

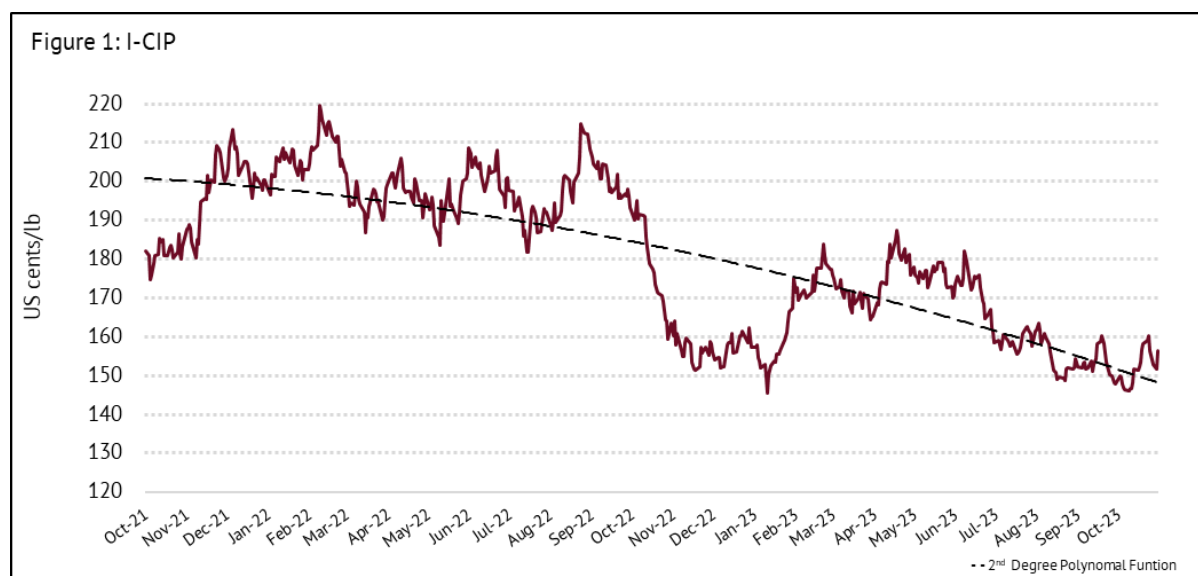


Arabica and Robusta arbitrage remains low as I-CIP volatility remains stable

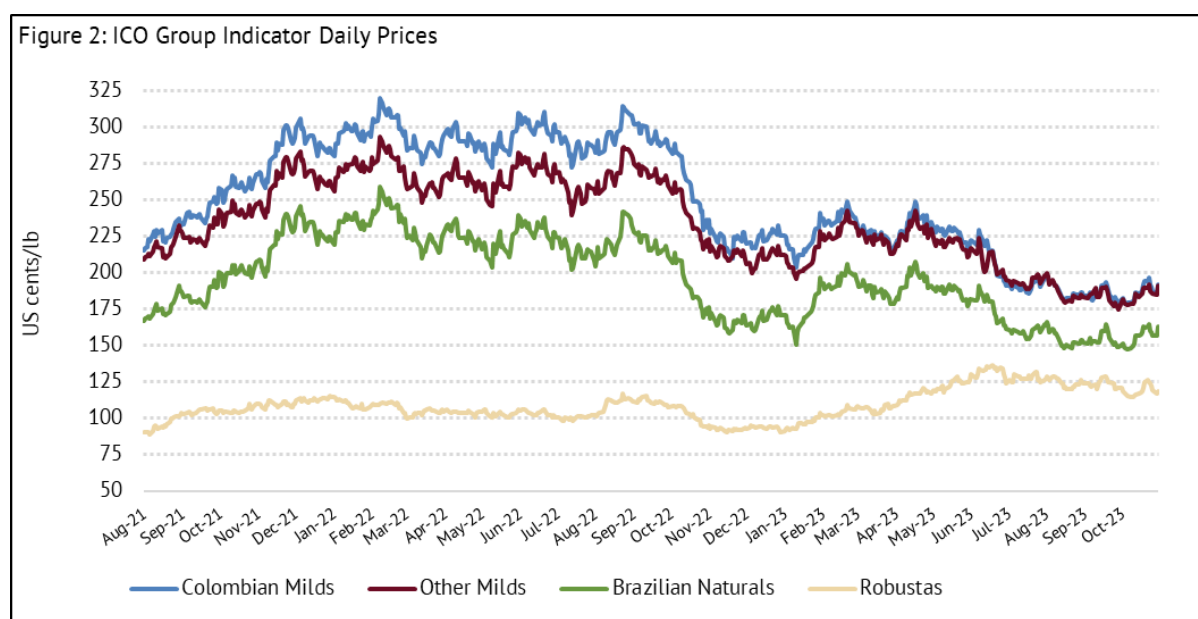
- The ICO Composite Indicator Price (I-CIP) averaged 151.94 US cents/lb in October, a 0.8% decline from September 2023. The I-CIP posted a median value of 151.58 US cents/lb, having fluctuated between 145.99 and 160.09 US cents/lb.
- The Colombian Milds-Other Milds differential grew 38.5% to 2.02 US cents/lb.
- Arbitrage, as measured between the London and New York Futures markets, widened by 13.7% to 50.51 US cents/lb in October 2023.
- Intra-day volatility of the I-CIP remained stable at 6.3% between September and October 2023.
- The New York and London certified stocks moved in the same downward direction.
- Global green bean exports for coffee year 2022/23 were down 5.5% to 110.81 million bags from 117.28 million bags in coffee year 2021/22.
- Shipments of the Other Milds decreased by 12.1% to 22.11 million bags in coffee year 2022/23 from 25.16 million bags in coffee year 2022/21.
- Exports of the Colombian Milds dropped by 11.2% to 10.77 million bags in coffee year 2022/23 from 12.14 million bags in coffee year 2021/22.
- Green bean exports of the Robustas for coffee year 2022/23 were up 2.6% to 43.76 million bags from 42.66 million bags in coffee year 2021/22.
