

Coffee Market Report

November 2021



INTERNATIONAL
COFFEE
ORGANIZATION

Coffee price rise continues in November reaching a 10-year high

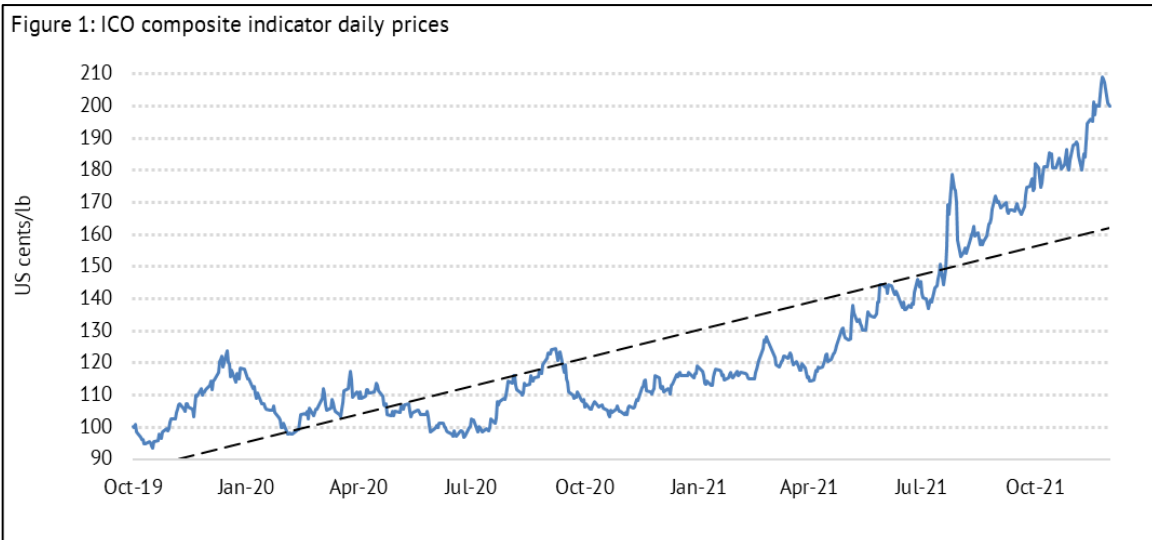
In November 2021, coffee prices reached new multi-year highs, as the monthly average of the ICO composite indicator price was 195.17 US cents/lb, an increase of 7.5% as compared to 181.57 US cents/lb in October 2021. These price levels during coffee year 2021/22 mark a significant and steady recovery from the low levels experienced over the four preceding coffee years.

As coffee prices continued to increase, intra-day volatility in November 2021 of the ICO composite indicator price increased by 1.2 percentage points to 9.5% in November 2021.

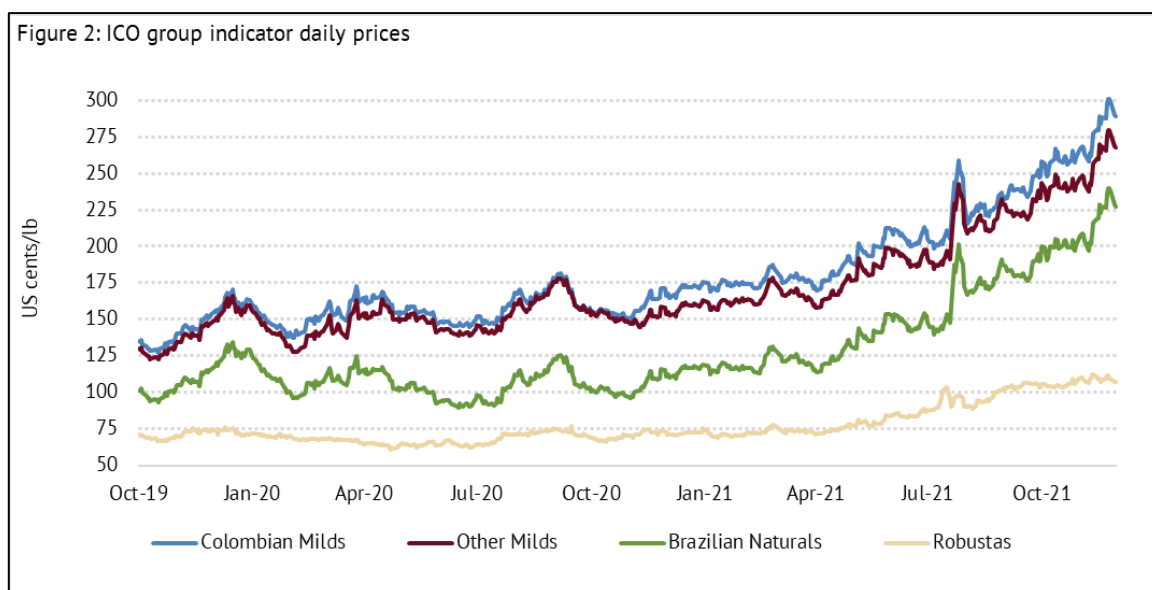
Estimates of total production for coffee year 2020/21 remain unchanged at 169.64 million 60-kg bags. On the other hand, world coffee consumption is assessed marginally up in volume, now estimated to have increased to 167.67 million bags in 2020/21 as compared to 164.53 million bags for coffee year 2019/20. The gap production-consumption is therefore reducing to 1.97 million bags.

