Coffee Market Report

December 2022

INTERNATIONAL COFFEE ORGANIZATION

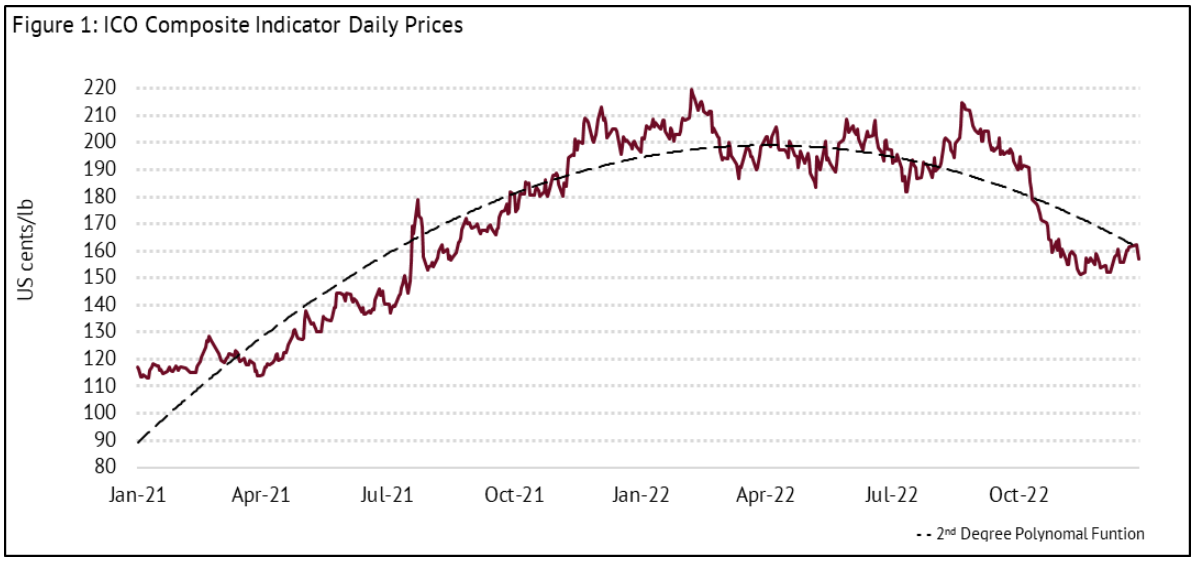
Coffee prices close 2022 on a stable note, coalescing at around 160 US cents/lb

- *The ICO Composite Indicator Price (I-CIP) gained 0.3% from November to December 2022, averaging 157.19 US cents/lb for the latter, whilst posting a median value of 157.73 US cents/lb.*
- *Average prices for all group indicators remained stable, with a slight increase in December 2022.*
- *The Colombian Milds-Other Milds differential sprung back up 48.2% to 13.88 US cents/lb.*
- *The arbitrage between the New York and London Futures gained 0.2%, closing in at 82.26 US cents/lb in December 2022 up from 82.13 US cents/lb in November 2022.*
- *Intra-day volatility of the I-CIP decreased 0.2 percentage points between November and December 2022, reaching 9.1%.*
- *The New York certified stocks increased by 46.6% from the previous month, closing in at 0.87 million 60-kg bags, whilst certified stocks of Robusta coffee reached 1.08 million 60-kg bags, representing a decrease of 25.5%.*
- *Global green bean exports in November 2022 totalled 9.21 million bags, as compared with 8.31 million bags in the same month of the previous year, up 10.8%.*
- *Green bean exports of the Brazilian Naturals bounced back sharply in November 2022, rocketing up by 34.5% to 3.67 million bags.*
- *Green bean exports of Robustas amounted to 3.58 million bags in November 2022, as compared with 3.17 million bags in November 2021.*
- *Shipments of the Other Milds decreased by 15.1% in November 2022 to 1.1 million bags from 1.29 million bags in the same period last year.*
- *Exports of the Colombian Milds decreased by 22.8% to 0.86 million bags in November 2022.*
- *In November 2022, South America's exports of all forms of coffee increased by 4.7% to 4.96 million bags.*
- *Exports of all forms of coffee from Asia & Oceania increased by 19% to 3.78 million bags in November 2022.*
- *Exports of all forms of coffee from Africa increased by 6.8% to 1.09 million bags in November 2022 from 1.02 million bags in November 2021.*
- *In November 2022, exports of all forms of coffee from Mexico & Central America were down 7.1% to 0.41 million bags as compared with 0.45 million in November 2021.*

