

Sugar, Coffee Jump as Hurricane Threatens Central America Crops

- Powerful Iota packs catastrophic winds, torrential rain
- Raw sugar soars to three-year high on Guatemala woes

By Marvin G. Perez and Patrick McKiernan

(Bloomberg) --

Raw-sugar futures surged to a three-year high and arabica coffee jumped the most since July as the Atlantic's strongest storm of the year, packing catastrophic winds and torrential rain, threatens crops in Central America, a region still reeling from a storm two weeks ago.

On ICE Futures U.S. in New York, raw sugar for March delivery rose 3.5% to 15.48 cents a pound at 11:53 a.m. after reaching 15.58 cents, the highest for a most-active contract since May 26, 2017. Arabica coffee for March delivery climbed 5% to \$1.1785 a pound, heading for the biggest gain since July 22.

Iota will hit near the Honduras-Nicaragua border on Monday in the aftermath of Hurricane Eta, which killed more than 100 people. Iota's winds reached 160 miles (257 kilometers) per hour as a Category 5 storm, the strongest on the five-step Saffir Simpson scale. A hurricane that powerful can crush homes, snap trees and make areas uninhabitable for months.

Honduras is Central America's biggest arabica producer. Guatemala is second and a key shipper of raw and refined sugar. Iota may bring 24 inches (61 cm) to 36 inches of rain as the storm crosses the two countries and Nicaragua, Donald Keeney, senior meteorologist for Maxar in Gaithersburg, Maryland, said in a telephone interview.

The region was hammered by Tropical Depression Eta earlier this month as torrential rain damaged roads, compounding hurdles for growers facing labor shortages during the coronavirus pandemic.

Most commodities climbed after U.S. equities gained on optimism for a coronavirus vaccine.

Central America may get more wet weather following Iota with as much as 2 inches of rain later this week, Maxar's Keeney said.

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