Exports of all forms of coffee in October 2021 totalled 9.68 million bags, down 4.4% as compared to 10.13 million bags in October 2020. In terms of regional performance during the first month of coffee year 2021/22, exports of South America decreased by 20.6% to 4.94 million bags as compared to 6.22 million bags in October 2020/21. Exports of Asia & Oceania over the first month of coffee year 2021/22 increased by 25.8% from 2.49 million bags to 3.13 million bags in October 2021/22. Central America and Mexico shipments during the first month of coffee year 2021/22 increased by 35.0% to 0.53 million bags, as compared to 0.40 million bags over the same period during coffee year 2020/21. Africa recorded an increase in export by 5.1% to 1.1 million bags in October 2021 as compared to 1.0 million bags in October 2020.

Since November 2020, where the ICO Composite Indicator was priced at 109.70 US cents/lb, an increase of 77.9% has been recorded. Moreover, the average price of November 2021 is the 10-years high since it was 193.90 US cents/lb in October 2011. The monthly average for September 2011 was 213.04 US cents/lb. The steady upward trend observed since the start of coffee year 2020/21 shows how the recovery of coffee prices, after four consecutive years of low-price levels, reflects a dramatic change in overall market conditions, as shown in Figure 1.

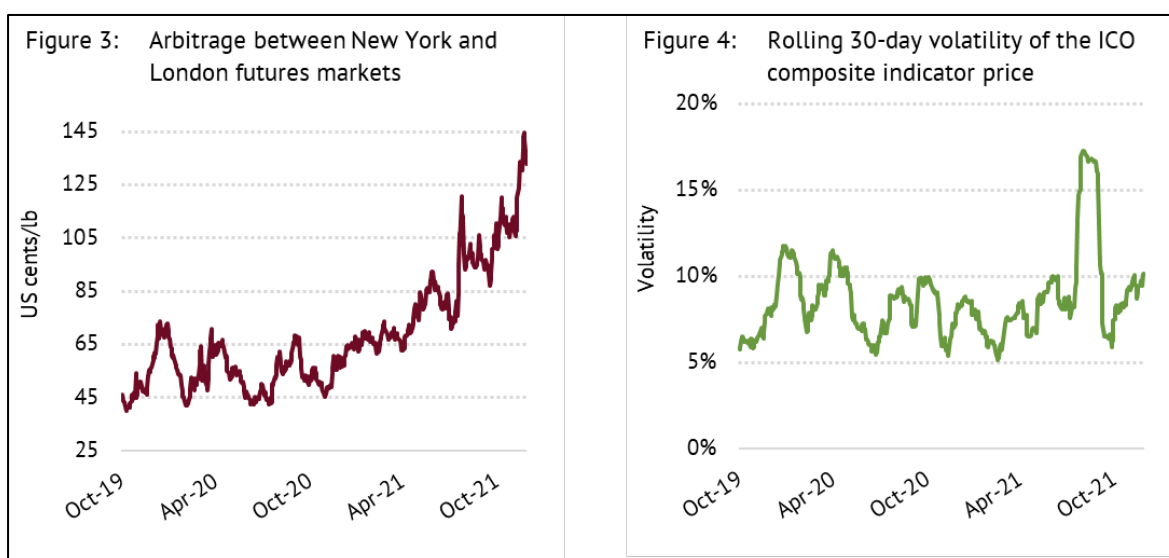


Prices for all group indicators increased in November 2021 and reached their highest levels in several years. The highest increase occurred in the Brazilian Naturals Group indicator price, which reached 218.90 US cents/lb, an increase of 9.5% as compared to 199.98 US cents/lb registered in the previous month, more than doubled compared with November 2020, increasing by 105.7%. The price for the Colombian Milds increased by 8.0% to 279.56 US cents/lb in November 2021 as compared to 258.87 US cents/lb in October 2021. It also represents a rise of 73.4% from 161.21 cents/lb recorded in November 2020. Prices for the Other Milds increased by 7.4% to 258.95 US cents/lb in November 2021 as compared to 241.06 US cents/lb in October 2021. Moreover, compared to its level of 150.73 US cents/lb in November 2020, the Other Milds indicator increased by 71.8%. Robustas, priced at 109.40 US cents/lb in November, showed steady growth and increased by 4.0% in between October 2021 and November 2021.



