

MONTHLY COFFEE MARKET REPORT

April 2013

The ICO composite indicator price fell by 1.4% in April, despite a brief rally in the middle of the month, recording its lowest monthly average in three years. Robustas underwent the strongest decline, causing the Arabica/Robusta differential to widen. Following the significant slide in green coffee prices over the last two years, retail prices are also starting to come down, with decreases recorded in several importing countries in 2012. Total production for crop year 2012/13 is estimated at 144.7 million bags, with consumption for calendar year 2012 estimated at 142 million bags. Finally, the Executive Director has visited five Central American countries affected by the outbreak of coffee leaf rust, in accordance with ICC Resolution 451. Further information and updates can be found on the ICO website at www.ico.org/leafrust_e.asp.

Graph 1: ICO composite indicator daily prices
(2 April 2012 to 2 May 2013)



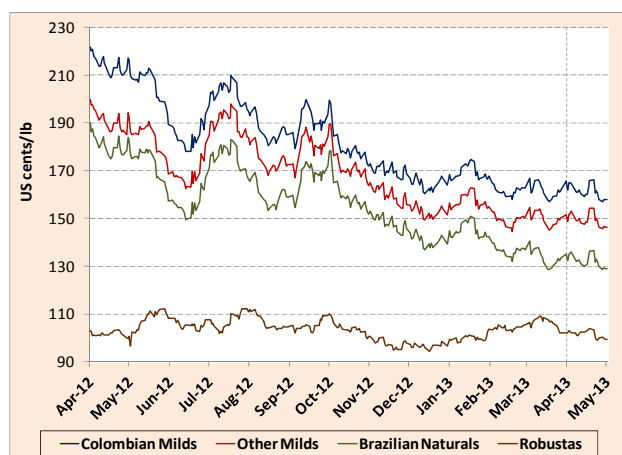
Price movements

The **ICO composite indicator price** fell further in April 2013, averaging 129.55 US cents/lb. This is its lowest level since May 2010, as the upcoming Brazilian crop and broader macroeconomic uncertainty continue to exert negative pressure on the market.

The monthly averages of **Colombian Milds** and **Other Milds** are relatively unchanged on March 2013, with **Brazilian Naturals** falling by 0.7%. The strongest decline was observed in **Robustas**, with the monthly average down 4.3%, as shown in

Graph 2 and Table 3. As a result, the price differentials between the three Arabica indicators and the Robusta indicator all widened.

**Graph 2: ICO group indicator daily prices
(2 April 2012 to 2 May 2013)**



Furthermore, the arbitrage between the New York and London futures markets also increased for the first time since January 2013 (Graph 3).

**Graph 3: Arbitrage between New York
and London futures markets
(2 April 2012 to 2 May 2013)**



Market fundamentals

Total production in crop year 2012/13 is estimated at 144.7 million bags, a 6.9% increase on the previous year. Strong increases are provisionally forecast for Africa, Asia & Oceania, and South America. In Mexico and Central America, however,

production is estimated at 17.2 million bags, a 15.2% decrease on 2011/12. The epidemic of coffee leaf rust is believed to have resulted in damage of around 2.3 million bags of coffee for this crop year, based on figures from PROMECAFE, with more severe effects expected in 2013/14. In addition, there has undeniably been a significant human and social cost, as smallholder farmers lose a large proportion of their crops.

Total exports in March 2013 amounted to 9.6 million bags, down 3.9% on March 2012. A more in-depth analysis of exports in the first six months of the coffee year can be found in the next section.

World consumption in calendar year 2012 is provisionally estimated at around 142 million bags, a 2.2% increase on 2011.

Finally, Table 1 shows **retail prices** in selected importing countries over the last two years. After some strong price increases in 2011, downward corrections have been recorded in several importing countries in 2012.

Table 1: Retail prices in selected importing countries

	2011	2012	% change 2011-2012
Austria*	832.07	836.80	0.6%
Belgium*	648.21	620.06	-4.3%
Denmark	692.25	672.45	-2.9%
Finland	536.32	479.65	-10.6%
France	413.39	392.26	-5.1%
Germany	510.43	474.38	-7.1%
Italy	852.30	849.36	-0.3%
Japan	735.21	757.15	3.0%
Norway	578.47	548.15	-5.2%
Poland	414.35	416.22	0.5%
Portugal	542.48	568.48	4.8%
Spain	441.68	446.87	1.2%
Sweden	558.43	519.81	-6.9%
Turkey	630.82	747.09	18.4%
United Kingdom	887.48	915.08	3.1%
USA	519.08	567.60	9.3%

