in the last 12 months
- 1.7% less than last year, but second-highest on record

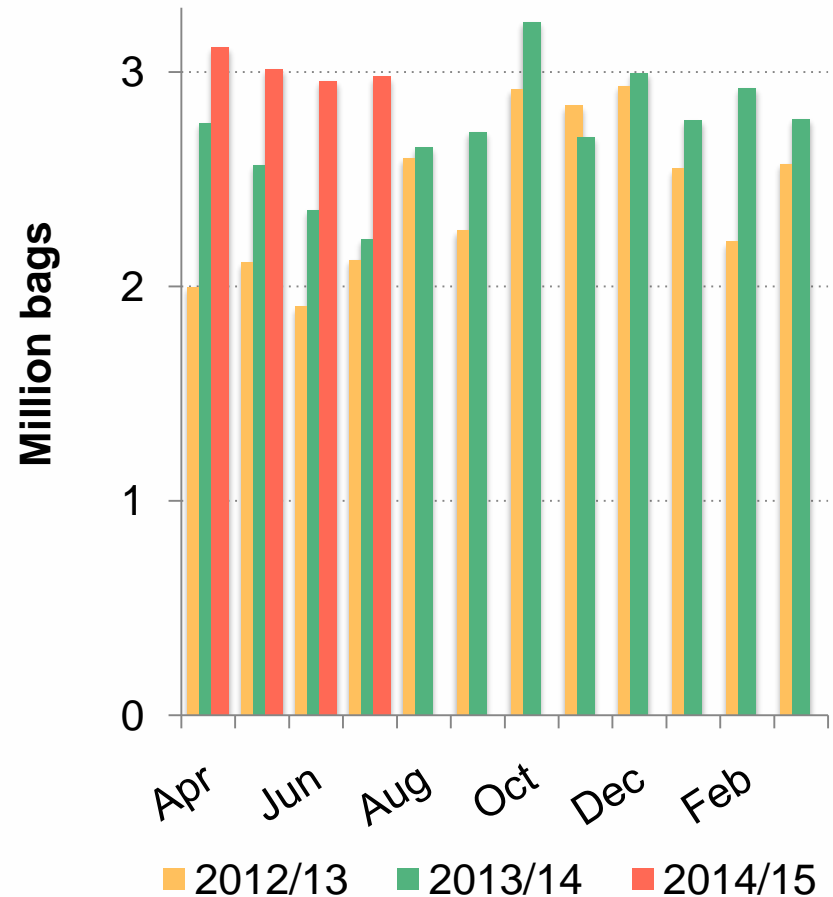






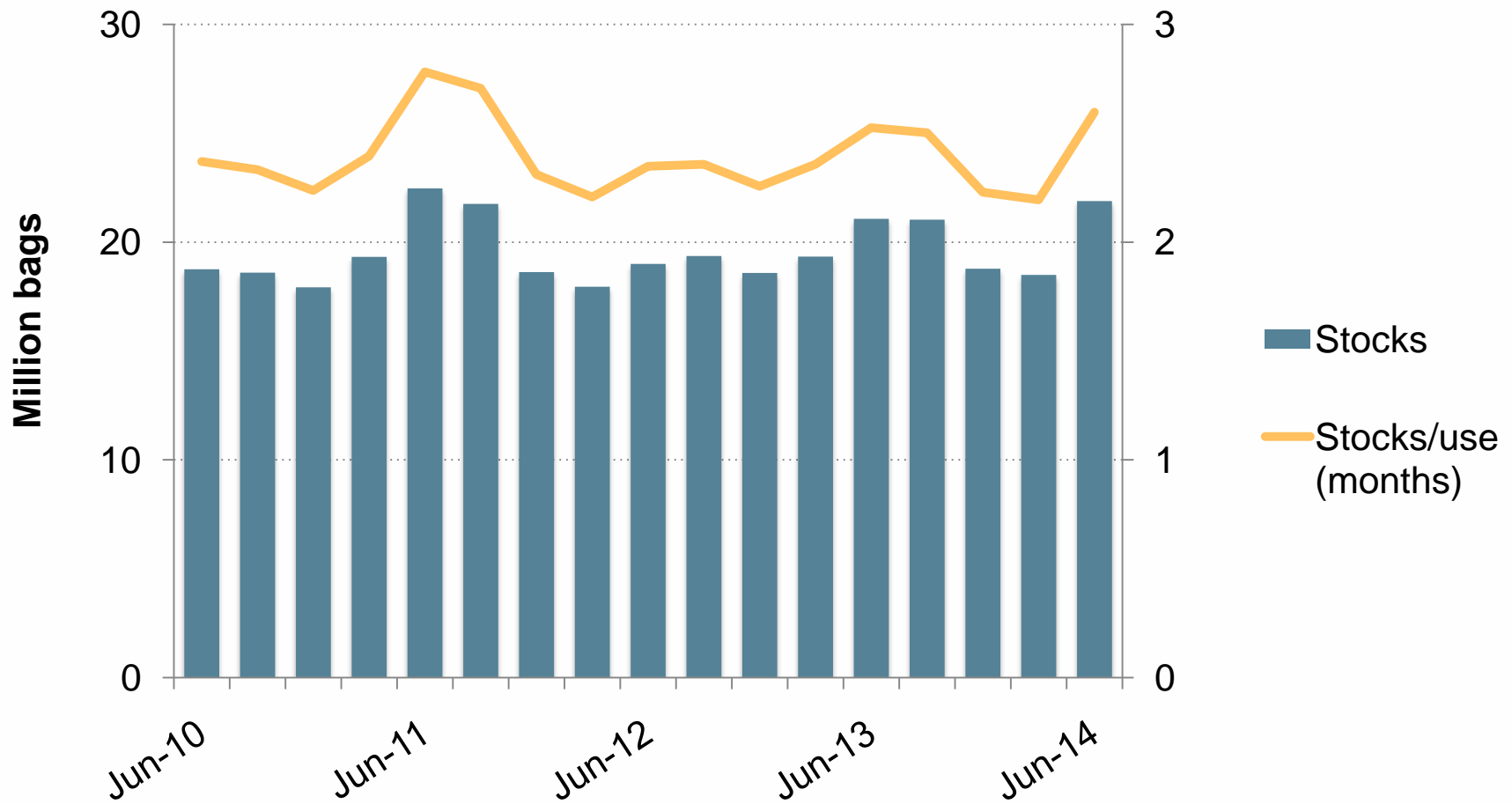
# Exports from Brazil

- High monthly exports despite the drought.
- Suggests that stocks in Brazil will be heavily drawn down this year.

