

By Carolyn Cui

Soft commodities dropped Monday as global financial markets plunged amid intensified fears over a significant slowdown in China.

Prices for arabica **coffee** for December delivery recently were down 2.1% at \$1.2360 per pound on the ICE Futures U.S. Exchange. Frozen concentrated orange juice for November fell 3.2% to \$1.240 a pound, and December cotton dropped 3.7% to end at 64.52 cents a pound. Raw sugar for October delivery declined 1.4% to 10.29 cents a pound.

Among all soft commodities, only cocoa bucked the trend. Prices for December delivery gained 0.9% to \$3,105 a ton.

Overnight, China's stocks fell 8.5% and wiped out all the gains they had amassed this year, raising more concerns over the country's economic health.

"The market is tending to anticipate more issues and serious issues in China," said Michael McDougall, a director of commodities at Societe Generale in New York.

China's surprise policy shift last week concerning its tightly controlled currency has triggered another round of selloffs in many emerging-market currencies, as investors worried that the world's second-largest economy has decelerated more than expected. China is the largest trading partner or competitor with many of these countries.

"Basically, the Chinese devaluation set off a concern over deflation because they activated a global currency devaluation," he said. "Deflation is something that's negative for central banks and companies' bottom lines."

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