

(BN) Coffee Reaches One-Month High on Supply-Curb Signal; Cocoa Gains

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By Isis Almeida

July 9 (Bloomberg) -- Robusta coffee rose to a one-month high on speculation supplies will be curbed as farmers in leading grower Vietnam hold back beans and as Ramadan's start slows sales from third-ranking Indonesia. Cocoa gained.

Coffee exports from Vietnam were probably 91,000 metric tons in June, below 141,000 tons a year earlier, the agriculture ministry estimated. Coffee deliveries from Indonesia usually accelerate before Ramadan, which starts this month. Futures for September delivery became more expensive than the November contract yesterday, a backwardation that usually signals supply concern.

"Vietnamese are likely to keep holding on to what is left of the remaining 2012-13 coffee crop, causing premiums to rise again against London futures," Kona Haque, a London-based analyst at Macquarie Group Ltd., Australia's biggest investment bank, said in a report e-mailed today.

Robusta coffee for delivery in September climbed 2.3 percent to \$1,863 a ton by 12:20 p.m. on NYSE Liffe in London.

Prices rose to \$1,867, the highest for a most-active contract since June 7. Arabica coffee for delivery the same month rose

0.5 percent to \$1.2405 a pound on ICE Futures U.S. in New York.

The September robusta contract was at a \$6-a-ton premium to November futures, exchange prices showed. That compares with yesterday's \$1 premium and a discount of \$8 a week ago. Indonesia coffee deliveries usually pick up again before Eid, the festival season that marks the end of Ramadan. Sales are expected to increase before Eid to pay for the celebrations and the school fees of children, Volcafe, owned by ED&F Man Holdings Ltd., said in a report e-mailed on June 28.

Cocoa Gains

Cocoa for delivery in September advanced 0.8 percent to 1,520 pounds (\$2,259) a ton in London after sliding 1.2 percent yesterday. Cocoa in New York gained 0.6 percent to \$2,188 a ton.

"We remain mostly friendly on cocoa prices for the third quarter and beyond, as we believe that the bulk of the West African selling is complete now," Haque said. "Recent pod-counting results indicate some dry-weather risks for the new-season main crop and July-to-August rainfall patterns will need to be watched closely."

Refined, or white, sugar for delivery in October rose 0.3 percent to \$476 a ton on NYSE Liffe. Raw sugar advanced 0.2 percent to 16.37 cents a pound on ICE.

Sugar buying is set to ease as demand fueled by Ramadan slows and supplies increase amid drier weather in Brazil, the world's leading producer, Haque said.

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