**Coffee prices rise 20% in a week**

Supermarket prices likely to jump as poor harvests in Vietnam and central American plus speculators covering their positions cause leap in cost of robusta coffee

[David Teather](http://www.guardian.co.uk/profile/davidteather) [guardian.co.uk](http://www.guardian.co.uk), Monday 14 June



A picker harvests coffee beans in Vietnam's central Dak Lak province. Harvests in the world's second-largest coffee producer are roughly 20% lower than this time last year. Photograph: Kham/Reuters

[Coffee](http://www.guardian.co.uk/lifeandstyle/coffee) prices are rising sharply, largely due to poor crops in [Vietnam](http://www.guardian.co.uk/world/vietnam) and central America causing a fall in global supplies.

The International Coffee Organisation (ICO) said world exports between October and April dropped by 8.1% compared with the same period a year earlier – down from 58m bags to 53.3m.

Prices of robusta coffee (the lower-quality bean commonly used in instant coffees) rose by 20% in three days last week to their highest in more than a year. The sudden spike in price was chiefly driven by traders who had bet on a lower price covering their positions.

The Organisation for Economic Co-operation and Development and the UN Food and Agriculture Organisation [will publish forecasts](http://www.oecd.org/home/0,2987,en_2649_201185_1_1_1_1_1,00.html) tomorrow for market trends in agriculture over the next 10 years and are expected to warn that a growing population, giving land over to [biofuels](http://www.guardian.co.uk/environment/biofuels) and higher costs are set to drive up a range of commodity prices.

José Sette, head of operations at the ICO, said his organisation had warned that the price of coffee would need to rise to encourage coffee farmers to invest. "The overall outlook, if we are to have coffee to meet world demand, is that prices need to be higher to make people feel comfortable about investing," he said.

Exports from Vietnam, which grows about half the world's robusta beans, are roughly 20% lower than this time last year. European coffee stockpiles fell 4.7% to 10.7m bags during April, the European Coffee Federation reported.

Doug Whitehead, soft [commodities](http://www.guardian.co.uk/business/commodities) analyst at Rabobank, said there were also concerns about the forthcoming Brazilian harvest, where there have been weather problems. Although technical market issues were largely behind the spike, he said the long-term futures market showed prices next year would rise steeply.

Sette said prices would be unlikely to feed through to the supermarket shelves immediately, as retailers and coffee firms wait to see whether the rising prices are sustained. In high-street coffee shops, he added, the price of the beans are only about 2% of the overall costs – tiny compared with rents and labour – and price movements have little impact.

Source: <http://www.guardian.co.uk/business/2010/jun/14/commoditries-coffee-prices-rising-sharply>