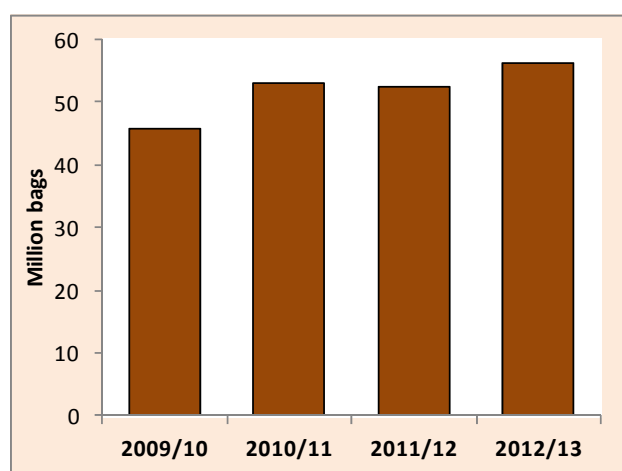
In US cents/lb

*Partial average for 2012

Total exports (October to March)

Total exports by all exporting countries reached 56.1 million bags between October 2012 and March 2013, a 7% increase on the same period last year and an all-time record volume for the first half of the coffee year (Graph 4). All data in this section refer to the first six months of the coffee year.

Graph 4: Total exports by all exporting countries (October - March 2009/10 to 2012/13)



This increase has been driven largely by strong growth in shipments of **Robustas**, which amounted

to 22.2 million bags in 2012/13, a 15% increase on the same period in 2011/12 (Table 2). Exports of Robustas now account for some 39.6% of the world total, compared to 36.8% in 2011/12. **Colombian Milds** and **Brazilian Naturals** also increased year-on-year, by 12% and 8.2%, to reach 4.9 million and 17.3 million bags, respectively. Exports of **Other Milds**, on the other hand, fell by 8.3% compared to 2011/12, recording a volume of 11.7 million bags.

Graph 5: Total exports by group of coffee (October - March 2009/10 to 2012/13)

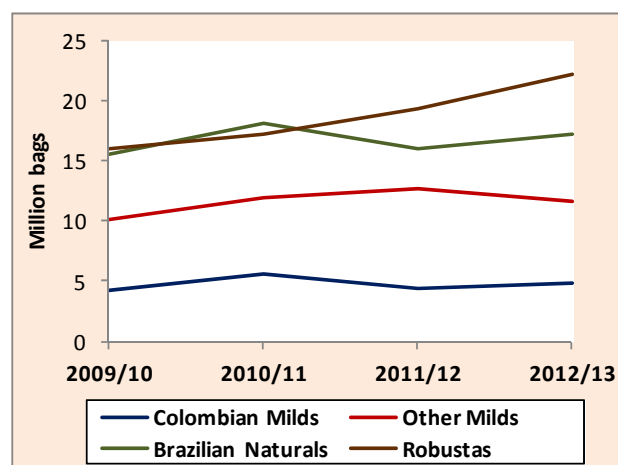


Table 2: Total exports by group and by region (October - March 2009/10 to 2012/13)

	2009/10	2010/11	2011/12	2012/13	% change 2011-2012
Total	45 857	52 950	52 418	56 095	7.0%
Colombian Milds	4 207	5 603	4 386	4 910	12.0%
Other Milds	10 072	12 010	12 735	11 679	-8.3%
Brazilian Naturals	15 600	18 170	15 994	17 299	8.2%
Robustas	15 979	17 167	19 303	22 208	15.0%
Africa	4 820	5 192	4 170	5 429	30.2%
Asia & Oceania	13 771	14 932	18 098	20 622	13.9%
Mexico & Central America	6 327	7 156	7 052	7 400	4.9%
South America	20 939	25 671	23 098	22 645	-2.0%

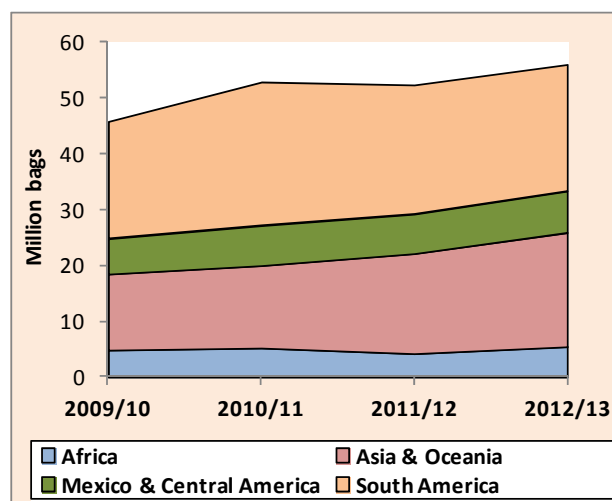
In thousand bags

Total exports by **Africa** in this time period increased by 30.2% compared to the previous year to reach 5.4 million bags, its highest level since 2002/03. Uganda was the largest exporter in Africa, at 1.6 million bags, followed by Ethiopia on 1.4 million bags. As a result, Africa has increased its share of world exports to 9.7% compared with 8% for the first six months of 2011/12.

