

Coffee Market Outlook

March 2014

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The Public Ledger

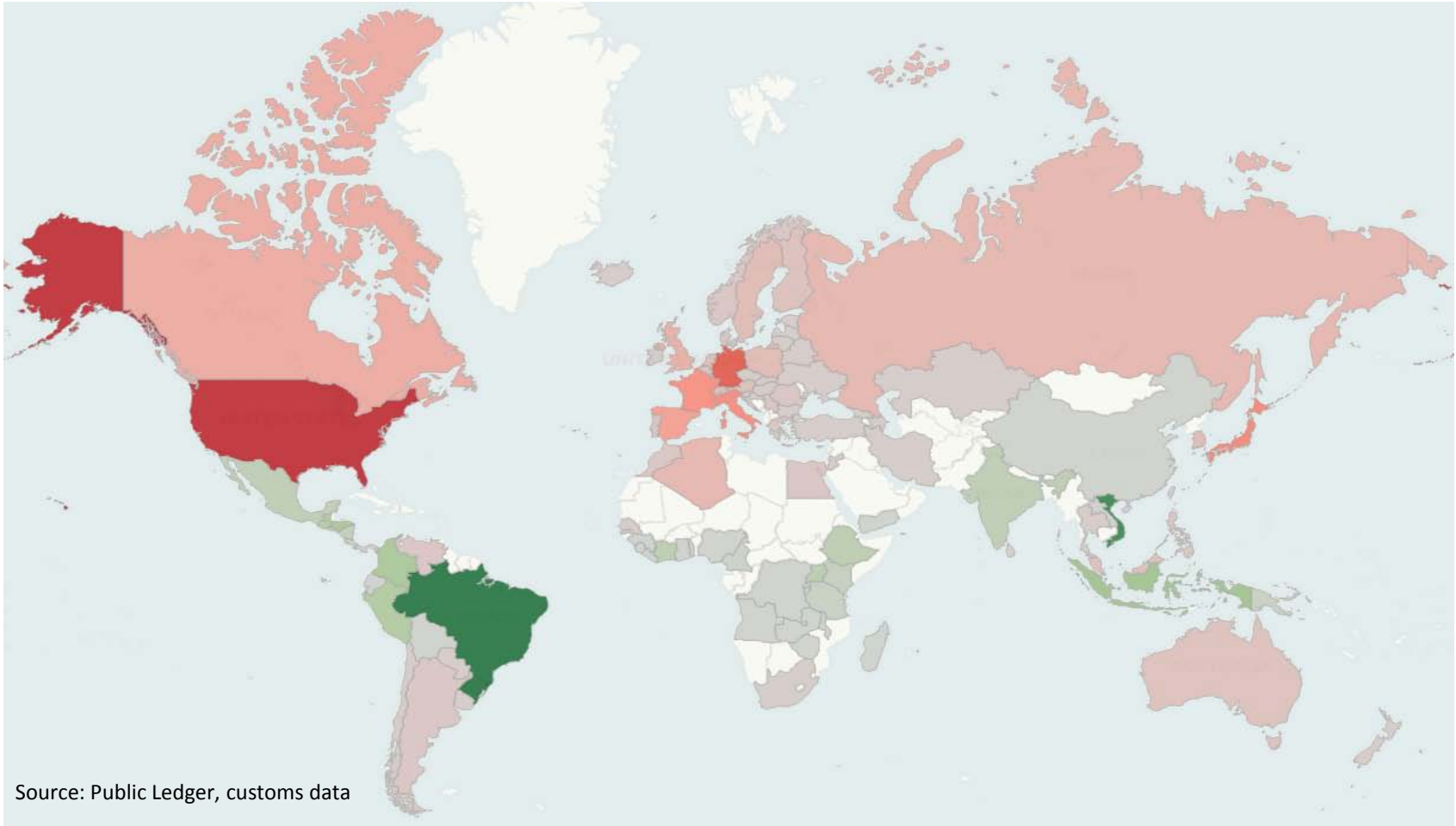
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Net Trade

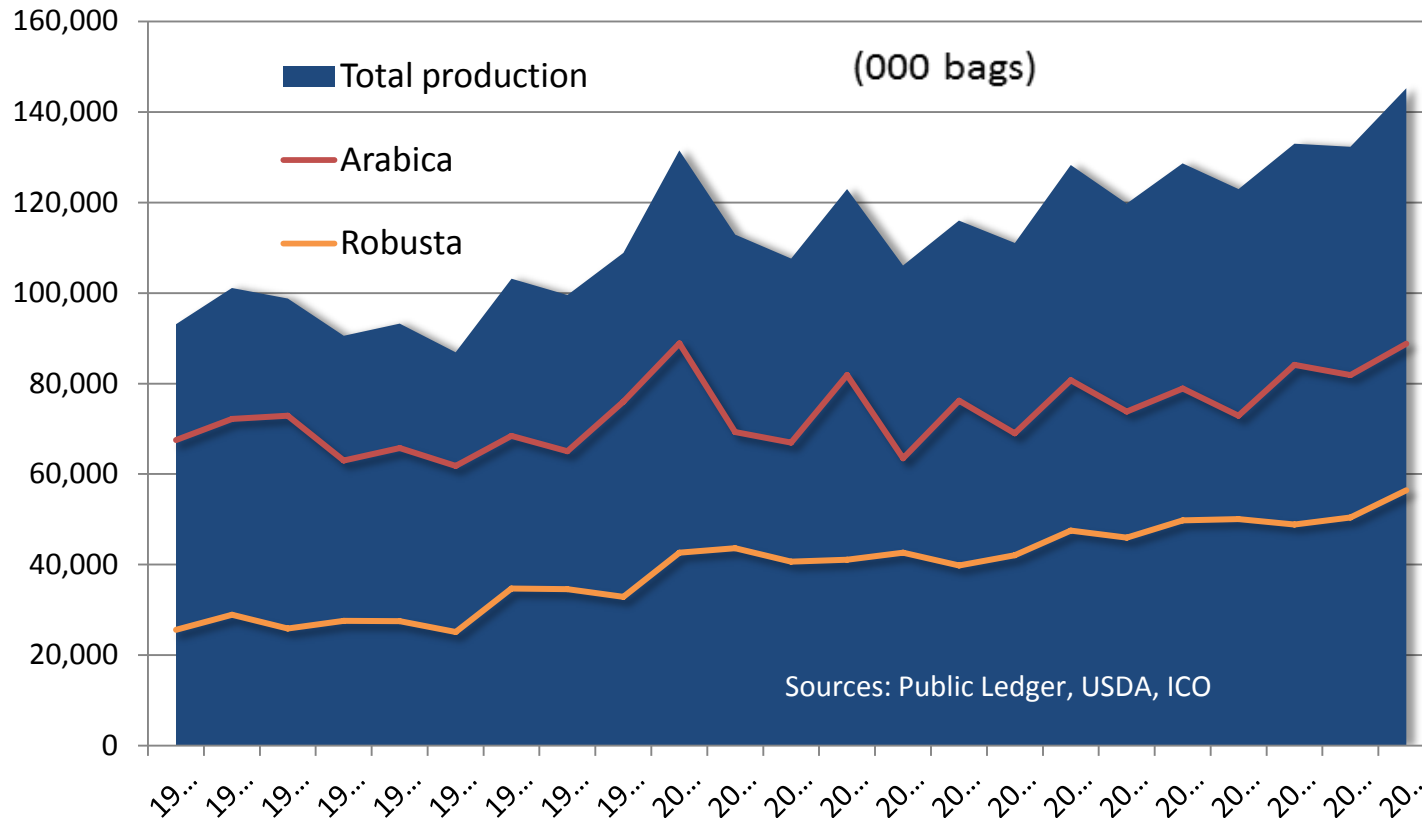
- Asia & Latin America biggest exporters
- Europe & North America biggest importers



