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Top Stocks

Coffee set to get cheaper in 2014

There's an oversupply of beans globally, which might lead to further price slides. But java purveyors aren't keen to give up any profits.

By [Benzinga](#) Fri 9:37 AM

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By [Bruce Kennedy](#)

What will 2014 mean for the price of your daily cup (or two) of coffee?

If you purchase that morning beverage or afternoon pick-up from your local barista, you probably won't see much of a change.

But a continuing oversupply of coffee on a global scale probably means supermarket and wholesale prices will continue to drop.

The [Wall Street Journal](#) reports coffee prices fell 20 percent in 2013, down 49 percent since 2011.

A recent U.S. [Department of Agriculture report](#), meanwhile, notes stockpiles are expected to rise in many

coffee-producing countries, particularly in Brazil and Vietnam, while the demand from coffee-consuming countries remains "relatively flat."

And although an outbreak of "coffee rust" plant disease in Mexico and Central America is forecast to significantly reduce production in that region, any local decline, according to USDA, will be more than offset by coffee production elsewhere.

There are also concerns that coffee production will continue to rise this year.

"I don't think we've seen the absolute low for prices," Sterling Smith, a futures specialist at Citigroup, told The Journal. "There is a strong possibility that we will see record production in a new crop of coffee."

As previously [reported on Bzinga](#), coffee over-production has been a boon to consumers of the high-end arabica beans that end up in the beverages java-drinkers purchase at chains like [Starbucks \(SBUX -1.01%\)](#), [Dunkin Donuts \(DNKN -0.55%\)](#) or [Tim Hortons \(THI -0.69%\)](#).

And, of course, a lower commodity price plus unchanged prices on the menu means a windfall for the coffeehouse chains -- if they decide to not pass those savings on to their customers.

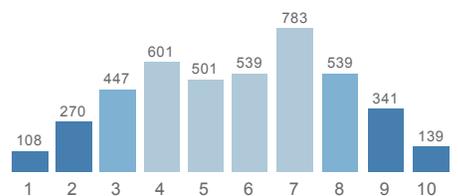
"The raw commodity, which is coffee, is going down. So your costs are going down, your revenues are staying about the same, which means your profitability is gonna go up," Duke University business professor Campbell Harvey recently explained on the American Public Media radio program, [Marketplace](#).

Industry observers, meanwhile, are keeping a close watch on Brazil, the world's [largest coffee producer](#), which could have another bumper crop in 2014 -- and which, in turn, could keep coffee prices sliding south.

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steveG1956

Fri 12:01 PM



this will yield higher profits to the coffee houses (starbucks, et al) who no doubt will not lower their retail prices.

likewise the grocery stores will be slow to drop their retail prices.

they all learned from the oil industry. fast up on prices, slow to drop. if at all.

9

4

Replies (1)

Ike Arumba

Fri 11:39 AM



I think I will print this story out so I can read it later if I can't get to sleep.

5

1

Replies (0)

Brutus625

Fri 11:49 AM



I was sucking down coffee and whiskey on Christmas morning - not much sleep, a house full of kids and in-laws, I had no choice.

I doubt the change in coffee prices will affect us much. I drink the generic stuff or whatever is on sale. Dollar General sells a pretty good generic coffee - so does Wal-Mart and Costco. As long as it's brewed, full of caffeine and strong as hell, I don't care.

5

2

Replies (0)

Re-TOG Re-TOG (Re-TOG)

Fri 11:28 AM



Two things I like to drink besides water...

Coffee and Whiskey; Occasionally I mix them....Wooooohooooo !!!

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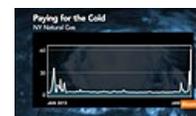
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red billy

Fri 1:02 PM



With Obamacare increasing the costs of health care any extra profit from the price of coffee dropping will be more than sucked up by insane health insurance premiums.

9 8 | Replies (0)

LostOnEarth

Fri 12:30 PM



Gevalia coffee and Christian Brothers brandy rule!

2 2 | Replies (0)

#FridayFive

3:39 PM Jan 03rd

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