



**UNIVERSITÀ
DEGLI STUDI
DI TRIESTE**

«The commodities market. Global changes in coffee production, consumption flows.»

By Maurizio Zugna

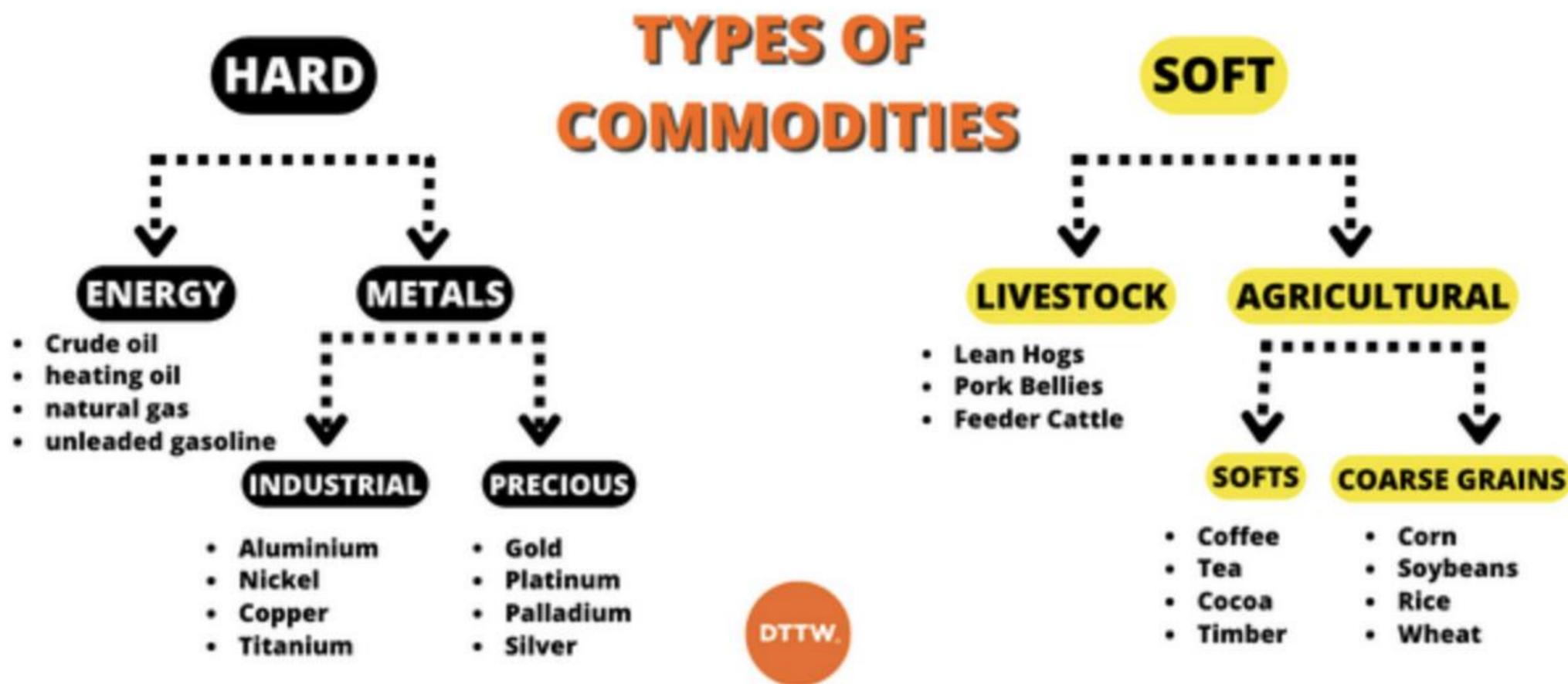
THE COMMODITIES MARKET: GLOBAL CHANGES IN COFFEE PRODUCTION & CONSUMPTION FLOWS

- Commodity Markets: An Overview
- Coffee as a Global Commodity
- Climate Change & Production Shifts
- Global Consumption Trends
- Price Formation & Market Dynamics

COMMODITY MARKETS: AN OVERVIEW

- Definition of commodities and global markets
- Role of supply–demand dynamics
- Price volatility and global economic cycles
- Importance for developing economies

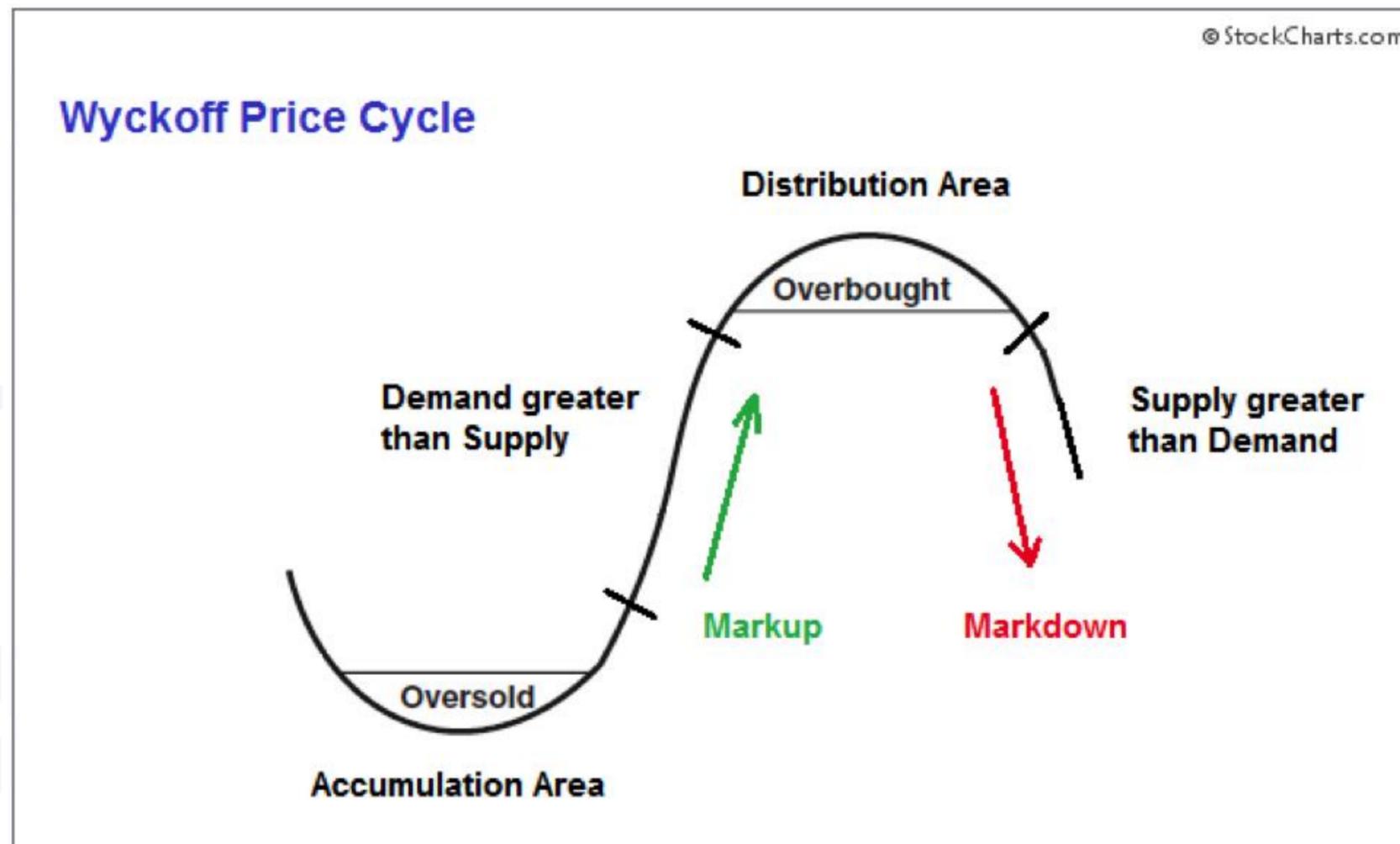
Definition of commodities and global markets



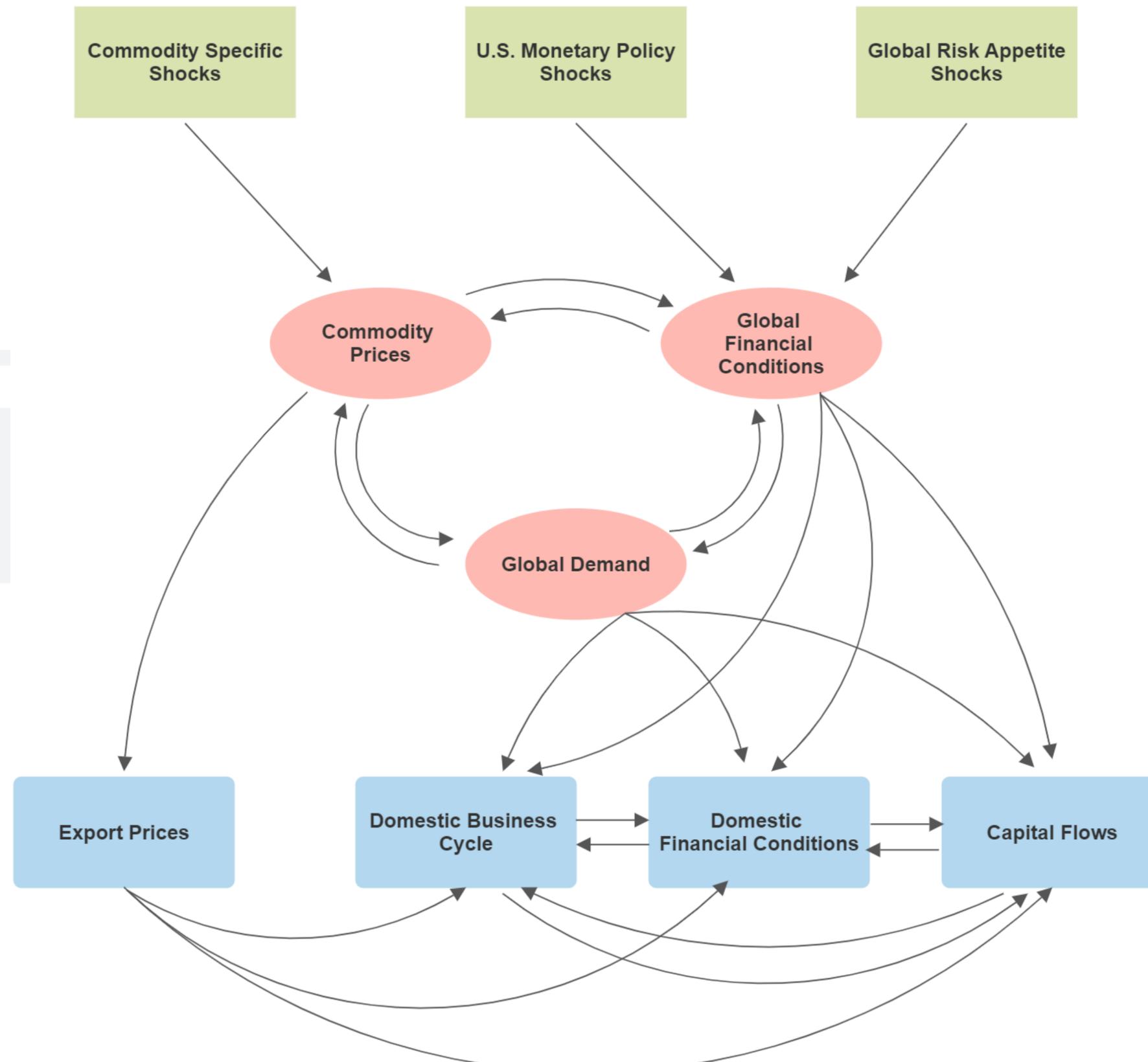
Top 10 Most Traded Commodities in the World (2025)

1		1. Crude Oil	~88M barrels/day \$3.5T+ market
2		2. Coffee	~10M tons/year \$460B market
3		3. Natural Gas	~4,000+ bcm tradad \$1.2T market
4		4. Gold	~3,500 tons/year \$1.5T market
5		5. Wheat	~200M tons/year \$120B maret
6		6. Cotton	~25M tons/year \$50B market
7		7. Silver	~30,000 tons/year \$250B market
8		8. Copper	~22M tons/year \$200B market
9		9. Corn (Maize)	~180M tons/year \$80B market

