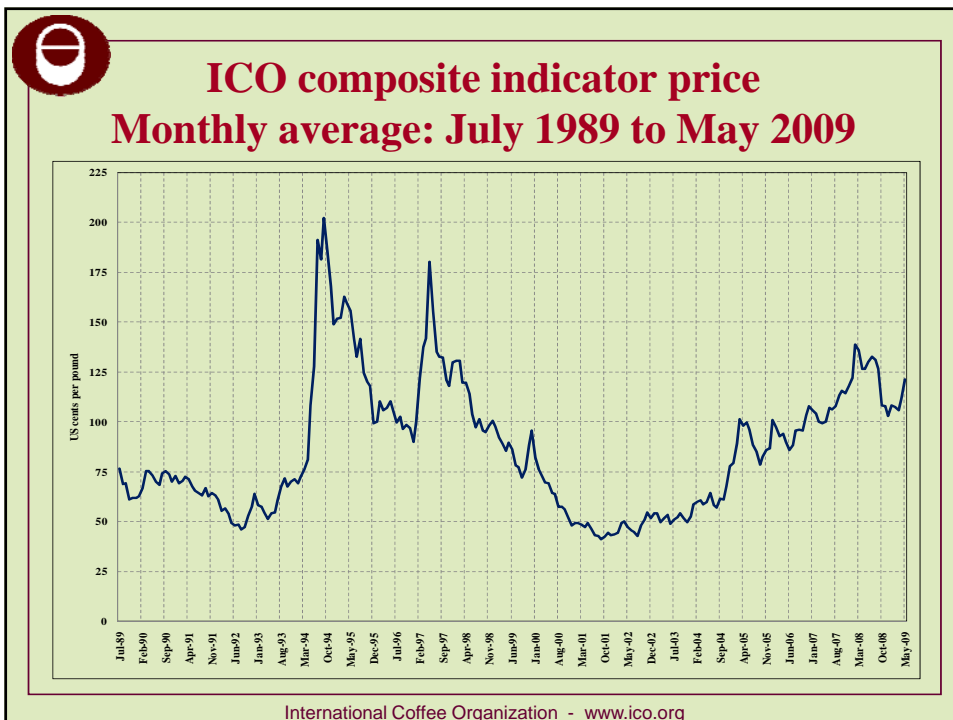
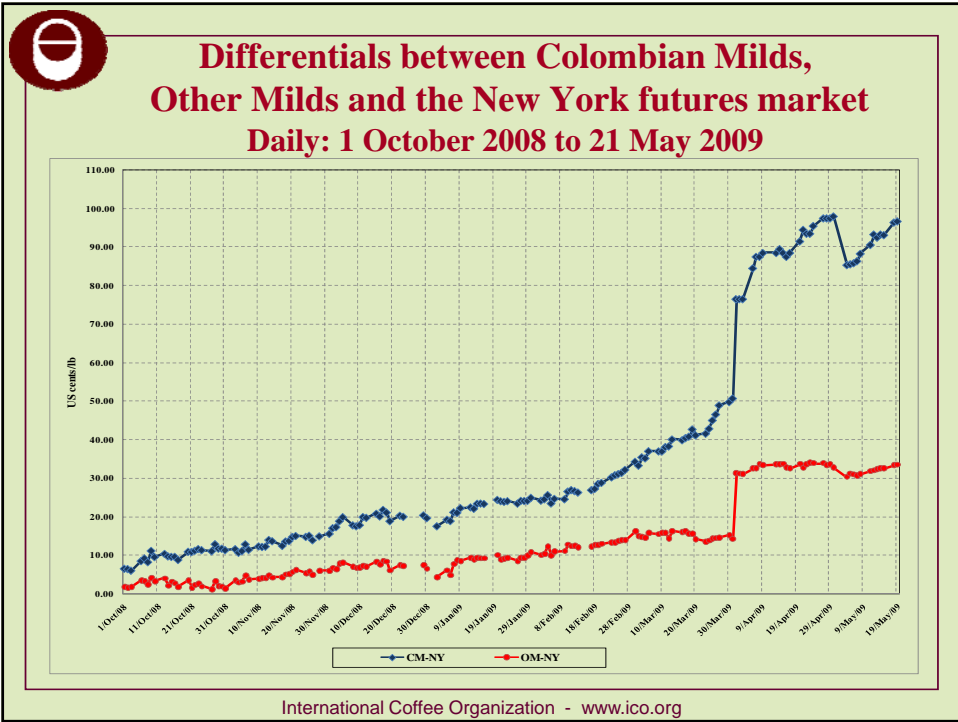
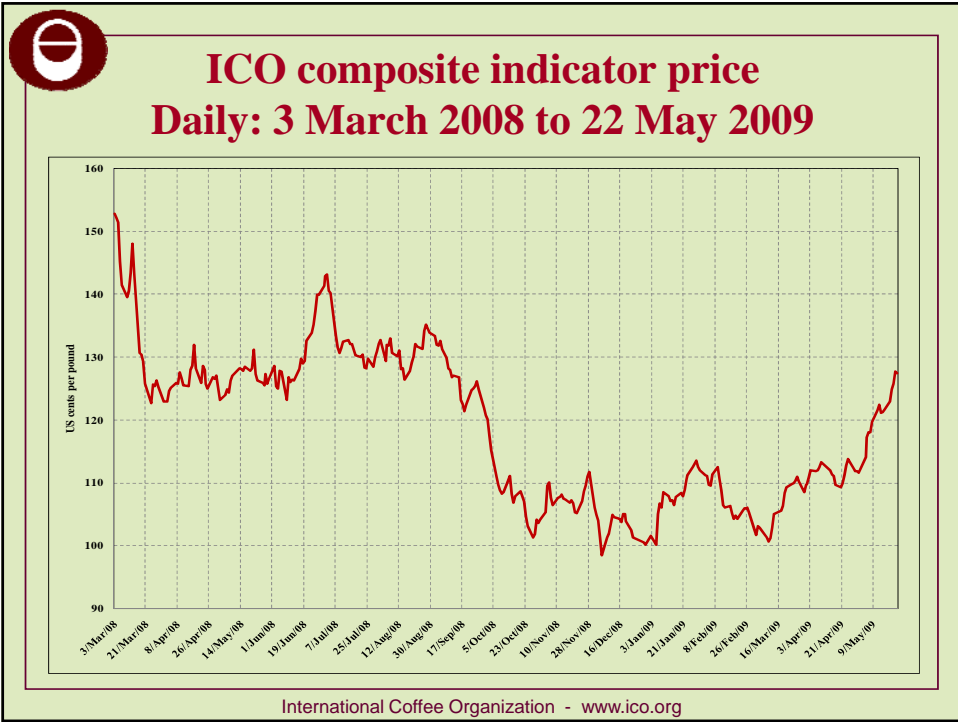


