



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

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## LETTER FROM THE EXECUTIVE DIRECTOR

### COFFEE MARKET REPORT

March 2008

*Arabica coffee prices were subject to downward adjustments during the month of March. Robusta prices were up by 5.6% compared to their February levels, reflecting some uncertainty regarding supplies from Robusta exporting countries. The differential between Other Mild Arabicas and Robustas was reduced by more than 33%, falling from 41.84 US cents per lb in February to 27.97 US cents per lb in March. Prices also recorded marked volatility, with the monthly average of the ICO composite indicator price down from 152.85 US cents per lb on 3 March to 122.93 US cents per lb on 31 March. Continuing fund activity in the commodity markets, which was noted in February, intensified in March, leading to a further increase in price volatility. In the space of two days (between 5 and 6 March) quotations on the New York futures market (ICE) fluctuated by 5.5%, falling from 165.10 US cents per lb to 155.95 US cents per lb, only to rise again to 159.05 US cents per lb on 13 March before falling by 17.5% to 131.2 US cents per lb on 31 March.*

*Exports during the first five months of coffee year 2007/08 fell by 7% compared to the figure for the same period in coffee year 2006/07. The rate of exports in 2008 has, in fact, slackened compared to 2007. Stocks of coffee in importing countries have increased by 11.2 %, from 20.3 million bags in September 2006 to 22.6 million bags in September 2007. Meanwhile, dynamic world consumption patterns and the continued balance between supply and demand make it likely that current price levels will be maintained*

#### Price movements

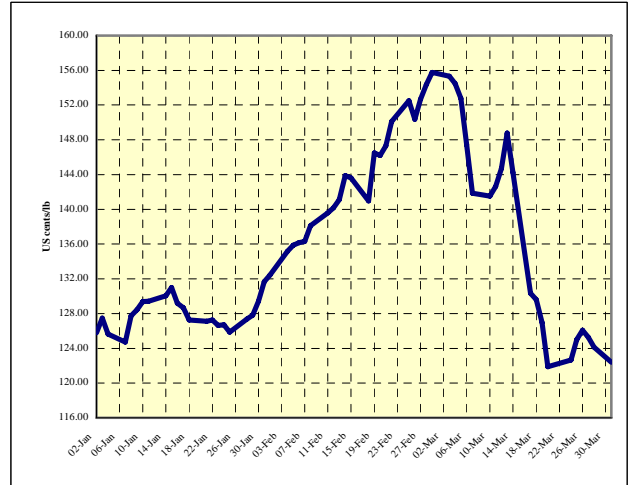
The monthly average of the **ICO composite indicator price** fell slightly, from 138.82 US cents per lb in February to 136.17 US cents per lb in March. The fall in the composite indicator price is attributable to the behaviour of Arabica prices, which on average lost 5% of their value compared to February (Table 1). All four groups of coffee recorded pronounced fluctuations in price during March. Despite the volatility in March, the behaviour of the market in the first week of April

seems to indicate firm price trends for all four groups of coffee. The ICO composite indicator price recorded on 9 April was 127.64 US cents per lb. Graph 1 shows changes in the ICO daily composite indicator price since 1 March 2007. Graphs 2 to 5 show changes in daily indicator prices for the four groups of coffee since 2 January 2008. Graph 6 shows the differential between average monthly indicator prices of Other Milds and Robustas from 2 January to 31 March 2008.

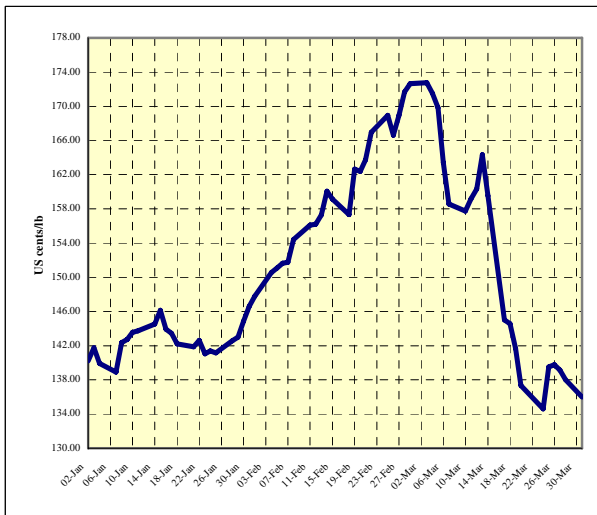
**Graph 1: Daily composite indicator price  
1 March 2007 – 9 April 2008**



