Coffee Market Report

January 2023

INTERNATIONAL COFFEE ORGANIZATION

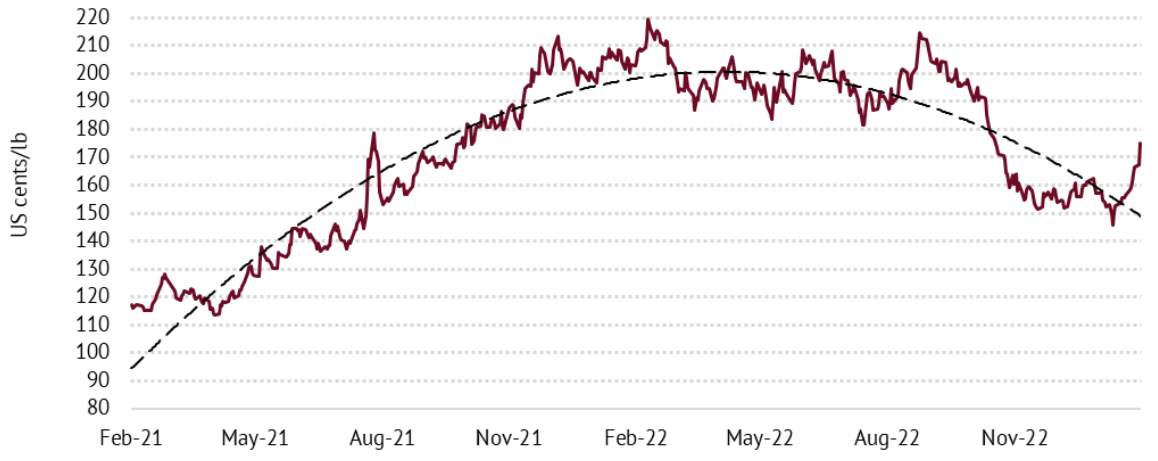
I-CIP declined but regained momentum throughout January, closing in at 174.95 US cents/lb

- *The ICO Composite Indicator Price (I-CIP) lost 0.1% from December 2022 to January 2023, averaging 156.95 US cents/lb for the latter, whilst posting a median value of 155.54 US cents/lb.*
- *Average prices for all group indicators remained stable, with a slight decrease in January 2023.*
- *Across the board, price differentials shrank, with the Colombian Milds-Other Milds and the Colombian Milds-Brazilian Naturals differentials leading the way by shrinking 12.5% and 11.3% to 12.15 and 48.88 US cents/lb, respectively.*
- *The arbitrage, as measured between the New York and London Futures market lost 10.1%, closing in at 73.97 US cents/lb in January 2023, from 82.26 US cents/lb in December 2022.*
- *Intra-day volatility of the I-CIP decreased 0.5 percentage points between December 2022 and January 2023, reaching 8.6%.*
- *The New York certified stocks increased by 4.3% from the previous month, closing in at 0.91 million 60-kg bags, whilst certified stocks of Robusta coffee reached 1.04 million 60-kg bags, representing a decrease of 3.8%.*
- *Global green bean exports in December 2022 totalled 9.81 million bags, as compared with 10.64 million bags in the same month of the previous year, down 7.7%. The cumulative total for 2022/23 to December is 27.26 million bags as compared with 27.67 million bags over the same period a year ago, down 1.5%.*
- *Green bean exports of the Other Milds decreased by 24.8% in December 2022 to 1.24 million bags from 1.65 million bags in the same period last year.*
- *Green bean exports of the Brazilian Naturals also declined in December 2022, falling by 10.3% to 3.24 million bags, following a 15.2% increase in November 2022.*
- *Green bean exports of the Colombian Milds decreased by 7.5% to 1.08 million bags in December 2022 from 1.18 million bags in December 2021.*
- *Green bean exports of Robustas amounted to 4.25 million bags in December 2022, as compared with 4.21 million bags in December 2021.*
- *In December, South America's exports of all forms of coffee fell by 17.3% to 4.64 million bags.*
- *Exports of all forms of coffee from Asia & Oceania were up by 4.2% to 4.59 million bags in December 2022.*
- *In Africa, exports of all forms of coffee decreased by 9.0% to 0.97 million bags in December 2022 from 1.13 million bags in December 2021.*
- *In December 2022, exports of all forms of coffee from Mexico & Central America were down 15.2% to 0.69 million bags as compared with 0.81 million in December 2021.*
- *Exports of soluble coffee fell by 15.9% in December 2022 to 0.98 million bags.*
- *Exports of roasted beans were up 4.7% in December 2022 to 75,852 bags.*