Source: Public Ledger, customs data

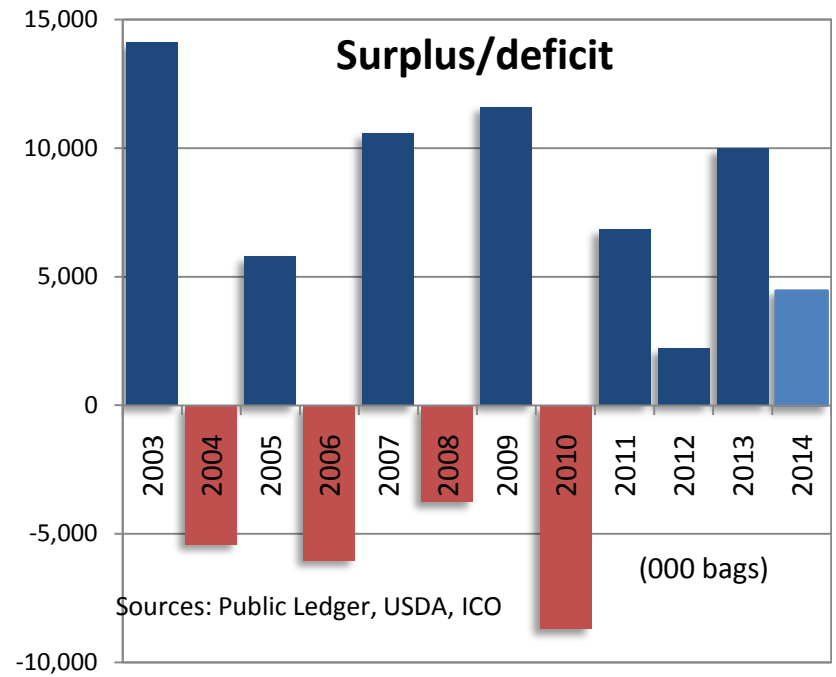
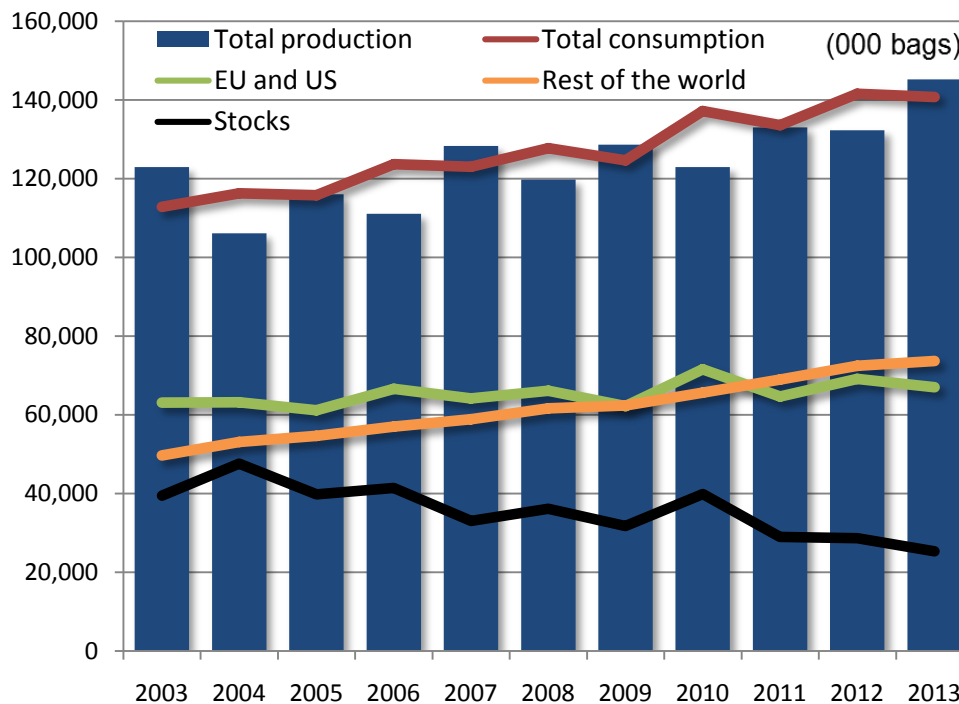
World Overview

- Global coffee production up 50% since 1993
- Robusta closing gap on arabica



Supply & Demand

- Chronic oversupply
- Fourth consecutive surplus in 2014?
- EU and US consumption growth slowing down
- RoW catching up

