

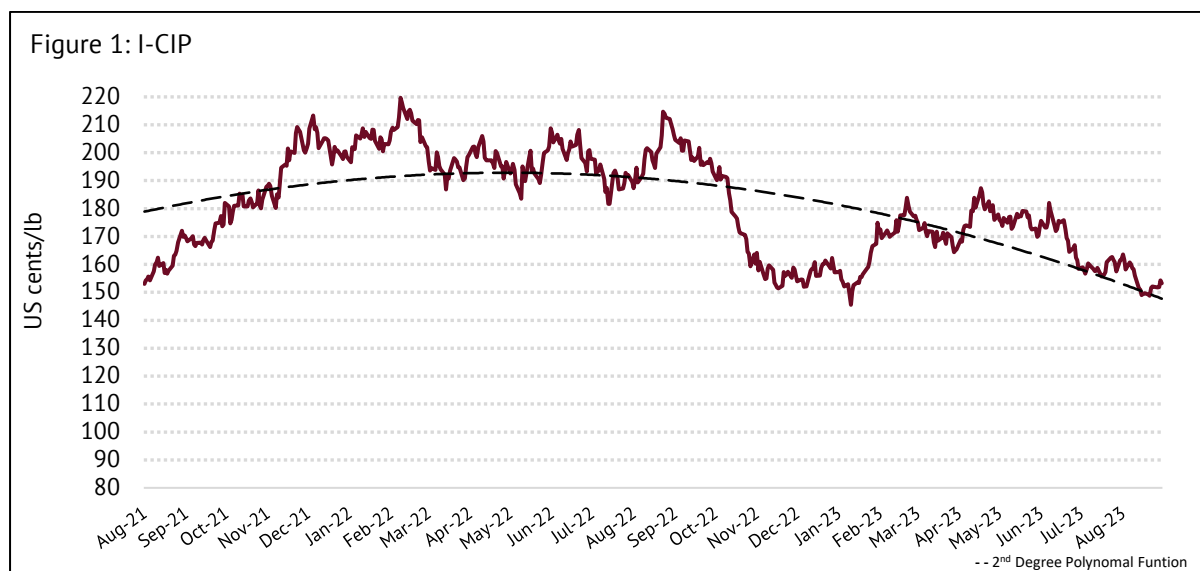


Arabica-Robusta price movements recouple in August – Robustas remain at near-record high

- The ICO Composite Indicator Price (I-CIP) averaged 154.53 US cents/lb in August, posting a median value of 152.10 US cents/lb and fluctuating between 148.79 and 163.62 US cents/lb.
- The Robustas remain at a near-record high in August at 124.62 US cents/lb.
- The Colombian Milds-Other Milds differential pivoted from -2.91 to 0.82 US cents/lb, returning to the positive after an inverted differential in July 2023.
- Arbitrage, as measured between the London and New York Futures markets, narrowed by 1.6% to 45.23 US cents/lb in August 2023.
- Intra-day volatility of the I-CIP followed a consistent downtrend, reaching 7.0%, a 0.8 percentage point decrease between July and August 2023.
- The New York and London certified stocks were down by 3.0% and 34.6%, respectively, closing at 0.57 million 60-kg bags, whilst certified stocks of Robusta coffee reached 0.58 million, the lowest in over 20 years.
- Global green bean exports in July 2023 totalled 9.31 million bags, as compared with 9.3 million bags in the same month of the previous year, up 0.1%.
- Shipments of the Other Milds decreased by 13.7% in July 2023 to 2.20 million bags from 2.55 million bags in the same period last year.
- Green bean exports of the Brazilian Naturals increased in July 2023, rising by 2.8% to 2.6 million bags.
- Exports of the Colombian Milds decreased by 8.1% to 0.93 million bags in July 2023 from 1.01 million bags in July 2022.
- Green bean exports of the Robustas amounted to 3.59 million bags in July 2023, as compared with 3.22 million bags in July 2022, up 11.6%.
- In July 2023, South America's exports of all forms of coffee decreased by 2.2% to 4.16 million bags, mainly driven by Colombia and Peru, which saw their exports fall by 17.1% and 37.5%, respectively.
- Exports of all forms of coffee from Africa decreased by 1.1% to 1.37 million bags in July 2023 from 1.39 million bags in July 2022.
- In July 2023, exports of all forms of coffee from Mexico & Central America were up 9.4% to 1.66 million bags as compared with 1.51 million in July 2022.
- Exports of all forms of coffee from Asia & Oceania decreased by 6.2% to 3.01 million bags in July 2023, but were up 2.7% to 38.57 million bags in the first 10 months of coffee year 2022/23.
- Total exports of soluble coffee decreased by 16.6% in July 2023 to 0.84 million bags from 1.0 million bags in July 2022.
- Exports of roasted beans were down 12.7% in July 2023 to 57,299 bags, as compared with 65,601 bags in July 2022.
- World coffee production decreased by 1.4%, year-on-year, to 168.5 million bags in coffee year 2021/22; however, it is expected to bounce back by 1.7% to 171.3 million bags in 2022/23. World coffee consumption increased by 4.2% to 175.6 million bags in coffee year 2021/22. It is expected to increase by 1.7% to 178.5 million bags in coffee year 2022/23.
- As a result, under the current circumstances, the world coffee market is expected to undergo another year of deficit, with an estimated shortfall of 7.3 million bags in coffee year 2022/23.

