

# 2025 OUTLOOK

— AGRICULTURAL COMMODITIES —



Coffee

Hedgepoint»  
GLOBAL MARKETS

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# Meet the speaker



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Market Intelligence Analyst

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FREE ONLINE EVENT

# » OUTLOOK 2025

CHECK OUT OUR SESSIONS SCHEDULE

**19**  
FEB

08:30AM (CST) OR 03:30PM (CET)  
**Soybeans complex  
and Vegetable oils**  
ONLINE AND LIVE VIA ZOOM

**20**  
FEB

08:30AM (CST) OR 03:30PM (CET)  
**Coffee Market**  
ONLINE AND LIVE VIA ZOOM

**25**  
FEB

08:30AM (CST) OR 03:30PM (CET)  
**Sugar and Ethanol  
Markets**  
ONLINE AND LIVE VIA ZOOM

**26**  
FEB

08:30AM (CST) OR 03:30PM (CET)  
**Corn and Wheat  
Markets**  
ONLINE AND LIVE VIA ZOOM





**Hedgepoint»**  
**HUB**

# A complete experience: from financial education and market intelligence to hedging execution

At Hedgepoint, clients have access to the **Hedgepoint HUB**, an exclusive digital platform offering courses on financial tools, in-depth analysis and reports, as well as features to support the daily routine of risk management.



## Courses and Modules

Hedging strategies, financial tools for risk management, and much more.



## Commodity Insights

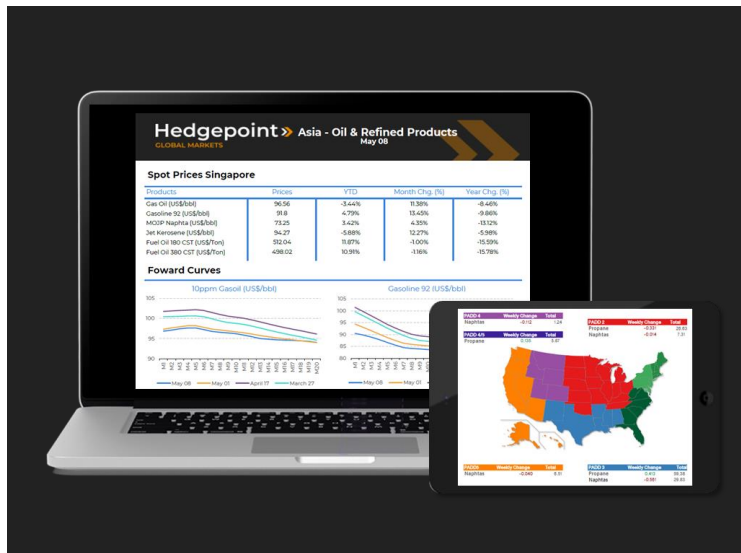
Market intelligence reports, expert content, and live interaction with specialists to stay on top of trends.



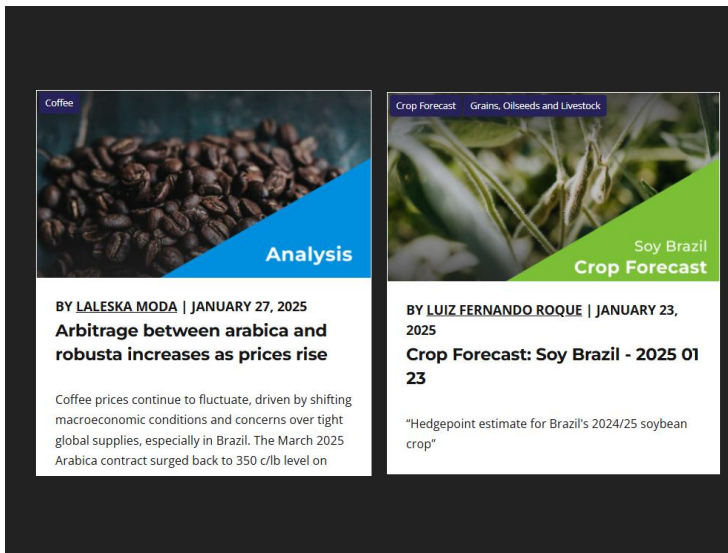
## Operations Management

Position control, margin call alerts, digital statements, and more to help you track your hedging operations.