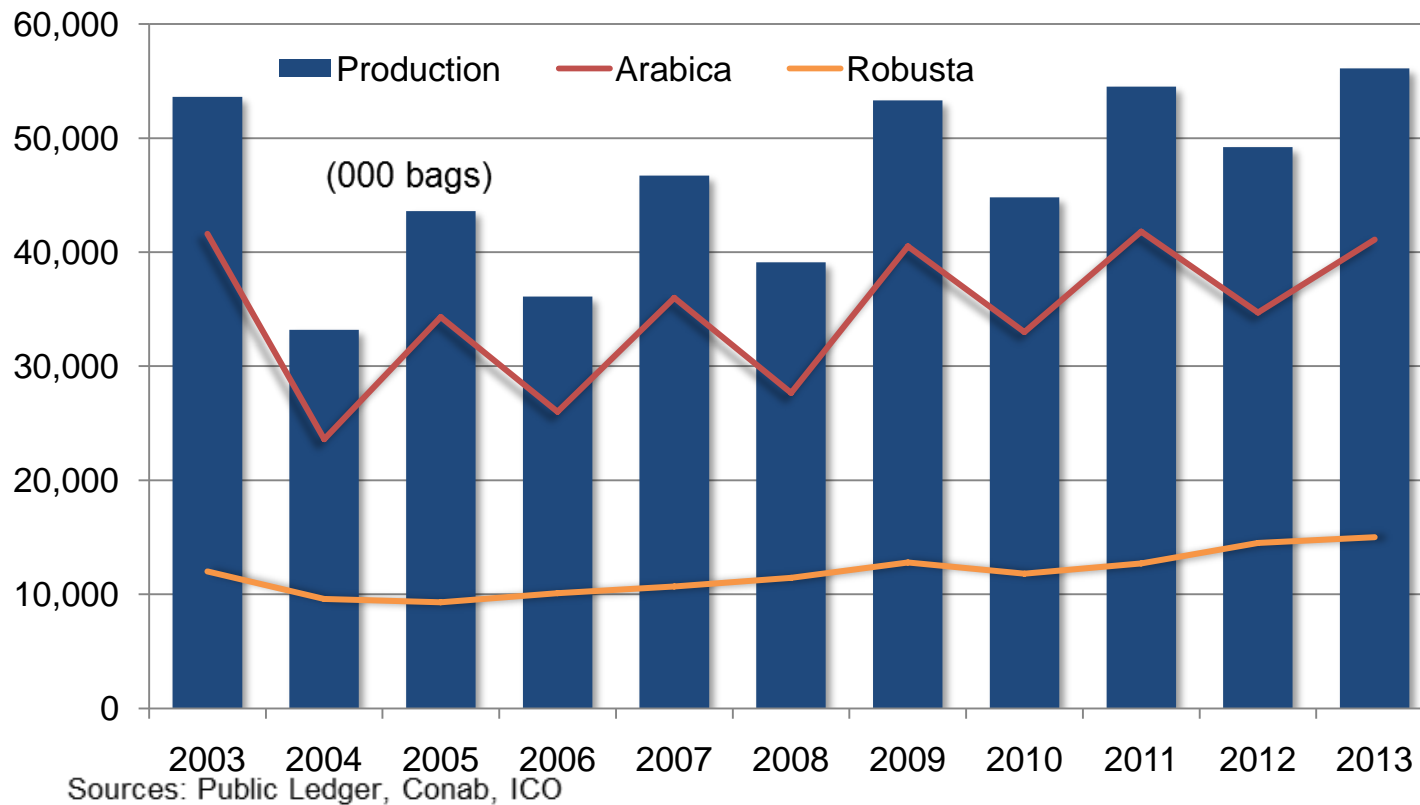


Production

Brazil



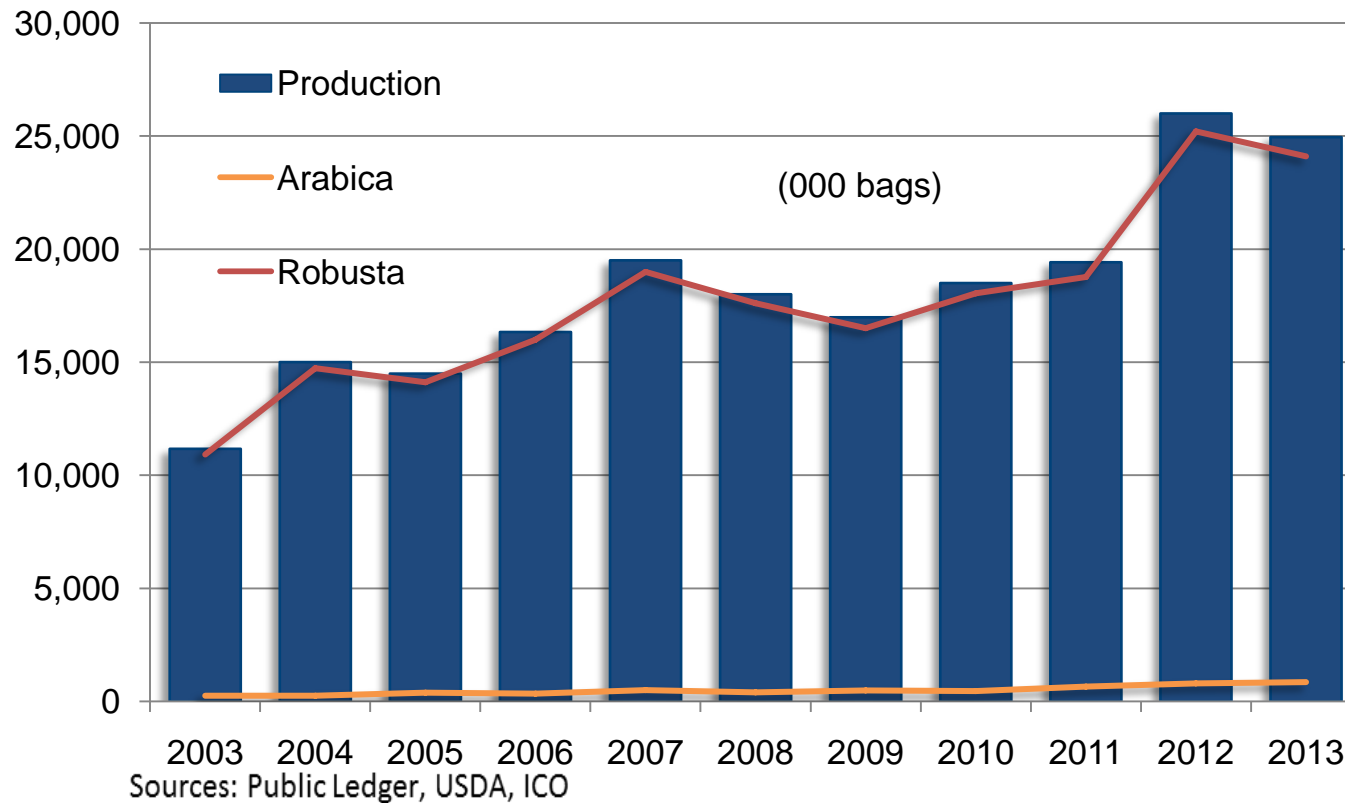
- Huge production over recent years
- Government intervention due to low prices



Vietnam



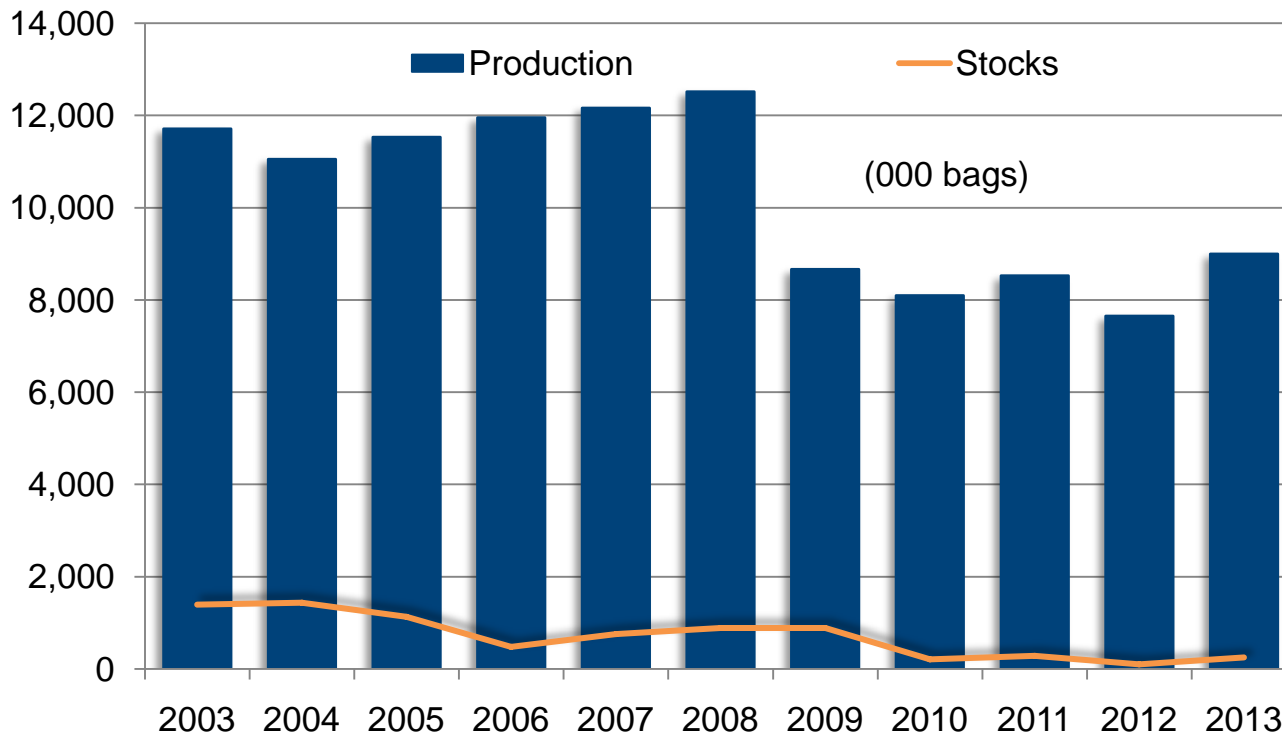
- Expansion in planted area
- Record coffee output



