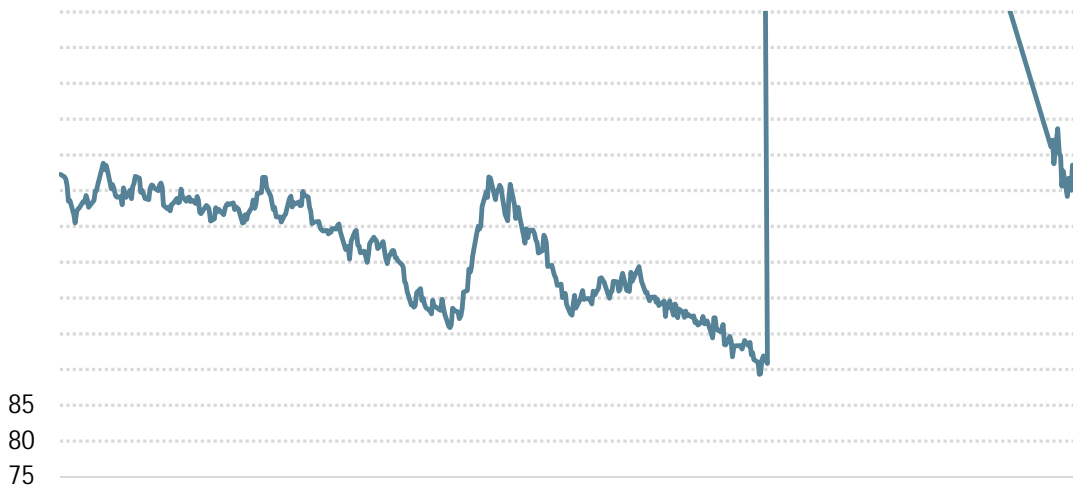
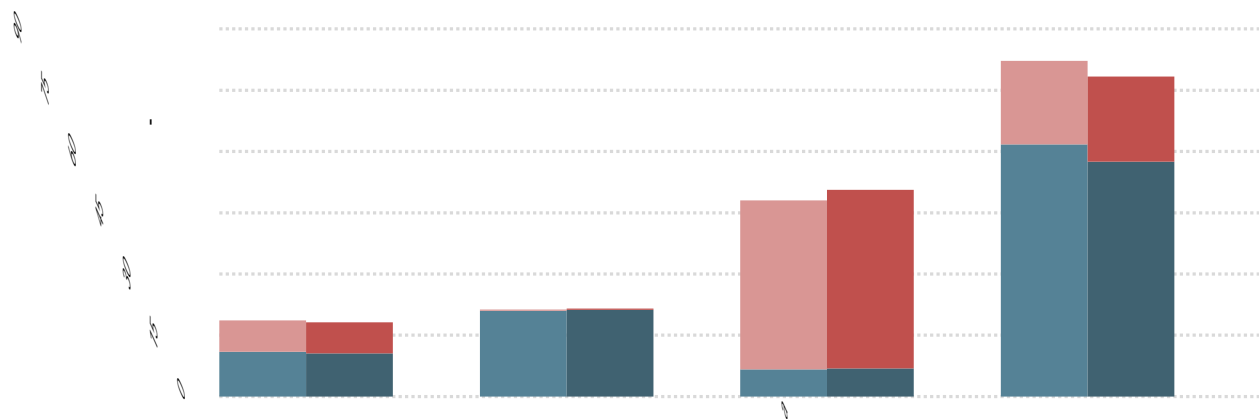


The ICO composite indicator continued to rise in December 2019, ranging between 111.80 and 123.69 US cents/lb. Prices for all Arabica indicators rose in December 2019, while Robusta prices decreased 0.1% to 73.22 US cents/lb. Firm demand and the current tightness in the market has helped to put upward pressure on prices. Exports in the first two months of coffee year 2019/20 declined by 10.8% to 18.3 million bags. Exports from all coffee groups decreased during this period, except Colombian Milds, which rose by 2.2% to 2.6 million bags. Global coffee output is estimated at 168.71 million bags in 2019/20, 0.9% lower than last year as Arabica production is estimated to decline by 4.1% to 96.22 million bags while Robusta grows by 3.7% to 72.5 million bags. In coffee year 2019/20, coffee consumption is estimated to increase by 1.24 million bags to 169.34 million bags. This would result in a deficit of 0.63 million bags in 2019/20, which puts upward pressure on prices. However, this may be limited as more of the 2019/20 crop enters the market as well as a larger crop is anticipated from Brazil in its 2020/21 crop year commencing in April.



