

Coffee Market Report

December 2021



INTERNATIONAL
COFFEE
ORGANIZATION

Coffee price breaks through the 200 US cents/lb mark in a decade long high

In December 2021, coffee prices reached a new multi-year high as the monthly average of the ICO composite indicator price broke through the 200 US cents/lb mark, averaging 203.06 US cents/lb. Thus, this is an increase of 4.0% as compared to 195.17 US cents/lb in November 2021. The price levels during coffee year 2021/22 so far mark a return to the higher levels experienced in 2011.

As coffee prices continued to increase, intra-day volatility in December 2021 of the ICO composite indicator price increased by 0.6 percentage points to 10.1% in December 2021.

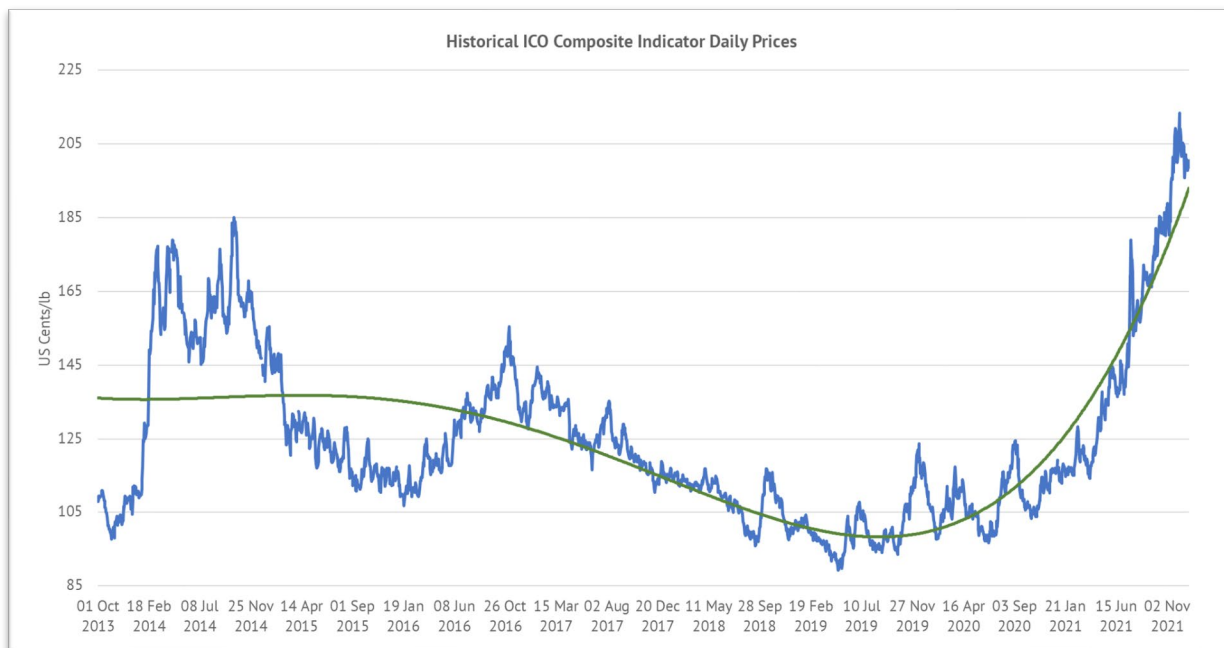
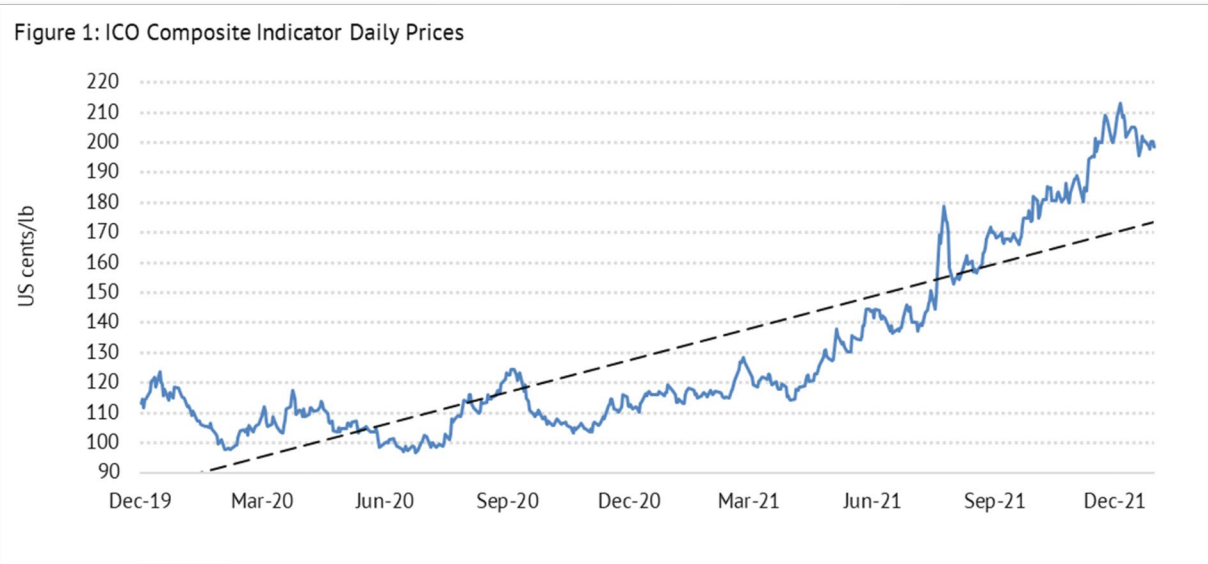
Exports of all forms of coffee in November 2021 totalled 9.25 million 60-kg bags, down 12.4% in comparison to 10.56 million bags in November 2020. In the first two month of coffee year 2021/22, exports of South America decreased significantly by 24.4% to 9.67 million 60-kg bags as compared to 12.79 million bags in October-November 2020. Shipments from Asia & Oceania over the first two month of coffee year 2021/22 was 6.21 million bags versus 5.08 million bags in October-November 2020. In the first two month of coffee year 2021/22, exports of South America decreased by 24.4% to 9.67 million 60-kg bags as compared to 12.79 million bags in October-November 2020. Exports by Africa decreased by 1.8% to 2.05 million bags in October-November 2021 as compared to 2.09 million bags in the same period in 2020/21.

