

A large teal circle is centered on the page. It has a thin orange border on the right side and a thin green border on the bottom right side. The text is white and centered within the teal area.

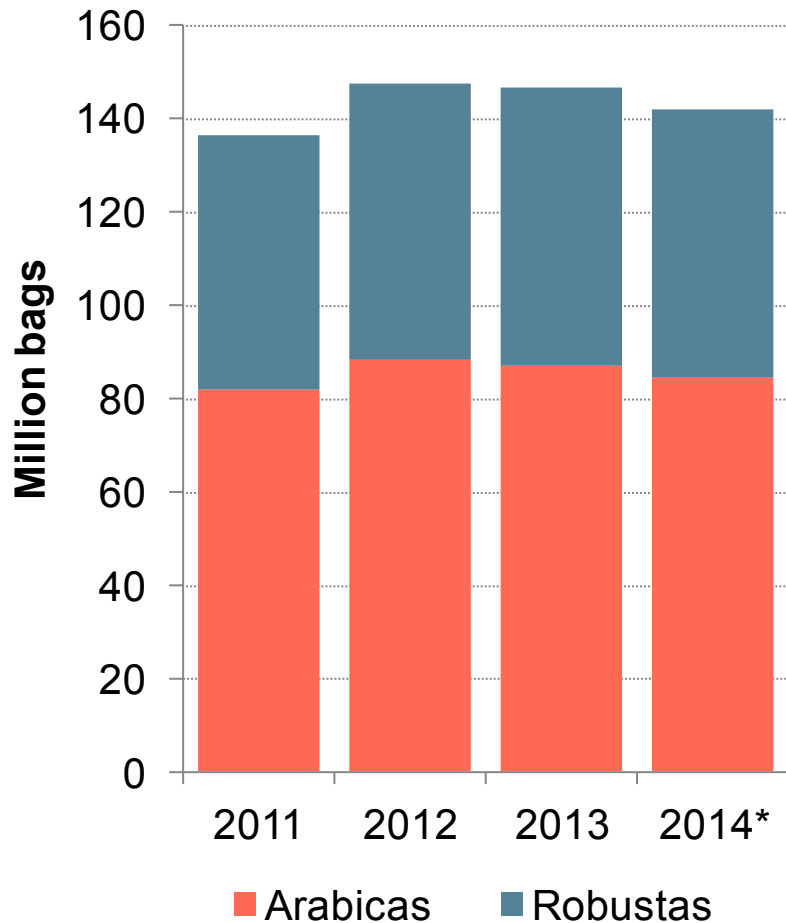
Coffee Market Outlook

Mauricio Galindo
International Coffee Council
March 2015



Supply & Demand

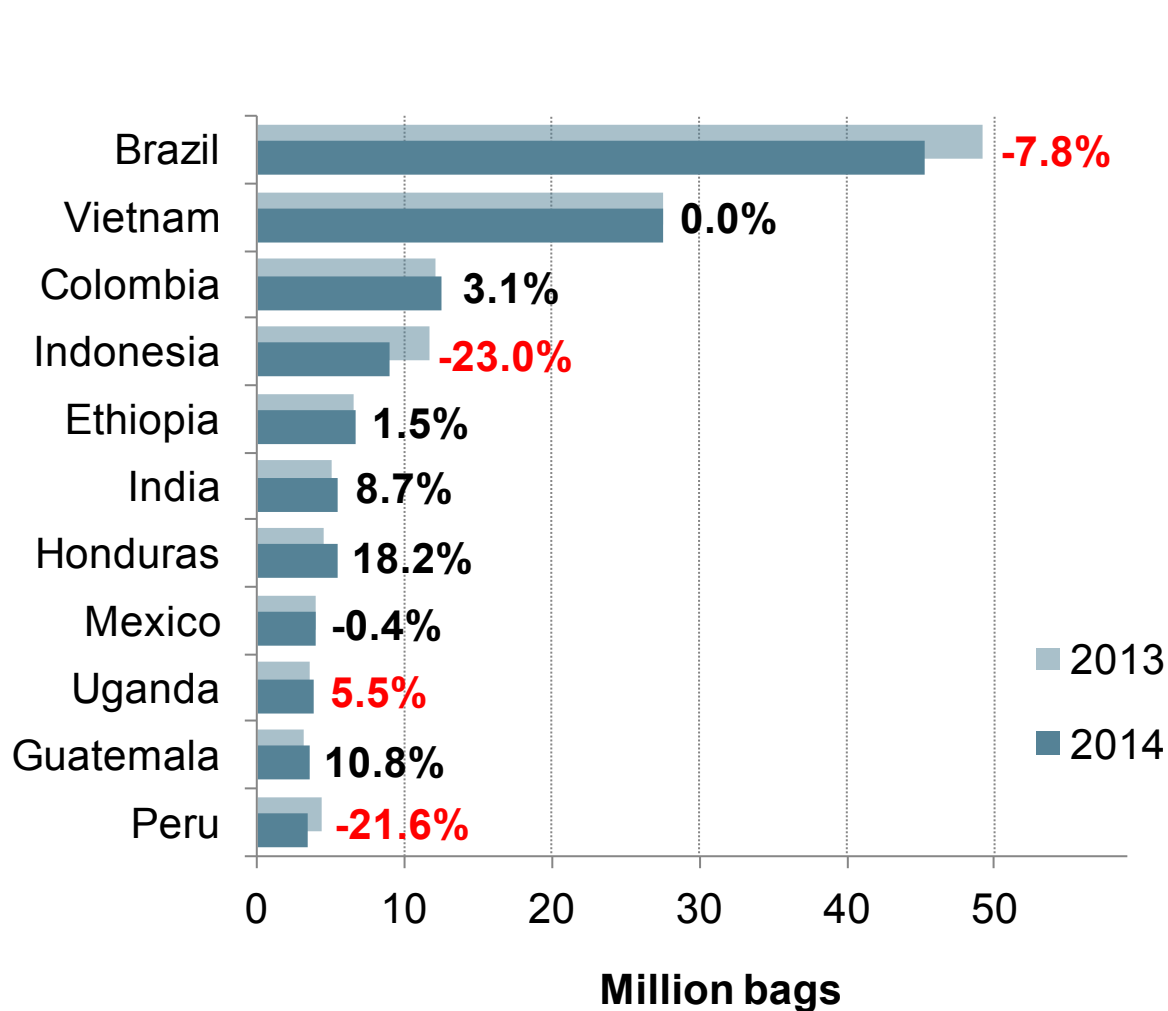
World coffee production



- 142 million bags in 2014/15 (estimated)
- 3.2% less than 2013/14
- Arabicas \searrow 2.8%
- Robustas \searrow 3.7%