Green Coffee Price

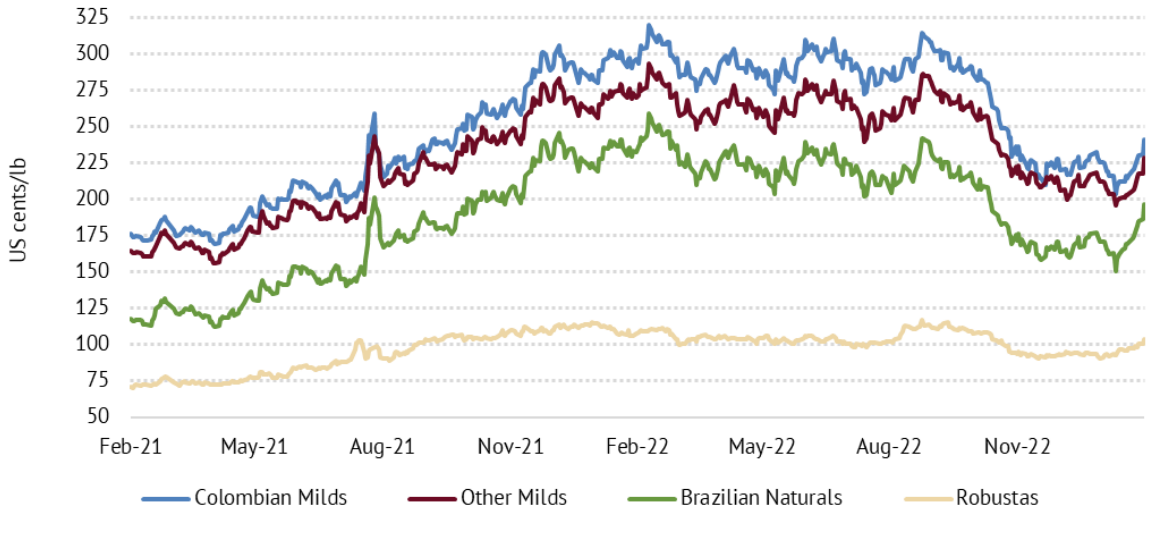
The ICO Composite Indicator Price (I-CIP) lost 0.1% from December 2022 to January 2023, averaging 156.95 US cents/lb for the latter, whilst posting a median value of 155.54 US cents/lb. In January 2023, the I-CIP fluctuated between a minimum and maximum of 145.54 and 174.95 US cents/lb, whilst opening the month at 157.31 and ending January on 174.95 US cents/lb.

Figure 1: ICO Composite Indicator Daily Prices



Average prices for all group indicators remained stable, with a slight decrease in January 2023. The Colombian Milds and Other Milds decreased by 2.3% and 1.7%, to 218.91 and 206.76 US cents/lb respectively, in January 2023. However, the Brazilian Naturals and the Robustas gained 0.6% and 2.4%, reaching an average of 170.03 and 95.98 US cents/lb. The London Futures market grew 2.2% whilst ICE's New York market shrank by 3.9%.

Figure 2: ICO Group Indicator Daily Prices



Across the board, price differentials shrank, with the Colombian Milds-Other Milds and Colombian Milds-Brazilian Naturals differentials leading the way by shrinking 12.5% and 11.3% to 12.15 and 48.88 US cents/lb, respectively. The Other Milds-Brazilian Naturals differential also lost 10.9%, averaging 110.78 US cents/lb for the month of January 2023. Presenting more moderate losses, the Colombian Milds-Robustas and Other Milds-Robustas differentials declined by 5.7% and 4.9%, closing the month at 122.93 and 100.78 US cents/lb. The Brazilian Naturals-Robustas differential also presented a moderate loss of 1.6% from December 2022 to January 2023, reaching 74.05 US cents/lb.

The arbitrage, as measured between the New York and London Futures market lost 10.1%, closing in at 73.97 US cents/lb in January 2023, from 82.26 US cents/lb in December 2022.