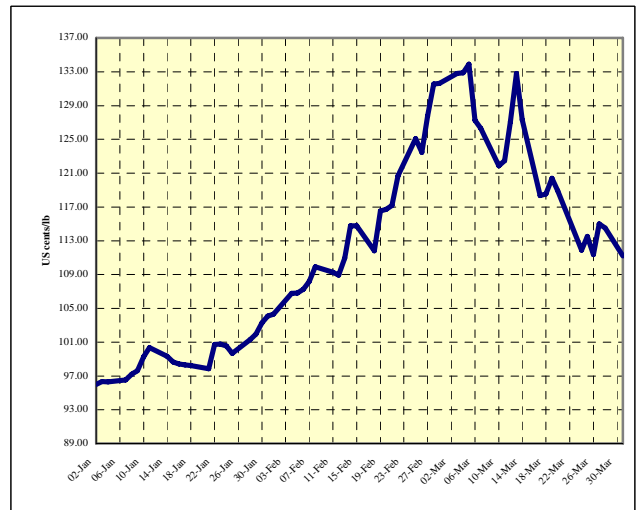
**Graph 4: Daily indicator prices of Brazilian Naturals  
2 January – 31 March 2008**



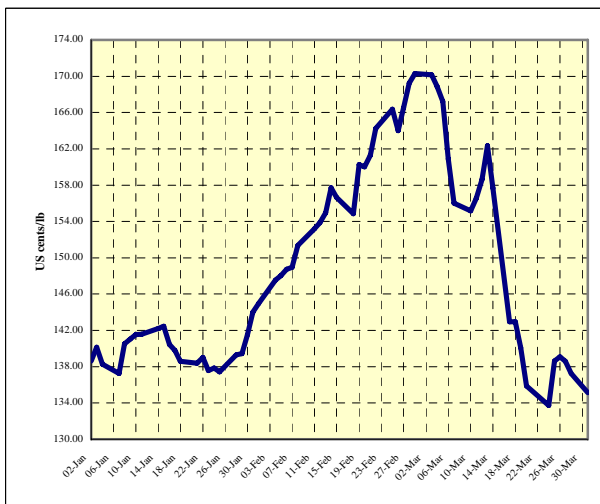
**Graph 2: Daily indicator prices of Colombian Milds  
2 January – 31 March 2008**



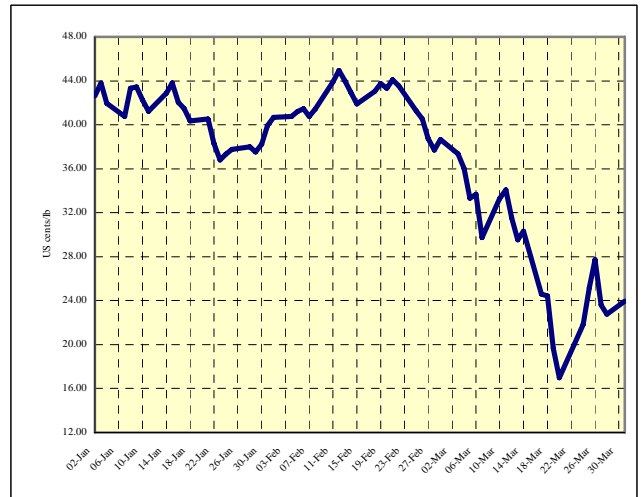
**Graph 5: Daily indicator prices of Robustas  
2 January – 31 March 2008**



**Graph 3: Daily indicator prices of Other Milds  
2 January – 31 March 2008**



**Graph 6: Differential between average monthly indicator prices of Other Milds and Robustas  
2 January – 31 March 2008**