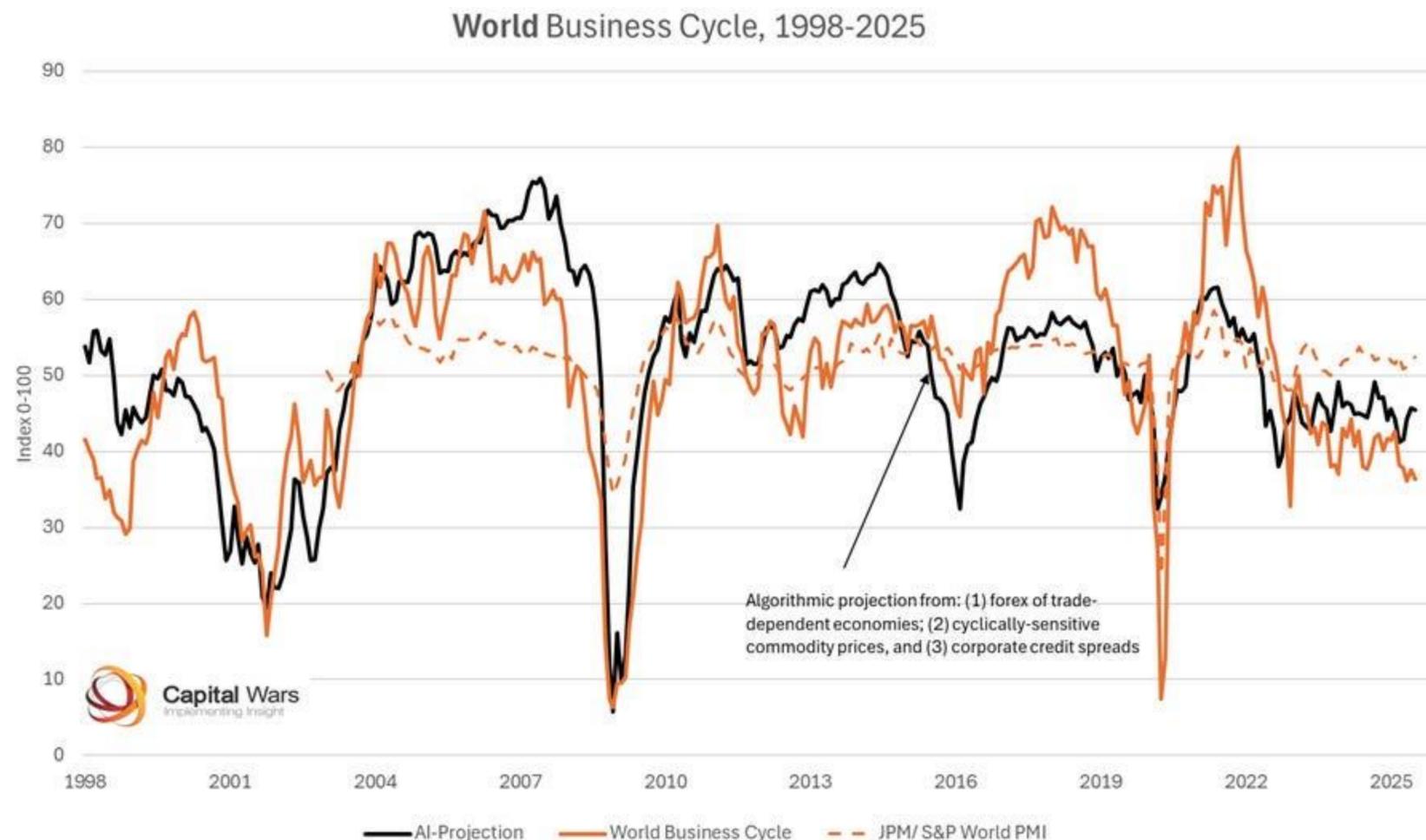
Role of supply–demand and stock (inventories) dynamics



Price volatility and global economic cycles



Price volatility and global economic cycles



Implied volatility (IV) is the market's forecast of a security's future price movement, derived from its option prices. **It's a forward-looking measure that indicates the expected magnitude of price fluctuations over a specific time, often expressed as a percentage.** Higher IV suggests the market expects larger price swings, while lower IV indicates more stable expectations, and it is calculated using an option's current market price within an option pricing model.

Importance for developing economies

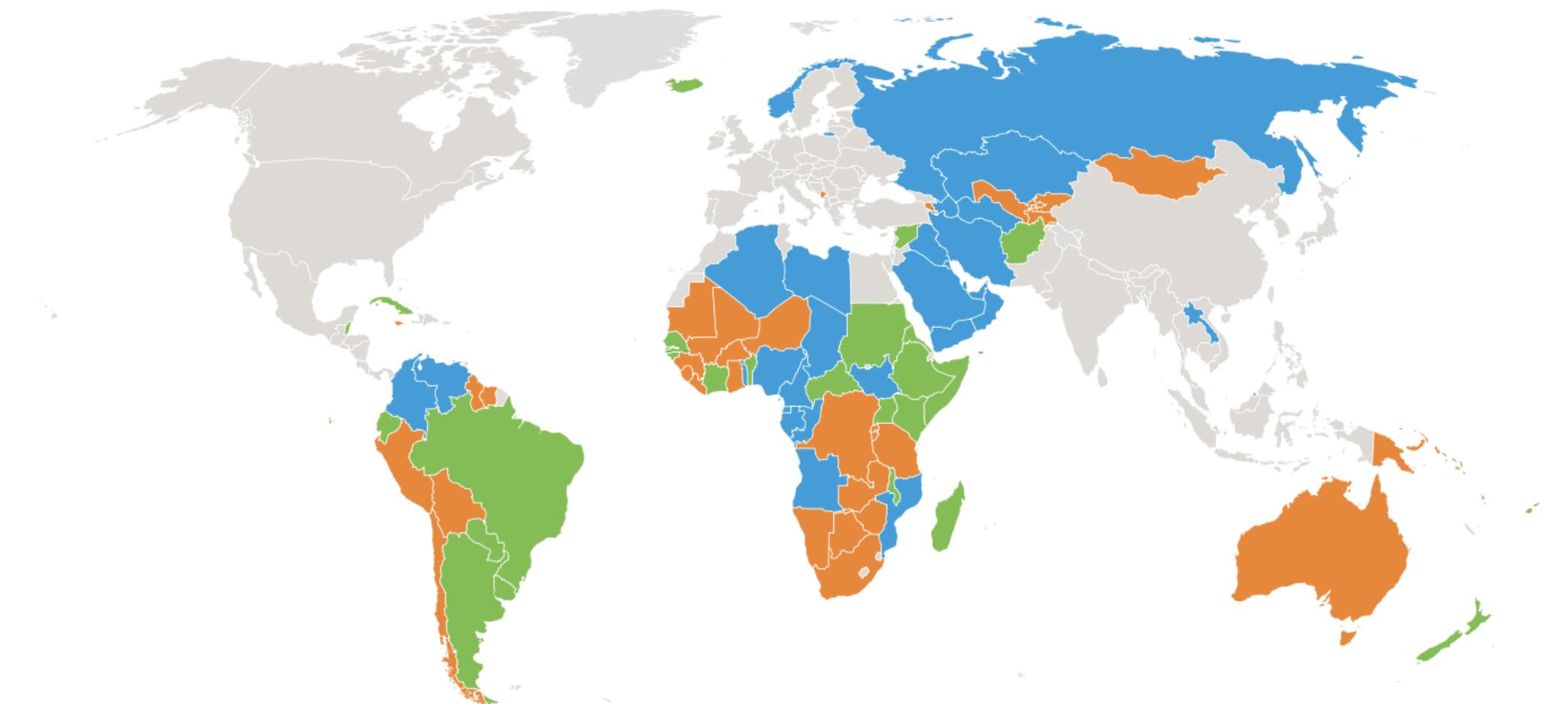


UNITED NATIONS
UNCTAD

Global commodity dependence

Commodity-dependent countries and their main dependency, 2019–2021

■ Agriculture ■ Mining ■ Energy



COFFEE AS A GLOBAL COMMODITY

- One of the most traded agricultural commodities
- Two main species: Arabica and Robusta
- Complex global value chain
- Value Distribution in the Supply Chain

Coffee, one of the most traded agricultural commodities



Coffee, one of the most traded agricultural commodities

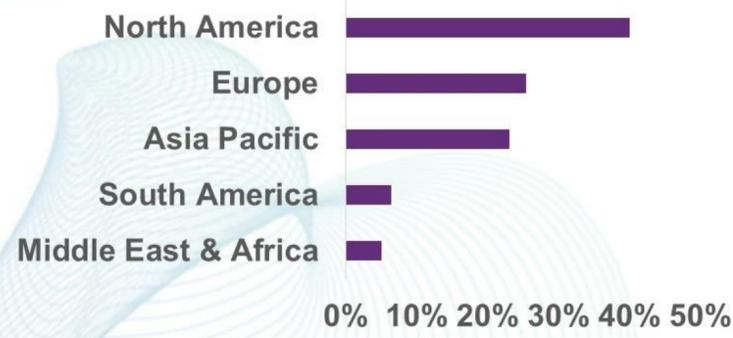
GLOBAL COFFEE MARKET



MARKET DRIVERS

- Growing Coffee Consumption Worldwide
- Rise in Popularity of Specialty Coffee
- Increase in Coffee E-commerce Sales
- Expanding Coffee Culture in Emerging Markets

MARKET SHARE BY REGION



MARKET FORECAST TO 2032 (USD MN)



CAGR (2025 - 2032) - 4.7%

MARKET SIZE (2032) - USD 17.84 BN



TOP 5 GLOBAL COMPANIES TRADING GREEN COFFEE

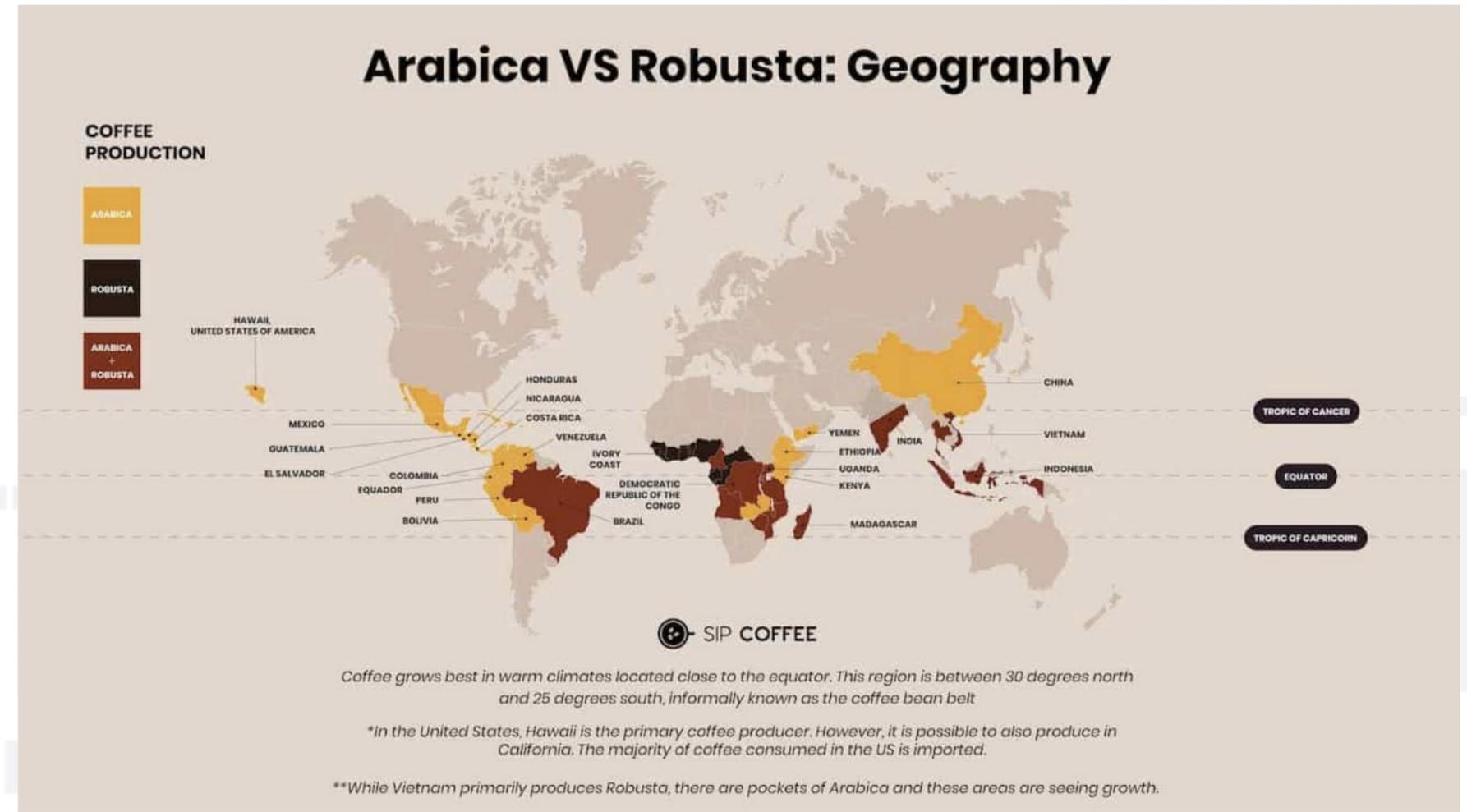
NKG Neumann Kaffee Gruppe	GERMANY ~780.000 tons/year
LDC Louis Dreyfus Company	NETHERLANDS ~720.000 tons/year
ECOM	ECOM ~720.000 tons/year
E&F MAN ED&F Man Volcafe	UNITED KINGDOM ~660.000 tons/year
Olam	SINGAPORE ~640.000 tons/year