- For coffee year 2022/23, South America's exports of all forms of coffee decreased 11.0% to 50.59 million bags from 56.83 million bags in coffee year 2021/22.
- Exports of all forms of coffee from Africa decreased by 1.4% to 13.53 million bags in coffee year 2022/23 from 13.73 million bags in coffee year 2021/22.
- Mexico & Central America's exports of all forms of coffee were down 3.1% to 15.3 million bags in coffee year 2022/23 from 15.78 million bags in coffee year 2021/22.
- In coffee year 2022/23 Asia & Oceania's exports of all forms of coffee were down 0.9% to 43.56 million bags from 43.95 million bags in coffee year 2021/22.
- Total exports of soluble coffee decreased by 5.7% to 11.47 million bags in coffee year 2022/23 from 12.16 million bags in coffee year 2021/22. For coffee year 2022/23, soluble coffee's share of the total exports was 9.3%, the same as in coffee year 2021/22.
- For coffee year 2022/23, roasted coffee exports were down 16.0% to 0.71 million bags from 0.84 million bags in coffee year 2021/22.
- 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 151.94 US cents/lb in October, a 0.8% decline from September 2023. The I-CIP posted a median value of 151.58 US cents/lb, having fluctuated between 145.99 and 160.09 US cents/lb.

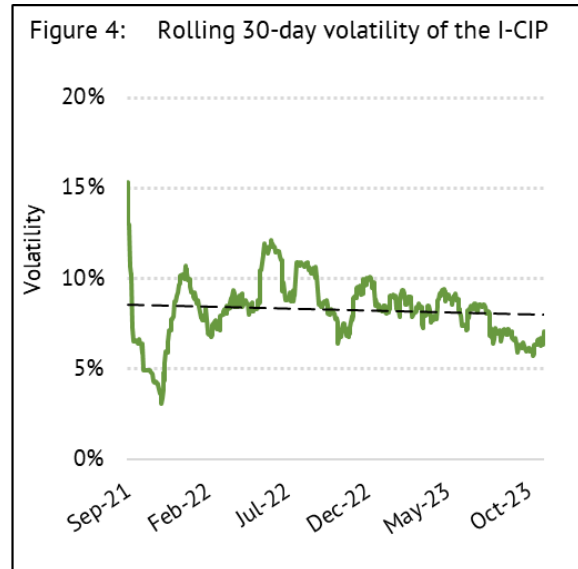
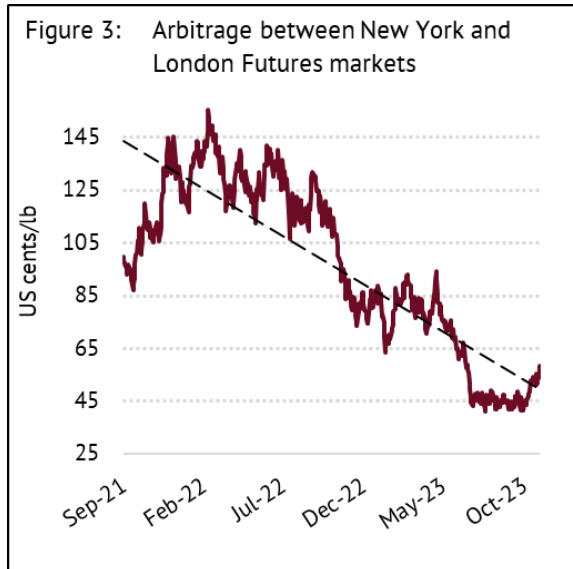


