



International Coffee Organization
Organización Internacional del Café
Organização Internacional do Café
Organisation Internationale du Café

E

LETTER FROM THE EXECUTIVE DIRECTOR

COFFEE MARKET REPORT

July 2007

Coffee prices fell slightly during July, with the monthly average of the ICO composite indicator price at 106.20 US cents/lb compared to 107.03 US cents/lb in June. The firmness in prices in the face of strong export activity in the course of the year indicates a highly dynamic coffee market. Exports during June 2007 increased by 3.6% compared to June 2006, up from 7.73 million bags to 8.01 million bags. This brings cumulative exports during the first nine months of coffee year 2006/07 (October – June) to 73.56 million bags, an increase of 14.45% compared to the same period in coffee year 2005/06 when the figure was 64.27 million bags. At the same time, consumption showed an increase in a number of exporting countries. According to the latest report from the Brazilian Coffee Industry Association (ABIC) for the period May 2006 - June 2007, domestic consumption in Brazil totalled 16.90 million bags compared to 15.95 million bags for the same period in 2005/06. Consumption was also buoyant in several other producing countries, notably Costa Rica, Ethiopia, India, Indonesia and Uganda. In importing countries, Phase 1 of the “Coffee and Health” Programme initiated by the Organization and the private sector has just been completed with the participation of Finland, Italy, Netherlands, Russia and the United Kingdom. Discussions are on the verge of conclusion for the participation of Portugal and Spain before the end of 2007. The participation of Germany is expected at the beginning of 2008. It should be noted that France has launched its own information programme on the positive effects of coffee on health. All these activities will help to maintain the dynamism of the coffee market.

Price movements

Despite a slight correction, coffee prices remained firm in July. The monthly average of the **ICO composite indicator price** was 106.20 US cents/lb compared to 107.03 US cents/lb in June (Table 1). All four groups of coffee recorded this downward price correction compared to their June levels. Graph 1 shows changes in the ICO daily composite indicator price since 3 July 2006¹.

Graphs 2 to 5 show changes in daily indicator prices for the four groups of coffee since 2 May 2007.

**Graph 1: Daily composite indicator price
3 July 2006 – 6 August 2007**



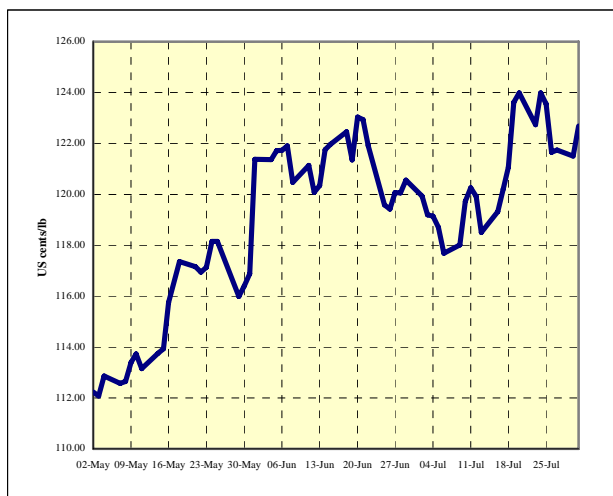
¹ The price recorded on 6 August was 109.59 US cents/lb.