Production % change in major exporting countries

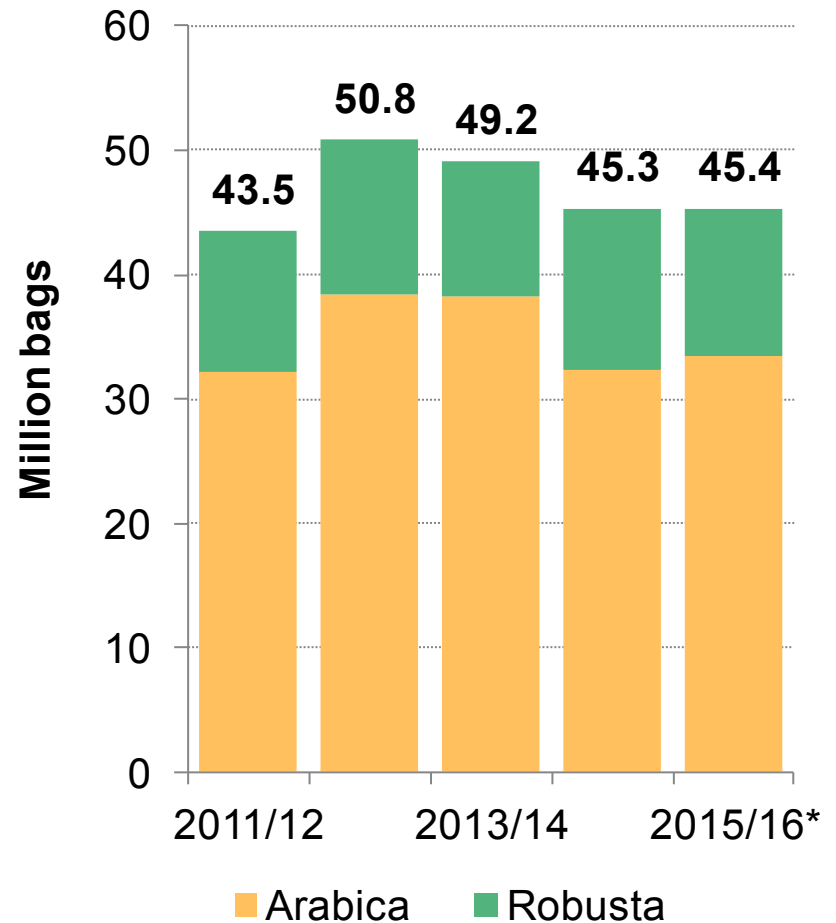


	2014
Brazil	45.3
Vietnam	27.5
Colombia	12.5
Indonesia	9.0
Ethiopia	6.6
India	5.5
Honduras	5.4
Mexico	3.9
Uganda	3.8
Guatemala	3.5
Peru	3.4



Production in Brazil

- First estimate of 2015/16 production
(Source: Conab)
- Between 44.1 and 46.6 million bags
- Roughly unchanged on 2014/15

