



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

E

LETTER FROM THE EXECUTIVE DIRECTOR

COFFEE MARKET REPORT

October 2008

Coffee prices fell sharply during the month of October in the context of the financial crisis, which seems to be exerting downward pressures on virtually all commodity prices. The monthly average of the ICO composite indicator price fell by 14.5%, from 126.69 US cents per lb for September to 108.31 US cents per lb for October, which is the lowest level in 14 months. This means that in the last two months coffee prices have declined by over 17%. On the other hand, the value of the US dollar has strengthened compared to the currencies of many exporting countries, which has to some extent off-set the fall in prices. Price volatility has increased slightly since September, particularly in the case of Robustas, which recorded the sharpest fall in prices for the four groups of coffee. The sale of contracts on the London futures market (LIFFE) increased by 36.4% during October compared to September.

Prices of oil products continue to be unstable, although the level in October was significantly lower than in the earlier months of 2008, particularly in July and in some countries reductions in fertilizer prices have been reported.

Exports by all exporting countries in September totalled 7.9 million bags, bringing the total for coffee year 2007/08 (October 2007 – September 2008) to 94.5 million bags compared with 97.9 million bags for the same period in coffee year 2006/07, a fall of 3.4%.

Price movements

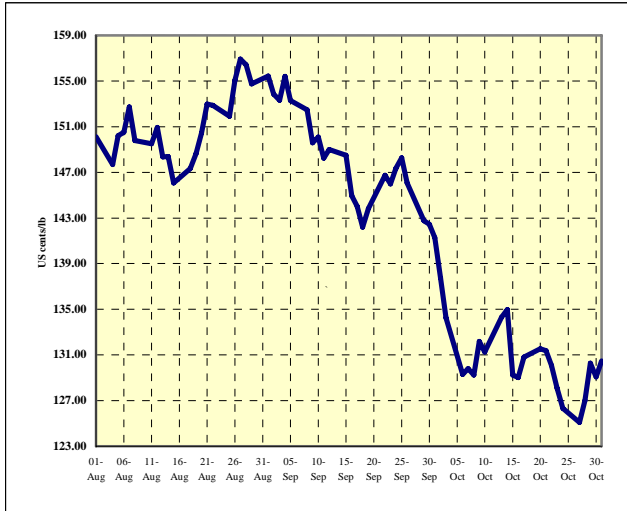
The monthly average of the **ICO composite indicator price** was down from 126.69 US cents per lb in September to 108.31 US cents per lb in October, a fall of 14.5%, with increased volatility (Table 1). Graph 1 shows changes in the ICO daily composite indicator price since 1 October 2007¹. Graphs 2 to 5 show changes in daily indicator prices for the four groups of coffee since 1 August 2008. Robusta prices again recorded the steepest fall, with significant volatility. It should be noted that sales on the London futures market (LIFFE) were up by 36.4%, from around 23.7 million bags in September to 32.4 million bags in October.

Graph 1: Daily composite indicator price
1 October 2007 – 10 November 2008

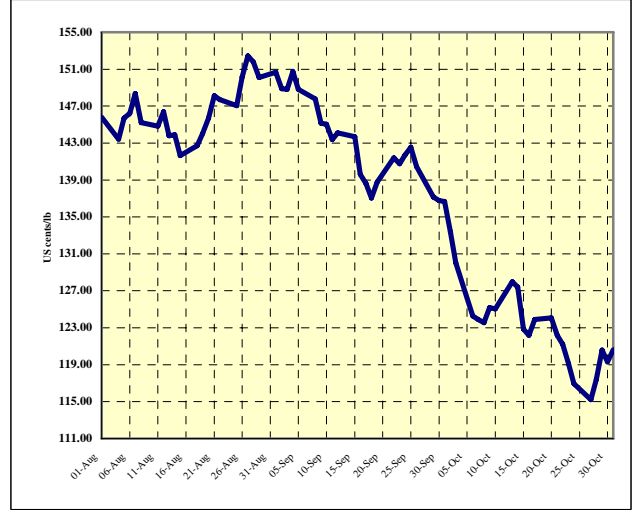


¹ The price recorded on 10 November was 107.64 US cents per pound.

