



International Coffee Organization  
Organización Internacional del Café  
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Organisation Internationale du Café

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## LETTER FROM THE EXECUTIVE DIRECTOR

### COFFEE MARKET REPORT

April 2007

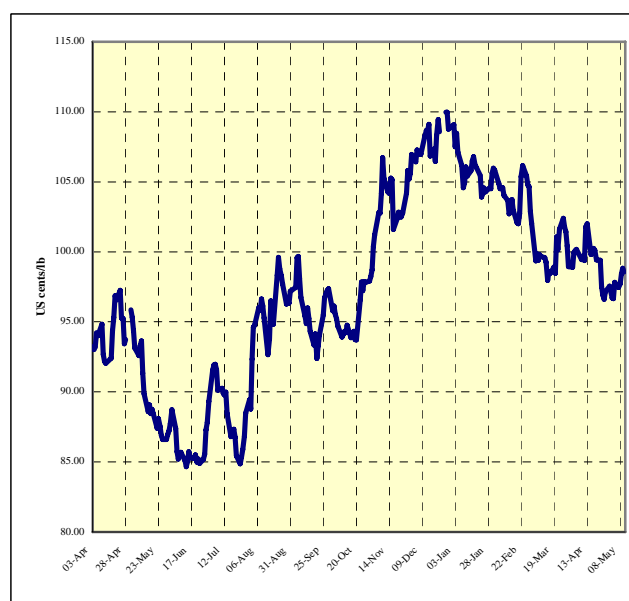
No firm trend could be discerned in the behaviour of the coffee market during April since prices recorded a succession of rises and falls. In the case of Arabicas, however, there was a slight fall in price, with the average of the 2<sup>nd</sup> and 3<sup>rd</sup> positions on the New York futures market (NYBOT) at slightly less than 2% below the average level for March. The market showed little reaction to the revised Brazilian crop estimate, which was only 1% above the first estimate published in December 2006. The revised estimate of Brazilian production for crop year 2007/08, which has just begun, gives a figure of 32.1 million bags, comprising 22.3 million bags of Arabicas and 9.8 million bags of Robustas. The coffee authorities in Vietnam have also sent me estimates giving a production of 15.5 million bags in crop year 2006/07. Colombia's estimated production for crop year 2006/07 is around 12 million bags. On the basis of these figures, I can confirm my estimate of production for crop year 2007/08 at 112 million bags compared to 121 million in 2006/07.

#### Price movements

The monthly average of the **ICO composite indicator price** was 99.30 US cents/lb in April compared to 100.09 US cents/lb in March. The monthly average of the composite indicator price has been decreasing steadily since it recorded a level of 108.01 US cents/lb in December 2006 (Table 1). The behaviour of the market at the beginning of May seems to indicate a continuation of this downward trend<sup>1</sup>. Graph 1 shows changes in the ICO daily composite indicator price since 3 April 2006.

Graphs 2 to 5 show changes in daily indicator prices for the four groups of coffee since 2 February 2007. Arabica prices were subject to a new downward correction while Robusta prices remained relatively firm during April, with the average at 79.58 US cents/lb, the highest monthly level since March 1999<sup>2</sup>.

**Graph 1: Daily composite indicator price  
3 April 2006 – 14 May 2007**



<sup>1</sup> The price recorded on 14 May was 99.28 US cents/lb.

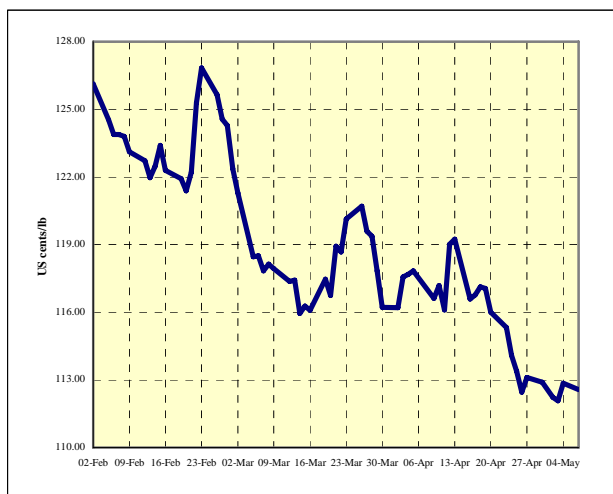
<sup>2</sup> The Robusta daily indicator price recorded on 14 May was 83.74 US cents/lb.

