

Global coffee prices drift downwards in July 2019

The monthly average of the ICO composite indicator rose by 3% to 103.01 US cents/lb in July 2019, which is the highest monthly average since November 2018. However, the daily composite indicator started at a high of 107.87 US cents/lb on 4 July and fell to 98.57 US cents/lb by the end of the month. In June 2019, world coffee exports rose by 2.8% to 10.94 million bags compared to 10.64 million in June 2018. Exports in the first nine months of coffee year 2018/19 rose by 6.5% to 97.28 million bags. World production in coffee year 2018/19 increased by an estimated 1.9% to 168.72 million tonnes in 2019.

cents/lb on 31 July. Concerns over frost that supported prices in late June and early July dissipated by the end of the month.

Average prices for the Arabica group indicators rose in July 2019. Prices for Brazilian Naturals experienced the largest increase, averaging 5.48 US cents/lb, 4.7% higher than in June 2019. Other Milds increased by 4.4% to 135.47 US cents/lb while Colombian Milds rose 3.1% to 137.63 US cents/lb. Given the larger increase in Other Milds prices, the differential between Colombian Milds and Other Milds fell by 42.6% to 2.16 US cents/lb. In contrast to the Arabica group indicator prices, Robusta prices decreased by 0.1% to 73.93 US cents/lb, which is 13.3% lower than the start of the coffee year.

In July, the arbitrage between Arabica and Robusta coffees, measured on the New York and London futures markets, increased for the fourth consecutive month to 44.18 US cents/lb, 13.2% higher than in June 2019. Intra-day volatility of the ICO composite indicator prices rose by 0.3 percentage points to 9.2% as the intraday volatility of the Arabica group indicators rose to 126-3.3 (7 (a) 117-r-0.048 ()-1628) TJ 0

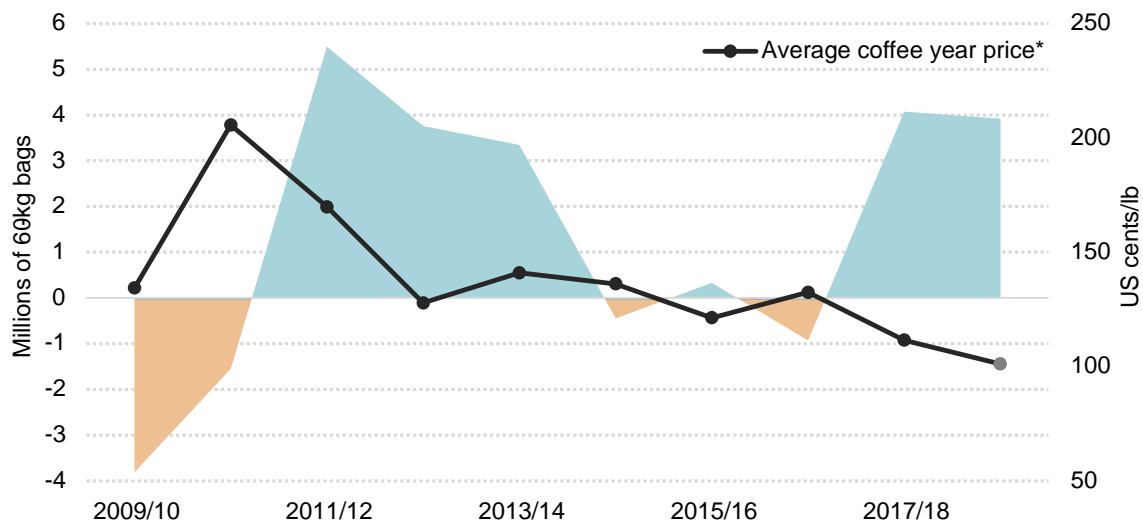
Vietnam's production is estimated 1.2% lower at 30 million bags as adverse weather conditions affected the yield in crop year 2018/19. Despite the reduction, output in 2018/19 would be the second largest volume on record for Vietnam following 2017/18. Exports in the first nine months of the year declined by 3.9% to 21.1 million bags.

Output from Colombia is estimated at 13.95 million bags in 2018/19, 1% higher than last year. According to the National Federation of Coffee Growers, production from October 2018 to June 2019 reached 10.34 million bags, 1.1% lower than the same period in 2017/18. However, exports from Colombia in the first nine months of coffee year 2018/19 amounted to 10.17 million bags, an increase of 7% from last year. Its shipments of soluble exports have grown steadily in recent years. In 2015/16, soluble exports represented around 5% of total exports while in 2018/19 they represent around 6%. Colombia's imports in the first half of coffee year 2018/19 increased to 865,024 bags from 288,115 bags during the same period in 2017/18, with imports of green coffee accounting for 95.8% of total imports this year.

Indonesia's of green coffee

represents 50.7% of its expected output. Exports in the first nine months of coffee year 2018/19 amounted to 2.47 million bags compared to 2.65 million bags in 2017/18.

Figure 6: World Coffee Prices and Balance



* 2018/19 price for October 2018 to July 2019
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World coffee consumption is estimated 2.1% higher in coffee year 2018/19 at 164.84 million bags with the largest growth in Asia & Oceania where demand rose by 3.6% to 35.91 million bags. Consumption in Europe has slowed, increasing by 1.5% to 31.97 million bags compared to an increase of 2.1% in 2017/18. However demand in North America grew by 2.2% to 30.61 million bags. Consumption in South America increased by 1.1% to 27.27 million bags, in Africa by 3% to 11.88 million bags, and in Central America & Mexico by 0.2% to 5.21 million bags. Despite this, growth in production is expected to exceed consumption by 3.2 million bags, resulting in a cumulative surplus of 8 million bags over the last two seasons.

Table 1: ICO indicator prices and futures prices (US cents/lb)

	ICO Composite	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	New York*	London*
Monthly averages							
Jul18	107.20	133.92	130.60	110.54	84.42	114.06	75.56
Aug18	102.41	129.99	125.21	104.46	80.74	108.12	71.94
Sep18	98.17	125.74	121.18	99.87	76.70	102.83	68.03
Oct18	111.21	140.83	137.34	115.59	85.32	119.73	77.16
Nov18	109.59	139.27	137.11	113.27	83.52	117.06	75.23
Dec18	100.61	127.86	127.10	102.10	77.57	105.79	69.59
Jan19	101.56	129.28	128.46	102.94	78.24	107.93	70.32
Feb19	100.67	127.93	128.45	100.06	78.65	104.12	70.52
Mar-19	97.50	125.23	123.89	95.81	76.96	98.84	68.61
Apr-19	94.42	124.42	121.13	92.47	73.28	95.31	65.06
May-19	93.33	124.40	120.55	91.95	71.12	94.86	62.45
Jun-19	99.97	133.49	129.73	100.69	74.02	104.44	65.41
Jul19	103.01	137.63	135.47	105.43	73.93		