Graph 2: Daily indicator prices for Colombian Milds 1 August – 31 October 2008



Graph 3: Daily indicator prices for Other Milds 1 August – 31 October 2008



Graph 4: Daily indicator prices for Brazilian Naturals 1 August – 31 October 2008



Graph 5: Daily indicator prices for Robustas 1 August – 31 October 2008



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

| | ICO composite | Colombian Milds | Other Milds | Brazilian Naturals | Robustas | New York* | London* |
|---|------------------|--------------------|----------------|-----------------------|--------------|---------------|--------------|
| Oct-08 | | | | | | | |
| 01-Oct | 120.15 | 141.28 | 136.67 | 122.51 | 100.17 | 134.82 | 92.60 |
| 02-Oct | 117.60 | 137.72 | 132.85 | 119.66 | 99.01 | 131.35 | 91.40 |
| 03-Oct | 115.22 | 134.25 | 130.04 | 116.58 | 97.93 | 128.28 | 90.56 |
| 06-Oct | 111.04 | 129.29 | 124.28 | 111.03 | 96.19 | 120.85 | 85.62 |
| 07-Oct | 109.74 | 129.80 | 123.91 | 111.50 | 92.07 | 120.65 | 85.71 |
| 08-Oct | 108.86 | 129.25 | 123.55 | 110.24 | 91.10 | 121.08 | 80.40 |
| 09-Oct | 108.27 | 132.18 | 125.17 | 111.94 | 85.80 | 121.08 | 82.42 |
| 10-Oct | 108.59 | 131.26 | 125.05 | 110.66 | 88.28 | 121.77 | 80.99 |
| 13-Oct | 110.35 | 134.32 | 128.00 | 113.93 | 87.51 | 124.00 | 83.55 |
| 14-Oct | 111.20 | 134.97 | 127.41 | 113.84 | 90.08 | 125.30 | 84.66 |
| 15-Oct | 108.28 | 129.25 | 122.85 | 109.78 | 90.24 | 119.70 | 81.33 |
| 16-Oct | 106.85 | 129.02 | 122.17 | 108.78 | 87.53 | 119.45 | 81.10 |
| 17-Oct | 107.96 | 130.80 | 123.90 | 110.07 | 87.85 | 122.05 | 82.42 |
| 20-Oct | 108.66 | 131.54 | 124.07 | 110.06 | 89.47 | 120.67 | 82.33 |
| 21-Oct | 107.96 | 131.38 | 122.18 | 109.27 | 89.31 | 120.58 | 82.08 |
| 22-Oct | 107.08 | 130.07 | 121.21 | 108.09 | 88.92 | 118.92 | 80.83 |
| 23-Oct | 104.69 | 128.09 | 119.13 | 105.82 | 86.07 | 116.53 | 78.86 |
| 24-Oct | 103.20 | 126.33 | 116.95 | 103.73 | 85.62 | 115.05 | 76.73 |
| 27-Oct | 101.35 | 125.11 | 115.22 | 102.21 | 83.18 | 114.10 | 73.69 |
| 28-Oct | 101.89 | 126.99 | 117.40 | 104.32 | 80.83 | 114.17 | 73.80 |
| 29-Oct | 104.22 | 130.28 | 120.59 | 107.90 | 81.17 | 118.60 | 75.46 |
| 30-Oct | 103.73 | 129.08 | 119.29 | 106.43 | 82.31 | 117.40 | 74.00 |
| 31-Oct | 104.18 | 130.48 | 120.61 | 107.83 | 81.03 | 119.20 | 73.78 |
| Oct-08 | 108.31 | 130.99 | 123.59 | 110.27 | 88.77 | 121.11 | 81.49 |
| 2007 | | | | | | | |
| 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 |
| 2008 | | | | | | | |
| 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 |
| April | 126.55 | 142.04 | 140.70 | 127.67 | 111.29 | 136.23 | 103.48 |
| May | 126.76 | 143.60 | 141.95 | 129.52 | 108.88 | 137.03 | 100.89 |
| June | 130.51 | 149.15 | 146.15 | 133.65 | 111.34 | 143.59 | 102.98 |
| July | 132.78 | 151.18 | 147.36 | 134.80 | 115.23 | 144.31 | 106.49 |
| August | 131.14 | 151.03 | 146.43 | 133.28 | 112.56 | 144.26 | 103.85 |
| September | 126.69 | 148.36 | 143.27 | 130.26 | 105.38 | 140.72 | 97.50 |
| October | 108.31 | 130.99 | 123.59 | 110.27 | 88.77 | 121.11 | 81.49 |
| 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 |
| 2007 | 107.68 | 125.57 | 123.55 | 111.79 | 86.60 | 121.83 | 78.56 |
| % change between Oct-08 and Sep-08 | -14.51 | -11.71 | -13.74 | -15.35 | -15.76 | -13.93 | -16.42 |
| % change between Oct-08 and Oct-07 | -6.40 | -4.03 | -7.97 | -9.70 | -2.56 | -9.86 | -0.22 |
| % change between Oct-08 and 2007 average | 0.58 | 4.32 | 0.03 | -1.36 | 2.50 | -0.59 | 3.73 |
| volatility (%) | | | | | | | |
| 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 |
| Mar-08 | 2.66 | 2.68 | 2.74 | 2.81 | 3.23 | 3.02 | 3.37 |
| Apr-08 | 1.39 | 1.57 | 1.54 | 1.58 | 1.44 | 2.02 | 1.77 |
| May-08 | 1.15 | 1.29 | 1.32 | 1.23 | 1.54 | 2.01 | 1.54 |
| Jun-08 | 1.58 | 1.69 | 1.69 | 1.68 | 1.58 | 2.02 | 1.78 |
| Jul-08 | 1.32 | 1.21 | 1.22 | 1.25 | 1.71 | 1.75 | 1.90 |
| Aug-08 | 1.31 | 1.27 | 1.31 | 1.30 | 1.79 | 1.64 | 1.82 |
| Sep-08 | 1.08 | 1.21 | 1.22 | 1.20 | 1.24 | 2.04 | 1.56 |
| Oct-08 | 1.48 | 1.86 | 1.86 | 2.05 | 2.20 | 2.15 | 2.47 |