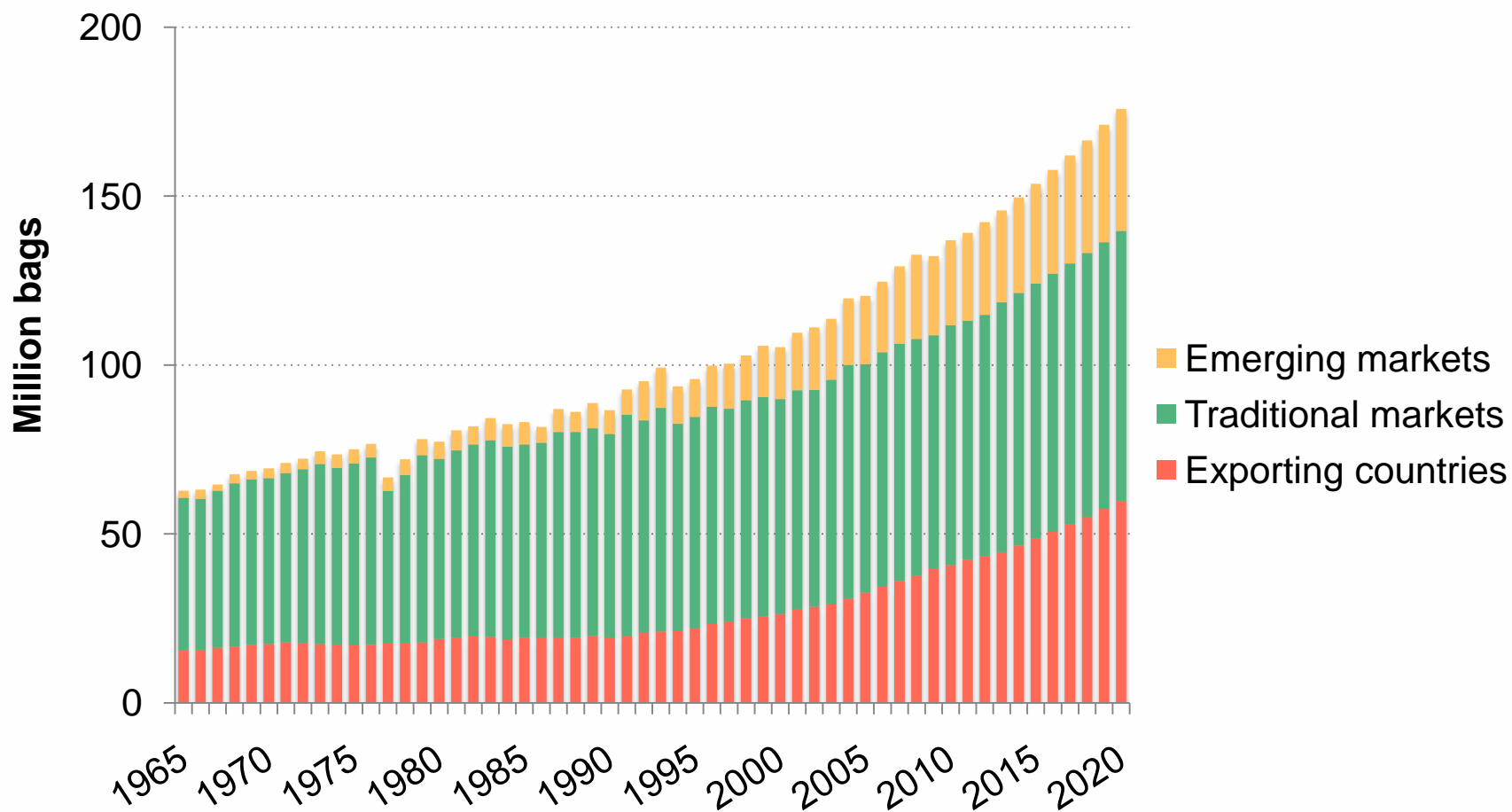




# Inventories in importing countries



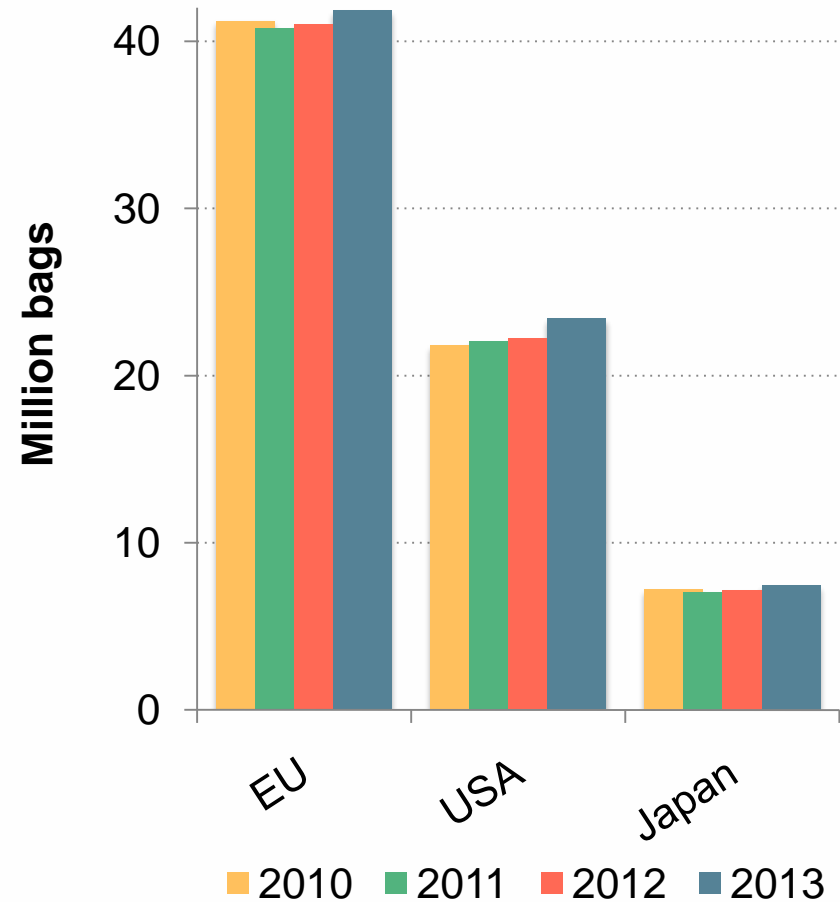
# Consumption – looking ahead to 2020





# Renewed demand in traditional markets

- Relatively slow growth in the last few years
- But stronger increase in 2013
  - EU +2.0%
  - USA +5.3%
  - Japan +4.3%





# Market outlook

- Supply & Demand
  - Drought in Brazil
  - Coffee leaf rust in Central America
  - Growing demand
- Prices
  - Volatility
  - Arabica/Robusta arbitrage widening