



April 2016

Exports remain steady as market diverges

Arabica and Robusta prices went in opposite directions this month, with Arabica prices dropping back down after March's rally, while Robusta increased to the highest monthly average since November. Total exports in the first half of coffee year 2015/16 are estimated up by 1.6% to 55.5 million bags, showing that the coffee market continues to be well supplied, although concerns linger over Robusta availability.

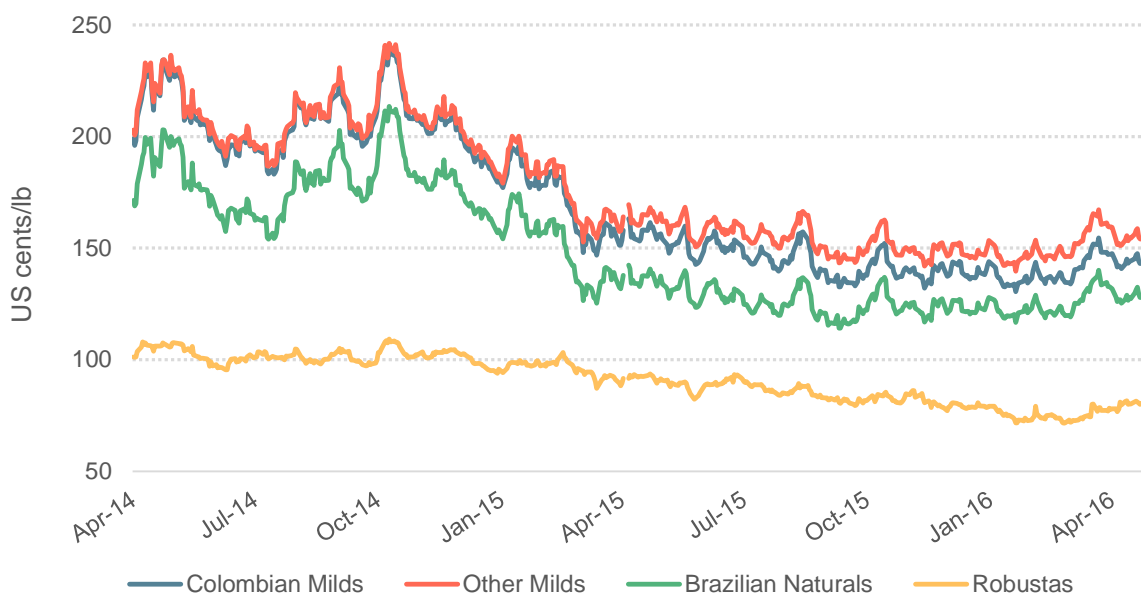
Graph 1: ICO composite indicator daily prices



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The monthly average of the ICO composite indicator was relatively unchanged compared to last month, up 0.1% on 117.93 cents. Daily prices dropped to a low of 115.23 cents early in April, rising to a high of nearly 121 cents over the next couple of weeks. Overall, prices stayed in a relatively narrow band as the movements in the four group indicators mostly cancelled each other out.

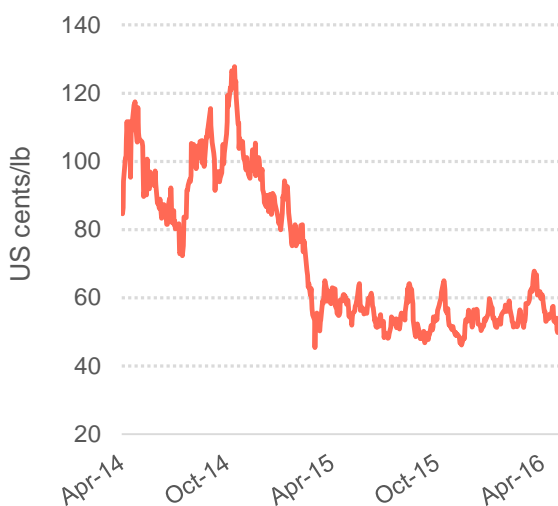
Graph 2: ICO group indicator daily prices



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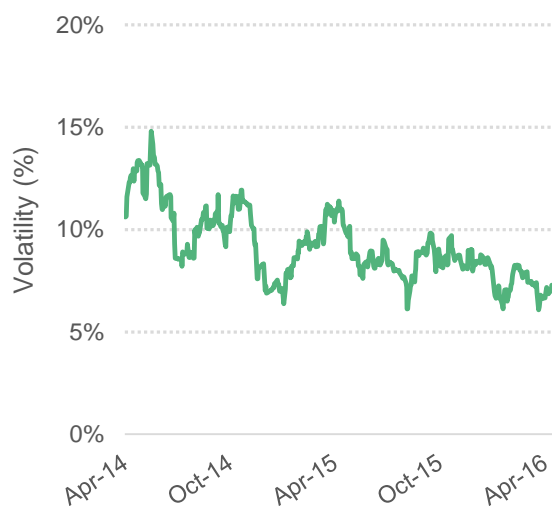
The three Arabica groups all fell slightly after their brief rally in March, but remain above their levels of October through February. Robustas, on the other hand, jumped by 6.1% to a monthly average of 80.18 US cents/lb as reports of drought in several Robusta growing regions have spurred speculation over potential shortages. As a result, the Arabica/Robusta arbitrage, as measured on the New York and London futures markets, dropped by over 10%, with the daily differential falling below 50 cents for the first time since November.