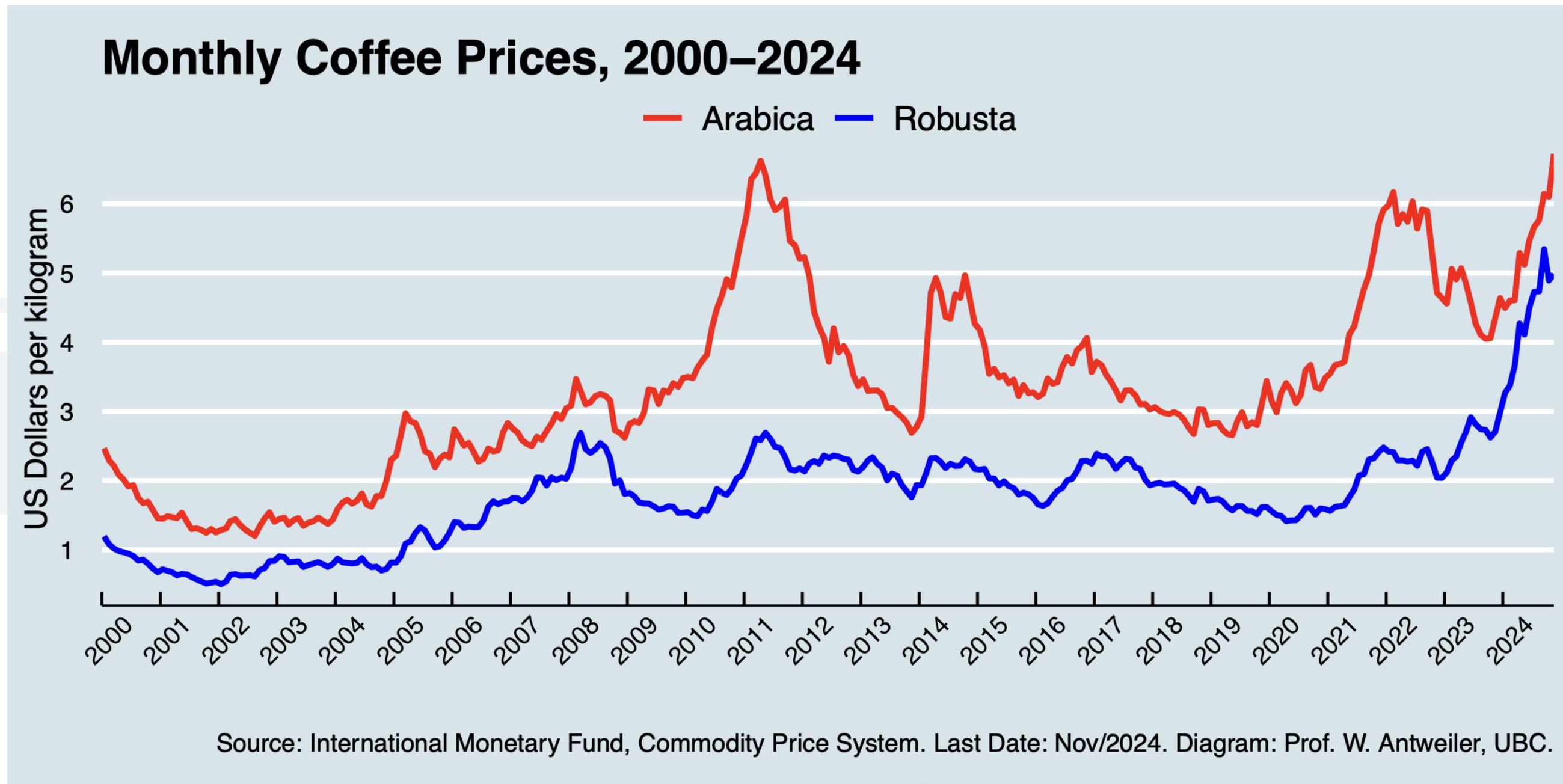
www.commoditytrading.club

Two main species: Arabica and Robusta

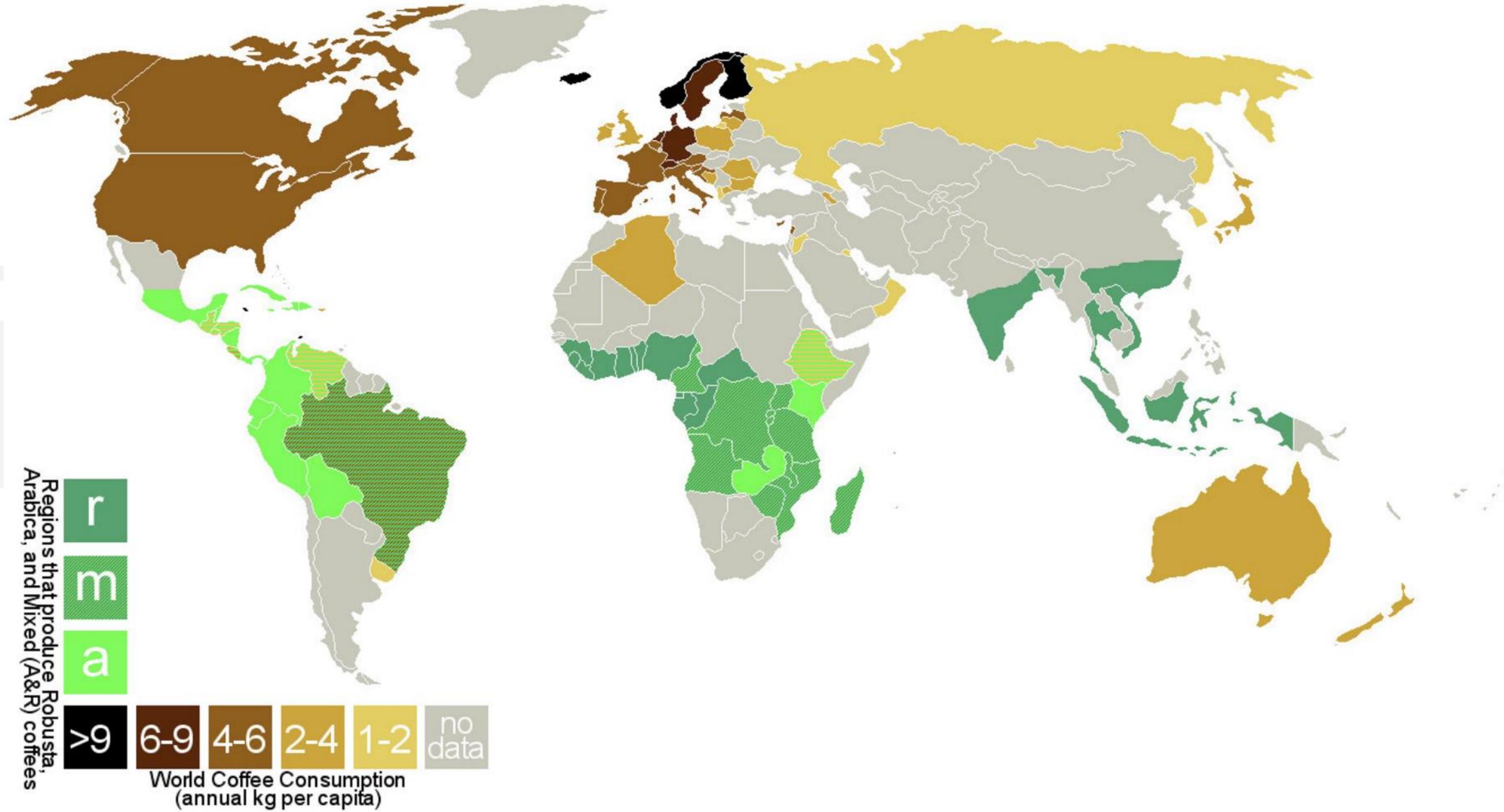
ARABICA	ROBUSTA
<p>70% OF THE WORLD CONSUMPTION</p> 	<p>30% OF THE WORLD CONSUMPTION</p> 
<p>Milder, smooth, floral and fruity Sweeter: 6 - 9% sugar content Weaker: 0.8 – 1.5% caffeine</p>	<p>Stronger, robust, full-bodied Less Sweet: 3 - 7% sugar content Stronger: 1.7 – 3.5% caffeine</p>
<p>TASTE</p> 	<p>TASTE</p> 
<p>Hot and humid equatorial climate Higher temperatures</p>	<p>Subtropical, moderate Lower temperatures</p>
<p>CLIMATE</p> 	<p>CLIMATE</p> 
<p>Higher altitudes (1000 – 2000m) Plantation susceptible to diseases</p>	<p>Lower altitudes (0 – 700m) More resistant to diseases</p>
<p>CULTIVATION</p> 	<p>CULTIVATION</p> 

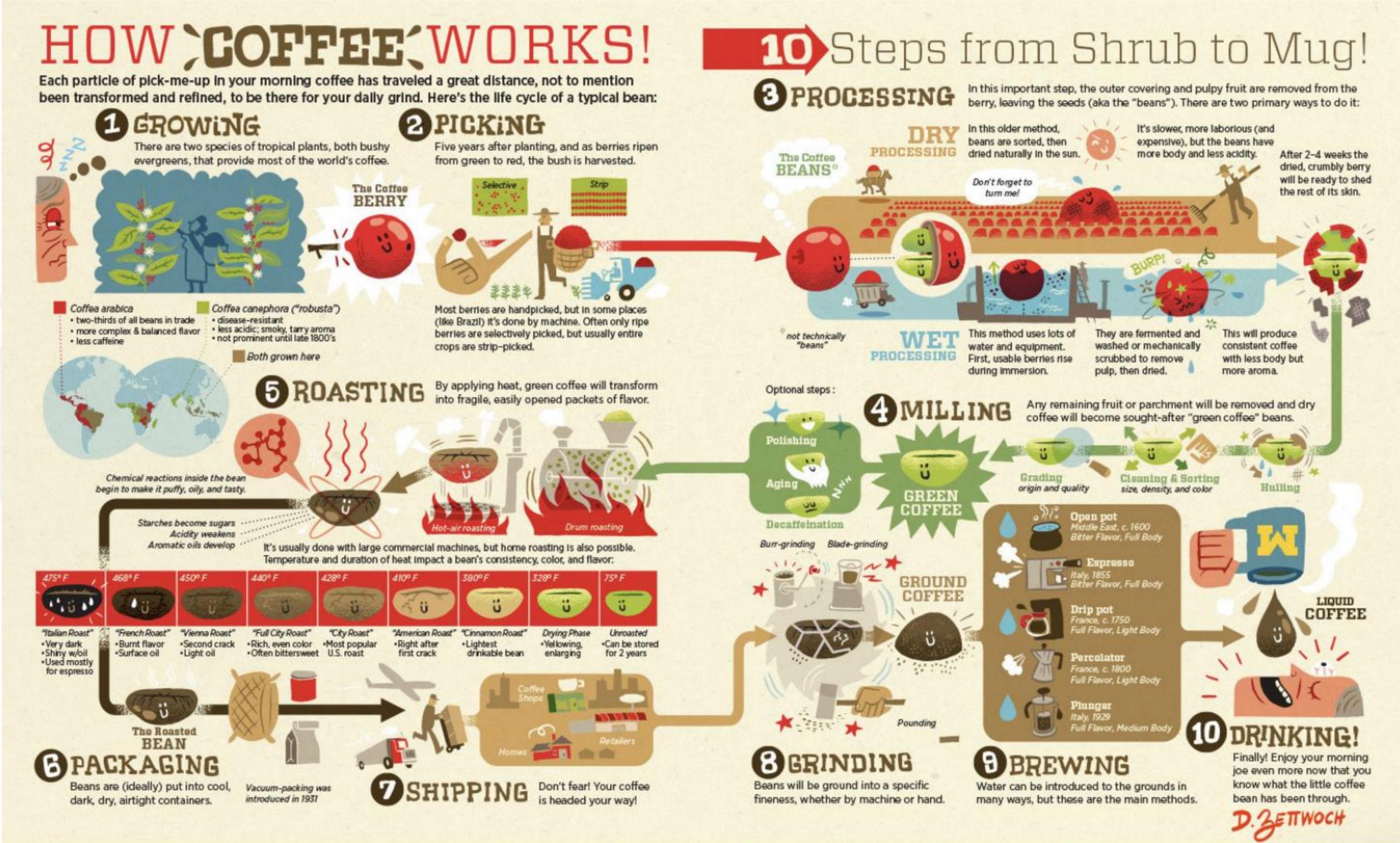


Two main species: Arabica and Robusta



Complex global value chain





Value Distribution in the Supply Chain

VISUALIZING THE ECONOMICS OF Coffee

WHAT MAKES YOUR CUP OF COFFEE POSSIBLE?

One of the world's most popular commodities, coffee is supported by a massive global \$200+ billion industry. From growing to trading, roasting, and brewing, here's how coffee prices are broken down.

