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COFFEE & COCOA

from tree to market



EL NIÑO / COCOA / ARABICA / ROBUSTA / OUR CALLS

The latest news on coffee and cocoa, and what it means for prices in the months ahead. Cover illustration: CSC Lausanne.

IN THIS ISSUE

From the tree to the market.

How coffee and cocoa are grown, moved and priced; how an El Niño second only to 1997's for the time of year reaches the farms; and what the latest news means for prices in the months ahead.

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HOW TO READ IT

Each topic follows three steps: how it works, what happened, what it means. Each chapter ends with our thesis and our view, and our call where we make one. Blue panels explain terms; dark panels give a trader's angle. Small numbers point to the sources on page 30.

ICE: Intercontinental Exchange. ICCO: International Cocoa Organization. ICO: International Coffee Organization. RONI: Relative Oceanic Niño Index. WMO: World Meteorological Organization. EUDR: the EU Deforestation Regulation.

Version 1.0 of 6 November 2026. It freezes the data at the ICE settlements of 4 November; anything released later is an event to watch (page 29).

00 / THE LATEST

The beans are late. The real fell. Vietnam is picking.

Cocoa, arabica and robusta all have more supply in sight than buyers need this autumn, so our view on all three is lower into December. El Niño threatens next year's crops, not this year's, so for 2027 we lean the other way.

INDUSTRY TERMS

Our call
Our forecast that a named futures contract will settle lower (▼) or higher (▲) on a set date than on 4 November.

Settlement
An exchange's official closing price for the day.

FOUR NUMBERS / THE LATEST IN BRIEF

The latest values we could verify at our 4 November cutoff.

−43%
IVORIAN ARRIVALS
1–25 October, against the same dates last season[17]

3.69m
BAGS OF COCOA AT ICE
At ICE on 29 October, the most in two and a half years[17,22]

5.45
REAIS PER DOLLAR
On 4 November, from 4.98 on 23 October[16,47]

+2.0°C
EL NIÑO INDEX (RONI)
August–October, second only to 1997 since 1950[1]

WHAT HAPPENED

1 **The beans are late, but the warehouses are full.** Côte d'Ivoire's main crop is eight to ten weeks behind[20], while ICE holds last season's big crop[17]. December cocoa settled at 5,456 dollars a tonne on 4 November, 19% under its 31 August high[16,21]. → PAGE 13

2 **Grinders are back.** Asia ground a record in the third quarter, up 29.2% on a year earlier, and Europe returned to growth; North America fell 2.5%[34]. Chocolate volumes are still falling[35,37]. → PAGE 17

3 **Lula won, and the real fell.** It fell more than 8% on 26 October, after President Lula won a fourth term[16,49]. More reais a bag encourage farmers to sell: December arabica fell 12% from its 21 October high, to 279.75 cents a pound on 4 November[16,21]. → PAGE 22

4 **Vietnam is picking.** The Central Highlands began picking in late October; the USDA forecasts a record 32.5 million bags in all[6,55]. London's November robusta fell 7.3% from 30 September, to 3,194 dollars a tonne on 26 October[16]. → PAGE 26

OUR VIEWS AND CALLS

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▼ Lower into December
Our view on the nearby contracts

Arabica PAGE 24
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Our view on the nearby contracts

Robusta PAGE 28
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Into 2027 PAGE 11
▲ Higher for cocoa and robusta, as El Niño reaches the 2027 crops
New York and London May 2027, both on 23 April

The views are not scored. Each 2027 call compares the contract's ICE settlement on its scoring date with its settlement on 4 November (page 11). Not investment advice.

WHAT IT MEANS: TWO CLOCKS

The supply that exists weighs on the nearby contracts. Ivorian beans will arrive late but in a rush before the EU's 30 December deadline, Brazil ships a record crop at a weak real, and Vietnam's harvest has begun. That clock runs to December, and our view is lower.

The supply that may not exist is what El Niño threatens: West Africa's 2027 mid-crop and Vietnam's 2027 flowering, both decided in the dry season after the peak. That clock runs into the spring, and there we call higher (page 11).

00 / THE LATEST

Three markets at a glance.

The four signals we watch in each market, and our view. Since 30 September cocoa has edged up; arabica and robusta are lower, robusta most.

INDUSTRY TERMS

Front month
The contract closest to expiry, usually the most traded.

Managed money
Hedge funds and other speculators, in the CFTC's terms.

THREE MARKETS / PRICE, SIGNALS AND OUR VIEW

Front contracts in dollars a tonne, arabica converted from US cents a pound (× 22.0462). Daily closes from 28 September, Investing.com, to 4 November for cocoa and 26 October for coffee; arabica then 28 October, Trading Economics, and its 4 November settlement; dashed, the 30 September close[16,21,22]. On the year: 28 October. Volatility: 20 daily log returns to the last daily close, × √252[11]. ▲ pushes the price up, ▼ down.

Cocoa

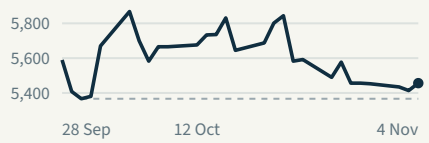
PAGES 12–18

ICE New York, December 2026 (front month)

5,456 dollars a tonne
4 November

+1.7% since 30 Sep · **−9.6%** on the year · volatility 27%

DAILY CLOSE $/t, 28 September to 4 November



- ▼ **Stocks.** 3.69m bags at ICE on 29 October, up 40% since late April[17,22]
- ▲ **Arrivals.** 43% behind last season on 1–25 October[17]
- ▲ **Funds.** Net short 8,821 contracts on 20 October, so a scare would force buying[38]
- ▼ **The curve.** March 100 dollars over December: storing pays[21]

OUR VIEW
▼ Lower into December
2027 call: May higher (page 11)

Arabica

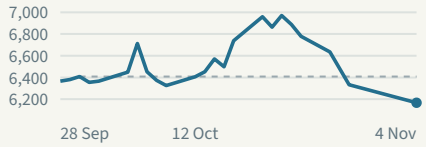
PAGES 19–24

ICE New York "C", December 2026

6,167 dollars a tonne
4 November

−3.8% since 30 Sep · **−26.5%** on the year · volatility 32%

DAILY CLOSE $/t, 28 September to 4 November



- ▼ **The real.** 5.45 per dollar on 4 November; it fell 8% on 26 October[16,47,49]
- ▼ **Brazil.** A record 67.6m-bag crop; exports up 15.5% in July–September[40,41,42]
- ▲ **Stocks.** About 240,000 certified bags in late October, near a 27-year low[22,51]
- ▼ **Funds.** Net long 22,337 contracts, positions a weak real could shake out[38]

OUR VIEW
▼ Lower into December
No call for 2027 yet (page 24)

Robusta

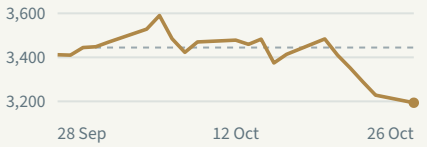
PAGES 25–28

ICE London, November 2026

3,194 dollars a tonne
26 October

−7.3% since 30 Sep · **−11.0%** from 6 Oct · volatility 26%

DAILY CLOSE $/t, 28 September to 26 October



- ▼ **Vietnam.** Picking what the USDA forecasts as a record 32.5m bags[6,55]
- ▼ **Exports.** Vietnam's up 15.4% by volume in January–September[55]
- ▲ **The blend.** At 52% of arabica's price on 4 November, robusta draws roasters in[19,21]
- ▲ **El Niño.** A risk of a harsher dry season in the Central Highlands in 2027 (page 10)

OUR VIEW
▼ Lower into December
2027 call: May higher (page 11)

THE DRIVERS / WHAT MOVES ALL THREE

Latest values we could verify, 26 October to 4 November 2026; Brent and urea are Trading Economics CFDs tracking the benchmarks, not settlements[1,3,16,44,47].

DRIVER	WHERE IT STANDS	HOW IT REACHES THE BEANS	PUSH ON PRICES
El Niño	RONI +2.0°C in August–October; peak expected in December	Harsher dry seasons after the peak	**▲ 2027 crops**
The real	5.45 per dollar on 4 November, from 4.98 on 23 October	More reais a bag encourage selling	**▼ Arabica**
Dollar index	102.02 on 26 October; 101.6–102.6 all month	Dollar-priced beans cost more abroad	**Neutral; shared risk**
Brent	113.7 dollars a barrel on 29 October, up 77% on the year	Diesel, freight, drying: costs first	**Costs; little on prices**
Urea	446.5 dollars a tonne on 28 October, up 13.6% on the year	Less fertiliser could cut 2027 yields	**▲ 2027 risk**

01 / EL NIÑO

The Pacific is running almost as hot as in 1997.

El Niño is a warming of the tropical Pacific that moves rain around the world. This one is the second strongest for the time of year since 1950, after 1997, and the WMO's models point to a December peak that it says would set a record.

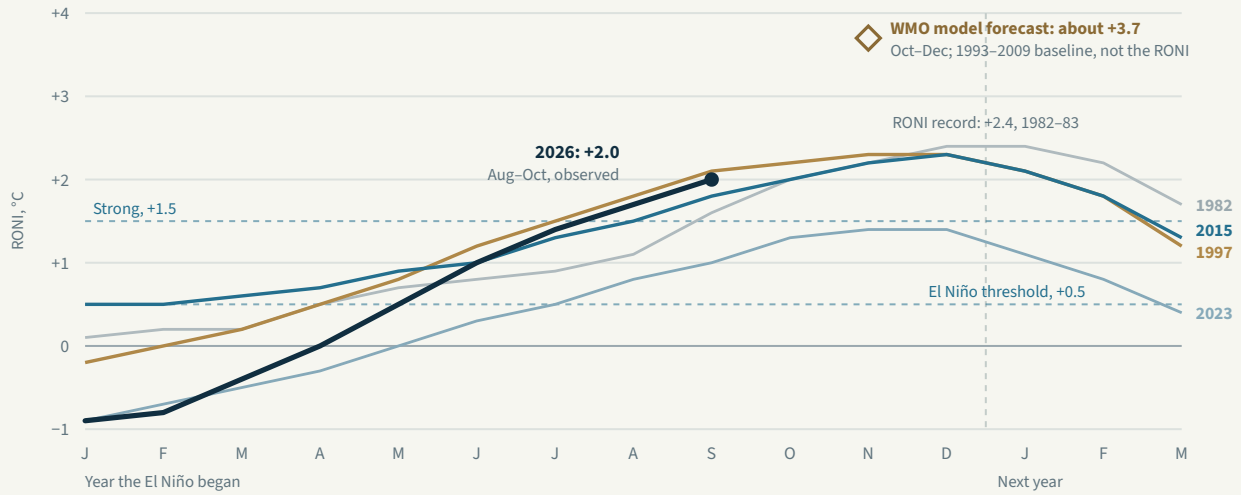
INDUSTRY TERMS

Niño-3.4
A patch of the central Pacific, 5°N to 5°S and 170°W to 120°W, whose sea temperature defines El Niño.

RONI
Relative Oceanic Niño Index: Niño-3.4's three-month anomaly less the tropics' average, in °C.

THIS YEAR / 2026 AGAINST THE BIG EL NIÑOS

Lines: NOAA's relative index (RONI) by three-month season, at the middle month, °C, January of each El Niño year to March of the next; 2026 to August–October[1]. Diamond: the WMO's multi-model forecast for October–December 2026, on a 1993–2009 baseline: a different series from the RONI[3].



HOW IT WORKS

Along the equator the trade winds blow from east to west. They pile warm water up near Indonesia, where it heats the air and makes rain, while cold water wells up off Peru. Every two to seven years the winds slacken, the warm water spreads back east and the rain follows it. That is El Niño.

Forecasters track one patch of ocean, Niño-3.4. Since February NOAA's official gauge has been the RONI: the patch's three-month average measured against the whole tropics, so a warmer world does not inflate it. At +0.5°C or more it signals El Niño, and above +1.5°C forecasters call it strong[1]. El Niños usually peak between November and January and fade by the next summer.

WHAT HAPPENED THIS YEAR

The index reached +0.5°C in April–June and has risen every season since. August–October reached +2.0°C, against +2.1°C at that point of 1997 and +1.8°C in 2015: since 1950, only 1997 was warmer this early[1]. On 8 October NOAA put the odds of a strong to very strong event lasting into early 2027 above 83%[2]. The WMO's models point to about +3.7°C for October–December, a record by its count[3]: a model anomaly on a 1993–2009 baseline, so not directly comparable with the RONI's +2.4°C record of 1982–83[1].

WHAT IT MEANS FOR COFFEE AND COCOA

Timing matters as much as size. The peak lands as West Africa's dry season and Vietnam's harvest begin; damage tends to show months later.

01 / EL NIÑO

The winds weaken. The rain moves away from the farms.

A warmer Pacific moves the rain. It usually leaves Asia's coffee and cocoa farms dry, often West Africa's too, and shifts rain around the Americas.

