Coffee Market Outlook

15th Asia International Coffee Conference
Ho Chi Minh City, Vietnam
7-9 December 2009

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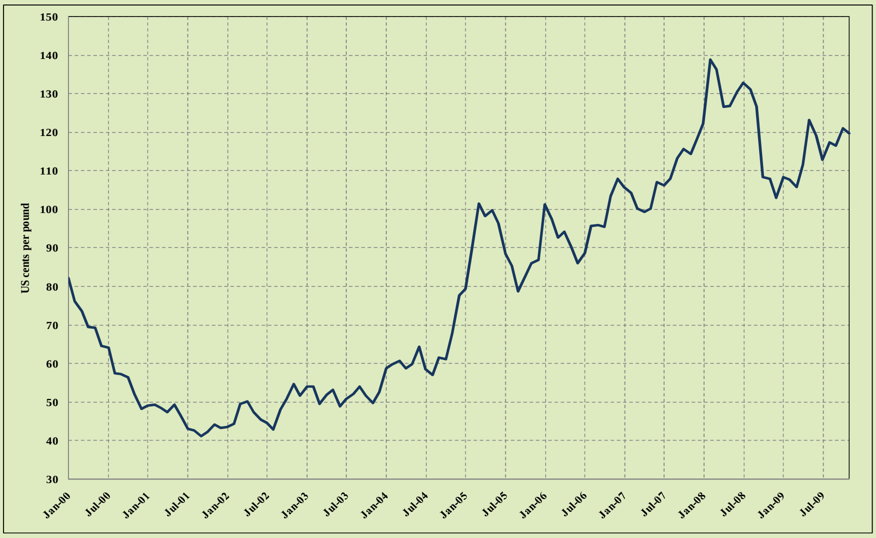
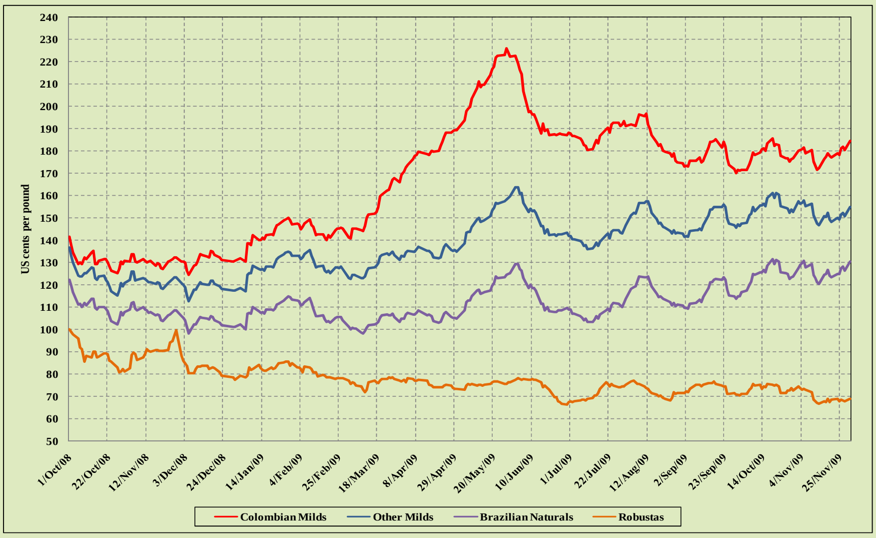
Executive Director