Colombia



- Tree renovation programme means smaller crops
- Recovery under way
- Stocks have come down to almost zero

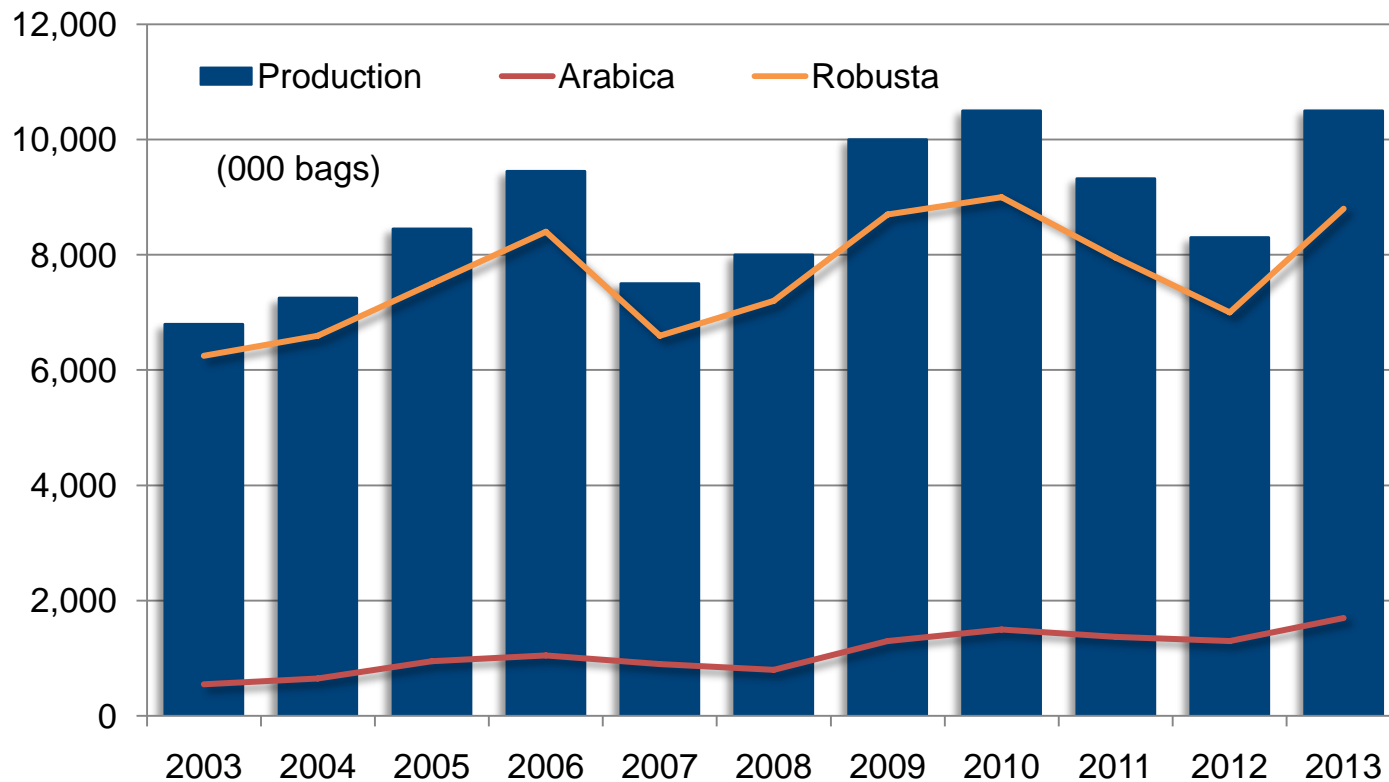


Sources: Public Ledger, USDA, ICO

Indonesia