*Average of the 2nd and 3rd positions

Table 2: Production in selected exporting countries

| Crop year commencing | 2004 | 2005 | 2006 | 2007 | 2007 & 2008 | % change |
|-------------------------------------|----------------|----------------|----------------|----------------|-------------|---------------|
| TOTAL | 114 950 | 109 117 | 126 305 | 118 190 | | -6.42 |
| <i>Africa</i> | <i>14 327</i> | <i>13 039</i> | <i>15 117</i> | <i>14 992</i> | | <i>-0.82</i> |
| Cameroon | 727 | 849 | 827 | 795 | | -3.91 |
| Côte d'Ivoire | 2 301 | 1 962 | 2 847 | 2 000 | | -29.76 |
| Ethiopia | 4 568 | 4 003 | 4 636 | 5 733 | | 23.67 |
| Kenya | 736 | 660 | 826 | 725 | | -12.24 |
| Tanzania | 763 | 804 | 822 | 810 | | -1.46 |
| Uganda | 2 593 | 2 159 | 2 600 | 2 750 | | 5.76 |
| Others | 2 639 | 2 601 | 2 558 | 2 179 | | -14.80 |
| <i>Arabicas</i> | <i>7 655</i> | <i>6 556</i> | <i>7 394</i> | <i>8 213</i> | | <i>11.09</i> |
| <i>Robustas</i> | <i>6 672</i> | <i>6 483</i> | <i>7 723</i> | <i>6 779</i> | | <i>-12.22</i> |
| <i>Asia & Oceania</i> | <i>28 468</i> | <i>29 208</i> | <i>32 972</i> | <i>31 089</i> | | <i>-5.71</i> |
| India | 4 592 | 4 396 | 5 079 | 4 367 | | -14.02 |
| Indonesia | 7 536 | 8 659 | 6 650 | 6 371 | | -4.19 |
| Papua New Guinea | 998 | 1 268 | 807 | 968 | | 19.88 |
| Thailand | 884 | 999 | 766 | 920 | | 20.09 |
| Vietnam | 14 174 | 13 542 | 19 340 | 18 000 | | -6.93 |
| Others | 283 | 344 | 330 | 463 | | 40.02 |
| <i>Arabicas</i> | <i>3 534</i> | <i>3 667</i> | <i>3 239</i> | <i>3 205</i> | | <i>-1.05</i> |
| <i>Robustas</i> | <i>24 934</i> | <i>25 542</i> | <i>29 733</i> | <i>27 883</i> | | <i>-6.22</i> |
| <i>Mexico & Central America</i> | <i>15 736</i> | <i>17 118</i> | <i>16 935</i> | <i>18 539</i> | | <i>9.47</i> |
| Costa Rica | 1 887 | 1 778 | 1 580 | 1 867 | | 18.16 |
| El Salvador | 1 437 | 1 502 | 1 371 | 1 510 | | 10.15 |
| 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 | 1 137 | 1 016 | 1 073 | 1 079 | | 0.55 |
| <i>Arabicas</i> | <i>15 721</i> | <i>16 982</i> | <i>16 801</i> | <i>18 409</i> | | <i>9.57</i> |
| <i>Robustas</i> | <i>15</i> | <i>136</i> | <i>135</i> | <i>130</i> | | <i>-3.45</i> |
| <i>South America</i> | <i>56 419</i> | <i>49 751</i> | <i>61 281</i> | <i>53 571</i> | | <i>-12.58</i> |
| Brazil | 39 272 | 32 944 | 42 512 | 36 070 | | -15.15 |
| Colombia | 12 033 | 12 329 | 12 364 | 12 400 | | 0.29 |
| Ecuador | 938 | 1 120 | 1 167 | 1 110 | | -4.81 |
| Peru | 3 355 | 2 419 | 4 249 | 2 953 | | -30.50 |
| Others | 821 | 940 | 990 | 1 037 | | 4.77 |
| <i>Arabicas</i> | <i>48 675</i> | <i>40 090</i> | <i>51 473</i> | <i>42 317</i> | | <i>-17.79</i> |
| <i>Robustas</i> | <i>7 743</i> | <i>9 661</i> | <i>9 808</i> | <i>11 254</i> | | <i>14.75</i> |
| TOTAL | 114 950 | 109 117 | 126 305 | 118 190 | | -6.42 |
| Colombian Milds | 13 325 | 13 487 | 13 699 | 13 643 | | -0.41 |
| Other Milds | 25 020 | 25 206 | 26 953 | 27 288 | | 1.25 |
| Brazilian Naturals | 37 241 | 28 602 | 38 255 | 31 212 | | -18.41 |
| Robustas | 39 364 | 41 821 | 47 398 | 46 046 | | -2.85 |
| Arabicas | 75 586 | 67 296 | 78 907 | 72 144 | | -8.57 |
| Robustas | 39 364 | 41 821 | 47 398 | 46 046 | | -2.85 |
| TOTAL | 100.00 | 100.00 | 100.00 | 100.00 | | |
| Colombian Milds | 11.59 | 12.36 | 10.85 | 11.54 | | |
| Other Milds | 21.77 | 23.10 | 21.34 | 23.09 | | |
| Brazilian Naturals | 32.40 | 26.21 | 30.29 | 26.41 | | |
| Robustas | 34.24 | 38.33 | 37.53 | 38.96 | | |
| Arabicas | 65.76 | 61.67 | 62.47 | 61.04 | | |
| Robustas | 34.24 | 38.33 | 37.53 | 38.96 | | |