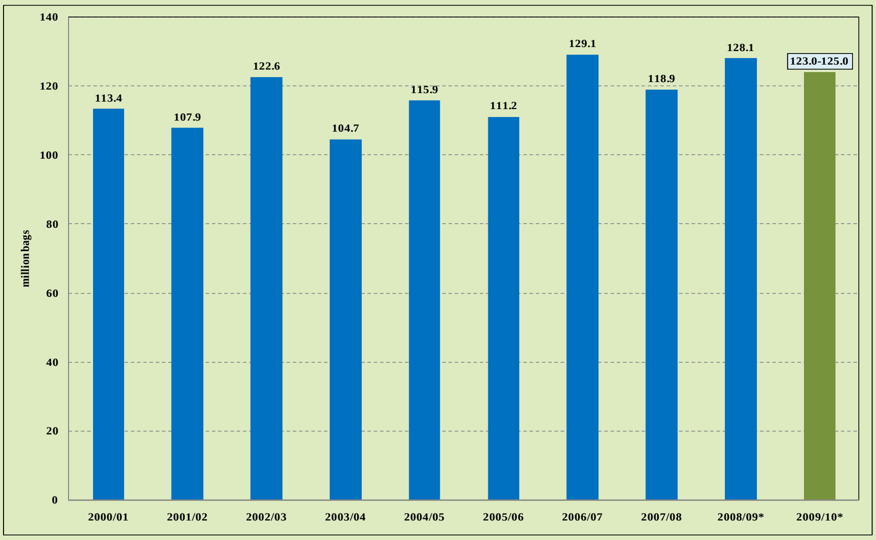
ICO composite indicator price
Monthly: January 2000 to November 2009



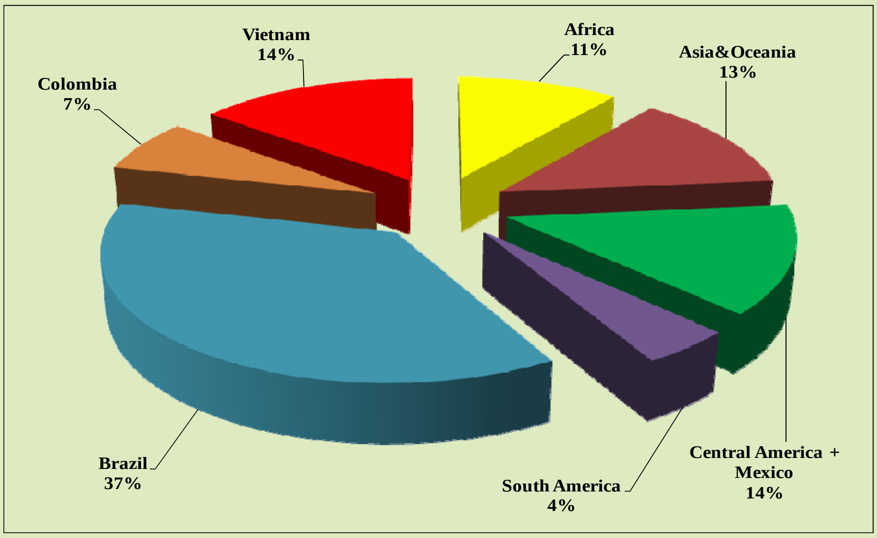
ICO group indicator prices
Daily: 1 October 2008 to 30 November 2009



World Production
Crop years 2000 to 2009



Total production in 2008/09



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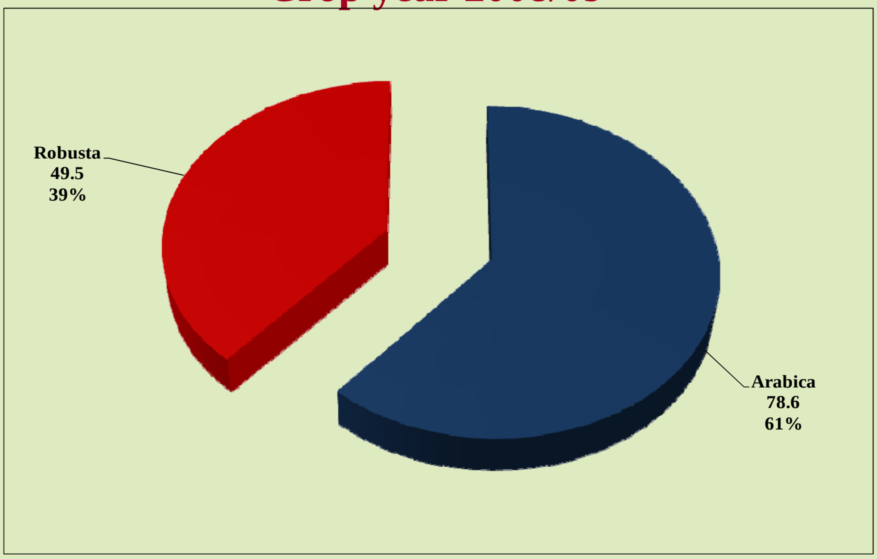
Production by type of coffee
Crop year 2008/09