The ICO composite indicator continued to rise in December 2019, peaking at 123.69 US cents/lb on 16 December 2019. The daily price of the ICO Composite averaged 117.37 US cents/lb in December, an increase of 9.5% from November, and is the highest monthly average since October 2017 when it reached 120.01 US cents/lb. During the month, the lowest level that the daily ICO composite indicator



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168.1 million bags in 2018/19, which was above the long-term average. The result in 2018/19 was mainly due to growth in both Europe and North America where consumption rose by 4.9% to 55.73 million bags and by 5.7% to 31.64 million bags, respectively. Lower prices during the past coffee year likely supported greater imports and consumption in these countries, but may slow in the current year as prices have risen. Further, a slowdown in global economic growth, particularly for emerging markets and developing economies, as described by the International Monetary Fund in its October 2019 World Economic.4 (e)-3 (t)-3 (3 (v)5.3 3.6 (6.63)10.5 4 ((n)2.3)15 (o)-0o-9.3 (po)11.3)1k()Tj-0.001 T (e)4 (es)1

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							
Dec-18	100.61	127.86	127.10	102.10	77.57	105.79	69.59
Jan-19	101.56	129.28	128.46	102.94	78.24	107.93	70.32
Feb-19	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
Jul-19	103.01	137.63	135.47	105.43	73.93	109.01	64.83
Aug-19	96.07	129.20	126.23	95.85	70.78	99.87	60.90
Sep-19	97.74	131.90	128.89	98.73	70.64	102.81	60.31
Oct-19	97.35	132.09	126.99	98.10	68.63	102.41	58.34
Nov-19	107.23	146.12	140.98	109.94	73.28	113.31	63.00
Dec-19	117.37	161.50	157.11	126.36	73.22	131.44	63.87
% change between Nov19 and Dec19							
	9.5%	10.5%	11.4%	14.9%	-0.1%	16.0%	1.4%
Volatility (%)							
Dec-19	9.7%	9.5%	9.6%	12.1%	8.8%	14.1%	9.4%
Nov-19	7.1%	7.2%	6.9%	9.2%	6.2%	14.3%	7.3%
Variation between Nov-19 and Dec19							
	2.6	2.3	2.7	2.9	2.6	-0.2	2.1

* Average price for 2nd and 3rd positions

Table 2: Price differentials (US cents/lb)



Table 3: World supply/demand balance

Coffee year commencing	2015	2016	2017	2018	2019*	% change 2018/19
PRODUCTION	154 996	158 625	162 676	170 223	168 711	-0.9%
Arabica	91 181	100 776	97 290	100 317	96 215	-4.1%
Robusta	63 815	57 849	65 386	69 906	72 496	3.7%
Africa	15 756	16 729	17 376	18 623	18 190	-2.3%
Asia & Oceania	49 484	45 652	48 408	48 064	50 652	5.4%
Mexico & Central America	17 106	20 322	21 725	21 345	21 542	0.9%
South America	72 651	75 921	75 167	82 191	78 328	-4.7%
CONSUMPTION	155 491	158 642	162 555	168 099	169 337	0.7%
Exporting countries	47 548	48 488	49 793	50 510	51 018	1.0%
Importing countries (Coffee Years)	107 943	110 154	112 763	117 589	118 319	0.6%
Africa	10 951	11 130	11 527	11 724	11 939	1.8%
Asia & Oceania	32 863	34 573	35 697	36 470	37 511	2.9%
Mexico & Central America	5 295	5 226	5 321	5 401	5 474	1.4%
Europe	52 147	52 045	53 148	55 731	55 395	-0.6%
North America						