In thousand bags

Market fundamentals

Crop year 2008/09 has begun in all exporting countries. In the absence of any fresh information from Member countries, my estimate of total production for crop year 2008/09 remains unchanged at around 131 million bags, an increase of 11% compared to 2007/08.

Total production for crop year 2007/08 was 118.2 million bags, comprising 72.14 million bags of Arabica and 46.05 million bags of Robusta (Table 2).

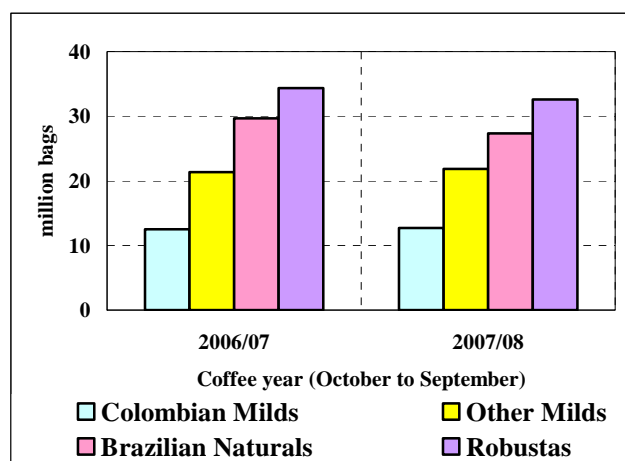
Exports in September 2008 totaled 7.86 million bags, bringing the total volume exported during the first nine months of calendar year 2008 to 72.77 million bags compared to 74.30 million bags for the same period in 2007, a fall of 2.1% (Table 3).

