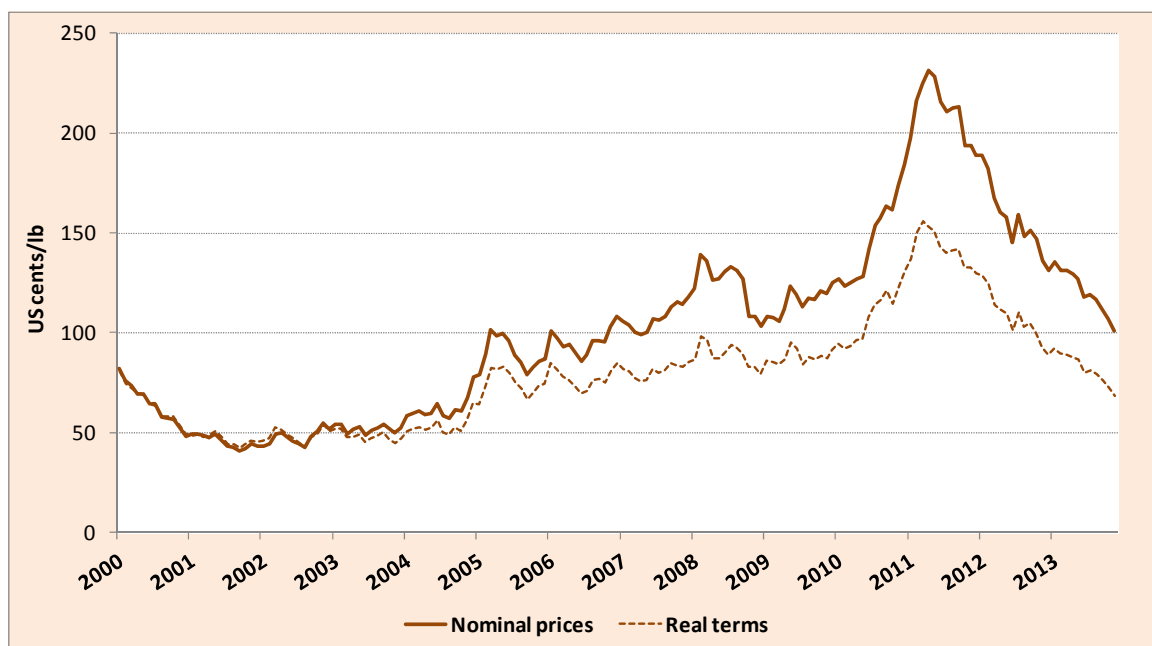


MONTHLY COFFEE MARKET REPORT

November 2013

The ongoing deterioration of coffee prices steadied slightly in November, but the monthly averages of all the ICO indicator prices remain at multi-year lows. The ICO composite indicator price averaged 100.99 US cents/lb, 5.6% lower than October and the lowest monthly level in six and a half years. Crop year 2012/13 saw a surplus of production over consumption, with good crops in most major producing countries allowing both exporters and importers to replenish stocks and thus putting downward pressure on prices. However, early indications are that consumption in calendar year 2013 is increasing, and with Brazil in the off-year of its biennial cycle and some uncertainty over production in other regions, it seems likely that these stocks will be needed to meet consumption prospects. Finally, estimates of the damage caused by coffee leaf rust in Central America point towards a further loss of 1.2 million bags or 9.7% of regional production for crop year 2013/14, reducing the region's production figure to around 11.2 million.

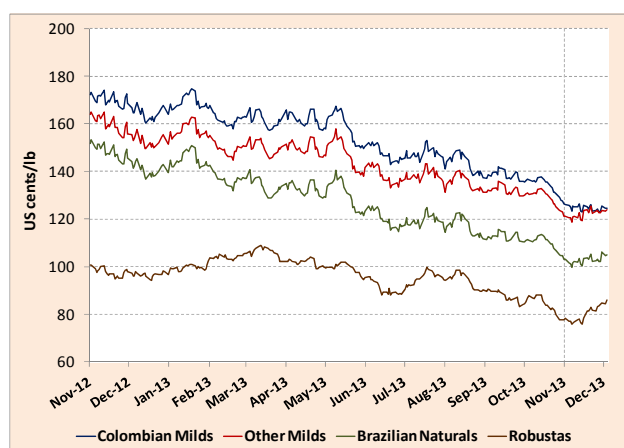
Graph 1: ICO composite indicator price
(Monthly averages: January 2000 to November 2013)



Price movements

The monthly average of the ICO composite indicator price fell by 5.6% in November to a level of 100.99 US cents/lb. This is the lowest monthly average since May 2007. Furthermore, the daily indicator price dipped below 100 cents at the beginning of the month for the first time in nearly five years. The composite indicator did improve slightly over the course of the month, mostly due to some resilience exhibited by Robustas, and finished November on a level of 104.30 cents. Nevertheless, coffee prices remain at very low levels.