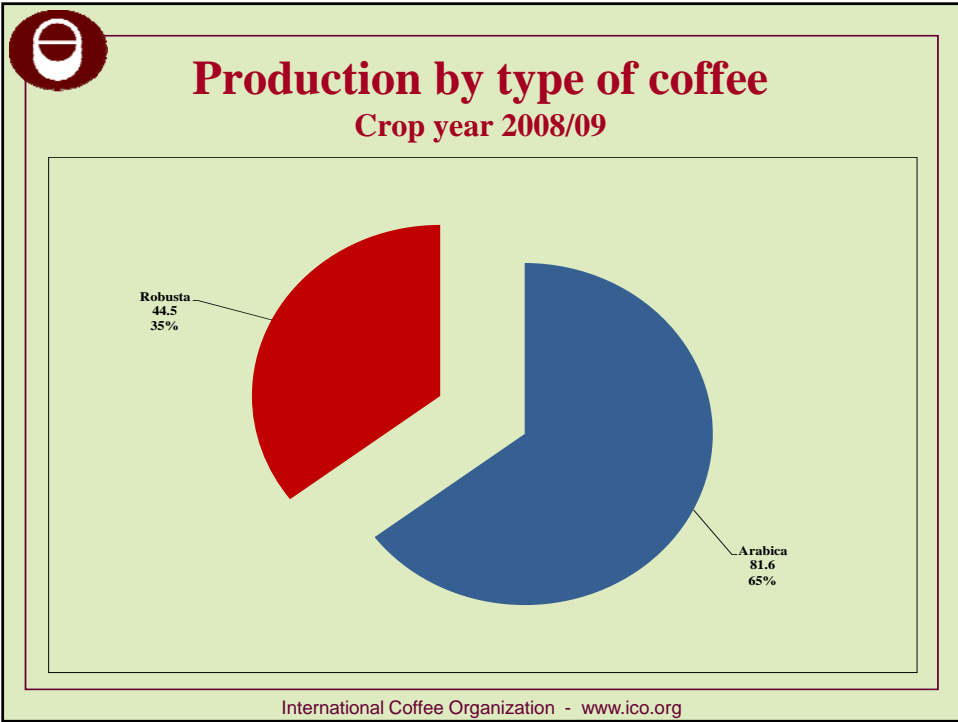
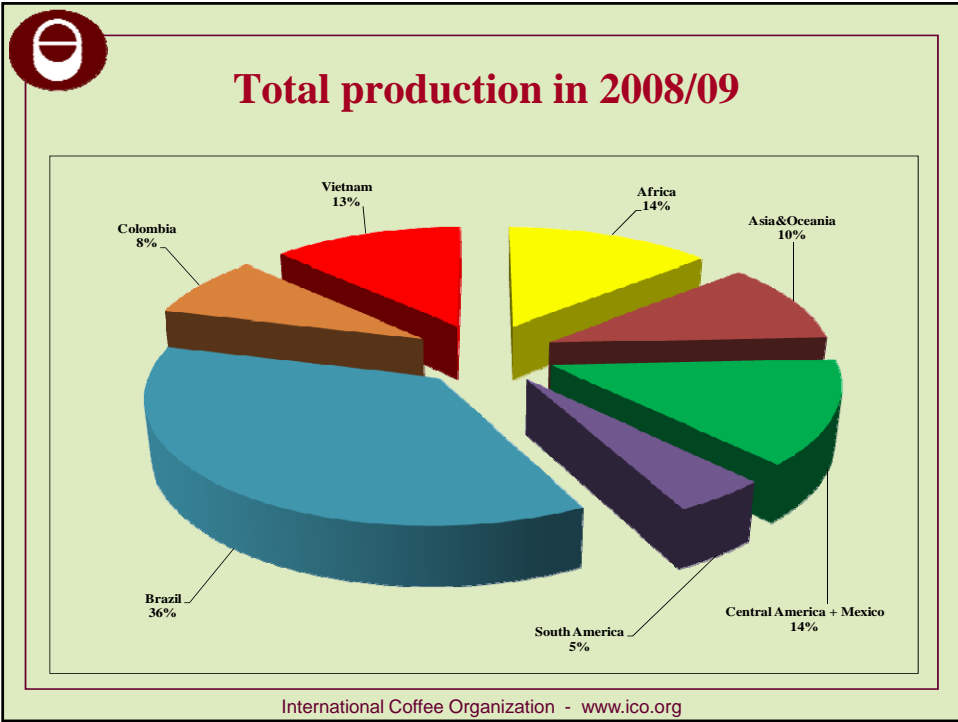
The outlook for coffee in the context of the world economic crisis