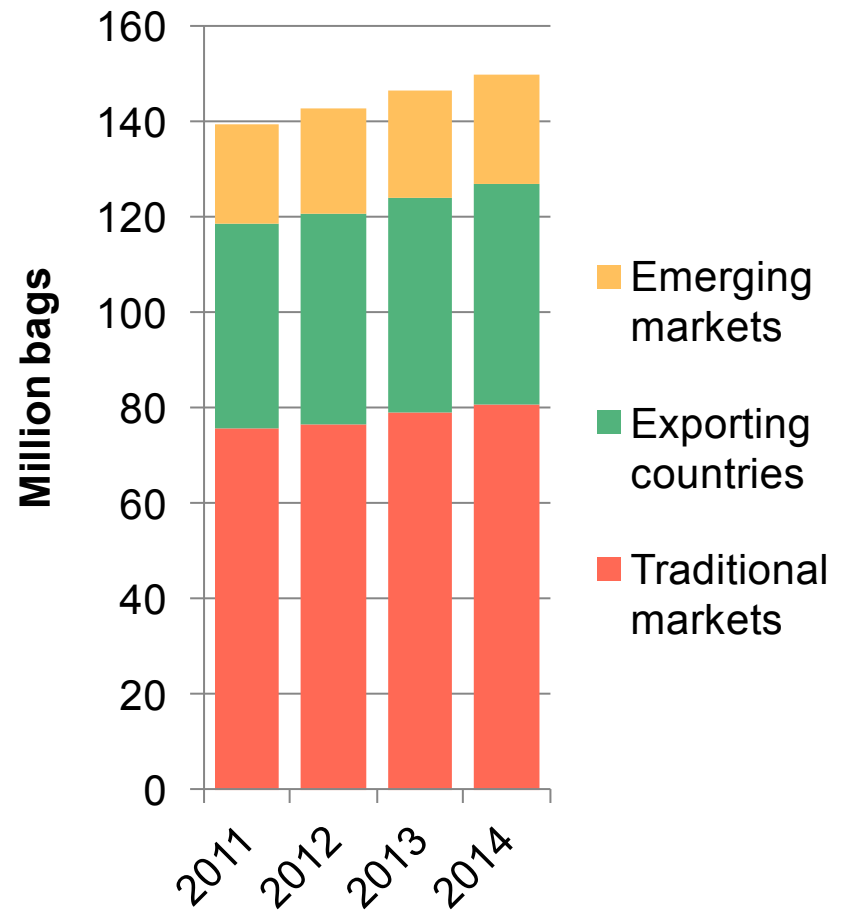


* Estimated

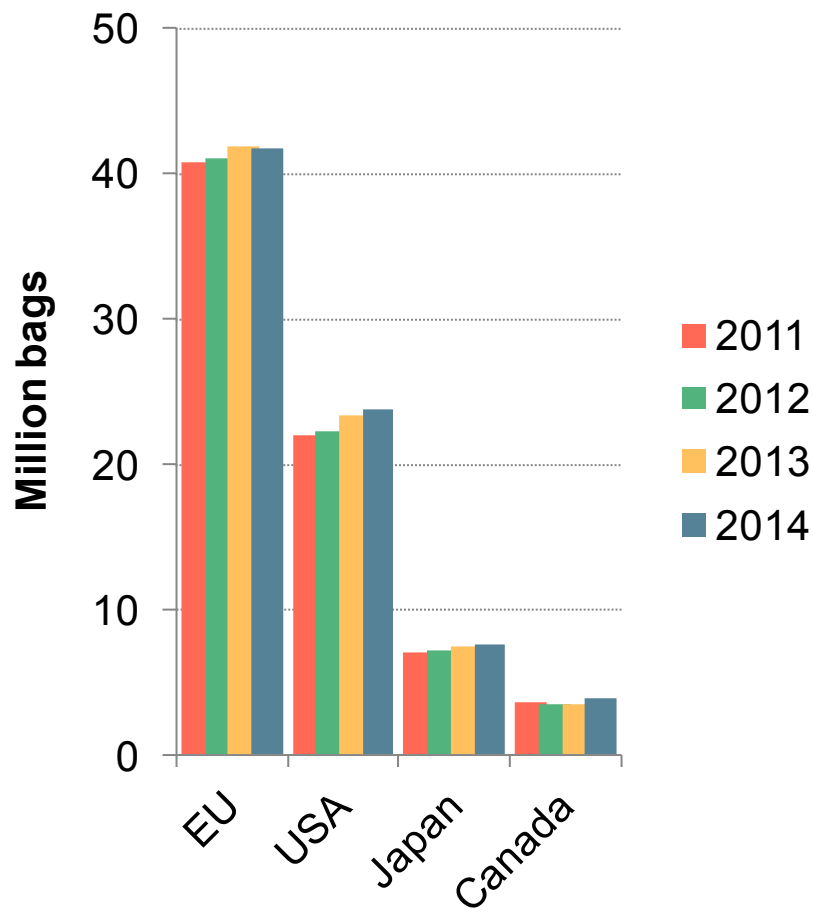


Consumption: Provisional estimate for 2014

- Expecting a 1.8% increase to 149 million bags
- Still strong demand in many countries, particularly traditional markets
- But biggest potential is emerging markets and exporting countries



Focus on traditional markets



- Overall growth in traditional markets: **1.6%** per annum since 2011

- EU: +0.8%

- USA: +2.5%

- Japan: +2.4%

- Canada: +3.1%

(NB Provisional data)



Prices

InterContinental Exchange, Inc.

↑ 134.3600
6.05 ↑ 4.72%

588,500
ICE
888,140

0
OFFERING SIZE
OFFERING PRICE

135.25
OPEN

135.40
HIGH

134.00
LOW

EAT 100 @ 31.5308

Price

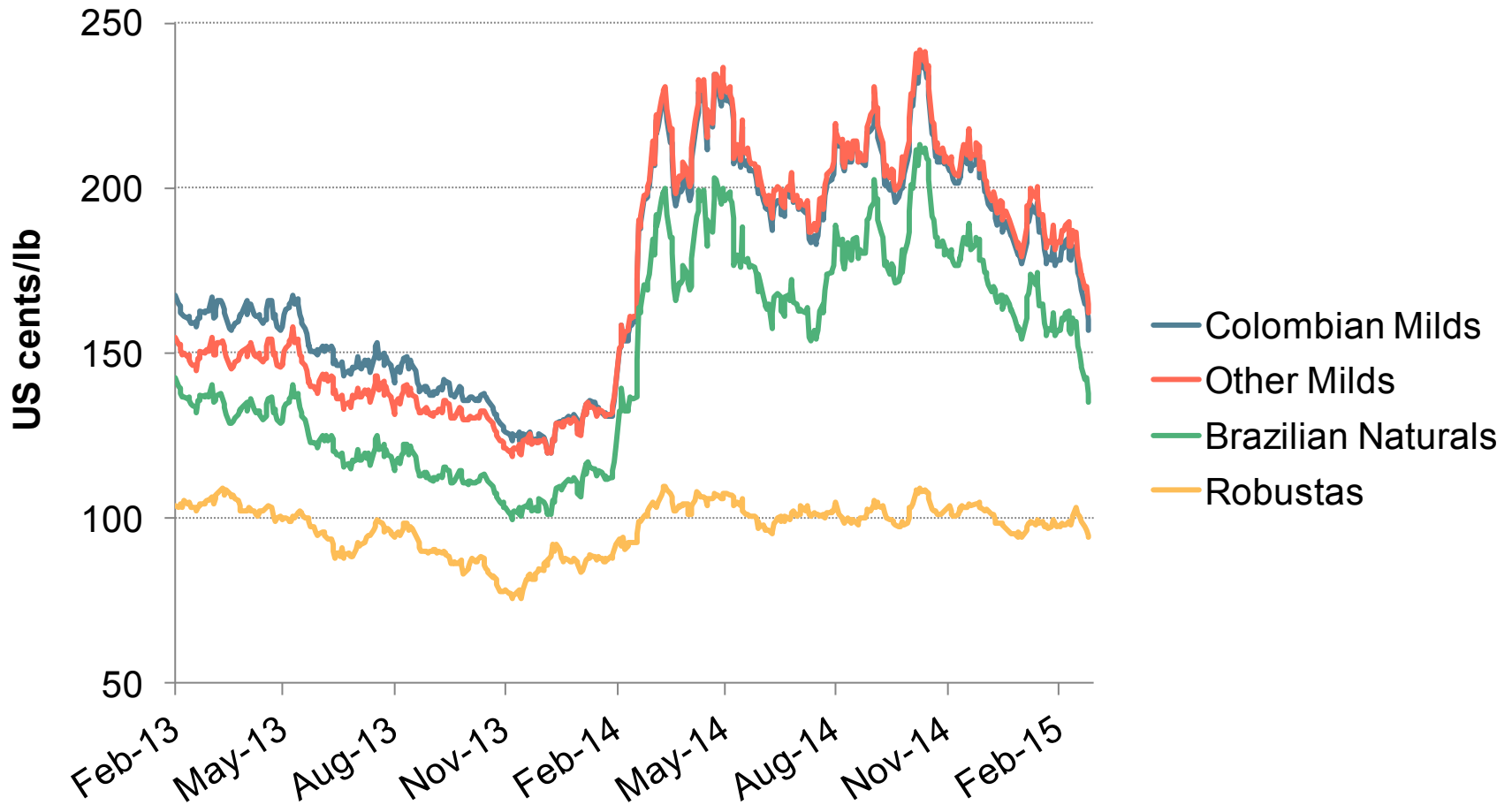
Daily prices: Last six months (ICO composite indicator)