The Colombian Milds and Other Milds increased by 0.5% and 0.2%, to 185.97 and 183.95 US cents/lb, respectively, in October 2023. The Brazilian Naturals presented the strongest growth of 0.9%, reaching an average of 155.52 US cents/lb. However, the Robustas retracted 4.1% to 118.83 US cents/lb. ICE's New York market grew by 1.5% whilst the London Futures market shrank by 3.4%, to 155.91 and 105.40 US cents/lb, respectively.



The Colombian Milds-Other Milds differential grew 38.5% to 2.02 US cents/lb. The Colombian Milds-Brazilian Naturals differential shrank 1.1% to 30.45 US cents/lb, whilst the Colombian

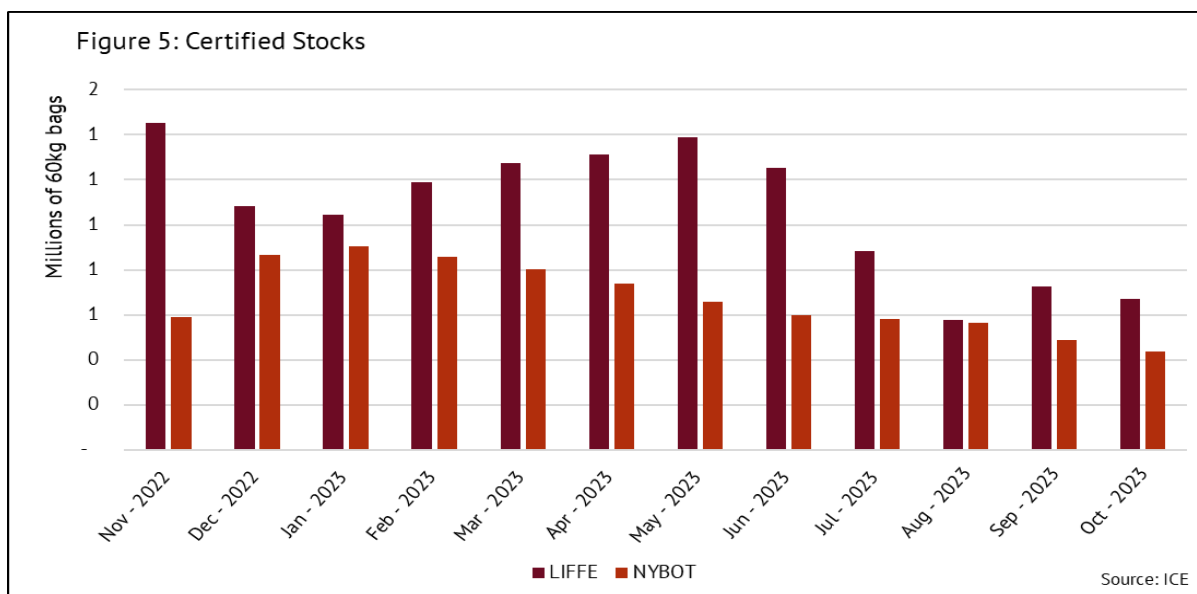
Milds-Robustas differential also expanded 9.9% from September to October 2023, averaging 67.14 US cents/lb. Meanwhile, the Other Milds-Brazilian Naturals differential contracted 3.1%, reaching 28.43 US cents/lb. However, the Other Milds-Robustas and the Brazilian Naturals-Robustas differentials expanded 9.2% and 21.1%, averaging 65.12 and 36.69 US cents/lb, respectively, in October 2023.



Arbitrage, as measured between the London and New York Futures markets, widened by 13.7% to 50.51 US cents/lb in October 2023.

Intra-day volatility of the I-CIP remained stable at 6.3% between September and October 2023.