Green Coffee Price

The ICO Composite Indicator Price (I-CIP) averaged 154.53 US cents/lb in August, posting a median value of 152.10 US cents/lb and fluctuating between 148.79 and 163.62 US cents/lb.



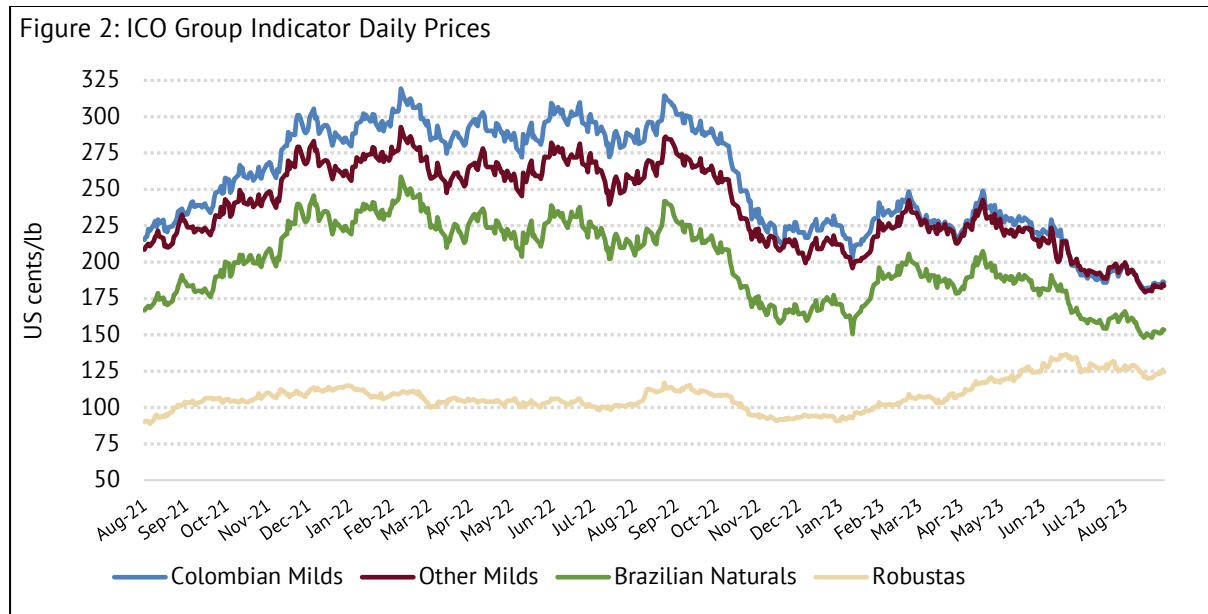
The Robustas remain at a near-record high in August at 124.62 US cents/lb. The Colombian Milds and Other Milds decreased by 1.6% and 3.5%, to 187.55 and 186.73 US cents/lb, respectively, in August 2023. Accentuated by a greater falling rate, the Other Milds fell back below the Colombian Milds. The Brazilian Naturals and Robustas both contracted by 3.0% and 2.3%, reaching an average of 154.66 and 124.62 US cents/lb, respectively. ICE's New York market fell by 1.9%, whilst the London Futures market shrank by 2.0 % to 156.56 and 111.34 US cents/lb, respectively.

The Colombian Milds-Other Milds differential pivoted from –2.91 to 0.82 US cents/lb, returning to the positive after an inverted differential in July 2023. On the one hand, the Colombian Milds-Brazilian Naturals differential grew 5.8% to 32.89 US cents/lb, whilst the Colombian Milds-Robustas differential contracted 0.1% from July to August 2023, averaging 62.93 US cents/lb. Meanwhile, the Other Milds-Brazilian Naturals, Other Milds-Robustas and Brazilian Naturals-Robustas differentials contracted by 5.7, 5.8 and 5.9%, reaching 32.07, 62.11 and 30.04 US cents/lb, respectively.

In August 2023, the Colombian Milds-Other Milds Arabica differential had been narrowing considerably and, after thirty-four business days of negative differentials, this trend was reversed on 10th August. The Colombian Milds-Other Milds Arabica differential closed August on a one-month high, though it has not reached such positive lows in four and a half years.

