Global coffee prices drop

A cup of coffee. Robustas recorded the strongest decline, down by 5 per cent compared to the previous month. FILE PHOTO

Coffee prices have been falling since February this year. **Dorothy Nakaweesi** writes about the commodity's performance.

If global coffee prices continue dropping, top coffee producers like Uganda will find it hard to maintain their revenue from the commodity.

Latest records from International Coffee Organisation (ICO) indicate that coffee prices have continued on the downward trend in most months of the calendar year which starts in October.

May, the seventh month on the calendar year, showed the ICO composite indicator price dropped significantly compared to the previous month by 3.8 per cent to 125.4 cents of a dollar.

"The daily price of the ICO composite indicator started the month relatively strongly, making up some of the losses of the previous month and increased to a high of 128.66 cents of a dollar on May 8. However, most of these initial gains were subsequently lost when the market fell to 124.02 cents of a dollar by the end of the month," ICO report showed.

Reason

ICO report attributes this drop in prices to inventories in consuming countries which are high as a result of strong exports in the first seven months of the coffee year.

"Coffee prices have been falling since February as a consequence of the easing of weather related supply concerns, as well as the more general downturn in commodity markets," ICO report shared.

Further the report showed, for the first time in three years Colombian Milds were traded 1.41 cents of a dollar above the other Milds indicator.

According to ICO this is the preliminary end point of a long process of convergence which had been ongoing since March 2016, when the differential between the two groups peaked at 12.30 cents of a dollar.

ICO said: "During the first five months of 2017 in particular, the price of other Milds decreased at a higher rate than the price of Colombian Milds."

Shs982b

VALUE OF COFFEE BAGS UGANDA EXPORTED IN LAST SIX MONTHS

Grades

In terms of the group indicators, Robustas recorded the strongest decline, down by 5 per cent compared to the previous month and dropping below the 100 cents of a dollar mark for the first time since September 2016.

"All the three Arabica groups registered significant decreases as the average prices for Colombian Milds, other Milds and Brazilian Naturals were 2.3 per cent, 3.5 per cent and 3.6 per cent lower, respectively," ICO noted.

Uganda's status

Statistics from Uganda Coffee Development Authority (UCDA) indicate that the country for the last six months exported 2.2 million (60 Kilogramme) bags valued $273 million (Shs982 billion).

Commenting about the global prices falling, Mr Joseph Nkandu, the executive director, National Union of Coffee Agribusiness and Farm Enterprises (Nucafe), said this has created an opportunity for Uganda to grow more coffee.

"Global coffee prices fall because it's a cycle, they should not get discouraged. The farmers should now aggressively grow more coffee because the global consumption is increasing. This means the market is big," Mr Nkandu said.

AVERAG PRICES COUNT

WEEKLY MARKET I

Item (kg/ltr)
Agwedde Beans
Apple Bananas
Beef
Cassava Flour
Cassava Fresh
Cavendish (Bogoy
Coffee (Arabica)
Cow Peas
Exotic Chicken
Exotic Eggs
Goat Meat
Groundnuts
Irish Potatoes
Kayiso Rice
Local Chicken
Local Eggs
Maize Flour
Maize Grain
Matooke (bunc
Milk
Millet Flour
Millet Grain
Nambale Bear
Nile Perch
Orange S. Pot
Pineapple
Pork
Processed Hc
Red Irish Pota
Simsim
Sorghum Flo
Sorghum Gra
Soya Beans
Sun Dried Ca
Sunflower
Super Rice
Tilapia
Turkey
Unprocessec
Upland Rice
White S. Po