Table 3: Total exports of all forms of coffee (January – September 2007 and 2008)

| Country of origin | 2007 | 2008 | % change |
|--------------------|---------------|---------------|--------------|
| TOTAL | 74 306 | 72 770 | -2.07 |
| Colombian Milds | 9 203 | 9 216 | 0.14 |
| Other Milds | 17 240 | 18 185 | 5.48 |
| Brazilian Naturals | 21 403 | 20 063 | -6.26 |
| Robustas | 26 459 | 25 306 | -4.36 |
| Arabicas | 47 846 | 47 464 | -0.80 |
| Robustas | 26 459 | 25 306 | -4.36 |

In million bags

Total exports in coffee year 2007/08 were 94.52 million bags compared to 97.88 million bags in 2006/07, a fall of 3.4%. Nonetheless, exports of Colombian Milds and Other Milds increased by 1.5% and 2.4% respectively (Table 4 and Graph 6).

Graph 6: Exports to all destinations in coffee years 2006/07 and 2007/08

**Table 4: Total exports of all forms of coffee
(Coffee years 2006/07 and 2007/08)**

| Country of origin | 2006/07 | 2007/08 | % change |
|--------------------------|---------------|---------------|--------------|
| TOTAL | 97 882 | 94 520 | -3.44 |
| Colombian Milds | 12 514 | 12 702 | 1.51 |
| Other Milds | 21 369 | 21 873 | 2.36 |
| Brazilian Naturals | 29 659 | 27 344 | -7.80 |
| Robustas | 34 340 | 32 600 | -5.07 |
| Angola | 4 | 6 | 60.86 |
| Benin | 0 | 0 | |
| Bolivia | 91 | 69 | -23.77 |
| Brazil | 28 981 | 27 703 | -4.41 |
| Burundi | 424 | 168 | -60.42 |
| Cameroon | 760 | 558 | -26.59 |
| Central African Republic | 72 | 45 | -37.30 |
| Colombia | 11 177 | 11 557 | 3.40 |
| Congo, Dem. Rep. of | 178 | 193 | 8.78 |
| Congo, Rep. of | 0 | 0 | |
| Costa Rica | 1 371 | 1 364 | -0.52 |
| Côte d'Ivoire | 2 689 | 1 947 | -27.61 |
| Cuba | 18 | 4 | -78.66 |
| Dominican Republic | 75 | 74 | -1.58 |
| Ecuador | 1 036 | 880 | -15.05 |
| El Salvador | 1 194 | 1 430 | 19.81 |
| Ethiopia | 2 770 | 2 806 | 1.30 |
| Gabon | 1 | 0 | -61.83 |
| Ghana | 30 | 18 | -39.65 |
| Guatemala | 3 747 | 3 821 | 1.98 |
| Guinea | 427 | 338 | -20.72 |
| Haiti | 20 | 19 | -3.72 |
| Honduras | 3 215 | 3 395 | 5.58 |
| India | 3 394 | 3 054 | -10.02 |
| Indonesia | 4 206 | 5 382 | 27.95 |
| Jamaica | 23 | 25 | 9.44 |
| Kenya | 791 | 627 | -20.73 |
| Madagascar | 113 | 120 | 6.15 |
| Malawi | 14 | 28 | 98.66 |
| Mexico | 2 893 | 2 555 | -11.68 |
| Nicaragua | 1 213 | 1 640 | 35.24 |
| Nigeria | 11 | 4 | -64.20 |
| Panama | 111 | 97 | -13.26 |
| Papua New Guinea | 779 | 1 106 | 42.01 |
| Paraguay | 21 | 6 | -71.91 |
| Peru | 3 542 | 3 216 | -9.22 |
| Philippines | 37 | 7 | -79.98 |
| Rwanda | 189 | 283 | 49.60 |
| Sierra Leone | 34 | 41 | 19.99 |
| Sri Lanka | 3 | 2 | -39.09 |
| Tanzania | 797 | 747 | -6.32 |
| Thailand | 328 | 151 | -54.13 |
| Togo | 147 | 135 | -7.93 |
| Trinidad and Tobago | 0 | 0 | |
| Uganda | 2 704 | 3 210 | 18.71 |
| Venezuela | 68 | 58 | -13.84 |
| Vietnam | 18 090 | 15 540 | -14.10 |
| Zambia | 60 | 57 | -4.29 |
| Zimbabwe | 34 | 34 | -1.15 |