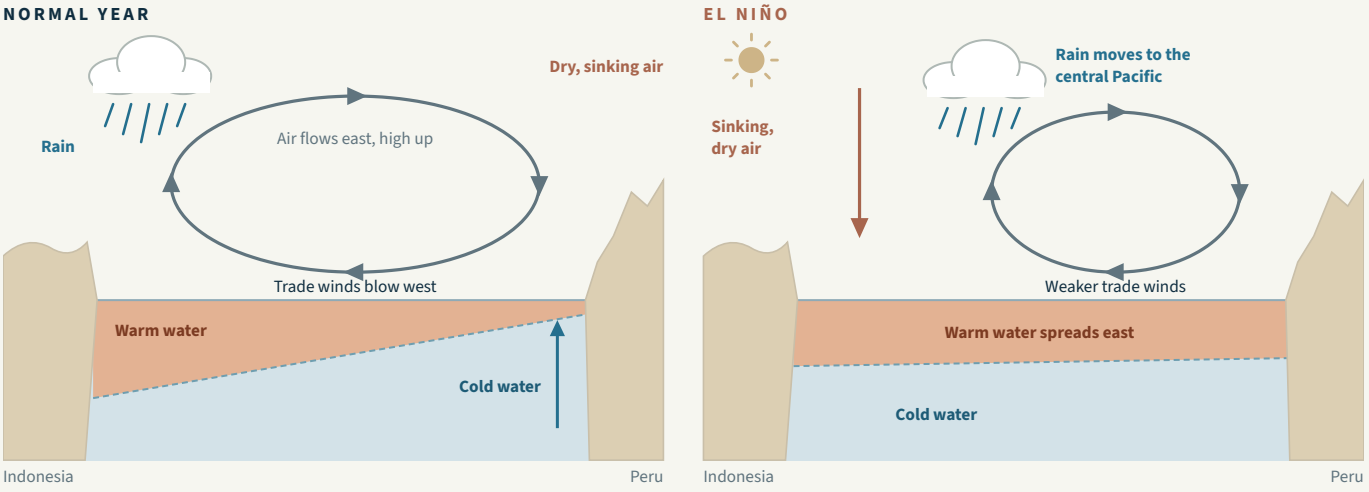
INDUSTRY TERMS

Teleconnection
A link between the weather in two distant places.

Harmattan
A dry, dusty Saharan wind over West Africa, about December to March.

MECHANISM / HOW EL NIÑO MOVES THE RAIN

The Walker circulation along the equatorial Pacific, in a normal year and in an El Niño. Schematic, not to scale; after NOAA Climate.gov[4].



HOW IT WORKS

In a normal year the trade winds push warm surface water west. Over the warm pool near Indonesia the air rises, cools and drops its rain. High up it flows east, sinks over the cold water off South America and returns west along the surface as the trade winds. Scientists call this loop the Walker circulation[4].

In an El Niño the loop breaks down. The trades weaken, the warm water slides east and the rising air follows it to the central Pacific. Indonesia gets sinking, dry air instead of rain[4]. The shift then travels through the atmosphere to places far from the Pacific: forecasters call these links teleconnections.

WHAT IT MEANS

The surest signal is in Asia, where it hits robusta; the biggest price risk is West African cocoa, where the link is weakest.

WHERE THE RAIN GOES

Asia. In past El Niños Indonesia and Vietnam's Central Highlands tended to run dry; this season the WMO expects a drier western Pacific[3].

West Africa. The link is looser. Traders tie strong El Niños to a harsher harmattan, but the record is mixed, and the WMO's outlook does not mention the region[3].

The Americas. Colombia and Central America tended to dry out, coastal Ecuador and Peru to flood. This season the WMO sees north-western South America and southern Central America drier, the south-east wetter[3].

East Africa. The WMO expects a wetter Greater Horn of Africa[3].

01 / EL NIÑO

Where El Niño reaches the farms.

Coffee and cocoa grow in the tropics, where El Niño has its strongest grip on the rain. Each region feels it differently, and at a different time of year.

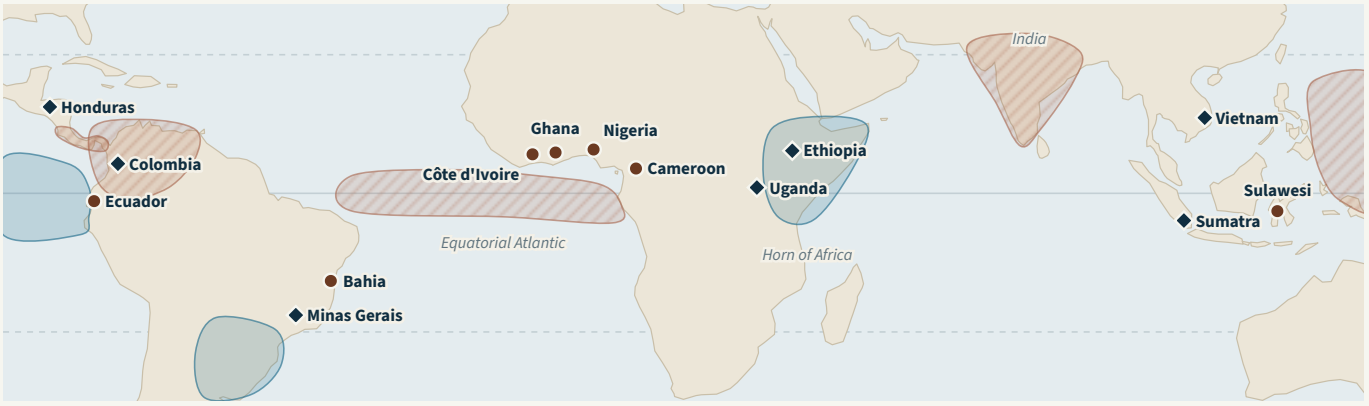
INDUSTRY TERMS

Arabica and robusta
The two coffee species. Arabica grows on hills and costs more; robusta grows lower down.

Mid-crop
West Africa's smaller cocoa harvest, April to September, after the main crop.

MAP / THE CROPS, AND THE WMO'S RAIN OUTLOOK

Main growing regions for cocoa (dots) and coffee (diamonds). Shading: our sketch of the regions the WMO's 8 October release names for October–December 2026, hatched where drier than normal is more likely, blue where wetter[3]. We shade only what it names: it does not mention West Africa, Indonesia or Vietnam.



REGION	CROPS	PAST EL NIÑOS TENDED TO BRING	WHEN IT BITES	WHAT WE WATCH
Côte d'Ivoire, Ghana	Cocoa	A harsher harmattan in some years, and a weaker mid-crop	December–March, then the mid-crop	Weekly port arrivals; the harmattan
Indonesia	Cocoa, robusta	Drought and a late monsoon	July–November, during the event	Rain in Sulawesi and Sumatra
Vietnam	Robusta	A hotter, drier dry season after the peak	January–May: irrigation and flowering	Central Highlands rain; reservoir levels
Ecuador	Cocoa	Heavy coastal rain in strong events, and more pod disease	December–April	Coastal rain; disease reports
Colombia, Central America	Arabica	Drier, hotter weather: smaller crops and more pests	During the event	Rain at flowering; monthly output
Brazil	Arabica, robusta; cocoa in Bahia	A wetter south and a drier north-east; little signal in Minas Gerais	October–March, the wet season	Spring rain for flowering
Ethiopia, Uganda	Arabica, robusta	Wetter short rains, helped by a warm Indian Ocean	October–December	Floods at harvest; roads

WHO GROWS WHAT

Côte d'Ivoire and Ghana grow about 60% of the world's cocoa[5]. Vietnam grows 37% of the world's robusta and Brazil 29%; Brazil also grows 45% of the arabica[6]. Indonesia grows both crops, and Ecuador, Cameroon and Nigeria add cocoa.

WHAT IT MEANS

The WMO's dry signal covers north-western South America, southern Central America and the western Pacific; it names neither West Africa's cocoa belt nor Indonesia or Vietnam[3]. For cocoa the risk is a reading of history, which the next page tests. For robusta it sits in Vietnam's dry season, after the peak.

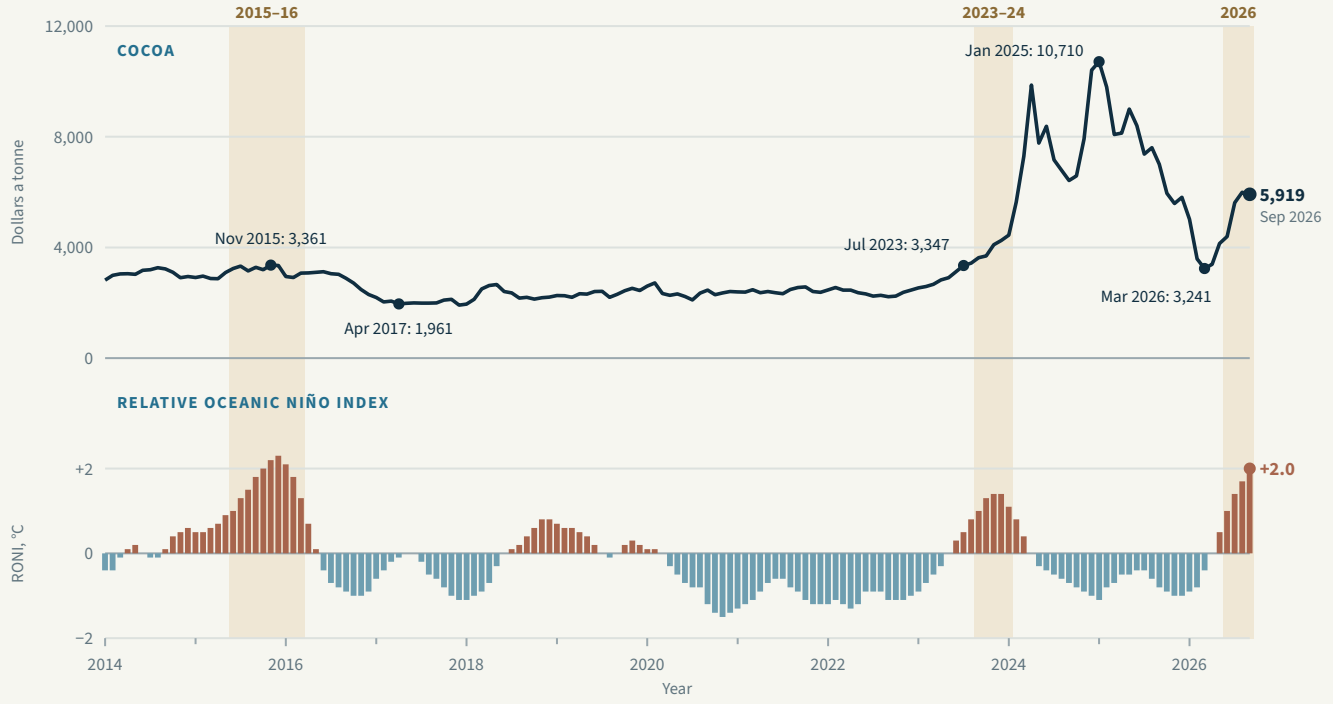
01 / EL NIÑO

A near-record El Niño barely moved cocoa. A weaker one tripled it.

Two El Niños, two outcomes. One big difference was how much cocoa was already in the warehouses.

THROWBACK · OUR LOOK BACK AT HISTORY / COCOA AND EL NIÑO, 2014–2026

Two different series, January 2014 to September 2026. Top: the IMF's monthly average cocoa price, a physical-market series, dollars a tonne[7]. Below: NOAA's relative index (RONI), a three-month mean, °C, plotted at the middle month[1]. Shaded: seasons with the RONI at +1.0°C or more.



2015–16: A THICK CUSHION

The 2015–16 El Niño peaked at +2.3°C, close to the record[1]. World output fell to 3.97 million tonnes and the season ended 196,000 tonnes short[8]. But the warehouses were full: stocks still covered 34% of a year's grinding[8]. Cocoa peaked at 3,361 dollars a tonne in November 2015[7]. Then the rain came back. The 2016/17 crop jumped 15%, and by April 2017 cocoa was at 1,961 dollars, 42% lower[7,8].

2023–24: A THIN CUSHION

The 2023–24 El Niño was weaker, peaking at +1.4°C[1]. But it hit a crop already hurt by bad weather, swollen-shoot virus and illegal gold mining[10]. World output fell about 13%[10] to 4.36 million tonnes; the deficit reached 492,000 tonnes and stocks fell to 26.4% of a year's grinding[9]. On monthly averages, cocoa went from 3,347 dollars a tonne in July 2023 to 9,865 in April 2024 and 10,710 in January 2025[7]: more than three times as much.

THE LESSON FOR COCOA

Two cases are not a law: disease and earlier weather damage mattered too. But in both, the price followed the cushion: 34% of a year's grinding in 2016, when the price fell; 26.4% in 2024, when it tripled. At the end of 2024/25 it was 28.2%[5]. The ICCO has withheld its 2025/26 figures, but a surplus of at least 250,000 tonnes, as analysts expect, would lift it to about 33%: nearer 2016 than 2024 (page 17)[11,17]. On these two cases, it would take a harsh dry season to repeat 2024.

01 / EL NIÑO

The surplus is one bad harvest from a deficit.

Replay last season with a tenth less cocoa from Côte d'Ivoire and Ghana. The 37,000-tonne surplus becomes a 244,000-tonne deficit, and the stock cushion falls below its 2024 low.

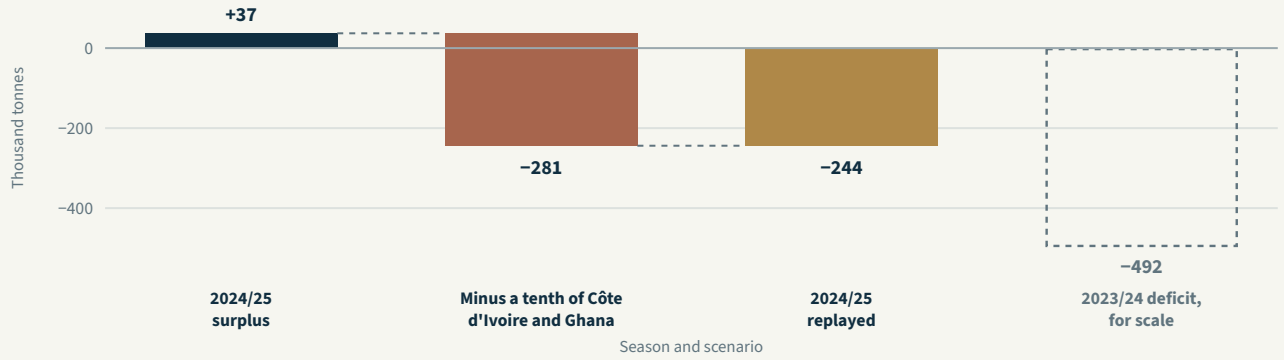
INDUSTRY TERMS

Grindings
Cocoa beans processed into liquor, butter and powder: the industry's measure of demand.