Figure 3: Arbitrage between New York and London futures markets

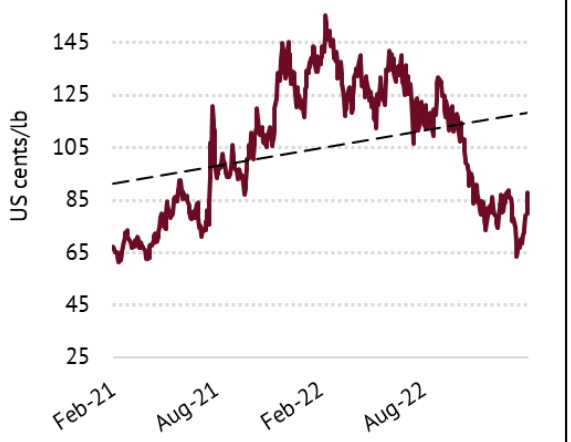
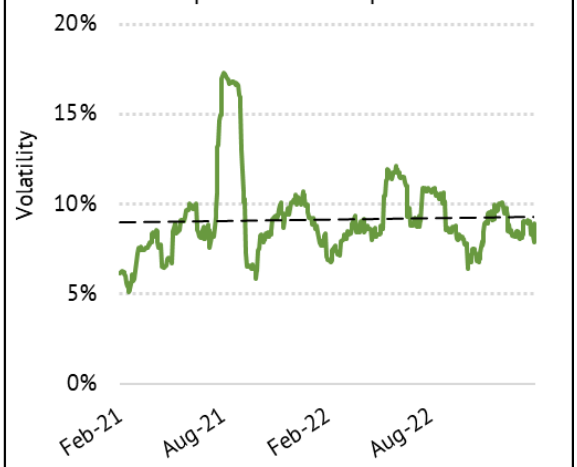
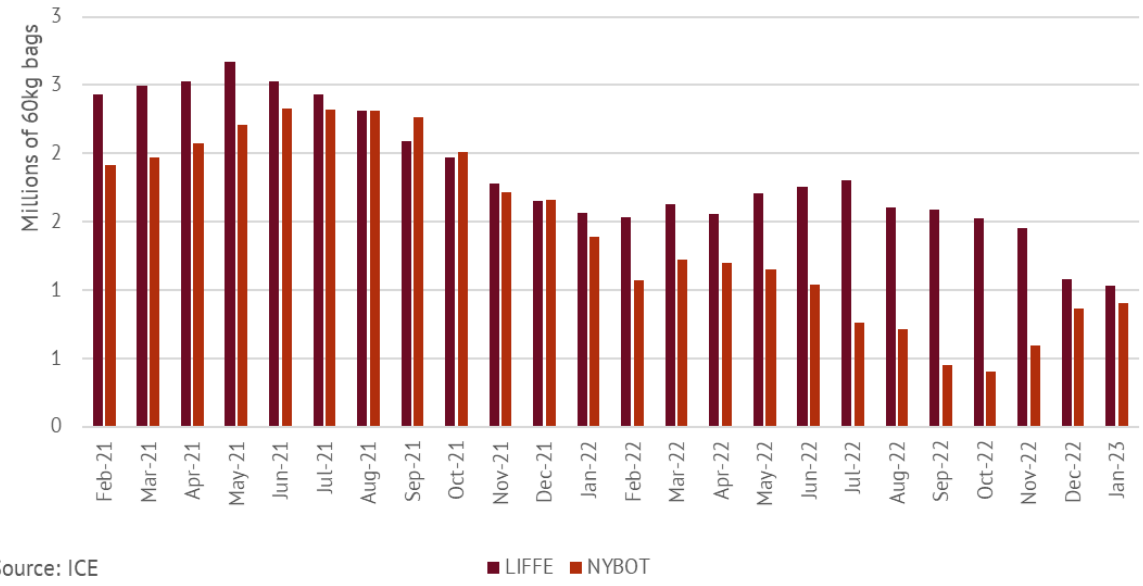


Figure 4: Rolling 30-day volatility of the ICO composite indicator price



Intra-day volatility of the I-CIP decreased 0.5 percentage points between December 2022 and January 2023, reaching 8.6%. Robustas and the London Futures market were the least volatile amongst all group indicators, at 6.0% and 6.8%, respectively, in January 2023. The Brazilian Naturals' volatility was the highest amongst the group indicators, averaging 12.7%, a 0.6 percentage point increase from the previous month. The variation in volatility of the Colombian Milds and Other Milds for December 2022 to January 2023 is -2.4 to 9.2% and -0.8 to 8.9%, respectively. The variation of the New York Futures market's volatility contracted 0.2 percentage points, averaging 12.3% for the month of January 2023.

Figure 5: Certified Stocks



Source: ICE

The New York certified stocks increased by 4.3% from the previous month, closing in at 0.91 million 60-kg bags, whilst certified stocks of Robusta coffee reached 1.04 million 60-kg bags, representing a decrease of 3.8%.