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

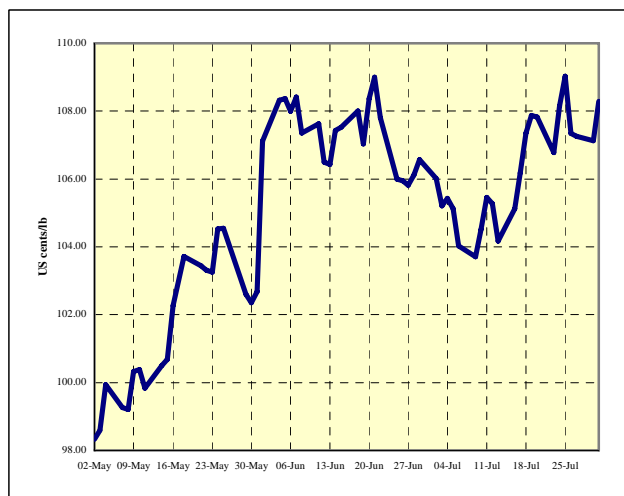
	ICO composite	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	New York*	London*
Jul-07							
02-Jul	106.52	119.93	117.08	106.02	94.35	113.90	86.27
03-Jul	105.70	119.19	116.33	105.21	93.46	113.10	85.46
04-Jul	106.10	119.14	116.33	105.43	94.46	Holiday	86.36
05-Jul	105.86	118.70	115.86	105.12	94.51	112.38	86.55
06-Jul	105.18	117.69	114.76	104.03	94.60	111.65	85.71
09-Jul	104.85	118.01	114.54	103.71	93.95	111.38	85.66
10-Jul	105.92	119.72	115.83	104.51	94.86	112.90	86.91
11-Jul	106.46	120.26	116.60	105.46	94.87	113.75	86.93
12-Jul	105.56	119.92	116.31	105.27	92.74	113.33	84.94
13-Jul	104.59	118.50	115.18	104.17	92.15	111.73	81.87
16-Jul	105.34	119.32	116.47	105.12	92.33	113.70	82.83
17-Jul	105.50	120.21	117.52	106.18	90.82	114.35	83.21
18-Jul	106.67	121.07	118.77	107.35	92.04	115.80	84.14
19-Jul	107.58	123.61	119.33	107.87	92.92	116.08	85.18
20-Jul	107.60	123.99	119.22	107.82	92.94	119.75	85.30
23-Jul	106.49	122.74	118.03	106.78	91.87	118.13	84.30
24-Jul	107.20	123.99	119.76	108.15	91.11	121.47	83.64
25-Jul	107.68	123.55	120.94	109.03	91.10	119.90	83.55
26-Jul	106.03	121.65	119.38	107.34	89.52	117.03	82.08
27-Jul	105.86	121.74	119.73	107.26	88.80	118.55	81.31
30-Jul	106.35	121.51	119.40	107.13	90.67	118.85	83.19
31-Jul	107.29	122.69	120.56	108.29	91.19	120.10	83.60
Jul-07	106.20	120.78	117.63	106.24	92.51	115.61	84.50
2006							
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
2007							
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
May	100.09	115.01	113.24	101.49	83.91	111.28	76.26
June	107.03	121.20	119.33	107.32	92.68	118.22	84.82
July	106.20	120.78	117.63	106.24	92.51	115.61	84.50
annual averages							
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
% variation between Jul-07 and Jun-07	-0.78	-0.35	-1.42	-1.01	-0.18	-2.21	-0.38
% variation between Jul-07 and Jul-06	19.90	11.99	12.03	12.35	43.45	13.36	47.88
% variation between Jul-07 and 2006 average	10.91	3.41	2.83	2.23	36.95	2.95	41.37

*Averages of 2nd and 3rd positions

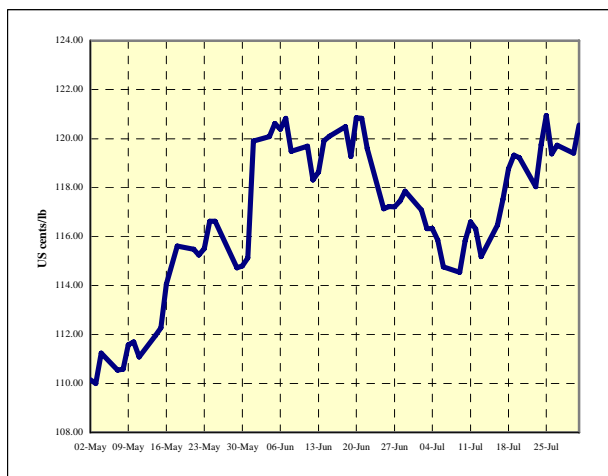
Graph 2: Daily indicator prices for Colombian Milds 2 May – 31 July 2007



Graph 4: Daily indicator prices for Brazilian Naturals 2 May – 31 July 2007



Graph 3: Daily indicator prices for Other Milds 2 May – 31 July 2007



Graph 5: Daily indicator prices for Robustas 2 May – 31 July 2007



Market fundamentals

The latest revisions available to the Organization bring **total production** for crop year 2006/07 to 121.43 million bags compared to 110.34 million bags in 2005/06 (Table 2). For crop year 2007/08, which will begin in October for many exporting countries but has already begun in Brazil and some

other exporting countries, our estimate of total production remains unchanged at 112 million bags. This drop in total production is attributable mainly to the fall of nearly 25% in Brazilian production compared to crop year 2006/07 according to the official estimates.