Stocks-to-grindings
Stocks at the end of a season as a share of a year's grinding: the cushion.

WORKED EXAMPLE / THE 2024/25 COCOA BALANCE, REPLAYED, IN THOUSAND TONNES

Thousand tonnes. ICCO estimates for 2024/25[5]. The shock is our illustration: a tenth of the crop of Côte d'Ivoire and Ghana, taken as 60% of world output, less 1% loss in weight[11].



THOUSAND TONNES	ICCO 2024/25	A TENTH LESS	A FIFTH LESS	TENTH LESS, GRIND +3%
Côte d'Ivoire and Ghana, as 60% of the world	2,840	2,556	2,272	2,556
World production	4,733	4,449	4,165	4,449
Less 1% weight lost in drying and handling	−47	−44	−42	−44
Grindings	4,649	4,649	4,649	4,788
Surplus or deficit	+37	−244	−526	−384
Closing stocks: 1,309 plus the change	1,309	1,028	747	888
Stocks to grindings	**28.2%**	**22.1%**	**16.1%**	**18.6%**

ICCO estimates for 2024/25[5]; the other columns are our illustration[11]. Each figure is computed before rounding, so rows may not add exactly. For scale, stocks covered 26.4% of grindings at the end of 2023/24[9].

HOW IT WORKS

The cocoa balance is simple arithmetic. Take the world crop, deduct 1% for weight lost in drying and handling, and subtract what the grinders processed: the rest goes into stocks. In 2024/25 that left a surplus of 37,000 tonnes and stocks of 1,309,000, 28.2% of a year's grinding[5]. Côte d'Ivoire and Ghana grow about 60% of the world's cocoa[5]: a tenth of their crop is 284,000 tonnes, or 281,000 after the 1%.

WHAT IT SHOWS

Replay 2024/25 without that tenth and the surplus becomes a 244,000-tonne deficit, and the cushion falls to 22.1%: below the 26.4% of 2023/24[9,11]. Lose a fifth and it falls to 16.1%. Each 100,000 tonnes of surplus or deficit moves the ratio by about two points[11].

WHERE THIS SEASON STARTS

The ICCO has withheld its 2025/26 figures[5]. If analysts' surplus holds, 2026/27 starts near 33%, and only a harsh harmattan takes it below 2024's low (page 17).

01 / EL NIÑO

Robusta rose after the last two El Niño peaks, not before.

Vietnam grows more than a third of the world's robusta. Its farms feel El Niño in the dry season after the peak, when the trees need water to flower.

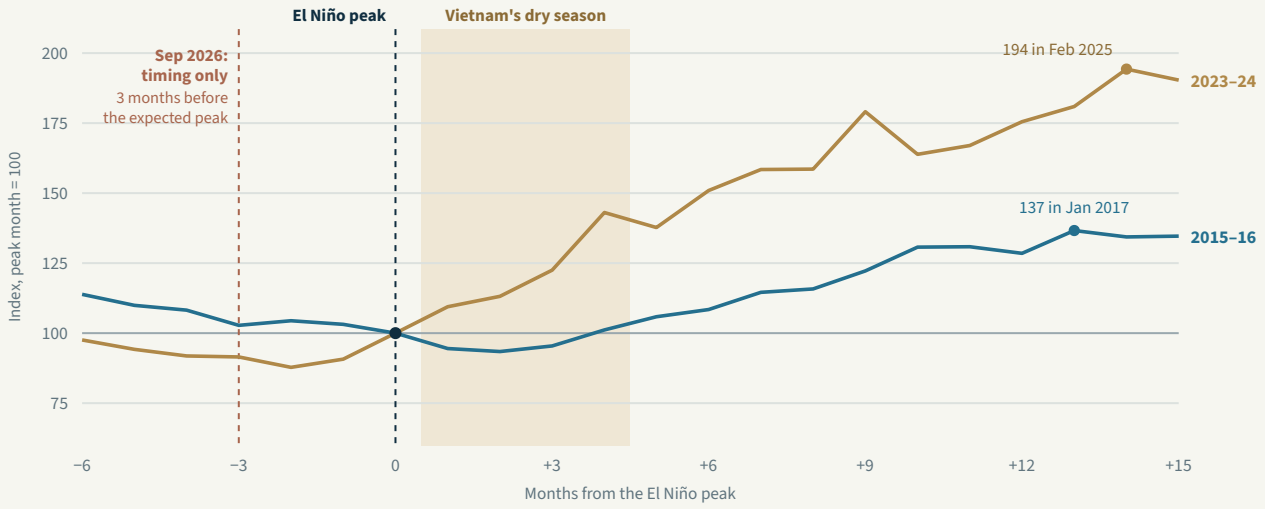
INDUSTRY TERMS

Dry season
In Vietnam's Central Highlands, about December to April, when farms must irrigate.

Flowering
Robusta blossoms when water follows a dry spell; the flowers become next season's beans.

THROWBACK / ROBUSTA AROUND THE LAST TWO STRONG EL NIÑOS

IMF monthly average robusta price, a physical-market series, indexed to 100 at the RONI's peak: December 2015 and December 2023[1,12]. Shaded: the four months after the peak, Vietnam's dry season. Dashed rust line: where September 2026 sits, three months before the peak expected around December[3]; a timing marker, not a price.



HOW IT WORKS

In 2026/27 Vietnam is expected to grow 31.4 million of the world's 83.8 million bags of robusta: 37%[6]. The harvest runs from October to January. Then comes the dry season, when farmers pump water from wells, streams and reservoirs so the trees flower for the next crop.

A study of the coffee provinces found that rain while the beans form, three to six months before harvest, matters most, and that irrigation softens the dry season[13]. El Niño hurts when the water runs out. This season's harvest is already on the trees, so any damage would fall on the crop picked from October 2027.

WHAT HAPPENED BEFORE

In 2016, months after the El Niño peak, the Central Highlands had their worst drought in nearly 30 years, just as the trees were due to flower[14]. Robusta rose 40% between February and October, to 2,285 dollars a tonne[12]. In 2024 extreme heat hit from March to early May, the worst drought in nearly a decade, after a weak harvest[15]. Robusta rose 94% between December 2023 and February 2025, to 5,799 dollars[12]. In September 2026 it averaged 3,693 dollars[12].

AND ARABICA

The link is weaker. El Niño has tended to dry Colombia and Central America, and the WMO expects both drier this season[3]; Brazil's main arabica belt shows no consistent signal.

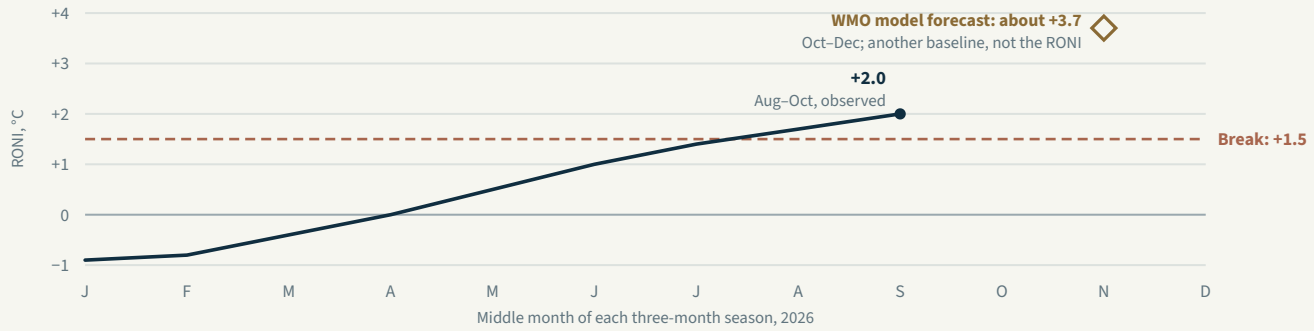
01 / EL NIÑO

El Niño's damage shows after the peak.

Our view for this autumn is lower, because this season's crops are arriving (pages 18, 24 and 28). El Niño's damage, if it comes, reaches the 2027 crops after the December peak: there we call higher. Two clocks, not a contradiction.

BREAK LEVEL / THE 2026 EL NIÑO AGAINST OUR +1.5°C LINE

NOAA's relative index (RONI) by three-month season, plotted at the middle month, January–September 2026[1]. Open diamond: the WMO's multi-model forecast for October–December, against a 1993–2009 baseline, so not on the RONI's scale[3]. Our thesis breaks if the RONI falls back below +1.5°C.



PUSHING THE PRICES UP

A record in the making? The WMO's models point to about +3.7°C for October–December, a record on its own baseline[3] (page 05).

The cushion thins anyway. Côte d'Ivoire's crop is forecast 11–18% smaller[17]: the cushion falls in all our scenarios, to 23.6% at worst, under 2024's 26.4%[9,11]. Funds are short[38].

Vietnam's dry season comes next. Both recent El Niño peaks were followed by drought in the Central Highlands and a robusta rally[12,14,15].

PUSHING THE PRICES DOWN

Cocoa has already moved. At 5,456 on 4 November, December was 68% above March's average price[7,21].

A thicker cocoa cushion. After a second surplus, stocks probably cover about 33% of a year's grinding (page 17). In 2015–16 a near-record El Niño met a cushion of 34%, and cocoa fell as the next crop jumped 15%[7,8].

Coffee is plentiful. The USDA expects a record world crop of 189.7 million bags in 2026/27[6].

OUR CALL, AGAINST 4 NOVEMBER

Cocoa: higher

ICE New York May 2027 higher on 23 April 2027 than its 4 November settlement, 5,602 dollars a tonne[21]; first notice 26 April. One standard deviation: about 1,010 dollars[11].

Robusta: higher

ICE London May 2027 higher on 23 April 2027 than its 4 November settlement, 3,200 dollars a tonne[19]; first notice 27 April. One standard deviation: about 570 dollars[11].

Breaks if

The latest RONI in NOAA's table on 12 November or 10 December is below +1.5°C, or, for cocoa, Ivorian arrivals since 1 October have caught up with last season's by 31 January.

TRADER'S ANGLE

How a trader would express it. The damage, if it comes, shows after the peak: in the April–September mid-crop for cocoa and in Vietnam's 2027 flowering for robusta. A trader would buy May and July 2027, not the nearby contracts that this season's arrivals will set, and close before each first notice day.

What it means for a physical merchant. A merchant who has sold cocoa forward to a chocolate maker but not yet bought it from farmers is short the weather: each dry week raises the cost of the beans still to buy. Buying futures against those sales locks in the margin.

02 / COCOA

Cocoa grows in a narrow belt. Two countries grow more than half of it.

Cocoa needs heat, steady rain and shade, so it grows in a band close to the equator. Côte d'Ivoire and Ghana grow most of the world's beans, and their weather and their policies set the price.

INDUSTRY TERMS

Main crop
The larger harvest, about October to March in Côte d'Ivoire. The smaller mid-crop follows, about April to September.

Grindings
Beans processed into liquor, butter and powder: the industry's measure of demand.

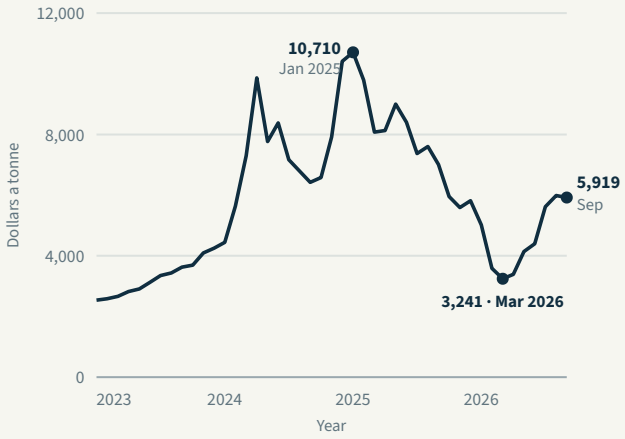
OPENER / COCOA OVER TEN WEEKS AND OVER THREE YEARS

Left: ICE New York December 2026 cocoa, Investing.com daily closes from 17 August to 4 November[16]. Right: the IMF's monthly average cocoa price, a physical-market series, January 2023 to September 2026[7].

ICE NEW YORK, DECEMBER 2026 daily close, $/t



IMF MONTHLY AVERAGE $/t



HOW IT WORKS

Cocoa is mostly a smallholder's crop, and West Africa dominates it.

Last season Côte d'Ivoire shipped 2.18 million tonnes, 19.8% more than the season before, and Ghana grew 750,000[17,18]: together close to 60% of the 5 million tonnes we estimate for the world[11]. Ecuador is the fastest-growing rival. It exported 547,460 tonnes from October to August, 6% more than a year earlier[19].

WHAT HAPPENED

The price has round-tripped the Ivorian delay. Cocoa rose 16% in three sessions to 6,771 dollars a tonne on 31 August, after Reuters reported that the main crop could start eight to ten weeks late[16,20].

It fell 21% by 18 September and has traded between 5,300 and 5,900 since, settling at 5,456 on 4 November[16,21].

WHAT IT MEANS

On the IMF's monthly averages, September's cocoa price was 83% above March's low but 45% below the January 2025 peak[7]. The market is no longer pricing a shortage. It is deciding whether the Ivorian crop is late or lost.

Daily closes imply 27% annualised volatility over the 20 sessions to 4 November, so a 1.5% move is a quiet afternoon[11]. For cocoa we call direction only, never flat. A flat call, that cocoa ends about where it started, would usually fail with swings this size, so our call says only whether May 2027 will settle lower or higher on a set date than on 4 November.