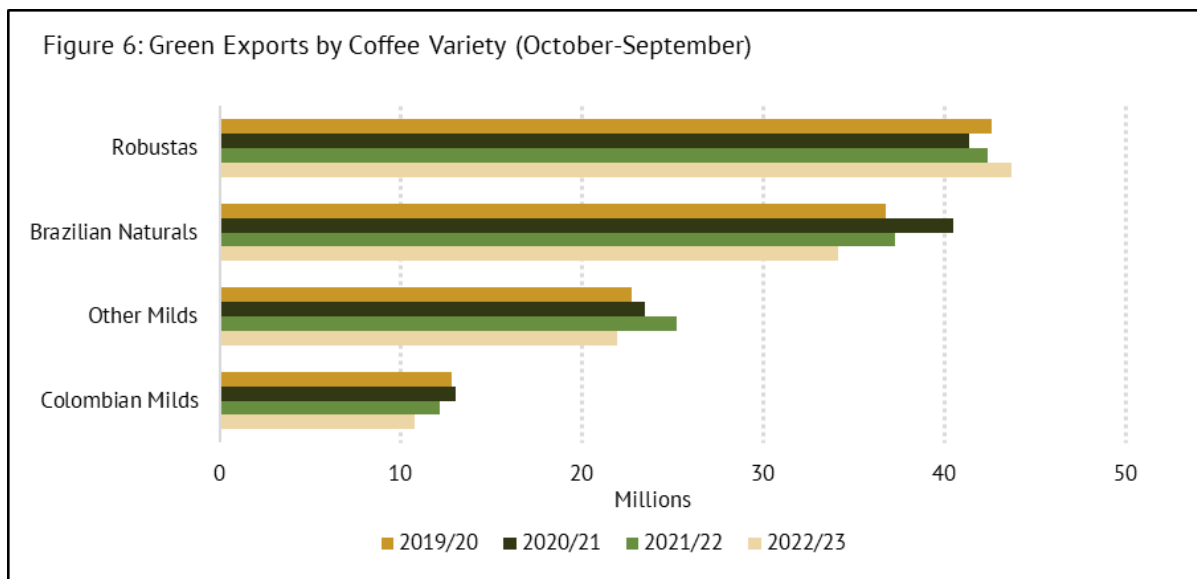
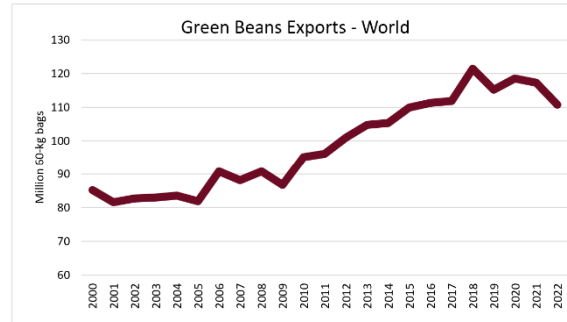
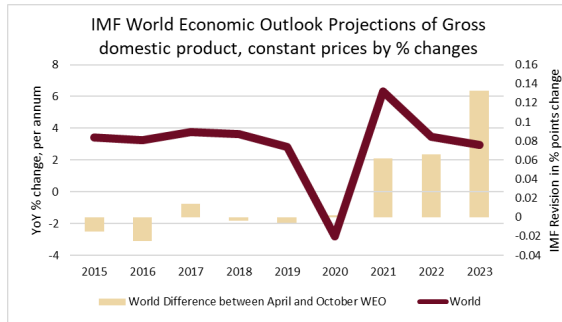
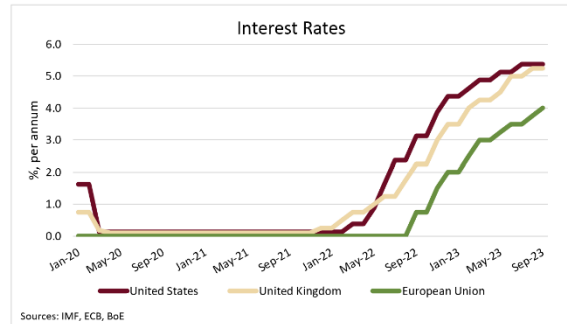
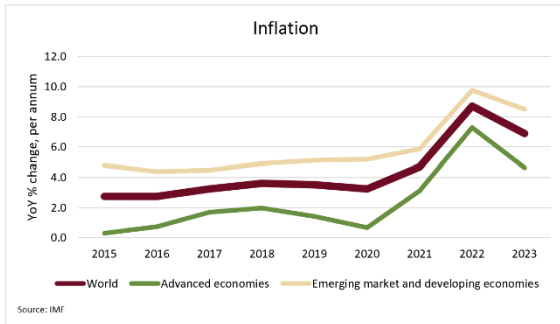
The Colombian Milds' and Other Milds' volatility also increased to 6.8% and 7.6%. Meanwhile, the Brazilian Naturals' volatility rose by 0.5 percentage points to 8.6% from September to October 2023. The Robustas presented the smallest volatility increase, with a 0.1 percentage point gain, averaging 7.5% for the month of October. The London Futures market's volatility decreased by 0.6 percentage points to 6.7%. Lastly, the New York futures market's volatility moved in the opposite direction to that of London, expanding by 0.4 percentage points and reaching 8.1%.