In terms of exports by groups of coffee, Arabica suffered from a 20.8% fall in November 2021, dropping down to 5.72 million bags from 7.22 million bags in November 2020 whereas Robusta exports was 3.53 million bags.

Estimates of total production for coffee year 2020/21 has been revised up marginally to 169.66 million 60-kg bags, representing a 0.4% increase as compared to 169.00 million bags during the previous coffee year.

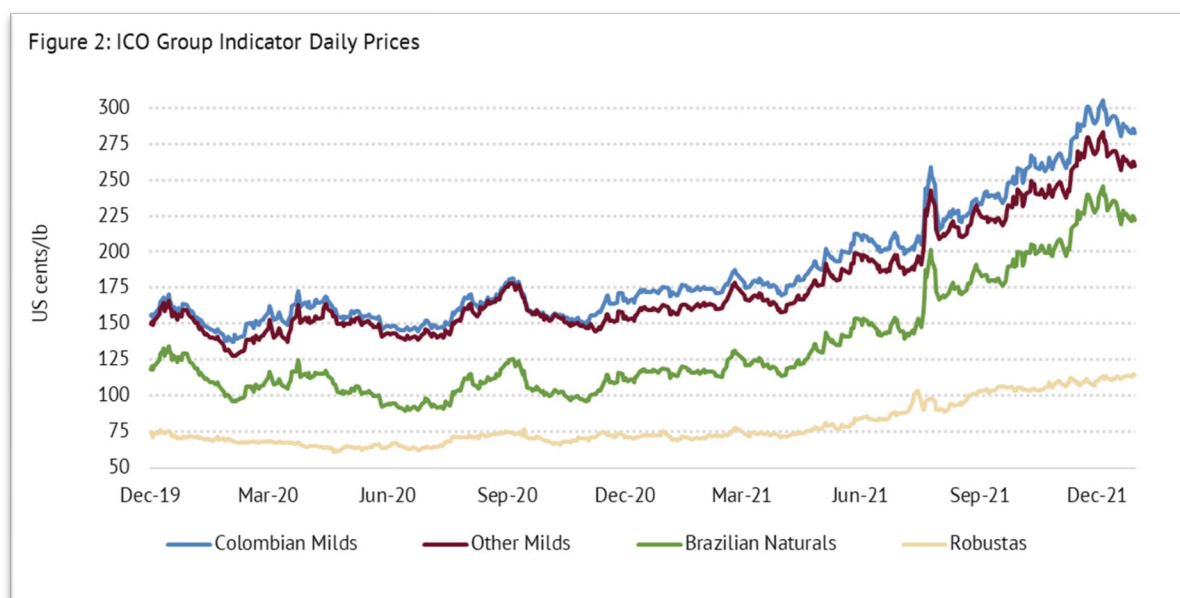
Since January 2021, when the ICO Composite Indicator was at 115.73 US cents/lb, an increase of 75.5% has been recorded to December 2021, when **the average price reached a decade long high since September 2011, which averaged 213.04 US cents/lb.** The steady and consistent