In thousand bags

**Table 5: World consumption
(Calendar years 2003 – 2007)**

| | 2003 | 2004 | 2005 | 2006 | 2007* |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| WORLD TOTAL | 112 729 | 118 062 | 118 107 | 121 146 | 124 637 |
| <i>Producing Countries</i> | <i>28 189</i> | <i>29 238</i> | <i>30 164</i> | <i>31 370</i> | <i>32 900</i> |
| Brazil | 14 088 | 14 763 | 15 363 | 16 100 | 16 900 |
| Mexico | 1 500 | 1 500 | 1 556 | 1 794 | 2 050 |
| Indonesia | 1 958 | 2 000 | 2 000 | 2 000 | 2 000 |
| Ethiopia | 1 833 | 1 833 | 1 833 | 1 833 | 1 833 |
| Colombia | 1 400 | 1 400 | 1 400 | 1 400 | 1 400 |
| India | 1 142 | 1 188 | 1 272 | 1 337 | 1 360 |
| Philippines | 873 | 917 | 917 | 917 | 989 |
| Vietnam | 500 | 500 | 500 | 604 | 938 |
| Venezuela | 693 | 700 | 703 | 723 | 760 |
| Others | 4 203 | 4 438 | 4 621 | 4 662 | 4 670 |
| <i>Importing Countries</i> | <i>84 540</i> | <i>88 824</i> | <i>87 943</i> | <i>89 777</i> | <i>91 737</i> |
| <i>European Community</i> | <i>39 734</i> | <i>41 078</i> | <i>39 276</i> | <i>40 941</i> | <i>40 561</i> |
| Germany | 9 499 | 10 445 | 8 665 | 9 151 | 8 624 |
| Italy | 5 507 | 5 469 | 5 552 | 5 593 | 5 799 |
| France | 5 394 | 4 929 | 4 787 | 5 278 | 5 619 |
| Spain | 2 740 | 2 705 | 3 007 | 3 017 | 3 198 |
| United Kingdom | 2 236 | 2 458 | 2 680 | 3 059 | 2 824 |
| Netherlands | 1 743 | 1 978 | 1 927 | 2 129 | 2 292 |
| Poland | 2 242 | 2 281 | 2 267 | 1 953 | 1 531 |
| Sweden | 1 178 | 1 234 | 1 170 | 1 315 | 1 244 |
| Belgium | 1 575 | 1 281 | 1 158 | 1 537 | 1 103 |
| Finland | 966 | 1 034 | 1 102 | 1 047 | 1 057 |
| Greece | 929 | 871 | 870 | 857 | 1 015 |
| Others | 5 725 | 6 392 | 6 091 | 6 007 | 6 255 |
| USA | 20 193 | 20 973 | 20 998 | 20 667 | 21 033 |
| Japan | 6 770 | 7 117 | 7 128 | 7 268 | 7 282 |
| <i>Other Importing Countries</i> | <i>17 844</i> | <i>19 656</i> | <i>20 541</i> | <i>20 899</i> | <i>22 860</i> |
| Russian Federation | 3 582 | 3 086 | 3 212 | 3 263 | 4 055 |
| Canada | 2 146 | 2 747 | 2 794 | 3 098 | 3 535 |
| Algeria | 1 752 | 2 159 | 1 892 | 1 836 | 1 968 |
| Korea, Republic of | 1 305 | 1 401 | 1 394 | 1 437 | 1 425 |
| Ukraine | 647 | 739 | 1 025 | 968 | 1 057 |
| Australia | 873 | 864 | 1 039 | 992 | 1 031 |
| Others | 7 538 | 8 660 | 9 184 | 9 305 | 9 790 |

* Preliminary
In thousand bags

Opening stocks for crop year 2008/09 are estimated at 17 million bags compared to 25.4 million bags for the previous crop year. The Brazilian authorities have recently approved the financing of strategic stocks of six million bags to be held by the private sector. These strategic stocks will be renewed every two years in order to maintain their quality. They will not be placed on the market unless coffee prices are at least R\$306.34, currently corresponding to US\$143.77 per bag. Stocks held in importing countries total some 21 million bags.

World consumption has been growing steadily in recent years. The estimated volume of world consumption in calendar year 2007 is around 124.6 million bags compared to 121.1 million bags in 2006, an increase of 2.9% (Table 5). In the ten-year period from 1997 to 2007 world consumption increased by 20.95%, from 100.6 million bags to 124.6 million. I estimate that in 2008 world coffee consumption could be between 127 and 128 million bags. This growth in world consumption is attributable largely to significant dynamism in emerging economies and a number of coffee exporting countries. Despite the current financial crisis consumption levels in traditional markets are likely to be maintained. The situation remains less certain in emerging markets where the financial crisis could have an effect on consumption patterns. In terms of volume, the world's 15 major consuming countries in 2007 were: United States (21 million bags), Brazil (16.9), Germany (8.6), Japan (7.3), Italy (5.8), France (5.6), Russian Federation (4), Canada (3.5), Spain (3.2), United Kingdom (2.8), Netherlands (2.3), Algeria (1.9), Ethiopia (1.8), Poland (1.5), and the Republic of Korea (1.4).