Table 1: ICO daily indicator prices and futures prices (US cents/lb) – April 2007

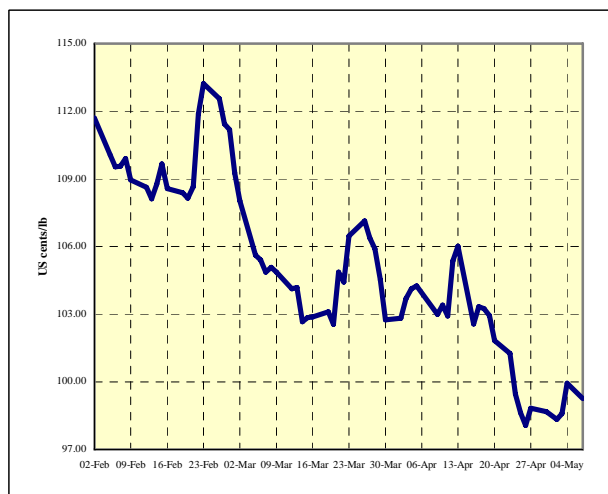
	ICO composite	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	New York*	London*
<b>Apr-07</b>							
02-Apr	98.90	116.21	114.84	102.82	77.69	112.80	69.99
03-Apr	99.94	117.56	116.27	103.68	78.47	114.97	70.69
04-Apr	100.08	117.68	116.42	104.12	78.35	114.85	70.56
05-Apr	100.18	117.84	116.57	104.25	78.39	115.15	71.01
06-Apr	Holiday						
09-Apr	99.45	116.62	115.32	102.99	78.66	113.97	Holiday
10-Apr	99.69	117.18	115.65	103.40	78.57	113.52	70.85
11-Apr	99.37	116.11	115.13	102.92	78.82	113.75	71.12
12-Apr	101.77	119.02	118.04	105.36	80.63	113.75	72.89
13-Apr	102.00	119.24	118.16	106.01	80.58	116.17	72.89
16-Apr	99.80	116.59	114.95	102.57	80.34	112.53	71.67
17-Apr	99.87	116.77	115.62	103.33	79.34	113.58	71.99
18-Apr	100.25	117.12	115.65	103.24	80.38	113.50	72.76
19-Apr	100.10	117.06	115.40	102.93	80.40	112.85	72.67
20-Apr	99.42	116.01	114.39	101.82	80.46	111.97	73.30
23-Apr	99.39	115.32	113.63	101.26	81.67	110.75	73.96
24-Apr	97.51	114.09	111.95	99.45	79.32	109.05	71.67
25-Apr	96.91	113.38	111.10	98.63	79.14	108.67	71.53
26-Apr	96.61	112.46	110.67	98.06	79.40	108.00	71.74
27-Apr	97.16	113.11	111.29	98.83	79.67	108.47	73.39
30-Apr	97.55	112.89	110.97	98.68	81.24	107.45	73.82
<b>Apr-07</b>	<b>99.30</b>	<b>116.11</b>	<b>114.60</b>	<b>102.22</b>	<b>79.58</b>	<b>112.29</b>	<b>72.03</b>
<b>2006</b>							
April	94.20	117.87	115.42	105.49	60.55	112.08	53.67
May	90.00	111.81	109.36	99.29	60.08	106.53	53.05
June	86.04	105.83	103.15	93.27	60.23	100.55	53.12
July	88.57	107.85	105.00	94.56	64.49	101.99	57.14
August	95.78	114.14	111.73	100.37	73.59	110.54	63.01