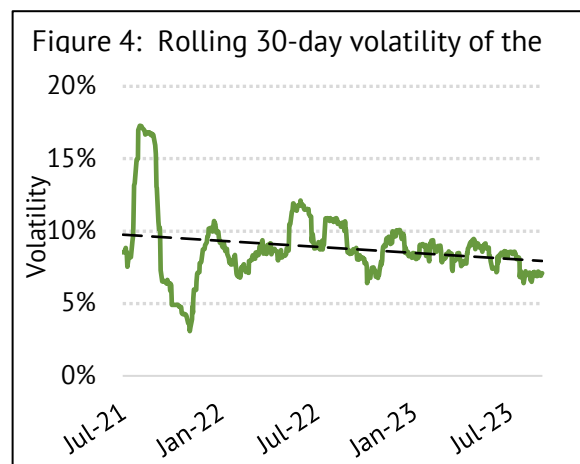
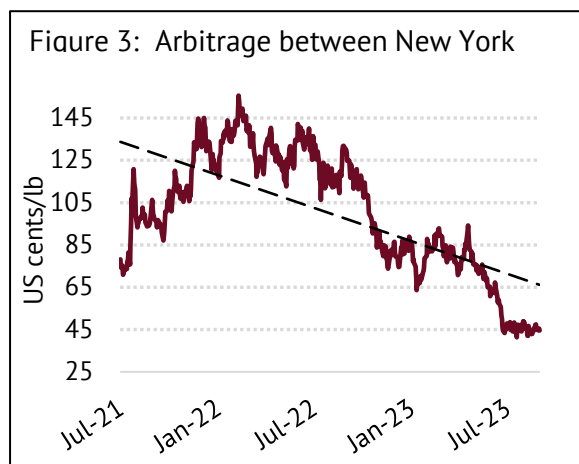
In late July and August 2023, the Arabica-Robusta price movements recoupled, moving once again in tandem. Since April 2023, the price movements of the Arabicas and Robustas were decoupled under price substitution-related pressure, where demand for higher-end qualities has waned in favour of more competitively-priced coffees. However, the recoupling appears to indicate that the

price differentials are now sufficiently narrow, and relative price-driven changes in demand (Arabica versus Robusta) may have come to an end.

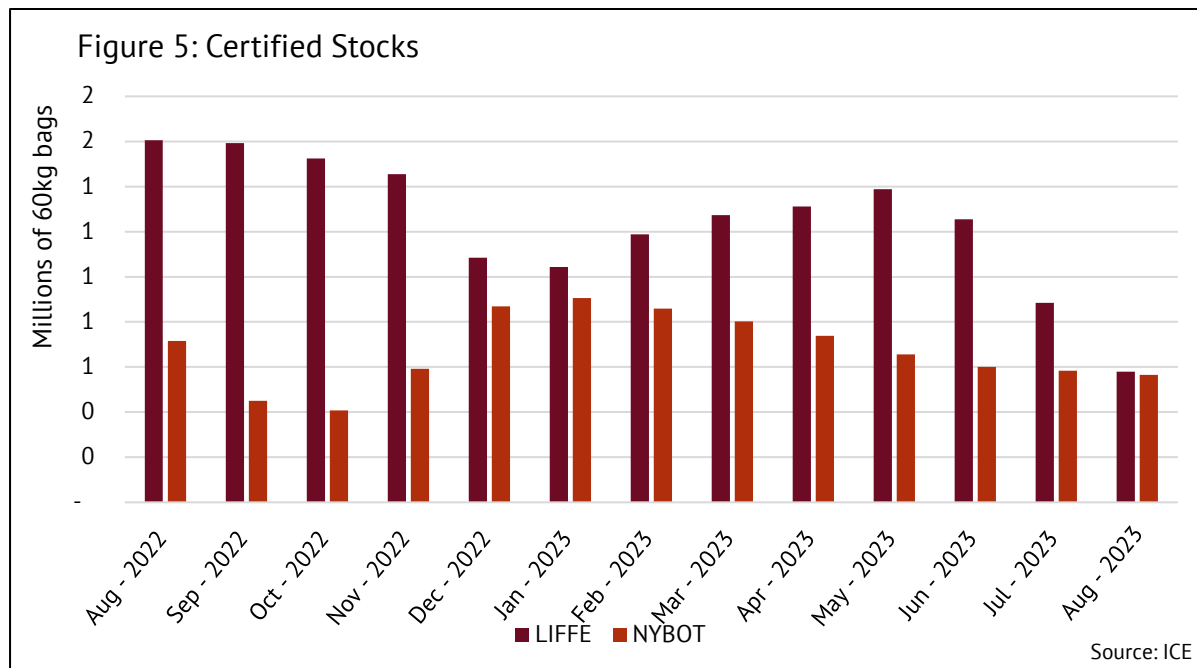


Arbitrage, as measured between the London and New York Futures markets, narrowed by 1.6% to 45.23 US cents/lb in August 2023. This marks the lowest point since June 2020, where arbitrage sat at 44.73 US cents/lb.