- Hit by bad weather
- Potential for output growth

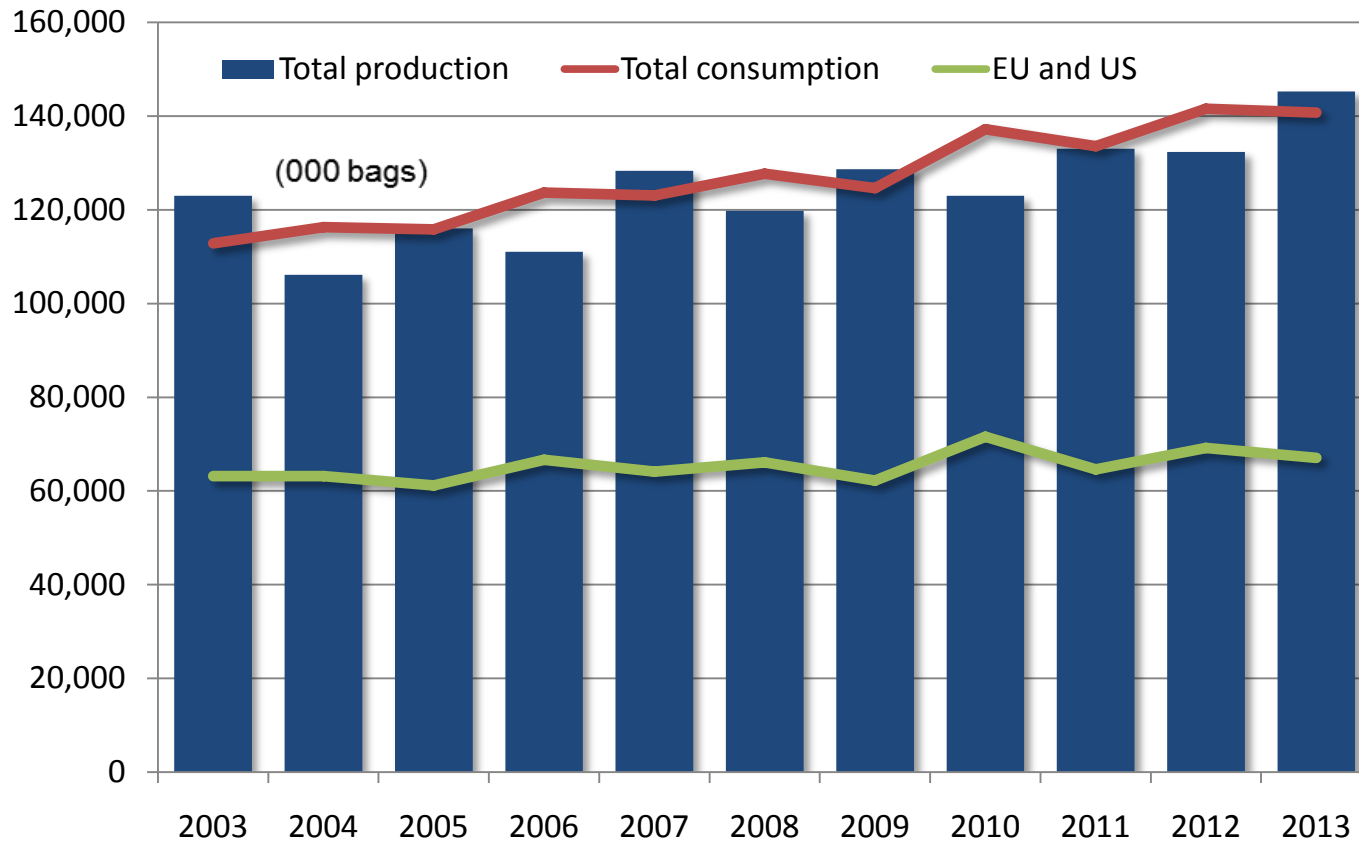


Sources: Public Ledger, USDA, ICO

Demand

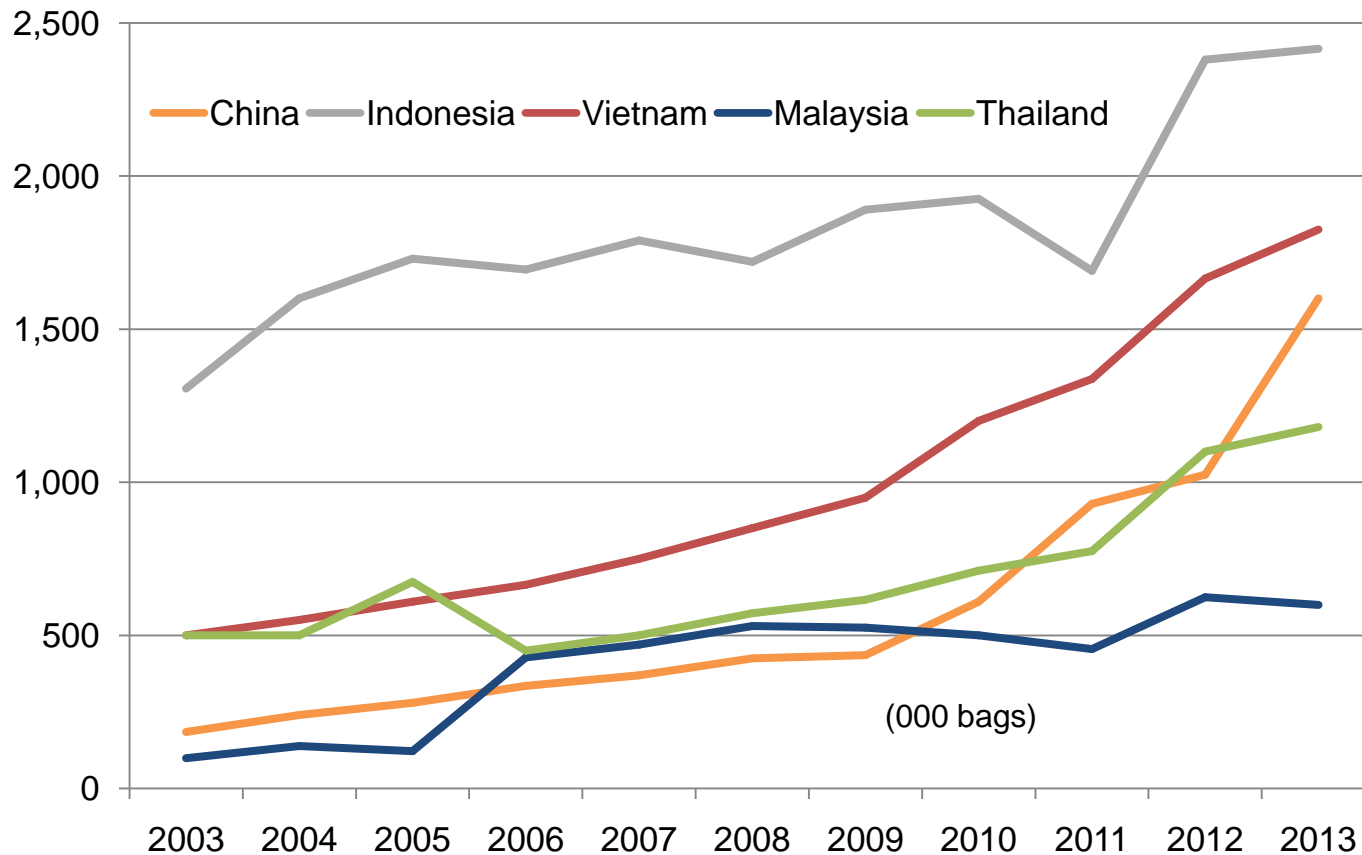
Developed Markets