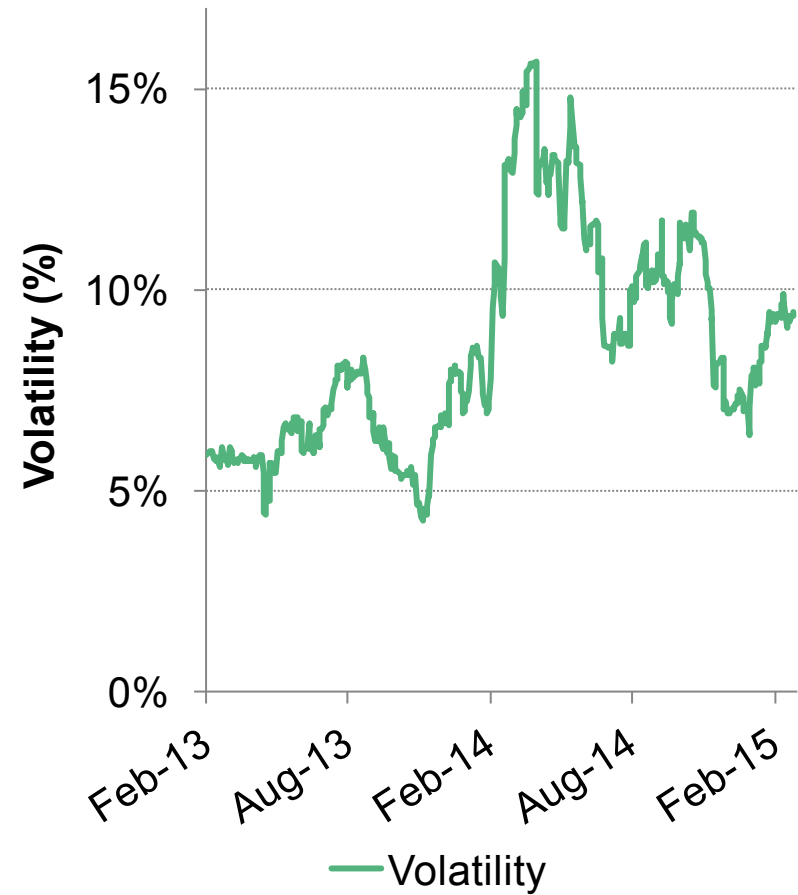
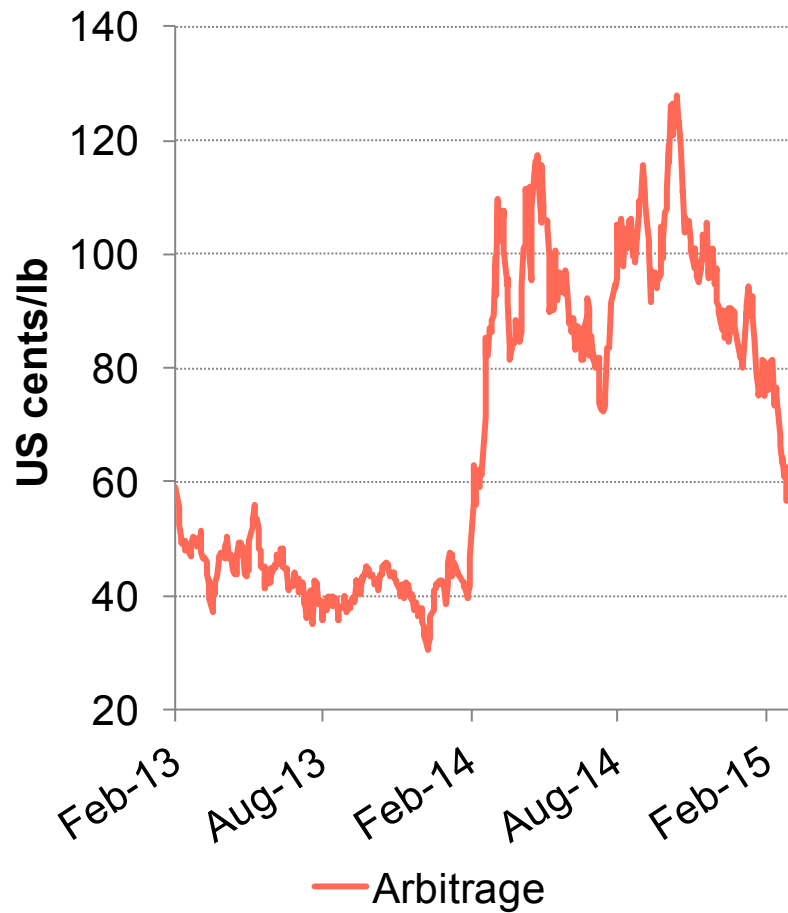
Daily prices: Last two years (ICO composite indicator)



