

## Key Takeaways

NY Arabica futures continue to set all-time highs throughout late January, with London Robusta following suit. NY prices closed at 377.90 c/lb on January 31, while London closed at \$5,734/mt on January 30

Thin trading, mixed with sporadic spec buying, fuelled the rally in New York futures. A stronger BRL also added upward pressure

Market sources tell Expana that physical trade remains low, as availability from many origins is poor following a record year of exports from Brazil in 2024. Consequently, interest has increased for landed coffee in consuming regions, with certified stocks also drawing down for the first time in over a year

Brazil's weather turned drier in the second half of January, following good rainfall totals in December and early January, sparking some concerns about crop development

February 2025

# Coffee

## Monthly Market Insight



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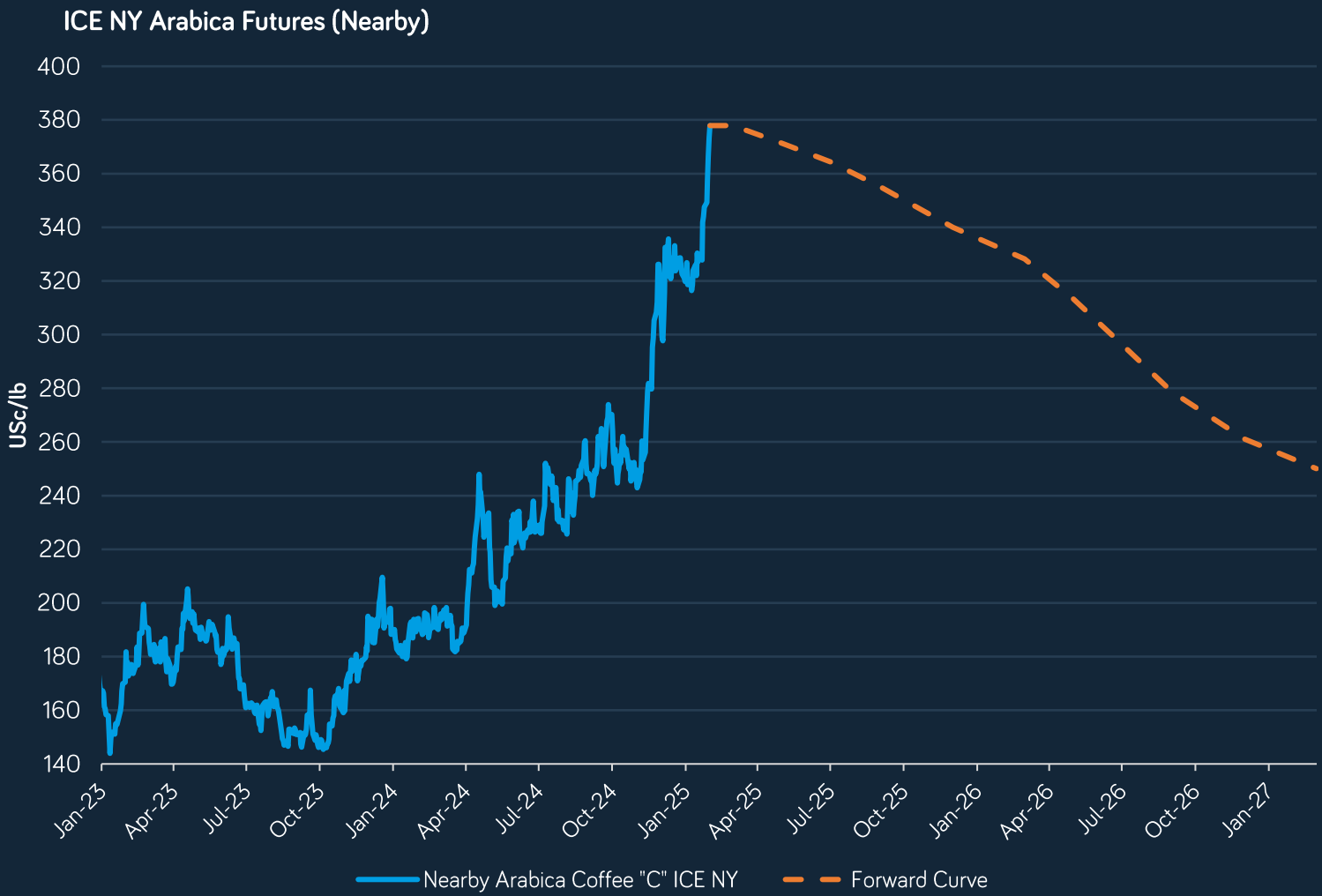
# Monthly Price Movements