Exports by Coffee Groups – Green Beans

Global green bean exports in December 2022 totalled 9.81 million bags, as compared with 10.64 million bags in the same month of the previous year, down 7.7%. The downturn was spread across all coffee groups except for the Robustas, which recorded a marginal gain of 1.1%. As a result, the cumulative total exports of green beans for coffee year 2022/23 are down 1.1% as compared with 2.4% increase for the first two months of the current coffee year. The cumulative total for 2022/23 to December is 27.26 million bags as compared with 27.67 million bags over the same a year ago, down 1.5%.

Shipments of the Other Milds decreased by 24.8% in December 2022 to 1.24 million bags from 1.65 million bags in the same period last year. This is the third consecutive month of negative growth for green bean exports of the Other Milds since the start of the new coffee year. As a result, the cumulative volume of exports fell by 17.8% in the first three months of coffee year 2022/23 to 3.54 million bags from 4.3 million bags over the same period in coffee year 2021/22. The latest downturn is primarily driven by Honduras and Peru, down 33.7% and 41.4%, respectively in December 2022 as compared with December 2021.

Green bean exports of the Brazilian Naturals also declined in December 2022, falling by 10.3% to 3.24 million bags, following a 15.2% increase in November 2022. For the first three months of coffee year 2022/23, green bean exports of the Brazilian Naturals amounted to 10.32 million bags, up 5.8% from 9.76 million bags over the same period a year ago. Not surprisingly, the shifting fortunes of the Brazilian Naturals reflected the changes in Brazil's green bean exports, the biggest producer and exporter of the group, which also fell in December 2022 (down 14%) as compared with November 2022 (up 15.5%).

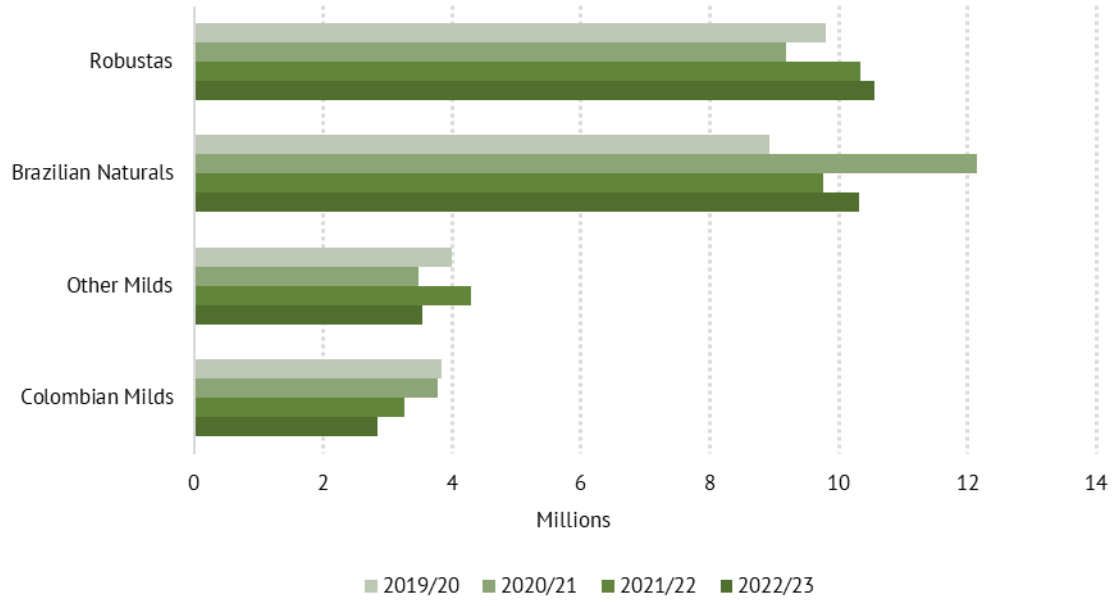
Green bean exports of the Colombian Milds decreased by 7.5% to 1.08 million bags in December 2022 from 1.18 million bags in December 2021, driven primarily by Colombia, the main origin of this group of coffee, whose exports of green beans were down 11.8% in December 2022. As a result of the sharp downturn, exports of the Colombian Milds from October to December 2022 were down by 12.7%, at 2.85 million bags, as compared with 3.27 million bags in the first three months of coffee year 2021/22.

Green bean exports of Robustas amounted to 4.25 million bags in December 2022, as compared with 4.21 million bags in December 2021, up 1.1%, continuing to build on the 2.6% increase in November 2022. The two consecutive months of positive growth meant that shipments in the first three months of coffee year 2022/23 were up 2.0% to 10.55 million bags from 10.34 million bags in the same period in coffee year 2021/22.