In **Asia & Oceania**, exports increased by 13.9% to 20.6 million bags, a record volume for the first six months of the coffee year. Vietnam was the leading exporter in the region, with shipments of 12.4 million bags, a 9.5% increase on 2011/12. Indonesia also recorded a strong increase of 71.4% to reach 5.2 million bags, although there was a slight decrease by India to 2.5 million. Asia & Oceania therefore accounted for 36.8% of total exports during this time period.

A more modest increase of 4.9% was recorded in **Mexico & Central America**, with exports of 7.4 million bags representing the highest level since 2000/01. Honduras is again the largest source of exports with 2.4 million bags, roughly the same level as 2011/12. Mexico increased by 18.9% to 1.6 million bags but Guatemala fell by 3.5% to 1.4 million bags. As a result, Mexico & Central America accounted for some 13.2% of world exports, slightly less than in 2011/12.

Graph 6: Total exports by region
(October - March 2009/10 to 2012/13)



Furthermore, in **South America**, exports fell by 2% to 22.6 million bags. So far in coffee year 2012/13, Brazil has exported nearly 16 million bags, 0.8% more than in 2011/12. Colombia has increased by 7.6% to 4.2 million bags, although Peru has dropped by some 32.1% to 1.7 million. South America is still easily the largest source of coffee exports, accounting for 40.4% of the world total, down from 44.1% in 2011/12.

Finally, Graph 7 shows exports by the four largest origins in the first six months of the coffee year. It is noticeable that Vietnam has started to converge with Brazil as exports have continued to increase significantly. Indonesia has also seen very strong exports during this time period.

Graph 7: Total exports by the four largest origins
(October - March 2009/10 to 2012/13)

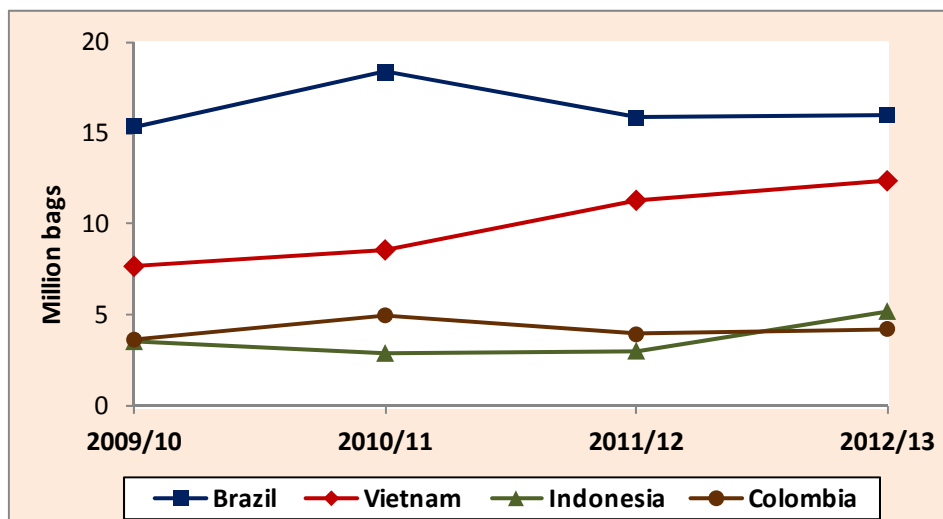


Table 3: ICO indicator prices and futures prices (US cents/lb)

	ICO Composite	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	New York*	London*
Monthly averages							
Apr-12	160.46	214.46	191.45	180.90	101.80	181.75	91.81
May-12	157.68	207.32	184.65	174.17	106.88	176.50	96.82
Jun-12	145.31	184.67	168.69	156.17	105.70	159.93	94.75
Jul-12	159.07	202.56	190.45	175.98	107.06	183.20	96.14
Aug-12	148.50	187.14	174.82	160.05	106.52	169.77	96.12
Sep-12	151.28	190.10	178.98	166.53	104.95	175.36	94.65
Oct-12	147.12	181.39	173.32	161.20	104.47	170.43	94.66
Nov-12	136.35	170.08	159.91	148.25	97.67	155.72	87.32
Dec-12	131.31	164.40	152.74	140.69	96.59	149.58	85.94
Jan-13	135.38	169.19	157.29	145.17	99.69	154.28	88.85
Feb-13	131.51	161.70	149.46	136.63	104.03	144.89	94.41
Mar-13	131.38	161.53	149.78	133.61	106.26	141.43	97.22
Apr-13	129.55	161.76	149.81	132.62	101.68	139.91	93.15
% change between Apr-13 and Mar-13							
	-1.4	0.1	0.0	-0.7	-4.3	-1.1	-4.2
Annual averages							
2008	124.25	144.32	139.78	126.59	105.28	136.46	97.17
2009	115.67	177.43	143.84	115.33	74.58	128.40	67.69
2010	147.24	225.46	195.96	153.68	78.74	165.20	71.98
2011	210.39	283.84	271.07	247.61	109.21	256.36	101.23
2012	156.34	202.08	186.47	174.97	102.82	179.22	91.87
% change between Apr-13 and 2012 average							
	-17.1	-20.0	-19.7	-24.2	-1.1	-21.9	1.4
Volatility (%)							
Mar-13	5.2	6.2	6.2	6.7	4.6	6.3	4.6
Apr-13	5.4	6.2	6.6	6.9	4.1	7.6	4.6
Variation between Apr-13 and Mar-13							
	0.2	-0.1	0.4	0.2	-0.5	1.3	0.0