Intra-day volatility of the I-CIP followed a consistent downtrend, reaching 7.0%, a 0.8 percentage point decrease between July and August 2023. The Other Milds presented the strongest volatility decrease, with a 3.7 percentage point drop, averaging 7.3% for the month of August. The Colombian Milds’ and Brazilian Naturals’ volatility also contracted to 7.5% and 8.8%. Meanwhile, the Robustas’ volatility dropped by 2.3 percentage points to 8.7% from July to August 2023, whilst the London futures market’s volatility increased by 0.2 to 9.4%. However, the New York futures market’s volatility moved in the opposite direction from London, retracting by 0.5 percentage points and reaching 8.6% for New York.



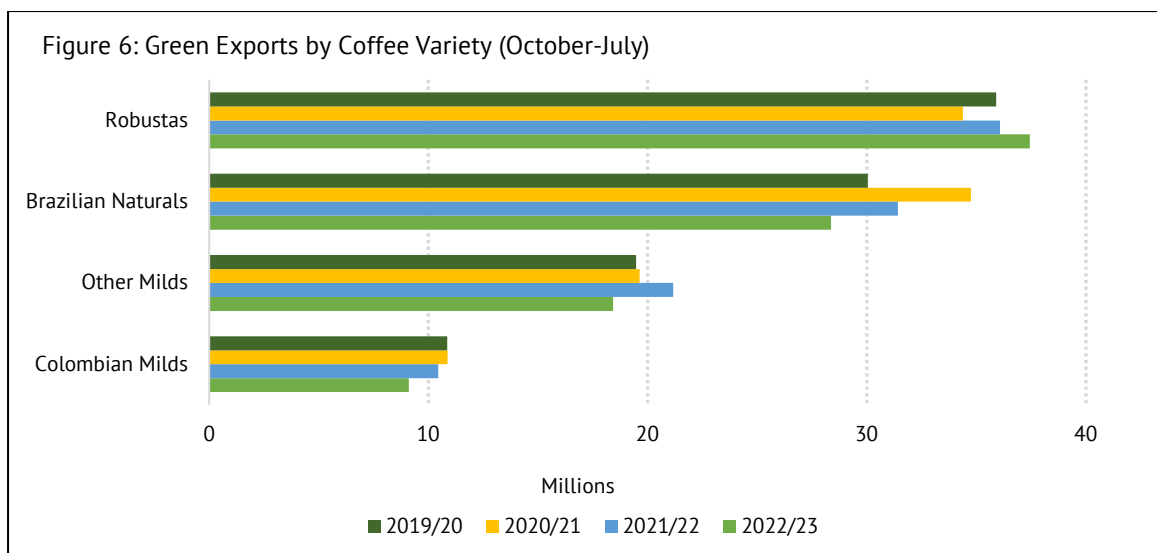
The New York and London certified stocks decreased in tandem by 3.0% and 34.6%, respectively, closing at 0.57 million 60-kg bags, whilst certified stocks of Robusta coffee reached 0.58 million 60-kg bags, the lowest in over 20 years.



Downward pressure on prices could be attributed to the lack of aggressive buying of green coffee through the world. Indeed, for the current and previous coffee years (2021/22 and 2022/23), a combined underproduction of 14.4 million 60-kg bags is estimated. At present, there is an apparent decoupling between **consumption and exports. There is little evidence of the former falling, while the latter for the current coffee year is down 5.7%. A plausible explanation could be the drawing down of stocks.** During the Covid-19 pandemic, buyers, roasters and traders would have built up large stocks of coffee that must now be utilised before they perish. This may help to explain why exports are falling, coffee year on coffee year, thus applying negative pressure on the I-CIP. The broad drawdown on stocks is, perhaps, further illustrated by the historic lows of the ICE stocks.