Table 2: Production in selected exporting countries

Crop year commencing	2003	2004	2005	2006	% change 2005-2006
TOTAL	103 726	115 943	110 344	121 431	10.05
Africa	13 875	14 874	13 730	14 526	5.80
Cameroon	900	727	849	750	-11.62
Côte d'Ivoire	2 689	2 328	2 369	2 482	4.75
Ethiopia	3 874	5 000	4 527	5 000	10.44
Kenya	673	756	685	817	19.13
Tanzania	612	763	721	750	4.07
Uganda	2 599	2 593	2 159	2 350	8.86
Others	2 528	2 708	2 420	2 378	-1.72
<i>Arabicas</i>	<i>6 468</i>	<i>8 171</i>	<i>6 875</i>	<i>7 661</i>	<i>11.44</i>
<i>Robustas</i>	<i>7 407</i>	<i>6 703</i>	<i>6 855</i>	<i>6 865</i>	<i>0.15</i>
Asia & Oceania	28 761	28 813	29 711	29 592	-0.40
India	4 508	4 672	4 617	4 750	2.87
Indonesia	6 571	7 536	8 659	6 823	-21.20
Papua New Guinea	1 155	998	1 268	781	-38.45
Thailand	827	884	999	975	-2.44
Vietnam	15 231	14 174	13 499	15 500	14.82
Others	470	548	668	763	14.23
<i>Arabicas</i>	<i>3 618</i>	<i>3 573</i>	<i>3 751</i>	<i>3 135</i>	<i>-16.45</i>
<i>Robustas</i>	<i>25 144</i>	<i>25 240</i>	<i>25 959</i>	<i>26 457</i>	<i>1.92</i>
Mexico & Central America	16 768	15 814	17 131	16 176	-5.58
Costa Rica	1 783	1 887	1 778	1 796	1.04
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
<i>Arabicas</i>	<i>16 753</i>	<i>15 799</i>	<i>17 000</i>	<i>16 043</i>	<i>-5.63</i>
<i>Robustas</i>	<i>16</i>	<i>15</i>	<i>132</i>	<i>133</i>	<i>1.24</i>
South America	44 322	56 442	49 772	61 137	22.83
Brazil	28 820	39 272	32 944	42 512	29.04
Colombia	11 197	12 033	12 329	12 200	-1.04
Ecuador	766	938	1 138	1 172	2.96
Others	3 539	4 199	3 361	5 253	56.27
<i>Arabicas</i>	<i>35 446</i>	<i>48 699</i>	<i>40 104</i>	<i>51 327</i>	<i>27.99</i>
<i>Robustas</i>	<i>8 876</i>	<i>7 743</i>	<i>9 668</i>	<i>9 810</i>	<i>1.46</i>
TOTAL	103 726	115 943	110 344	121 431	10.05
Colombian Milds	12 250	13 345	13 461	13 482	0.15
Other Milds	25 134	25 216	25 249	26 238	3.92
Brazilian Naturals	24 901	37 681	29 021	38 446	32.48
Robustas	41 442	39 701	42 614	43 265	1.53
Arabicas	62 284	76 242	67 730	78 166	15.41
Robustas	41 442	39 701	42 614	43 265	1.53
TOTAL	100.00	100.00	100.00	100.00	
Colombian Milds	11.81	11.51	12.20	11.10	
Other Milds	24.23	21.75	22.88	21.61	
Brazilian Naturals	24.01	32.50	26.30	31.66	
Robustas	39.95	34.24	38.62	35.63	
Arabicas	60.05	65.76	61.38	64.37	
Robustas	39.95	34.24	38.62	35.63	

In thousand bags

Exports during June 2007 fell by 8.67%, at 8.01 million bags compared to 8.77 million bags in May. Cumulative exports for the first nine months of coffee year 2006/07 (October 2006 – June 2007) totalled 73.56 million bags, an increase of 14.45% compared to the same period in coffee year 2005/06 when the figure was 64.27 million bags. The increase in exports was much more marked in the case of Robustas and Brazilian Naturals (Table 3). It should be noted that total exports for the twelve months from July 2006 to June 2007 were 97.33 million bags, representing an increase of 14.90% compared to the period from July 2005 to June 2006 when the figure was 84.71 million bags.