The differential between the Colombian Milds and Other Milds increased substantially, rising by 15.7% from 17.81 US cents/lb in October 2021 to 20.60 US cents/lb in November 2021. The differential between the Colombian Milds and Brazilian Naturals increased by 3.0%, from 58.89 US cents/lb in October 2021 to 60.66 US cents/lb in November 2021. The differential between the Colombian Milds and Robustas increased by 10.8%, from 153.63 cents/lb in October 2021 to 170.16 US cents/lb in November 2021. The differential between the Other Milds and Brazilian Naturals decreased by 4.2% to 40.06 US cents/lb in November 2021 from 41.82 US cents/lb in October 2021. The arbitrage between Arabica and Robusta coffees, as measured on the New York and London futures markets, increased by 28.3% at 123.64 US cents/lb in November 2021, as compared with 96.39 US cents/lb in October 2021.

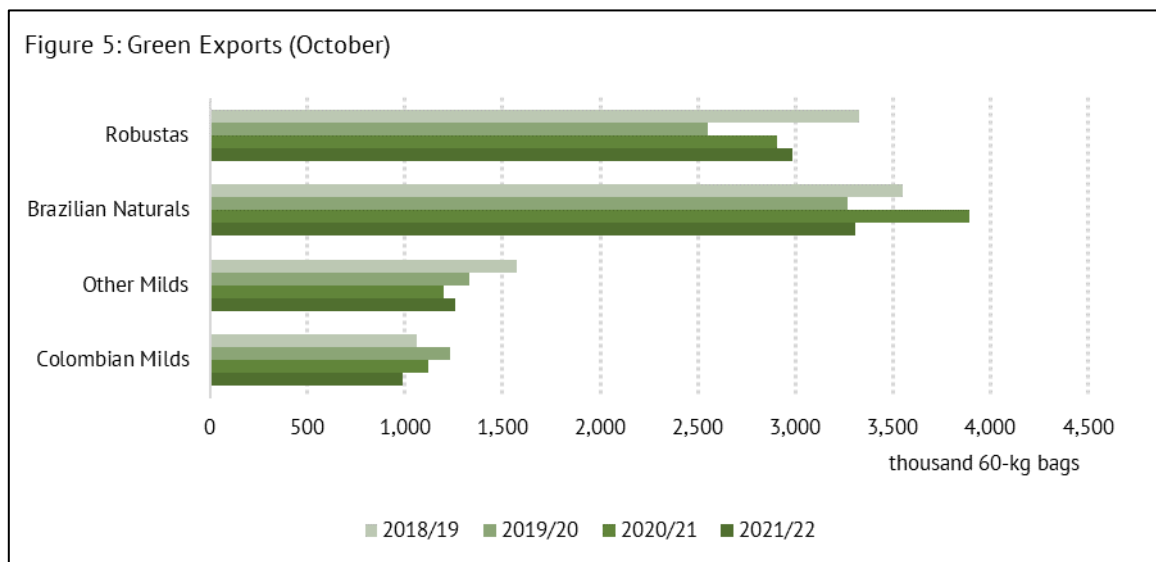
As coffee prices continued to increase, intra-day volatility in November 2021 of the ICO composite indicator price increased by 1.2 percentage points to 9.5% in November 2021. The Brazilian Naturals indicator showed a growing volatility of 11.8% in November 2021, as compared to 10.7% in October 2021 being the highest among all the groups. The Colombian Milds recorded a level of volatility at 9.3% in November 2021, as compared to 8.6% recorded in October 2021. Volatility for the Other Milds increased slightly from 9.5% in October 2021 to 10.2% in November 2021. Robusta price had the lowest volatility at 7.4% in November 2021, but higher than the level of 5.3% in October 2021. The volatility of New York futures market was 11.9% in November 2021, as compared to 11.1% in October 2021. The volatility of London futures market increased by 1.9 percentage points to 7.5%, as compared to 5.6% in October 2021.