## ICE New York Arabica

ICE NY FUTURES PRICES (MO)  
**USc 377.90/lb**

MONTH-ON-MONTH CHANGE  
**↑ 18%**

YEAR-ON-YEAR CHANGE  
**↑ 95%**

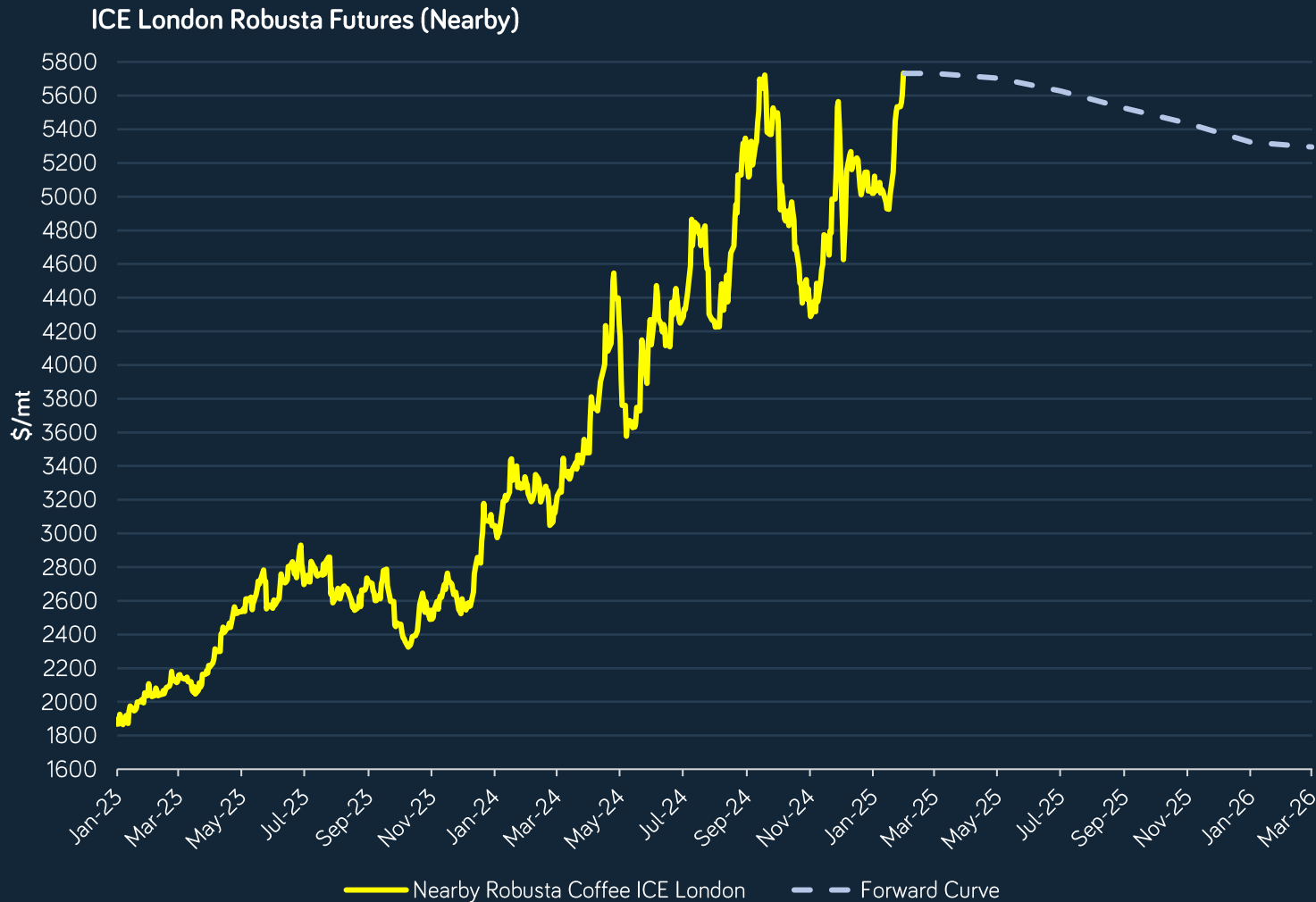


- **The NY "C" futures front month contract continued to set new records nearly every day in the last week of January**
- Much of the rally is being caused by a combination of low liquidity and thin trading on the exchange, and modest speculative buying that is propelling prices up.
- Physical buyers and sellers of coffee have largely stepped back, and physical trade is suffering as a result, with the soaring costs making it difficult for both sides to access the financing they need to pay for hedges as well as physical supply.