Green Coffee Price

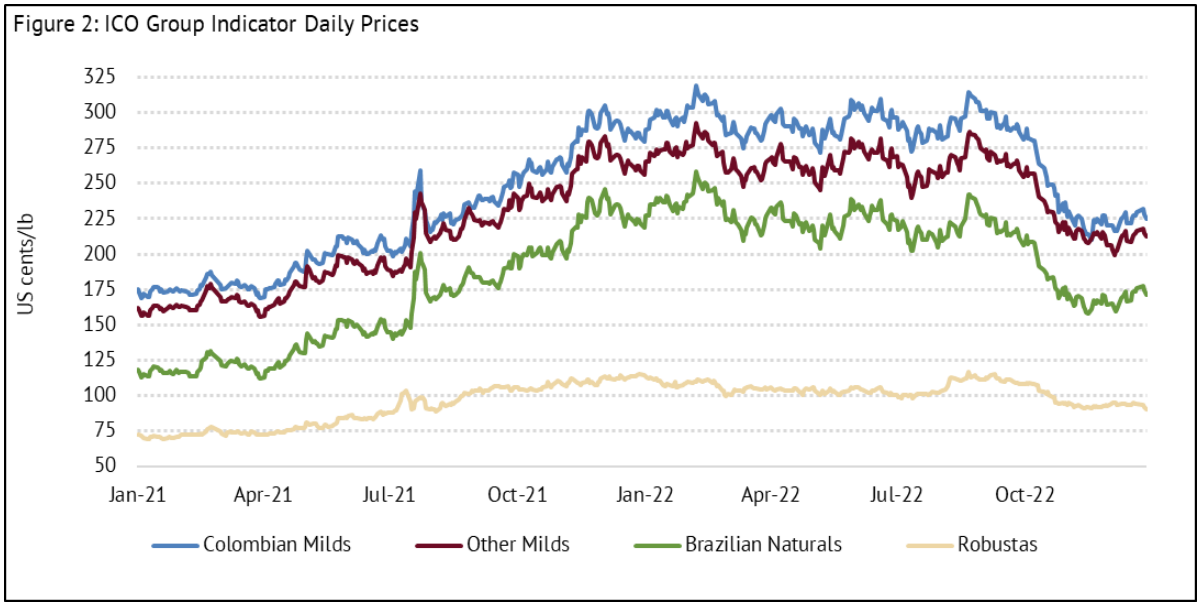
The ICO Composite Indicator Price (I-CIP) gained 0.3% from November to December 2022, averaging 157.19 US cents/lb for the latter, whilst posting a median value of 157.73 US cents/lb. In December 2022, the I-CIP fluctuated between 151.95 and 162.31 US cents/lb.

Figure 1: ICO Composite Indicator Daily Prices



Average prices for all group indicators remained stable, with a slight increase in December 2022. The Colombian Milds, Brazilian Naturals and Robustas increased by 0.4%, 1.5% and 1.3%, respectively, month on month in December 2022. The group indicators respectively averaged 224.12, 169.00 and 93.76 US cents/lb in December. The Other Milds fell by 1.7% to 210.24 US cents/lb. Stability in the market is in part due to the average of the 2nd and 3rd positions of the ICE New York and London futures market remaining stable.