ICO Group prices: Last two years



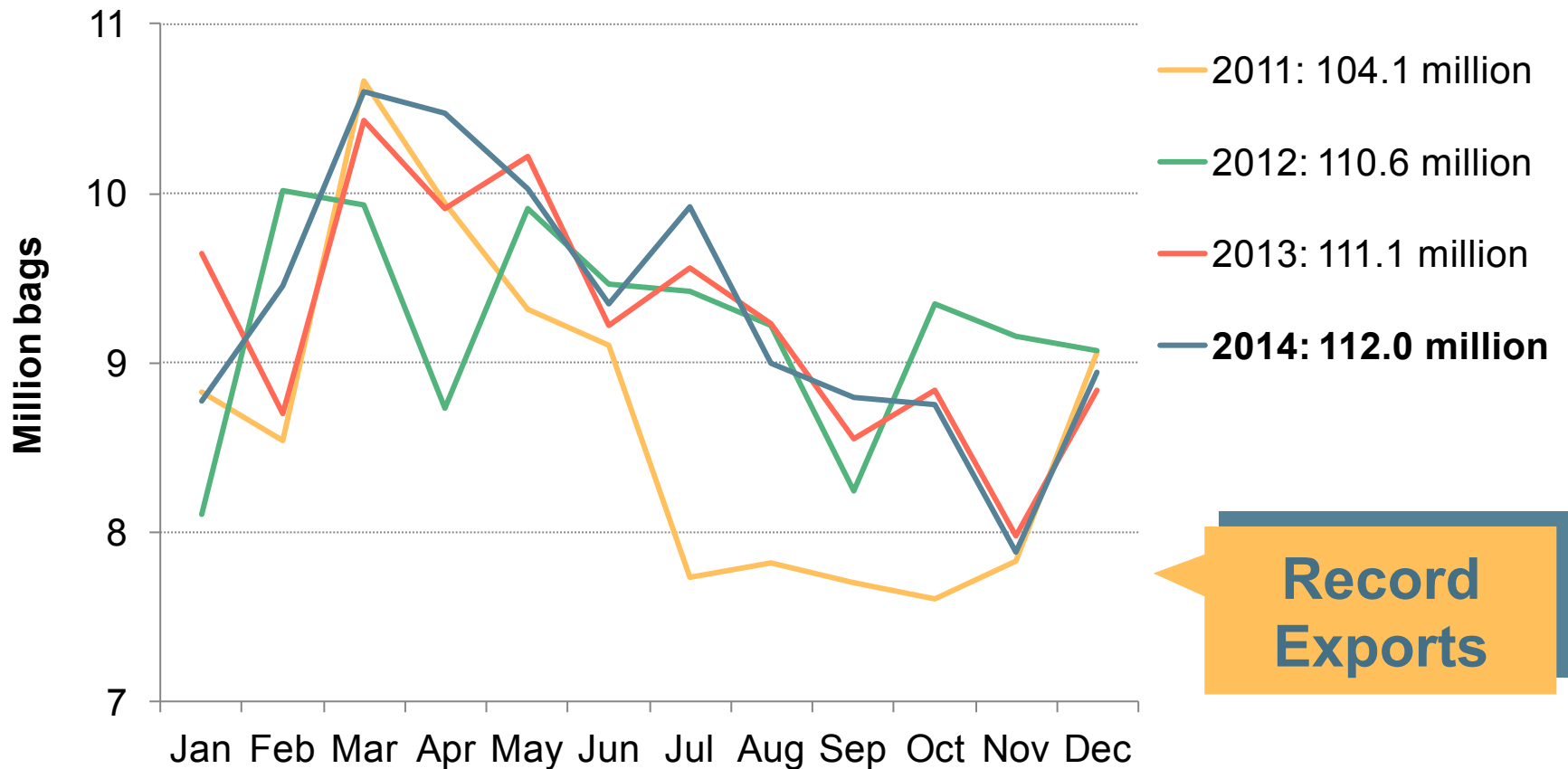
Price volatility and Arabica/Robusta arbitrage