Graph 2: ICO group indicator daily prices
(1 November 2012 to 4 December 2013)



The strongest decline was observed in Colombian Milds, which fell by 6.9% compared to October, with decreases of 5.2% and 6.4% recorded in Other Milds and Brazilian Naturals. These represent their lowest monthly averages since July 2007, December 2008 and May 2007 respectively. Robustas fell by 4.8% to 79.71 US cents/lb, leading to a narrowing of the arbitrage between New York and London of 8.7%.

Most notably, the price differential between Colombian Milds and Other Milds was reduced by nearly 50% to 2.63 US cents/lb, the narrowest differential since May 2008. The differential between the daily prices of the two groups dropped to just 0.26 cents on 25 November. This reflects the much higher availability of Colombian origins compared to Washed Arabicas from Central America.

Graph 3: Arbitrage between New York and London futures markets
(1 November 2012 to 4 December 2013)



These low price levels have also provoked a response from Governments in two exporting countries in the last few weeks. On 22 November, the Brazilian Government approved measures to grant debt relief to coffee farmers, while on 27 November President Santos of Colombia announced that the Government would continue to provide subsidies to growers through the PIC scheme, as a result of the low prices. There have also been calls in Vietnam for the government to provide finance to stockpile beans in order to support domestic Robusta prices.

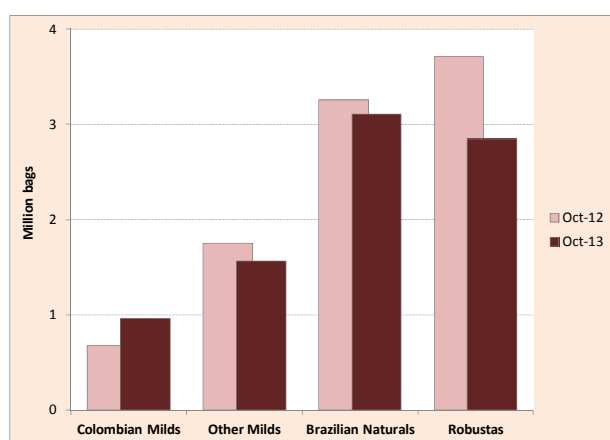
Market fundamentals

Total production for crop year 2012/13 is maintained at around 145.2 million bags, up 9.8% on the previous year. In 2013/14, Brazil is in the off-year of its biennial cycle, and production is therefore estimated at 47.5 million bags, down 6.5% on 2012/13. Elsewhere, adverse weather conditions in Vietnam and Indonesia have also disrupted production, although Colombia is expected to benefit from its ongoing recovery. Furthermore, the effects of coffee leaf rust in Central America are likely to cause a drop in output of around 1.2 million bags, or 9.7% of regional production, according to ICAFE.

Total exports in October, the first month of the new coffee year, amounted to 8.5 million bags, down

9.6% on October 2012. The biggest drop was seen in Robustas (see Graph 4), which were an estimated 864,092 bags lower than the previous year, with exports from Vietnam and Indonesia slowing considerably as farmers hold back from selling their crop. Decreases of 183,620 bags and 144,397 bags were recorded in Other Milds and Brazilian Naturals, respectively. Exports of Colombian Milds, on the other hand, were 288,243 bags higher.