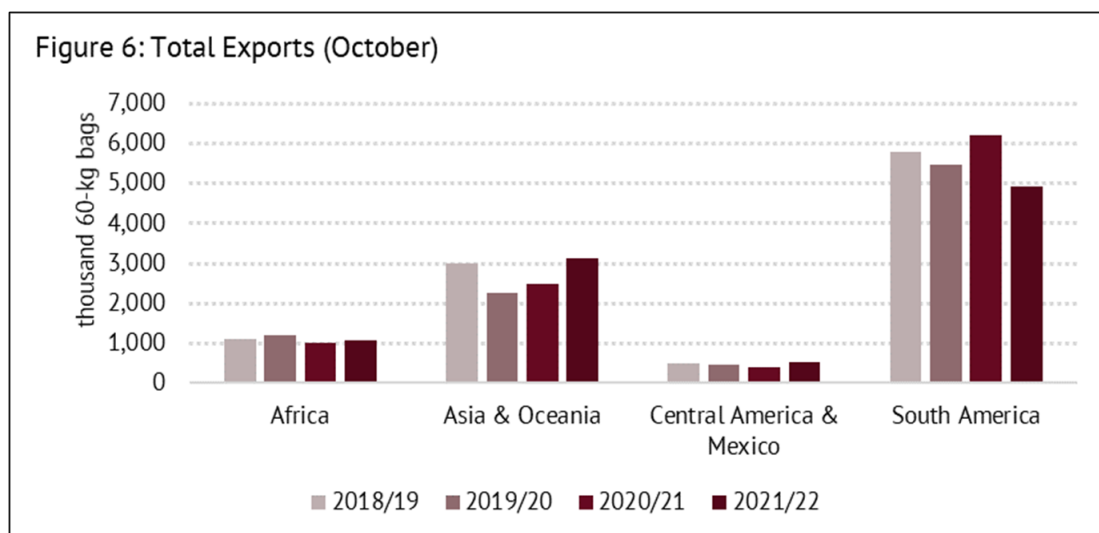


Estimates of total production for coffee year 2020/21 remain unchanged at 169.64 million bags, representing a 0.4% increase as compared to 169.00 million bags during the previous coffee year. Arabica production is assessed to have increased by 2.3% to 99.27 million bags from 97.08 million bags in 2019/20, 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. At the regional level, output from