- Growth in the EU and US is almost flat



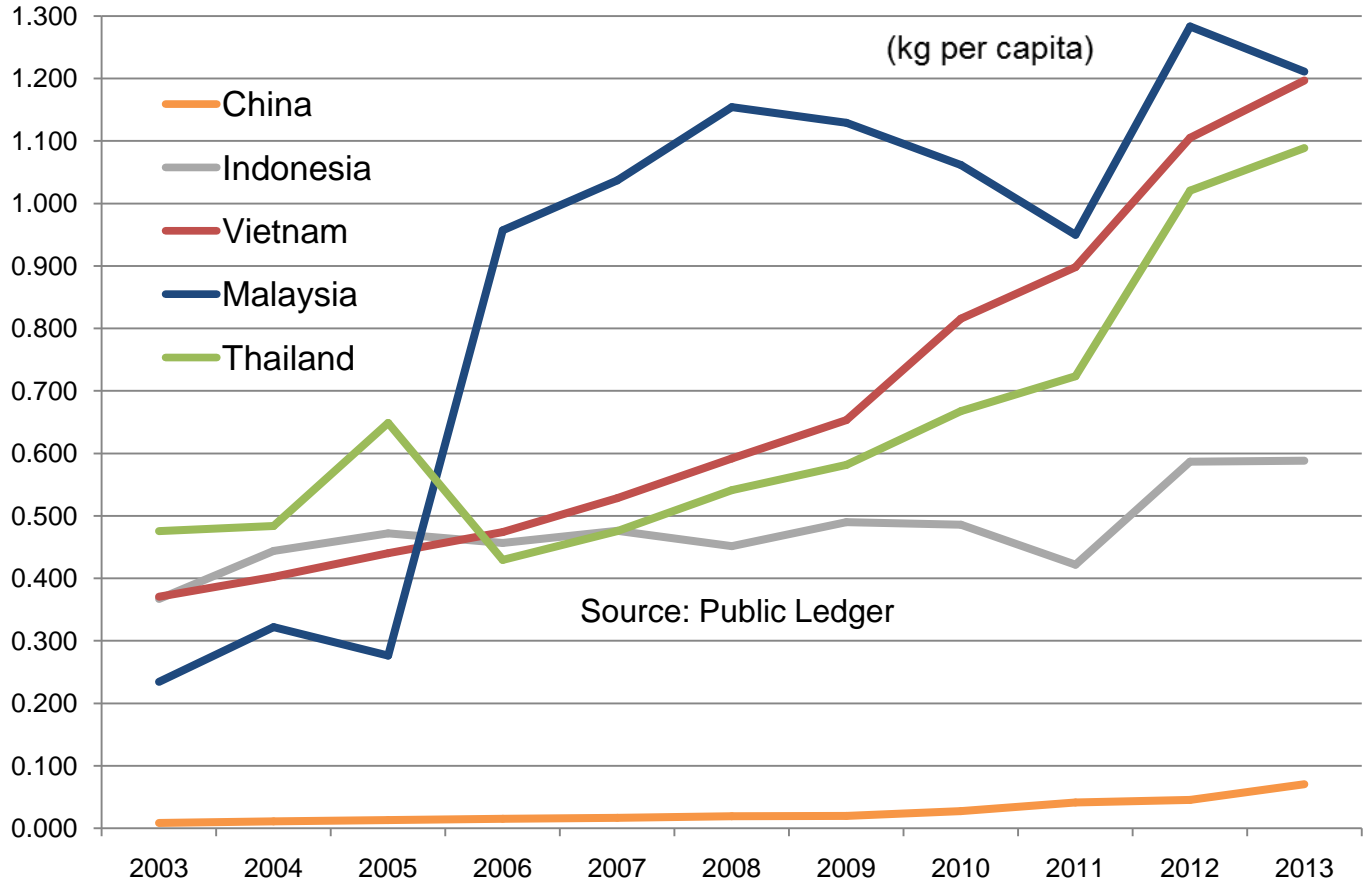
Consumption - Asia

- Asia is drinking more and more coffee



Asia – per capita consumption

- China has the most potential for growth