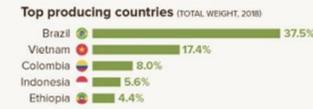
Numbers are based on yield of 15 cups of brewed coffee per pound of roasted beans

STAGE 1 GROWING \$0.07 / ☕

The International Coffee Organization's **ICO Composite** indicator price provides an overall benchmark for the price of green coffee of all major origins and types

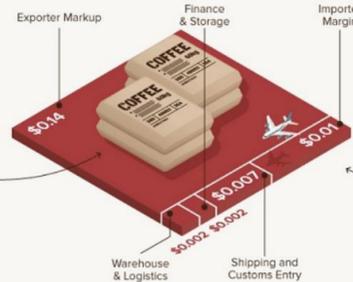


Based on **\$1.09/lb** (ICO Composite 2018). Prices fluctuate, from below **\$0.50/lb** in 2001 to above **\$2.10/lb** in 2011



STAGE 2 EXPORTING \$0.16 / ☕

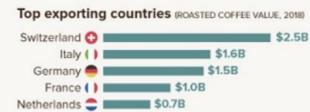
Green coffee beans are harvested, processed, and milled before being packaged for export in **60kg bags**, a worldwide standard measurement



7.2 million tonnes of green coffee were exported in 2018, valued at **\$19.2 billion**

STAGE 3 ROASTING \$0.35 / ☕

Beans are roasted, doubling in size and gaining their trademark brown color

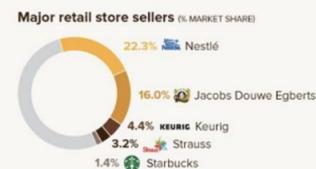
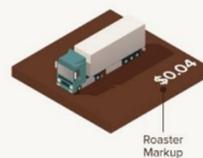


Switzerland leads in value of roasted coffee exports thanks to high prices of roasted beans

\$10.8 billion value in export of roasted coffee alone

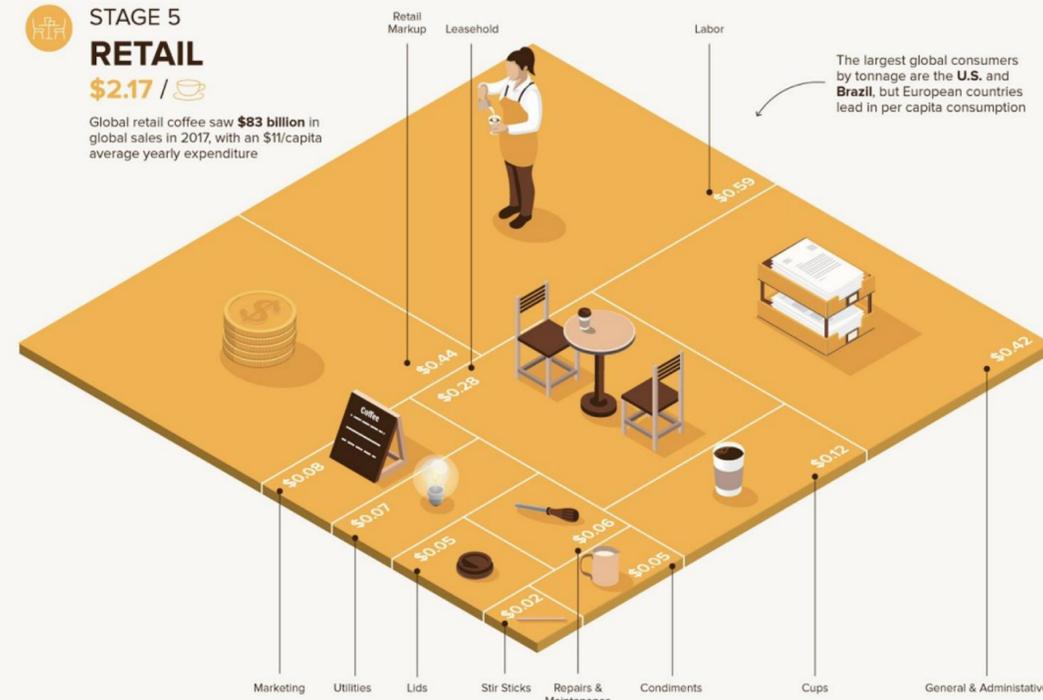
STAGE 4 DISTRIBUTION \$0.04 / ☕

Roasters distribute beans both directly to **consumers** (retail stores) and directly to **businesses** (retail coffee shops)



STAGE 5 RETAIL \$2.17 / ☕

Global retail coffee saw **\$83 billion** in global sales in 2017, with an **\$11/capita** average yearly expenditure



The largest global consumers by tonnage are the **U.S.** and **Brazil**, but European countries lead in per capita consumption

All the costs from the different stages add up to a retail sales price of coffee

\$2.80
(16oz Brewed Coffee)

Coffee is the 4th most-consumed beverage in the world by total volume sales, with **2.3 million cups of coffee** consumed globally every minute

CLIMATE CHANGE & PRODUCTION SHIFTS

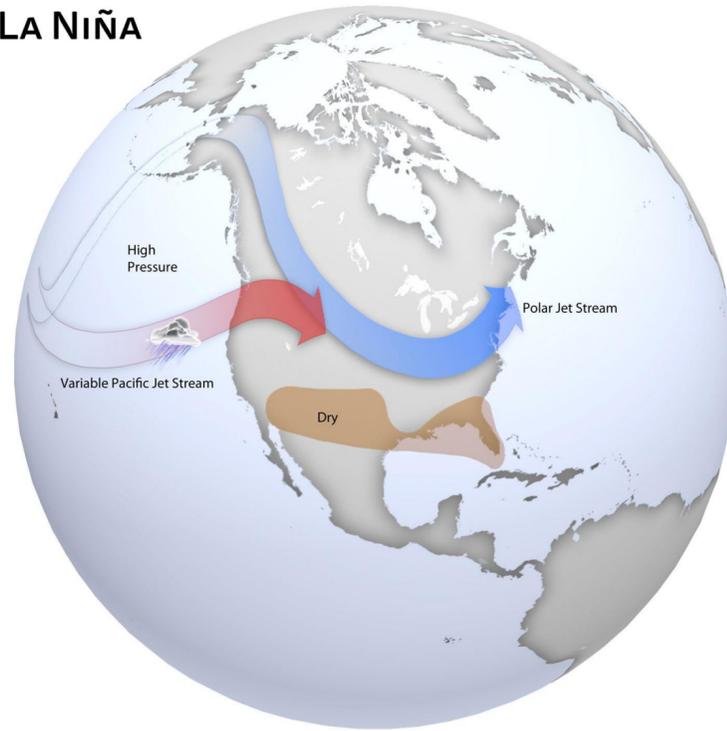
- Macro climate factors: El Niño and La Niña
- Higher climate risks: droughts, frosts, irregular rainfall
- Impact on yields, quality, and farmer livelihoods and prices

Macro climate factors: El Niño and La Niña

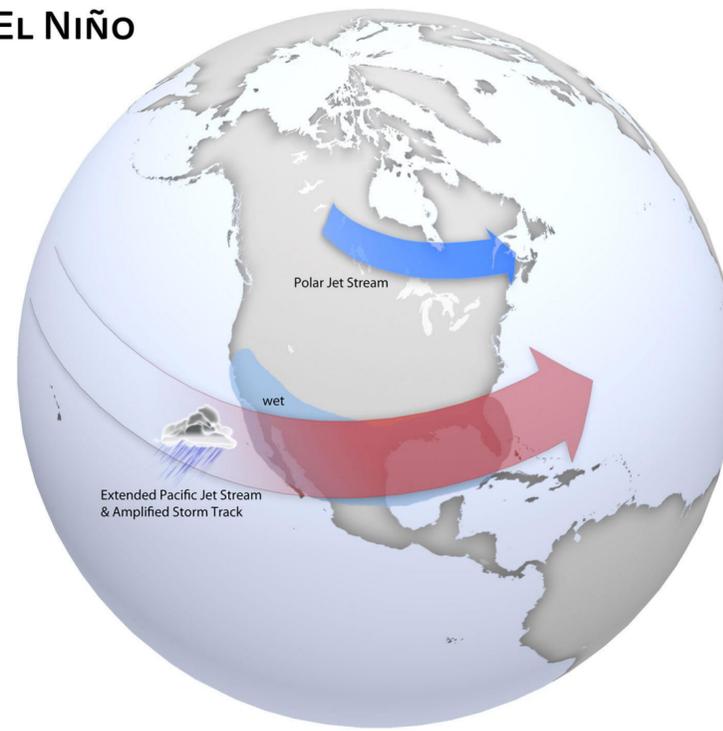
El Niño and La Niña are opposite phases of El Niño-Southern Oscillation (ENSO), a climate pattern in the tropical Pacific Ocean that affects global weather. El Niño is the "warm phase," characterized by warmer-than-average sea surface temperatures and weaker trade winds, which often leads to increased rainfall in the central and eastern Pacific. La Niña is the "cool phase," with cooler-than-average sea surface temperatures and stronger trade winds, leading to more rainfall in the western Pacific and less in the eastern Pacific.