**Table 1: ICO daily indicator prices and futures prices (US cents per lb) – March 2008**

	<b>ICO composite</b>	<b>Colombian Milds</b>	<b>Other Milds</b>	<b>Brazilian Naturals</b>	<b>Robustas</b>	<b>New York*</b>	<b>London*</b>
<b>Mar-08</b>							
03-Mar	152.85	172.75	170.15	155.34	132.80	168.70	125.10
04-Mar	152.19	171.53	168.88	154.50	132.87	166.22	125.08
05-Mar	151.43	169.82	167.20	152.76	133.89	165.10	126.26
06-Mar	145.30	163.44	160.92	147.40	127.26	155.95	119.39
07-Mar	141.58	158.58	156.01	141.86	126.28	152.63	114.01
10-Mar	139.65	157.73	155.17	141.53	121.88	151.65	114.37
11-Mar	140.68	159.18	156.54	142.65	122.48	153.25	116.30
12-Mar	143.51	160.31	158.62	144.71	127.07	155.15	120.20
13-Mar	148.08	164.34	162.34	148.77	132.81	159.05	124.69
14-Mar	143.15	159.53	157.65	144.26	127.33	153.40	119.23
17-Mar	130.73	145.03	142.95	130.35	118.37	137.25	110.59
18-Mar	130.50	144.58	142.95	129.62	118.53	138.80	110.88
19-Mar	129.35	141.66	140.06	126.98	120.39	136.63	109.54
20-Mar	125.80	137.32	135.88	121.88	118.92	134.57	103.06
21-Mar	Holiday						
24-Mar	122.78	134.60	133.73	122.66	111.90	132.45	Holiday
25-Mar	125.75	139.52	138.64	125.03	113.51	136.35	104.92
26-Mar	125.45	139.79	139.08	126.08	111.36	136.08	103.42
27-Mar	126.27	139.13	138.58	125.27	114.99	136.30	106.91
28-Mar	125.33	138.02	137.26	124.14	114.50	134.17	104.17
31-Mar	122.93	135.98	135.14	122.40	111.19	131.20	103.42
<b>Mar-08</b>	<b>136.17</b>	<b>151.64</b>	<b>149.89</b>	<b>136.41</b>	<b>121.92</b>	<b>146.75</b>	<b>113.77</b>
<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
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
August	107.98	125.22	123.19	111.73	87.44	121.64	79.91
September	113.20	130.37	128.04	117.14	92.78	127.74	83.27
October	115.71	136.49	134.29	122.12	91.10	134.36	81.67
November	114.43	133.32	131.00	119.87	92.59	127.80	84.28
December	118.16	140.12	137.58	125.93	91.39	135.08	84.62
<b>2008</b>							
January	122.33	142.66	139.86	127.93	99.21	138.52	91.70
February	138.82	159.90	157.29	143.78	115.45	155.83	108.17
March	136.17	151.64	149.89	136.41	121.92	146.75	113.77
<b>annual averages</b>							
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
2007	107.68	125.57	123.55	111.79	86.60	121.83	78.56
<b>% change between Mar-08 and Feb-08</b>	-1.91	-5.16	-4.71	-5.13	5.60	-5.83	5.17
<b>% change between Mar-08 and Mar-07</b>	36.04	28.15	28.02	30.03	58.33	28.30	64.50
<b>% change between Mar-08 and 2007 average</b>	26.45	20.76	21.32	22.02	40.78	20.45	44.81
<b>volatility (%)</b>							
Mar-07	1.11	0.97	1.08	1.07	1.59	1.72	1.39
Apr-07	0.98	1.01	1.08	1.19	1.14	1.18	1.27
May-07	0.73	0.74	0.77	0.85	0.95	1.25	0.86
Jun-07	0.90	0.79	0.81	0.79	1.64	1.17	1.28
Jul-07	0.76	0.91	0.84	0.85	1.10	1.44	1.40
Aug-07	1.17	1.22	1.26	1.18	1.32	1.89	1.14
Sep-07	1.48	1.59	1.63	1.59	1.70	1.98	1.28
Oct-07	1.46	1.50	1.61	1.61	1.52	2.03	1.13
Nov-07	0.91	1.15	1.12	1.21	0.92	1.29	1.00
Dec-07	0.87	0.76	0.86	0.79	1.40	1.04	1.15
Jan-08	0.86	0.99	1.01	1.02	0.96	1.41	0.98
Feb-08	1.34	1.15	1.15	1.26	1.86	1.51	1.88
<b>Mar-08</b>	<b>2.66</b>	<b>2.68</b>	<b>2.74</b>	<b>2.81</b>	<b>3.23</b>	<b>3.02</b>	<b>3.37</b>