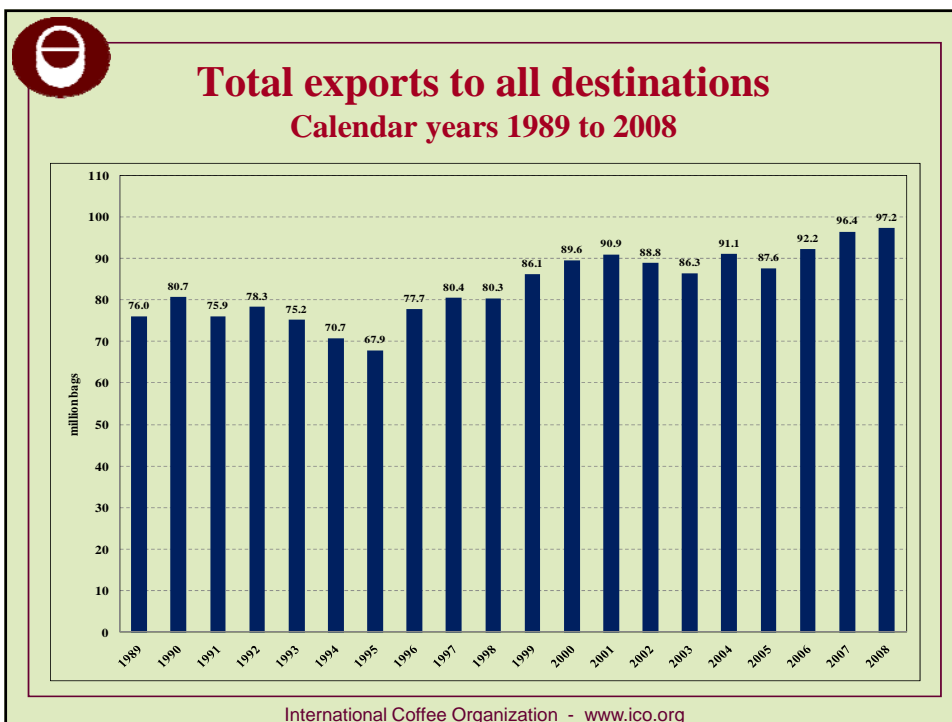
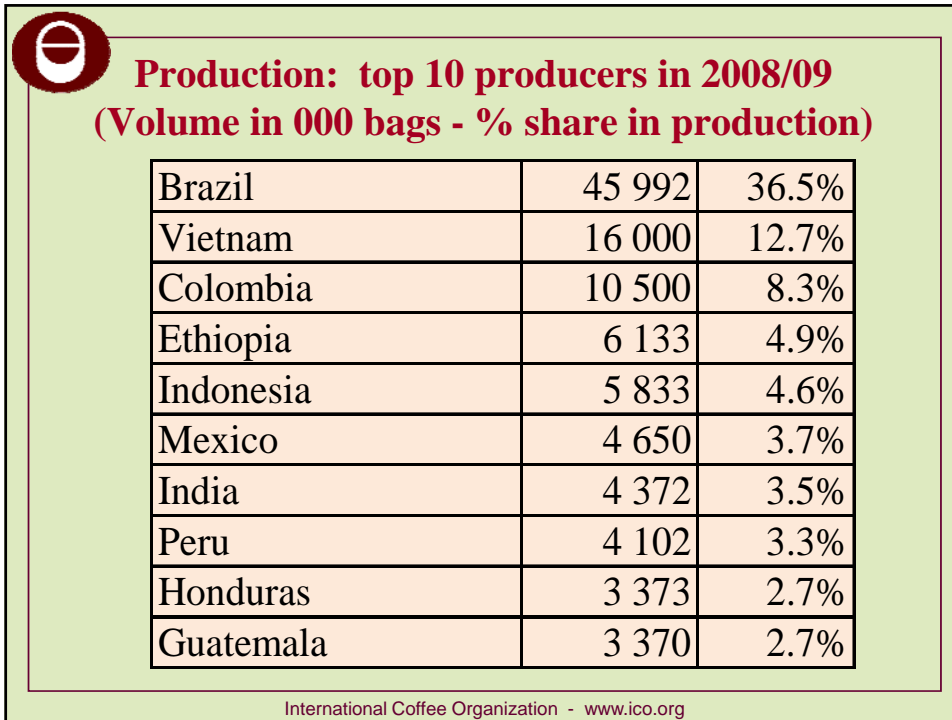
**Green Coffee Association Convention
4 June 2009
New York City**