Tables 6 and 7 show per capita consumption in selected exporting and importing countries. During 2007 the following countries recorded significant levels of per capita consumption: Luxembourg (16.65 kg), Finland (12.01), Norway (9.85), Denmark (8.75), Netherlands (8.38), Sweden (8.19), Switzerland (7.93), Canada (6.45), Belgium (6.33), and Germany (6.26). Table 8 shows annual average retail prices in selected importing countries from 2005 to 2007.

Table 6: Per capita consumption in selected exporting countries (Calendar years 2003 – 2007)

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------|------|------|------|------|------|
| Brazil | 4.65 | 4.81 | 4.93 | 5.10 | 5.29 |
| Costa Rica | 3.40 | 4.17 | 5.04 | 4.77 | 4.18 |
| Honduras | 1.83 | 1.86 | 2.02 | 1.98 | 2.43 |
| Dominican Republic | 2.22 | 2.31 | 2.39 | 2.36 | 2.32 |
| Haiti | 2.27 | 2.23 | 2.19 | 2.16 | 2.13 |
| Nicaragua | 2.10 | 2.12 | 2.09 | 2.06 | 2.04 |
| El Salvador | 1.42 | 1.44 | 1.62 | 1.85 | 1.96 |
| Colombia | 1.92 | 1.90 | 1.87 | 1.84 | 1.82 |
| Venezuela | 1.61 | 1.60 | 1.58 | 1.59 | 1.65 |
| Madagascar | 1.03 | 1.43 | 1.50 | 1.46 | 1.42 |
| Guatemala | 1.49 | 1.45 | 1.42 | 1.38 | 1.35 |
| Ethiopia | 1.47 | 1.43 | 1.39 | 1.36 | 1.32 |
| Panama | 1.29 | 1.26 | 1.24 | 1.22 | 1.20 |
| Cuba | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 |
| Mexico | 0.88 | 0.87 | 0.90 | 1.02 | 1.15 |
| Côte d'Ivoire | 1.06 | 1.04 | 1.02 | 1.00 | 0.99 |
| Ecuador | 0.70 | 0.70 | 0.69 | 0.68 | 0.67 |
| Philippines | 0.65 | 0.66 | 0.65 | 0.64 | 0.67 |
| Vietnam | 0.36 | 0.36 | 0.35 | 0.42 | 0.64 |
| Indonesia | 0.53 | 0.54 | 0.53 | 0.52 | 0.52 |

In kilogrammes

Table 7: Per capita consumption in selected importing countries (Calendar years 2003 – 2007)

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Algeria | 3.30 | 4.00 | 3.46 | 3.30 | 3.49 |
| Australia | 2.64 | 2.58 | 3.07 | 2.90 | 2.98 |
| Canada | 4.07 | 5.16 | 5.20 | 5.71 | 6.45 |
| European Community | 4.89 | 5.04 | 4.81 | 5.00 | 4.94 |
| Austria | 5.26 | 7.24 | 5.59 | 4.41 | 6.08 |
| Belgium | 9.16 | 7.42 | 6.68 | 8.84 | 6.33 |
| Bulgaria | 3.04 | 2.81 | 3.33 | 3.28 | 2.86 |
| Cyprus | 3.89 | 4.32 | 4.97 | 3.92 | 4.89 |
| Czech Republic | 3.66 | 3.56 | 3.87 | 3.72 | 4.00 |
| Denmark | 8.06 | 9.43 | 8.80 | 9.09 | 8.75 |
| Estonia | 5.08 | 5.71 | 6.48 | 7.48 | 4.53 |
| Finland | 11.10 | 11.87 | 12.60 | 11.94 | 12.01 |
| France | 5.37 | 4.88 | 4.71 | 5.16 | 5.47 |
| Germany | 6.90 | 7.58 | 6.29 | 6.64 | 6.26 |
| Greece | 5.04 | 4.72 | 4.70 | 4.62 | 5.46 |
| Hungary | 3.82 | 4.20 | 3.39 | 3.57 | 3.09 |
| Ireland | 2.27 | 3.31 | 3.23 | 2.88 | 3.41 |
| Italy | 5.67 | 5.61 | 5.68 | 5.71 | 5.91 |
| Latvia | 4.08 | 4.01 | 3.76 | 4.74 | 3.44 |
| Lithuania | 3.01 | 3.44 | 3.38 | 3.76 | 4.07 |
| Luxembourg | 12.07 | 15.67 | 11.66 | 13.49 | 16.65 |
| Malta | 1.58 | 2.33 | 2.44 | 4.32 | 2.33 |
| Netherlands | 6.46 | 7.30 | 7.08 | 7.80 | 8.38 |
| Poland | 3.51 | 3.58 | 3.56 | 3.07 | 2.41 |
| Portugal | 3.79 | 3.93 | 3.74 | 3.85 | 4.28 |
| Romania | 2.08 | 2.26 | 2.38 | 2.33 | 2.30 |
| Slovakia | 3.18 | 3.15 | 3.26 | 3.13 | 3.97 |
| Slovenia | 5.02 | 5.55 | 5.44 | 5.27 | 5.85 |
| Spain | 3.91 | 3.79 | 4.16 | 4.12 | 4.33 |
| Sweden | 7.89 | 8.22 | 7.76 | 8.69 | 8.19 |
| United Kingdom | 2.25 | 2.46 | 2.67 | 3.03 | 2.79 |
| Japan | 3.18 | 3.34 | 3.34 | 3.41 | 3.41 |
| Korea, Republic of | 1.65 | 1.76 | 1.75 | 1.79 | 1.77 |
| Norway | 8.95 | 9.23 | 9.61 | 9.27 | 9.85 |
| Russian Federation | 1.48 | 1.28 | 1.34 | 1.37 | 1.71 |
| Switzerland | 6.95 | 5.86 | 8.89 | 7.51 | 7.93 |
| Ukraine | 0.82 | 0.94 | 1.31 | 1.25 | 1.37 |
| USA | 4.12 | 4.24 | 4.20 | 4.09 | 4.13 |