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

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

Crop year commencing					% change
	2004	2005	2006	2007	2007 & 2006
<b>TOTAL</b>	<b>115 330</b>	<b>109 149</b>	<b>125 974</b>	<b>116 909</b>	<b>-7.20</b>
<i>Africa</i>	<i>14 349</i>	<i>12 921</i>	<i>14 868</i>	<i>14 772</i>	<i>-0.64</i>
Cameroon	727	849	827	795	-3.91
Côte d'Ivoire	2 301	1 962	2 847	1 500	-47.32
Ethiopia	4 568	4 003	4 636	5 733	23.67
Kenya	756	625	822	725	-11.81
Tanzania	763	721	750	833	11.10
Uganda	2 593	2 159	2 600	2 750	5.76
Others	2 640	2 602	2 385	2 436	2.14
<i>Arabicas</i>	<i>7 675</i>	<i>6 469</i>	<i>7 342</i>	<i>8 292</i>	<i>12.95</i>
<i>Robustas</i>	<i>6 674</i>	<i>6 452</i>	<i>7 526</i>	<i>6 480</i>	<i>-13.90</i>
<i>Asia &amp; Oceania</i>	<i>28 733</i>	<i>29 077</i>	<i>32 311</i>	<i>32 075</i>	<i>-0.73</i>
India	4 592	4 396	5 079	4 850	-4.51
Indonesia	7 536	8 659	6 650	7 000	5.27
Papua New Guinea	998	1 268	807	1 043	29.21
Thailand	884	999	766	935	22.05
Vietnam	14 174	13 595	18 455	17 500	-5.17
Others	548	160	554	747	34.80
<i>Arabicas</i>	<i>3 542</i>	<i>3 661</i>	<i>3 246</i>	<i>3 527</i>	<i>8.66</i>
<i>Robustas</i>	<i>25 191</i>	<i>25 416</i>	<i>29 065</i>	<i>28 548</i>	<i>-1.78</i>
<i>Mexico &amp; Central America</i>	<i>15 814</i>	<i>17 379</i>	<i>17 098</i>	<i>18 741</i>	<i>9.61</i>
Costa Rica	1 887	1 778	1 580	1 882	19.11
El Salvador	1 437	1 502	1 372	1 476	7.61
Guatemala	3 703	3 676	3 950	4 000	1.26
Honduras	2 575	3 204	3 461	3 833	10.75
Mexico	3 867	4 225	4 200	4 500	7.13
Nicaragua	1 130	1 718	1 300	1 750	34.63
Others	1 214	1 277	1 234	1 300	5.36
<i>Arabicas</i>	<i>15 799</i>	<i>17 243</i>	<i>16 963</i>	<i>18 596</i>	<i>9.63</i>
<i>Robustas</i>	<i>15</i>	<i>136</i>	<i>135</i>	<i>145</i>	<i>7.68</i>
<i>South America</i>	<i>56 434</i>	<i>49 772</i>	<i>61 698</i>	<i>51 320</i>	<i>-16.82</i>
Brazil	39 272	32 944	42 512	33 740	-20.63
Colombia	12 033	12 329	12 789	12 400	-3.04
Ecuador	938	1 138	1 177	950	-19.29
Others	4 191	3 361	5 220	4 230	-18.97
<i>Arabicas</i>	<i>48 691</i>	<i>40 103</i>	<i>51 888</i>	<i>40 828</i>	<i>-21.32</i>
<i>Robustas</i>	<i>7 743</i>	<i>9 668</i>	<i>9 810</i>	<i>10 493</i>	<i>6.96</i>
<b>TOTAL</b>	<b>115 330</b>	<b>109 149</b>	<b>125 974</b>	<b>116 909</b>	<b>-7.20</b>
Colombian Milds	13 345	13 401	14 076	13 658	-2.97
Other Milds	25 113	25 472	27 100	27 933	3.07
Brazilian Naturals	37 249	28 605	38 264	29 652	-22.51
Robustas	39 622	41 673	46 535	45 665	-1.87
<b>Arabicas</b>	<b>75 708</b>	<b>67 477</b>	<b>79 439</b>	<b>71 243</b>	<b>-10.32</b>
<b>Robustas</b>	<b>39 622</b>	<b>41 673</b>	<b>46 535</b>	<b>45 665</b>	<b>-1.87</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	
Colombian Milds	11.57	12.28	11.17	11.68	
Other Milds	21.77	23.34	21.51	23.89	
Brazilian Naturals	32.30	26.21	30.37	25.36	
Robustas	34.36	38.18	36.94	39.06	
<b>Arabicas</b>	<b>65.64</b>	<b>61.82</b>	<b>63.06</b>	<b>60.94</b>	
<b>Robustas</b>	<b>34.36</b>	<b>38.18</b>	<b>36.94</b>	<b>39.06</b>	