02 / COCOA

The crop is late. The warehouses are full.

Côte d'Ivoire's main crop is running eight to ten weeks behind, yet the exchange holds the most cocoa in two and a half years. Last season's big crop is still in the warehouses.

INDUSTRY TERMS

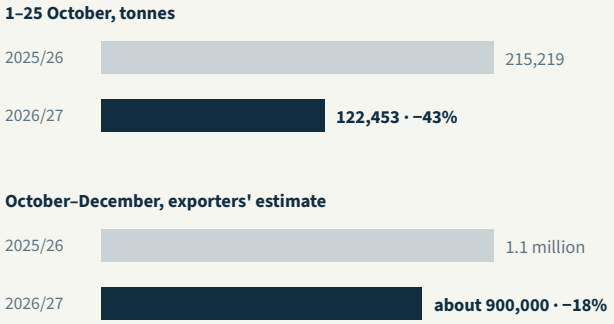
Port arrivals
Beans delivered to Abidjan and San-Pédro, estimated each week by exporters: the first hard numbers on a crop.

ICE stocks
Cocoa in ICE-licensed warehouses in US ports, counted daily by the exchange; graded beans there can be delivered against New York futures.

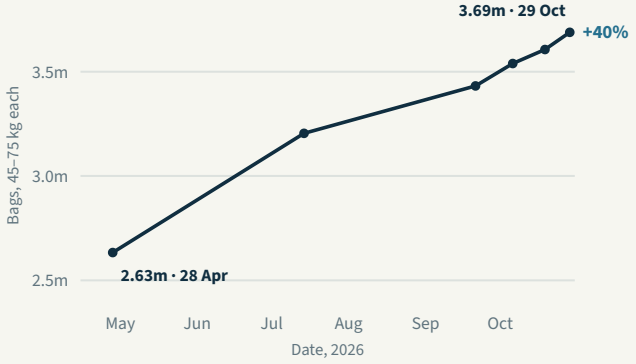
TWO SIGNALS / THE BEANS AT THE PORTS AND IN THE WAREHOUSES

Left: Ivorian port arrivals: the count for 1–25 October against the same dates last season, and exporters' estimate for October–December[17,20]. Both compare the same calendar periods; season-to-date totals would not, because the 2026/27 season was moved to start on 1 September instead of 1 October. Right: ICE-monitored cocoa stocks in US warehouses, 28 April to 29 October[17,19,22]. ICE counts beans in their original shipping bags, of 45 to 75 kilos each under its rules[21].

PORT ARRIVALS tonnes



ICE COCOA STOCKS, US WAREHOUSES bags of 45–75 kg



HOW IT WORKS

Cooperatives truck their beans to Abidjan and San-Pédro, and exporters publish their tally of arrivals each week. Those tallies are the first hard numbers on a crop that is otherwise estimated.

The exchange also counts the cocoa in its licensed warehouses in US ports each day. When those stocks rise, beans that a buyer can take today are plentiful.

WHAT HAPPENED

From 1 to 25 October 122,453 tonnes reached Ivorian ports, 43% fewer than on the same dates a year earlier[17]. Exporters expect about 900,000 tonnes from October to December, against 1.1 million a year earlier; the Coffee-Cocoa Council expects no more than 1.4 million from September to February[20].

October's rain and cloud spread black pod disease, and a farmers' union strike since 16 September has urged growers to hold beans back[17,19]. Yet ICE's US stocks rose 40% from late April to 3,688,949 bags on 29 October, a 2.5-year high[17,22]. Most of those beans are last season's big crop (page 12).

WHAT IT MEANS

A late crop is not a lost crop. If the beans come in December, they come in a rush, ahead of the EU's 30 December deadline (page 16), and the nearby contracts take the weight.

If arrivals since 1 October are still 30% or more behind the same dates last season on 16 November, the crop is being lost, not delayed, and our cocoa view breaks (page 18).

02 / COCOA

One bar, back to the tree.

In an illustrative mass balance, a tonne of dry beans becomes about 820 kilos of cocoa liquor, then butter and powder in roughly equal parts. ICE prices the beans; grinders and chocolate makers price everything after them.

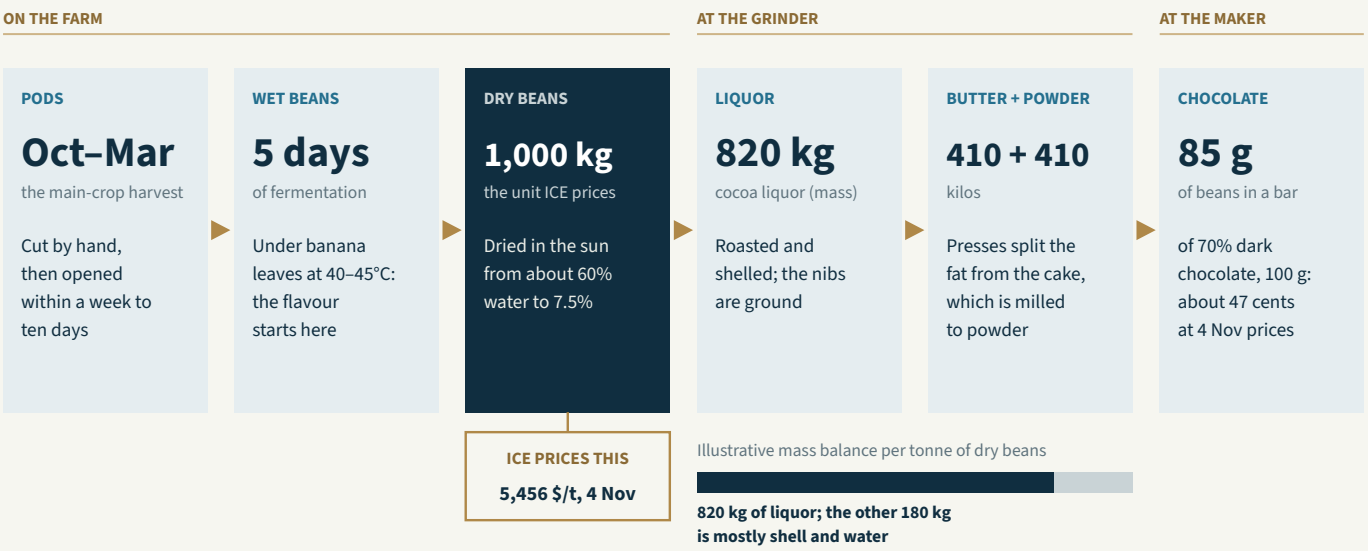
INDUSTRY TERMS

Nibs
The kernels left when roasted beans are cracked and their shells blown away.

Cocoa liquor
Ground nibs, about half of it fat: the base of all chocolate. Also called cocoa mass.

MECHANISM / FROM POD TO BAR, AND THE MASS AT EACH STEP

Farm steps from the ICCO[23]. Factory steps: an illustrative mass balance per tonne of dry beans, from the Rainforest Alliance's conversion rates[24]; real yields vary with the beans and the plant. Bar and price arithmetic ours, at the 4 November New York settlement[11,21].



HOW IT WORKS

Farmers cut ripe pods by hand and open them within a week to ten days. The beans ferment under banana leaves for about five days, warming to 40–45°C, which starts the chocolate flavour. They then dry, in the sun or in a dryer, from about 60% moisture to 7.5%[23]. That dry bean is what the exchanges price and the ships carry: a New York contract is 10 tonnes, graded and stored in licensed warehouses[21].

In the factory the beans are roasted and cracked, and the shells, 8–10% of their weight, are blown away[25]. The nibs are ground into liquor. Presses squeeze the fat out of the liquor as cocoa butter, leaving a cake that is milled into powder.

WHAT IT MEANS

On the Rainforest Alliance's rates, a tonne of dry beans yields about 820 kilos of liquor, and that liquor about 410 kilos each of butter and powder[24]; the 180 kilos lost are mostly shell and water. Real plants vary, and press cake keeps some fat, so the split is rarely exactly even. Grinders sell butter and powder, not beans: their margins depend on what those fetch against the bean price.

The bean is a small part of a bar's price. A 100-gram bar of 70% dark chocolate holds the cocoa of about 85 grams of dry beans: at 5,456 dollars a tonne, about 47 cents' worth[11]. Milk chocolate holds less. That is why chocolate prices follow beans slowly, and late (page 17).

02 / COCOA

The farmer is paid on prices fixed months ago.

Côte d'Ivoire sells its crop forward and sets the farm price from what it sold. On an indicative comparison, its growers get about 37% of the New York price this season; Ghana's about 67%.

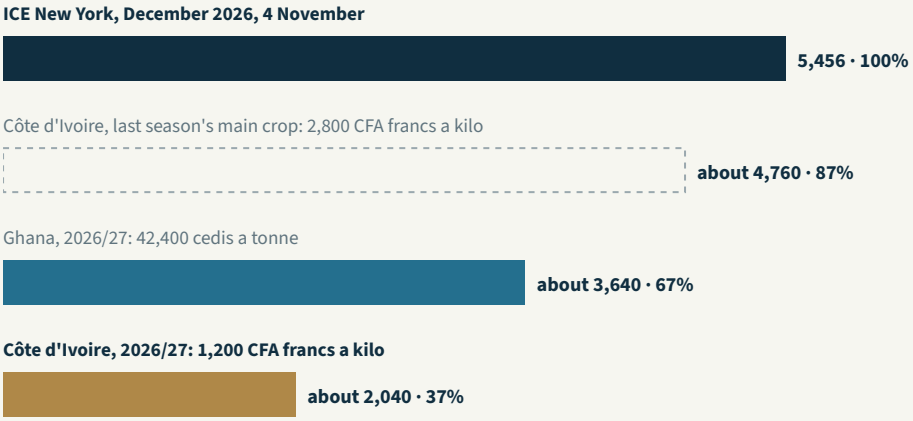
INDUSTRY TERMS

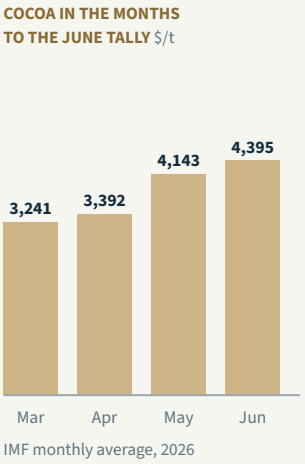
Farmgate price
The minimum paid to a farmer for a kilo of dry beans, fixed each season by the state in Côte d'Ivoire and Ghana.

Forward sales
Contracts sold months before the harvest, which fix the price before the beans exist.

WORKED EXAMPLE / WHAT A TONNE OF BEANS PAYS, IN DOLLARS AND AS A SHARE OF NEW YORK

Indicative, not net realisations: farm prices at 29 October exchange rates, 589 CFA francs and 11.65 cedis per dollar[26], against ICE New York December's 4 November settlement[21]; shares ours[11]. Ignores differentials, quality, freight, financing and taxes. Farm prices: the Coffee-Cocoa Council via Reuters[27]; COCOBOD via Food Business MEA[18]. Inset: IMF monthly averages[7].





HOW IT WORKS

The Coffee-Cocoa Council sells most of Côte d'Ivoire's crop forward to exporters, months before the harvest, and the government sets the farmgate price from the sales completed[28]. By June it had sold nearly a million tonnes of the 2026/27 main crop. It does not publish when or at what price; from March to June cocoa averaged 3,241 to 4,395 dollars a tonne[7], far below today.

Ghana's board sets its producer price at 71.18% of realised export value this season[18].

WHAT HAPPENED

In March the government cut the farmgate price from a record 2,800 CFA francs a kilo to 1,200 for the mid-crop. On 1 September it kept 1,200 for the main crop[27,28]: about 2.04 dollars a kilo at 29 October's rate[26].

For Côte d'Ivoire's growers, a tonne now brings 1.2 million CFA francs instead of 2.8 million. Ghana raised its price 2.4%, to 42,400 cedis a tonne, about 3,640 dollars[18,26].

WHAT IT MEANS

The gap invites smuggling. Ghana now pays about 1,600 dollars a tonne more, and officials say beans start to cross once the gap passes about 400 dollars. Last season about 160,000 tonnes went the other way, into Côte d'Ivoire and Togo. This season the flow should reverse, flattering Ghana's numbers and hurting Côte d'Ivoire's[29].

A low farm price also buys less fertiliser and spraying, which shows in next year's yields: one more reason the 2027 crop is the one at risk.

02 / COCOA

From 30 December, a bean needs a map.

The EU's deforestation regulation applies to large and medium operators from 30 December. Each shipment of cocoa or coffee placed on the EU market must be traced to the plots where it grew.

INDUSTRY TERMS

EUDR
Regulation (EU) 2023/1115 on deforestation-free products: cocoa, coffee, palm oil, soy, cattle, rubber and wood.

Due diligence statement
The first placer's filing that goods come from land not deforested after 2020, with each plot's location.

TIMELINE / THE EUDR, FROM LAW TO PORT

Dates from the European Commission[30,31]; context from Coolset and Global ELR[32,33]. Shaded: November and December 2026, when exporters expect to rush beans to Europe[20].



HOW IT WORKS

From 30 December, a large or medium company that first places cocoa or coffee on the EU market must file a due diligence statement, proving plot by plot that the goods come from land not deforested after 2020. Companies further down the chain file none: they must keep the statement's reference number, and records of who supplied them and whom they supplied, for five years[31]. Micro and small operators follow on 30 June 2027; those already under the EU Timber Regulation start in December 2026[30].

The obligation applies to goods placed on the market from that date. That is why exporters want their beans in Europe before it. Coffee faces the same date: green coffee from Brazil, Vietnam and Colombia needs the same proof.

WHAT HAPPENED

The regulation entered into force in June 2023 and has been postponed twice; the amending Regulation (EU) 2025/2650 set today's dates[31].