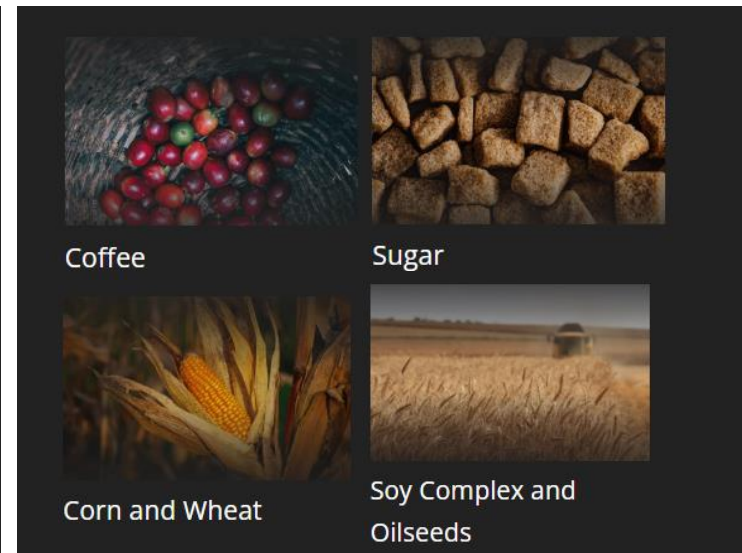
**Market Updates:** +50 dashboards



**Market Analysis:** written reports



**Market Calls:** live editions



Sugar and Ethanol

Cocoa

Coffee

Energy

Macroeconomics

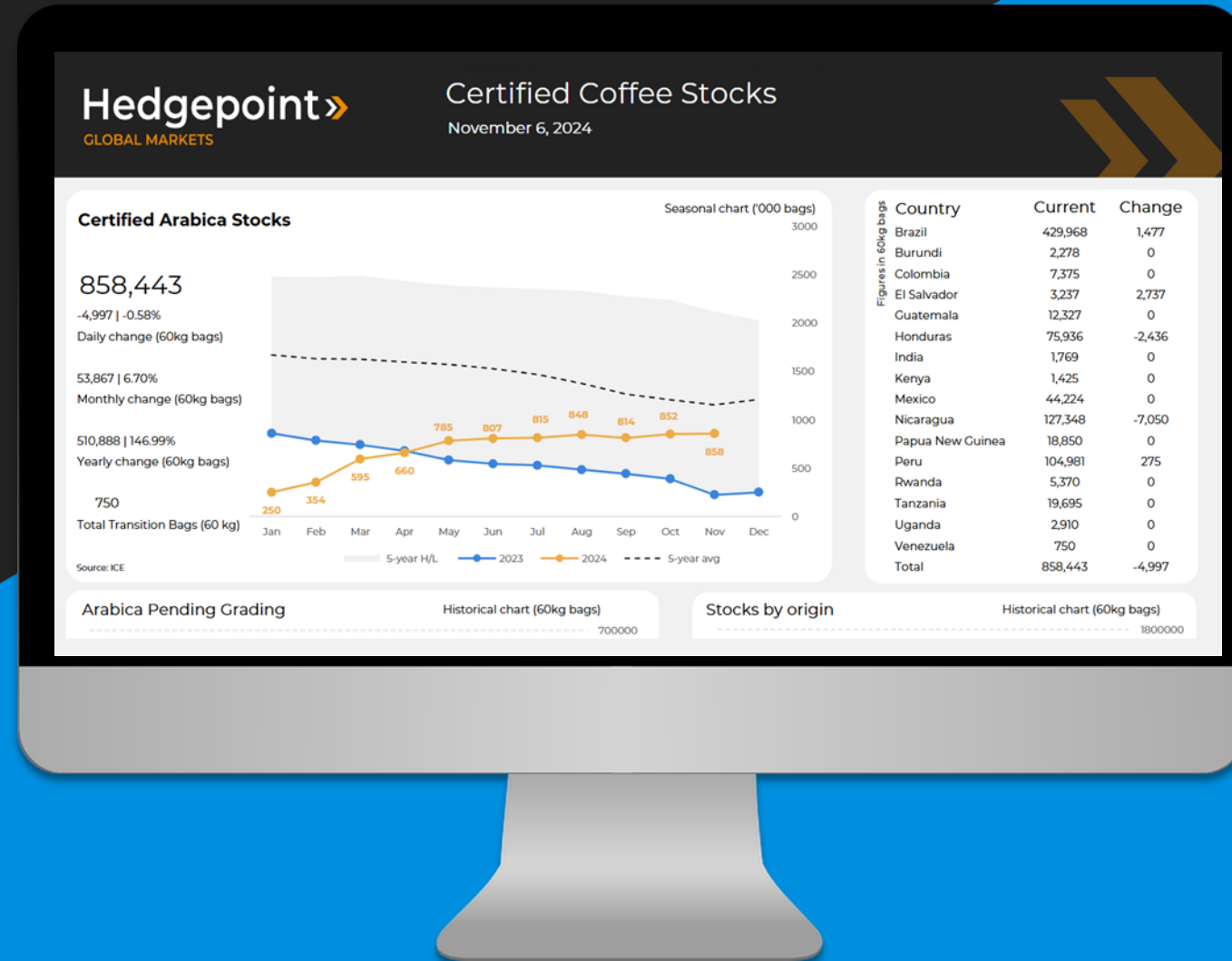
Multi-commodities

Grains, Cotton, Oilseeds and Livestock

# The information you need to support your decision-making.

- ▶ BR Farmer Selling
- ▶ BR Harvest Progress
- ▶ Coffee Differentials
- ▶ ECF Stocks
- ▶ JCA Stocks
- ▶ ICE Certified Stocks
- ▶ Weather Report: Brazil, Vietnam, Central America and Colombia

...and much more!



# Academy Content

## Trading Options

- Introduction to Options
- Premium prices and liquidation
- Negotiating Put Options
- Negotiating Call options
- Strip Options

## Origins of Commodities "Over the Counter" Markets

Origins of the Commodity Risk Management and Evolution of OTC Markets

OTC Market Dynamics, Evolution, and Innovations

Real-world Examples of Successful OTC Trading Strategies

## Commodities Tokens

- Introduction to ESG and Commodities
- Value Creation
- Blockchain fundamentals
- Traceability and Blockchain
- Commodities tokenization
- Tokenization in Practice