Exports by Regions – All Forms of Coffee

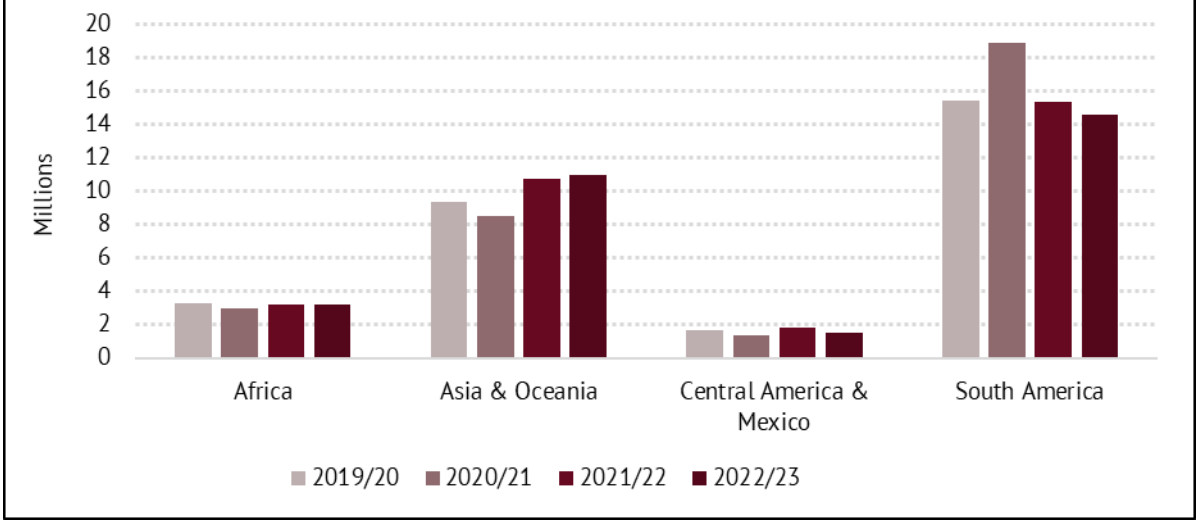
In December 2022, South America's exports of all forms of coffee decreased by 17.3% to 4.64 million bags. The two major origins of the region, Brazil and Colombia, saw their respective shipments of coffee fall by 15.2% and 11.0% in December 2022, falling to 3.21 million bags and 1.05 million bags, respectively, from 3.79 million bags and 1.18 million bags in December 2021. Ecuador and Peru, however, saw their volume of exports fall by nearly half, plunging by 45.2% and 41.5%, respectively. For Colombia, the sharp downturns continue to be linked to local production conditions. Persistent bad weather linked to the La Niña phenomenon caused Colombia's December 2022 coffee output to drop by 29%, the country's fourth consecutive month of negative growth, with a consequent impact on exports. In Peru, weather-driven elongation of the current harvesting period and intermittent rains hampering the drying process, both of which negatively affect the quality of dried beans, have been affecting the supply of coffee beans since the beginning of the 2022/23 season. However, since the beginning of the last month of 2022, social unrest in the country may have added to supply problems, leading to December 2022 having the lowest volume of exports since 2015, when only 310,000 bags were shipped from Peru. As for Ecuador, the sharp fall in December 2022 can be attributed to the previous anomalous growth in December 2021, when the export volume of all forms of coffee increased by 164.4%. The 57,599 bags of coffee exported in December 2022 is in line with the current trend and previous volumes for the month, averaging 57,508 bags in 2016–2020.

Figure 6: Green Exports (October-December)



Exports of all forms of coffee from Asia & Oceania increased by 4.2% to 4.59 million bags in December 2022 and were up 2.0% to 6.57 million bags in the first three months of coffee year 2022/23. The region's increase is explained by Vietnam (up 16.4%), the largest producer and exporter of coffee from Asia & Oceania, which shipped 3.38 million bags in December 2022. However, the region's relatively small increase was due to the 39.0% decrease in exports of the region's third-largest exporter, India, which shipped only 0.42 million bags as compared with 0.68 million bags in December 2021. It was also the fifth consecutive month of negative growth for the origin's exports. The downturn is to be expected, however, as coffee year 2021/22 was a record-breaking year for India, with the origin shipping 7.24 million bags as compared with 5.95 million bags in coffee year 2020/21.