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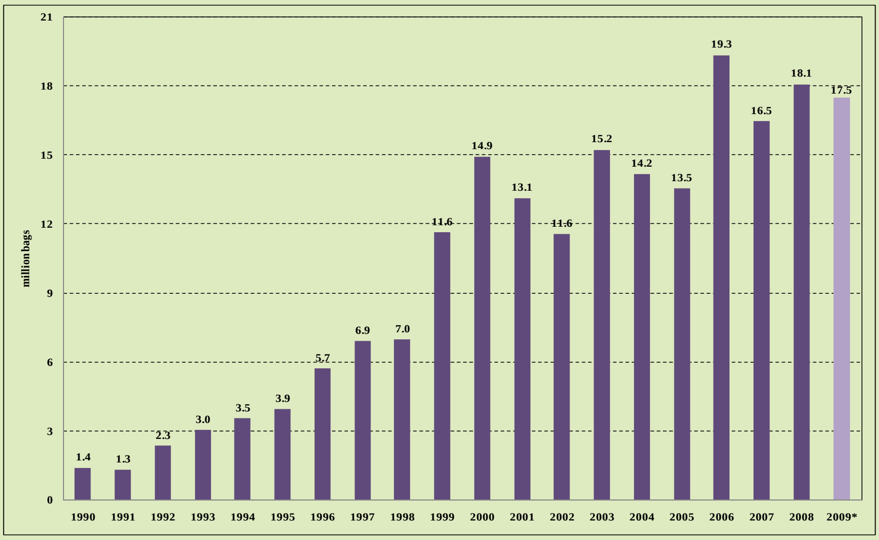
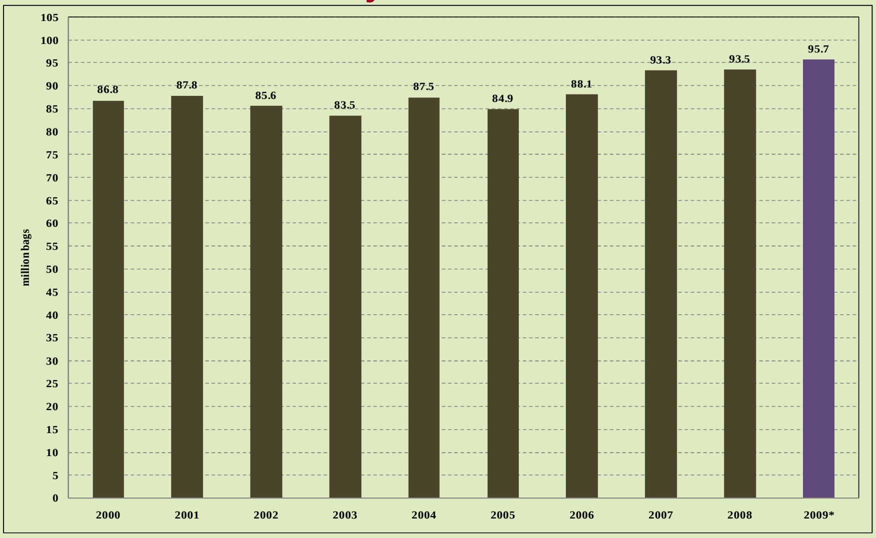
Production in Vietnam
Crop years commencing 1990 to 2009