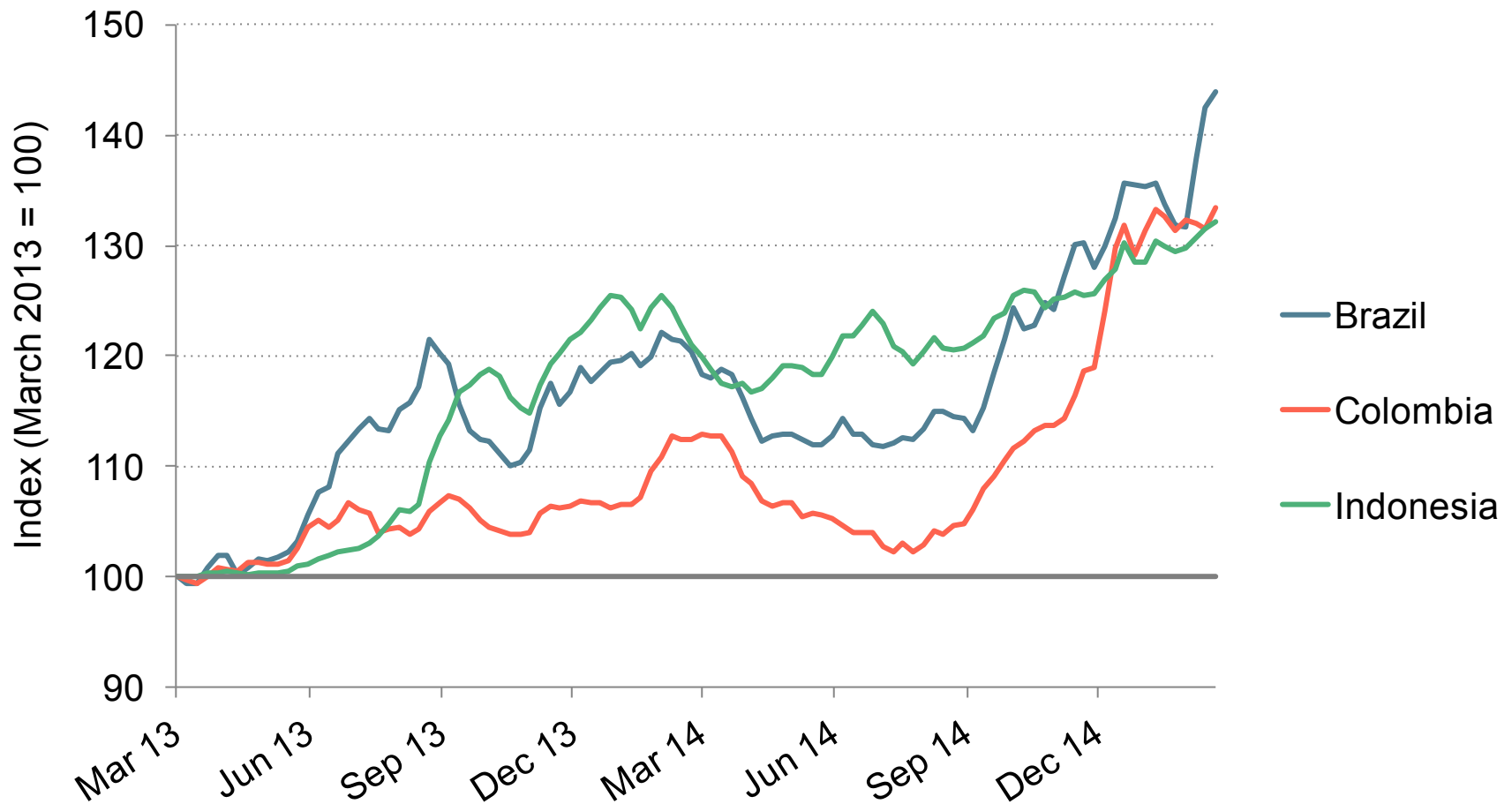
**So, why have prices
been falling?**



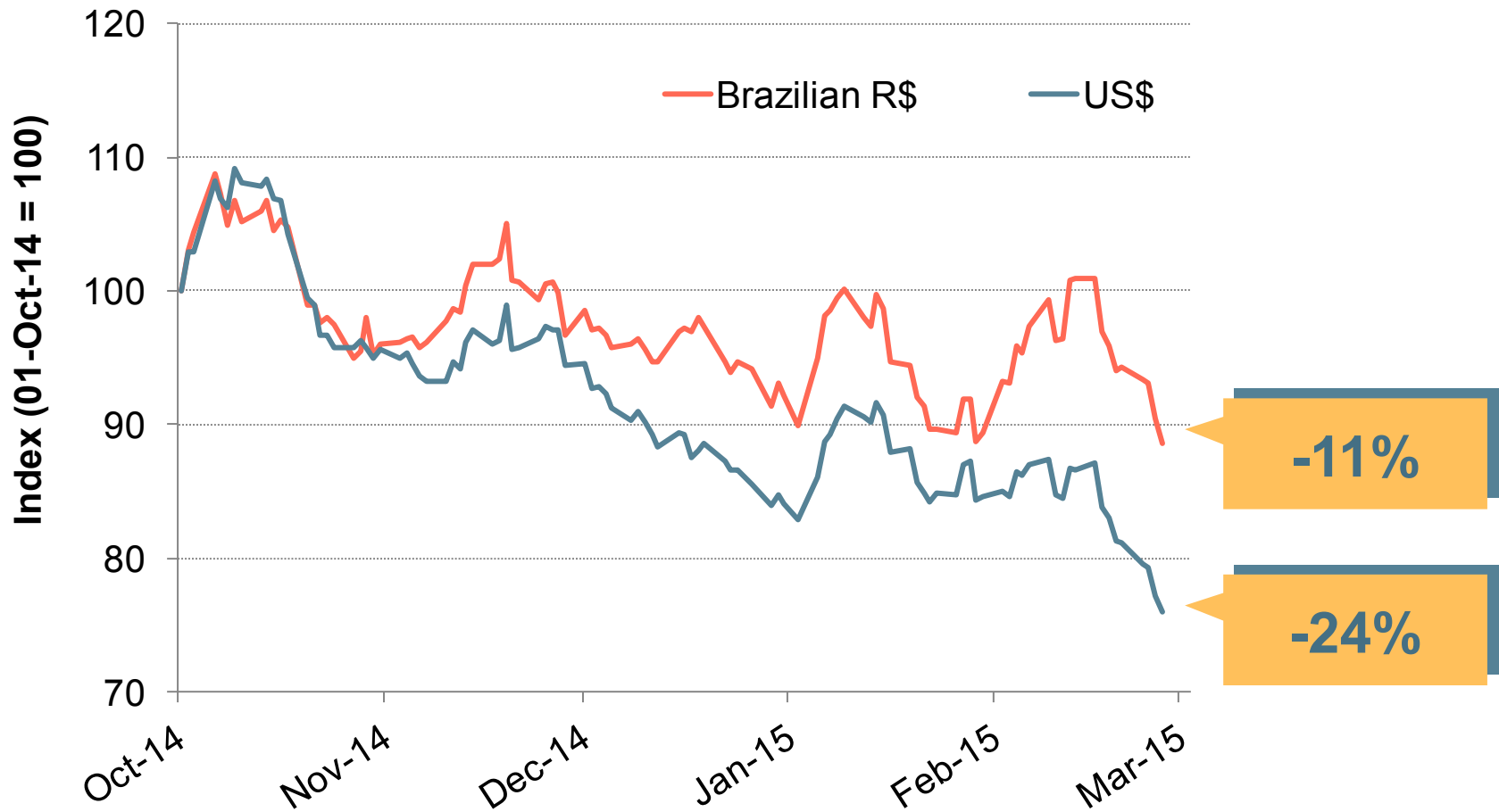
Monthly exports: 2011 - 2014



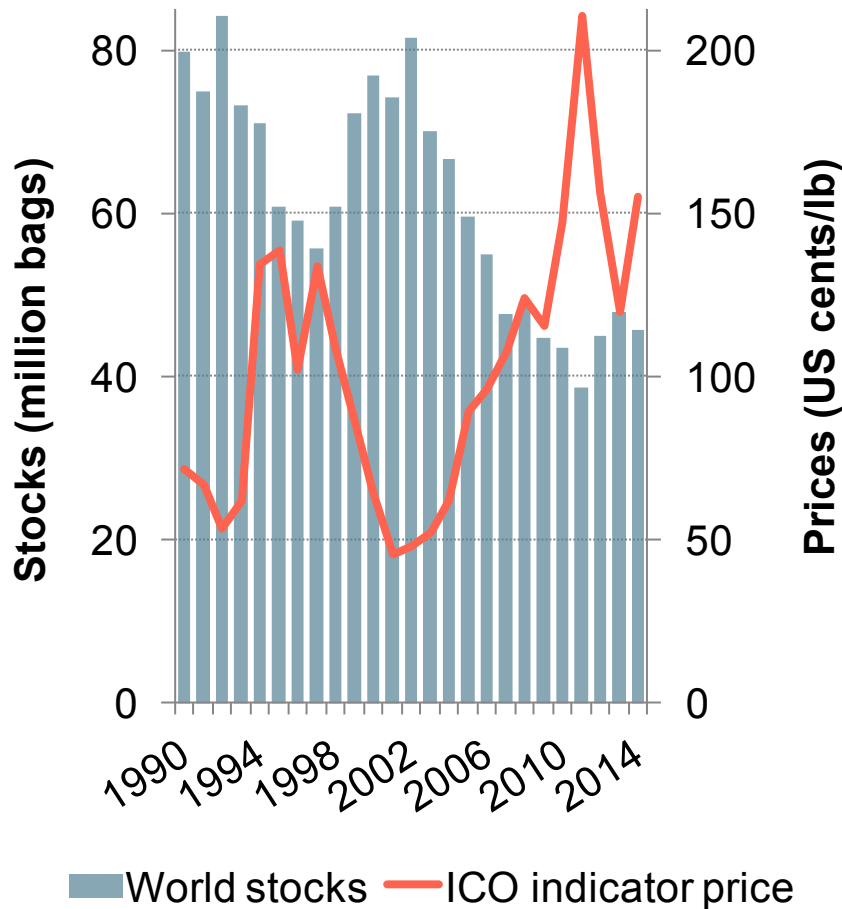