Figure 2: ICO Group Indicator Daily Prices



The Colombian Milds-Other Milds differential sprung back up 48.2% to 13.88 US cents/lb. The Colombian Milds-Brazilian Naturals and Other Milds-Brazilian Naturals both declined by 2.8% and 12.8% to 55.12 and 41.24 US cents/lb in December 2022, respectively. The Colombian Milds-Robustas differential remained stable, losing only 0.2 percentage points and reaching 130.36 US cents/lb for the last month of 2022. Falling 3.9% over the course of the month was the Other Milds-Robustas differential, retracting 3.9%, to 116.48 US cents/lb. The Brazilian Naturals-Robustas differential gained 1.8% from November to December 2022, reaching 75.24 US cents/lb.

The arbitrage between the New York and London Futures gained 0.2%, closing in at 82.26 US cents/lb in December 2022, up from 82.13 US cents/lb in November 2022.

Figure 3: Arbitrage between New York and London futures markets

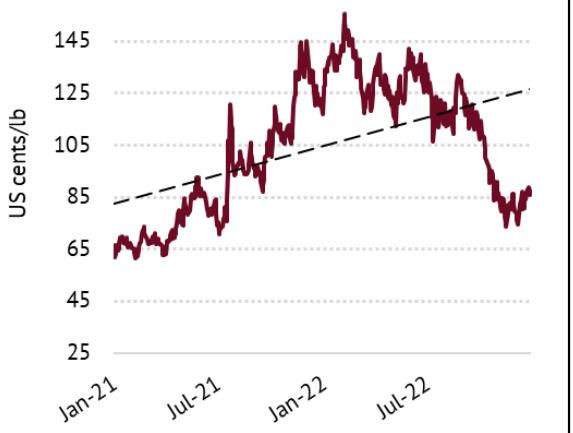
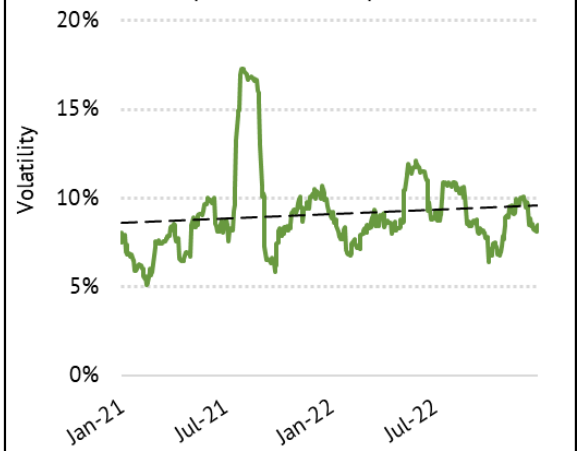


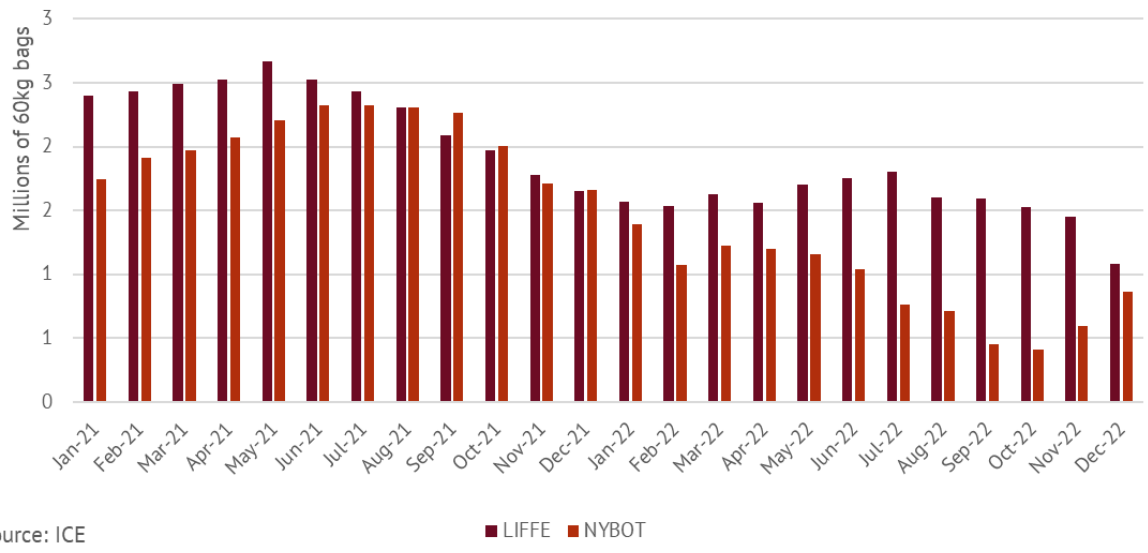
Figure 4: Rolling 30-day volatility of the ICO composite indicator price