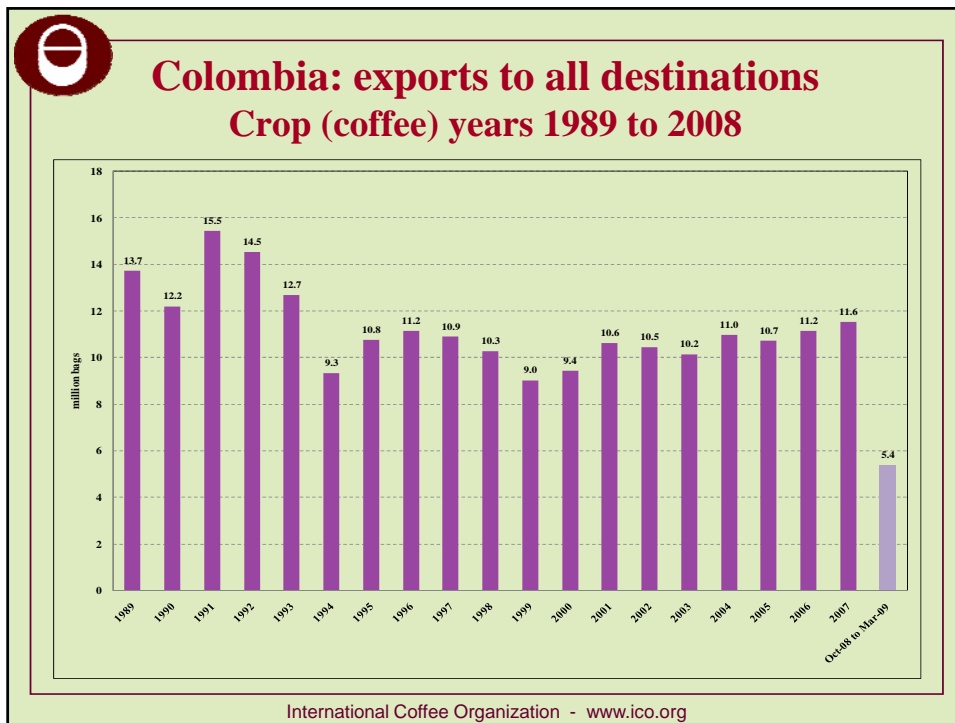
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