September	95.98	111.88	109.83	99.53	77.11	108.57	67.49
October	95.53	112.67	110.63	99.23	75.17	109.74	66.81
November	103.48	123.95	122.27	110.04	76.79	120.99	69.02
December	108.01	131.41	128.44	117.36	76.67	128.96	68.60
<b>2007</b>							
January	105.81	126.07	124.53	112.50	79.13	123.76	71.10
February	104.18	123.82	122.03	110.03	79.08	119.74	71.09
March	100.09	118.33	117.08	104.91	77.00	114.38	69.16
April	99.30	116.11	114.60	102.22	79.58	112.29	72.03
<b>annual averages</b>							
2000	64.24	102.60	87.07	79.86	41.41	94.58	40.11
2001	45.59	72.05	62.28	50.70	27.55	58.86	23.92
2002	47.74	64.91	61.54	45.25	30.02	57.02	25.88
2003	51.91	65.33	64.20	50.31	36.95	65.24	34.11
2004	62.15	81.44	80.47	68.97	35.99	79.53	32.84
2005	89.36	115.73	114.86	102.29	50.55	111.38	46.80
2006	95.75	116.80	114.40	103.92	67.55	112.30	59.77
<b>% variation between Apr-07 and Mar-07</b>							
	-0.79	-1.87	-2.12	-2.57	3.35	-1.83	4.14
<b>% variation between Apr-07 and Apr-06</b>							
	5.41	-1.49	-0.71	-3.10	31.42	0.19	34.20
<b>% variation between Apr-07 and 2006 average</b>							
	3.71	-0.59	0.18	-1.64	17.80	-0.01	20.50
<b>volatility (%)</b>							
Apr-06	1.20	1.22	1.26	1.29	1.58	1.86	1.38
May-06	0.86	0.90	0.98	0.95	0.76	1.51	0.99
June-06	0.94	0.91	0.98	0.98	1.20	1.17	1.90
July-06	1.01	0.91	0.86	0.87	1.99	1.45	2.31
Aug-06	1.70	1.58	1.70	1.65	2.29	1.84	2.16
Sep-06	1.16	1.05	1.07	1.22	1.82	1.36	2.16
Oct-06	0.87	1.00	0.97	1.07	1.09	1.14	1.27
Nov-06	1.28	1.23	1.26	1.26	1.78	1.56	1.87
Dec-06	0.92	1.05	1.03	1.13	0.99	1.74	1.23
Jan-07	0.83	0.75	0.77	0.76	1.32	1.27	1.36
Feb-07	0.84	0.89	0.89	0.98	1.04	1.05	1.07
Mar-07	1.11	0.97	1.08	1.07	1.59	1.72	1.39
<b>Apr-07</b>	<b>0.98</b>	<b>1.01</b>	<b>1.08</b>	<b>1.19</b>	<b>1.14</b>	<b>1.18</b>	<b>1.27</b>