In May 2026 the Commission declined to reopen the text, estimating that its simplifications cut yearly compliance costs by about 75%, to 2.0 billion euros[32,33]. A delegated act, Regulation (EU) 2026/2102, has since added soluble coffee from 30 December 2027[30].

WHAT IT MEANS

Exporters expect to ship “enormous quantities in a short period in December”, in one Abidjan executive's words, and warn of congestion at Abidjan and San-Pédro[20]. A December rush of beans into European warehouses weighs on the nearby contracts; a quieter January could follow.

Farmers who cannot map their plots risk losing Europe, which grinds more cocoa than any other region the industry reports[34]. Watch arrivals at Antwerp, Amsterdam and Hamburg in December, and any gap in January.

02 / COCOA

Grinders are back. Chocolate eaters are not, yet.

Grinding beat forecasts in the third quarter, led by a record in Asia. Chocolate sales are still shrinking, so cheaper beans reach the grinders first and the shelves later.

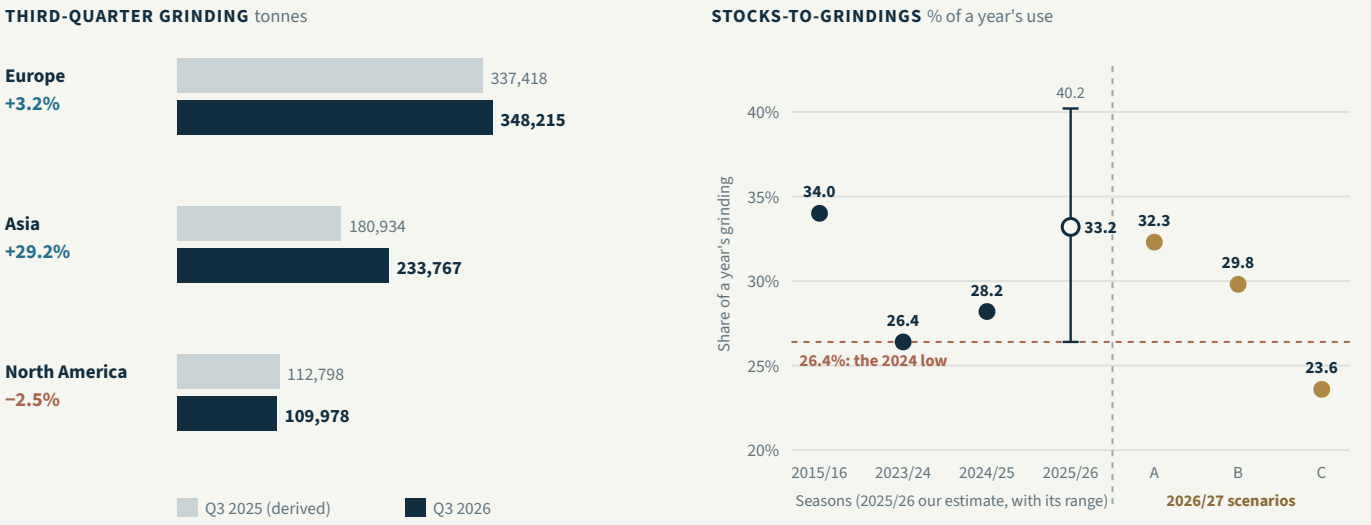
INDUSTRY TERMS

Grind data
Quarterly tonnes of beans processed, from the regional cocoa associations.

Stocks-to-grindings
World stocks at the end of a season as a share of a year's grinding: the market's cushion.

DEMAND AND THE CUSHION / Q3 GRINDING, AND STOCKS AGAINST A YEAR'S USE

Left: third-quarter grinding, tonnes; 2025 derived from the reported changes[11,34]. Right: world stocks as a share of a year's grinding. ICCO seasons[5,8,9]; our 2025/26 estimate from a surplus of at least 250,000 tonnes[17], its bar for output 200,000 tonnes and grinding 2% either way[11]; three 2026/27 scenarios, from a crop delayed but not lost (A) to a harsh harmattan (C)[11].



WHAT HAPPENED

Europe ground 348,215 tonnes in July–September, 3.2% more than a year earlier, when the market expected a 3.9% fall. Asia ground a record 233,767 tonnes, up 29.2% on July–September 2025; North America 109,978, down 2.5%[17,34].

Chocolate makers tell a softer story. Barry Callebaut, the largest grinder, grew volumes 5.7% in its third quarter while the chocolate market it tracks fell 4.4%[35]. Its year to August still ended 0.7% down, at 2.11 million tonnes; it expects 1–3% growth in 2026/27[36]. Hershey's third-quarter organic sales rose 0.8% at constant currency: prices added about 11 percentage points, lower volume took off about 10[37].

WHAT IT MEANS

Grind data count beans processed, not chocolate eaten, and stronger grinding need not mean stronger consumption[34]. Restocking of butter and powder at lower bean prices may explain Asia's jump; that is not proven. Chocolate prices follow beans a year or more late, through makers' hedges. We expect grinding to rise 1–2% in 2026/27.

The bigger number is the cushion. After a second surplus, stocks probably cover about a third of a year's grinding: close to 2015/16's 34%, and well above the 26.4% of 2024, when cocoa tripled[8,9,11]. That helps explain why cocoa could fall while El Niño grew. Only a harsh harmattan, scenario C, takes the cushion below the 2024 low. Next comes the fourth-quarter grind in mid-January.

02 / COCOA

Heavy for six weeks. Tight by spring.

The beans that exist are arriving all at once, so our view is lower into December. The crop El Niño may take shows up later, in the 2027 mid-crop: there we call higher (page 11).

THE CURVE / TWO CLOCKS ON ONE CURVE

ICE New York settlements on 4 November, dollars a tonne[21]. A rising curve, or contango, pays holders to store beans.



PUSHING THE PRICE DOWN

Stocks are full. ICE's US stocks rose 40% from late April to 3.69 million bags on 29 October[17,22], and the curve still pays holders to store.

The late crop arrives in a rush. About 900,000 tonnes should reach Ivorian ports in October–December, as exporters race the EU's 30 December deadline[20].

The cushion is thicker than it looks. Stocks probably cover about a third of a year's grinding (page 17).

Chocolate eaters are still cutting back. The market Barry Callebaut tracks shrank 4.4%[35].

PUSHING THE PRICE UP

The crop really is smaller. Forecasts put Côte d'Ivoire's 2026/27 crop 11–18% lower and Ghana's 13% lower[17,18].

El Niño peaks in December, just as the dry harmattan season begins (page 11).

Funds are already short, by 8,821 contracts on 20 October. Bad news for supply could force them to buy[38].

Grinders are buying again. Asia ground a record in the third quarter[34].

OUR VIEW, AND OUR CALL FOR 2027

To December: lower

The late crop's rush weighs on the nearby contracts. The price anticipates it but has not priced it all in: December is 19% under its 31 August high, and March, where our view sits, settled at 5,556 on 4 November[16,21].

The view breaks if

On 16 November, arrivals since 1 October are still 30% or more behind the same dates last season (43% on 25 October[17]); or ICE's US stocks fall week on week three Fridays running.

Into 2027: higher

The El Niño call on page 11: May 2027 higher on 23 April 2027, the last Friday before its first notice day[21].

TRADER'S ANGLE

How a trader would express it. Two clocks fit one spread: sell March 2027 and buy July 2027, 79 dollars apart on 4 November[21]. It gains if nearby supply weighs on March while El Niño's damage to the mid-crop lifts July, and it risks less than an outright short if arrivals disappoint.

What it means for a physical merchant. An exporter who bought beans forward from the Council months ago hedged at the prices of the time: the rally since has cost margin calls, not money. With March at a premium to December and the EU deadline ahead, the sensible course is to roll hedges into March and keep the beans moving.

03 / ARABICA

Coffee is two crops. Arabica is the dearer one.

Arabica grows in the cool highlands of Brazil, Colombia, Ethiopia and Central America, and trades in New York. Robusta, its hardier cousin, trades in London at about half the price.

INDUSTRY TERMS

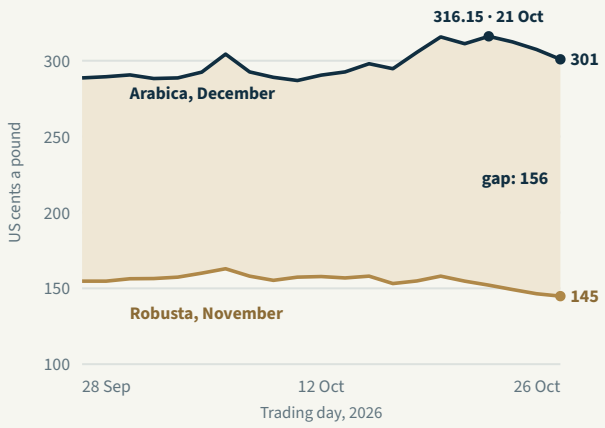
Arabica
Coffea arabica: about 56% of world output, grown at altitude; milder and more acidic than robusta.

The "C" contract
ICE New York's arabica future, priced in US cents a pound of washed green coffee.

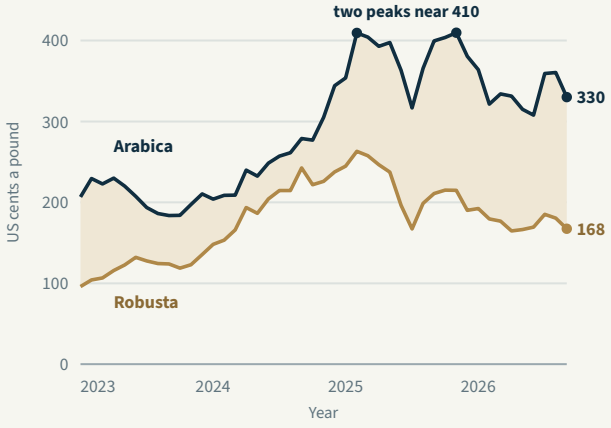
OPENER / ARABICA AND ROBUSTA OVER FOUR WEEKS AND OVER THREE YEARS

Left: ICE New York arabica (December) and ICE London robusta (November, converted to cents a pound), daily closes from 28 September to 26 October; shaded, the gap between them[16]. On 4 November, against January robusta, the gap was 133 cents[19,21]. Right: the IMF's monthly average physical-market prices, not futures: arabica (other milds) and robusta, January 2023 to September 2026[12,39].

ICE FUTURES, DAILY US cents a pound



IMF PHYSICAL PRICES, MONTHLY US cents a pound



HOW IT WORKS

Coffee comes from two species. Arabica makes up 105.9 million of the 189.7 million bags the USDA expects in 2026/27. Brazil grows 45% of it, followed by Colombia, Ethiopia, Honduras and Peru[6]. It needs altitude and mild temperatures, which is why it suffers when El Niño dries Colombia and Central America (page 10).

New York's "C" contract prices washed arabica: beans whose fruit was stripped off with water before drying, the method of Colombia and Central America. Most of Brazil's crop is dried whole, as naturals (page 21).

WHAT HAPPENED

Arabica has held between about 2.77 and 3.16 dollars a pound since mid-September, despite Brazil's record crop. It touched a two-month high of 316.15 cents on 21 October, then fell 12% to 279.75 by 4 November as the real slumped after Brazil's election[16,21]. That is 37% below its February 2025 record of 440.85; on 28 October it was 26.5% lower than a year earlier[22].

WHAT IT MEANS

On the IMF's physical prices, arabica has held near 330 cents while robusta fell to about half of that. In September 2024 robusta cost 87% of arabica's price (page 27)[12,39].

Plenty of coffee, little of it certified for New York: the next five pages explain why both are true at once.

03 / ARABICA

Brazil picked a record crop. Next year is an off-year.

CONAB puts Brazil's 2026 harvest at 67.6 million bags, above its 2020 record, with arabica up 35%. Arabica trees rest after a heavy crop, so 2027 is expected to be smaller.

INDUSTRY TERMS

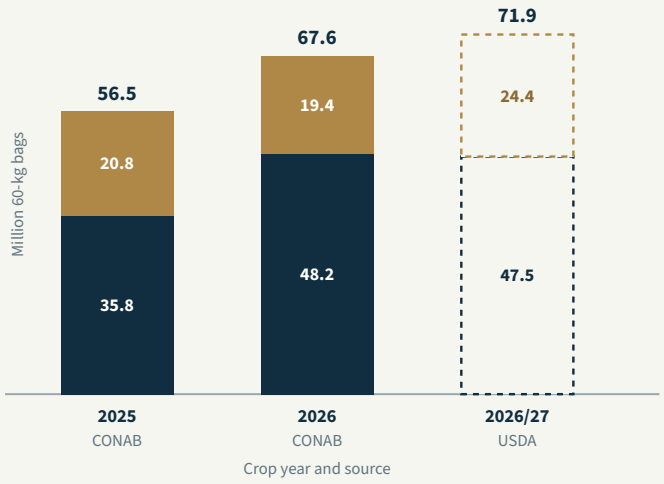
On-year, off-year
Arabica trees alternate heavy and light crops: a big harvest leaves fewer new branches to carry the next one.

Conilon
Brazil's name for its robusta, grown mainly in Espírito Santo and Rondônia.