Source: Mintec Analytics by Expana  
Forward curve as of 31<sup>st</sup> January

# Monthly Price Movements

## ICE London Robusta



ICE LONDON FUTURES PRICES (MO)

**\$5,732/mt**

MONTH-ON-MONTH CHANGE

**↑ 14%**

YEAR-ON-YEAR CHANGE

**↑ 73%**

- **The London Robusta front month futures set another record high of \$5,734/mt on January 30.**
- Worries about lower production as well as a lack of physical trade have also seen some buyers looking to buy into the peaks to secure supply, and sellers in places such as Vietnam strengthened their differential discounts to entice buyers ahead of the Tet holiday which began on January 29.
- With high rates of shipments from Brazil in 2024, many industry analysts are warning that supply security could become problematic during 2025 if production forecasts do not improve.

Source: Mintec Analytics by Expana  
Forward curve as of 31<sup>st</sup> January

# Market Sentiment for the month ahead

## Brazilian supplies to tighten



- In mid-January, Brazil's Cecafe announced that total 2024 exports of coffee from the country climbed above 50 million 60kg bags for the first time in history, though the rate of export had slowed in December 2024 to just 3.8 million bags, below the three-month average of 4.8m bags. With most production forecasts showing a recovery of production in the current crop (but still behind previous bumper crops), several traders told Expana that they expect supplies to remain tight, with one noting: "we are getting a lot of sporadic spot purchasing from Europeans who are looking for landed coffee rather than typically buying from origin [...] which could indicate some worries about the health of supply."

## Brazilian weather turns drier



- December saw adequate, and sometimes heavy, rainfall across most of Brazil's coffee-growing regions. Despite the good rainfall in December and early January, conditions turned drier by mid-January as prices started to rally, adding more fuel for bullish traders. Sporadic thunderstorms provided only occasional rainfall, which has continued for the past few weeks. One buyer said: "right now we are not too concerned about this affecting this coming crop unless it lasts – December bought us some time. We're too busy worrying about the price."

## Exchange volatility



- In New York, the net managed money (speculator) long position drew rose slightly throughout January, from +58,675 lots at the beginning to the month to +62,912 lots as of the most recent report on January 21. This increase has been driven by new spec longs coming into a market with thin liquidity, as open interest has continued to drop by several thousand lots over that time. This outsized effect of spec buying, fuelling the rally over the past few months, has seen a slight reversal in drivers, as over that time the majority of the price action has been driven by the producers rather than speculators.
- With open interest continuing to drop, the lack of liquidity means that both physical buyers (producer longs) and speculators (managed money longs) can sustain the rally with minimal volumes traded.

## Brazilian Real gains vs USD



- In a true reversal of fortunes, the USDBRL rate dropped sharply as the Brazilian Real made gains versus most other currencies. The country's fiscal position has improved, with the debt-to-GDP ratio falling to 76.1% in December, combined with increased real wages and an expanding labor market. Typically, as BRL strengthens, the NY Arabica price does as well, as each sale in USD nets fewer BRL in return.

### ARABICA - MARKET SENTIMENT



**Thin volumes, low supplies**  
With such high prices, physical trade has dropped "substantially", and market participants are waiting to see where the price lands. However, several sources told Expana they expect to see prices hit \$4/lb before any correction occurs

### ROBUSTA - MARKET SENTIMENT



**Robusta following arabica higher**  
Most of the bullish fundamentals news has been "priced in" according to a number of market participants, and robusta is following arabica higher on low availability and thin trading on the exchanges