upward trend observed since the start of coffee year 2020/21 shows how after ten consecutive years of low-price levels a remarkable recovery of coffee prices has occurred, breaching the 200 US cents/lb mark.



The highest increase occurred in the Brazilian Naturals Group indicator price, which reached 230.26 US cents/lb, an increase of 5.2% as compared to 218.90 US cents/lb registered in the previous month. This equates to almost a doubling in price since January 2021 where the Brazilian Naturals were priced at 116.69 US Cents/lb. The price for the Colombian Milds increased by 3.9% to 290.57 US cents/lb in December 2021 as compared to 279.56 US cents/lb in November

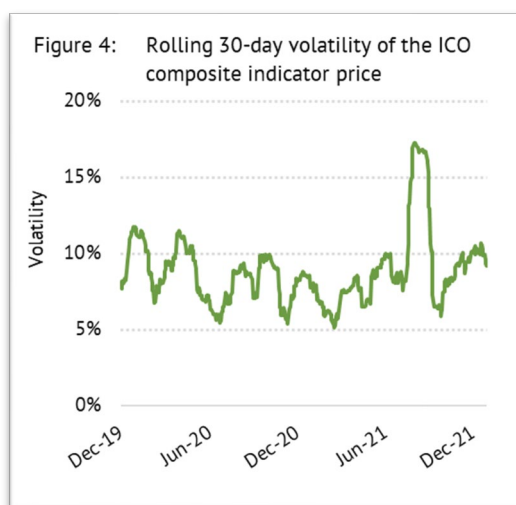
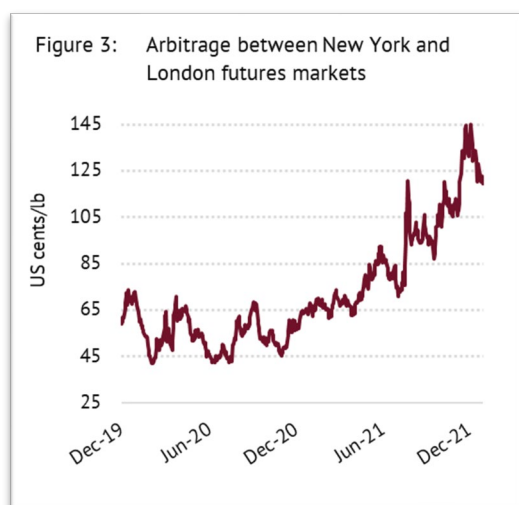
2021. Prices for the Other Milds increased by 3.4% to 267.71 US cents/lb in December 2021, as compared to 258.95 US cents/lb in the previous month. Robustas, priced at 112.76 US cents/lb in December, showed the lowest growth of all groups, increasing by 3.1% in the past month.