# Hedgepoint» ACADEMY

## Daily Pricing Structures

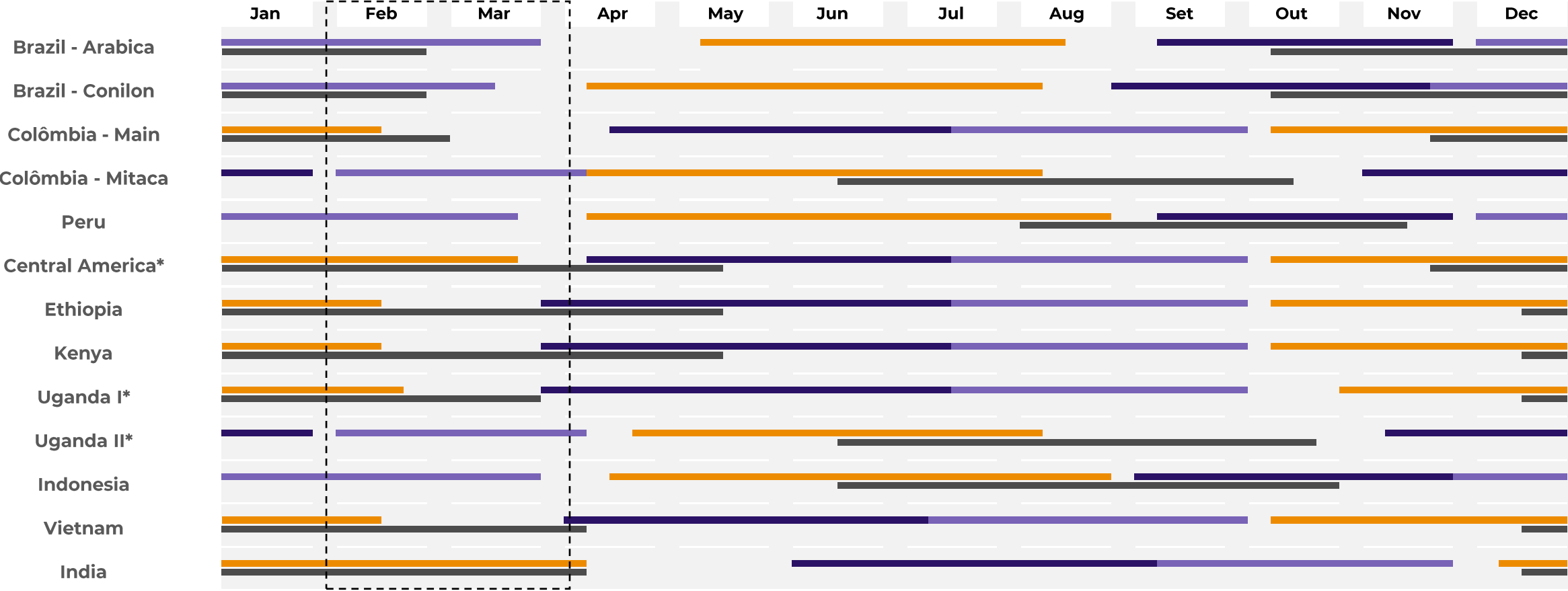
- Daily Pricing Structure for Producers
- Daily Pricing Structure for Consumers

## Exotic Options and Basic OTC Structures

- Asian Options
- Digital Options
- Barrier Options
- Structures - Collar
- Structures - Put Spread
- Structures - Call Spread



# Crop Calendar



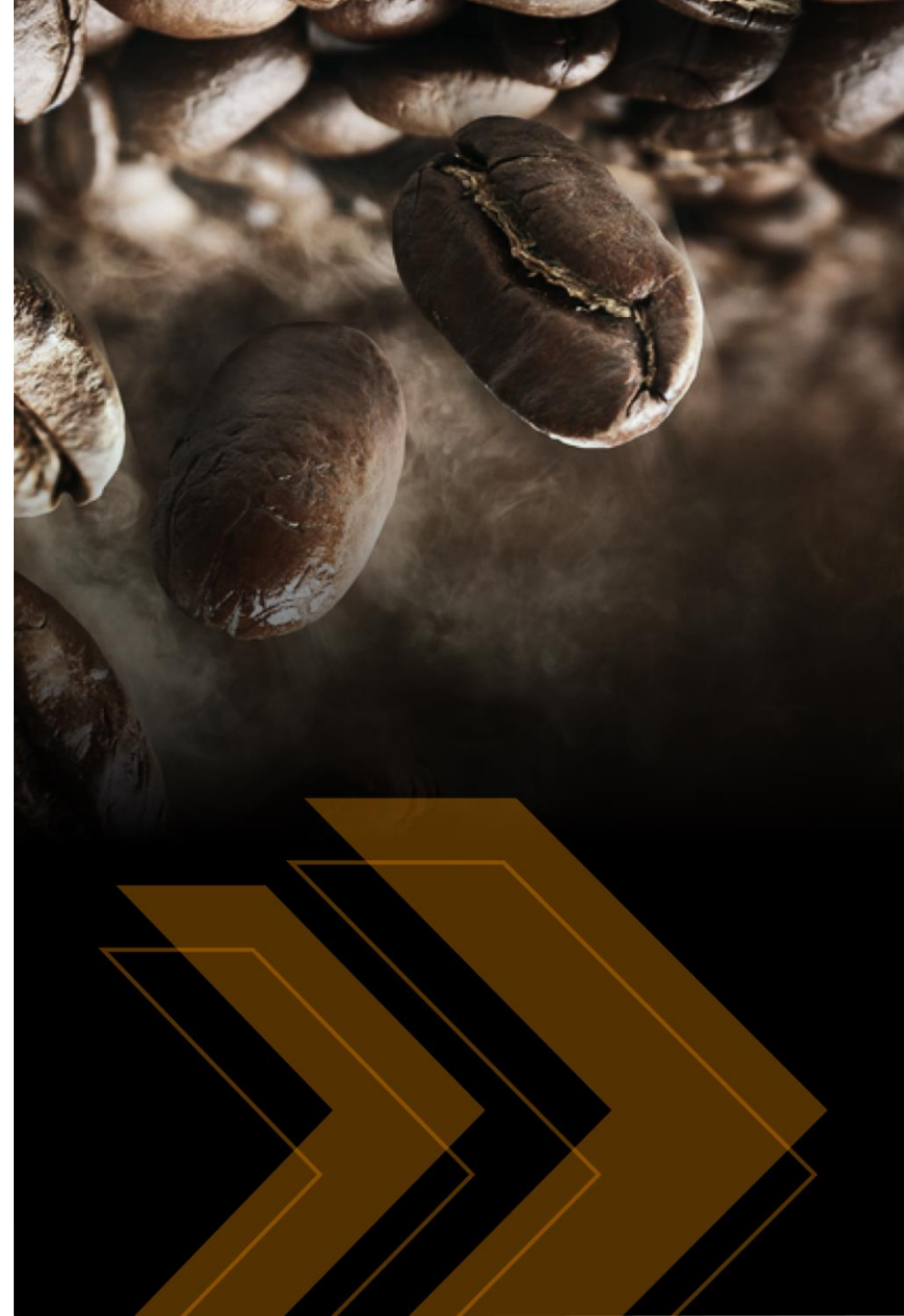
■ Harvest   
 ■ Blossom   
 ■ Development  
■ Main arrival in destinations