* Average price for 2nd and 3rd positions

Table 4: Price differentials (US cents/lb)

	Colombian Milds	Colombian Milds	Colombian Milds	Other Milds	Other Milds	Brazilian Naturals	New York*
	Other Milds	Brazilian Naturals	Robustas	Brazilian Naturals	Robustas	Robustas	London*
Apr-12	23.01	33.56	112.66	10.55	89.65	79.10	89.94
May-12	22.67	33.15	100.44	10.48	77.77	67.29	79.68
Jun-12	15.98	28.50	78.97	12.52	62.99	50.47	65.18
Jul-12	12.11	26.58	95.50	14.47	83.39	68.92	87.06
Aug-12	12.32	27.09	80.62	14.77	68.30	53.53	73.65
Sep-12	11.12	23.57	85.15	12.45	74.03	61.58	80.71
Oct-12	8.07	20.19	76.92	12.12	68.85	56.73	75.77
Nov-12	10.17	21.83	72.41	11.66	62.24	50.58	68.40
Dec-12	11.66	23.71	67.81	12.05	56.15	44.10	63.64
Jan-13	11.90	24.02	69.50	12.12	57.60	45.48	65.43
Feb-13	12.24	25.07	57.67	12.83	45.43	32.60	50.48
Mar-13	11.75	27.92	55.27	16.17	43.52	27.35	44.21
Apr-13	11.95	29.14	60.08	17.19	48.13	30.94	46.76
% change between Apr-13 and Mar-13							
	1.7	4.4	8.7	6.3	10.6	13.1	5.8

* Average price for 2nd and 3rd positions

Table 5: Total exports of all forms of coffee by exporting countries

	March 2012	March 2013	% change	October - March		
				2011/12	2012/13	% change
TOTAL	10 003	9 613	-3.9	52 418	56 095	7.0
Colombian Milds	710	827	16.5	4 386	4 910	12.0
Other Milds	2 799	2 405	-14.1	12 735	11 679	-8.3
Brazilian Naturals	2 309	2 542	10.1	15 994	17 299	8.2
Robustas	4 185	3 839	-8.3	19 303	22 208	15.0
Arabicas	5 819	5 775	-0.8	33 114	33 888	2.3
Robustas	4 185	3 839	-8.3	19 303	22 208	15.0

In thousand bags

Full trade statistics for all exporting countries are available on the ICO website at www.ico.org/trade_statistics.asp

Table 6: Total production by all exporting countries

Crop year commencing	2009	2010	2011	2012*	% change 2011 - 2012*
TOTAL	122 798	133 498	135 381	144 740	6.9
Colombian Milds	9 160	9 722	8 638	9 428	9.1
Other Milds	26 516	28 933	32 071	27 877	-13.1
Brazilian Naturals	37 197	45 632	41 477	49 396	19.1
Robustas	49 925	49 210	53 195	58 039	9.1
Arabicas	72 873	84 288	82 186	86 701	5.5
Robustas	49 925	49 210	53 195	58 039	9.1
Africa	15 847	16 227	15 632	18 273	16.9
Asia & Oceania	37 211	36 318	41 076	44 503	8.3
Mexico & Central America	16 695	18 060	20 343	17 245	-15.2
South America	53 045	62 893	58 328	64 720	11

In thousand bags

* Estimated

Table 7: World coffee consumption

Calendar years	2009	2010	2011	2012*	Average annual growth rate (2009 - 2012*)
World total	132 273	136 972	139 000	142 000	2.4
Exporting countries	39 616	40 910	42 397	43 451	3.1
Traditional markets	69 589	70 925	71 213	70 637	0.5
Emerging markets	23 068	25 137	25 390	27 913	6.6

In thousand bags

* Estimated