Macro climate factors: El Niño and La Niña

LA NIÑA

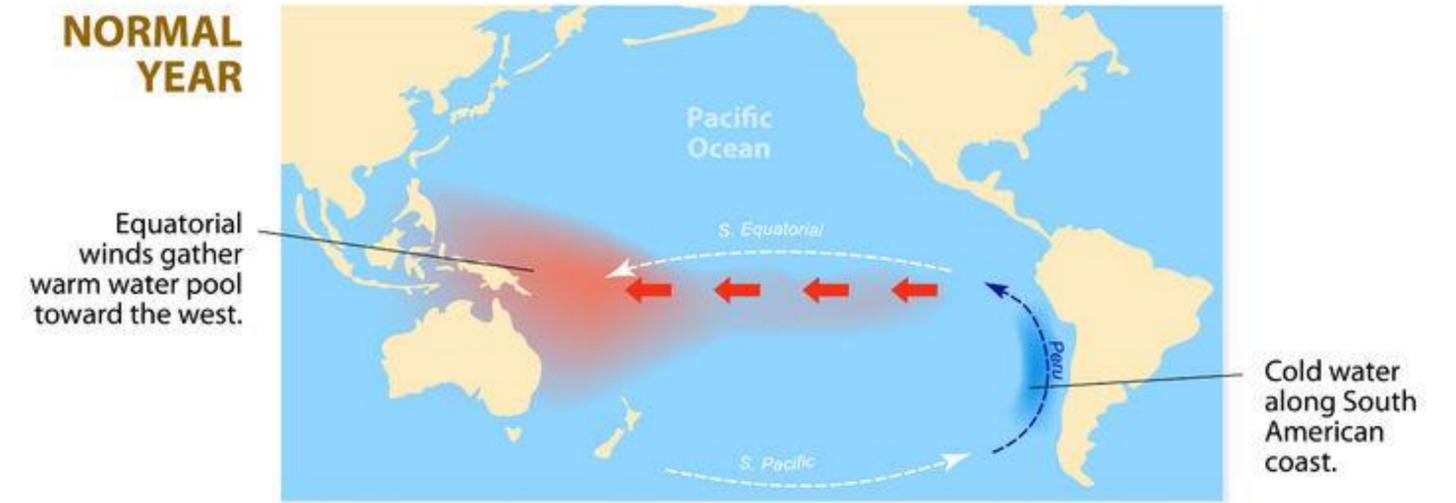


EL NIÑO

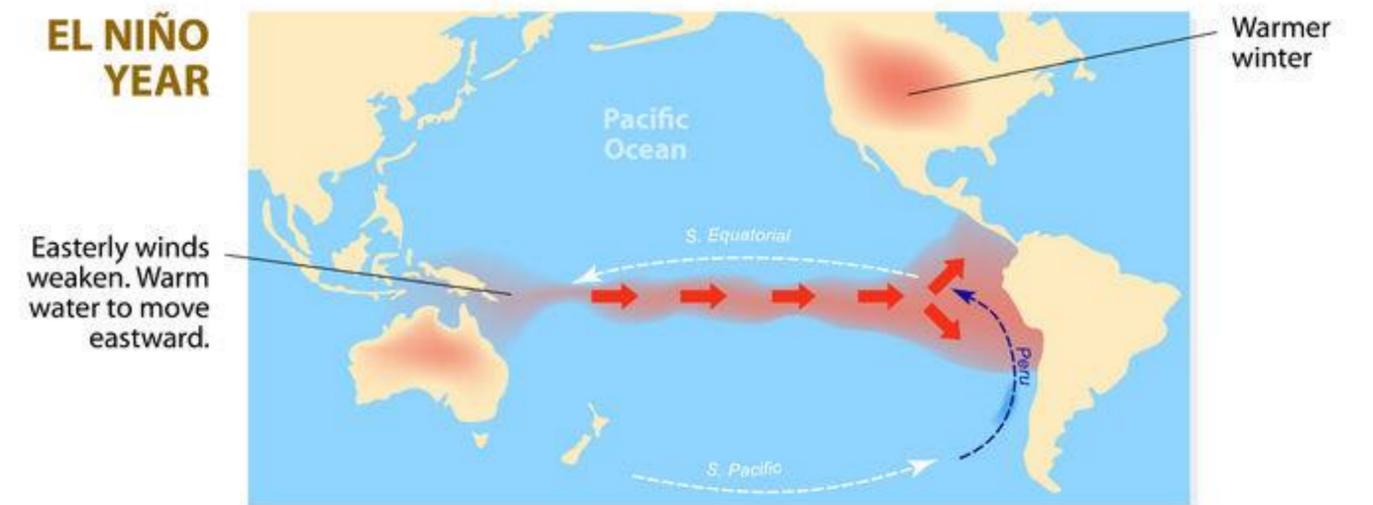


THE EL NIÑO PHENOMENON

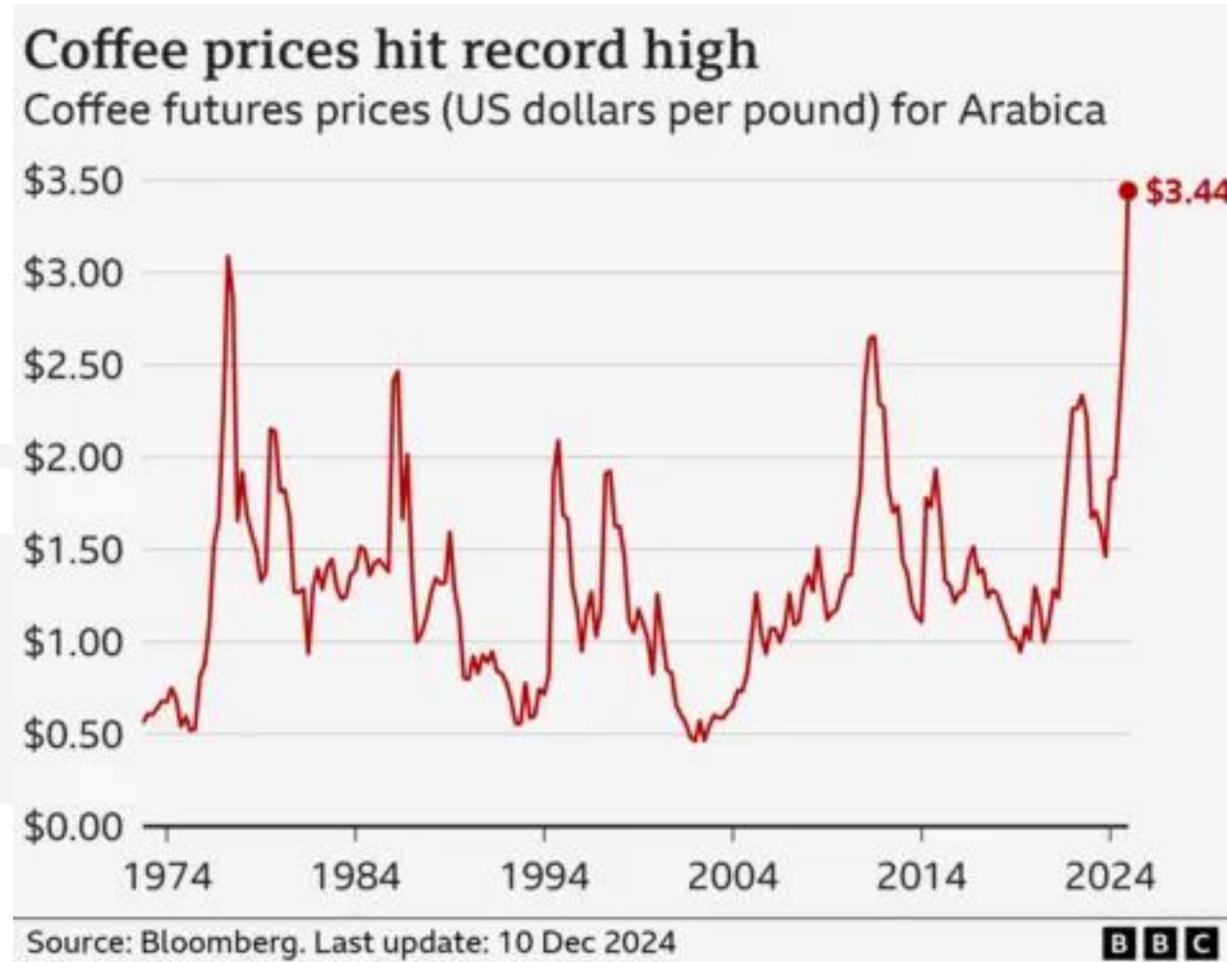
NORMAL YEAR



EL NIÑO YEAR



Higher climate risks: droughts, frosts, irregular rainfall



Higher climate risks: droughts, frosts, irregular rainfall

Between 2020 and 2024, shifting temperature and precipitation patterns negatively impacted coffee production due to increased droughts, floods, and temperature extremes. These climate anomalies led to reduced harvests in major producing countries like Brazil and Vietnam, contributing to higher global coffee prices. Changing weather patterns also made coffee plants more vulnerable to pests and diseases like coffee leaf rust, which spread more easily in warm and humid conditions.



Higher climate risks: droughts, frosts, irregular rainfall

Key impacts on coffee production (2020-2024)

Brazil:

Experienced severe droughts and frosts, which significantly damaged crops and led to lower yields.

Vietnam:

Suffered from drought, causing a more than 10% decrease in coffee production in 2023 compared to the previous year.

Ethiopia:

Experienced erratic rainfall and prolonged droughts, causing fluctuating yields in different growing regions.

Pests and diseases:

Warmer temperatures and increased humidity favored the spread of pests and diseases, such as coffee leaf rust, which are now a major threat.

Reduced suitable land:

Scientists have warned that climate change could reduce the amount of land suitable for coffee growing by up to 50% by mid-century.

Supply chain disruption:

The combination of these factors created supply constraints and drove up global coffee prices.

Higher climate risks: droughts, frosts, irregular rainfall

Contributing factors

Rising temperatures:

Higher temperatures can accelerate the ripening process of coffee cherries, leading to lower yields and quality.

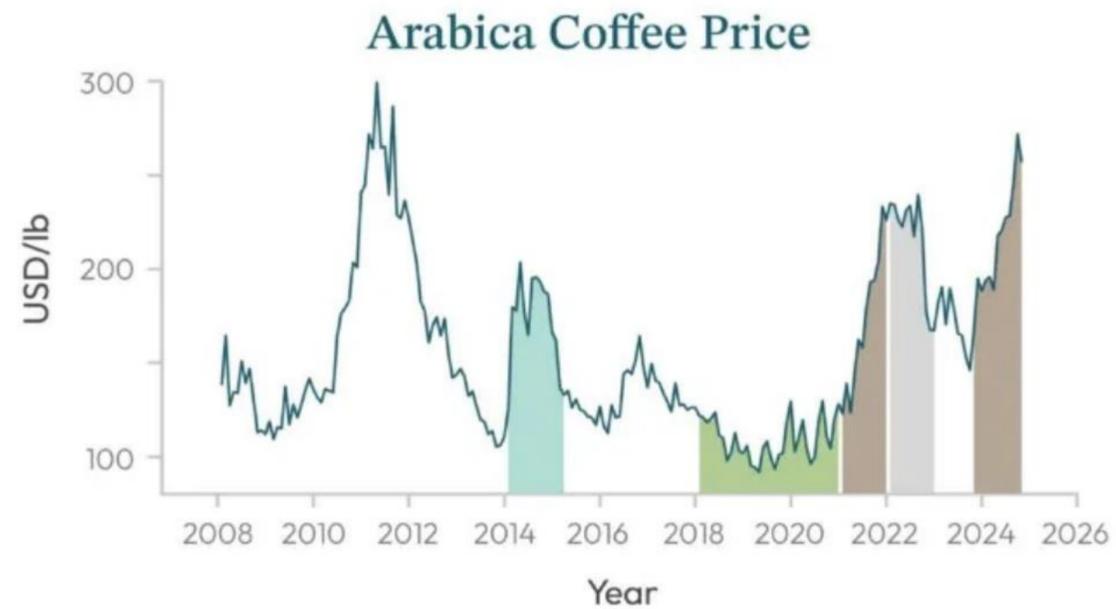
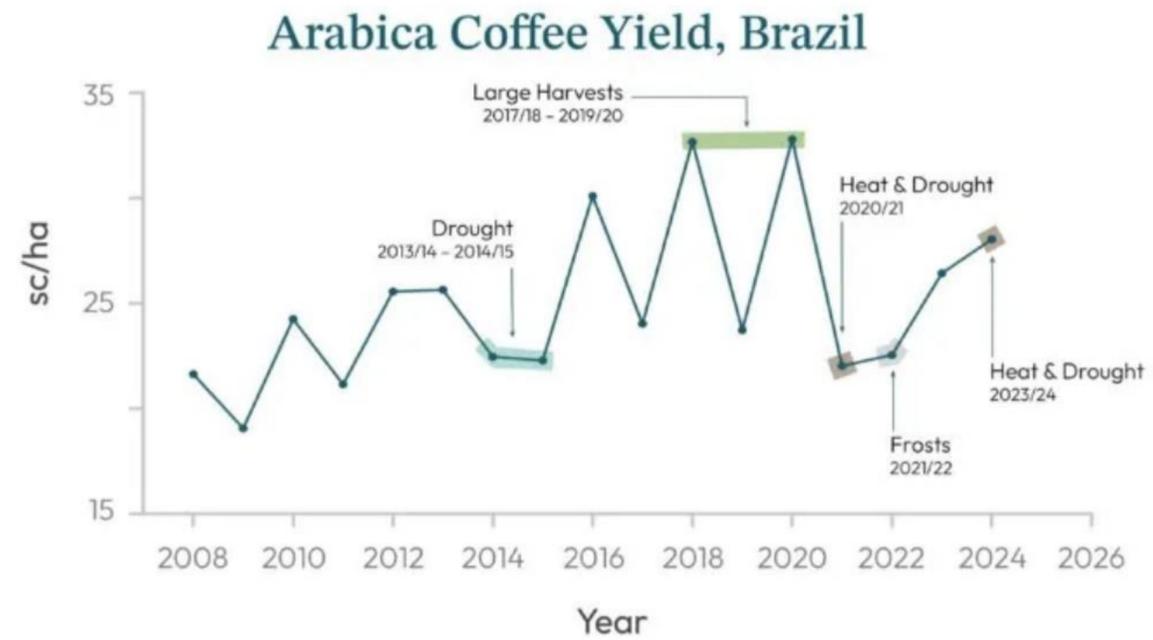
Erratic rainfall:

Both excessive rainfall and prolonged droughts disrupt the natural cycles coffee plants need to thrive. Consistent rainfall is ideal, but the timing and amount have become unpredictable.

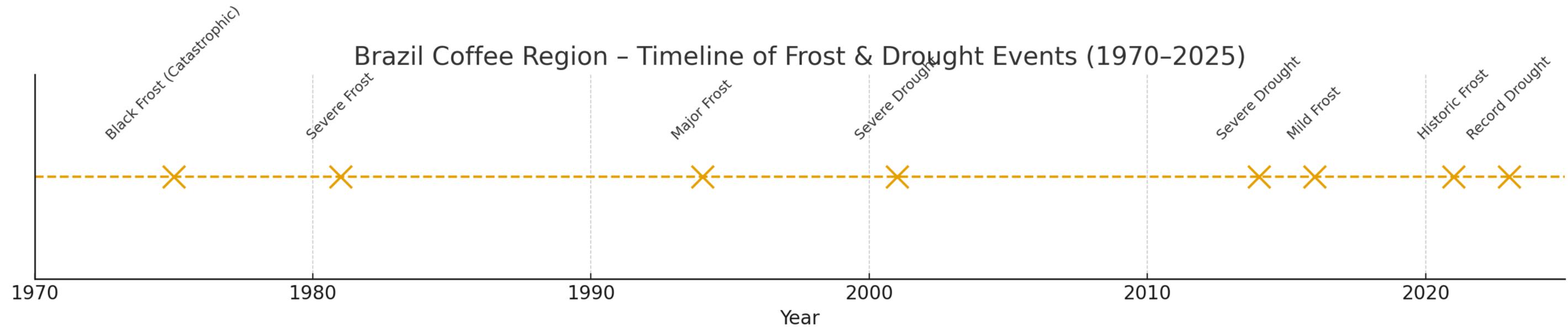
Extreme weather events:

Climate change is increasing the frequency and intensity of extreme events like frosts and severe droughts, which can devastate crops in a short period.

Higher climate risks: droughts, frosts, irregular rainfall



Higher climate risks: droughts, frosts, irregular rainfall



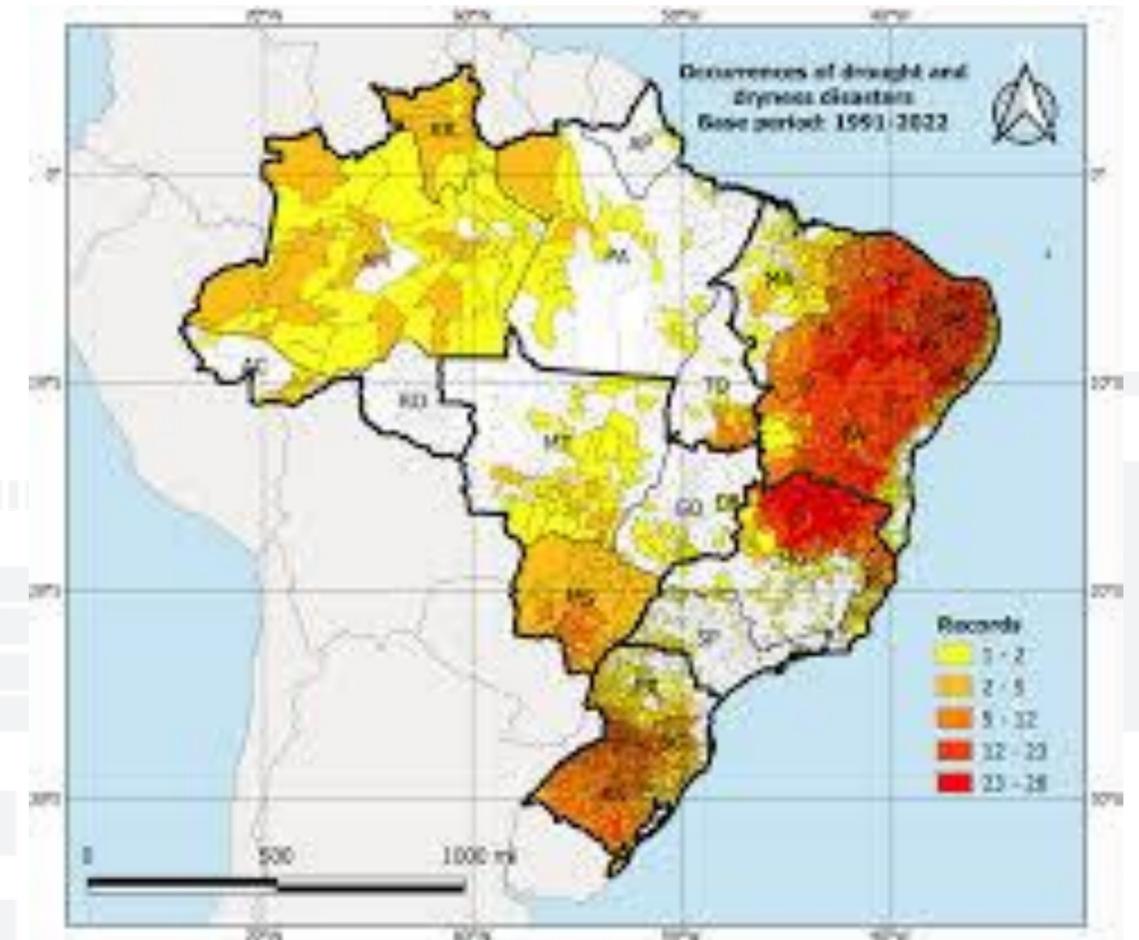
Higher climate risks: droughts, frosts, irregular rainfall

Brazilian coffee frost causes reduced supply, leading to higher global prices and significant damage to coffee plants, sometimes forcing producers to prune heavily or replant, which can take years to recover. The extent of the damage depends on the frost's intensity, with black frost causing more severe, long-term harm than white frost. Consequences include lower export volumes, increased costs for roasters, and a potential impact on the next harvest's yield due to damage to buds .