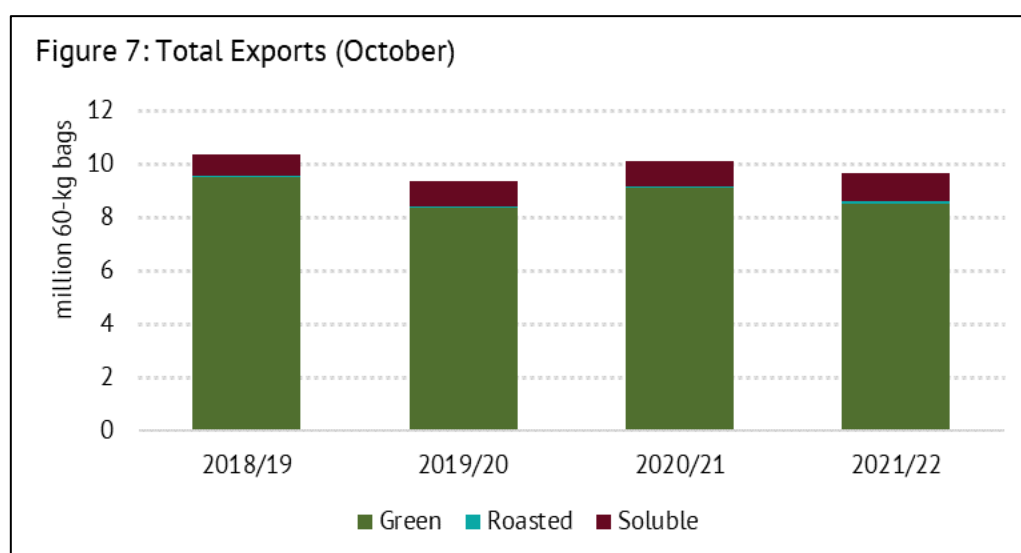
Africa is revised down marginally to 18.74 million bags as compared to the level recorded in the previous coffee year. The estimate for Asia & Oceania remains near the same as the previous month's evaluation: down by 1.1% from 49.46 million bags in 2019/20 to 48.91 million in 2020/21. Production in Central America and Mexico is expected to decrease by 2.1% at 19.19 million bags against 19.60 million bags in coffee year 2019/20. An increase of 2.0% in production is expected from South America at 82.80 million bags, as compared to 81.21 million bags in 2019/20. Looking at the current crop year 2021/22, the frost in Brazil coupled with the "off-season" for its Arabica remain as the two main factors negatively affecting the outlook for the global green bean coffee production.

World coffee consumption is assessed marginally up in volume, now estimated to have increased to 167.67 million bags in 2020/21 as compared to 164.53 million bags for coffee year 2019/20. The gap production-consumption for 2020/21 is therefore reducing to 1.97 million bags. The outlook, however, has been turned around with the prospect of further easing of pandemic restrictions related to covid-19 now fast disappearing, especially in Europe, with the emergence of the new variant, Omicron. Austria and Slovakia have recently announced return to full lockdown to at least to the middle of December even while restrictions are being further relaxed in places like New Zealand. The projection of the global economic growth has been downgraded, now expected to grow by 5.9% in 2021 and by 4.9% in 2022, by the IMF in its latest report. It reported that the downward revision for 2021 reflects a downgrade for advanced economies—in part due to supply disruptions—and for low-income developing countries, largely due to worsening pandemic dynamics.





Exports of all forms of coffee in October 2021 totalled 9.68 million bags, down 4.4% as compared to 10.13 million bags in October 2020. The decrease was driven by Arabica, which fell by 8.8% to 6.17 million bags from 6.76 million bags, not offset by the 4.4% increase by Robusta that rose to 3.51 million bags from 3.36 million bags. The steepest decrease was recorded by the Brazilian Naturals, down from 4.13 million bags in October 2020 to 3.62 million bags in October 2021, followed by the Colombian Milds, which dropped to 1.07 million bags from 1.20 million bags, a 11.3% fall. Exports of green coffee amounted to 8.51 million bags in the first month of the coffee year 2021/22, a decrease of 6.1% as compared to 9.06 million bags for the same period in the coffee year 2020/21. The pattern of total export by exporting countries is still dominated by green coffee, which represented 90.6% and 90.2% of total exports, respectively, during coffee years 2021/22 and 2020/21.