Graph 4: October exports by group of coffee

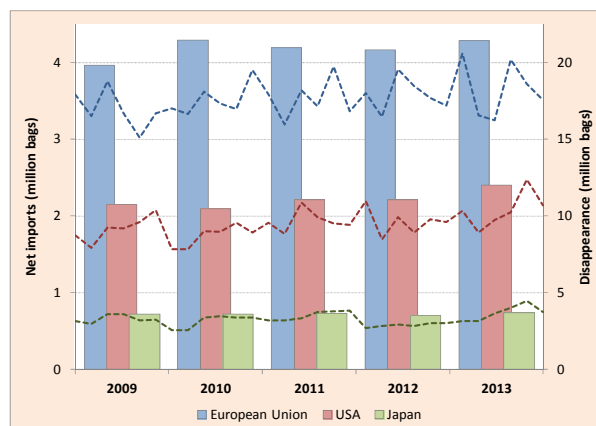


In terms of imports, provisional figures for the first six months of calendar year 2013 suggest that coffee consumption has increased in key importing markets. Graph 5 shows net imports and disappearance for January to June since 2009 in selected importing countries. In the EU, total disappearance increased by 3% for the first six months of 2013 compared to the same period in 2012, amounting to a total of 21.4 million bags. The USA recorded a particularly high increase of 8.7% to 12 million bags, while Japan also increased significantly by 5.8% to 3.7 million bags. With domestic consumption in many exporting countries remaining strong, it can be expected that world consumption in 2013 should continue growing at its current rate of around 2% to 2.5% per annum.

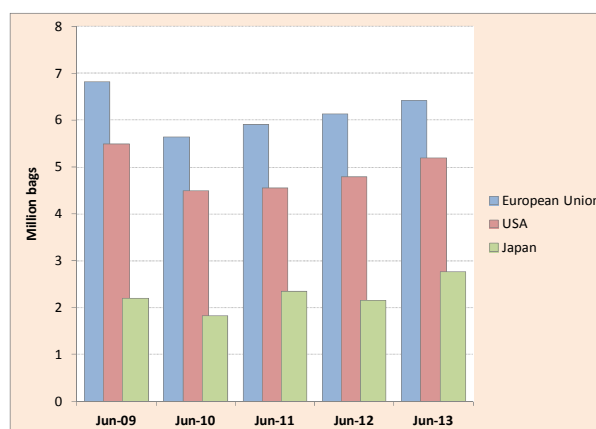
The high rate of exports over the last few years has also contributed to a build-up of stocks in importing countries, as shown in Graph 6. As of June 2013, green coffee inventories in the EU, USA and Japan stood at 6.4 million bags, 5.2 million bags and 2.8 million bags, respectively. Certified stocks of

Robusta on the London futures market, on the other hand, have fallen dramatically from over 5 million bags in November 2011 to just 766,000 bags in November 2013 (Graph 7).

Graph 5: Net imports and disappearance in selected importing countries (January – June 2009 to 2013)



Graph 6: Inventories in selected importing countries (June 2009 – June 2013)



Graph 7: Certified stocks on the New York and London futures markets (November 2011 – November 2013)

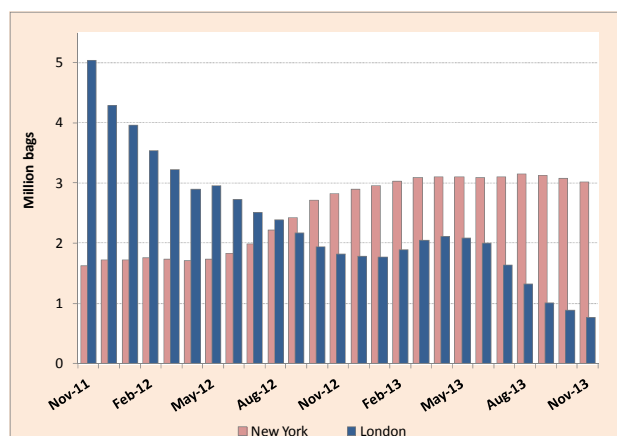


Table 1: ICO indicator prices and futures prices (US cents/lb)

	ICO Composite	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	New York*	London*
Monthly averages							
Nov-12	136.35	170.08	159.91	148.25	97.67	155.72	87.32
Dec-12	131.31	164.40	152.74	140.69	96.59	149.58	85.94
Jan-13	135.38	169.19	157.29	145.17	99.69	154.28	88.85
Feb-13	131.51	161.70	149.46	136.63	104.03	144.89	94.41
Mar-13	131.38	161.53	149.78	133.61	106.26	141.43	97.22
Apr-13	129.55	161.76	149.81	132.62	101.68	139.91	93.15
May-13	126.96	158.35	147.19	130.29	99.18	138.64	91.07
Jun-13	117.58	147.55	138.26	120.01	90.79	126.37	81.82
Jul-13	118.93	147.46	138.39	119.47	95.21	125.27	85.34
Aug-13	116.45	143.26	135.15	116.81	94.01	122.31	84.10
Sep-13	111.82	138.60	132.28	112.65	87.78	119.55	77.89
Oct-13	107.03	133.83	128.70	109.57	83.70	117.05	73.47
Nov-13	100.99	124.65	122.02	102.57	79.71	109.10	69.32
% change between Nov-13 and Oct-13							
	-5.6	-6.9	-5.2	-6.4	-4.8	-6.8	-5.6
Annual averages							
2008	124.25	144.32	139.78	126.59	105.28	136.46	97.17
2009	115.67	177.43	143.84	115.33	74.58	128.40	67.69
2010	147.24	225.46	195.96	153.68	78.74	165.20	71.98
2011	210.39	283.84	271.07	247.61	109.21	256.36	101.23
2012	156.34	202.08	186.47	174.97	102.82	179.22	91.87
% change between Nov-13 and 2012 average							
	-35.4	-38.3	-34.6	-41.4	-22.5	-39.1	-24.5
Volatility (%)							
Oct-13	3.7	3.2	3.3	4.0	5.9	4.0	6.2
Nov-13	6.2	5.5	6.6	7.5	7.0	7.8	7.3
Variation between Nov-13 and Oct-13							
	2.5	2.4	3.2	3.5	1.1	3.8	1.1

