

By Julie Wernau

Coffee futures prices posted their steepest percentage drop in nearly two months on Friday amid weak global demand for coffee and growing stockpiles.

Arabica coffee for March delivery dropped 4.1% to end at \$1.212 a pound on the ICE Futures U.S. exchange, the biggest percentage drop since Oct. 16.

Brazilian coffee export association CeCafe said this week that it was on track for record exports this year. Brazil is the largest producer of coffee in the world. Coffee brokers said countries that buy coffee are now sitting on large stockpiles and aren't looking for more coffee.

"Physical coffee traders--their needs are satisfied," said Nicholas Gentile, managing partner at Nick Jen Capital Management & Consulting in New York.

The markets closed just above a technical trading level of \$1.21 a pound that Mr. Gentile said could have triggered further selling.

Helping the bears was a large move lower in the Brazilian real against the dollar as Moody's placed the country on notice for a potential ratings downgrade to junk status. The real was down 1.5% recently against the dollar, a trigger for speculators who anticipate that producers will sell their dollar-denominated goods to reap higher returns in local currency.

In Vietnam, which is the largest producer of robusta coffee, a more acerbic bean typically found in instant coffee, analysts said producers there have been holding back on sales. What happens in the robusta market typically affects the arabica market because beans are often swapped for one another in coffee blends.

The Hightower Report said in a note that coffee traders are expecting that at some point producers there will unleash those stocks and exports will surge in Vietnam, casting a "shadow" over the market. The country is halfway through its harvest.

In other markets, March cocoa rose 0.2% to close at \$3,353 a ton, March raw sugar ended up 0.2% at 14.58 cents a pound, March cotton dropped 0.1% to close at 63.71 cents a pound and frozen concentrated orange juice futures for January rose 1% to \$1.501 a pound.

Write to Julie Wernau at [julie.wernau@wsj.com](mailto:julie.wernau@wsj.com)

(END) Dow Jones Newswires

12-11-15 1516ET

Copyright (c) 2015 Dow Jones & Company, Inc.

Chain Link: [CS20151211002128]

[Related Stories]