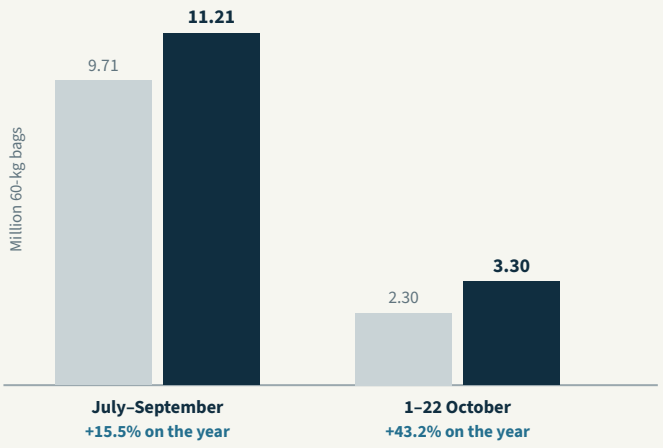
PRODUCTION / BRAZIL'S CROP AND WHERE IT IS GOING

Left: Brazil's coffee crop by type, million 60-kilo bags. CONAB's surveys, with 2025 derived from the reported changes[11,40]; the USDA's estimate in outline, for the July 2026–June 2027 marketing year rather than CONAB's calendar-year harvest[6]. Right: Brazil's exports, million 60-kilo bags, against the same periods a year earlier (light bars)[22,41].

BRAZIL'S CROP million 60-kg bags: arabica (navy), conilon (gold)



BRAZIL'S EXPORTS million 60-kg bags



HOW IT WORKS

Arabica trees bear in a two-year rhythm. A heavy crop exhausts the branches, so the tree grows fewer of the new shoots on which next year's cherries form. CONAB credits 2026's rise to an on-year[40]; 2027 should be the off-year, a tendency rather than a certainty.

WHAT HAPPENED

CONAB's September survey found 99% of the area harvested. Arabica rose 34.8% to 48.2 million bags while conilon fell 6.6% to 19.4 million, and yields averaged 34.6 bags a hectare[40]. The total tops CONAB's 2020 record of 63.1 million[42]. The USDA's 71.9 million is for its July–June year, by its own method: a different measure, not a contradiction[6].

The coffee is moving. Exports from July to September reached 11.21 million bags, 15.5% more than a year earlier[41], and 3.30 million had shipped in October by the 22nd, up 43.2%[22].

WHAT IT MEANS

The first big flowering for 2027 came a month early, after unusual winter rain, so the next harvest could start around May. The flowers still need rain and moderate heat to set fruit[43]. Fertiliser is dearer: urea cost 446.5 dollars a tonne on 28 October, 13.6% more than a year earlier[44].

The big crop weighs on prices this autumn; the expected off-year supports 2027, if weather and inputs allow. Our arabica view covers only the first (page 24).

03 / ARABICA

Six kilos of cherry, one kilo of coffee.

Coffee is the seed of a red fruit. Removing the fruit and drying the seed costs five-sixths of the weight, and the method shapes whether the beans can pass New York's cup test.

INDUSTRY TERMS

Washed process
Fruit stripped off by machine and fermentation before drying; it gives parchment coffee.

Natural process
Whole cherries dried in the sun, then hulled: the usual method in Brazil.

MECHANISM / FROM CHERRY TO CUP, BY TWO ROUTES

Mass per 100 kilos of ripe cherries, from the Rainforest Alliance's conversion rates[24]; roasted and soluble factors from the ICO[45]. Value at the 4 November New York settlement, our arithmetic[11,21].



HOW IT WORKS

Pickers strip ripe cherries by hand on the steep farms of Colombia and Central America, or by machine on Brazil's flatter land. In the washed process, machines strip the skin and pulp, the beans ferment to loosen the sticky layer around them, and they dry as parchment: 100 kilos of cherries give about 22 kilos of parchment and 17.6 kilos of green coffee. In the natural process the whole cherry dries in the sun and is then hulled: 100 kilos give about 33 kilos of dried cherry and 16.5 of green coffee[24].

Roasting drives off water and about 16% of the weight: a kilo of green coffee gives about 840 grams roasted. The International Coffee Organization converts roasted coffee back to green at 1.19, and soluble coffee at 2.6[45].

WHAT IT MEANS

New York's "C" contract is for washed arabica, graded for defects and cup quality. Brazil is a deliverable origin, at a 6-cent-a-pound discount, but its coffee must pass a cup test that rejects "unwashed" flavours[46]. Most of Brazil's crop is natural, which usually fails that test, so even a big Brazilian harvest refills the exchange's warehouses, only slowly (page 23).

The 17.6 kilos of green coffee from 100 kilos of washed cherries were worth about 109 dollars at 279.75 cents a pound on 4 November[11]. Quality is decided here, at the farm: over-fermented or badly dried beans lose their grade, and their premium, long before they reach a roaster.

03 / ARABICA

What a bag is worth to a Brazilian farm.

A 60-kilo bag of arabica priced off New York was worth about 2,020 reais on 4 November. A mechanised Minas Gerais farm spends about 1,040 in cash to grow it, and the real's slide after the runoff added 174.

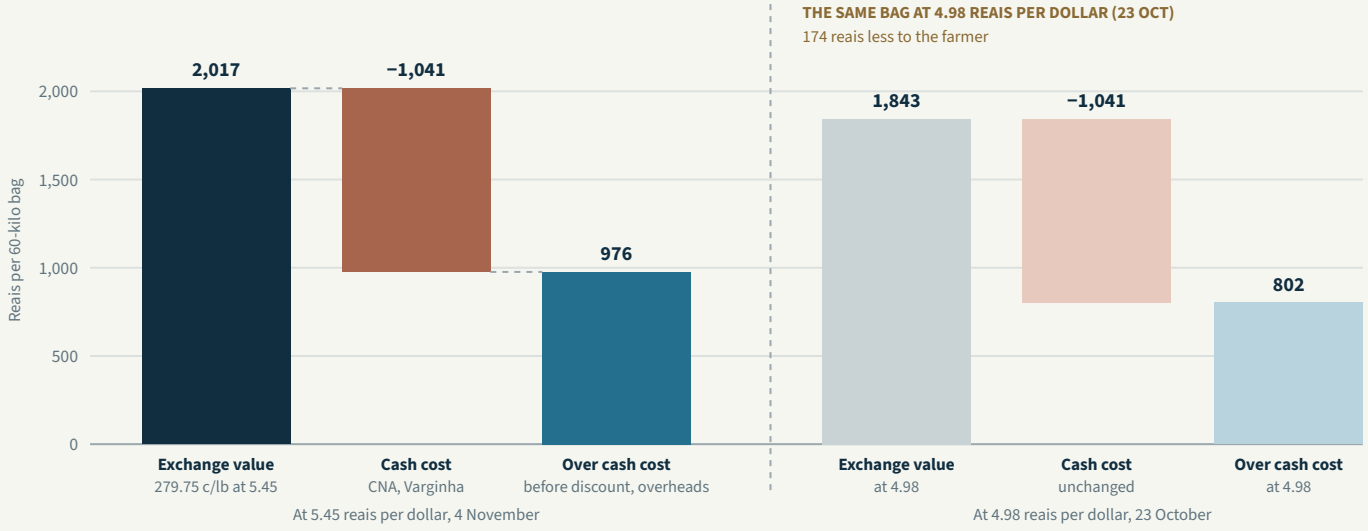
INDUSTRY TERMS

Effective operating cost
A farm's cash spending per bag: labour, fertiliser, fuel, crop protection. It leaves out depreciation and the cost of land and capital.

Differential
The discount or premium of a physical coffee to the futures price, set by quality and origin.

WORKED EXAMPLE / ONE 60-KILO BAG OF ARABICA, IN REAIS

Exchange value: 279.75 US cents a pound on 4 November × 132.28 pounds × reais per dollar, before quality and origin discounts[11,16,21,47]. Cash cost: the CNA's survey of a modal 50-hectare mechanised farm near Varginha, April 2026[48].



HOW IT WORKS

A Brazilian farmer's revenue per bag is the New York price, times the 132.28 pounds in a 60-kilo bag, times the exchange rate, minus a differential for quality and origin. Costs are paid in reais. So a weaker real raises the farmer's income at the same dollar price[11].

WHAT HAPPENED

The real fell more than 8% on 26 October, to 5.42 per dollar, after President Lula won a fourth term[16,49]; it closed at 5.45 on 4 November[47]. At 279.75 cents and 5.45 reais, a bag is worth about 2,020 reais; at the 23 October rate of 4.98, the same bag is worth 1,843.

The CNA's survey of a 50-hectare mechanised farm near Varginha, in Minas Gerais, put its cash cost at 1,041 reais a bag in April, with yields of 27 bags a hectare. At Guaxupé, cash costs rose about 9%, mainly on inputs[48].

WHAT IT MEANS

Every 10 centavos on the real moves the value of a bag by about 37 reais at today's price[11]. With a bag worth about twice its cash cost, Brazilian farmers are not forced sellers. But a weak real makes selling attractive, and the record crop gives them plenty to sell.

This is one modal farm's cash cost, not Brazil's average, and the gap is not profit: it comes before the quality and origin discount, depreciation, land and capital, finance and tax.

03 / ARABICA

The coffee is in Brazil, not in the exchange.

Trade barriers have come down and Brazilian coffee is flowing again, yet the exchange's certified arabica sits near a 27-year low. Coffee that passes New York's grading is the kind in short supply.

INDUSTRY TERMS

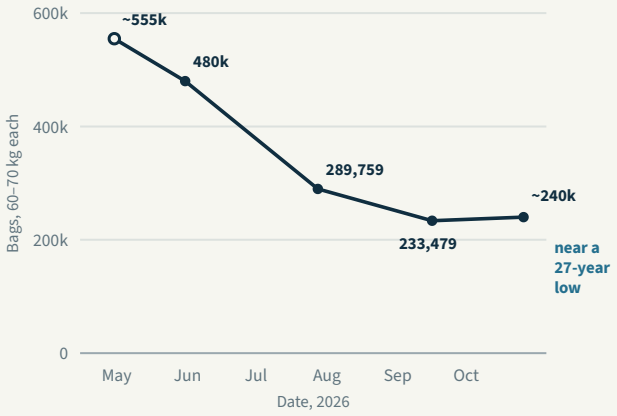
Certified stocks
Green coffee graded and held in ICE-licensed warehouses, deliverable against the "C".

Inverted curve
Nearby contracts above later ones, or backwardation: buyers pay up for coffee now.

TWO SIGNALS / THE EXCHANGE'S WAREHOUSES AND THE ROAD TO THE US

Left: ICE-certified arabica, in each origin's usual bag of 60 to 70 kilos[46,50]. April derived from the ICO's May figure; 26 October approximate[22,51]. Right: US tariff actions on Brazil and on coffee, from the Federal Register[52,53], and Brazil's shipments to the US in 60-kilo bags[41].

ICE-CERTIFIED ARABICA bags of 60–70 kg



TARIFFS AND TRADE Brazil to the US

Aug 2025	US adds a 40% levy on Brazilian goods, coffee included (EO 14323)
13 Nov 2025	Coffee and other farm goods exempted, retroactively (EO 14361, signed 20 Nov)
Feb 2026	The 40% levy ends altogether (EO 14389, 20 February)
22 Jul 2026	New 25% Section 301 tariff on Brazil; green, roasted, instant coffee exempt
Sep 2026	Brazil's shipments to the US +86% on the year: 625,192 bags of 60 kg

HOW IT WORKS

The "C" contract delivers washed arabica, graded for defects and cup quality in ICE-licensed warehouses. Brazil is deliverable at a 6-cent discount, but most of its crop is natural, dry-processed coffee that usually fails the contract's cup test; the rest must be graded and shipped to a licensed warehouse first[46]. So a record Brazilian crop and a thin exchange can coexist.

WHAT HAPPENED

Certified stocks fell from about 480,000 bags in May to 233,479 on 16 September, and stood near 240,000 in late October, only moderately above a 27-year low[22,51]. In September the December contract traded 7–11 cents above March[22].

Colombia, the largest washed-arabica grower, ended its 2025/26 coffee year with 12.65 million bags, down 15%; exports fell 12% to 11.78 million[54].

Trade is easier: the US exempted coffee from its 40% levy on Brazil in November 2025 and ended the levy in February 2026; its 25% Section 301 tariff, in force since 22 July, exempts green, roasted and instant coffee[52,53]. Brazil's September shipments to the US rose 86% by volume, to 625,192 bags[41].

WHAT IT MEANS

The nearby contracts can still spike, as they did to 316 cents on 21 October, because certified coffee is scarce; the deferred months carry Brazil's selling. That is why our arabica view is on March, not December. It breaks if certified stocks fall below 200,000 bags (page 24).

03 / ARABICA

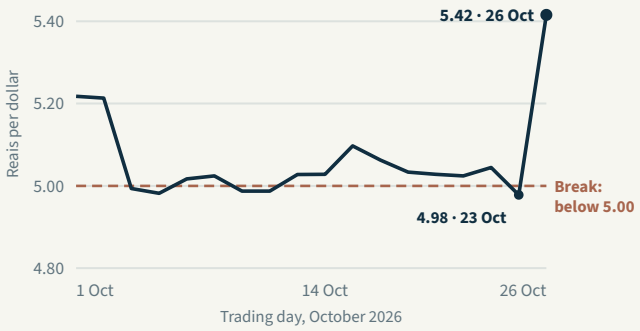
Brazil sells. The exchange stays thin.

A record crop on the move and a weak real outweigh thin exchange stocks for now, so our view is lower into December. We make no call for 2027 yet.

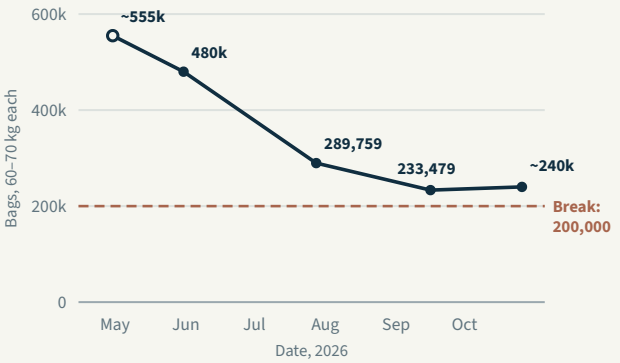
BREAK LEVELS / THE REAL AND THE WAREHOUSES

Left: US dollar to Brazilian real, Investing.com daily closes, 1 to 26 October[16]; our view breaks at a close below 5.00. Right: ICE-certified arabica, in bags of 60 to 70 kilos[46,50], from April to late October[22,51]; it breaks if ICE's daily count falls below 200,000.