Production: 10 leading producers 2008/09
(Volume in 000 bags - % of world production)

Brazil	45 992	36.8
Vietnam	18 500	14.4
Indonesia	9 350	7.5
Colombia	8 664	6.9
Mexico	4 650	3.7
India	4 372	3.5
Ethiopia	4 350	3.5
Peru	3 872	3.1
Guatemala	3 785	3.0
Uganda	3 200	2.6

Total exports to all destinations
Calendar years 2000 to 2009*



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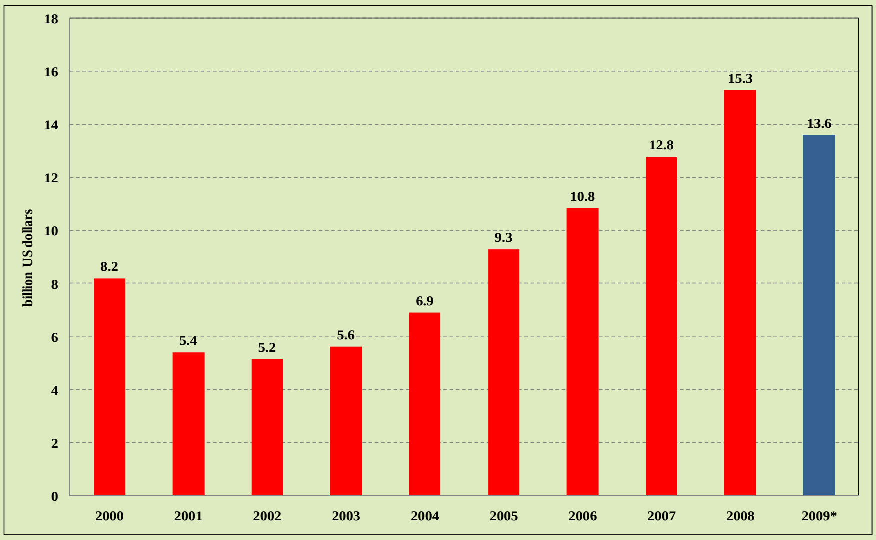
Value of coffee exports
Calendar years 2000 to 2009*



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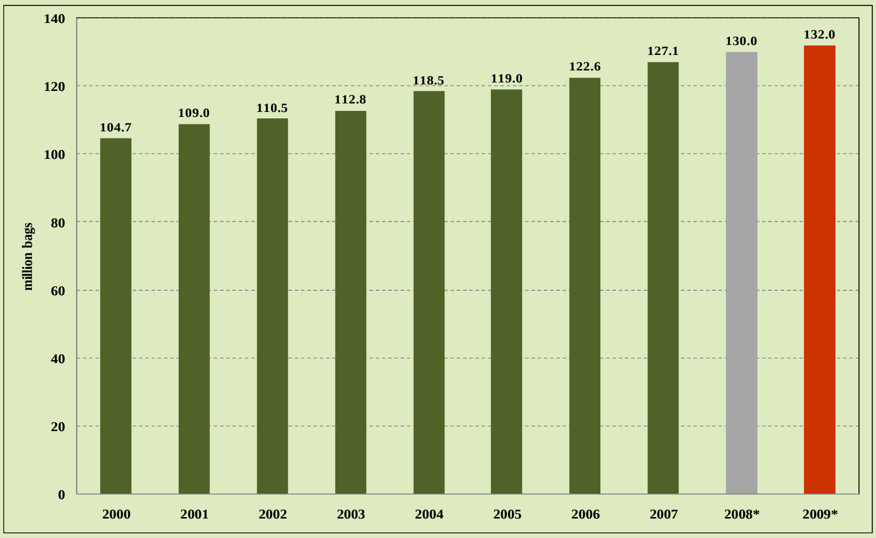
World consumption
Calendar years 2000 to 2009