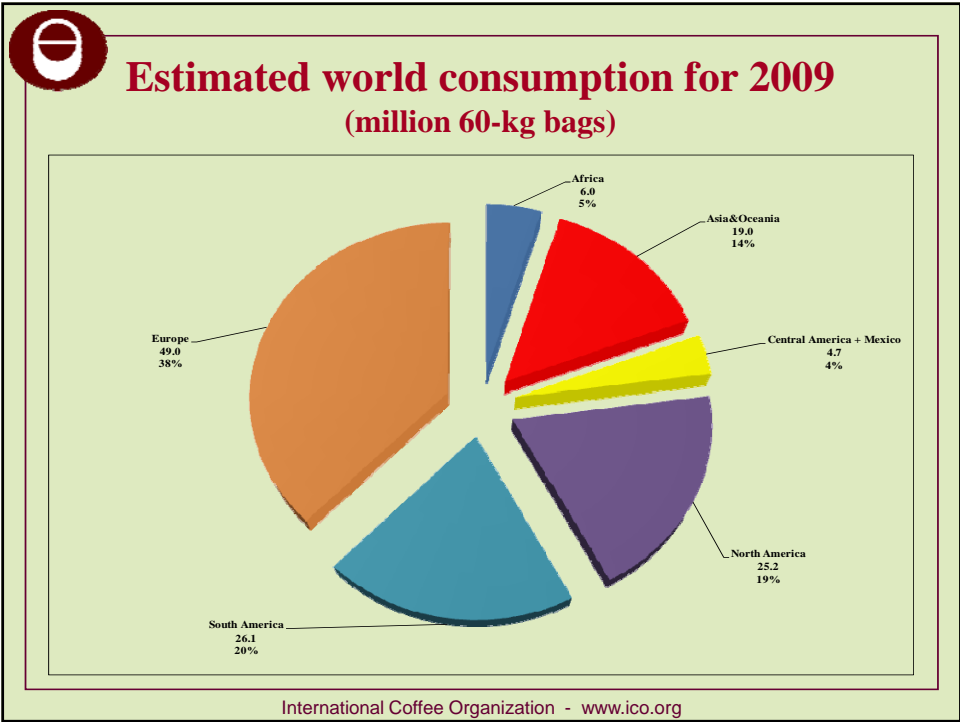
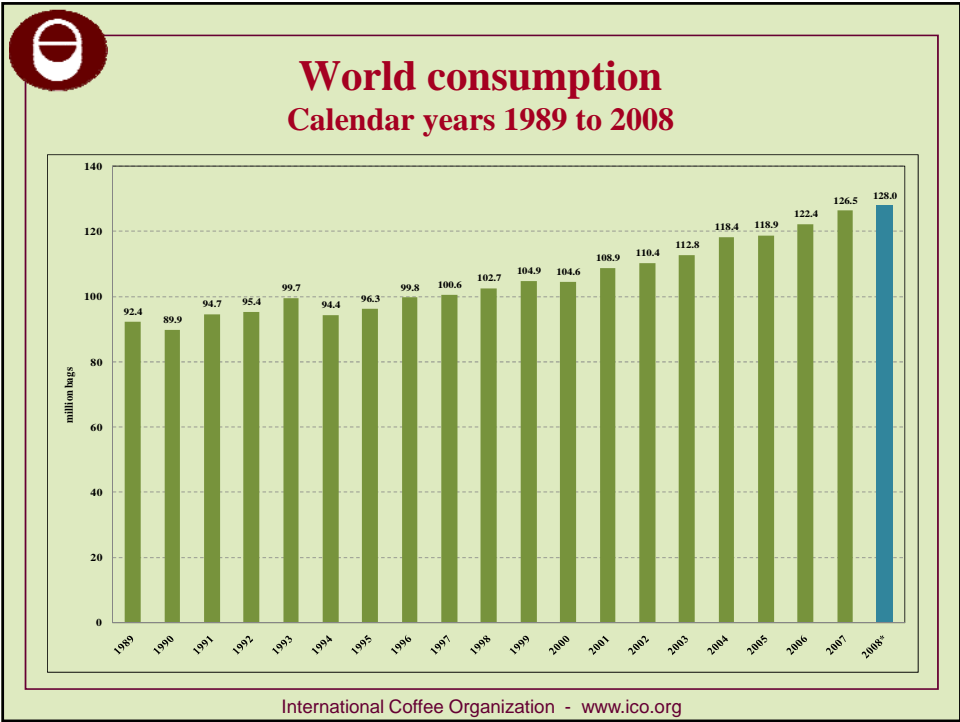


