

DJ Poor Weather Could Boost Coffee Prices -- Market Talk

1242 GMT Poor weather could reverse expectations that next season will see weaker coffee prices, according to Commerzbank. "As yet, we are still confident that better supply and a weaker [Brazilian] real will dampen the performance of coffee prices next year, though the risks of this happening have been increasing of late," says the bank. Producers are increasingly concerned that La Nina may not simply end a spate of dry weather, but will bring too much rain, and the Colombian crop already looks disappointing, it says. Next year could also see the lower-productivity year for the arabica coffee trees' two year cycle, it added, as one of the Brazilian coffee cooperatives predicts. Coffee trees tend to alternate between stronger and weaker crops. (katherine.dunn@wsj.com) --

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DJ Commerzbank Lifts 4Q Arabica Coffee Prices -- Market Talk

1249 GMT Commerzbank increases its forecast for arabica coffee bean prices for the fourth quarter of 2016, as bean prices hold onto support from a stronger Brazilian real and a shortfall in the robusta market due to dry weather in key areas. A smaller robusta supply typically increases the demand for replacement arabica beans, which can help support the price. The bank now puts its forecast for arabica in the final three months of the year at 135 cents per pound, a 10 cent jump from its previous forecast, and slightly lower than the current market price of 137 cents per pound. (katherine.dunn@wsj.com)

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DJ Brazil Coffee Exports Fell 33.7% In July To 1.9M Bags -- Cecafe

By Jeffrey T. Lewis

SAO PAULO--Brazil coffee exports plummeted in July from a year earlier, as stocks were low and coffee from the new harvest was slow to reach markets, according to the Brazilian Council of Coffee Exporters, or Cecafe.

The country sold 1.9 million 132-pound bags of coffee abroad, a drop of 33.7% from July 2015, Cecafe said. Exports of the arabica variety of the beans fell 26.3% to 1.6 million bags, and exports of robusta beans dropped 90.9% to 37,359 bags. Exports of roasted, ground and instant coffee fell 10.3% to 297,984 bags. Revenue from coffee exports fell 36.7% in July from the same month last year, to \$297.2 million.

The strong dollar late last year and earlier this year encouraged Brazilian holders of stocks of coffee to sell as much as they could, reducing the amount they held in reserve. A drought in the state of Espirito Santo, which produces most of Brazil's robusta beans, also slashed supplies of that variety.

The coffee harvest started earlier this year, but supplies weren't available for export as soon as possible, which also contributed to the drop in exports last month, Cecafe said. Brazil is the world's biggest producer and supplier of coffee.

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