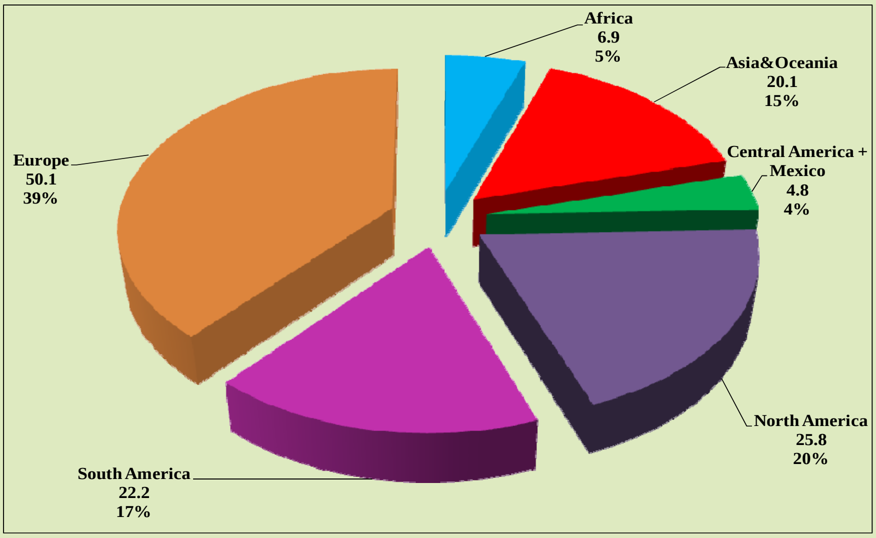
Estimated consumption in 2008: 10 leading markets by volume

(in million 60-kg bags)	
USA	21.7
Brazil	17.9
Germany	9.6
Japan	7.1
Italy	5.9
France	5.1
Russian Federation	3.7
Spain	3.5
Indonesia	3.3
United Kingdom	3.1

Consumption per capita: top 10 leading markets by volume

(in kg (green equivalent) per year)	
Finland	12.6
Switzerland	9.1
Norway	9.0
Sweden	8.3
Iceland	8.3
Denmark	7.7
Germany	7.0
Estonia	6.9
Austria	6.5
Bosnia & Herzegovina	6.2

World consumption in 2008
(in million 60-kg bags)



World coffee consumption
Evolution 2000 – 2008

(in thousand 60-kg bags)

	2000	2008*	Annual growth (%)
Traditional markets	63 377	68 584	0.88
Producing countries	25 604	35 855	3.81
Emerging markets	15 744	25 565	5.53
WORLD TOTAL	**104 725**	**130 004**	**2.43**

World coffee consumption: Traditional markets
Evolution 2000 – 2008

(in thousand 60-kg bags)

	2000	2008*	Annual growth
Total	**63 377**	**68 584**	**0.88**
European Community	38 005	39 867	0.53
Germany	*8 770*	*9 554*	*0.96*
Italy	*5 149*	*5 937*	*1.60*
France	*5 402*	*5 154*	*-0.52*
Spain	*2 991*	*3 485*	*1.71*
United Kingdom	*2 342*	*3 067*	*3.04*
USA	18 746	21 652	1.61
Japan	6 626	7 065	0.72

World coffee consumption: Producing countries
Evolution 2000 – 2008
(in thousand 60-kg bags)

	2000	2008*	Annual growth (%)
Total	**25 604**	**35 855**	**3.81**
Brazil	13 075	17 526	3.31
Indonesia	1 664	3 333	8.03
Mexico	1 189	2 200	7.08
Ethiopia	1 642	1 833	1.23
India	938	1 518	5.50
Others	7 098	9 444	3.22

World coffee consumption: Emerging markets
Evolution 2000 – 2008
(in thousand 60-kg bags)