\*\*I: main harvest for the Central, East and North-Central regions; secondary harvest for the Masaka, West and Southwest regions. II: main harvest for the Masaka, West and Southwest regions; secondary harvest for the Central and East regions.

Source: Hedgepoint

# AGENDA

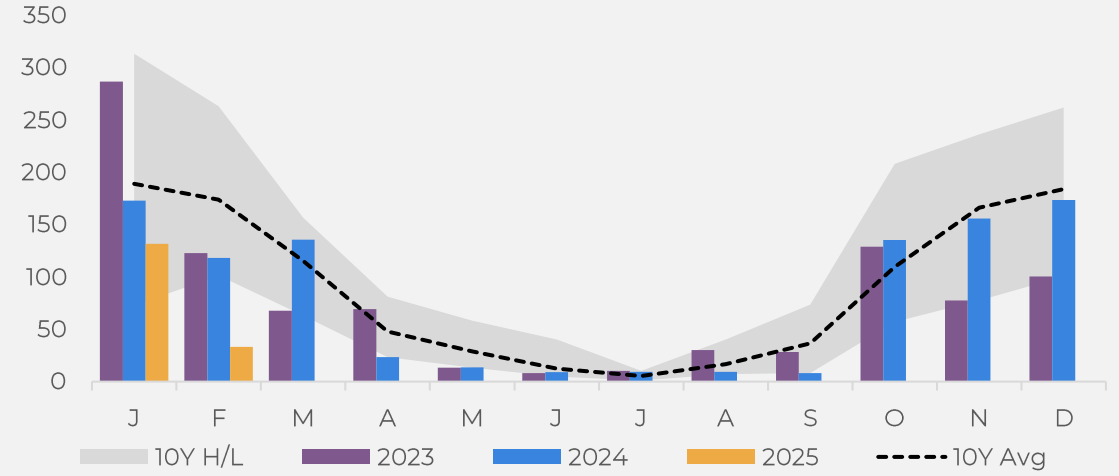
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# Weather continues adding risk to BR

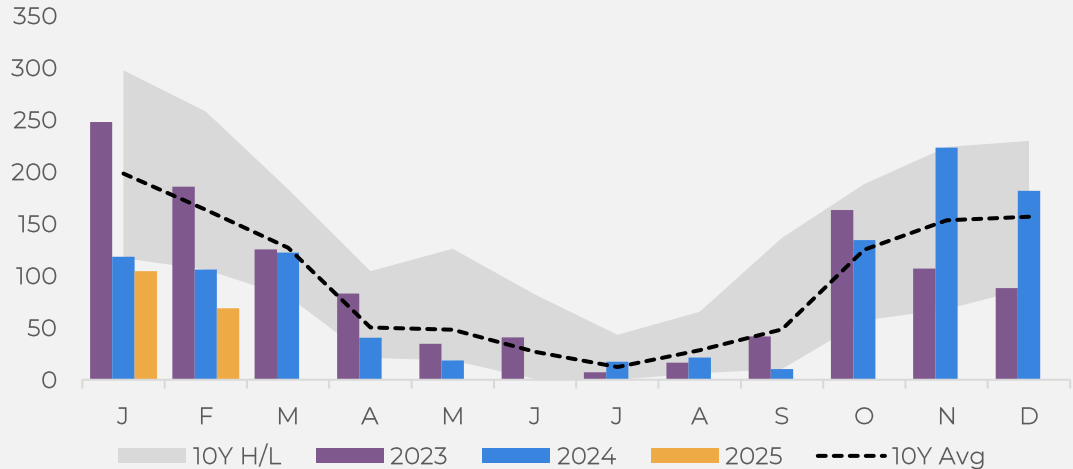
- After a drought that lasted until September, rain has returned to the coffee-growing regions, helping the flowers to set and the beans to fill.
- However, the improvement at the end of the year is not expected to compensate for the adverse weather for most of 2024.
- In addition, despite heavy rains at the beginning of Feb/25, the weather in Brazil has returned to dry and hot conditions, which also raises uncertainties about the negative impact on 25/26.

Minas Gerais: Cumulative Precipitation (mm)



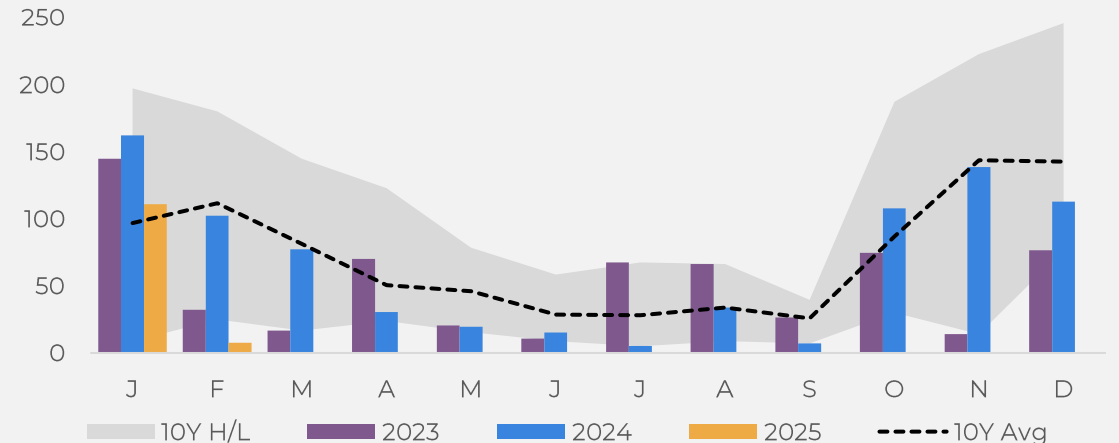
Source: Refinitiv

São Paulo: Cumulative Precipitation (mm)