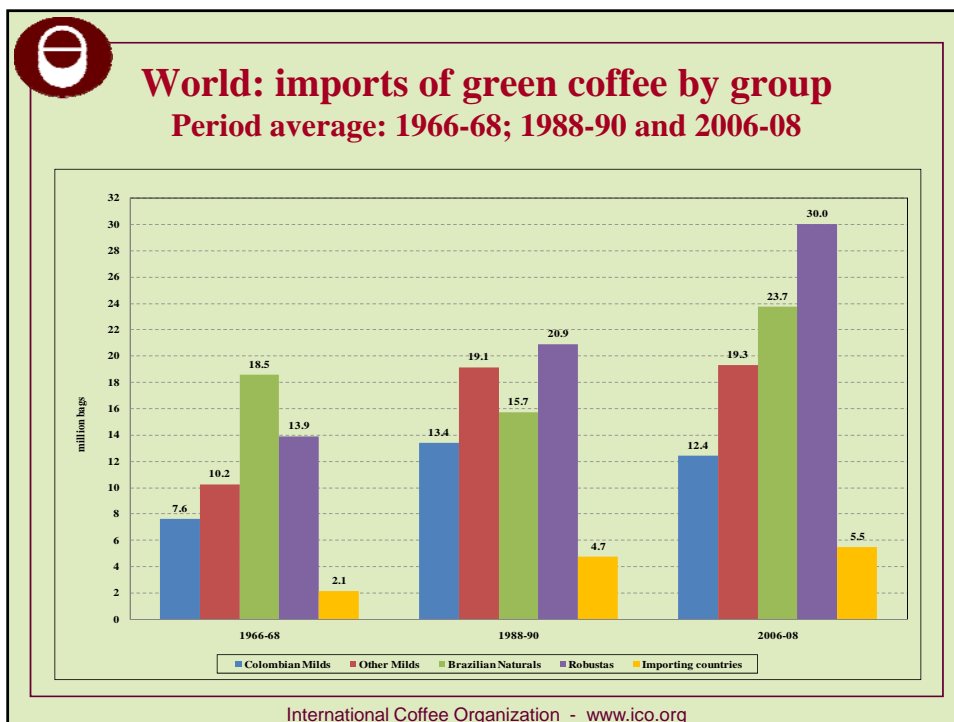
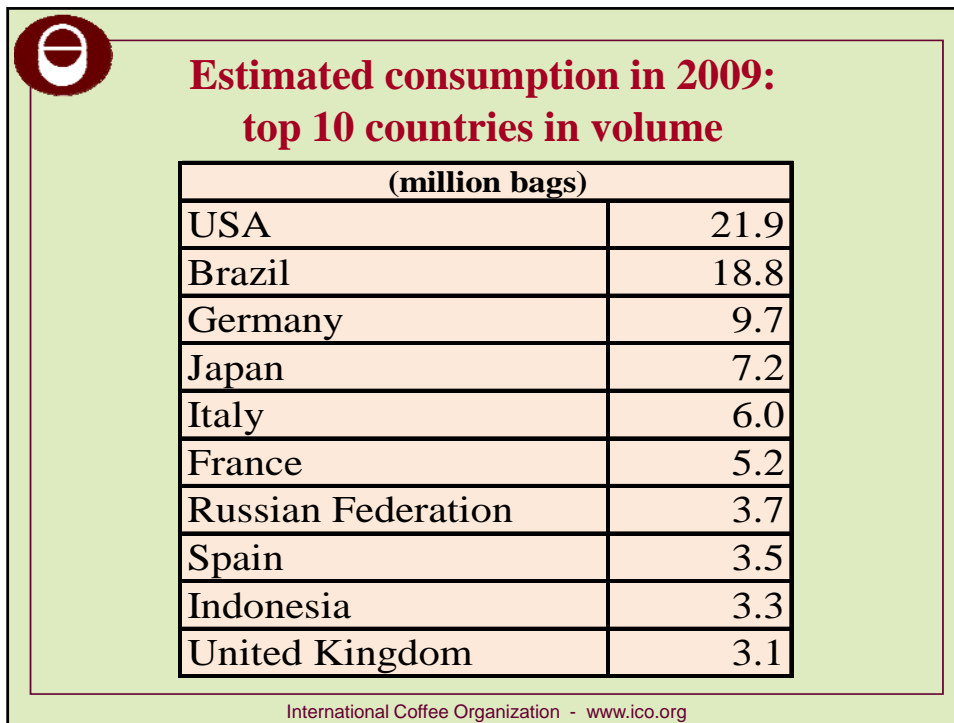