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

	2005/06	2006/07	% variation
TOTAL	64.27	73.56	14.45
Colombian Milds	8.85	9.10	2.79
Other Milds	14.92	15.77	5.73
Brazilian Naturals	19.33	22.31	15.43
Robustas	21.17	26.37	24.58
Arabicas	43.10	47.19	9.48
Robustas	21.17	26.37	24.58

In million bags

World consumption in 2006 totalled 119.43 million bags (Table 4). Taking into account the increase in consumption noted in some producing countries and the information programmes on the effects of coffee on health launched in some importing countries, world consumption in 2007 should exceed 120 million bags.

Table 4: World consumption *
(Calendar years 2002 – 2006)

	2002	2003	2004	2005	2006 1/
WORLD TOTAL	109 841	111 874	117 389	117 901	119 426
<i>Producing countries</i>	<i>27 491</i>	<i>28 194</i>	<i>29 243</i>	<i>30 188</i>	<i>30 772</i>
Brazil	13 685	14 088	14 763	15 438	15 900
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	693	700	703	723
Others	4 599	4 708	4 943	5 126	5 162
<i>Importing countries</i>	<i>82 351</i>	<i>83 680</i>	<i>88 146</i>	<i>87 713</i>	<i>88 654</i>
<i>European Community</i>	<i>38 637</i>	<i>39 764</i>	<i>41 083</i>	<i>39 374</i>	<i>41 010</i>
Germany	8 498	9 499	10 445	8 665	9 151
Italy	5 182	5 507	5 469	5 552	5 593
France	5 526	5 394	4 929	4 787	5 269
United Kingdom	2 260	2 236	2 458	2 680	3 057
Spain	2 833	2 740	2 705	3 007	3 017
Netherlands	1 574	1 743	1 978	1 927	2 154
Poland	2 201	2 242	2 281	2 267	1 953
Belgium	1 484	1 575	1 281	1 158	1 537
Sweden	1 224	1 178	1 234	1 170	1 315
Finland	970	966	1 034	1 102	1 047
Others	6 884	6 684	7 268	7 058	6 917
USA	19 125	20 193	20 973	20 998	20 223
Japan	6 875	6 770	7 117	7 224	7 268
<i>Other importing countries</i>	<i>17 715</i>	<i>16 954</i>	<i>18 973</i>	<i>20 118</i>	<i>20 153</i>
Canada	2 302	2 133	2 776	2 945	3 472
Russian Federation	3 301	3 409	2 877	3 040	3 177
Algeria	1 852	1 752	2 159	1 899	1 844
Korea, Republic of	1 306	1 305	1 401	1 394	1 437
Australia	976	873	873	1 098	1 144
Ukraine	431	637	724	977	889
Others	7 546	6 844	8 163	8 665	8 662

In thousand bags
1/ Estimated

* Data on imports of soluble coffee have been adjusted in accordance with the Decision adopted by the Council in September 2006.

Table 5: Per capita consumption
in selected exporting countries
(Calendar years 2002 – 2006)

	2002	2003	2004	2005	2006
Brazil	4.59	4.66	4.82	4.97	5.12
Costa Rica	3.62	3.40	4.17	5.04	4.84
Dominican Republic	2.50	2.46	2.56	2.66	2.66
Haiti	2.50	2.46	2.43	2.39	2.39
Nicaragua	2.11	2.12	2.12	2.08	2.08
Honduras	1.78	1.74	1.77	1.92	1.92
Colombia	1.93	1.90	1.87	1.84	1.84
El Salvador	1.41	1.39	1.40	1.57	1.77
Venezuela	1.63	1.61	1.60	1.58	1.62
Madagascar	0.68	1.03	1.44	1.51	1.51
Guatemala	1.54	1.50	1.46	1.43	1.43
Ethiopia	1.53	1.49	1.45	1.42	1.42
Panama	1.31	1.29	1.26	1.24	1.24
Cuba	1.19	1.20	1.20	1.20	1.20
Côte d'Ivoire	1.10	1.08	1.06	1.05	1.05
Mexico	0.87	0.86	0.85	0.84	0.84
Ecuador	0.77	0.70	0.69	0.68	0.68
Philippines	0.63	0.65	0.67	0.66	0.66
Indonesia	0.52	0.54	0.55	0.54	0.54