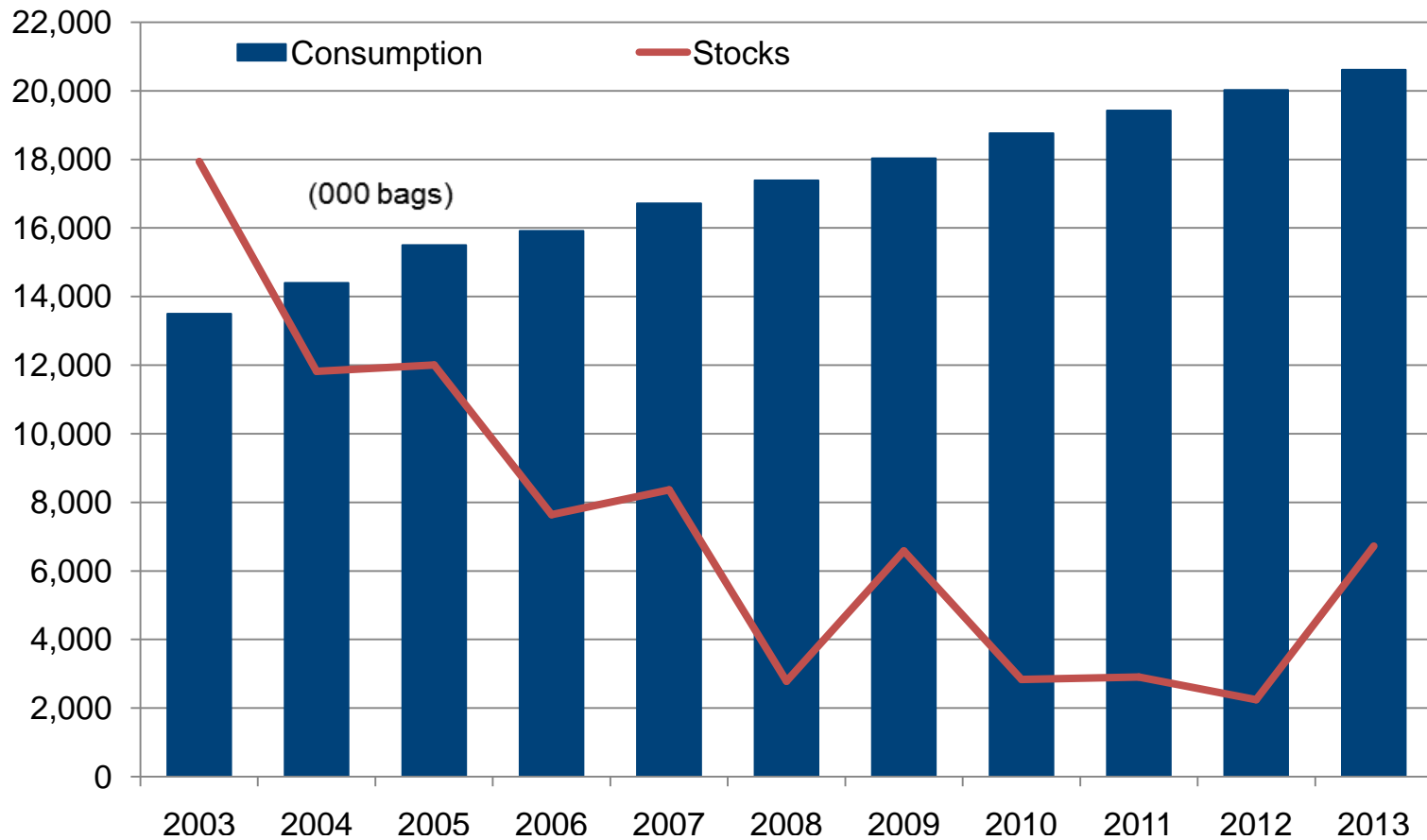


Source: Public Ledger

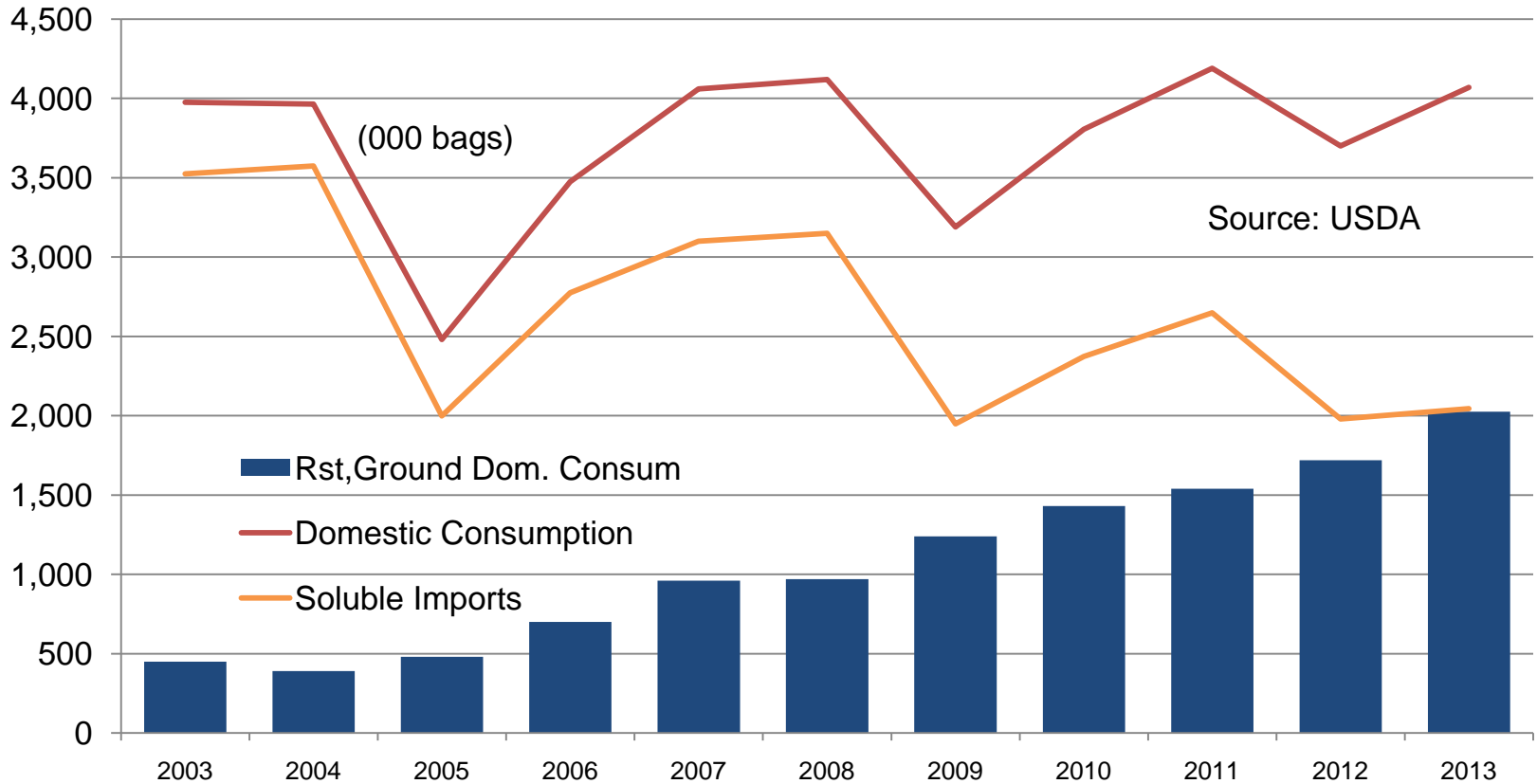
Brazil



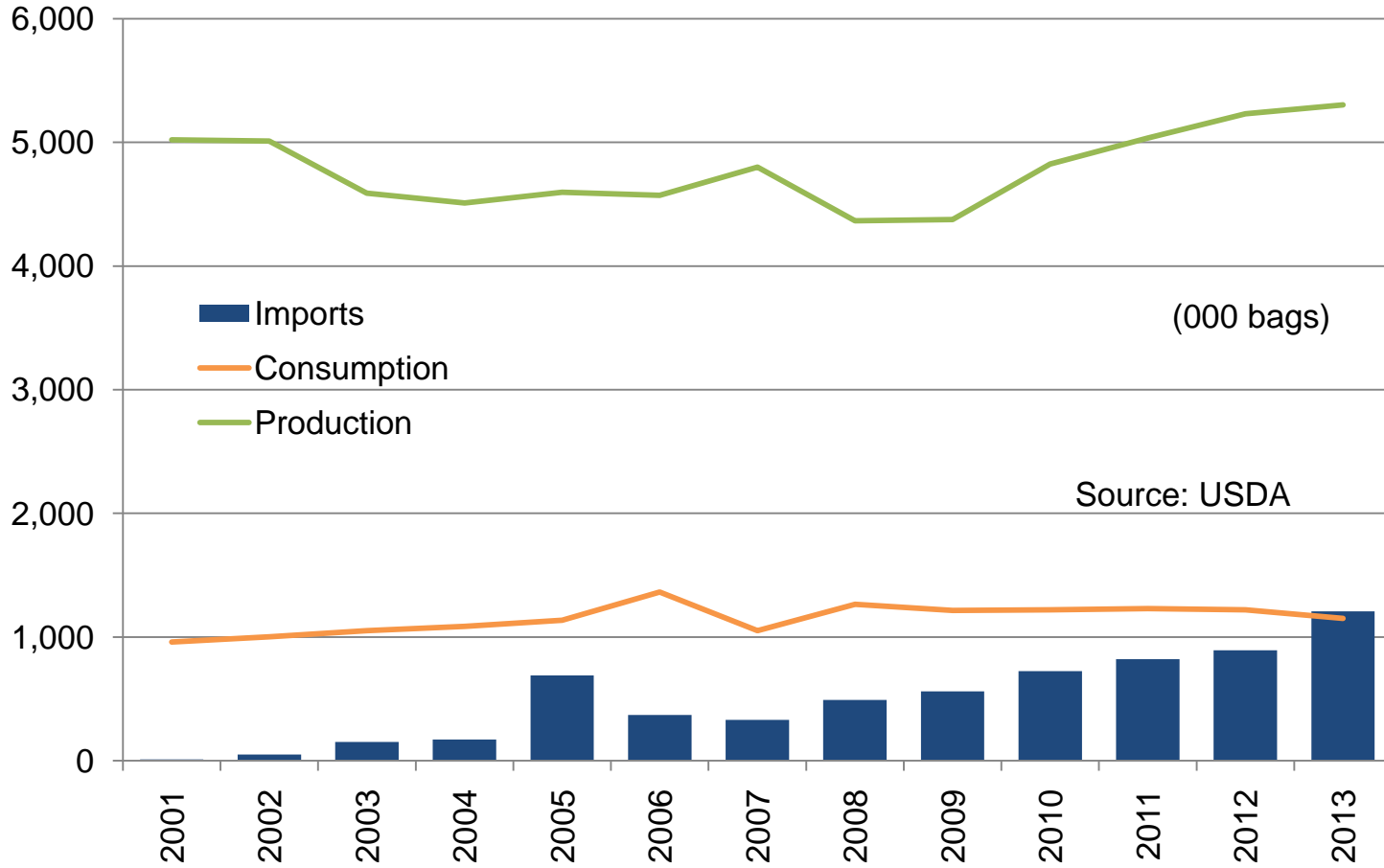
- Domestic demand on the rise, stocks falling