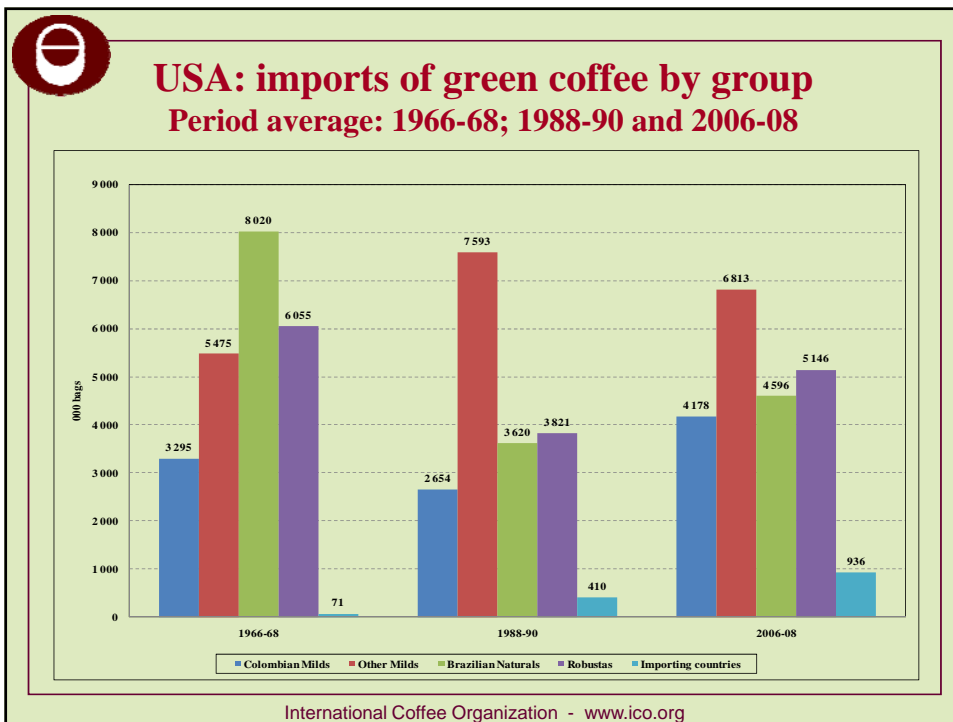
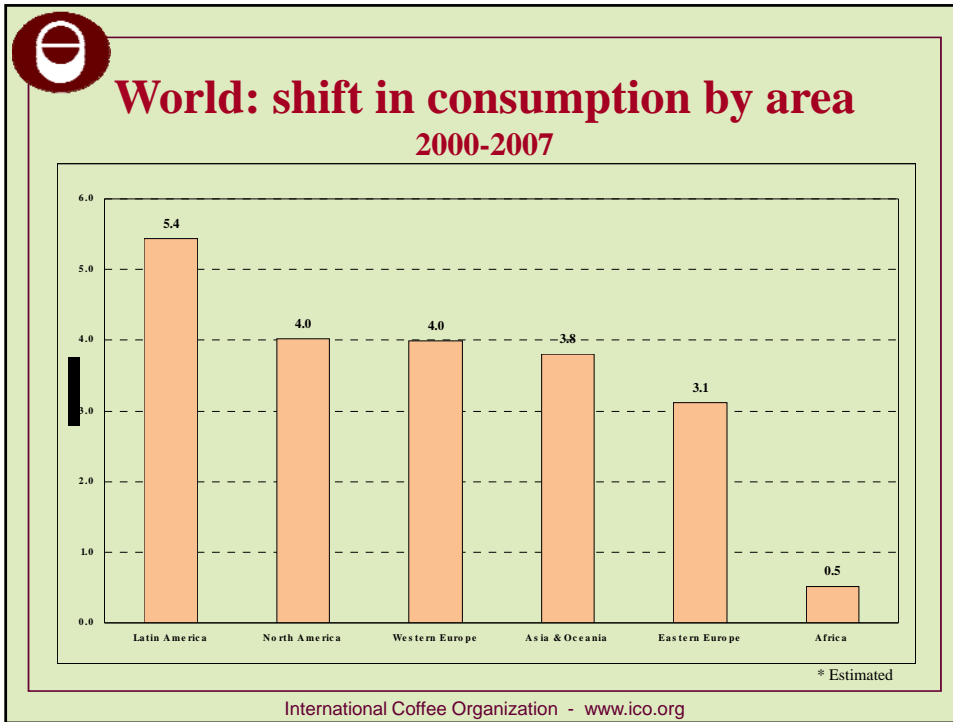