Graph 3: Arbitrage between New York and London futures markets



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Graph 4: Rolling 30-day volatility of the ICO composite indicator price



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Total exports in March are estimated at 10.4 million bags, up 1% compared to March last year, with Arabicas up 3% and Robustas down by 2%. This brings total exports for the first half of the coffee year (October to March) to 55.5 million bags, a 1.6% increase on 2014/15. This is the second-highest volume on record, just 14,000 bags less than total shipments in the first half of 2012/13. Exports of Arabica are estimated up by 7.6% to 35.8 million bags, with the highest increase recorded in Colombian Milds, up 13.2%. Colombia itself exported 6.8 million bags, 14.1% more than last year and its highest volume since 1992/93. Robustas, on the other hand, are estimated lower by 7.7% to 19.7 million bags, although a slight increase of 0.5% is estimated in Vietnam to 11.5 million bags.

March also signifies the end of crop year 2015/16 in the April to March group of countries, including Brazil, Indonesia and Peru. In Brazil, exports came to a total of 36.5 million bags, slightly down from 36.9 million bags but still the second highest volume on record. This impressive export performance has come despite the lower production figures of 43.2 million bags in 2015/16 and 45.6 million in 2014/15. Domestic consumption in Brazil has maintained a level of between 20 and 20.5 million bags over the last four years. Looking ahead to 2016/17, the initial estimate from Conab suggests a recovery in production to between 49.1 and 51.9 million bags.

In Indonesia, exports for crop year 2015/16 are estimated down by 8.3% to 6.1 million bags, their lowest level since 2010/11, despite an increase in production to an estimated 12.3 million bags. This can be attributed in large part to increasing domestic consumption, which is reducing export availability. Supply could be further limited in 2016/17 as El Niño results in reduced rainfall.

Prospects in Peru are more positive, with exports for 2015/16 up by over 25% compared to the previous year, when output was severely affected by coffee leaf rust, to reach 3.1 million bags.

Graph 5: Production, consumption and exports in selected countries (Crop years)

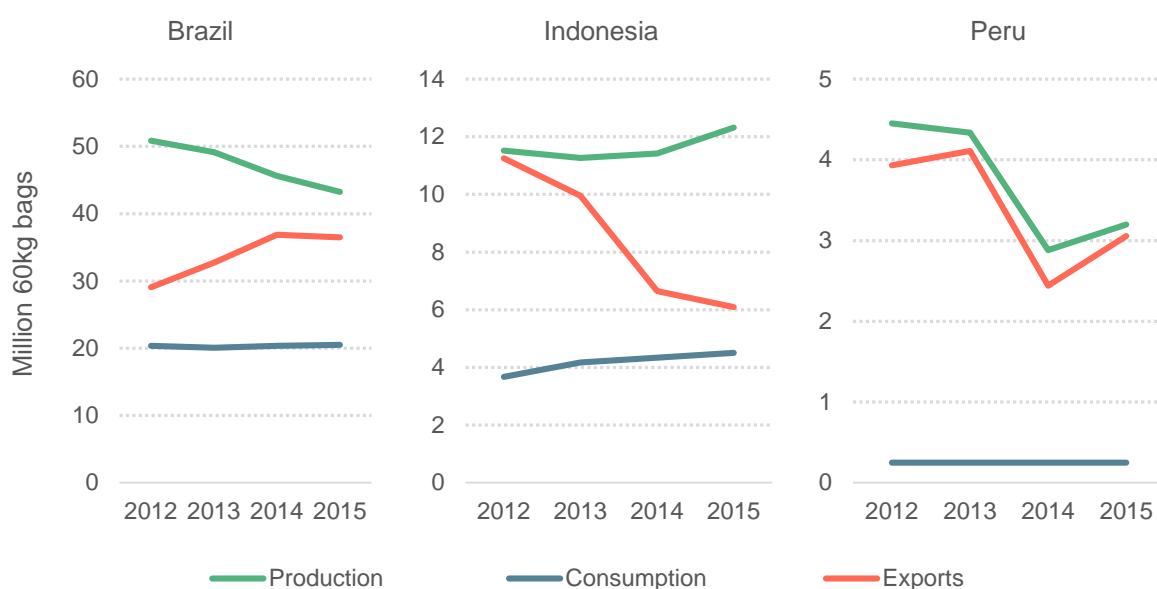


Table 1: ICO indicator prices and futures prices (US cents/lb)