\*Averages of 2<sup>nd</sup> and 3<sup>rd</sup> positions

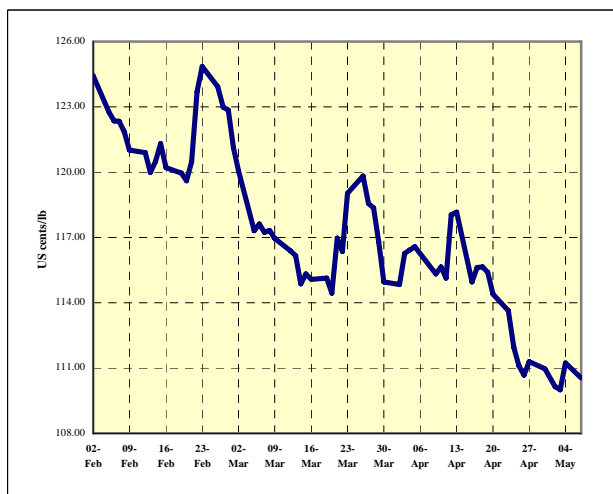
**Graph 2: Daily indicator prices for Colombian Milds 2 February – 14 May 2007**



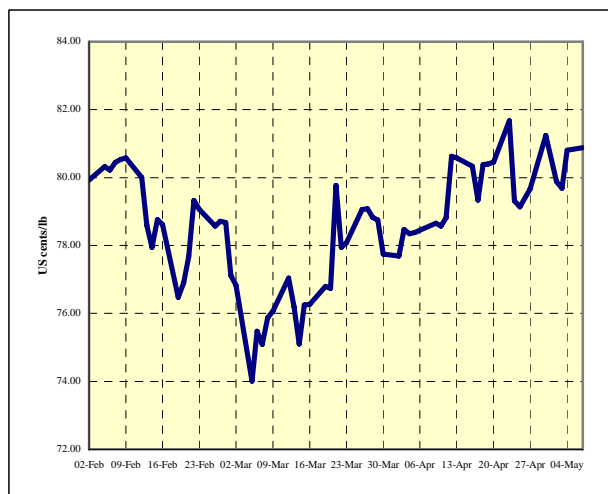
**Graph 4: Daily indicator prices for Brazilian Naturals 2 February – 14 May 2007**



**Graph 3: Daily indicator prices for Other Milds 2 February – 14 May 2007**



**Graph 5: Daily indicator prices for Robustas 2 February – 14 May 2007**



**Market fundamentals**

In Brazil, where crop year 2007/08 has just begun, production is expected to be around 32.07 million bags, with 22.29 million bags for Arabicas and 9.78 million for Robustas. This production level represents a fall of almost 25% in relation to the level of 42.5 million bags in crop year 2006/07. With regard to the second estimate of Brazilian production, some independent sources have given higher figures than those of the Brazilian coffee authorities. Vietnamese production, which is heavily dependent on intensive irrigation and a massive use

of inputs and fertilizers, could be similar in 2007/08 to the level of 15.5 million bags in crop year 2006/07. However, my estimate of **world production** in crop year 2007/08 remains unchanged in relation to the level of 112 million bags indicated in March.

Almost all data relating to the 2006/07 crop are now available and they confirm a total production of around 121 million bags (Table 2).