Intra-day volatility of the I-CIP decreased 0.2 percentage points between November and December 2022, reaching 9.1%. Robustas and the London futures market were the least volatile amongst all group indicators, at 5.3% and 4.8%, respectively, in December 2022. The Brazilian Naturals' volatility was the highest amongst the group indicators, averaging 12.1%, a 0.2 percentage point increase from the previous month. The variation in volatility of the Colombian Milds and Other Milds for November to December 2022 is 0.6 to 11.6% and 0.1 to 9.7%, respectively. The New York futures market remained the most volatile, averaging 12.5% for the month of December 2022.

The New York certified stocks increased by 46.6% from the previous month, closing in at 0.87 million 60-kg bags, whilst certified stocks of Robusta coffee reached 1.08 million 60-kg bags, representing a decrease of 25.5%.

Figure 5: Certified Stocks



Source: ICE

Exports by Coffee Groups – Green Beans

Global green bean exports in November 2022 totalled 9.21 million bags, as compared with 8.31 million bags in the same month of the previous year, up 10.8%. The positive growth was driven by the Brazilian Naturals and Robustas, which saw their exports increase by double digits, while the Colombian and Other Milds suffered from double-digits decreases. As a result, the cumulative total exports of green beans for coffee year 2022/23 bounced back into black, up 3.5% as compared with the 3.5% decrease for the first month of the current coffee year. The cumulative total for 2022/23 to November is 17.63 million bags as compared with 17.03 million bags over the same period a year ago.

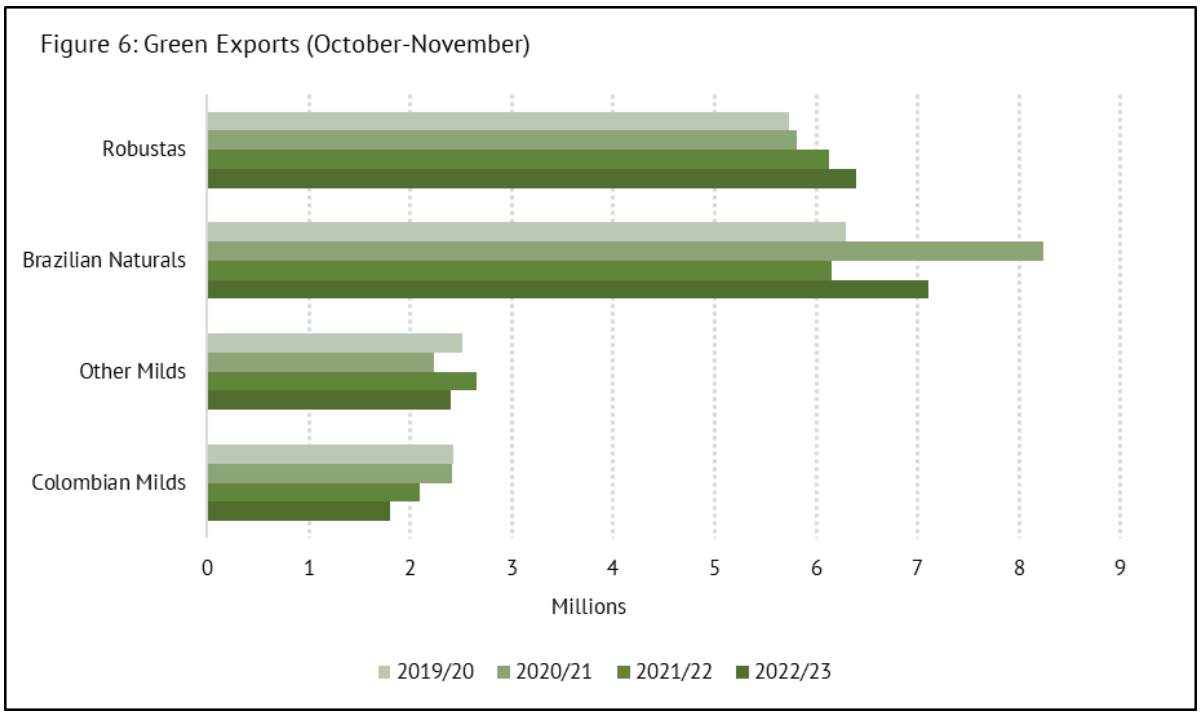
Green bean exports of the Brazilian Naturals bounced back sharply in November 2022, rocketing up by 34.5% to 3.67 million bags, following a lacklustre 0.5% increase in October 2022 as compared with the same periods in the previous coffee year. For the first two months of coffee year 2022/23, green bean exports of the Brazilian Naturals amounted to 7.11 million bags, up 15.6% from 6.15 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 Brazilian Naturals, which also bounced back in November 2022 (up 32%) as compared with October 2022 (up 1.9%).