# Other Price Drivers

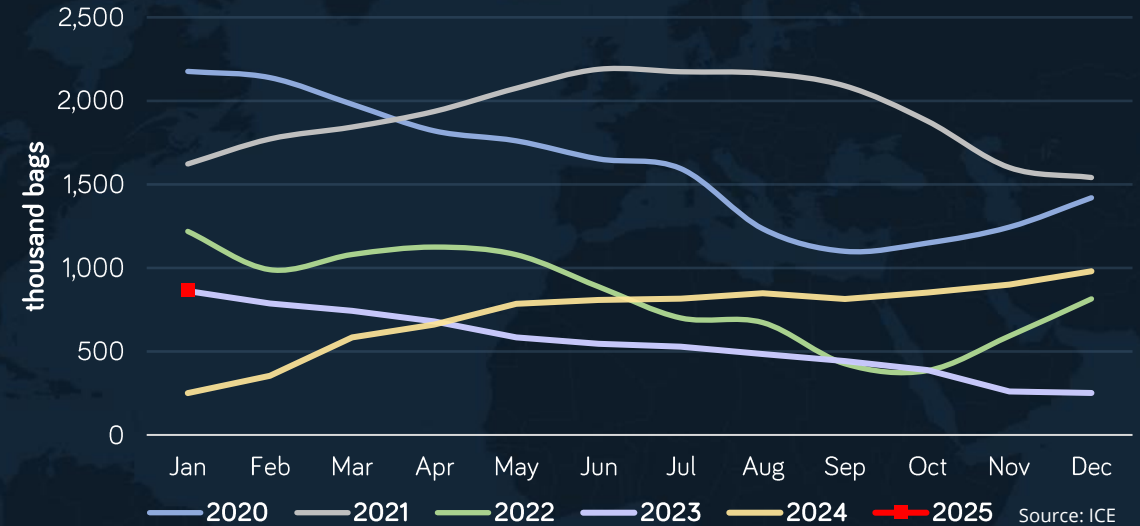
## Certified stocks

- According to the ICE certified stocks report from January 31, certified inventories began to fall after almost a year of uninterrupted increases. Stocks as of the end of January registered 867,582 bags, a nearly identical level to the start of 2023. A few traders told Expana that there is more of a willingness from market participants to buy from certified stocks due to tight supply levels in many producing countries, particularly Brazil.

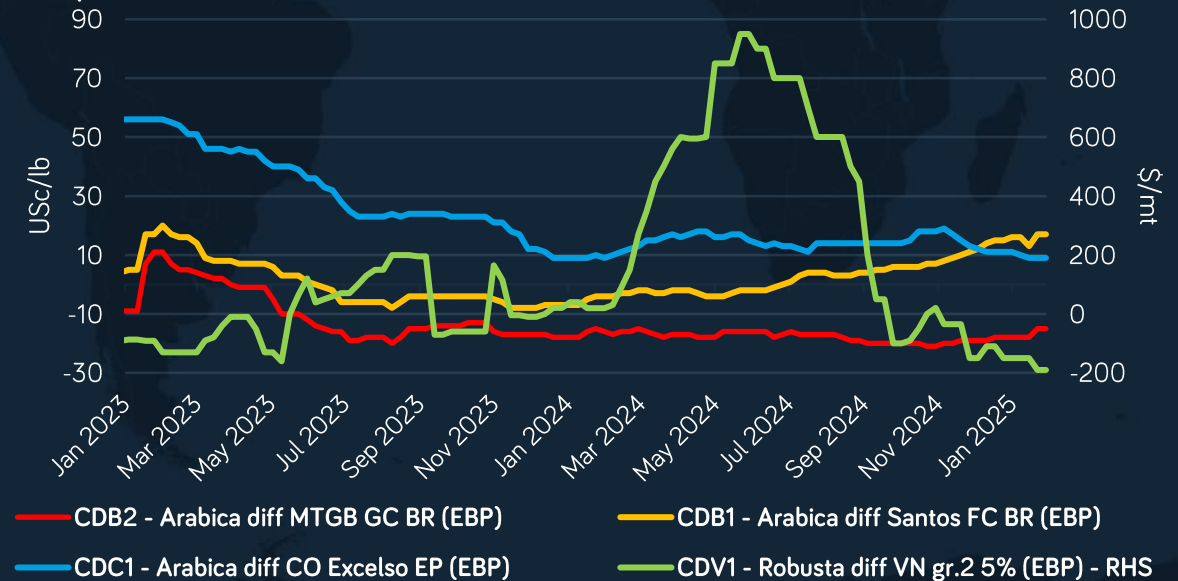
## Differentials

- With London robusta futures rising throughout January, the EBP for Vietnamese Robusta 5% black & broken GC FOB Vietnam [Expana Code: CDV1] was unchanged at -\$150/mt for the first several weeks before dipping down to -\$190/mt towards the middle of the month as some exporters looked to conclude trade before the Tet new year holidays.
- Though NY arabica futures continue to set new highs on a nearly daily basis, differentials saw very mixed trading conditions. In Brazil, most grades of beans increased due to tight supply and some worsening outlook of the current crop. The commercial MTGB GC EBP [Expana Code: CDB2] continued to climb as in the previous month, from -18 c/lb at the end of December to -15 c/lb at the end of January. The EBP for Colombian Excelso EP [Expana Code: CDC1] was stable at +9 c/lb throughout the month.