In thousand bags

**Market fundamentals**

On 8 April, the Instituto Brasileiro de Geografia e Estatística, an organ of the Ministry of Planning, released a revised estimate of the 2008/09 Brazilian crop of 44.2 million bags, with no indication of breakdown by Arabica and Robusta. If this figure is confirmed, world production for the 2008/09 crop year would be around 126 million bags, at the top of the range of my previous estimate. Once I receive new crop estimates from Conab, the specialized agency of the Ministry of Agriculture which is the Organization's traditional source of production information in Brazil, due in May, I will revisit the question of world production for the forthcoming crop year. The weakness of the US dollar and rocketing oil prices are exerting a negative impact on the incomes of coffee farmers. This could lead them to cut down on the use of fertilizers, with a consequent fall in productivity. Furthermore, it should be noted that problems related to the availability of labour may affect harvesting in some exporting countries.

In the case of crop year 2007/08, which has just ended in certain countries, including Brazil, total production is around 117 million bags (Table 2). Arabica production totals 71.2 million bags while Robusta production totals 45.7 million bags.

**Exports** during the month of February 2008 totalled 7.8 million bags, the same level as in February 2007 (Table 3). Total exports for the first five months of coffee year 2007/08 were 36.8 million bags compared to 39.6 million bags for the same period in coffee year 2006/07 (Table 4).

**Table 3: Total exports February 2007 and 2008**

	2007	2008	% change
<b>TOTAL</b>	<b>7.77</b>	<b>7.76</b>	<b>-0.11</b>
Colombian Milds	1.09	1.25	14.08
Other Milds	1.75	1.89	7.88
Brazilian Naturals	2.24	2.14	-4.39
Robustas	2.69	2.49	-7.51
Arabicas	5.08	5.27	3.81
Robustas	2.69	2.49	-7.51

In million bags

**Table 4: Exports October-February 2006/07 and 2007/08**

	2006/07	2007/08	% change
<b>TOTAL</b>	<b>39.59</b>	<b>36.84</b>	<b>-6.96</b>
Colombian Milds	5.35	5.89	10.13
Other Milds	7.49	7.08	-5.42
Brazilian Naturals	12.87	11.55	-10.26
Robustas	13.89	12.32	-11.30
Arabicas	25.70	24.51	-4.61
Robustas	13.89	12.32	-11.30

In million bags

The value of exports of all forms of coffee by exporting countries in coffee year 2006/07 is estimated at US\$12.4 billion for a volume of exports totalling 97.6 million bags. During coffee year 2005/06 the value was US\$10.1 billion for a total volume of 88 million bags.