Higher climate risks: droughts, frosts, irregular rainfall

- **Brazil's droughts** have led to reduced coffee harvests, higher global coffee prices, and lower quality beans. These effects result from damage to coffee plants, which decreases crop yields and leads to lower stockpiles, causing the price of green coffee beans to rise significantly. Consequently, this affects consumers through higher prices and may force businesses to seek cheaper alternatives or innovate.



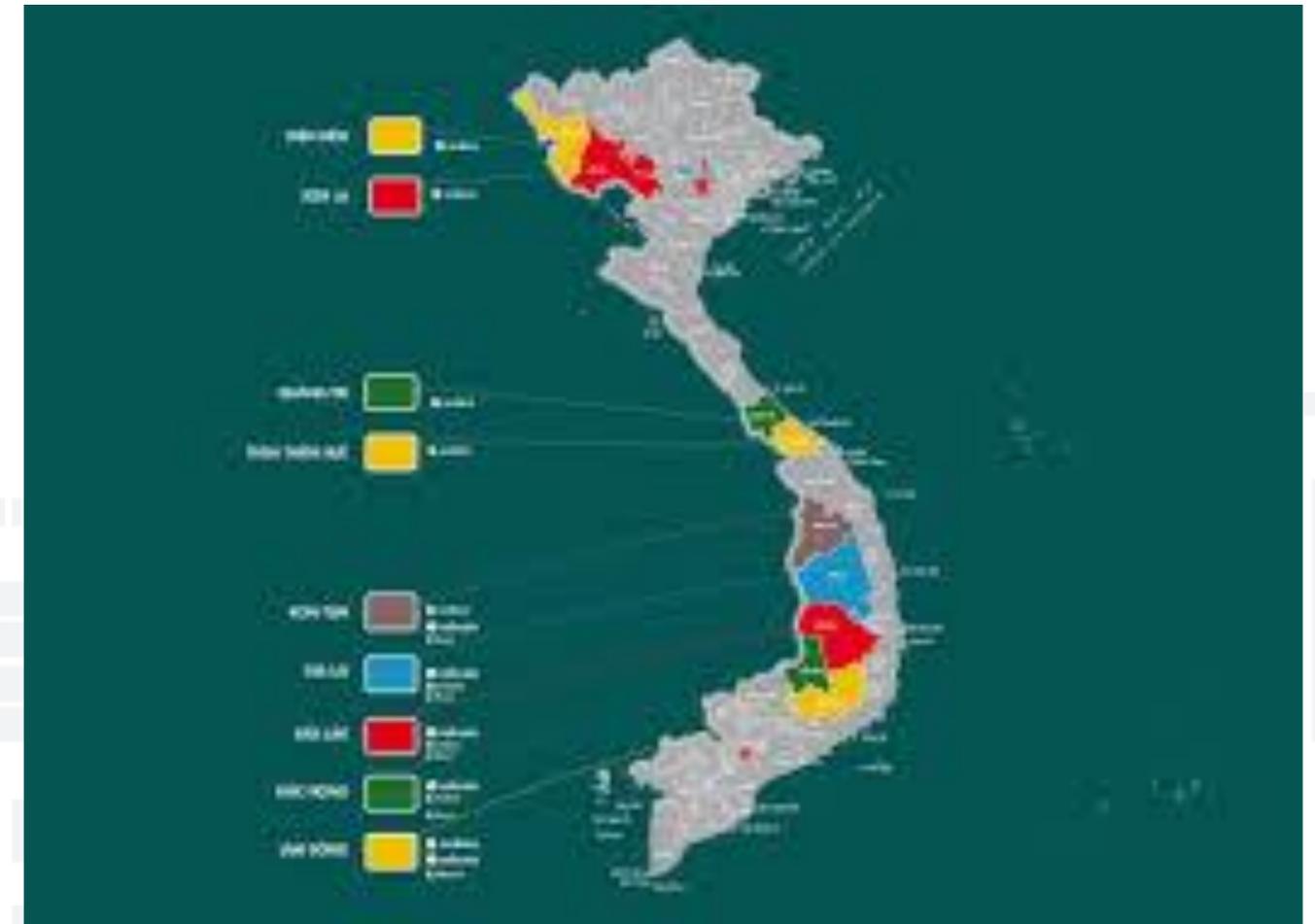
Higher climate risks: droughts, frosts, irregular rainfall

- **Floods, hurricanes, and other natural disasters severely impact Central American coffee production** by destroying farms, causing landslides, eroding soil, and damaging infrastructure. Heavy rainfall can wash away fertile soil on steep slopes ideal for coffee cultivation, and storms can lead to crop loss and significant economic damage, affecting both large-scale production and smallholder farmers who often lack the resources to recover.



Higher climate risks: droughts, frosts, irregular rainfall

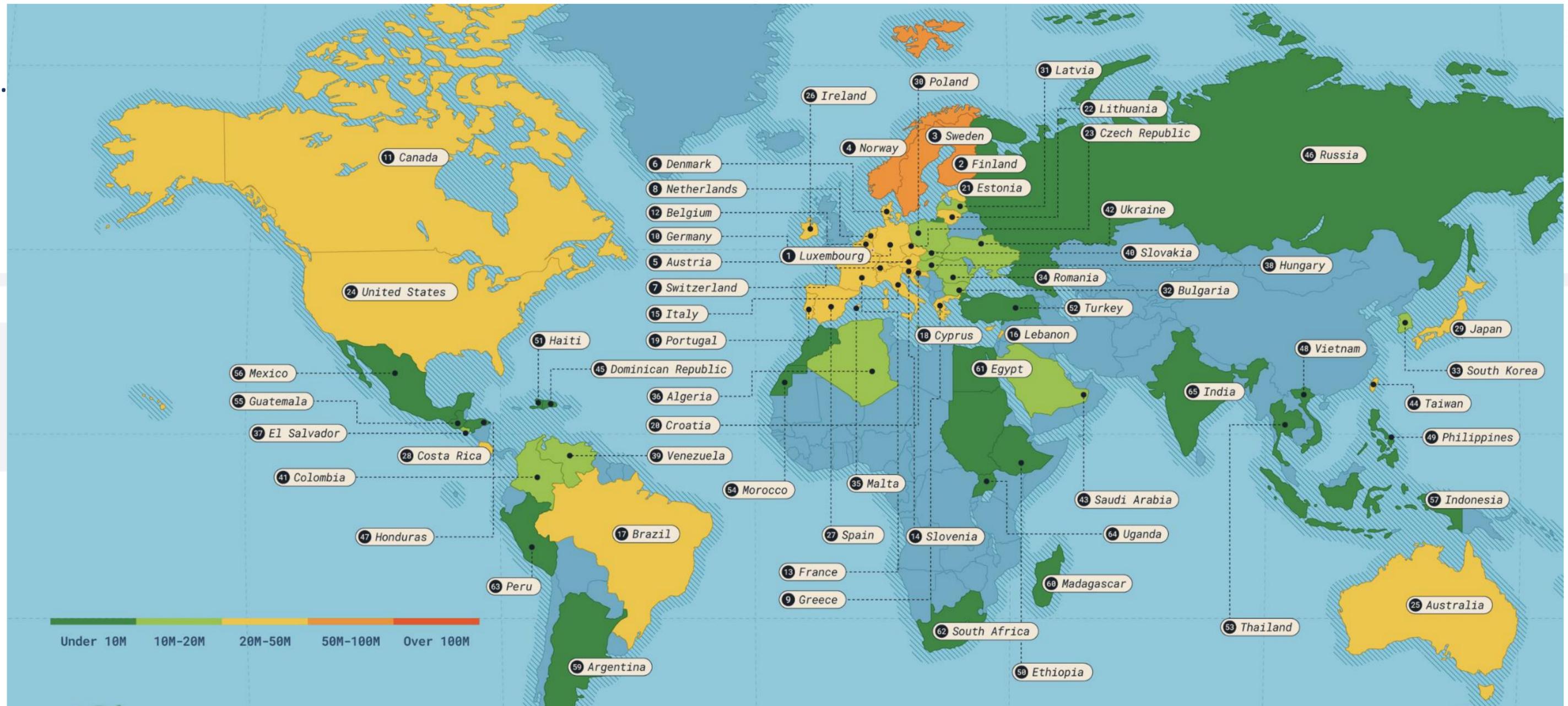
• **Typhoons in Vietnam's** coffee-growing regions can lead to increased coffee prices due to potential crop damage, delayed harvests, and reduced supply. While some storms may only cause minor issues like fallen cherries, heavy rains can affect quality and disrupt the harvest schedule. These impacts, compounded by other climate challenges like drought, create instability in the global coffee market, especially for robusta.



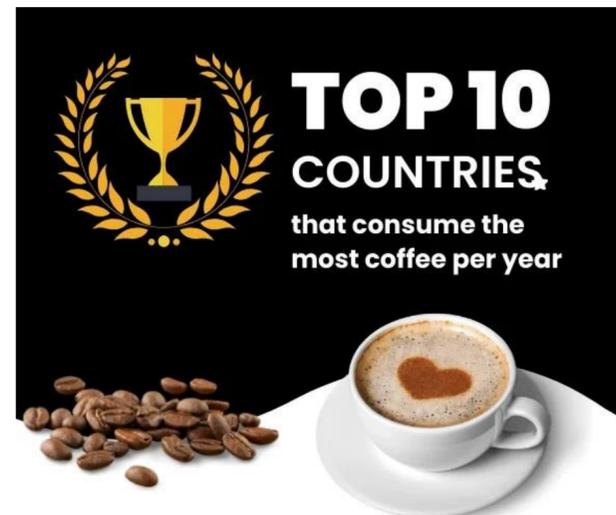
GLOBAL CONSUMPTION TRENDS

- High consumption in Europe, North America, Japan
- Emerging markets: China, South Korea, Middle East
- Specialty coffee driving demand for quality
- Rise of out-of-home consumption and new coffee cultures

High consumption in Europe, North America, Japan



High consumption in Europe, North America, Japan
Emerging markets: China, South Korea, Middle East



RANK & COUNTRY	COFFEE CONSUMPTION
1 ST UNITED STATES OF AMERICA	26,651,000 BAGS
2 ND BRAZIL	22,000,000 BAGS
3 RD GERMANY	8,670,000 BAGS
4 TH JAPAN	7,355,000 BAGS
5 TH FRANCE	6,192,000 BAGS
6 TH ITALY	5,469,000 BAGS
7 TH INDONESIA	4,806,000 BAGS
8 TH RUSSIA	4,631,000 BAGS
9 TH CANADA	3,929,000 BAGS
10 TH ETHIOPIA	3,781,000 BAGS