Exports by Coffee Groups – Green Beans

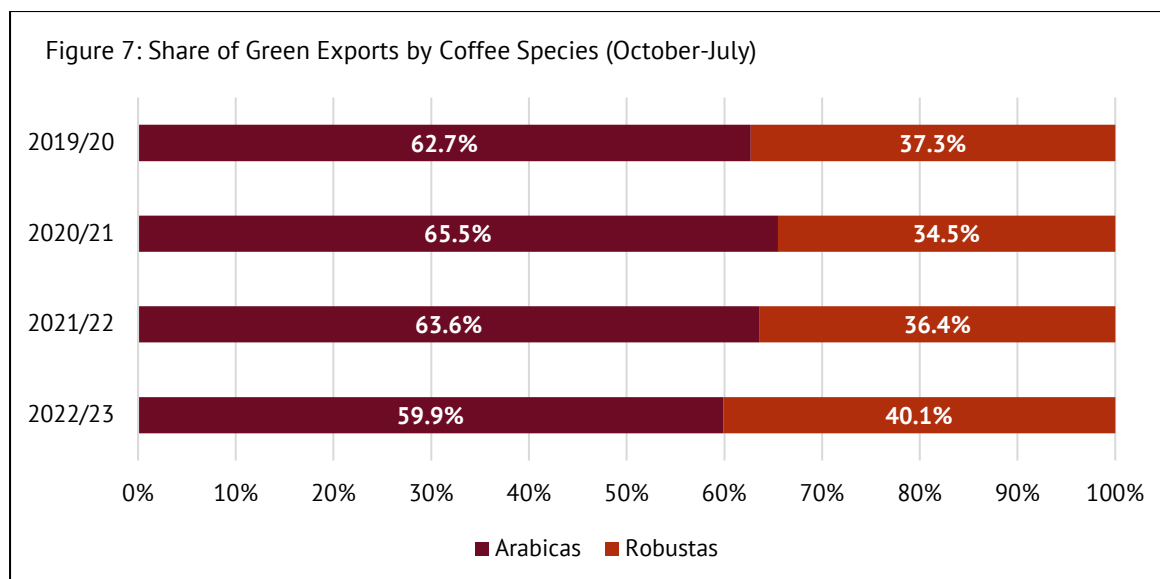
Global green bean exports in July 2023 totalled 9.31 million bags, as compared with 9.3 million bags in the same month of the previous year, up 0.1%. As a result, the cumulative total for 2022/23 to July is 93.56 million bags, as compared with 99.2 million bags over the same period a year ago, down 5.7%.



Shipments of the Other Milds decreased by 13.7% in July 2023 to 2.20 million bags from 2.55 million bags in the same period last year. As a result, the cumulative volume of exports continued to fall, decreasing by 12.2% in the first 10 months of coffee year 2022/23 to 18.64 million bags versus 21.22 million bags over the same period in 2021/22.

Green bean exports of the Brazilian Naturals increased in July 2023, rising by 2.8% to 2.6 million bags. For the first 10 months of coffee year 2022/23, green bean exports of the Brazilian Naturals amounted to 28.4 million bags, down 9.7% from 31.45 million bags over the same period a year ago. Changes to the fortunes of the Brazilian Naturals are mainly due to changes in Brazil's total green bean exports, the biggest producer and exporter of the Brazilian Naturals, which also increased in July 2023 (10.8%) to 2.7 million bags from 2.43 million bags in July 2022.

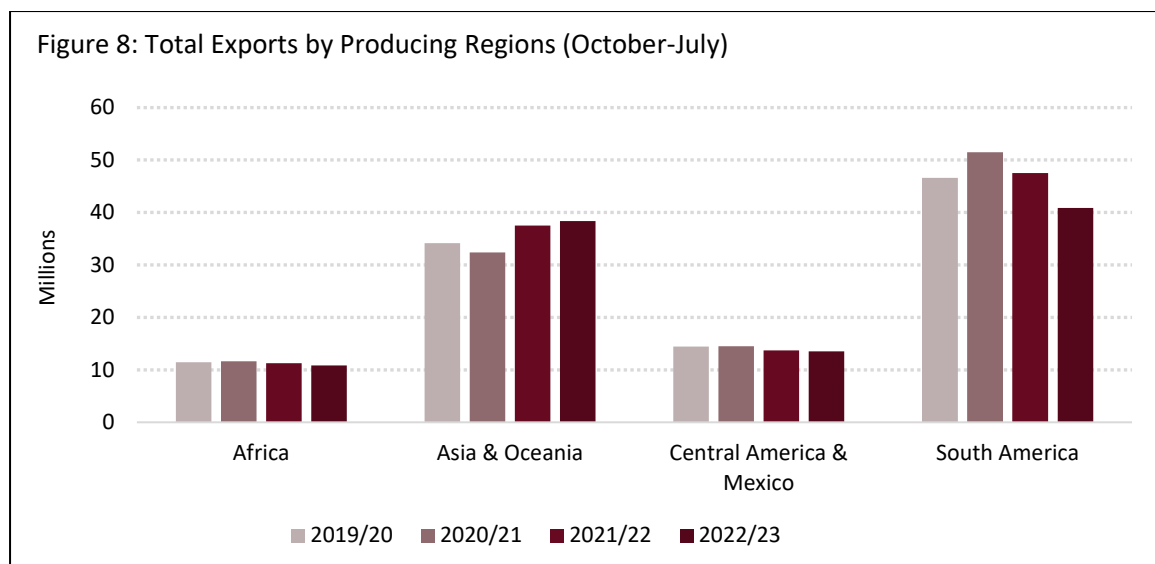
Exports of the Colombian Milds decreased by 8.1% to 0.93 million bags in July 2023 from 1.01 million bags in July 2022, driven primarily by Colombia, the main origin of this group of coffee, whose exports of green beans were down 16.0% in July 2023. This is the thirteenth consecutive month of negative growth for the Colombian Milds and, as a result, the exports of this group of coffee for October 2022 to July 2023 were down 12.9%, at 9.11 million bags, as compared with 10.46 million bags in the first 10 months of coffee year 2021/22.