Table 5 shows **world consumption** from 2002 to 2006. For 2007 world consumption has been estimated at around 123 million bags. The current growth in consumption, particularly domestic consumption in exporting countries like Brazil and India, makes it likely that world consumption could exceed 125 million bags in 2008.

Tables 6 and 7 show per capita consumption in selected exporting and importing countries. Table 8 shows retail prices of coffee in selected importing countries.

**Table 5: World consumption  
Calendar years 2002-2006**

	2002	2003	2004	2005	2006
<b>WORLD TOTAL</b>	<b>110 268</b>	<b>112 490</b>	<b>117 830</b>	<b>117 929</b>	<b>120 582</b>
<i>Producing Countries</i>	<i>27 511</i>	<i>28 189</i>	<i>29 238</i>	<i>30 164</i>	<i>31 309</i>
Brazil	13 710	14 088	14 763	15 363	16 100
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	1 556	1 794
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	4 594	4 703	4 938	5 121	5 205
<i>Importing Countries</i>	<i>82 757</i>	<i>84 301</i>	<i>88 591</i>	<i>87 765</i>	<i>89 273</i>
<i>European Community</i>	<i>38 636</i>	<i>39 765</i>	<i>41 073</i>	<i>39 374</i>	<i>40 984</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	5 278
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	2 129
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	6 685	7 258	7 058	6 908
USA	19 125	20 193	20 973	20 998	20 667
Japan	6 875	6 770	7 117	7 128	7 268
<i>Other Importing Countries</i>	<i>18 122</i>	<i>17 574</i>	<i>19 428</i>	<i>20 266</i>	<i>20 353</i>
Russian Federation	3 301	3 409	2 877	3 040	3 177
Canada	2 302	2 133	2 747	2 794	3 097
Algeria	1 852	1 752	2 159	1 892	1 836
Korea, Republic of	1 306	1 305	1 401	1 394	1 463
Australia	976	873	864	1 039	992
Ukraine	431	637	724	977	752
Others	7 953	7 465	8 656	9 129	9 036

In thousand bags

**Table 6: Per capita consumption in  
selected exporting countries  
Calendar years 2002–2006**

	2002	2003	2004	2005	2006
Brazil	4.59	4.65	4.81	4.93	5.10
Costa Rica	3.62	3.40	4.17	5.04	4.77
Dominican Republic	2.26	2.22	2.31	2.39	2.36
Haiti	2.30	2.27	2.23	2.19	2.16
Nicaragua	2.07	2.10	2.12	2.09	2.06
Honduras	1.86	1.83	1.86	2.02	1.98
El Salvador	1.44	1.42	1.44	1.62	1.85
Colombia	1.95	1.92	1.90	1.87	1.84
Venezuela	1.63	1.61	1.60	1.58	1.59
Madagascar	0.68	1.03	1.43	1.50	1.46
Guatemala	1.53	1.49	1.45	1.42	1.38
Ethiopia	1.50	1.47	1.43	1.39	1.36
Panama	1.31	1.29	1.26	1.24	1.24
Cuba	1.19	1.20	1.20	1.20	1.20
Mexico	0.88	0.88	0.87	0.90	1.02
Côte d'Ivoire	1.07	1.06	1.04	1.02	1.00
Ecuador	0.77	0.70	0.70	0.69	0.68
Philippines	0.62	0.65	0.66	0.65	0.64
Indonesia	0.52	0.53	0.54	0.53	0.52