Source: Refinitiv

Espírito Santo: Cumulative Precipitation (mm)



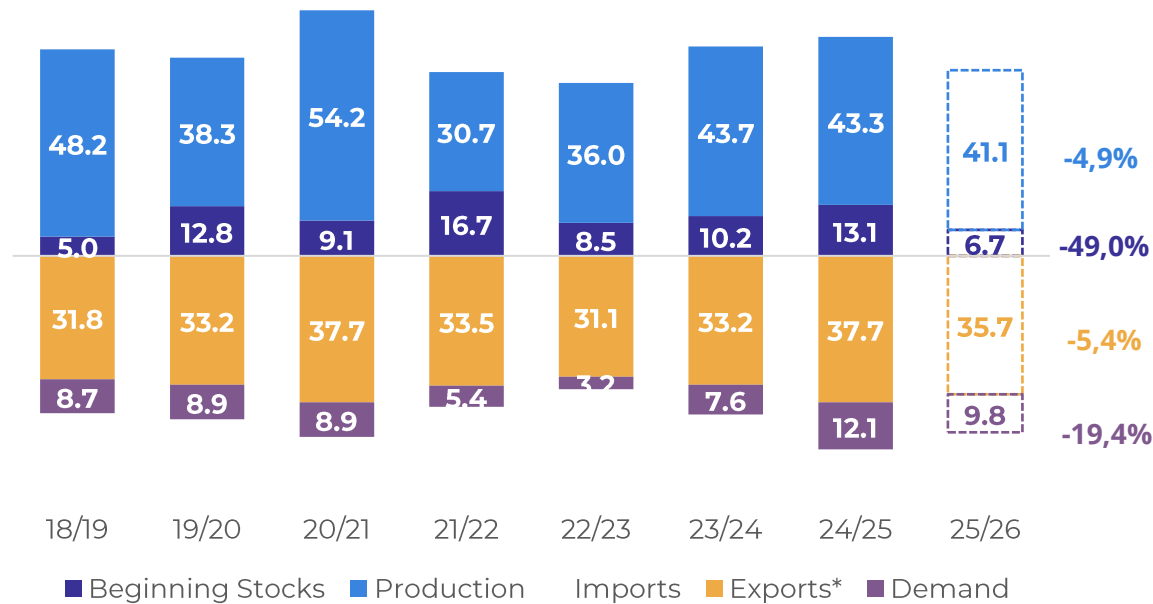
Source: Refinitiv

# Arabica drops, but Conilon could recover in 25/26

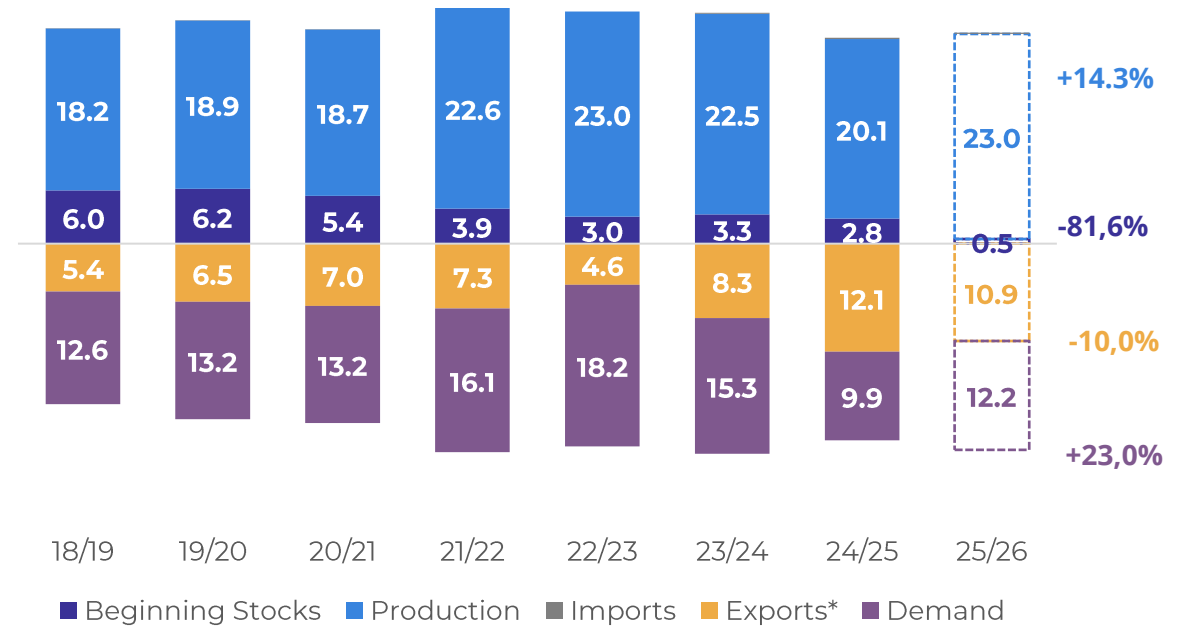
Given the climatic effect and the lower area (due to pruning), we estimate a 4.9% decline in Arabica to 41.1 M bags in 25/26. For Conilon, we estimate a recovery to 23 M bags (+14.3%) in the next cycle, to 64.1 M bags of coffee, with favorable weather conditions in 2024 and new investments in area. However, lower stocks could limit exports in the coming months.