In kilogrammes

Table 6: Per capita consumption in
selected importing countries *
(Calendar years 2002 – 2006)

	2002	2003	2004	2005	2006
Algeria	3.54	3.30	4.00	3.47	3.37
Australia	3.00	2.66	2.63	3.27	3.41
Canada	4.41	4.04	5.21	5.48	6.46
<i>European Community</i>	<i>4.78</i>	<i>4.90</i>	<i>5.05</i>	<i>4.83</i>	<i>5.03</i>
Austria	6.83	5.30	7.31	5.66	4.49
Belgium/Luxembourg	8.79	9.23	7.73	6.88	9.05
Bulgaria	2.59	3.04	2.81	3.34	3.26
Cyprus	3.81	3.89	4.32	4.97	3.96
Czech Republic	3.76	3.65	3.60	3.85	3.57
Denmark	8.97	8.04	9.41	8.78	9.19
Estonia	4.92	5.12	5.75	6.53	7.53
Finland	11.17	11.10	11.84	12.60	11.96
France	5.55	5.39	4.91	4.75	5.23
Germany	6.18	6.90	7.58	6.29	6.64
Greece	4.49	5.03	4.71	4.69	4.62
Hungary	3.76	3.82	4.20	3.39	3.54
Ireland	2.08	2.26	3.31	3.22	2.93
Italy	5.37	5.70	5.65	5.73	5.78
Latvia	3.72	4.08	4.01	3.75	4.70
Lithuania	3.60	3.01	3.44	3.38	3.73
Malta	1.33	1.58	2.33	2.44	4.32
Netherlands	5.88	6.47	7.31	7.09	7.93
Poland	3.42	3.49	3.55	3.53	3.04
Portugal	4.18	3.79	3.91	4.31	4.28
Romania	2.02	2.07	2.25	2.37	2.31
Slovakia	3.35	3.53	3.14	3.26	3.12
Slovenia	5.74	5.07	5.63	5.53	5.35
Spain	4.09	3.90	3.81	4.19	4.20
Sweden	8.23	7.88	8.21	7.76	8.73
United Kingdom	2.30	2.26	2.48	2.69	3.07
Japan	3.23	3.18	3.34	3.38	3.40
Korea, Republic of	1.66	1.65	1.76	1.75	1.80
Norway	9.13	8.95	9.25	9.65	9.37
Russian Federation	1.36	1.41	1.20	1.27	1.33
Switzerland	6.83	7.07	5.98	9.10	7.71
Ukraine	0.54	0.80	0.92	1.26	1.15
USA	3.96	4.14	4.26	4.22	4.07

In kilogrammes

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

	December			% variation 2006-2005
	2004	2005	2006	
<i>European Community</i>				
Austria	340.98	379.65	414.70	9.23
Belgium	414.40	399.01	460.24	15.35
Cyprus	567.12	506.70	559.86	10.49
Denmark	433.65	420.68	463.80	10.25
Finland	258.47	281.78	306.83	8.89
France	288.80	271.03	326.01	20.29
Germany	344.62	405.46	443.46	9.37
Italy	646.17	590.99	664.00	12.35
Latvia	388.17	390.87	445.92	14.08
Luxembourg	620.08	587.22	743.10	26.55
Netherlands	373.75	357.07	417.10	16.81
Poland	269.63	260.01	304.20	16.99
Portugal	515.72	458.16	485.41	5.95
Slovakia	294.09	272.74	344.51	26.32
Slovenia	364.47	371.18	429.74	15.78
Spain	344.62	314.05	371.55	18.31
Sweden	330.53	285.20	352.78	23.70
United Kingdom 1/	1 530.94	1 448.91	1 781.61	22.96
Japan	856.17	732.16		
Norway	427.25	369.34	396.25	7.28
Switzerland	634.43	561.22		
USA	277.60	323.50	311.30	-3.77

In US cents/lb

1/ Soluble coffee

In conclusion, I would like to highlight the continuation of firm prices despite the slackening in roasting activities during summer and the decreased threat of any major climatic problems. The buoyancy of consumption and the continuation of programmes designed to increase consumption in a number of countries provide further encouragement.