The differential between the Colombian Milds and Other Milds increased by 11.0% since November 2021 to 22.86 US cents/lb in December 2021. The differential between the Colombian Milds and Brazilian Naturals decreased by 0.6%, to 60.31 US cents/lb in December 2021. The differential between the Colombian Milds and Robustas increased by 4.5%, from 170.16 cents/lb in November 2021 to 177.81 US cents/lb in December 2021. The differential between the Other Milds and Brazilian Naturals decreased by 6.5% to 37.45 US cents/lb in December 2021 from 40.06 US cents/lb in November 2021. The arbitrage between Arabica and Robusta coffees, as measured on the New York and London futures markets, increased by 5.1% to 130.00 US cents/lb in December 2021, as compared with 123.64 US cents/lb in November 2021.

As coffee prices continued to increase, intra-day volatility in December 2021 of the ICO composite indicator price increased by 0.6 percentage points to 10.1% in December 2021. The Brazilian Naturals indicator showed a growing volatility of 12.9% in December 2021, as compared to 11.8% in November 2021 and was the highest among all the groups. The Colombian Milds recorded a level of volatility of 9.8% in December 2021, as compared to 9.3% recorded in November 2021. Volatility for the Other Milds increased slightly from 10.2% in November 2021 to 10.4% in December 2021. The Robusta indicator showed the lowest volatility at 7.8% in December 2021. The volatility of the average of the 2nd and 3rd positions of the New York futures market was 12.3% in December 2021, as compared to 11.9% in November 2021. The volatility of London futures market decreased by 0.5 percentage points to 7.0%.

Combined certified stocks in London and New York have fallen for seven consecutive months to December 2021, down 31.5% to 3.33 million bags from 4.86 million bags in June 2021.

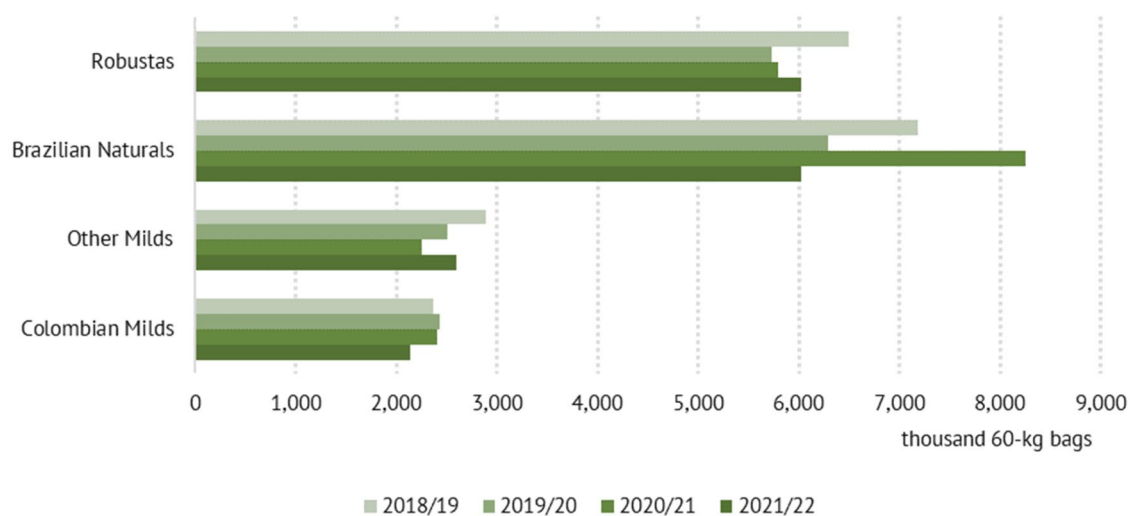


Exports of all forms of coffee in November 2021 totalled 9.25 million 60-kg bags, down 12.4% in comparison to 10.56 million bags in November 2020. The decrease in November 2021 was driven by South America, down 28.0%, outweighing the 17.6% and 29.4% increases seen in Asia & Oceania and Central America & Mexico, respectively. Brazil was the main factor in the steep fall in the November exports from South America, suffering from a 33.9% decrease. Continued difficulties with logistics, especially the availability of shipping containers, and reduced supply from farmers are the two main reasons behind the drop. India and Vietnam and Guatemala, Honduras and Nicaragua were the principal drivers of the double-digits growth in Asia & Oceania and Central America & Mexico, respectively.