Depreciation in exchange rates (Against US\$)



Coffee in US\$ and Brazilian R\$ (ICO composite indicator)



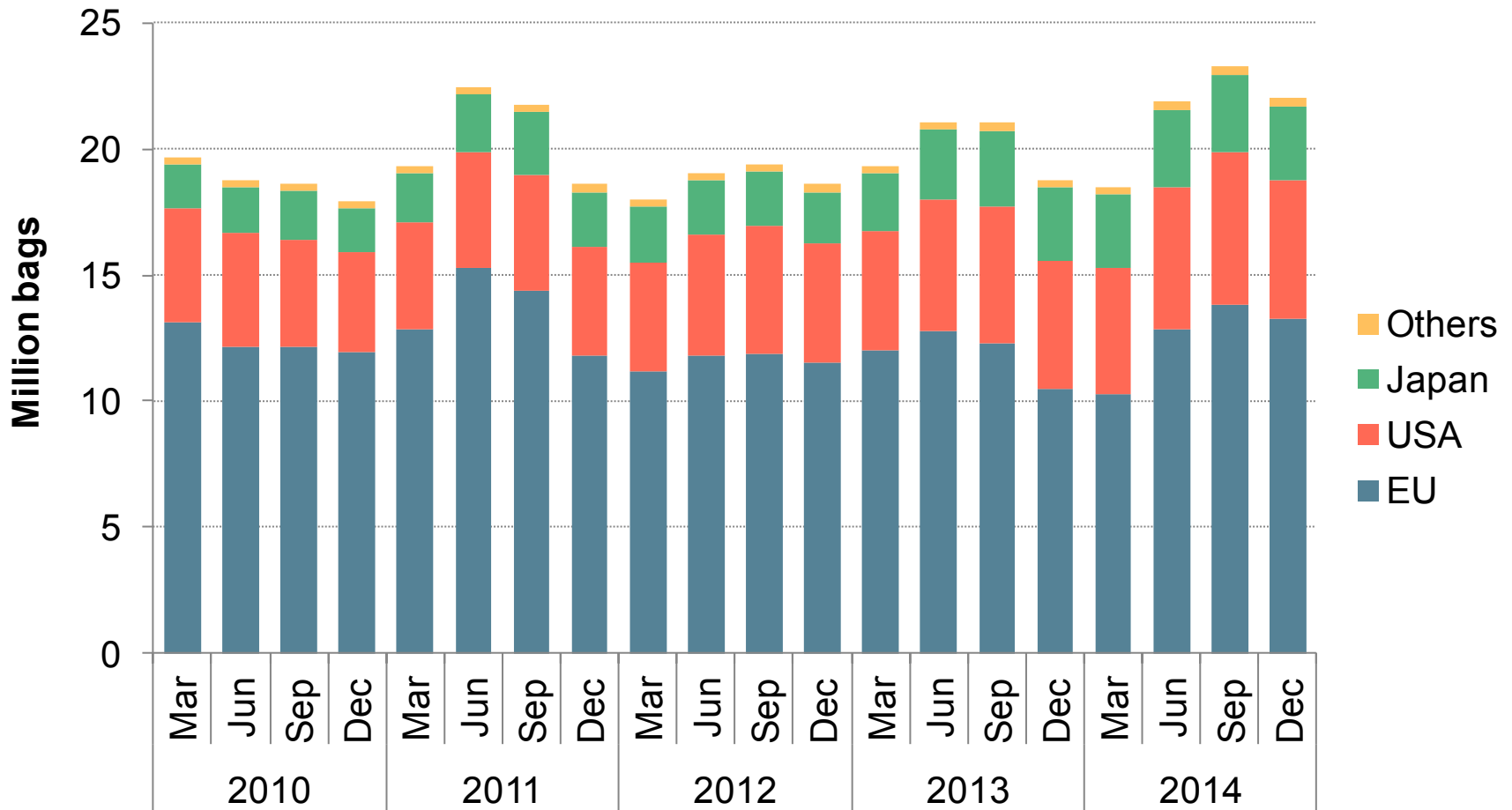
Inverse relationship between stocks and prices