* Average price for 2nd and 3rd positions

Table 2: Price differentials (US cents/lb)

	Colombian Milds	Colombian Milds	Colombian Milds	Other Milds	Other Milds	Brazilian Naturals	New York*
	Other Milds	Brazilian Naturals	Robustas	Brazilian Naturals	Robustas	Robustas	London*
Nov-12	10.17	21.83	72.41	11.66	62.24	50.58	68.40
Dec-12	11.66	23.71	67.81	12.05	56.15	44.10	63.64
Jan-13	11.90	24.02	69.50	12.12	57.60	45.48	65.43
Feb-13	12.24	25.07	57.67	12.83	45.43	32.60	50.48
Mar-13	11.75	27.92	55.27	16.17	43.52	27.35	44.21
Apr-13	11.95	29.14	60.08	17.19	48.13	30.94	46.76
May-13	11.16	28.06	59.17	16.90	48.01	31.11	47.57
Jun-13	9.29	27.54	56.76	18.25	47.47	29.22	44.55
Jul-13	9.07	27.99	52.25	18.92	43.18	24.26	39.93
Aug-13	8.11	26.45	49.25	18.34	41.14	22.80	38.21
Sep-13	6.32	25.95	50.82	19.63	44.50	24.87	41.66
Oct-13	5.13	24.26	50.13	19.13	45.00	25.87	43.58
Nov-13	2.63	22.08	44.94	19.45	42.31	22.86	39.78
% change between Nov-13 and Oct-13							
	-48.7	-9.0	-10.4	1.7	-6.0	-11.6	-8.7

* Average price for 2nd and 3rd positions

Table 3: Total production in exporting countries

Crop year commencing	2009	2010	2011	2012	% change 2011-12
TOTAL	122 952	132 983	132 304	145 241	9.8
Arabicas	72 883	84 108	81 880	88 814	8.5
Colombian Milds	9 160	9 705	8 715	11 488	31.8
Other Milds	26 529	28 793	32 051	28 276	-11.8
Brazilian Naturals	37 195	45 610	41 114	49 050	19.3
Robustas	50 069	48 876	50 424	56 427	11.9

In thousand bags

Full production data are available on the ICO website at www.ico.org/prices/po.htm.**Table 4: Total exports of all forms of coffee by exporting countries**

	October 2012	October 2013	% change	January - October		
				2012	2013	% change
TOTAL	9 389	8 485	-9.6	92 584	91 274	-1.4
Arabicas	5 679	5 639	-0.7	55 816	57 053	2.2
Colombian Milds	674	963	42.7	6 677	8 749	31.0
Other Milds	1 750	1 567	-10.5	24 093	21 577	-10.4
Brazilian Naturals	3 254	3 110	-4.4	25 047	26 727	6.7
Robustas	3 710	2 846	-23.3	36 767	34 221	-6.9

In thousand bags

Full trade statistics for all exporting countries 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**

	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13
London	1.82	1.78	1.77	1.89	2.05	2.11	2.08	2.00	1.64	1.32	1.01	0.89	0.77
New York	2.82	2.90	2.96	3.03	3.09	3.10	3.11	3.09	3.11	3.15	3.13	3.07	3.02

In million bags

Table 6: Total coffee consumption in selected countries

Calendar years	2009	2010	2011	2012	Average annual growth rate (2009 - 2012)
World total	132 240	136 973	139 050	142 000	2.4
Exporting countries	39 616	40 910	42 397	43 467	3.1
Traditional markets	69 204	71 004	70 717	71 404	1.0
Emerging markets	23 419	25 059	25 936	27 129	5.0

In thousand bags