Specialty coffee driving demand for quality

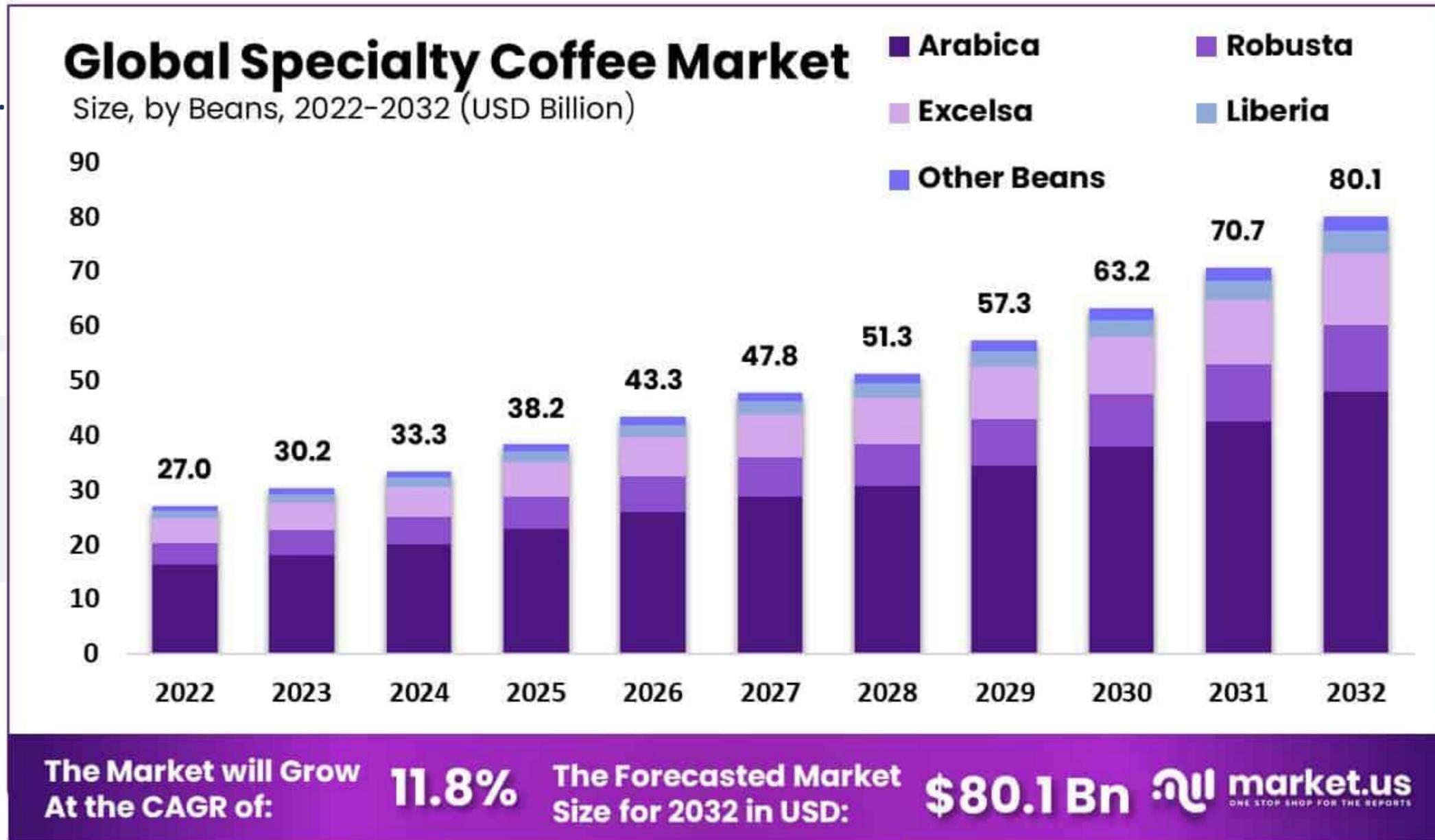


Specialty coffee driving demand for quality

COFFEE PYRAMID

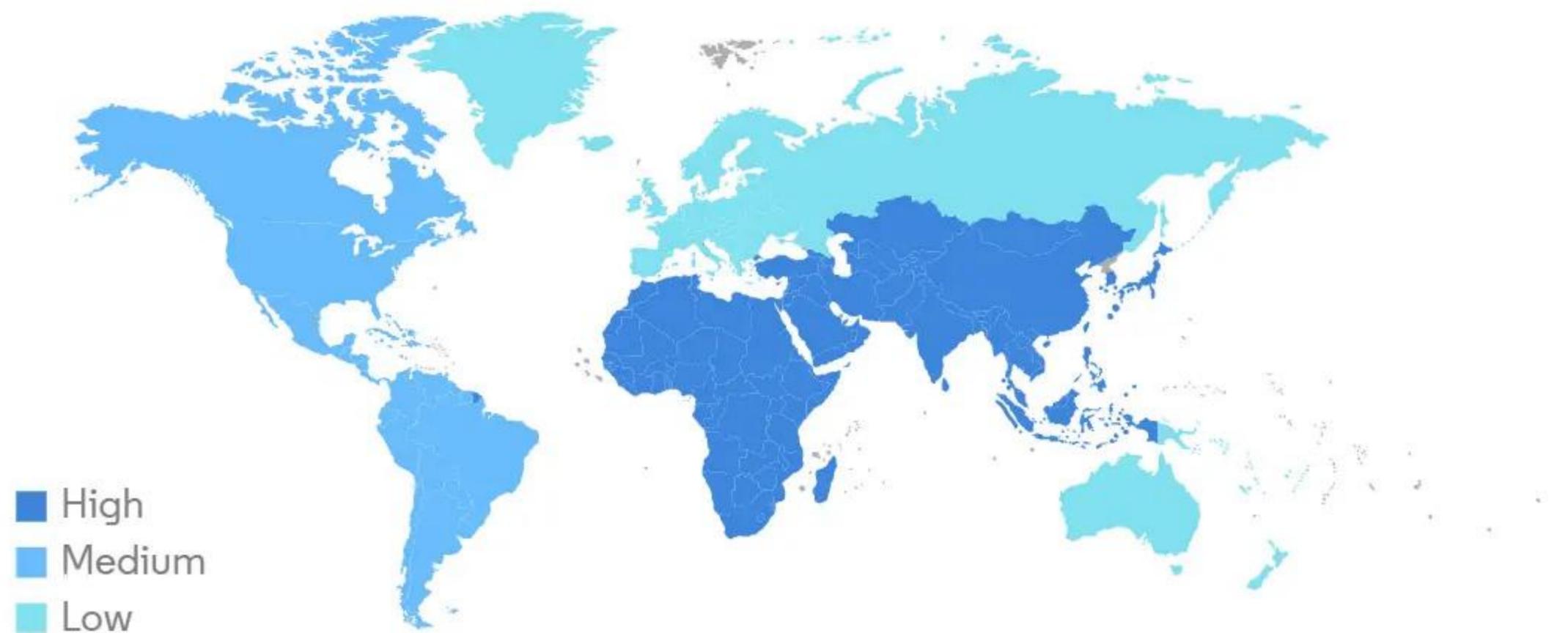


Specialty coffee driving demand for quality



Rise of out-of-home consumption and new coffee cultures

Out-of-Home Coffee Market CAGR (%), Growth Rate by Region, 2025 - 2030



Source: Mordor Intelligence



Rise of out-of-home consumption and new coffee cultures



At and away from home, Coffee recovers from COVID-19...and reaches new heights

Coffee is a core part of coffee drinkers' morning routine - 84% have it with breakfast

Coffee consumption after breakfast is up 15% since July 2021 - Americans getting back to work are having coffee during commutes or during a morning break

Americans are still working from home: 84% of past-day coffee drinkers had coffee prepared at home

Coffee drinkers are venturing out too - 27% had coffee away from home (up 8% since Jan 2021) but not yet back to pre-pandemic levels



Espresso-based beverages on the rise: 26% of Americans enjoyed an espresso-based beverage in the past-day

43% chose specialty coffee in the past day, up 20% since Jan 2021 and the highest level to date!

Coffee's popularity is ageless.

- Consumption among 18-24 y/o is up 14% since Jan 2021.
- 72% of coffee drinkers 60+ had coffee in the past day

Coffee drinkers are Americans 18+ that have had any coffee beverage in the past day

Rise of out-of-home consumption and new coffee cultures

Global Out-of-Home Coffee Market Trends and Insights

Drivers Impact Analysis

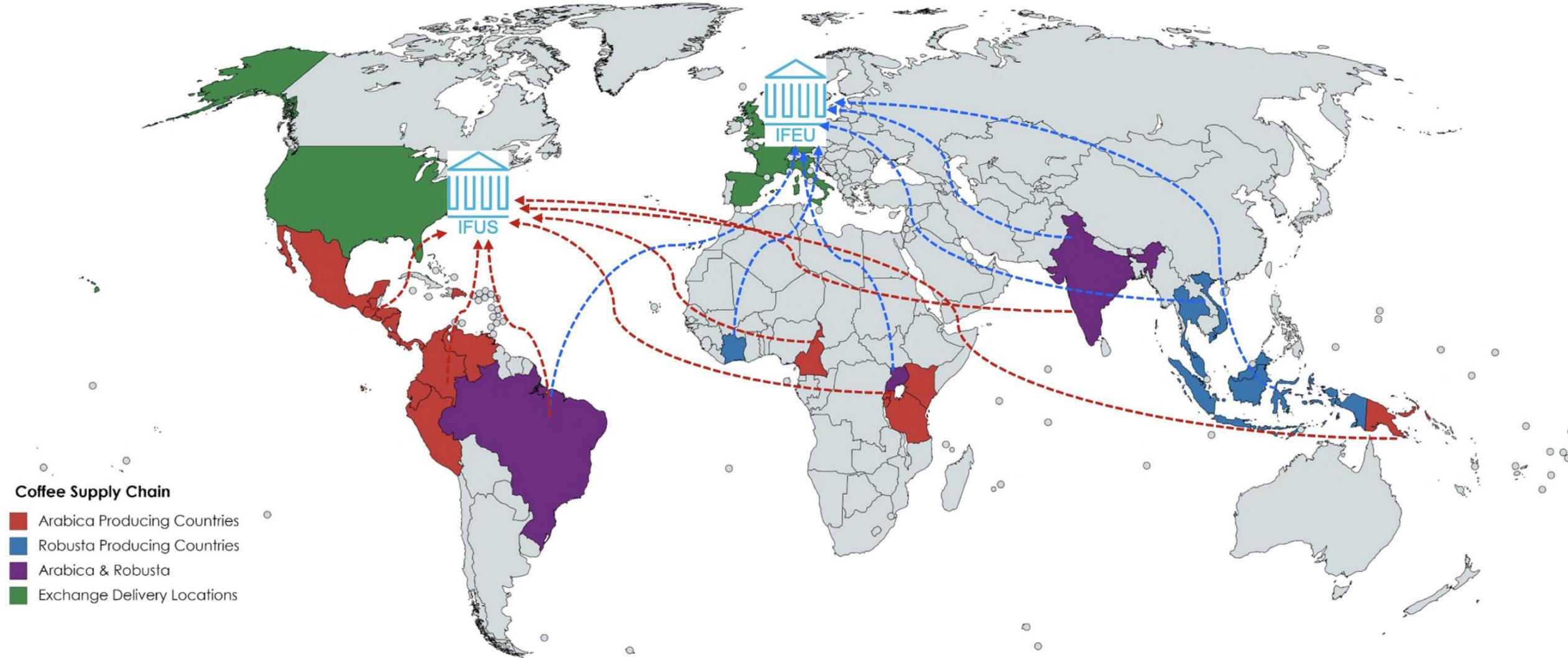
DRIVER	(~) % IMPACT ON CAGR FORECAST	GEOGRAPHIC RELEVANCE	IMPACT TIMELINE
Rising specialty-coffee demand among Millennials and Gen Z	+1.2%	Global, strongest in North America and Europe	Medium term (2-4 years)
Convenience-led uptake of RTD and cold-brew formats	+0.8%	Global, led by Asia-Pacific and North America	Short term (≤ 2 years)
Expansion of café chains and social café culture	+0.9%	Middle East and North America, Asia-Pacific core with spillover to Europe	Long term (≥ 4 years)
AI-driven beverage personalisation lifting average ticket size	+0.6%	North America and Europe, expanding to Asia-Pacific	Medium term (2-4 years)
Premiumization with specialty blends and artisanal methods	+0.7%	Europe, North America, urban Asia-Pacific markets	Medium term (2-4 years)
Drive-thru micro-formats boosting suburban throughput	+0.5%	North America, expanding to Europe	Short term (≤ 2 years)

Source: Mordor Intelligence

PRICE FORMATION & MARKET DYNAMICS

- ICE Arabica and London Robusta futures
- Hedging and risk management
- Contract price formation vs ICE price

Coffee Exchange Supply Chain



Created with mapchart.net ©

ICE Arabica and London Robusta futures

Coffee Mar '26 (KCH26)

379.70s -3.60 (-0.94%) 11/26/25 [ICE/US]

COFFEE PRICES for Wed, Nov 26th, 2025

Notes Alerts Watch Help

Find the latest Coffee prices and Coffee futures quotes for all active contracts below.

Intraday Main View options quotes flipcharts download

Latest futures price quotes as of Thu, Nov 27th, 2025.

Tap into music's global surge. Learn more about MUSQ ETF. [Ad]

Contract	Last	Change	Open	High	Low	Previous	Volume	Open Int	Time	Links
+ KCY00 (Cash)	410.52s	+6.25	410.52	410.52	410.52	404.27	N/A	N/A	11/26/25	⋮
+ KCZ25 (Dec '25)	411.50s	-2.70	411.95	412.35	407.55	414.20	81	771	11/26/25	⋮
+ KCH26 (Mar '26)	379.70s	-3.60	380.05	383.00	375.55	383.30	8,824	81,025	11/26/25	⋮
+ KCK26 (May '26)	362.70s	-3.00	362.65	365.70	358.90	365.70	4,662	32,324	11/26/25	⋮
+ KCN26 (Jul '26)	348.00s	-2.70	348.65	351.00	344.30	350.70	2,844	13,841	11/26/25	⋮
+ KCU26 (Sep '26)	336.35s	-2.70	337.00	339.20	332.90	339.05	2,601	15,777	11/26/25	⋮
+ KCZ26 (Dec '26)	327.80s	-3.60	328.00	331.15	324.50	331.40	2,275	10,455	11/26/25	⋮
+ KCH27 (Mar '27)	323.35s	-3.85	325.75	327.00	320.95	327.20	364	2,721	11/26/25	⋮
+ KCK27 (May '27)	320.20s	-3.85	322.50	323.95	317.80	324.05	49	499	11/26/25	⋮
+ KCN27 (Jul '27)	316.50s	-3.90	319.20	320.40	314.15	320.40	19	429	11/26/25	⋮

Agriculture | Coffee

ICE Futures U.S.