Green bean exports of Robustas amounted to 3.58 million bags in November 2022, as compared with 3.17 million bags in November 2021, up 12.9%, a sharp turnaround from the 5.5% decrease in October 2022. This meant that the shipments in the first two months of coffee year 2022/23 were up 4% to 6.38 million bags versus 6.13 million bags in the same period in coffee year 2021/22.

Shipments of the Other Milds decreased by 15.1% in November 2022 to 1.1 million bags from 1.29 million bags in the same period last year. This is the second consecutive month of negative growth for green bean exports of the Other Milds since the start of the new coffee year, having already fallen by 7.1% in October 2022. As a result, the cumulative volume of exports fell by

11% in the first two months of coffee year 2022/23 to 2.36 million bags from 2.65 million bags over the same period in coffee year 2021/22.

Exports of the Colombian Milds decreased by 22.8% to 0.86 million bags in November 2022 from 1.12 million bags in November 2021, driven primarily by Colombia, the main origin of this coffee group, whose green bean exports were down 26.7% in November 2022. As a result of the sharp downturn, exports of the Colombian Milds from October to November 2022 were down by 15.2%, at 1.78 million bags, as compared with 2.1 million bags in the first two months of coffee year 2021/22.



Exports by Regions – All Forms of Coffee

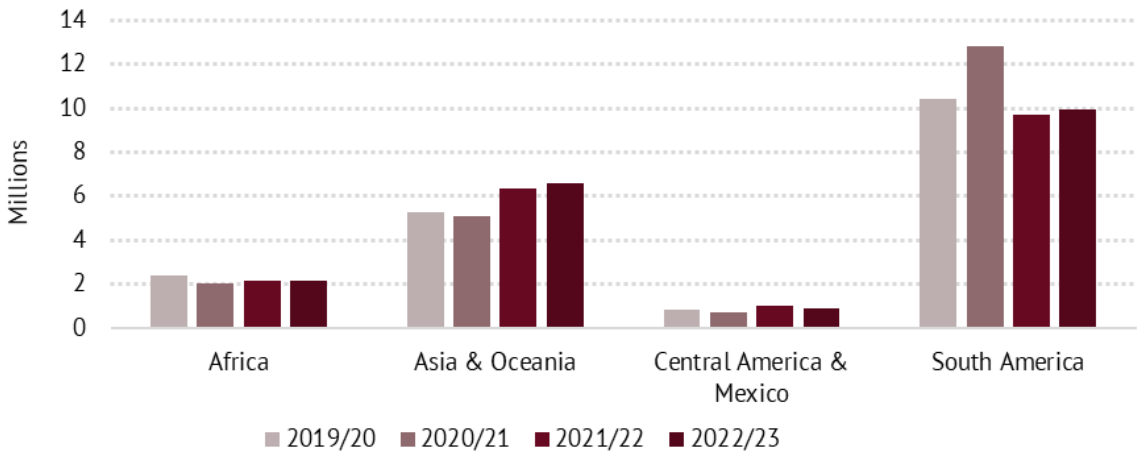
In November 2022, South America's exports of all forms of coffee increased by 4.7% to 4.96 million bags. There were wide variations in the performances of November 2022 exports among the major origins of the region, with Brazil (up 25.4%) being the best performing, and Peru (down 41.5%) and Colombia (down 24.2%) the worst performing. Improved shipping conditions have been reported as the reason behind the strong increase in Brazil's exports, but for Peru and Colombia the sharp downturns are linked to local production conditions. Persistent bad weather linked to the La Niña phenomenon has caused Colombia's November 2022 coffee output to drop by 6%, the country's third consecutive month of negative growth, with a consequent impact on exports. In Peru, irregular weather patterns have led to prolonged and intermittent rains, which impacted the regular development of cherries and flowers, leading to coffee trees having both cherries and flowers concurrently and thus spreading out the harvesting period. Moreover, intermittent rains also hampered the drying process, having a negative impact on the quality of dried beans. These all affected the supply of coffee beans and contributed to November 2022 having the lowest volume of exports since 2007, when only 244,325 bags were shipped from Peru.