Russia



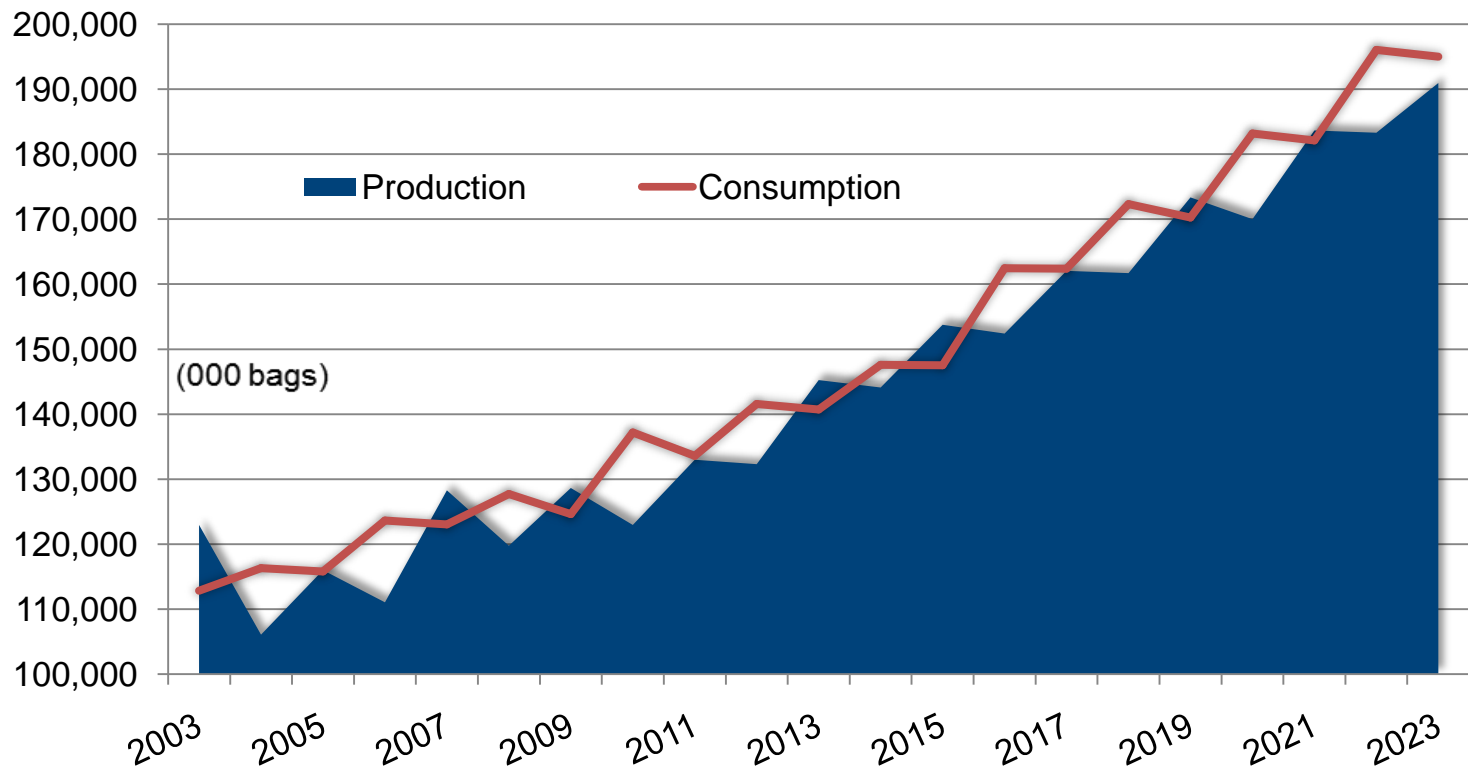
India



Supply & Demand Outlook

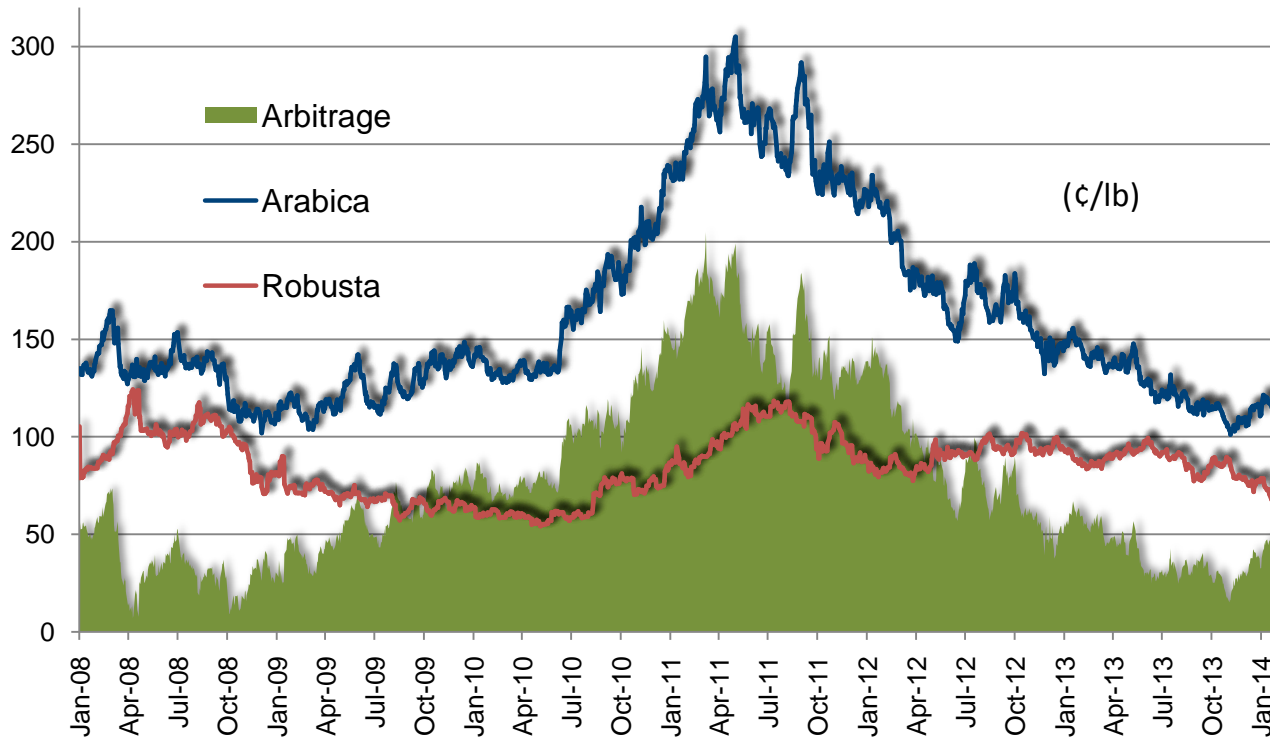
By 2023...

- After 2016, output will struggle to keep up with demand
- World production to reach **190 million** bags by 2023
- Consumption to rise close to **200 million** bags
- Traditional coffee markets will have a reduced market share
- Brazil and China will be among the top consumers



Price Forecast

- Neutral to bearish for robusta and arabica for next two seasons
- More bullish over the longer term
- Arabica's premium over robusta to tighten further



Thank you

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