REAIS PER DOLLAR daily close



ICE-CERTIFIED ARABICA bags of 60–70 kg



PUSHING THE PRICE DOWN

A record crop on the move. Brazil's exports are up 15.5% this season and 43.2% so far in October[22,41].

The real. At 5.45 per dollar on 4 November[47] a bag is worth about 2,020 reais, against about 1,840 at the 23 October rate of 4.98 (page 22).

Vietnam's harvest. A crop the USDA forecasts at a record 32.5 million bags is being picked (page 26).

Funds are long: a net 22,337 contracts on 20 October, positions a weaker real could shake out[38].

PUSHING THE PRICE UP

An empty exchange. About 240,000 certified bags, close to a 27-year low, keep the nearby contracts prone to squeezes[22].

The off-year. Brazil's 2027 crop is expected to be smaller; its early flowering is exposed to heat (page 20).

El Niño. It threatens washed arabica in Colombia and Central America (page 10).

Farmers can wait. A bag is worth about twice its cash cost, so Brazil is not a forced seller (page 22).

OUR VIEW

To December: lower

Brazil's selling weighs on March; December's 12% fall since 21 October has not priced it all in[16,21].

The view breaks if

Certified stocks fall below 200,000 bags or the real closes stronger than 5.00 per dollar.

Into 2027: no call yet

The off-year and El Niño argue up; the record crop argues down.

Why these levels. Both are invalidation levels we set, not tested thresholds. At 5.00 the real would be back near its pre-runoff 4.98, undoing the extra reais that push Brazilian farmers to sell. Below 200,000 bags, a sixth under late October's count, certified coffee would be draining fast enough to squeeze December and pull March up with it.

TRADER'S ANGLE

How a trader would express it. Sell March, not December: December's first notice day is 19 November, and the thin exchange can squeeze its shorts[21]; March carries Brazil's selling.

What it means for a physical merchant. A Santos exporter with record stock should sell forward while the real is weak: every 10 centavos moves a bag by about 37 reais. A Hamburg importer can cover part of 2027's needs in the deferred months, before the off-year shows.

04 / ROBUSTA

Robusta is the cheaper bean. Vietnam grows more than a third of it.

Robusta grows in the hot lowlands of Vietnam, Brazil, Indonesia and Uganda, and trades in London. It goes into espresso blends and instant coffee, at about half the price of arabica.

INDUSTRY TERMS

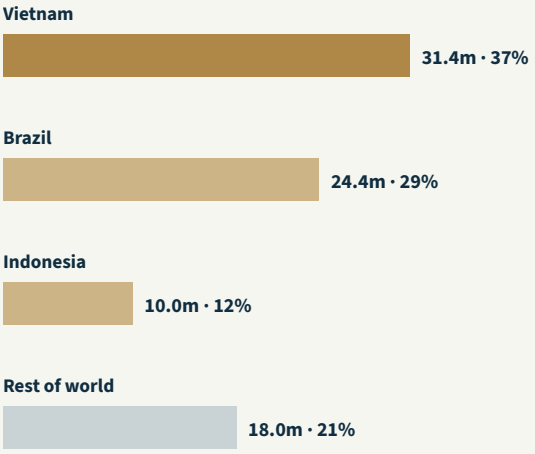
Robusta
Coffea canephora: about 44% of world output; more caffeine and bitterness than arabica, and higher yields.

ICE London robusta
London's robusta future, priced in dollars a tonne of green coffee.

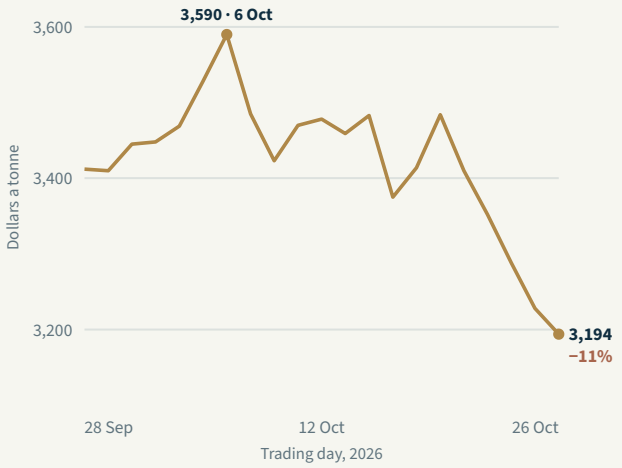
OPENER / WHERE ROBUSTA GROWS, AND ITS PRICE THIS AUTUMN

Left: robusta output by country in 2026/27, million 60-kilo bags and share of the world's 83.8 million; Uganda and India are among the rest[6]. Right: ICE London robusta, November contract, daily closes from 28 September to 26 October[16].

ROBUSTA OUTPUT, 2026/27 million 60-kg bags and share of world output



ICE LONDON, NOVEMBER 2026 daily close, $/t



HOW IT WORKS

Robusta trees grow at low altitude, stand heat and disease better than arabica, and yield more, which is why the bean is cheaper. On the USDA's forecasts for 2026/27, Vietnam grows 31.4 million of the world's 83.8 million bags of robusta, 32.5 million counting its arabica; Brazil's conilon farms grow 24.4 million and Indonesia 10 million[6].

Roasters use robusta for body and crema in espresso blends, and for instant coffee, where its extra caffeine and lower price matter more than its bitterness.

WHAT HAPPENED

London's November contract fell from 3,590 dollars a tonne on 6 October to 3,194 on 26 October, down 11% in three weeks, as Vietnam's harvest began[16,55]. On IMF monthly averages robusta cost 3,693 dollars in September, 36% below its February 2025 peak of 5,799[12].

WHAT IT MEANS

World robusta output slips 0.7% in 2026/27 while arabica's jumps 12%[6]. Yet robusta is the weaker market this autumn, because Vietnam's new crop is reaching the market now. Indonesia's smaller robusta harvest, 10 million bags against 11, does not offset it.

The weather risk sits further out, in Vietnam's 2027 flowering (page 10).

04 / ROBUSTA

Vietnam is picking. The forecast is a record.

The Central Highlands began harvesting in late October. The USDA forecasts a record 32.5 million bags in all, and a local coffee association expects the farm price to fall towards 85,000–90,000 dong a kilo.

INDUSTRY TERMS

Central Highlands
The plateau provinces, led by Dak Lak, where most of Vietnam's coffee grows.

Dry season
About December to April, when farmers irrigate so that the trees flower for the next crop.

THE HARVEST IN NUMBERS / FARM PRICE, COST AND EXPORTS

Left: the local forecast for new-crop farm prices and the production cost, dong a kilo[55]; margin our arithmetic[11]. Right: Vietnam's coffee exports in January–September, by volume and value, as the Ministry of Agriculture and Environment reported them; 2025 derived from the reported changes[11,55].



HOW IT WORKS

Vietnam is the world's second-largest coffee grower after Brazil, and by far the largest grower of robusta[6]. Picking runs from October to January. Then comes the dry season, when farmers pump water from wells, streams and reservoirs so the trees flower for the next crop. Rain while the beans form, months later, matters most for the yield[13]. This season's harvest is already on the trees, so a dry season sharpened by El Niño would hit the crop picked from October 2027 (page 10).

WHAT HAPPENED

Cherries are ripening across Dak Lak, and picking should peak from late October to early November[55]. The USDA forecasts a record 32.5 million bags in all, 2.5% more than last season, of which 31.4 million robusta, up 3%[6,56].

The head of the Buon Ma Thuot Coffee Association expects new-crop prices to fall to 85,000–90,000 dong a kilo, against production costs of about 60,000[55].

From January to September Vietnam exported 15.4% more coffee by volume than a year earlier but earned 7.3% less: 6.54 billion dollars. The average price fell nearly 20%, to 4,537 dollars a tonne from about 5,650[11,55].

WHAT IT MEANS

At 85,000–90,000 dong a kilo, farmers still earn 40–50% over their costs[11], so they can sell steadily or hold back. Holding back is the risk to our robusta view: it breaks if Vietnam's October exports fall below October 2025's 68,316 tonnes (page 28)[57].

Lower prices and higher volumes are what a big harvest looks like from the outside: buyers are taking more coffee, at less per tonne.

04 / ROBUSTA

At half the price of arabica, robusta wins the blend.

Arabica traded 133 cents a pound above robusta on 4 November. A roaster who moves a blend from 30% to 50% robusta saves about 11% on the green coffee.

INDUSTRY TERMS

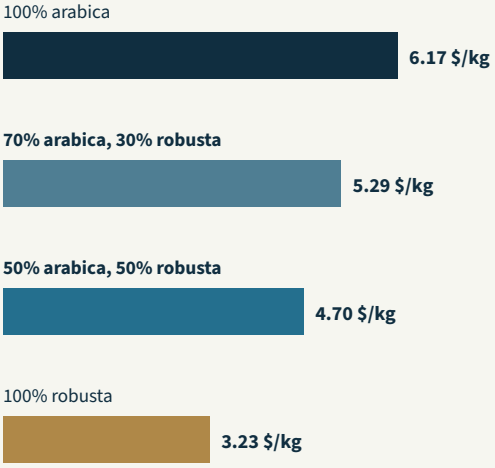
The arbitrage
The price gap between New York arabica and London robusta, converted to the same unit.

Blend
A roaster's mix of origins and species; espresso and supermarket blends often carry robusta.

WORKED EXAMPLE / ONE KILO OF BLEND, AND ROBUSTA'S DISCOUNT OVER THREE YEARS

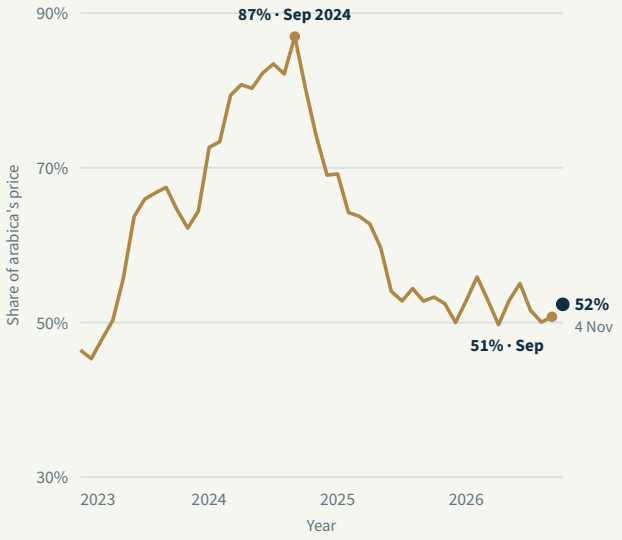
Left: cost of a kilo of green coffee at the 4 November settlements, arabica 279.75 US cents a pound (6.17 dollars a kilo) and January robusta 3,228 dollars a tonne[11,19,21]; fixed blend shares at futures prices, ignoring physical differentials, quality, roasting yield, freight and reformulation costs. Right: robusta's price as a share of arabica's on IMF monthly averages, arabica being other milds[12,39]; dot, the ICE futures on 4 November, January robusta[19,21].

GREEN COFFEE COST BY BLEND $ a kilo, 4 Nov



From 30% to 50% robusta: 11% cheaper green coffee

ROBUSTA AS A SHARE OF ARABICA %



HOW IT WORKS

Roasters buy for flavour and for price. When robusta is cheap against arabica, blends shift towards it, above all in espresso and supermarket blends and in instant coffee, where its body and caffeine are welcome. The shift takes months: roasters test, reformulate and run down existing contracts first.

WHAT HAPPENED

On 4 November arabica's December contract settled at 279.75 cents a pound and London's January robusta at 3,228 dollars a tonne, or 146.4 cents: a gap of 133 cents[19,21]. It had widened from 134 at the end of September to 156 on 26 October, then closed as arabica fell[16]. Robusta cost 52% of arabica's price.

On monthly averages it cost 87% in September 2024, when Vietnam's drought had made it scarce[12,15,39].

WHAT IT MEANS

A blend of 70% arabica and 30% robusta cost about 5.29 dollars a kilo of green coffee on 4 November; at 50–50 it cost 4.70, 11% less[11]. That saving supports robusta demand in 2027 rather than this month. It also caps arabica: every roaster who moves to robusta buys less arabica.

Instant coffee multiplies the effect, since a kilo of soluble coffee takes 2.6 kilos of green beans (page 21)[45].

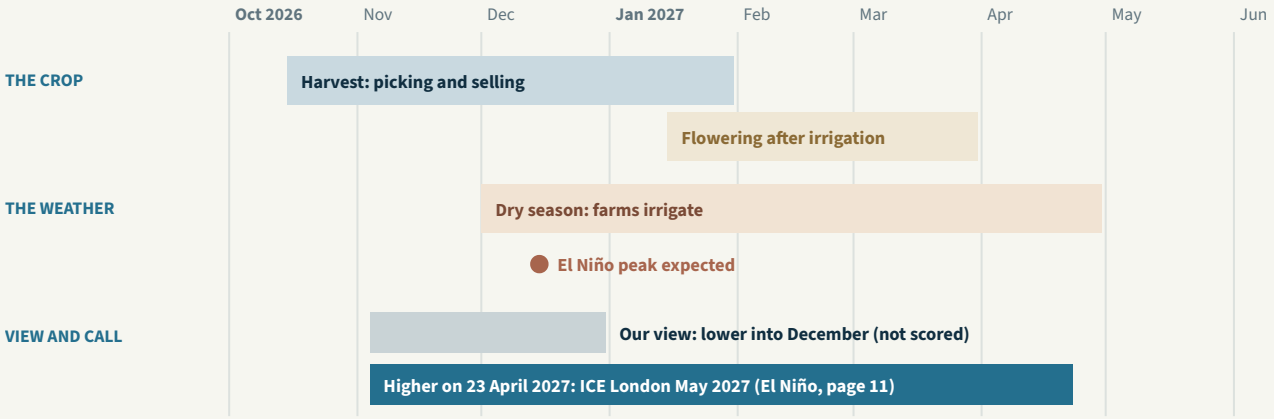
04 / ROBUSTA

Vietnam picks. The dry season decides 2027.