In kilogrammes

Table 8: Retail price of roasted coffee in selected importing countries

| | Calendar year average | | | % change |
|---------------------------|-----------------------|----------|----------|--------------|
| | 2005 | 2006 | 2007 | 2007-2006 |
| European Community | | | | |
| Austria | 376.65 | 412.94 | 426.93 | 3.39 |
| Belgium | 409.99 | 431.78 | 491.14 | 13.75 |
| Cyprus | 528.35 | 534.17 | 575.55 | 7.75 |
| Denmark | 427.98 | 442.84 | 481.72 | 8.78 |
| Finland | 283.80 | 294.00 | 325.33 | 10.66 |
| France | 274.78 | 296.93 | 341.25 | 14.93 |
| Germany | 406.37 | 432.50 | 468.52 | 8.33 |
| Italy | 612.74 | 629.21 | 701.64 | 11.51 |
| Latvia | 392.60 | 428.54 | 482.83 | 12.67 |
| Luxembourg | 604.06 | 643.82 | 678.47 | 5.38 |
| Malta 1/ | 1 035.73 | 1 092.44 | 1 213.68 | 11.10 |
| Netherlands | 375.16 | 396.39 | 445.15 | 12.30 |
| Poland | 256.34 | 276.47 | 349.23 | 26.32 |
| Portugal | 481.70 | 473.63 | 511.79 | 8.06 |
| Slovakia | 278.57 | 305.12 | 388.49 | 27.32 |
| Slovenia | 372.44 | 397.79 | 452.78 | 13.82 |
| Spain | 322.26 | 342.43 | 385.15 | 12.48 |
| Sweden | 299.16 | 315.86 | 352.80 | 11.69 |
| United Kingdom 1/ | 1 474.26 | 1 581.65 | 1 792.40 | 13.32 |
| Japan | 822.49 | 816.15 | 809.16 | -0.86 |
| Norway | 410.71 | 389.09 | 446.62 | 14.79 |
| Switzerland | 586.35 | | | |
| USA | 326.25 | 320.32 | 346.89 | 8.30 |

In US cents per lb
1/ Soluble coffee

In conclusion, it should be noted that despite the absence of significant changes in coffee market fundamentals, coffee prices fell sharply during October, a month that marks the beginning of the 2008/09 crop year in many exporting countries. The fall in prices cannot be attributed to changes in the supply/demand balance, which remains tight. In fact, while total production in the current crop year is estimated at 131 million bags it is likely that the growth in world consumption will help to maintain a balance between supply and demand. Nonetheless, the current financial crisis has contributed to the widespread liquidation of financial securities, including contracts in commodities futures markets, leading to marked downward corrections to their value. In the case of Robustas, the volume of sales of LIFFE contracts was up from 23.7 million bags during September to 32.4 million bags in October, representing an increase of 36.4%.