In kilogrammes

**Table 7: Per capita consumption in selected  
importing countries  
Calendar years 2002-2006**

	2002	2003	2004	2005	2006
Algeria	3.54	3.30	4.00	3.46	3.30
Australia	2.99	2.64	2.58	3.07	2.90
Canada	4.41	4.05	5.16	5.19	5.70
<i>European Community</i>	<i>4.79</i>	<i>4.90</i>	<i>5.04</i>	<i>4.82</i>	<i>5.00</i>
Austria	6.80	5.26	7.24	5.59	4.41
Belgium	8.67	9.16	7.42	6.68	8.84
Bulgaria	2.59	3.04	2.81	3.33	3.28
Cyprus	3.81	3.89	4.32	4.97	3.92
Czech Republic	3.77	3.66	3.56	3.87	3.58
Denmark	8.99	8.06	9.43	8.80	9.09
Estonia	4.89	5.08	5.71	6.48	7.48
Finland	11.19	11.10	11.87	12.60	11.92
France	5.54	5.37	4.88	4.71	5.16
Germany	6.18	6.90	7.58	6.29	6.64
Greece	4.49	5.04	4.72	4.70	4.62
Hungary	3.76	3.82	4.20	3.39	3.56
Ireland	2.08	2.27	3.31	3.23	2.88
Italy	5.44	5.74	5.64	5.68	5.70
Latvia	3.72	4.08	4.03	3.76	4.74
Lithuania	3.60	3.01	3.44	3.40	3.78
Luxembourg	13.22	12.07	15.67	11.66	13.49
Malta	1.36	1.58	2.33	2.44	4.32
Netherlands	5.87	6.46	7.30	7.08	7.80
Poland	3.44	3.51	3.58	3.56	3.07
Portugal	4.17	3.78	3.90	4.29	4.24
Romania	2.02	2.08	2.26	2.38	2.33
Slovakia	3.36	3.54	3.15	3.26	3.13
Slovenia	5.68	5.02	5.55	5.44	5.27
Spain	4.11	3.91	3.79	4.16	4.12
Sweden	8.24	7.89	8.22	7.76	8.69
United Kingdom	2.28	2.25	2.46	2.67	3.03
Japan	3.24	3.18	3.34	3.34	3.41
Korea, Republic of	1.66	1.65	1.76	1.75	1.83
Norway	9.13	8.95	9.23	9.61	9.27
Russian Federation	1.36	1.41	1.19	1.27	1.33
Switzerland	6.73	6.95	5.86	8.89	7.51
Ukraine	0.54	0.80	0.92	1.25	0.97
USA	3.95	4.12	4.24	4.20	4.09

In kilogrammes

**Table 8: Retail prices of roasted coffee in selected importing countries**

	September			% change 2007&2006
	2005	2006	2007	
<i>European Community</i>				
Austria	387.95	419.13	422.27	<b>0.75%</b>
Belgium	416.30	445.11	499.79	<b>12.29%</b>
Cyprus	523.94	541.06	582.36	<b>7.63%</b>
Denmark	437.27	456.30	481.25	<b>5.47%</b>
Finland	291.24	302.51	335.30	<b>10.84%</b>
France	275.68	304.82	345.38	<b>13.31%</b>
Germany	429.08	438.76	476.47	<b>8.60%</b>
Italy	608.05	639.08	717.86	<b>12.33%</b>
Latvia	406.89	441.24	493.85	<b>11.92%</b>
Luxembourg	605.83	654.09	678.16	<b>3.68%</b>
Malta 1/	1 026.26	1 115.82	1249.91	<b>12.02%</b>
Netherlands	369.05	401.81		
Poland	259.51	282.47	371.71	<b>31.59%</b>
Portugal	474.66	476.86	518.70	<b>8.77%</b>
Slovakia	271.69	313.00	399.86	<b>27.75%</b>
Slovenia	380.59	404.27	461.97	<b>14.27%</b>
Spain	317.92	351.00	390.76	<b>11.33%</b>
Sweden	297.73	321.22	358.13	<b>11.49%</b>
United Kingdom 1/	1 492.85	1 694.25	1 820.24	<b>7.44%</b>
Japan	796.43	841.21	791.88	<b>-5.86%</b>
Norway	407.81	401.87	466.54	<b>16.09%</b>
Switzerland	574.97			
USA	337.60	317.30		

In US cents per lb

1/ Soluble coffee

*In conclusion, I would like to indicate that the volatility in coffee prices became more pronounced during the month of March, to a far greater extent in the case of Robustas. Despite a downward correction in Arabica prices, the positive trend in world consumption has helped to maintain firm price trends. In this regard, it should be recognized that a number of producing countries are currently implementing internal programmes that will lead to increased domestic consumption.*