In terms of total demand, current prices could lead to a decline to 25/26 total volume. While a reduction is anticipated for Arabica, an increase is expected for Conilon due to the current spread levels.

**Brazil: Supply and Demand of Arabica (M bags)**



**Brazil: Supply and Demand of Conilon/Robusta (M bags)**



Source: Hedgepoint

Source: Hedgepoint

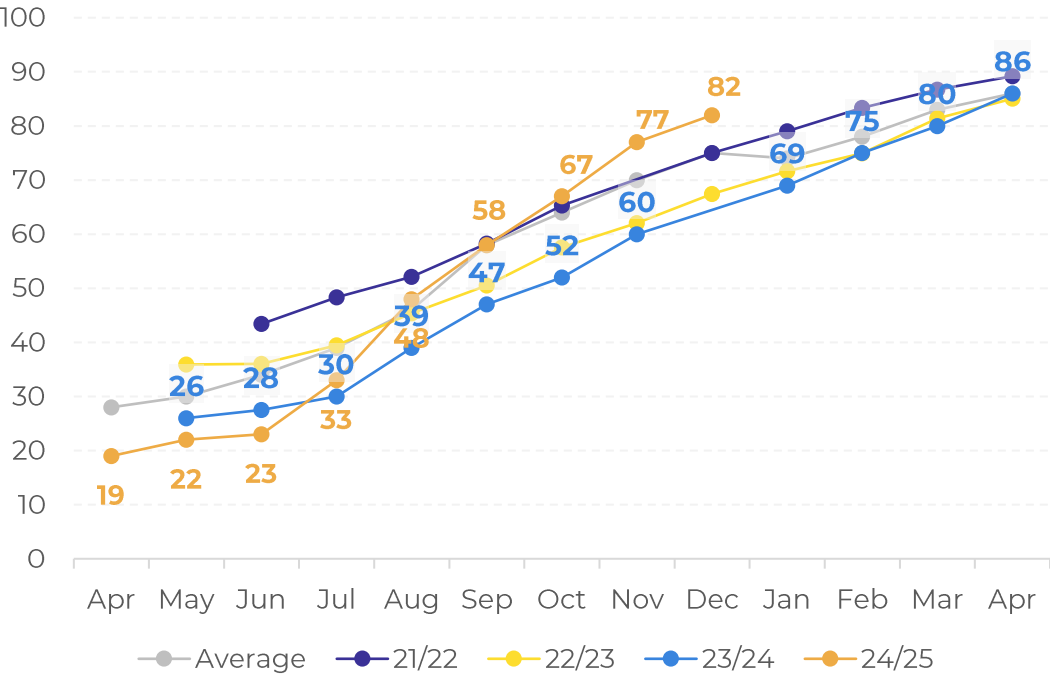
\* Exports from Apr-Mar



# Farmer selling is above average levels

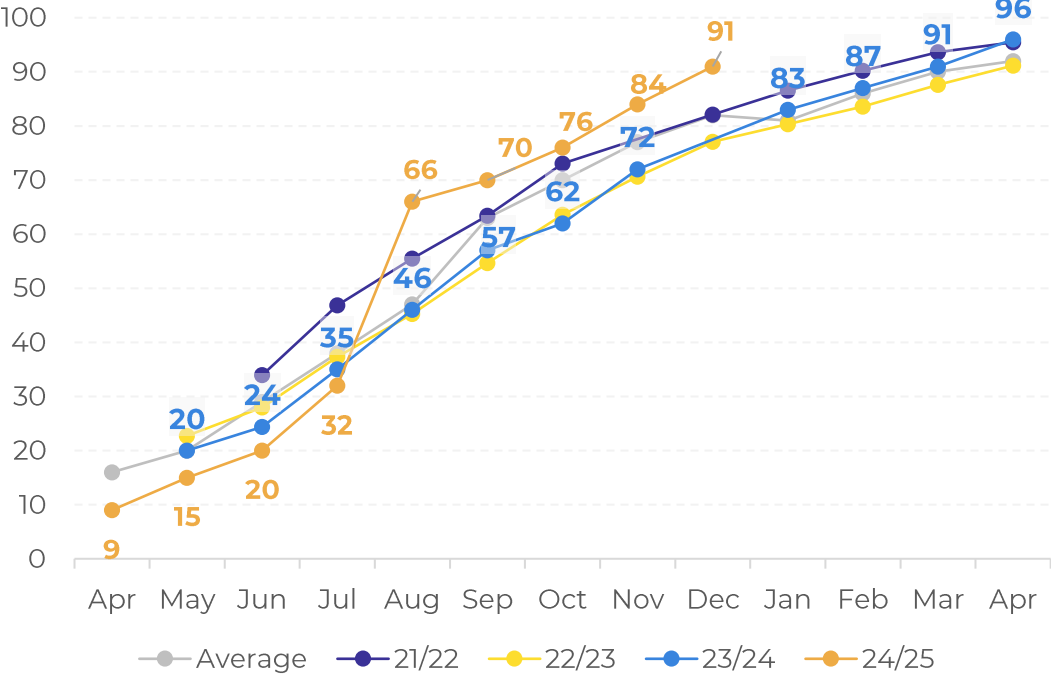
December farmer selling data shows that much of the 24/25 Brazilian crop has already been sold, which can limit the country's offer in the coming months.