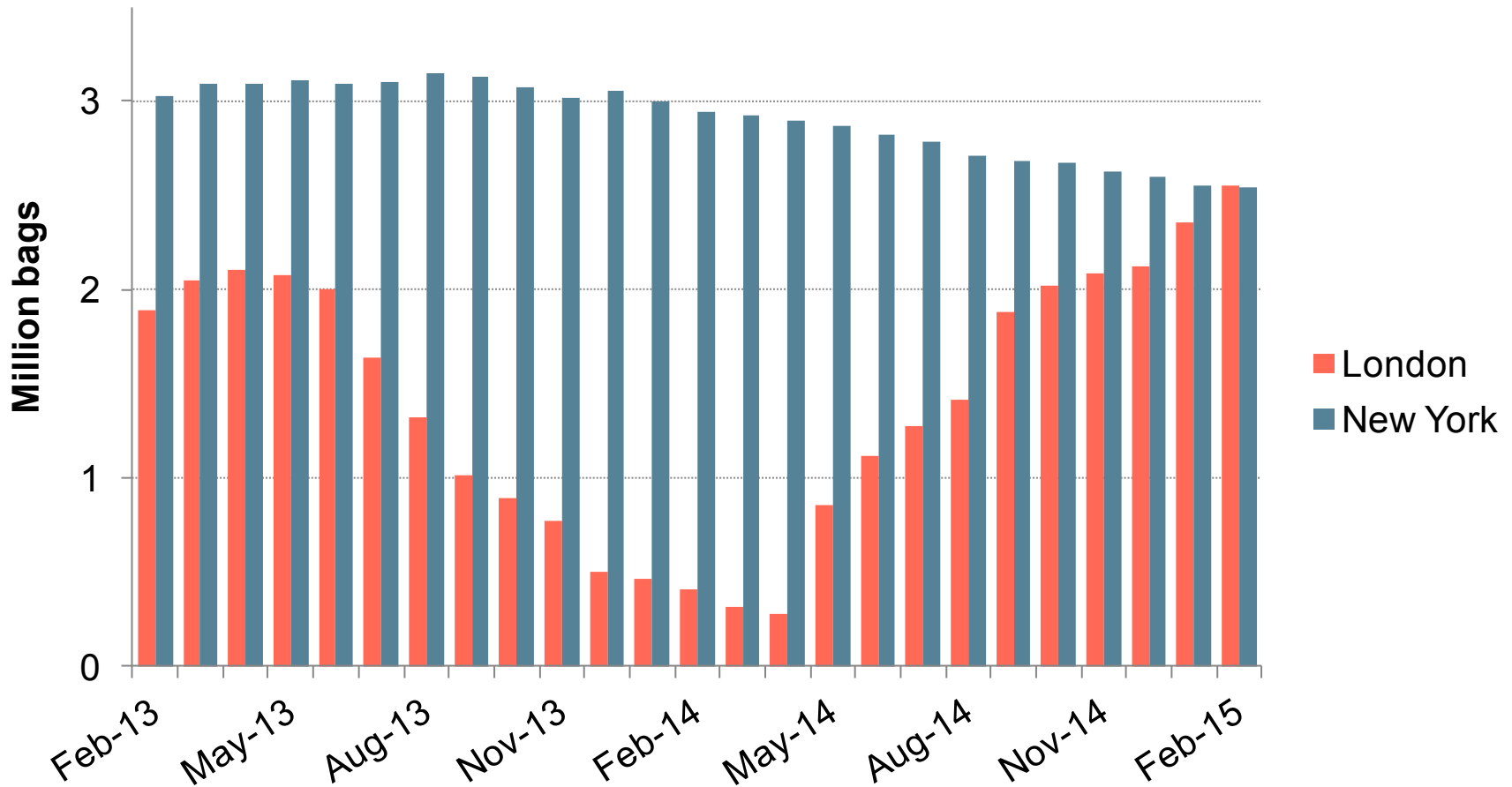
- World stocks and international prices tend to have an inverse relationship
- Given the lower production levels in 2014/15, it is expected that stocks will be used to supply the market
- This would normally result in higher prices



Inventories in importing countries



Certified stocks on the NY/London futures markets



A scenic view of a coffee plantation with a large red circular overlay containing the word 'Conclusions'. The background shows a lush green landscape with coffee plants in the foreground and a forested hillside in the distance under a blue sky with a few clouds.

Conclusions

**Global deficit in 2014/15,
after two consecutive
surpluses**



**Accumulation of stocks
will help supply the
market for now**



**But this cannot be
maintained indefinitely,
and will put pressure on
prices**





**INTERNATIONAL
COFFEE
ORGANIZATION**

Thank you