The New York and London certified stocks moved in the same downward direction, where London retracted by 7.9% to 0.67 million 60-kg bags, whilst certified stocks of Arabica coffee reached 0.44 million 60-kg bags, a 10.7% decrease and the lowest figure since October 2022.

Exports by Coffee Groups – Green Beans

Global green bean exports in September 2023 totalled 7.8 million bags, as compared with 8.83 million bags in the same month of the previous year, down 11.6%. For coffee year 2022/23, exports of green beans were down 5.5% to 110.81 million bags from 117.28 million bags in coffee year 2021/22. The global macro-economic environment was not conducive to consumer confidence in coffee year 2022/23, with global inflation and interest rates in many of the key advanced economies high and rising, increasing the cost of living and thus reducing disposable income levels for a very large section of the world. These conditions seemingly support a downturn in the consumption of coffee and consequently in global exports of green beans. Nevertheless, the global economy was not only projected to expand in calendar year 2023, but the outlook was also raised between April–October 2023 by the International Monetary Fund (IMF), which suggests otherwise. The drop in global exports of green beans in coffee year 2022/23 may therefore lie more with logistics/the supply chain than the economy and actual consumption of coffee. Average green bean exports amounted to 118.13 million bags in coffee years 2018/19–2021/22, as compared with an average 109.59 million bags for coffee years 2014/15–2017/18, a jump of 8.54 million bags. This suggests a build-up of stocks in non-producing countries which have been heavily drawn down in the past 12 months.



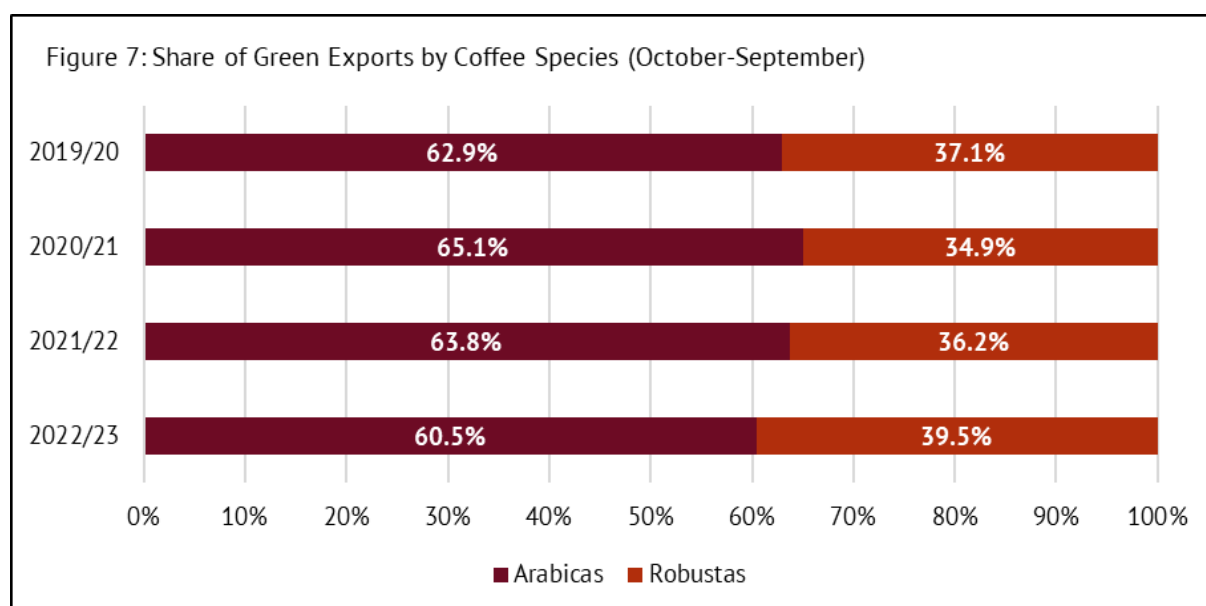
Shipments of the Other Milds decreased by 13.1% in September 2023 to 1.57 million bags from 1.8 million bags in the same period last year. For coffee year 2022/23, exports of the Other Milds were down 12.1% to 22.11 million bags from 25.16 million bags in coffee year 2021/22. **Green bean exports of the Brazilian Naturals decreased in September 2023, falling by 13.4% to 2.69 million bags.** For coffee year 2022/23, exports of the Brazilian Naturals were down 8.5% to 34.17 million bags from 37.33 million bags in coffee year 2021/22. **Exports of the Colombian Milds increased by 6.7% to 0.87 million bags in September 2023** from 0.82 million bags in September 2022. For coffee year 2022/23, exports of the Colombian Milds were down 11.2% to 10.77 million bags from 12.14 million bags in coffee year 2021/22. For coffee year 2022/23, total green bean exports of the Arabicas were down 10.1% to 67.05 million bags from 74.63 million bags in coffee year 2021/22.

