

By Leslie Josephs

NEW YORK--Arabica-coffee futures rose Tuesday after the Brazilian government said the country would produce less of the beans this year.

Government crop agency Conab said Brazilian growers would reap 45.1 million bags of coffee. While that estimate was up 1.1% from its May forecast, its forecast for arabica is 32.1 million bags, down slightly from its May estimate of 32.2 million bags. Each bag weighs 60 kilograms.

Brazil's worst drought in decades raised worries about the size and quality of production this year, sending prices to a more than two-year high. Brazil is the world's largest coffee producer, and forecasts on its production have an outsize effect on the market.

But despite the dry weather, Conab says it expects even higher output next year, ranging from 47.9 million to 49.8 million bags.

December arabica coffee, the most actively traded contract, fell as low as \$1.8085 a pound after Conab's report was released. In recent trade, the contract was up 0.8% at \$1.8370 a pound.

Another factor weighing on coffee is commercial demand, said Rodrigo Costa, head of the coffee desk at brokerage Newedge.

"Demand remains tepid, to say the least," Mr. Costa said in a note. "This remains a bearish indicator."

Frozen orange-juice concentrate was trading at a four-week low after a report showed U.S. consumers purchased less orange juice in August than a year ago.

Consumers bought 35.98 million gallons of orange juice in the four weeks ended Aug. 30, down 8.3% from last year, according to Nielsen data published Monday by the Florida Department of Citrus. Prices for the beverage hit a record in August, rising 4.5% from a year ago to average \$6.46 a gallon, while total revenue fell 4.2% to \$232.54 million, according to the report.

Raw sugar for October was up 0.2% at 13.71 cents a pound after settling at a more than four-year low of 13.62 cents a pound in the previous session.

Cocoa for December was up 0.4% at \$3,069 a ton, and cotton for December was down 0.5% at 65.52 cents a pound.

Write to Leslie Josephs at leslie.josephs@wsj.com

Subscribe to WSJ: <http://online.wsj.com?mod=djnwires>

(END) Dow Jones Newswires

09-16-14 1016ET

Copyright (c) 2014 Dow Jones & Company, Inc.

Chain Link: [CS20140916001179]

[Related Stories]