A harvest forecast to be a record is reaching the market, so our view is lower into December. After the El Niño peak, Vietnam's dry season decides the 2027 crop, and there we call higher.

TWO CLOCKS / OUR ROBUSTA VIEW AND CALL ON VIETNAM'S CALENDAR

Harvest, dry season and flowering in the Central Highlands[13,55]; El Niño's peak expected in December[3]. Bars: our view to December and our 2027 call.



PUSHING THE PRICE DOWN

A big harvest. The USDA forecasts a record 32.5 million bags, and picking peaks now[6,55].

Farm prices are falling. Local forecasts see 85,000–90,000 dong a kilo, against about 60,000 of cost (page 26).

Exports are running ahead. Vietnam shipped 15.4% more coffee in January–September than in 2025[55].

Brazil's conilon. Its exports rose 68% in January–September, rebounding from a weak 2025[41].

PUSHING THE PRICE UP

El Niño's dry season. Both recent El Niño peaks were followed by drought in the Central Highlands and a robusta rally (page 10).

Smaller crops elsewhere. Brazil's conilon crop is down 6.6%; Indonesia's robusta, a million bags[6,40].

Blending demand. Robusta at 52% of arabica's price[19,21] draws roasters in (page 27).

Farmers can hold. A margin of 40–50% over cost lets them wait for better prices (page 26).

OUR VIEW, AND OUR CALL FOR 2027

To December: lower

Vietnam's harvest weighs on January, at 3,228 on 4 November, and March; November's 11% fall from 6 to 26 October has not priced it all in[16,19].

The view breaks if

Over 100 mm of rain at Buon Ma Thuot in any 14 days in November, about twice normal[58]: a representative level, not a tested one. Or Customs' first count of October exports below 2025's 68,316 tonnes[57].

Into 2027: higher

The El Niño call on page 11: ICE London May 2027 higher on 23 April 2027 than its 4 November settlement, 3,200 dollars a tonne[19]; first notice 27 April, last trade 24 May[21].

TRADER'S ANGLE

How a trader would express it. Sell January into the harvest and plan to buy back before Vietnam's dry season, the El Niño window on page 10. A spread, selling January and buying May 2027, 28 dollars below January on 4 November[19], holds both clocks at once: harvest pressure on the first leg, weather risk on the second.

What it means for a physical merchant. A Ho Chi Minh City exporter buying from farmers at 85,000–90,000 dong a kilo should hedge as it buys, since the harvest weighs on January and March. A European roaster planning a blend change can buy May and July 2027 robusta now, before the dry season is priced.

05 / TO WATCH & SOURCES

What to watch next.

The data to our 4 November cutoff set our views and calls. Two releases can move them most: the Ivorian arrival numbers each Monday and NOAA's El Niño updates on 12 November and 10 December.

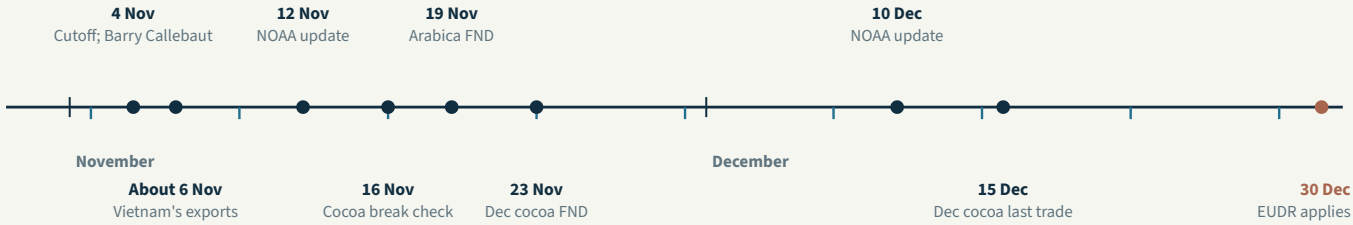
INDUSTRY TERMS

First notice day
The first day a futures holder can be asked to take delivery. Most traders roll before it.

Break level
The event that would invalidate the reasoning behind a view or a call.

THE CALENDAR / 29 OCTOBER TO 31 DECEMBER 2026

Scheduled releases and contract dates[2,21].



Teal ticks: Mondays, when exporters publish Ivorian arrivals. FND: first notice day.

BEFORE OUR 4 NOVEMBER CUTOFF: THE DATA THAT SET OUR VIEWS

29 October	Hershey third-quarter results	Out: organic sales +0.8%, volume about −10 points	COCOA
4 November	Barry Callebaut full-year results	Out: volume −0.7% in 2025/26; 1–3% growth expected[36]	COCOA

NOVEMBER

Every Monday	Ivorian port arrivals	Late or lost? Our cocoa view is checked on 16 November. Caught up by 31 January? That breaks our 2027 call	COCOA
Every Friday	CFTC positions as of Tuesday	Funds short in cocoa, still long in arabica	COCOA, ARABICA
About 6 November	Vietnam Customs: October exports	Our robusta view breaks below October 2025's 68,316 tonnes[57]	ROBUSTA
Around 10 November	Cecafé: Brazil's October exports	The pace of a record crop at a weak real	ARABICA
12 November	NOAA's El Niño update	2027 calls break if the latest RONI is below +1.5°C	EL NIÑO
19 November	Arabica's first notice day	Squeeze risk in December; our view is on March	ARABICA
23 November	December cocoa's first notice day	Delivery risk; it trades to 15 December. We use March	COCOA
Late November	ICCO Quarterly Bulletin	Possibly the first official 2025/26 figures	COCOA

EVERY TRADING DAY: THE OTHER BREAK LEVELS

ICE stocks	Cocoa and certified arabica	Cocoa: three weekly falls. Arabica: below 200,000 bags	COCOA, ARABICA
The real	Brazil's currency against the dollar	Our arabica view breaks at a close stronger than 5.00	ARABICA
Weather	Rain at Buon Ma Thuot	Our robusta view breaks above 100 mm in any 14 days. A representative level, not a tested one	ROBUSTA

DECEMBER

10 December	NOAA's next update	The second check on our El Niño break	EL NIÑO
30 December	The EUDR applies	Untraced beans can no longer enter the EU market	COCOA, COFFEE

How we score: our views are not scored. Each 2027 call is right if the contract's ICE settlement on its scoring date is above (▲) its 4 November settlement: New York cocoa and London robusta May 2027, both on 23 April (page 11). One standard deviation: the latest 20-session volatility scaled to the trading days left. Break levels are invalidation rules: they mark where the reasoning behind a view or a call would no longer hold.

05 / TO WATCH & SOURCES

The evidence behind the issue.

01 / EL NIÑO, PAGES 05–11

01 NOAA Climate Prediction Center; National Weather Service: “Cold & Warm Episodes by Season (Relative Oceanic Niño Index, ERSSTv6)”, accessed 4 Nov 2026; “Public Information Statement 26-05: Implementing a Relative Oceanic Niño Index effective February 1, 2026”, 13 Jan 2026

02 NOAA Climate Prediction Center: “ENSO Diagnostic Discussion”, 8 Oct 2026

03 World Meteorological Organization: “Sea-surface temperatures reflect strengthening El Niño”, 8 Oct 2026. Niño-3.4 forecast, 1993–2009 baseline; rain outlook

04 NOAA Climate.gov, Tom Di Liberto: “The Walker Circulation: ENSO's atmospheric buddy”, Aug 2014

05 ICCO; Food Business MEA: “August 2026 Quarterly Bulletin of Cocoa Statistics”, Aug 2026; “ICCO cuts global cocoa surplus forecast to 37,000 t”, 1 Sep 2026. the 60% share from Food Business MEA

06 USDA Foreign Agricultural Service: “Coffee: World Markets and Trade”, Jul 2026. 2026/27: July–June

07 IMF via FRED: “Global price of Cocoa (PCOCOUSDM)”, Jan 2014–Sep 2026. monthly average physical price

08 ICCO: “February 2017 Quarterly Bulletin of Cocoa Statistics”, Feb 2017

09 ICCO: “February 2026 Quarterly Bulletin of Cocoa Statistics”, 27 Feb 2026

10 Confectionery Production: “ICCO quarterly bulletin reveals projected slump in cocoa production volumes and grindings”, 2 Jun 2025 CONTEXT

11 CSC desk: “The CSC Review workbook: inputs, formulas and derived chart points”, data to 4 Nov 2026 OUR ARITHMETIC

12 IMF via FRED: “Global price of Coffee, Robustas (PCOFFROBUSDM)”, Jan 2014–Sep 2026. monthly average physical price

13 Dinh, Aires and Rahn, Frontiers in Environmental Science: “Statistical Analysis of the Weather Impact on Robusta Coffee Yield in Vietnam”, 2022

14 Vietstock: “Worst drought in 30 years strikes Vietnam coffee”, May 2016 CONTEXT

15 The Daily Star (Reuters): “Some Vietnam coffee farms thrive despite drought, but may not stop espresso price hikes”, 24 Jun 2024 CONTEXT

02 / COCOA, PAGES 12–18

16 Investing.com: “US Cocoa Futures Historical Data”; “US Coffee C Futures Historical Data”; “London Robusta Coffee Futures Historical Data”; “USD BRL Historical Data”; “US Dollar Index Futures Historical Data”. cocoa to 4 Nov, the rest to 26 Oct THIRD-PARTY DATA

17 Barchart: “Cocoa Prices Fall on Brazilian Real Decline”, 26 Oct 2026; “Cocoa Prices Rebound on Smaller Ivory Coast Deliveries”, 19 Oct 2026; “Soaring ICE Inventories Weigh on Cocoa Prices”, 6 Oct 2026; “Cocoa Prices Edge Higher Ahead of Q2 Cocoa Grindings Reports”, 16 Jul 2026; “Reduced Global Cocoa Surplus Prospects Lift Prices”, 29 Apr 2026 CONTEXT

18 Food Business MEA: “Ghana raises cocoa producer price for 2026/27 season”, 28 Sep 2026 CONTEXT

19 Cocoa Intel: “Arabica Falls Below 280 as Robusta Recovers”, 4 Nov 2026; “Cocoa Holds $5,300; Côte d'Ivoire Deliveries Corrected, Ecuador Exports Surge”, 21 Sep 2026; “Cocoa Breaks Out as Ivory Coast Crop Delay Raises Supply Concerns”, 27 Aug 2026. robusta settlements on 4 Nov; US warehouse stocks CONTEXT

20 CNBC Africa (Reuters): “Ivory Coast's delayed cocoa crop could mean congested ports ahead of EU rules, sources say”, 27 Aug 2026 CONTEXT

21 ICE: “Cocoa Futures: expiry”; “Coffee C Futures: expiry”; “Robusta Coffee Futures: expiry”; “Cocoa Rules”; “Daily Settlement Prices for Cocoa”, 5 Nov 2026; “Daily Settlement Prices for Coffee ‘C’”, 5 Nov 2026. 4 November settlements: 5 November less the change

22 Trading Economics: “Cocoa”, 1–30 Oct 2026; “Coffee”, 7–28 Oct 2026. CFD prices and news THIRD-PARTY DATA

23 ICCO: “Harvesting & Post-harvest”, accessed Oct 2026

24 Rainforest Alliance: “Conversion Rates to Indicate Volumes in the New Rainforest Alliance Certification Program”, 16 Oct 2025

25 Encyclopaedia Britannica, R. Paul Singh: “Cocoa: Chocolate, Confectionery, Baking”, accessed 29 Oct 2026 CONTEXT

26 Trading Economics: “Euro area currency”, 29 Oct 2026; “Ghana currency”, 29 Oct 2026. 589 CFA francs and 11.65 cedis per dollar THIRD-PARTY DATA

27 CNBC Africa (Reuters): “Ivory Coast sets cocoa farmgate price at 1,200 CFA francs per kg for 2026/27 main crop, official says”, 1 Sep 2026 CONTEXT

28 Ecofin Agency: “Ivory Coast Cuts Cocoa Farmgate Price 57% for 2026/27 Crop”, 2 Sep 2026 CONTEXT

29 Global Agriculture: “Cocoa price gap between Ivory Coast and Ghana widens sharply for new season”, 1 Oct 2026; “Ghana proposes 6 percent cocoa price hike, raising fresh smuggling concerns”, 12 Sep 2026 CONTEXT

30 European Commission: “Regulation on deforestation-free products”, accessed 29 Oct 2026

31 European Commission, Access2Markets: “Delay until December 2026 and other developments in the implementation of the EUDR Regulation”, 28 Jan 2026

32 Coolset: “The EU Deforestation Regulation (EUDR): what businesses need to know and do”, updated 25 Sep 2026 CONTEXT

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VERSION, DATA AND METHOD

Every number comes from a source above or from our arithmetic on them (source 11); titles link to the documents, and anything not primary is labelled. Version 1.0 of 6 November 2026 freezes all data at the ICE settlements of 4 November; later releases, such as NOAA's on 12 November, are events to watch. Published by CSC Lausanne. Not investment advice.

Each call's baseline and score use ICE's official settlement prices for its contract on 4 November and on each scoring date. Charts use third-party daily closes and IMF monthly averages, labelled as such. The ICCO has not published its 2025/26 balance, so our 33% cushion is our arithmetic on analysts' estimates.