Green bean exports of the Robustas amounted to 3.59 million bags in July 2023, as compared with 3.22 million bags in July 2022, up 11.6%. This is the fourth consecutive month of positive growth for the Robustas and, as a result, the exports of this group of coffee for October 2022 to July 2023 were up 3.8%, at 37.45 million bags, as compared with 36.08 million bags in the first 10 months of coffee year 2021/22.

Exports by Regions – All Forms of Coffee

In July 2023, South America’s exports of all forms of coffee decreased by 2.2% to 4.16 million bags, mainly driven by Colombia and Peru, which saw their exports fall by 17.1% and 37.5%, respectively. For Colombia, the latest downturn is the thirteenth consecutive month of negative growth, the second longest since the 22-month long streak observed between July 2008 and March 2010. As a result, Colombia’s exports for the first 10 months of coffee year 2022/23 are down to 8.79 million bags, the lowest level over the same 10-month period since coffee year 2012/13, when 7.24 million bags of coffee were shipped from the origin. Issues with local production, caused by meteorological factors, were the reason behind the downturn in exports for much of the current coffee year. However, since June 2023, price substitution appears to be the main driver of the downturn in exports, with demand switching between the Arabicas, away from the Colombian Milds, of which Colombia is the largest producer, to the Other Milds. In Peru, the weather also played a part in the sharp decrease in exports. The Peruvian National Institute of Statistics and Informatics (INEI) reported that increased rainfall was behind the 1.9% decrease in production in June 2023, which may have filtered through to exports as a reduced availability of supply. However, the magnitude of the decrease in July 2023 is more a reflection of the 64.7% increase in July 2022 – the largest volume of July exports in the last 10 years (0.4 million bags versus an average 0.34 million bags (2013-2022)).



Exports of all forms of coffee from Africa decreased by 1.1% to 1.37 million bags in July 2023 from 1.39 million bags in July 2022. For the first 10 months of the current coffee year, exports totalled 10.84 million bags as compared with 11.27 million bags in coffee year 2021/22, down 3.8%. Once again, however, the relatively shallow negative growth rate of the region masked the dynamic changes at the individual country level. Two origins experienced strong positive growth rates (Tanzania and Uganda), with a combined 23.6% increase in July 2023, while two others experienced sharp negative growth rates (Côte d'Ivoire and Ethiopia), with a combined 26.7% decrease. In Ethiopia, contract disputes arising out of a mismatch between the local purchasing prices and the global market prices continue to negatively impact the volume exports, with exporters withholding the coffee until the disputes are resolved. Uganda's exports increased by 12.0% in July, which were driven by a good crop harvest in South-Western region, and exporters releasing their stocks.

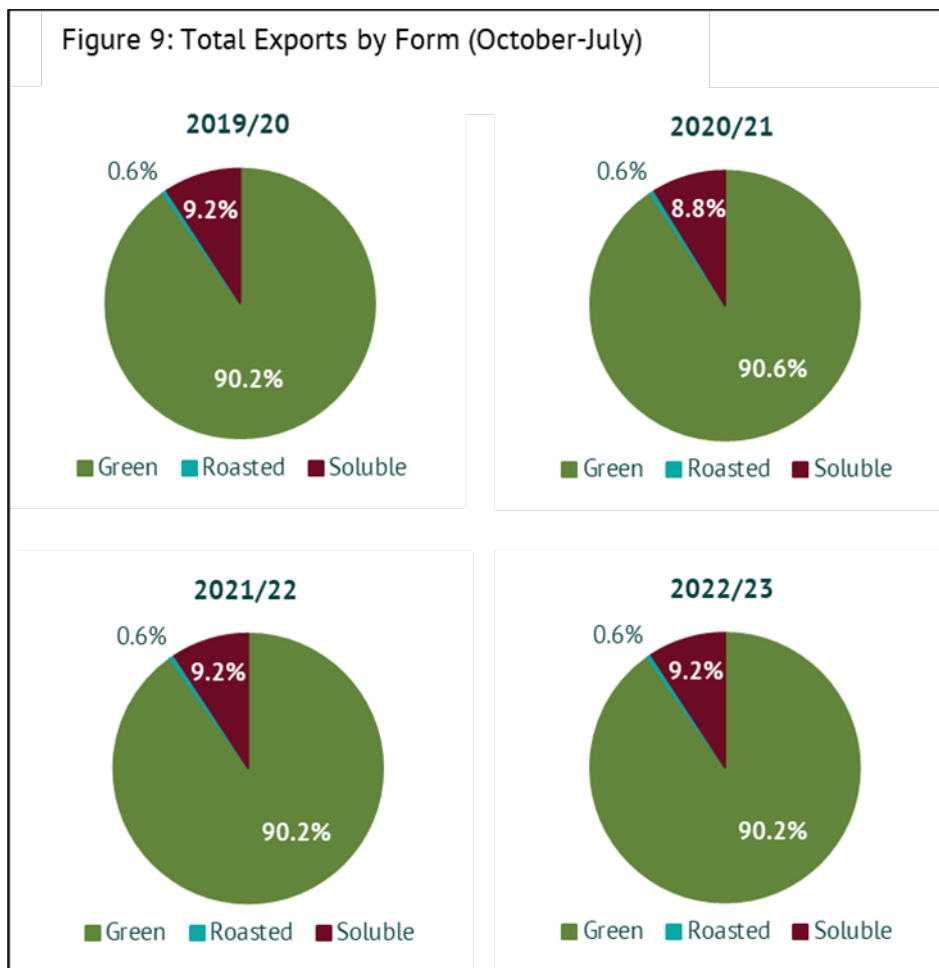
In July 2023, exports of all forms of coffee from Mexico & Central America were up 9.4% to 1.66 million bags as compared with 1.51 million in July 2022. As a result, total exports are down 1.8% for October 2022-July 2023 at 13.46 million bags, as compared with 13.71 million bags in the same period a year ago. Honduras was the main driver of the positive growth in July 2023.

