

1BN) Coffee Reaches Eight-Month High as European Stockpiles Decline

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By Isis Almeida

May 21 (Bloomberg) -- Robusta coffee reached an eight-month high in London as roasters continued to tap European stockpiles and sales slowed from Vietnam, the largest global producer. Sugar rose and cocoa retreated.

Robusta inventories with valid certificates in warehouses monitored by NYSE Liffe were 171,380 metric tons as of May 14, down 0.7 percent from two weeks earlier, data from the exchange showed. Stockpiles have been falling since reaching an all-time high of 417,420 tons in July. Sales of beans in Vietnam slowed as farmers' stockpiles became "thinner," Volcafe, a unit of commodities trader ED&F Man Holdings Ltd., said in a report e-mailed May 18.

"The accelerated pace of the fall of robusta certified stockpiles on NYSE Liffe, the strength of the London market and the firm differentials in Vietnam and of conillons in Brazil continue to surprise the market," Rodrigo Costa, a coffee market specialist, wrote in a report for Sao Paulo-based Archer Consulting. A differential is a discount or premium for physical coffee in relation to futures prices.

Robusta for July delivery touched \$2,237 a ton, the highest level since Sept. 5, on NYSE Liffe in London. Prices were little changed at \$2,216 by 10:37 a.m. local time. A Bloomberg survey on March 26 predicted prices would climb as high as \$2,236 by the end of May. Arabica coffee for July delivery rose 1.2 percent to \$1.813 a pound on ICE Futures U.S. in New York.

Vietnamese Beans

Buyers of Vietnamese coffee were getting a discount of \$10 a ton to NYSE Liffe prices, Volcafe said. The discount needs to be at least \$120 a ton to encourage delivery to the exchange, according to London-based broker Marex Spectron Group.

Conillons, as Brazilian robusta coffee is known, were at a premium of 2 cents a pound (\$44 a ton), Rio de Janeiro-based broker Flavour Coffee said May 17.

White, or refined, sugar for August delivery gained 0.5 percent to \$573.20 a ton on NYSE Liffe. Raw sugar for July delivery rose 0.7 percent to 20.62 cents a pound in New York.

Cocoa for July delivery slid 0.3 percent to 1,547 pounds (\$2,445) a ton in London. Cocoa for July delivery fell 0.4 percent to \$2,265 a ton on ICE.

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