Exports of all forms of coffee from Asia & Oceania increased by 19% to 3.78 million bags in November 2022 and were up 3.6% to 6.57 million bags in the first two months of coffee year 2022/23. The region's sharp increase is explained by Vietnam (up 19.8%) and Indonesia (up 48.7%), the largest and the second-largest producers and exporters of coffee from Asia & Oceania, shipping 2.2 million bags and 0.89 million bags, respectively. However, the region's third-largest exporter, India, saw its exports decrease in November 2022, down 0.8% to 0.58 million bags from 0.59 million bags in November 2021.

Exports of all forms of coffee from Africa increased by 6.8% to 1.09 million bags in November 2022 from 1.02 million bags in November 2021. For the first two months of the current coffee year, exports totalled 2.16 million bags as compared with 2.15 million bags in coffee year 2021/22. In November 2022, Uganda's exports fell for the 11th consecutive month, decreasing by 14.8% to 0.45 million bags from 0.52 million bags in November 2022. Uganda's cumulative total exports over the past 11 months (January–November 2022) amount to 5.21 million bags as compared with 6.23 million bags over the same period a year ago (January–November 2021), down 16.4% or 1.02 million bags. 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. Despite Uganda's large negative push downwards on Africa's coffee exports in November 2022, positive pulls upwards by Côte d'Ivoire (up 111.1%) and Ethiopia (up 29.2%), the region's third- and second-largest producers and exporters, supported by Kenya (up 16.6%) and Rwanda (up 63.6%), were sufficiently robust to ensure that the region's exports grew in November 2022, despite the downturn in Uganda's exports.

In November 2022, exports of all forms of coffee from Mexico & Central America were down 7.1% to 0.41 million bags as compared with 0.45 million in November 2021. For the first two months of the current coffee year, exports are down 13.3%, totalling 0.89 million bags as compared with 1.02 million bags in October–November 2021/22. The region's decline in November was due to Honduras, down 50%, which is struggling with leaf-rust, or *roya*, which has hit the industry's harvests.

Figure 7: Total Exports (October-November)