	2000	2008*	Annual growth (%)
Emerging markets	**15 744**	**25 565**	**5.53**
Russian Federation	1 863	3 716	7.97
Algeria	1 779	2 118	1.96
Ukraine	179	1 733	28.71
Korea, Republic of	1 246	1 665	3.28
Australia	832	1 145	3.61
China*	859	940	1.01
Others	8 986	14 248	5.26

Opening stocks in exporting countries
Crop years 2000/01 to 2008/09

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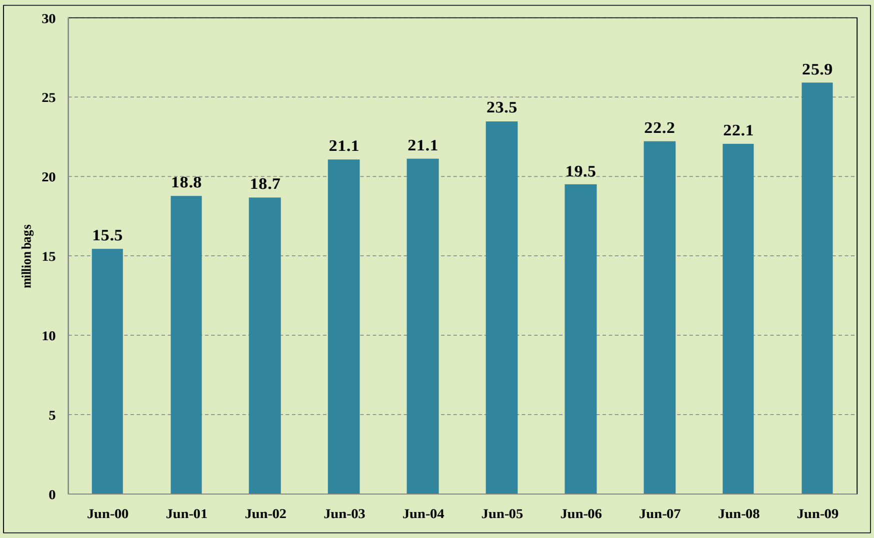
Inventories in importing countries
End of June: 2000 to 2009



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Outlook 2009/10: Supply 1

- Production costs
  - Steady growth in recent years
  - Prices of main inputs (fertilizers + petrol) oscillating
  - Labour costs remain high

Outlook 2009/10: Supply 2

- Influence of exchange rates:
  - In countries with exchange rates linked to the US$, price to producer has kept pace with recovery since 2004
  - Vietnam: benefits of exchange rate linked to US$ off-set by high inflation → 5% devaluation in Nov/2009
  - In countries with flexible exchange rates (esp. Brazil and Colombia), appreciation of local currency in relation to the US$ reduces benefit of higher coffee prices since 2004

Outlook 2009/10: Demand 1
Traditional markets

- 58% of world consumption
- Changes in consumption habits (downtrading):
  - From outside the home to at home
  - Greater demand for lower-priced brands
- Impact on total volume of consumption likely to be limited

Outlook 2009/10: Demand 2
Producing countries

- 26% of world consumption
- Stable domestic prices
- Impact on total volume of consumption likely to be limited

Outlook 2009/10: Demand 3 Emerging markets

- 18% of world consumption
- Vulnerabilities:
  - Coffee continues to be considered a luxury item
  - Devaluation of local currencies vs. US$ increases price to consumer
  - Macro-economic weaknesses (unemployment, lack of credit) can reduce demand
- Impact on total volume of consumption still uncertain

Outlook 2009/10: Prices

- Short term:
  - Low production in Colombia and Central America increased differentials for Washed Arabicas
  - Market strongly influenced by exogenous factors (stock markets, exchange rates)
- Medium term:
  - Market influenced by expectations regarding Brazilian production for 2010/11

World Coffee Conference

Guatemala, 26-28 February 2010

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Thank you

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