In the first two month of coffee year 2021/22, exports of South America decreased by 24.4% to 9.67 million 60-kg bags as compared to 12.79 million bags in October-November 2020. Over the same period, exports by Brazil decreased by 31.4% to 6.36 million bags from 9.27 million bags. **Shipments of Asia & Oceania over the first two month of coffee year 2021/22 was 6.21 million bags versus 5.08 million bags in October-November 2020.** Exports from India and Vietnam were 1.06 million bags and 3.42 million bags in October-November 2021 as compared to 0.67 million bags and 2.90 million bags in the first two months of coffee year 2020/21.

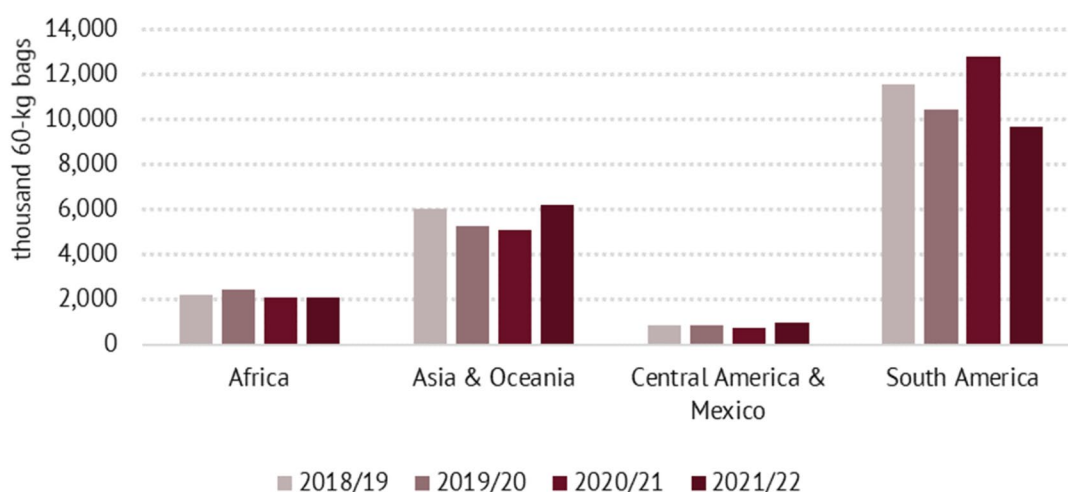
Exports from Central America and Mexico were 0.94 million bags in October-November 2021, as compared to 0.72 million bags over the same period during coffee year 2020/21. Guatemala, Honduras and Nicaragua exported 0.16 million bags, 0.18 million bags and 0.17 million bags, respectively in the first two months of the current coffee year. **Exports by Africa decreased by 1.8% to 2.05 million bags in October-November 2021 as compared to 2.09 million bags in the same period in 2020/21.** Kenya (-49.7%) and Côte d'Ivoire (-34.1%) were the two main drivers of the fall, outweighing the 17.8% increase by Tanzania, which had exported 1.01 million bags in the first two month of the current coffee year as compared to 0.86 million bags shipped over the same period in 2020/21.

Figure 5: Green Exports (October-November)