**Table 2: Production in selected exporting countries**

Crop year commencing					% change
	2003	2004	2005	2006	2005-2006
<b>TOTAL</b>	<b>103 675</b>	<b>115 826</b>	<b>109 513</b>	<b>120 953</b>	<b>10.45</b>
<b>Africa</b>	<b>13 858</b>	<b>14 758</b>	<b>12 902</b>	<b>14 553</b>	<b>12.79</b>
Cameroon	900	727	849	750	-11.62
Côte d'Ivoire	2 689	2 328	1 834	2 200	19.97
Ethiopia	3 874	5 000	4 500	5 000	11.12
Kenya	673	756	713	850	19.21
Tanzania	612	763	720	833	15.70
Uganda	2 599	2 593	2 159	2 350	8.86
Others	2 511	2 591	2 128	2 570	20.76
Arabicas	6 468	8 166	6 895	7 993	15.93
Robustas	7 390	6 592	6 007	6 560	9.20
<b>Asia &amp; Oceania</b>	<b>28 761</b>	<b>28 813</b>	<b>29 708</b>	<b>30 193</b>	<b>1.63</b>
India	4 508	4 672	4 617	4 750	2.87
Indonesia	6 571	7 536	8 659	7 080	-18.23
Papua New Guinea	1 155	998	1 268	1 125	-11.29
Thailand	827	884	999	975	-2.44
Vietnam	15 231	14 174	13 499	15 500	14.82
Others	470	549	666	763	14.61
Arabicas	3 618	3 573	3 751	3 490	-6.96
Robustas	25 143	25 240	25 957	26 703	2.87
<b>Mexico &amp; Central America</b>	<b>16 768</b>	<b>15 814</b>	<b>17 131</b>	<b>16 170</b>	<b>-5.61</b>
Costa Rica	1 783	1 887	1 778	1 790	0.70
El Salvador	1 477	1 437	1 502	1 242	-17.31
Guatemala	3 610	3 703	3 676	3 817	3.85
Honduras	2 968	2 575	3 204	2 700	-15.74
Mexico	4 200	3 867	4 000	4 200	5.01
Nicaragua	1 547	1 130	1 718	1 275	-25.79
Others	1 183	1 214	1 254	1 146	-8.63
Arabicas	16 753	15 799	17 000	16 037	-5.66
Robustas	15	15	132	133	1.19
<b>South America</b>	<b>44 289</b>	<b>56 441</b>	<b>49 771</b>	<b>60 037</b>	<b>20.63</b>
Brazil	28 787	39 272	32 944	42 512	29.04
Colombia	11 197	12 033	12 329	12 200	-1.04
Ecuador	766	938	1 138	805	-29.28
Others	3 539	4 199	3 360	4 520	34.51
Arabicas	35 423	48 698	40 103	50 371	25.60
Robustas	8 866	7 743	9 668	9 667	-0.02
<b>TOTAL</b>	<b>103 675</b>	<b>115 826</b>	<b>109 513</b>	<b>120 953</b>	<b>10.45</b>
Colombian Milds	12 250	13 345	13 488	13 566	0.58
Other Milds	25 133	25 210	25 260	25 986	2.87
Brazilian Naturals	24 878	37 681	29 000	38 337	32.20
Robustas	41 415	39 590	41 764	43 063	3.11
<b>Arabicas</b>	<b>62 261</b>	<b>76 236</b>	<b>67 748</b>	<b>77 890</b>	<b>14.97</b>
<b>Robustas</b>	<b>41 415</b>	<b>39 590</b>	<b>41 764</b>	<b>43 063</b>	<b>3.11</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	
Colombian Milds	11.82	11.52	12.32	11.22	
Other Milds	24.24	21.77	23.07	21.48	
Brazilian Naturals	24.00	32.53	26.48	31.70	
Robustas	39.95	34.18	38.14	35.60	
<b>Arabicas</b>	<b>60.05</b>	<b>65.82</b>	<b>61.86</b>	<b>64.40</b>	
<b>Robustas</b>	<b>39.95</b>	<b>34.18</b>	<b>38.14</b>	<b>35.60</b>	

In thousand bags

**Exports** during March 2007 totalled 9.29 million bags, bringing cumulative exports for the first six months of coffee year 2006/07 (October 2006 - March 2007) to 48.49 million bags. During this period Robusta exports increased by 28.13% compared to an increase of 13.44% for Arabicas (Table 3).

**Table 3: Exports October – March (2005/06 and 2006/07)**

	2005/06	2006/07	% variation
<b>TOTAL</b>	<b>40.98</b>	<b>48.49</b>	<b>18.31</b>
Colombian Milds	6.13	6.34	3.52
Other Milds	8.57	9.57	11.72
Brazilian Naturals	12.70	15.16	19.39
Robustas	13.59	17.41	28.13
Arabicas	27.39	31.07	13.44
Robustas	13.59	17.41	28.13

In million bags

**Stocks of green coffee in importing countries**, including free ports, are estimated at 20 million bags. Table 4 shows levels of certified stocks in the New York (NYBOT) and London (LIFFE) futures markets.

**Table 4: NYBOT and LIFFE certified stocks**

End of	LIFFE	NYBOT
Apr-02	2.50	2.59
Apr-03	2.65	4.08
Apr-04	2.71	5.47
Apr-05	3.72	5.10
Jan-06	3.51	4.19
Feb-06	3.26	4.09
Mar-06	3.01	3.96
Apr-06	2.77	3.81
May-06	2.54	3.80
Jun-06	2.23	3.74
Jul-06	1.79	3.82
Aug-06	1.46	3.93
Sep-06	1.82	4.09
Oct-06	1.97	4.16
Nov-06	1.88	4.12
Dec-06	1.61	4.21
Jan-07	1.33	4.23
Feb-07	1.30	4.26
Mar-07	1.33	4.44
Apr-07	1.32	4.52

In million 60-kg bags

**Opening stocks in exporting countries** have continued to decline with the increase in exports. For example, in the case of Brazil which holds the largest volume of stocks, opening stocks in crop year 2007/08 have decreased by almost 23.5%. Given the reasonable volume of stocks held in importing countries, however, prices have been slow to respond to the drawing down of stocks in exporting countries.