Overall, for the Arabicas, exports were seemingly negatively affected by the drawdown of stocks in consuming countries, with buyers staying away from the markets in coffee year 2022/23. Furthermore, substitution towards the more competitively priced Robustas, induced by the increased cost of living and reduced disposable income, would have also added to the downturn (see [Green Coffee Price](#)).

Exports of the Colombian Milds fell below the 11.0 million bags mark for the first time since coffee year 2012/13. These exports were primarily driven by Colombia, the main origin of this group of coffee, and weather-related disruption affected supply throughout most of coffee year 2022/23. Indeed, Colombia’s green bean exports contracted for the first 11 months of coffee year 2022/23, with only September 2023 showing an expansion. Figures for the year show that, overall, the country’s exports declined 13.1% to 9.42 million bags, the first time they have dropped below 10.0 million bags since coffee year 2013/14.

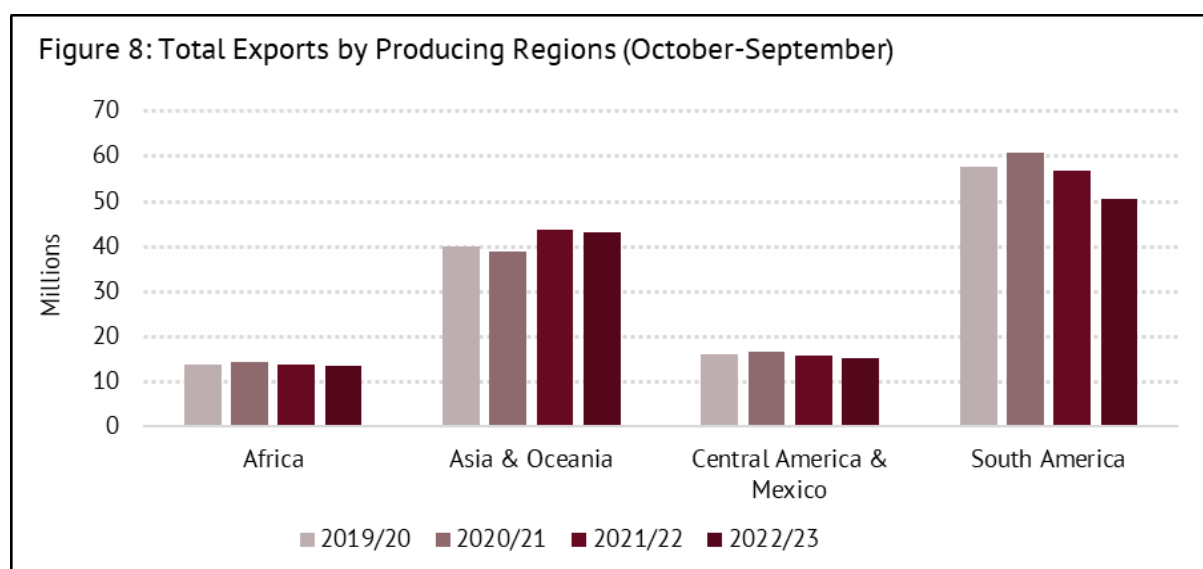
Green bean exports of the Robustas amounted to 2.67 million bags in September 2023, as compared with 3.09 million bags in September 2022, down 13.8%. For coffee year 2022/23, exports of the Robustas were up 2.6% to 43.76 million bags from 42.66 million bags in coffee year 2021/22. Of the four groups of coffee, the Robustas were the only group to experience positive growth in coffee year 2022/23, benefitting from macro-economic-induced substitution away from less competitively priced Arabicas.

The September 2023 exports represent the lowest September volume for the Robustas since the 2.58 million bags shipped in 2012, and were a result of the 43.4% decrease in exports from Vietnam, the world’s largest producer and exporter of the group, which only shipped 0.81 million bags – the lowest September exports since 2008 (0.79 million bags). Vietnam has been struggling with supply since the start of Q4 of coffee year 2022/23, when very low in-origin stock levels were reported at a time when the start of the harvest still remained three to four months away. The low September 2023 export levels appear to be a continuation of the industry’s deepening struggle with supply issues.