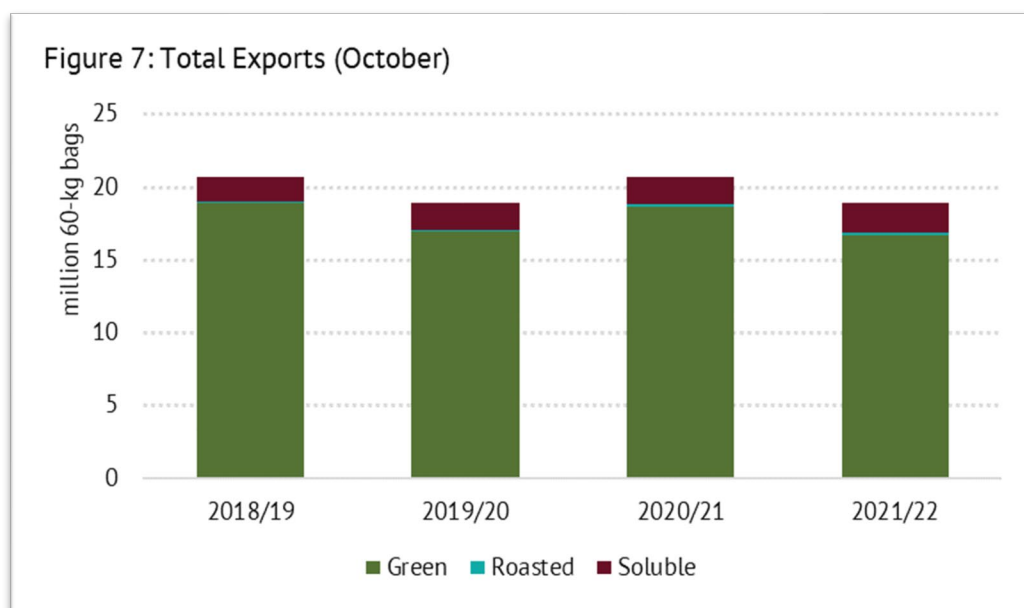


In terms of exports by groups of coffee, Arabica suffered from a 20.8% fall in November 2021, dropping down to 5.72 million bags from 7.22 million bags in November 2020. The steepest decrease was recorded by the Brazilian Naturals, down from 4.62 million bags in November 2020 to 2.94 million bags in November 2021, followed by the Colombian Milds, which dropped to 1.25 million bags from 1.38 million bags, a 8.8% fall. The Other Milds and Robustas, on the other hand, saw 23.9% and 5.7%, respectively, increases in November. As a result, the export of Arabica in the first two months of coffee year 2021/22 is 11.83 million bags and 7.04 million bags for Robustas.

Figure 6: Total Exports (October)



Exports of green coffee reached 16.71 million bags in the two months of the coffee year 2021/22, a decrease of 10.6% as compared to 18.70 million bags for the same period in coffee year 2020/21.



Estimates of total production for coffee year 2020/21 has been revised up marginally to 169.66 million 60-kg bags, representing a 0.4% increase as compared to 169.00 million bags of the previous coffee year. Arabica production is assessed to have grown by 2.3% to 99.28 million bags from 97.08 million bags in 2019/20, while the production of Robusta is gauged as 70.38 million bags, down 2.2% year-on-year from 71.92 million bags in the previous year. **World coffee consumption is assessed marginally up in volume, now estimated to have increased to 167.25 million bags in 2020/21 as compared to 164.08 million for coffee year 2019/20.** The production-consumption gap for 2020/21 is therefore reduced to 2.41 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							
Jan-21	115.73	173.42	160.69	116.69	70.71	127.59	60.54
Feb-21	119.35	176.96	166.43	120.06	73.37	129.69	63.07
Mar-21	120.36	177.49	167.05	122.16	73.86	131.72	63.90
Apr-21	122.03	181.70	168.65	124.18	74.47	134.77	63.76
May-21	134.78	199.02	186.46	140.85	79.68	152.42	69.15
Jun-21	141.03	206.53	192.45	148.12	84.85	156.43	73.16
Jul-21	152.24	218.66	204.29	160.62	94.37	168.55	81.17
Aug-21	160.14	225.40	216.24	174.89	95.18	181.93	84.72
Sep-21	170.02	240.38	225.54	183.72	104.60	191.30	94.91
Oct-21	181.57	258.87	241.06	199.98	105.24	206.05	96.36
Nov-21	195.17	279.56	258.95	218.90	109.40	223.94	100.30
Dec-21	203.06	290.57	267.71	230.26	112.76	234.14	104.14
% change between Nov-21 and Dec-21							
	4.0%	3.9%	3.4%	5.2%	3.1%	4.6%	3.8%
Volatility (%)							
Nov-21	9.5%	9.3%	10.2%	11.8%	7.4%	11.9%	7.5%
Dec-21	10.1%	9.8%	10.4%	12.9%	7.8%	12.3%	7.0%
Variation between Nov-21 and Dec-21							
	0.6	0.5	0.2	1.1	0.4	0.4	-0.5