**World consumption** in 2006 is estimated at 117.9 million bags (Table 5). Domestic consumption in exporting countries is estimated at 31.1 million bags, with Brazil accounting for more than half this amount, namely 16.4 million bags. Domestic consumption is still far from attaining its potential growth in a number of exporting countries. Efforts to develop the domestic and sub-regional markets would help to correct this inadequacy.

Consumption in importing countries is estimated at 86.8 million bags in 2006. A boost to consumption will come from so-called emerging countries. Table 6 shows per capita consumption in selected importing countries and Table 7 shows retail prices in selected importing countries for each September since 2004.

**Table 5: World consumption**

Calendar year	2002	2003	2004	2005	2006 1/
<b>WORLD TOTAL</b>	<b>109 677</b>	<b>111 792</b>	<b>116 419</b>	<b>116 058</b>	<b>117 902</b>
<i><b>Producing countries</b></i>	<i><b>27 706</b></i>	<i><b>28 256</b></i>	<i><b>29 105</b></i>	<i><b>30 304</b></i>	<i><b>31 097</b></i>
Brazil	13 900	14 150	14 725	15 688	16 363
Indonesia	1 875	1 958	2 000	2 000	2 000
Ethiopia	1 833	1 833	1 833	1 833	1 833
Mexico	1 500	1 500	1 500	1 500	1 500
Colombia	1 400	1 400	1 400	1 400	1 400
India	1 084	1 142	1 188	1 272	1 337
Philippines	825	873	917	917	917
Venezuela	690	692	700	703	710
Others	4 599	4 708	4 842	4 991	5 037
<i><b>Importing countries</b></i>	<i><b>81 971</b></i>	<i><b>83 536</b></i>	<i><b>87 314</b></i>	<i><b>85 754</b></i>	<i><b>86 805</b></i>
<i><b>European Community</b></i>	<i><b>37 433</b></i>	<i><b>38 612</b></i>	<i><b>39 322</b></i>	<i><b>37 226</b></i>	<i><b>38 936</b></i>
Germany	8 334	9 366	10 277	8 356	8 584
Italy	5 180	5 491	5 401	5 466	5 466
France	5 492	5 429	5 001	5 053	5 466
Spain	2 880	2 796	2 760	3 064	2 988
United Kingdom	2 201	2 189	2 391	2 396	2 834
Netherlands	1 641	1 827	1 599	1 454	2 221
Poland	1 952	2 096	2 180	2 178	1 829
Belgium	1 527	1 623	1 334	1 211	1 598
Sweden	1 235	1 181	1 242	1 162	1 306
Finland	975	971	1 041	1 112	1 052
Others	6 015	5 642	6 097	5 775	5 591
USA	18 871	20 072	20 778	20 759	20 299
Japan	6 875	6 770	7 117	7 224	7 268
<i><b>Other importing countries</b></i>	<i><b>18 793</b></i>	<i><b>18 083</b></i>	<i><b>20 097</b></i>	<i><b>20 544</b></i>	<i><b>20 302</b></i>
Russian Federation	3 301	3 409	2 877	3 040	
Canada	2 302	2 133	2 777	2 992	
Algeria	1 852	1 752	2 159	1 891	
Korea, Republic of	1 306	1 305	1 401	1 394	
Australia	976	873	873	1 099	
Ukraine	431	637	724	977	
Turkey	408	482	719	943	
Others	8 217	7 491	8 567	8 209	20 302