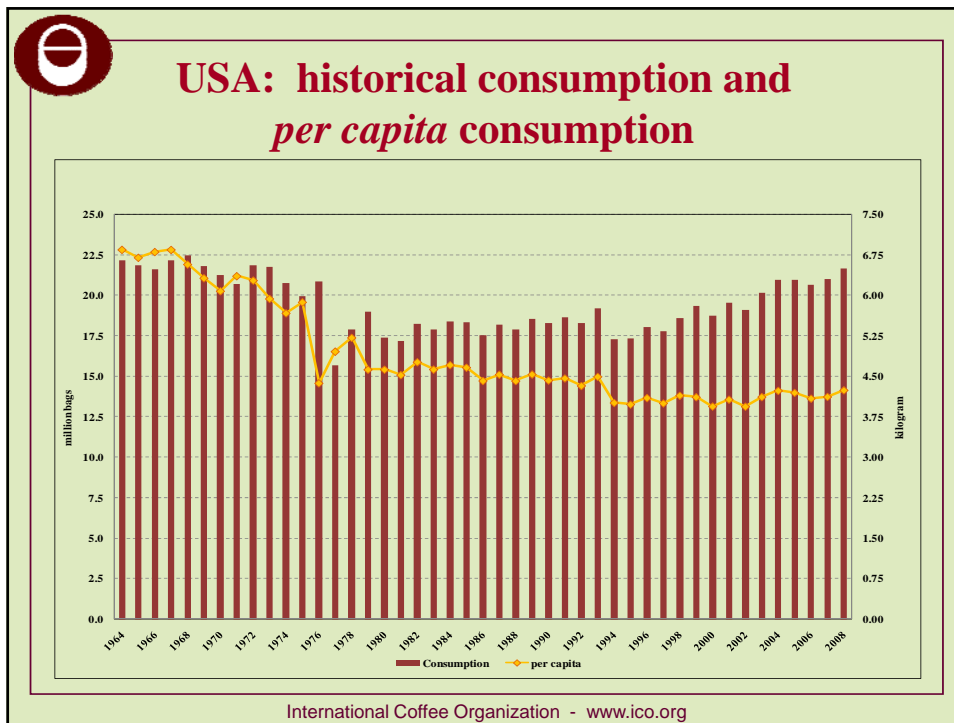













 **Outlook 2009: Supply 1**

- ▶ Production costs
 - Steadily rising in recent years
 - Prices of key inputs (fertilizers + oil) now declining
 - Labor costs remain at high levels

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Outlook 2009: Supply 2

- Influence of exchange rates:
 - In countries with exchange rate linked to the US\$, coffee prices have fallen in local currency and production has become less attractive
 - In countries with flexible exchange rates, coffee prices in local currency show little change


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Outlook 2009: Demand 1 Developed country markets

- 58% of world consumption
- Shift in types of coffee consumed (“downtrading”):
 - Out-of-home to in-home
 - Higher price to lower price with possible impact on market for specialty coffee
- Effect on overall volume of consumption expected to be limited


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Outlook 2009: Demand 2 Producing country markets

- ▶ 26% of world consumption
- ▶ Influence of exchange rates:
 - In countries with exchange rate linked to the US\$, coffee prices have fallen in local currency and internal consumption may be stimulated
 - In countries with flexible exchange rates, prices almost unchanged in local currency
- ▶ Effect on overall volume of consumption likely to be limited

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Outlook 2009: Demand 3 Emerging markets

- ▶ 18% of world consumption
- ▶ Vulnerabilities:
 - Coffee still a “luxury” good
 - Possible devaluations of local currencies vs. US\$ may increase coffee prices to consumers
 - Macroeconomic dislocations (unemployment, lack of credit) may reduce demand
- ▶ Effect on consumption still uncertain

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Outlook 2009: Prices

- Short-term:
 - Low production in Colombia and Central America raises differentials of washed Arabicas
 - Market heavily influenced by exogenous factors (stock exchanges, exchange rates)
- Medium-term:
 - Low 2009/10 Brazil crop tends to support prices

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Thank you

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