* 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*
Jan-21	12.73	56.73	102.71	42.85	89.98	45.98	62.05
Feb-21	10.53	56.90	103.59	44.00	93.06	46.69	67.05
Mar-21	10.44	55.33	103.63	46.37	93.19	48.30	66.62
Apr-21	13.05	57.52	107.23	44.89	94.18	49.71	67.82
May-21	12.56	58.17	119.34	44.47	106.78	61.17	71.01
Jun-21	14.09	58.41	121.68	45.61	107.59	63.27	83.27
Jul-21	14.36	58.03	124.29	44.32	109.93	66.26	83.26
Aug-21	9.16	50.51	130.22	43.67	121.06	79.71	87.39
Sep-21	14.84	56.66	135.78	41.35	120.94	79.12	97.20
Oct-21	17.81	58.89	153.63	41.82	135.82	94.74	96.39
Nov-21	20.60	60.66	170.16	40.06	149.55	109.50	123.64
Dec-21	22.86	60.31	177.81	37.45	154.95	117.50	130.00
% change between Nov-21 and Dec-21							
	11.0%	-0.6%	4.5%	-6.5%	3.6%	7.3%	5.1%

* Average prices for 2nd and 3rd positions

Table 3: World Supply/Demand Balance

Coffee year commencing	2016	2017	2018	2019	2020*	% change 2019/20
PRODUCTION	160,605	167,866	170,331	169,004	169,659	0.4%
Arabica	99,940	98,188	99,926	97,082	99,284	2.3%
Robusta	60,664	69,678	70,405	71,922	70,375	-2.2%
Africa	16,836	17,459	18,584	18,731	18,758	0.1%
Asia & Oceania	47,930	52,203	48,173	49,462	48,909	-1.1%
Mexico & Central America	20,322	21,752	21,640	19,598	19,194	-2.1%
South America	75,516	76,453	81,934	81,214	82,798	2.0%
CONSUMPTION	158,532	161,795	167,191	164,077	167,247	1.9%
Exporting countries	48,334	49,686	50,245	49,995	50,493	1.0%
Importing countries (Coffee Years)	110,198	112,110	116,946	114,083	116,754	2.3%
Africa	10,668	11,286	11,942	11,700	11,943	2.1%
Asia & Oceania	34,785	35,236	35,865	35,909	36,420	1.4%
Mexico & Central America	5,194	5,273	5,431	5,347	5,381	0.6%
Europe	52,203	53,142	55,048	53,542	54,480	1.8%
North America	29,559	29,941	31,779	30,628	31,768	3.7%
South America	26,123	26,918	27,126	26,951	27,255	1.1%
BALANCE	2,073	6,070	3,140	4,927	2,412	

*Preliminary estimates

As the figures in this table are on a coffee year basis, these estimates will vary from the figures published in Table 1 of Coffee Production Report (<http://www.ico.org/prices/po-production.pdf>), which contains crop year data. For further details, see the explanatory note at the end of this report.

Table 4: Total exports by exporting countries

	Nov-20	Nov-21	%change	December-November		
				2019/20	2020/21	% change
TOTAL	10,560	9,246	-12.4%	129,107	127,042	-1.6%
Arabicas	7,223	5,719	-20.8%	80,427	79,667	-0.9%
Colombian Milds	1,375	1,255	-8.8%	13,880	13,889	0.1%
Other Milds	1,228	1,521	23.9%	24,815	26,025	4.9%
Brazilian Naturals	4,620	2,943	-36.3%	41,732	39,753	-4.7%
Robustas	3,337	3,527	5.7%	48,680	47,375	-2.7%

In thousand 60-kgbags

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- 21	Feb- 21	Mar- 21	Apr- 21	May- 21	Jun- 21	Jul- 21	Aug- 21	Sep- 21	Oct- 21	Nov- 21	Dec- 21
New York	1.75	1.92	1.97	2.07	2.21	2.33	2.32	2.31	2.27	2.01	1.72	1.67
London	2.40	2.44	2.50	2.53	2.67	2.53	2.43	2.31	2.09	1.97	1.78	1.66

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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