Exports of all forms of coffee from Asia & Oceania decreased by 6.2% to 3.01 million bags in July 2023 and but were up 2.7% to 38.57 million bags in the first 10 months of coffee year 2022/23. July's downturn was due to the top four origins of the region, India (-3.5%), Indonesia (-9.7%), Papua New Guinea (-25.9%) and Vietnam (5.1%).

Exports of Coffee by Forms

Total exports of soluble coffee decreased by 16.6% in July 2023 to 0.84 million bags from 1.0 million bags in July 2022. In the first 10 months of coffee year 2022/23, a total of 9.58 million bags of soluble coffee were exported, representing a decrease of 5.7% from the 10.16 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 for the year to date was 9.2% in July 2023, the same for the

same period a year ago. Brazil is the largest exporter of soluble coffee, shipping 0.31 million bags in July 2023.



Exports of roasted beans were down 12.7% in July 2023 to 57,299 bags, as compared with 65,601 bags in July 2022. The cumulative total for coffee year 2022/23 to June 2023 was 0.6 million bags, as compared with 0.67 million bags in same period a year ago.

Production and Consumption

Under the current circumstances, the estimates and outlook of production and consumption for coffee years 2021/22 and 2022/23 remain the same.

World coffee production decreased by 1.4% to 168.5 million bags in coffee year 2021/22, hampered by the off-biennial production and negative meteorological conditions in a number of key origins. However, it is expected to bounce back by 1.7% to 171.3 million bags in 2022/23. Increased global fertiliser costs and adverse weather conditions are expected to partially offset the positive impact of biennial production from Brazil, explaining the relatively low rate of growth in coffee year 2022/23. The impact of biennial production is anticipated to drive the outlook for Arabica, which is projected to increase by 4.6% to 98.6 million bags in coffee year 2022/23, following a 7.2% decrease in the previous coffee year. Reflecting its cyclical output, Arabica's share of the total coffee production is expected to increase to 57.5% from 55.9% in coffee year 2021/22. South America is and will remain the largest producer of coffee in the

world, despite suffering from the largest drop in output for almost 20 years, which fell by 7.6% in coffee year 2021/22. The recovery in coffee year 2022/23, partly driven by biennial production, is expected to push the region's output to 82.4 million bags, a rise of 6.2%.

World coffee consumption increased by 4.2% to 175.6 million bags in coffee year 2021/22, following a 0.6% rise the previous year. Release of the pent-up demand built up during the COVID-19 years and sharp global economic growth of 6.0% in 2021 explains the sharp bounce back in coffee consumption in coffee year 2021/22. Decelerating world economic growth rates for 2022 and 2023, coupled with the dramatic rise in the cost of living, will have an impact on the coffee consumption for coffee year 2022/23. It is expected to grow, but at a decelerating rate of 1.7% to 178.5 million bags. The global deceleration is expected to come from non-producing countries, with Europe's coffee consumption predicted to suffer the largest decrease among all regions, with growth rates falling to 0.1% in coffee year 2022/23 from a 6.0% expansion in coffee year 2021/22.

Balance. As a result, the world coffee market is expected to run another year of deficit, a shortfall of 7.3 million bags.