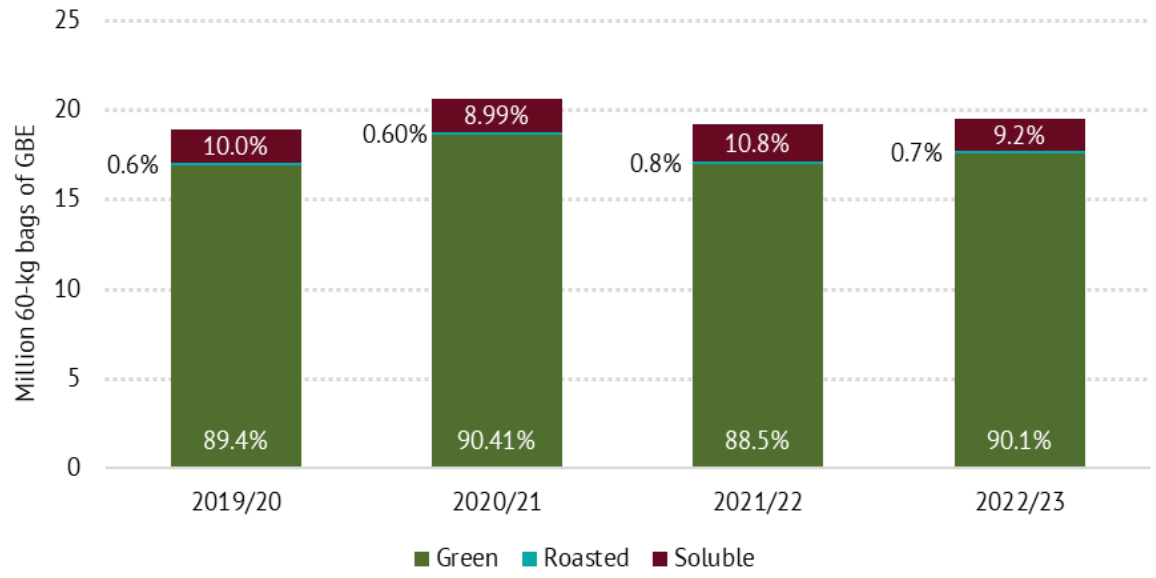


Exports of Coffee by Forms

Total exports of soluble coffee decreased by 3.2% in November 2022 to 0.97 million bags from 1.0 million bags in November 2021. In the first two months of coffee year 2022/23, a total of 1.81 million bags of soluble coffee were exported, representing a decrease of 12.9% from the 2.07 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 November 2022, down from 9.1% in November 2021. Brazil is the largest exporter of soluble coffee, shipping 0.27 million bags in November 2022, followed by India with 0.19 million bags and Indonesia with 0.15 million bags exported over the same period.

Exports of roasted beans were down 7.5% in November 2022 to 68,865 bags, as compared with 74,411 bags in November 2021. The cumulative total for coffee year 2022/23 to November 2022 was 130,953 bags, as compared with 149,108 bags in same period a year ago.

Figure 8: Total Exports (October-November)



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.

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							
Dec-21	203.06	290.57	267.71	230.26	112.76	234.14	104.14
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
% change between Nov-22 and Dec-22							
	0.3%	0.4%	-1.7%	1.5%	1.3%	0.9%	1.5%
Volatility (%)							
Nov-22	9.3%	11.0%	9.6%	11.9%	7.2%	12.5%	7.1%
Dec-22	9.1%	11.6%	9.7%	12.1%	5.3%	12.5%	4.8%
Variation between Nov-22 and Dec-22							
	-0.2	0.6	0.1	0.2	-1.9	0.0	-2.3

* 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
% change between Nov-22 and Dec-22							
	48.2%	-2.8%	-0.2%	-12.8%	-3.9%	1.8%	0.2%

* 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

	Nov-21	Nov-22	% change	Year to Date Coffee Year 2021/22	2022/23	% change
TOTAL	**9,380**	**10,243**	**9.2%**	**19,252**	**19,563**	**1.6%**
Arabicas	5,708	6,167	8.0%	12,094	12,294	1.7%
Colombian Milds	*1,223*	*970*	-20.7%	*2,284*	*2,000*	-12.4%
Other Milds	*1,525*	*1,309*	-14.1%	*3,125*	*2,793*	-10.6%
Brazilian Naturals	*2,960*	*3,887*	31.3%	*6,686*	*7,501*	12.2%
Robustas	*3,672*	*4,077*	11.0%	*7,159*	*7,269*	1.5%

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

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
New York	1.39	1.08	1.23	1.20	1.16	1.04	0.77	0.72	0.45	0.41	0.59	0.87
London	1.57	1.54	1.63	1.56	1.71	1.76	1.80	1.61	1.59	1.52	1.45	1.08

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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