In terms of regional performance, during the first month of coffee year 2021/22, exports of South America decreased by 20.6% to 4.94 million bags as compared to 6.22 million bags in October 2020/21. Exports by Brazil decreased sharply at 23.8% to 3.43 million bags from 4.50 million bags in 2020/21. Exports by Colombia also fell, but by a smaller margin, by 5.0% to 0.98 million bags in the coffee year 2021/20 from 1.04 million bags in the previous coffee year. Total exports of Peru declined by 23.1% to 0.47 million bags in the first month of the coffee year 2021/22 from 0.61 million bags in the same period last year. **Shipments of Asia & Oceania over the first month of coffee year 2021/22 increased by 25.8% from 2.49 million bags to 3.13 million bags in October 2021/22.** Exports increased by 13.7% in Vietnam from 1.50 million bags in 2020/21 to 1.71 million bags in 2021/22. Exports of India increased by 33.3% from 0.35 million bags in 2020/21 to 0.47 million bags in 2021/22. **Exports from Central America and Mexico during the first month of coffee year 2021/22 increased by 35.0% to 0.53 million bags, as compared to 0.40 million bags over the same period during coffee year 2020/21.** Honduras continues to effectively recover from two natural disasters caused by hurricanes Iota and Eta with its exports increasing by 293.2% to 80,238 bags in the first month of the coffee year 2021/22 as compared to 20,410 bags in 2020/21. Nicaragua, which suffered the same climatic disasters as Honduras, has recorded a 70.0% increase of exports from 54,607 bags in October 2020 to 92,838 bags in October 2021. Export volume increases of 15.0% and 6.9% were observed in Guatemala and Mexico, respectively in October 2021. Costa Rica's exports increased 22.2%. **Exports by Africa increased by 5.1% to 1.1 million bags in October 2021 as compared to 1.0 million bags in October 2020.** Exports rose in Uganda (13.7%) and Ethiopia (37.2%), while it was down in Tanzania (28.3%), Kenya (47.4%) and the Côte d'Ivoire (45.2%).

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							
Nov-20	109.70	161.21	150.73	106.41	72.38	115.48	62.82
Dec-20	114.74	170.44	157.81	114.96	72.04	124.46	62.41
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
% change between Oct-21 and Nov-21							
	7.5%	8.0%	7.4%	9.5%	4.0%	8.7%	4.1%
Volatility (%)							
Oct-21	8.3%	8.6%	9.5%	10.7%	5.3%	11.1%	5.6%
Nov-21	9.5%	9.3%	10.2%	11.8%	7.4%	11.9%	7.5%
Variation between Oct-21 and Nov-21							
	1.2	0.7	0.7	1.1	2.1	0.8	1.9

* 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*
Nov-20	10.48	54.80	88.83	51.69	78.35	34.03	51.56
Dec-20	12.63	55.48	98.40	44.32	85.77	42.92	52.66
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
% change between Oct-21 and Nov-21							
	15.7%	3.0%	10.8%	-4.2%	10.1%	15.6%	28.3%

* 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	169,000	169,641	0.4%
Arabica	99,940	98,188	99,926	97,078	99,268	2.3%
Robusta	60,664	69,678	70,405	71,922	70,375	-2.2%
Africa	16,836	17,459	18,584	18,727	18,740	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	158,586	161,829	167,511	164,528	167,670	1.9%
Exporting countries	48,334	49,686	50,245	49,995	50,493	1.0%
Importing countries (Coffee Years)	110,252	112,143	117,266	114,533	117,177	2.3%
Africa	10,668	11,344	11,974	11,748	11,992	2.1%
Asia & Oceania	34,840	35,212	36,148	36,311	36,792	1.3%
Mexico & Central America	5,194	5,273	5,431	5,347	5,381	0.6%
Europe	52,203	53,142	55,053	53,544	54,482	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	2,018	6,036	2,820	4,472	1,971	

*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

	Oct-20	Oct-21	% change	October 2020/21	2021/22	% change
TOTAL	10,127	9,678	-4.4%	10,127	9,678	-4.4%
Arabicas	6,763	6,166	-8.8%	6,763	6,166	-8.8%
<i>Colombian Milds</i>	1,204	1,068	-11.3%	1,204	1,068	-11.3%
<i>Other Milds</i>	1,427	1,482	3.9%	1,427	1,482	3.9%
<i>Brazilian Naturals</i>	4,132	3,615	-12.5%	4,132	3,615	-12.5%
Robustas	3,364	3,513	4.4%	3,364	3,513	4.4%

In thousand 60-kg bags

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

	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
New York	1.52	1.75	1.92	1.97	2.07	2.21	2.33	2.32	2.31	2.27	2.01	1.72
London	2.31	2.40	2.44	2.50	2.53	2.67	2.53	2.43	2.31	2.09	1.97	1.78

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.