Exports by Regions – All Forms of Coffee

In September 2023, South America’s exports of all forms of coffee decreased by 3.4% to 4.74 million bags. For coffee year 2022/23, the region’s exports were down 11.0% to 50.59 million bags from 56.83 million bags in coffee year 2021/22. The region’s two largest producers and exporters, Brazil and Colombia, saw their total exports fall by 7.9% and 12.8%, respectively. South America’s fortunes are closely tied to the fortunes of the Arabicas and many of the same factors that explain the latter’s double-digit fall also explain the former’s. After all, from coffee year 2018/19 to 2022/23, 93.2% of the total green bean exports from South America were Arabicas, on average. Drawdown of stocks in consuming countries and substitution towards the Robustas are the two main factors. Two specific and additional factors are that (i) Brazil’s export performance was poor due to its relatively limited supply following two consecutive years of below-par harvests; and (ii) Colombia struggled with weather-impacted supply conditions that negatively affected the origin’s export volume.



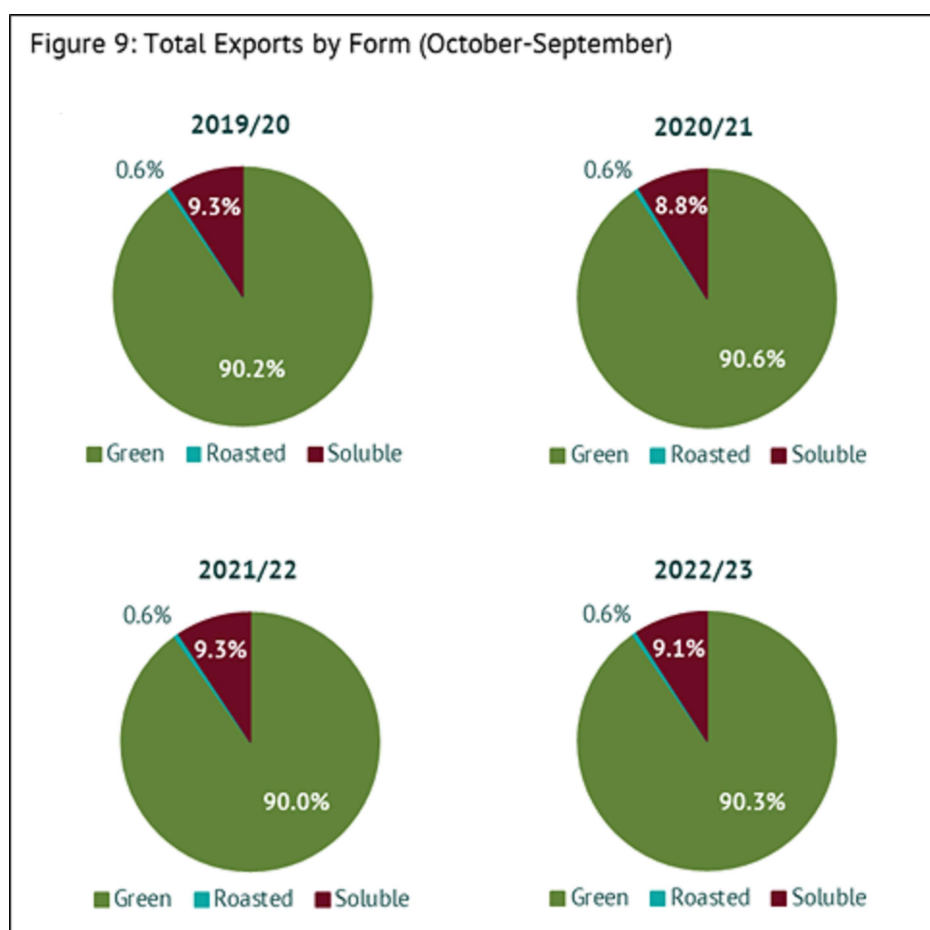
Exports of all forms of coffee from Africa decreased by 1.9% to 1.21 million bags in September 2023 from 1.23 million bags in September 2022. For coffee year 2022/23, the region’s exports were down 1.4% to 13.53 million bags from 13.73 million bags in coffee year 2021/22. The relatively strong global demand for Robustas was the fundamental source of Africa’s positive export growth rate in coffee year 2022/23. Moreover, particularly during Q4 of coffee year 2022/23, the reduced volume of exports from the Asia & Oceania region, and more pointedly from Vietnam, strengthened Africa’s own export performance. Uganda, the largest producer and exporter of Robusta coffee in Africa, took the opportunity to fill the gap in the market left by Vietnam and the Asia & Oceania region as a whole.