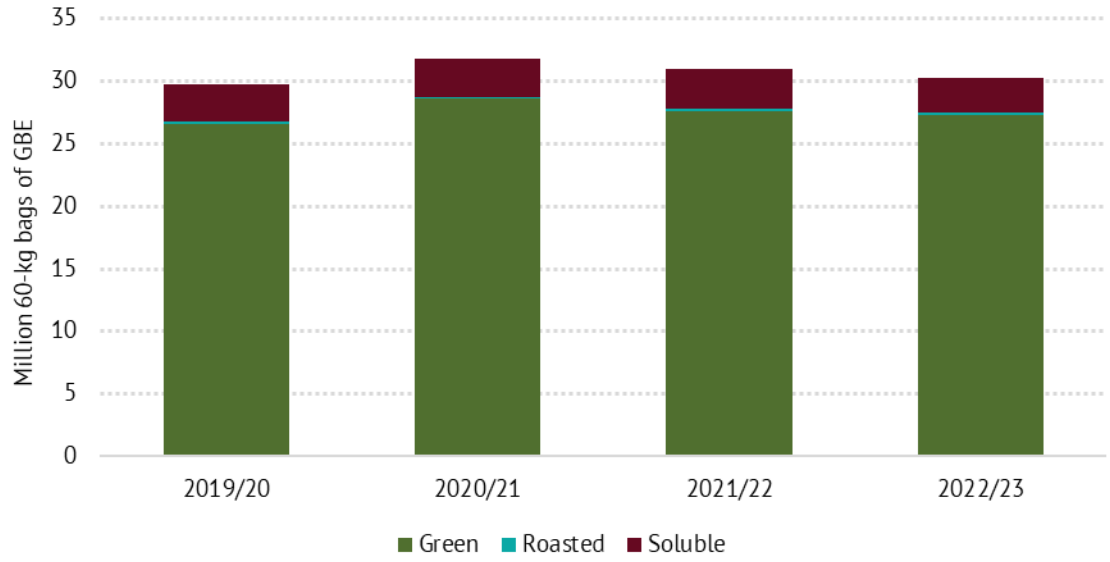
Figure 7: Total Exports (October-December)



Exports of all forms of coffee from Africa decreased by 9.0% to 0.97 million bags in December 2022 from 1.13 million bags in December 2021. For the first three months of the current coffee year, exports totalled 3.17 million bags as compared with 3.22 million bags in coffee year 2021/22, down 1.4%. Uganda is the main driver behind the fall in the region's exports, with shipments of coffee from the region's largest producer and exporter falling by 21.9% to 0.42 million bags as compared with 0.54 million bags in December 2021. This is now the 12th consecutive month of decline for Uganda, with its cumulative total exports from January to December 2022 having amounted to 5.63 million bags, as compared with 6.77 million bags over the same period a year ago (January–December 2021), equating to a 20.25% or 1.14 million bag decrease. Drought in most of the coffee growing regions, leading to a lower and shorter main harvest season in central and eastern parts of Uganda and hence lower output, is continuing to hamper Ugandan coffee exports. As noted previously, Africa's export performance is not entirely hindered by Uganda, with Côte d'Ivoire (up 69.4% to 0.19 million bags), Kenya (up 33.2% to 0.12 million bags) and Tanzania (up 18.6% to 0.34 million bags), giving the region tremendous uplifts in the first three months of coffee year 2022/23.

In December 2022, exports of all forms of coffee from Mexico & Central America were down 15.2% to 0.69 million bags, as compared with 0.81 million in December 2021. For the first three months of the current coffee year, exports were also down 15.2%, totalling 1.55 million bags as compared with 1.83 million bags in October–December 2021/22. The region's latest decline, the third consecutive month since the start of coffee year 2022/23, is mainly a reflection of Honduras, the largest exporter and producer of the region, with a 33.7% decrease (99,918 bags) in exports in December 2022. Two reasons explain the latest fall for Honduras: (i) continuing struggles with leaf-rust, or *roya*, affecting the origin's harvests for coffee year 2022/23; and (ii) a technical downturn reflecting a 46.3% increase in December 2021. Costa Rica, Guatemala and Nicaragua were the region's other major origins making negative contributions to Mexico & Central America's exports in December 2022, decreasing by 23.3% (31,848 bags), 20.7% (87,100 bags) and 35.1% (103,290 bags), respectively.

Figure 8: Total Exports (October-December)



Exports of Coffee by Forms

Total exports of soluble coffee decreased by 15.9% in December 2022 to 0.98 million bags from 1.17 million bags in December 2021. In the first three months of coffee year 2022/23, a total of 2.8 million bags of soluble coffee were exported, representing a decrease of 13.6% from the 3.25 million bags exported in the same period during the previous coffee year. Soluble coffee's share in the total exports of all forms of coffee was 9.0% (measured on a moving 12-month average) in December 2022, down from 9.1% in December 2021. Brazil is the largest exporter of soluble coffee, shipping 0.34 million bags in December 2022, followed by India with 0.22.