	ICO Composite	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	New York*	London*
Monthly averages							
Apr-15	129.02	157.06	164.00	136.70	92.06	141.79	82.71
May-15	123.49	150.19	158.48	130.38	87.56	135.22	78.03
Jun-15	124.97	152.02	159.76	130.51	90.25	135.86	80.25
Jul-15	119.77	144.52	154.45	123.64	87.12	128.59	77.16
Aug-15	121.21	146.96	156.92	127.24	85.78	132.42	76.25
Sep-15	113.14	135.55	146.15	117.83	81.50	121.66	71.53
Oct-15	118.43	143.10	153.25	127.47	82.78	129.45	72.89
Nov-15	115.03	138.63	147.98	122.95	81.74	122.35	72.04
Dec-15	114.63	139.89	148.66	123.73	79.28	123.77	70.02
Jan-16	110.89	135.21	145.03	121.21	74.71	120.20	65.67
Feb-16	111.75	137.17	147.70	122.24	74.04	119.25	64.96
Mar-16	117.83	145.20	157.50	130.38	75.60	127.33	66.17
Apr-16	117.93	143.66	154.22	128.10	80.18	125.34	70.90
% change between Apr-16 and Mar-16							
	0.1%	-1.1%	-2.1%	-1.7%	6.1%	-1.6%	7.1%
Volatility (%)							
Mar-16	5.9	6.0	6.1	6.8	9.4	7.8	4.9
Apr-16	5.9	6.3	6.6	7.2	6.2	7.9	4.7
Variation between Apr-16 and Mar-16							
	0.0	0.3	0.5	0.4	-3.2	0.1	-0.2

* Average price for 2nd and 3rd positions

Table 2: 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-15	-6.94	20.36	65.00	27.30	71.94	44.64	59.08
May-15	-8.29	19.81	62.63	28.10	70.92	42.82	57.19
Jun-15	-7.74	21.51	61.77	29.25	69.51	40.26	55.61
Jul-15	-9.93	20.88	57.40	30.81	67.33	36.52	51.43
Aug-15	-9.96	19.72	61.18	29.68	71.14	41.46	56.17
Sep-15	-10.60	17.72	54.05	28.32	64.65	36.33	50.13
Oct-15	-10.15	15.63	60.32	25.78	70.47	44.69	56.56
Nov-15	-9.35	15.68	56.89	25.03	66.24	41.21	50.31
Dec-15	-8.77	16.16	60.61	24.93	69.38	44.45	53.75
Jan-16	-9.82	14.00	60.50	23.82	70.32	46.50	54.53
Feb-16	-10.53	14.93	63.13	25.46	73.66	48.20	54.29
Mar-16	-12.30	14.82	69.60	27.12	81.90	54.78	60.92
Apr-16	-10.56	15.56	63.48	26.12	74.04	47.92	54.44
% change between Apr-16 and Mar-16							
	-14.1%	5.0%	-8.8%	-3.7%	-9.6%	-12.5%	-10.6%

* Average price for 2nd and 3rd positions

Table 3: Total production in exporting countries

Crop year commencing	2012	2013	2014	2015	% change 2014-15
TOTAL	147 953	146 615	141 376	143 371	1.4%
Arabicas	88 471	87 001	84 397	84 309	-0.1%
<i>Colombian Milds</i>	11 523	13 488	14 549	14 853	2.1%
<i>Other Milds</i>	29 017	26 822	25 896	27 244	5.2%
<i>Brazilian Naturals</i>	47 930	46 690	43 953	42 211	-4.0%
Robustas	59 482	59 614	56 978	59 062	3.7%
Africa	16 668	16 271	16 085	17 074	6.1%
Asia & Oceania	45 681	46 527	44 623	46 589	4.4%
Mexico & Central America	18 481	16 585	17 390	18 462	6.2%
South America	67 122	67 233	63 278	61 246	-3.2%

In thousand bags

Full production data are available on the ICO website at www.ico.org/trade_statistics.asp

Table 4: Total exports by exporting countries

	March 2015	March 2016	% change	October - March		
				2014/15	2015/16	% change
TOTAL	10 281	10 388	1.0%	54 588	55 461	1.6%
Arabicas	6 249	6 438	3.0%	33 284	35 802	7.6%
<i>Colombian Milds</i>	930	1 208	29.9%	6 558	7 425	13.2%
<i>Other Milds</i>	2 491	2 229	-10.5%	9 532	10 185	6.8%
<i>Brazilian Naturals</i>	2 829	3 002	6.1%	17 194	18 193	5.8%
Robustas	4 032	3 949	-2.0%	21 304	19 659	-7.7%

In thousand bags

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

Table 5: Certified stocks on the New York and London futures markets

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
New York	2.56	2.41	2.43	2.38	2.36	2.28	2.15	2.08	1.95	1.82	1.76	1.62	1.58
London	2.93	3.02	3.12	3.35	3.43	3.43	3.37	3.35	3.31	3.23	3.04	2.92	2.78

In million bags

Table 6: World coffee consumption

Calendar years	2012	2013	2014	2015	CAGR (2012-2015)
World total	143 348	148 003	150 339	152 149	2.0%
Exporting countries	44 441	45 445	46 494	47 292	2.1%
Importing countries	98 907	102 558	103 845	104 857	2.0%

CAGR: Compound Annual Growth Rate

In thousand bags