**Brazil: Farmer Selling – Arabica (% do total)**



Source: Safras & Mercado

**Brazil: Farmer Selling – Conilon/Robusta (% do total)**

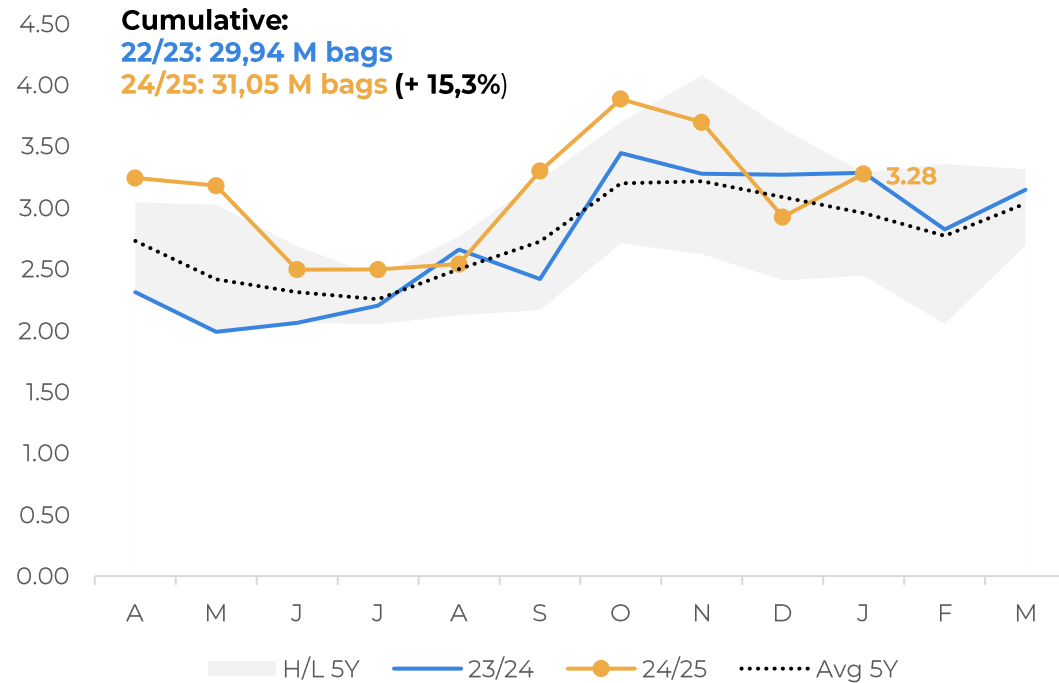


Source: Safras & Mercado

# So far Brazil has met the demand for coffee...

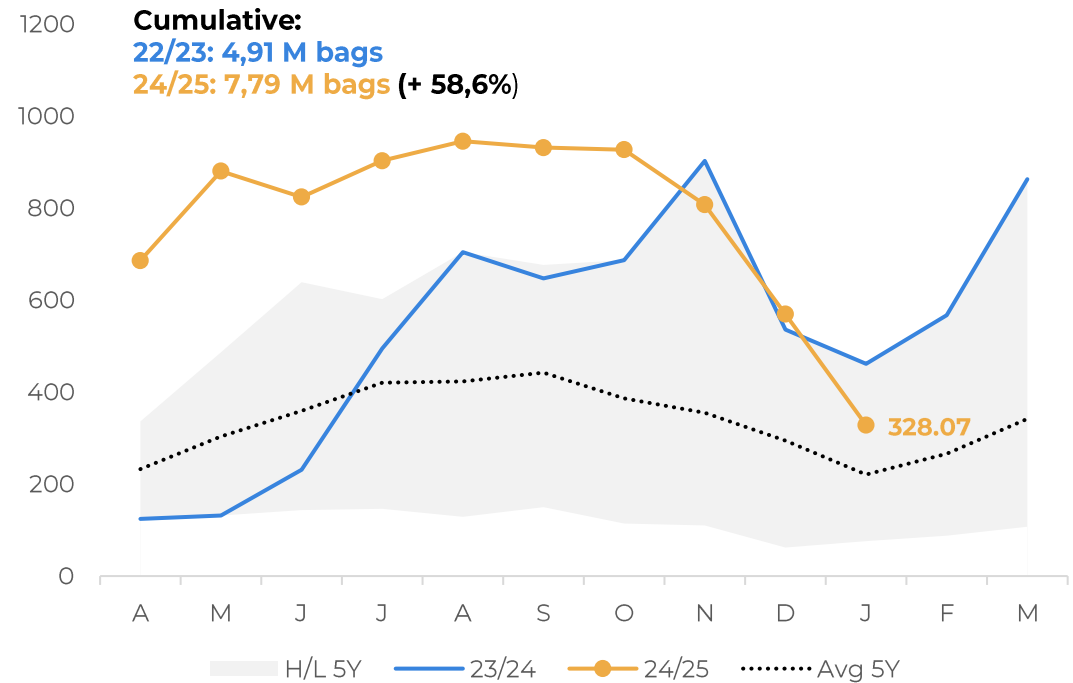
... However, the Brazilian off-season will see a reduction in coffee availability. The high level of selling of the 24/25 crop points to a significant reduction in stocks (especially of Conilon). While total exports for the current season should end at record levels, driven by a decline in supply from other origins, shipments in the coming months (and in 25/26) may be limited - as already reflected in Conilon shipments in January.