Exports of roasted beans were up 4.7% in December 2022 to 75,852 bags, as compared with 72,446 bags in December 2021. The cumulative total for coffee year 2022/23 to December 2022 was 208,975 bags, as compared with 221,554 bags in the same period a year ago, down 5.7%

Production and Consumption

The latest provisional estimate for total production in coffee year 2021/22 remains unchanged at 167.2 million bags, a 2.1% decrease as compared to 170.83 million bags in the previous coffee year. World coffee consumption is projected to grow by 3.3% to 170.3 million 60-kg bags in 2021/22 as compared to 164.9 million for coffee year 2020/21. In 2021/22, consumption is estimated to exceed production by 3.1 million bags. The ICO will be publishing shortly new consolidated revised values for production and consumption for 2021/22.

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

	ICO Composite	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	New York*	London*
Monthly averages							
Jan-22	204.29	294.93	271.08	233.80	109.71	236.13	101.06
Feb-22	210.89	306.36	279.83	245.05	109.44	245.38	100.58
Mar-22	194.78	285.81	258.49	222.03	103.82	222.44	95.21
Apr-22	198.37	292.64	265.40	226.11	103.96	225.37	95.07
May-22	193.71	286.44	260.42	217.84	103.10	218.61	94.31
Jun-22	202.46	301.57	273.69	230.40	103.81	229.38	94.48
Jul-22	190.82	286.07	255.91	214.80	100.44	210.84	89.60
Aug-22	200.11	295.66	268.43	221.91	109.65	218.53	98.75
Sep-22	199.63	294.09	267.49	219.59	111.36	218.24	100.49
Oct-22	178.54	261.95	240.08	192.27	103.01	191.72	92.16
Nov-22	156.66	223.22	213.85	166.54	92.59	164.80	82.67
Dec-22	157.19	224.12	210.24	169.00	93.76	166.21	83.95
Jan-23	156.95	218.91	206.76	170.03	95.98	159.80	85.82
% change between Dec-22 and Jan-23							
	-0.1%	-2.3%	-1.7%	0.6%	2.4%	-3.9%	2.2%
Volatility (%)							
Dec-22	9.1%	11.6%	9.7%	12.1%	5.3%	12.5%	4.8%
Jan-23	8.6%	9.2%	8.9%	12.7%	6.0%	12.3%	6.8%
Variation between Dec-22 and Jan-23							
	-0.5	-2.4	-0.8	0.6	0.7	-0.2	2.0

* Average prices for 2nd and 3rd positions

Table 2: Price differentials (US cents/lb)

	Colombian Milds Other Milds	Colombian Milds Brazilian Naturals	Colombian Milds Robustas	Other Milds Brazilian Naturals	Other Milds Robustas	Brazilian Naturals Robustas	New York* London*
Oct-21	17.81	58.89	153.63	41.08	135.82	94.74	109.69
Nov-21	20.61	60.66	170.16	40.05	149.55	109.50	123.64
Dec-21	22.86	60.31	177.81	37.45	154.95	117.50	130.00
Jan-22	23.85	61.13	185.22	37.28	161.37	124.09	135.07
Feb-22	26.52	61.30	196.92	34.78	170.39	135.61	144.80
Mar-22	27.33	63.79	181.99	36.46	154.66	118.21	127.23
Apr-22	27.24	66.53	188.68	39.28	161.44	122.15	130.30
May-22	26.02	68.60	183.34	42.57	157.32	114.75	124.30
Jun-22	27.88	71.18	197.76	43.29	169.88	126.59	134.90
Jul-22	30.16	71.27	185.63	41.10	155.46	114.36	121.24
Aug-22	27.23	73.75	186.01	46.52	158.78	112.26	119.79
Sep-22	26.60	74.50	182.74	47.90	156.13	108.23	117.74
Oct-22	21.87	69.68	158.94	47.82	137.07	89.25	99.56
Nov-22	9.37	56.68	130.63	47.31	121.26	73.95	82.13
Dec-22	13.88	55.12	130.36	41.24	116.48	75.24	82.26
Jan-23	12.15	48.88	122.93	36.73	110.78	74.05	73.97
% change between Dec-22 and Jan-23							
	-12.5%	-11.3%	-5.7%	-10.9%	-4.9%	-1.6%	-10.1%