Certified coffee stocks in warehouses



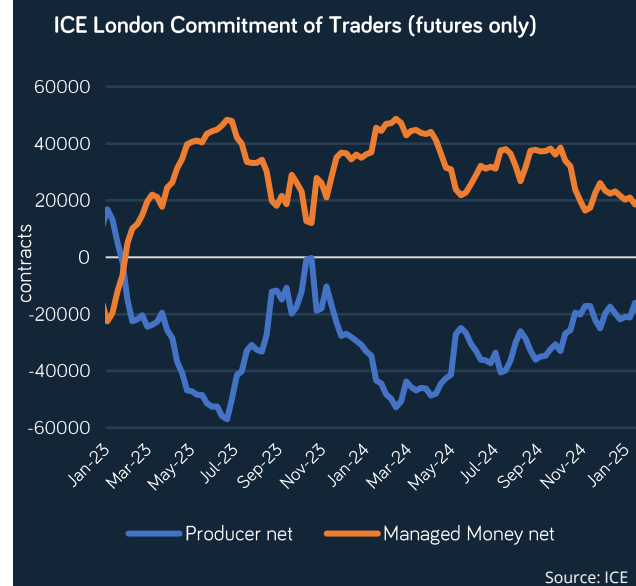
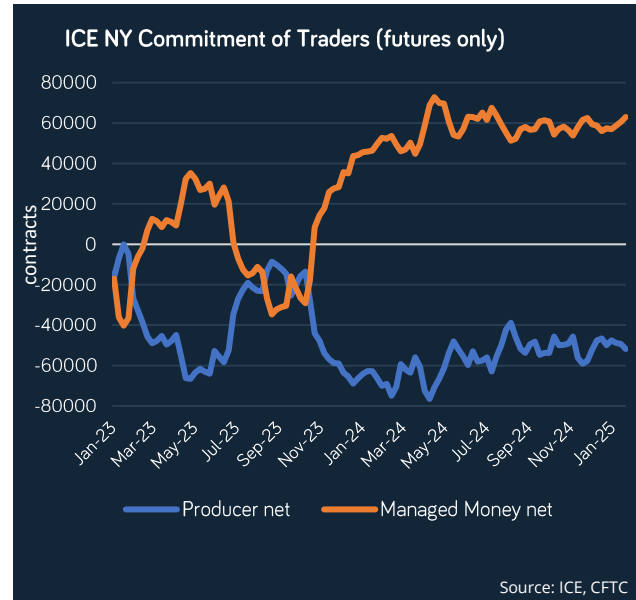
Expana Benchmark Prices for Coffee Differentials



# Other Price Drivers

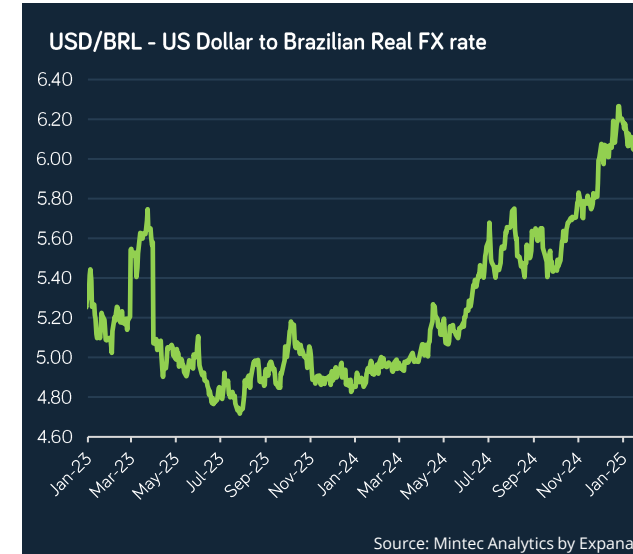
## Speculative Positions

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- In London, both managed money (speculators) and producers saw very few changes to their net position, with the most recent report ending the month net neutral versus the first. Consequently, price action was choppy and, like many other tropical softs, open interest dropped by several thousand lots during January, leading to choppy and volatile trading.



## Currency

- In a reversal of fortunes, the USDBRL rate dropped sharply as the Brazilian Real made gains versus most other currencies. The country's fiscal position has improved, with the debt-to-GDP ratio falling to 76.1% in December, combined with increased real wages and an expanding labor market. Typically, as BRL strengthens, the NY Arabica price does as well, as each sale in USD nets fewer BRL in return.



# Abbreviations and Acronyms

## Commodity Market Insight

\$	US Dollar
ICE	InterContinental Exchange
GCA	Green Coffee Association
CFTC	Commodity Futures Trading Commission
MT	metric tonnes
LB	pounds
Bag	60 kg bag (unless otherwise stated)

### Methodology, Feedback & Forward-Looking Statements

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