Coffee C[®] Futures

VIEW FUTURES

VIEW OPTIONS

Description

The Coffee C contract is the world benchmark for Arabica coffee. The contract prices physical delivery of exchange-grade green beans, from one of 20 countries of origin in a licensed warehouse to one of several ports in the U. S. and Europe, with stated premiums/discounts for ports and growths.

Deliverable Origins

Mexico, Salvador, Guatemala, Costa Rica, Nicaragua, Kenya, Papua New Guinea, Panama, Tanzania, Uganda, Honduras, and Peru all at par, Colombia at 400 point premium, Burundi, Rwanda, Venezuela and India at 100 point discount, Dominican Republic and Ecuador at 400 point discount, and Brazil at 600 point discount.

Deliverable Locations

Exchange licensed warehouse in the Ports of New York, District, of Virginia, New Orleans, Houston, Miami, Bremen/Hamburg, Antwerp and Barcelona.

ICE Arabica and London Robusta futures

Robusta Coffee 10-T Jan '26 (RMF26)

4,513s **-46 (-1.01%)** 11/26/25 [ICE/EU]

ROBUSTA COFFEE 10-T PRICES for Wed, Nov 26th, 2025

Notes Alerts Watch Help

Find the latest Robusta Coffee 10-T prices and Robusta Coffee 10-T futures quotes for all active contracts below.

Intraday Main View options quotes flipcharts download

Latest futures price quotes as of Thu, Nov 27th, 2025.

Tap into music's global surge. Learn more about MUSQ ETF. [Ad]

Contract	Last	Change	Open	High	Low	Previous	Volume	Open Int	Time	Links
+ RMF26 (Jan '26)	4,513s	-46	4,543	4,575	4,483	4,559	5,079	28,719	11/26/25	⋮
+ RMH26 (Mar '26)	4,377s	-37	4,365	4,428	4,345	4,414	4,889	24,572	11/26/25	⋮
+ RMK26 (May '26)	4,303s	-28	4,296	4,341	4,272	4,331	2,212	6,836	11/26/25	⋮
+ RMN26 (Jul '26)	4,244s	-22	4,253	4,266	4,223	4,266	569	3,167	11/26/25	⋮
+ RMU26 (Sep '26)	4,200s	-19	4,206	4,219	4,184	4,219	157	1,862	11/26/25	⋮
+ RMX26 (Nov '26)	4,162s	-18	4,178	4,178	4,144	4,180	60	924	11/26/25	⋮

Agriculture | Coffee

ICE Futures Europe Robusta Coffee Futures

VIEW FUTURES VIEW OPTIONS

Description

The Robusta Coffee futures contract is used as the global benchmark for the pricing of physical Robusta Coffee. It is actively traded by producers, exporters, trade houses, importers and roasters as well as by managed funds and both institutional and short-term investors.

Deliverable Origins

Any robusta producing country. No discounts/premium on origin level. Discount/premium on quality level only.

Deliverable Locations

Amsterdam, Antwerp, Barcelona, Bremen, Felixstowe, Genova-Savona, Hamburg. Le Havra, Liverpool, London, New Orleans, Rotterdam, Trieste

Hedging and risk management

The Origins: Barter Systems and Early Markets

The roots of commodity trading can be traced back to the dawn of human civilization. In ancient times, people engaged in barter—trading goods directly for other goods—as a means to acquire the resources they needed. Early societies, such as those in Mesopotamia and Egypt, exchanged surplus crops, livestock, and other essentials, laying the groundwork for more complex trading systems.

As trade expanded, marketplaces began to emerge in various regions, becoming hubs where traders could meet and exchange goods. These early markets were not just places for economic transactions but also centers of social interaction and cultural exchange. Over time, specific commodities like salt, spices, and precious metals became highly valued, often serving as a form of currency.

The Rise of Formalized Markets: Ancient to Medieval Times

The need for standardized trade and regulation led to the establishment of formalized markets. In ancient Greece and Rome, commodities like grain, olive oil, and wine were traded in large quantities, and market regulations began to take shape. The Roman Empire, in particular, created a vast trading network that connected Europe, the Middle East, and North Africa, facilitating the flow of goods across long distances.

During the medieval period, the growth of trade fairs in Europe—such as those in Champagne, France—further boosted commodity trading. These fairs attracted merchants from across the continent, enabling the exchange of a wide variety of goods, including textiles, metals, and spices. The introduction of standardized weights and measures, as well as the development of early financial instruments like bills of exchange, helped to formalize trade and reduce risks for merchants.

The Birth of Modern Commodity Markets: The Age of Exploration

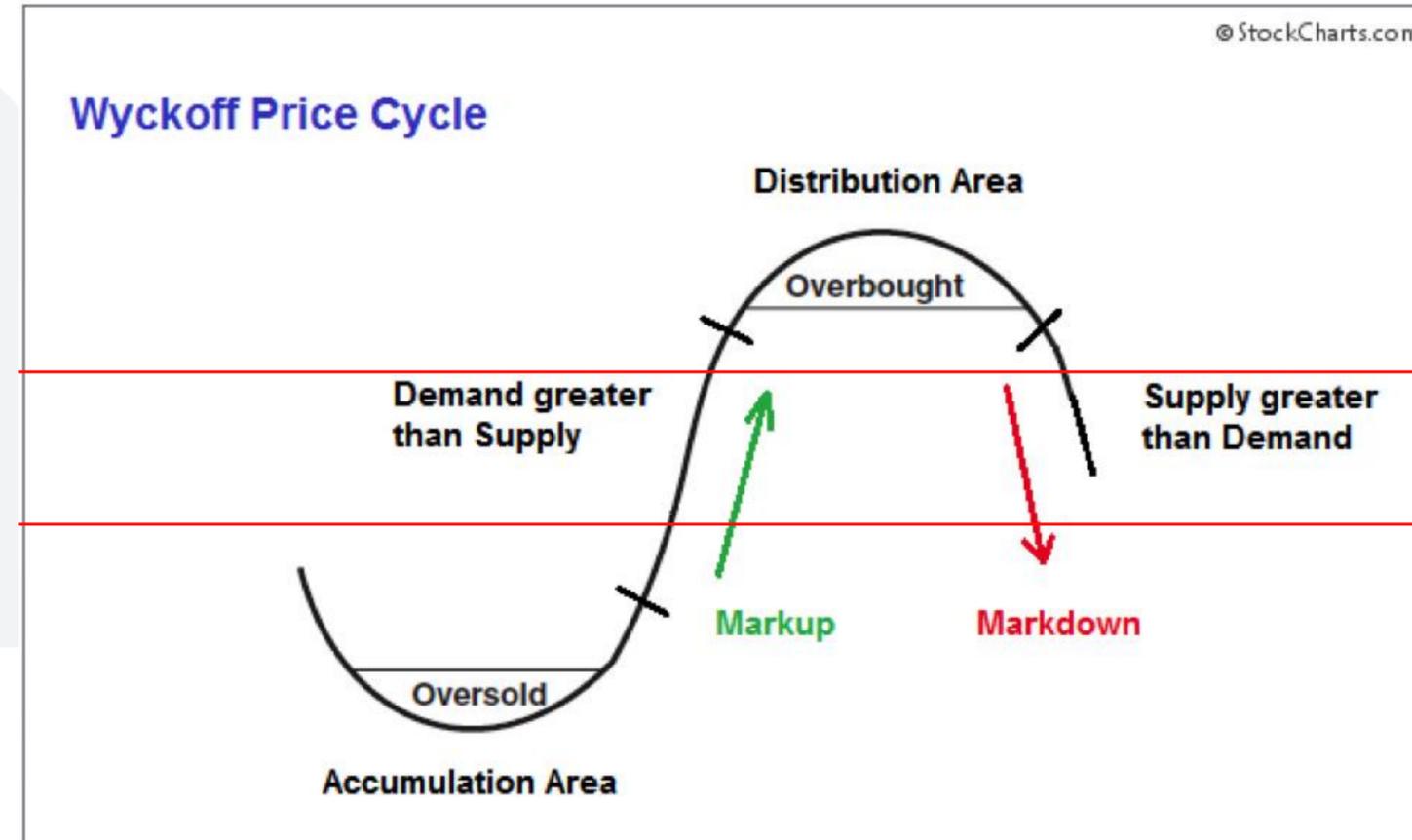
The Age of Exploration in the 15th and 16th centuries marked a turning point in the history of commodity trading. As European explorers ventured to the Americas, Africa, and Asia, they encountered new resources and established trade routes that spanned the globe. Commodities like sugar, tobacco, and coffee became highly sought after, leading to the rise of colonial economies based on the extraction and export of these goods.

The increased volume and complexity of trade necessitated the creation of more organized markets. The establishment of the Amsterdam Stock Exchange in 1602, followed by the London Metal Exchange in 1877, marked the beginnings of modern commodity exchanges. These exchanges provided a central place for buyers and sellers to meet, negotiate prices, and settle transactions, paving the way for the sophisticated trading systems we see today.

The Industrial Revolution and the Birth of Futures Trading

The Industrial Revolution in the 18th and 19th centuries brought about significant changes in commodity trading. As economies shifted from agrarian to industrial, the demand for raw materials like coal, iron, and cotton skyrocketed. This period also saw the development of futures contracts—agreements to buy or sell a commodity at a predetermined price at a future date.

Futures trading began as a way for farmers and merchants to hedge against the risks of price fluctuations. The Chicago Board of Trade (CBOT), established in 1848, became a leading marketplace for trading agricultural commodities like wheat and corn. Futures contracts provided stability and predictability, allowing businesses to plan and invest with greater confidence.



Soft Commodities Futures Market Origins

Current Market	Current Exchange	First Iteration	Year
Cotton No. 2 Futures	ICE Futures US	New York Cotton Exchange	1870
Coffee 'C' Futures	ICE Futures US	Coffee Exchange of the City of New York	1882
White Sugar Futures	ICE Futures Europe	United Terminal Sugar Market Association*	1888
Sugar No. 11 Futures	ICE Futures US	Coffee Exchange of New York (Later renamed New York Coffee and Sugar Exchange in 1916)	1914
Cocoa Futures	ICE Futures US	New York Cocoa Exchange	1925
London Cocoa Futures	ICE Futures Europe	Cocoa Terminal Markets Association*	1928
UK Feed Wheat Futures	ICE Futures Europe	London Grain Futures Market*	1929
Robusta Futures	ICE Futures Europe	Coffee Terminal Markets Association* **	1958
FCOJ Futures	ICE Futures US	New York Cotton Exchange	1966

* Source: Evans, Giles, editor. "Exchange Directory." *ICCH Commodities Yearbook 1990*. Macmillan Publishers Ltd, 1990, pp. 307-309.

** Coffee Terminal Markets Association was also preceded by a Coffee Trade Association which was established in 1888.



What do you mean by hedging?

Hedging is a risk management strategy to **offset losses** in investments by **taking an opposite position** in a related asset. The reduction in risk provided by hedging also typically results in a reduction in potential profits. Hedging requires one to pay money for the protection it provides, known as the **premium**.

COMMODITY TRADING Club

HOW HEDGING WORKS

For a food manufacturer managing wheat price risk

- 1** A food manufacturer buys wheat that it will use in production in six months.
- 2** The manufacturer enters into a futures contract to **buy** the same amount of wheat at today's price
- 3** If the price of wheat rises, the manufacturer will pay more in the market, but the futures position will gain, offsetting the loss
- 4** If the price of wheat falls, the manufacturer pays less in the market, but the futures contract results in a loss which offsets the savings – stabilizing the final cost

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Hedging and risk management

Futures Contract



Risk Management Instruments

- **Future** – Contract to buy (sell) a specific quantity of goods at a specific price for a fixed period in the future
 - Standardized terms including:
 - Quantity
 - Par Quality
 - Delivery Period
- **Option** – Contract for the right, but not the obligation, to buy (sell) a futures contract at a pre-determined price
 - Terms include:
 - Whether the right is to buy (“Call” option) or sell (“Put”) Option
 - The price at which the purchase (sale) would occur
- Other markets include **calendar spreads, calendar spread options (CSOs), inter-market spreads, and trade-at-settlement.**

Price Basis

Green Coffee Price (Outright Price)	Basis	Contract Requirements	\$20*	Contract Requirements	\$0.05*
		Delivery Terms	\$50*	Delivery Terms	\$0.05*
		Origin DIFFERENTIAL (standard terms)	\$150*	Origin DIFFERENTIAL (standard terms)	\$0.10*
	Futures 	Robusta Contract Terms	\$1,350*	Coffee "C" Contract Terms	\$1.10*

- 10 MT
- Free-on-Truck
- Licensed warehouse
- Any origin
- Warrant Weights (MT)
- Rent paid through end of Delivery Month
- +/- 2 months rent differential

- 37,500 lbs (17 MT)
- In-store
- Licensed warehouse
- Origin prem/disc
- Port prem/disc
- Age discount
- Warrant Weights (lbs)
- Outbound and Rent cost adjustments

* Figures are shown as an example and **NOT** indicative of current value.