* Average prices for 2nd and 3rd positions

Table 3: World Supply/Demand Balance

Coffee year commencing	2017	2018	2019	*2020**	*2021**	% change 2020/21
PRODUCTION	**167,806**	**170,195**	**168,902**	**170,830**	**167,170**	**-2.1%**
Arabica	98,128	99,855	97,014	101,157	93,970	**-7.1%**
Robusta	69,678	70,340	71,889	69,674	73,200	**5.1%**
Africa	17,404	18,510	18,666	19,331	19,270	**-0.3%**
Asia & Oceania	52,203	48,108	49,427	48,016	51,433	**7.1%**
Mexico & Central America	21,752	21,640	19,598	19,674	18,993	**-3.5%**
South America	76,453	81,934	81,214	83,812	77,473	**-7.6%**
CONSUMPTION	**160,006**	**166,730**	**162,998**	**164,865**	**170,298**	**3.3%**
Exporting countries	48,586	49,423	49,370	49,967	50,322	**0.7%**
Importing countries (Coffee Years)	111,421	117,307	113,629	114,898	119,975	**4.4%**
Africa	10,810	12,033	11,101	11,449	11,721	**2.4%**
Asia & Oceania	35,129	36,227	36,350	39,657	40,834	**3.0%**
Mexico & Central America	5,273	5,431	5,346	5,381	5,399	**0.3%**
Europe	53,527	55,452	53,949	51,983	54,206	**4.3%**
North America	29,939	31,789	30,581	30,292	31,913	**5.4%**
South America	25,829	26,324	26,321	26,603	26,724	**0.5%**
BALANCE	**7,799**	**3,465**	**5,904**	**5,965**	**-3,128**	

*preliminary estimates

Table 4: Total exports by exporting countries

	Dec-21	Dec-22	% change	Year to Date Coffee Year		
				2021/22	2022/23	% change
TOTAL	**11,885**	**10,878**	**-8.5%**	**31,137**	**30,272**	**-2.8%**
Arabicas	7,061	6,098	-13.6%	19,155	18,302	-4.5%
Colombian Milds	*1,269*	*1,177*	-7.2%	*3,552*	*3,168*	-10.8%
Other Milds	*1,917*	*1,493*	-22.1%	*5,041*	*4,231*	-16.1%
Brazilian Naturals	*3,876*	*3,427*	-11.6%	*10,562*	*10,903*	3.2%
Robustas	*4,824*	*4,780*	-0.9%	*11,982*	*11,970*	-0.1%

In thousand 60-kg bags

Monthly 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

	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
New York	1.08	1.23	1.20	1.16	1.04	0.77	0.72	0.45	0.41	0.59	0.87	0.91
London	1.54	1.63	1.56	1.71	1.76	1.80	1.61	1.59	1.52	1.45	1.08	1.04

In million 60-kg bags

Explanatory Note for Table 3

For each year, the Secretariat uses statistics received from Members to provide estimates and forecasts for annual production, consumption, trade and stocks. As noted in paragraph 100 of document ICC 120-16, these statistics can be supplemented and complemented by data from other sources when information received from Members is incomplete, delayed or inconsistent. The Secretariat also considers multiple sources for generating supply and demand balance sheets for non-Members.

The Secretariat uses the concept of the marketing year, that is the coffee year commencing on 1 October of each year, when looking at the global supply and demand balance. Coffee-producing countries are located in different regions around the world, with various crop years, i.e. the 12-month period from one harvest to the next. The crop years currently used by the Secretariat commence on 1 April, 1 July and 1 October. To maintain consistency, the Secretariat converts production data from a crop year basis to a marketing year basis depending on the harvest months for each country. Using a coffee year basis for the global coffee supply and demand, as well as prices, ensures that analysis of the market situation occurs within the same time period.

For example, the 2018/19 coffee year began on 1 October 2018 and ended 30 September 2019. However, for producers with crop years commencing on 1 April, the crop year production occurs across two coffee years. Brazil's 2018/19 crop year began on 1 April 2018 and finished 31 March 2019, covering the first half of coffee year 2018/19. However, Brazil's 2019/20 crop year commenced 1 April 2019 and ended 31 March 2020, covering the latter half of coffee year 2019/20. In order to bring the crop year production into a single coffee year, the Secretariat would allocate a portion of the April–March 2018/19 crop year production and a portion of the April–March 2019/20 production into 2018/19 coffee year production.

It should be noted that while estimates for coffee year production are created for each individual country, these are made for the purpose of creating a consistent aggregated supply-demand balance for analytical purposes and does not represent the production occurring on the ground within the individual countries.

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