The outlook is taken from the newest publication of the Statistics Section of the Secretariat of the International Coffee Organization (ICO), the Coffee Report and Outlook (CRO). The CRO offers an insight into the factors moving the global coffee industry in the most recent past and draws out the potential events that July drive the industry in the near future. The CRO can be downloaded from the ICO website: www.icocoffee.org. For further information, please contact the Statistics Section at stats@ico.org

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							
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
Feb-23	174.77	238.39	229.73	195.18	103.93	180.93	94.26
Mar-23	170.03	225.23	222.36	187.02	106.49	176.17	96.60
Apr-23	178.57	234.85	229.56	195.26	115.70	187.30	105.43
May-23	175.48	226.93	220.12	186.80	122.55	183.13	112.56
Jun-23	171.25	211.85	207.39	176.48	132.13	174.54	119.23
Jul-23	158.88	190.58	193.49	159.50	127.58	159.57	113.62
Aug-23	154.53	187.55	186.73	154.66	124.62	156.56	111.34
% change between Jul-23 and Aug-23							
	-2.7%	-1.6%	-3.5%	-3.0%	-2.3%	-1.9%	-2.0%
Volatility (%)							
Jul-23	7.8%	8.1%	11.0%	9.1%	9.0%	9.1%	9.2%
Aug-23	7.0%	7.5%	7.3%	8.8%	8.7%	8.6%	9.4%
Variation between Jul-23 and Aug-23							
	-0.8	-0.6	-3.7	-0.3	-0.3	-0.5	0.2

* 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*
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
Feb-23	8.66	43.21	134.46	34.55	125.80	91.25	86.67
Mar-23	2.87	38.21	118.74	35.34	115.87	80.53	79.57
Apr-23	5.30	39.60	119.15	34.30	113.86	79.56	81.88
May-23	6.81	40.13	104.38	33.32	97.57	64.25	70.57
Jun-23	4.46	35.36	79.72	30.90	75.26	44.36	55.31
Jul-23	-2.91	31.09	63.00	34.00	65.91	31.92	45.95
Aug-23	0.82	32.89	62.93	32.07	62.11	30.04	45.23
% change between Jul-23 and Aug-23							
	-128.0%	5.8%	-0.1%	-5.7%	-5.8%	-5.9%	-1.6%

* Average prices for 2nd and 3rd positions

Table 3: World Supply/Demand Balance

Coffee year commencing	2017	2018	2019	2020	2021	2022*	% change 2022/21
PRODUCTION	167,568	169,884	168,387	170,868	168,485	171,268	1.7%
Arabica	97,862	99,615	96,670	101,577	94,248	98,559	4.6%
Robusta	69,707	70,269	71,717	69,290	74,237	72,709	-2.1%
Africa	17,428	18,523	18,698	19,281	19,132	19,405	1.4%
Asia & Oceania	52,214	48,069	49,307	47,912	52,102	49,713	-4.6%
Mexico & Central America	21,475	21,361	19,321	19,747	19,655	19,726	0.4%
South America	76,453	81,934	81,064	83,937	77,596	82,424	6.2%
CONSUMPTION	165,637	170,876	167,593	168,569	175,605	178,534	1.7%
Exporting countries	51,575	52,234	51,441	52,518	53,615	55,369	3.3%
Importing countries (Coffee Years)	114,062	118,642	116,152	116,051	121,991	123,165	1.0%
Africa	11,707	11,921	12,034	12,552	12,877	13,403	4.1%
Asia & Oceania	38,819	39,572	39,198	41,289	42,828	44,162	3.1%
Mexico & Central America	5,667	5,805	5,857	5,882	5,967	6,124	2.6%
Europe	53,523	55,449	53,953	52,237	55,359	55,388	0.1%
North America	29,939	31,789	30,581	30,228	31,679	32,078	1.3%
South America	25,981	26,340	25,969	26,381	26,895	27,379	1.8%
BALANCE	1,932	-992	794	2,298	-7,120	-7,266	

*preliminary estimates

Table 4: Total exports by exporting countries

	Jul-22	Jul-23	% change	Year to Date Coffee Year		
				2021/22	2022/23	% change
TOTAL	10,371	10,206	-1.6%	110,030	103,736	-5.7%
Arabicas	6,653	6,220	-6.5%	68,703	61,616	-10.3%
<i>Colombian Milds</i>	<i>1,119</i>	<i>1,008</i>	<i>-9.9%</i>	<i>11,434</i>	<i>10,002</i>	<i>-12.5%</i>
<i>Other Milds</i>	<i>2,782</i>	<i>2,425</i>	<i>-12.8%</i>	<i>23,407</i>	<i>20,994</i>	<i>-10.3%</i>
<i>Brazilian Naturals</i>	<i>2,752</i>	<i>2,787</i>	<i>1.3%</i>	<i>33,861</i>	<i>30,621</i>	<i>-9.6%</i>
Robustas	3,718	3,986	7.2%	41,327	42,119	1.9%

In thousand 60-kg bags

Monthly trade statistics are available upon subscription

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

	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
New York	0.72	0.45	0.41	0.59	0.87	0.91	0.86	0.80	0.74	0.66	0.60	0.58	0.57
London	1.61	1.59	1.52	1.45	1.08	1.04	1.19	1.27	1.31	1.39	1.25	0.89	0.58

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.

Note:

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