In September 2023, exports of all forms of coffee from Mexico & Central America were down 9.2% to 0.74 million bags as compared with 0.81 million bags in September 2022. For coffee year 2022/23, the region’s exports were down 3.1% to 15.3 million bags from 15.78 million bags in coffee year 2021/22. The downturn was primarily driven by Guatemala and Mexico, which suffered 11.5% and 16.5% decreases, respectively. However, the mitigating factor that limited the region’s fall in exports to a low single-digit decrease was Honduras’ 13.5% increase.

Exports of all forms of coffee from Asia & Oceania decreased by 35.7% to 1.91 million bags in September 2023 as compared with 2.98 million bags in September 2022. For coffee year 2022/23, the region's exports were down 0.9% to 43.56 million bags from 43.95 million bags in coffee year 2021/22. Asia & Oceania's fortunes are closely tied to the fortunes of the Robustas and many of the same factors that explain the latter's single-digit increase also explain the former's. From coffee year 2018/19 to 2022/23, 89.1% of the total green bean exports from Asia & Oceania were Robustas, on average. In coffee year 2022/23, Vietnam's exports were up 0.4% to 28.29 million bags from 28.19 million bags in coffee year 2021/22.

Exports of Coffee by Forms

Total exports of soluble coffee decreased by 27.3% in September 2023 to 0.75 million bags from 1.03 million bags in September 2022. For coffee year 2022/23, soluble coffee exports were down 5.7% to 11.47 million bags from 12.16 million bags in coffee year 2021/22.



Soluble coffee's share in the total exports of all forms of coffee for the year to date was 8.7% in September 2023, down from 10.4% for the same period a year ago. For coffee year 2022/23, soluble coffee's share of the total exports was 9.3%, the same as in coffee year 2021/22. Brazil is the largest exporter of soluble coffee, having shipped 0.27 million bags in September 2023 and 3.77 million bags in coffee year 2022/23.

Exports of roasted beans were down 26.7% in September 2023 to 55,203 bags, as compared with 75,355 bags in September 2022. For coffee year 2022/23, roasted coffee exports were down 16.0% to 0.71 million bags from 0.84 million bags in coffee year 2021/22.

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

	ICO Composite	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	New York*	London*
Monthly averages							
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
Sep-23	153.13	184.98	183.52	154.19	123.89	153.55	109.14
Oct-23	151.94	185.97	183.95	155.52	118.83	155.91	105.40
% change between Sep-23 and Oct-23							
	-0.8%	0.5%	0.2%	0.9%	-4.1%	1.5%	-3.4%
Volatility (%)							
Sep-23	6.3%	6.5%	6.8%	8.1%	7.4%	7.7%	7.3%
Oct-23	6.3%	6.8%	7.6%	8.6%	7.5%	8.1%	6.7%
Variation between Sep-23 and Oct-23							
	0.0	0.3	0.8	0.5	0.1	0.4	-0.6

* Average prices 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*
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
Sep-23	1.46	30.79	61.09	29.33	59.63	30.30	44.41
Oct-23	2.02	30.45	67.14	28.43	65.12	36.69	50.51
% change between Sep-23 and Oct-23							
	38.5%	-1.1%	9.9%	-3.1%	9.2%	21.1%	13.7%

* 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

	Sep-22	Sep-23	% change	Year to Date Coffee Year		
				2021/22	2022/23	% change
TOTAL	9,936	8,608	-13.4%	130,287	122,988	-5.6%
Arabicas	6,353	5,592	-12.0%	81,402	73,658	-9.5%
<i>Colombian Milds</i>	925	971	4.9%	13,317	11,850	-11.0%
<i>Other Milds</i>	2,097	1,739	-17.1%	27,921	24,894	-10.8%
<i>Brazilian Naturals</i>	3,331	2,883	-13.5%	40,164	36,914	-8.1%
Robustas	3,583	3,016	-15.8%	48,885	49,329	0.9%

In thousand 60-kg bags

Monthly trade statistics are available upon subscription

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

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
New York	0.59	0.87	0.91	0.86	0.80	0.74	0.66	0.60	0.58	0.57	0.49	0.44
London	1.45	1.08	1.04	1.19	1.27	1.31	1.39	1.25	0.89	0.58	0.73	0.67

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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