In thousand bags

1/ Estimated

**Table 6: Per capita consumption in selected importing countries (Calendar years 2001 – 2005)**

	2001	2002	2003	2004	2005
Algeria	2.82	3.54	3.30	4.00	3.45
Australia	2.38	3.00	2.66	2.63	3.27
Canada	4.91	4.41	4.04	5.21	5.56
<b>European Community</b>					
Austria	7.76	7.02	5.57	7.59	5.94
Belgium/Luxembourg	5.50	9.07	9.53	8.06	7.21
Bulgaria	2.64	2.59	3.04	3.24	3.93
Cyprus	3.98	3.85	3.98	4.66	4.97
Czech Republic	3.85	3.80	3.26	3.20	3.14
Denmark	9.66	8.98	8.06	9.41	8.80
Estonia	4.84	4.97	5.27	5.97	6.75
Finland	11.01	11.22	11.16	11.92	12.70
France	5.28	5.51	5.43	4.98	5.01
Germany	6.64	6.06	6.81	7.46	6.06
Greece	3.15	4.69	5.44	5.01	4.91
Hungary	4.35	4.18	3.61	3.32	2.33
Ireland	2.28	2.09	2.26	3.19	3.26
Italy	5.44	5.37	5.68	5.58	5.65
Latvia	3.96	3.88	4.36	4.32	4.31
Lithuania	3.68	3.67	3.28	4.09	4.39
Malta	2.32	3.94	5.07	3.83	3.52
Netherlands	6.50	6.13	6.79	5.91	5.35
Poland	3.04	3.03	3.26	3.39	3.39
Portugal	4.48	4.29	3.92	4.03	4.47
Romania	1.72	2.01	2.07	2.24	2.34
Slovakia	3.43	3.31	3.53	3.55	4.09
Slovenia	5.87	6.12	5.55	5.94	6.08
Spain	4.15	4.15	3.98	3.88	4.27
Sweden	8.49	8.30	7.90	8.27	7.71
United Kingdom	2.23	2.24	2.22	2.41	2.41
Japan	3.27	3.23	3.18	3.34	3.38
Korea, Republic of	1.61	1.66	1.65	1.76	1.75
Norway	9.41	9.13	8.95	9.25	9.65
Russian Federation	1.15	1.36	1.41	1.20	1.27
Switzerland	6.83	6.86	7.01	5.90	9.14
Turkey	0.26	0.35	0.41	0.60	0.77
Ukraine	0.28	0.54	0.80	0.92	1.26
USA	4.04	3.91	4.12	4.22	4.18

In kilogrammes

**Table 7: Retail price of roasted coffee in selected importing countries**

	September			% variation 2006-2005
	2004	2005	2006	
<b>European Community</b>				
Austria	348.03	387.96		
Belgium	380.17	416.30	445.11	<b>6.92</b>
Cyprus	518.62	523.94	541.07	<b>3.27</b>
Denmark	392.80	437.27	456.31	<b>4.35</b>
Finland	230.54			
France	266.01	275.68	304.82	<b>10.57</b>
Germany 1/	323.64	429.09	438.76	<b>2.25</b>
Italy	591.31	608.06	639.09	<b>5.10</b>
Latvia	374.67	406.89	441.25	<b>8.44</b>
Luxembourg	574.13	605.83	654.10	<b>7.97</b>
Netherlands	341.38	369.06		
Poland	230.93	259.51	282.47	<b>8.85</b>
Portugal	474.93	474.66	476.86	<b>0.46</b>
Slovakia	263.52	271.69	313.00	<b>15.20</b>
Slovenia	362.94	380.59	404.27	<b>6.22</b>
Spain	314.77	317.92	351.01	<b>10.41</b>
Sweden	303.17	297.74	321.22	<b>7.89</b>
United Kingdom 2/	1 423.08	1 492.85	1 694.25	<b>13.49</b>
Japan	890.62	796.43	841.21	<b>5.62</b>
Norway	382.51	407.81	401.88	<b>-1.45</b>
Switzerland	574.45	574.97		
USA	287.40	344.70	317.30	<b>-7.95</b>

In US cents/lb

1/ Source: coffee industry

2/ Soluble coffee

*In conclusion, I would like to note that, having received confirmation of Brazilian estimates of production for crop year 2007/08 and given a supply situation already characterized by a low level of world stocks, there is likely to be a shortfall of 6 to 8 million bags in world production relative to consumption in this year.*