**Brazil: Exports of Green Arabica (M bags)**



Source: Cecafé

**Brazil: Exports of Green Conilon (M bags)**

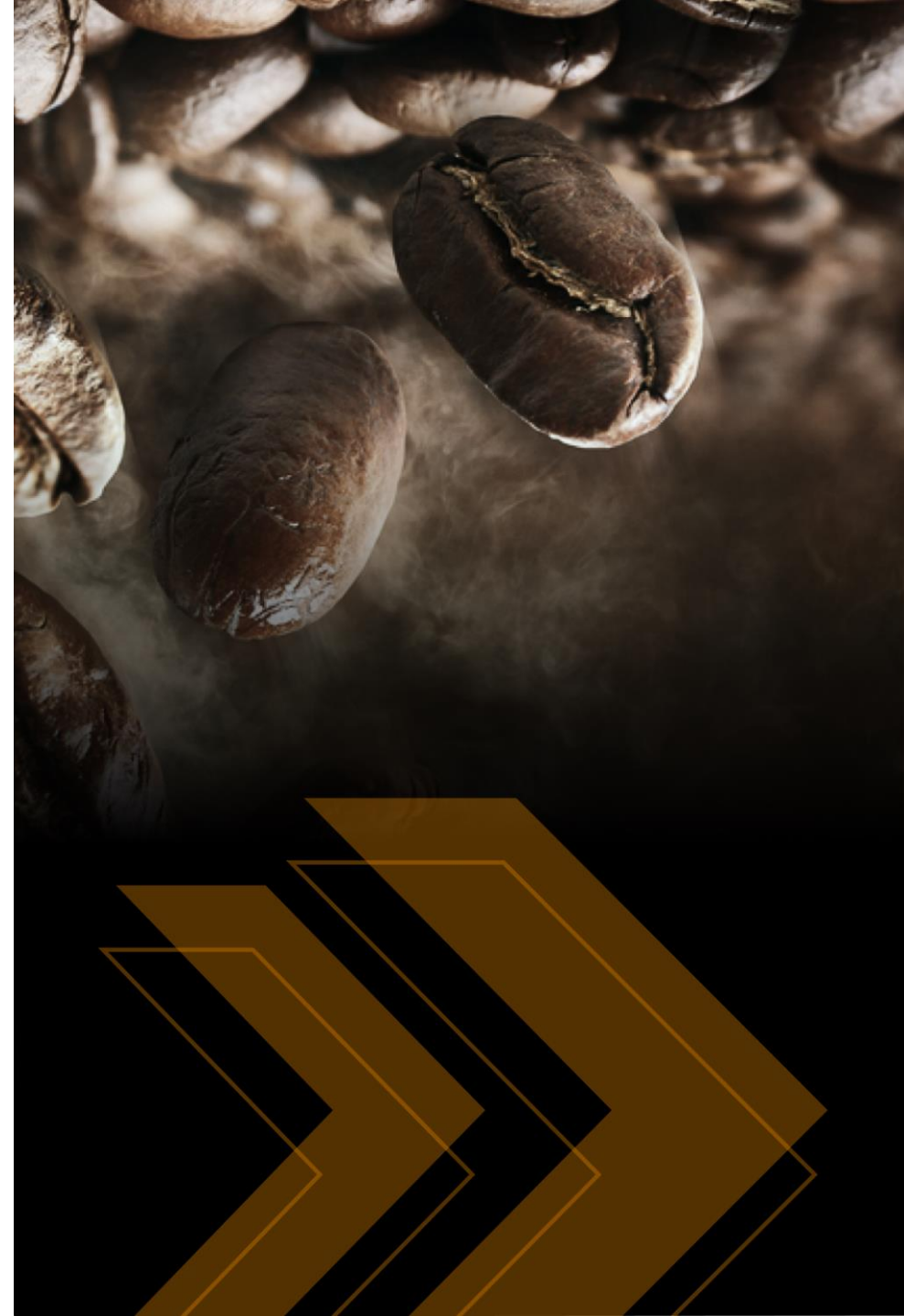


Source: Cecafé



# AGENDA

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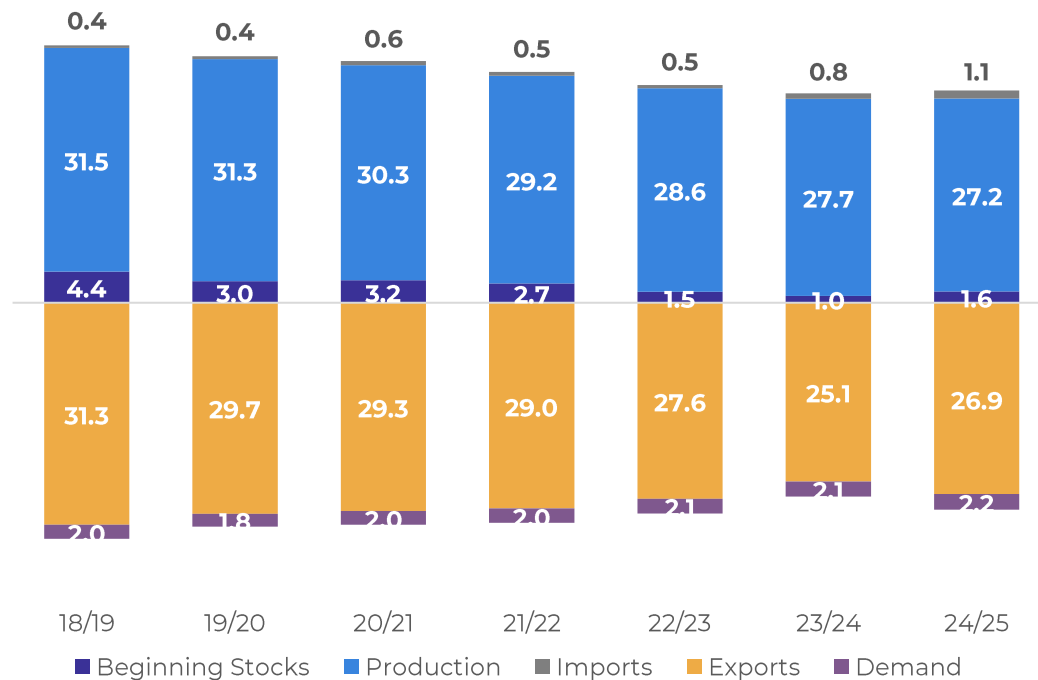


# Asia: Indonesia rebounds, but Vietnam still has limited supply

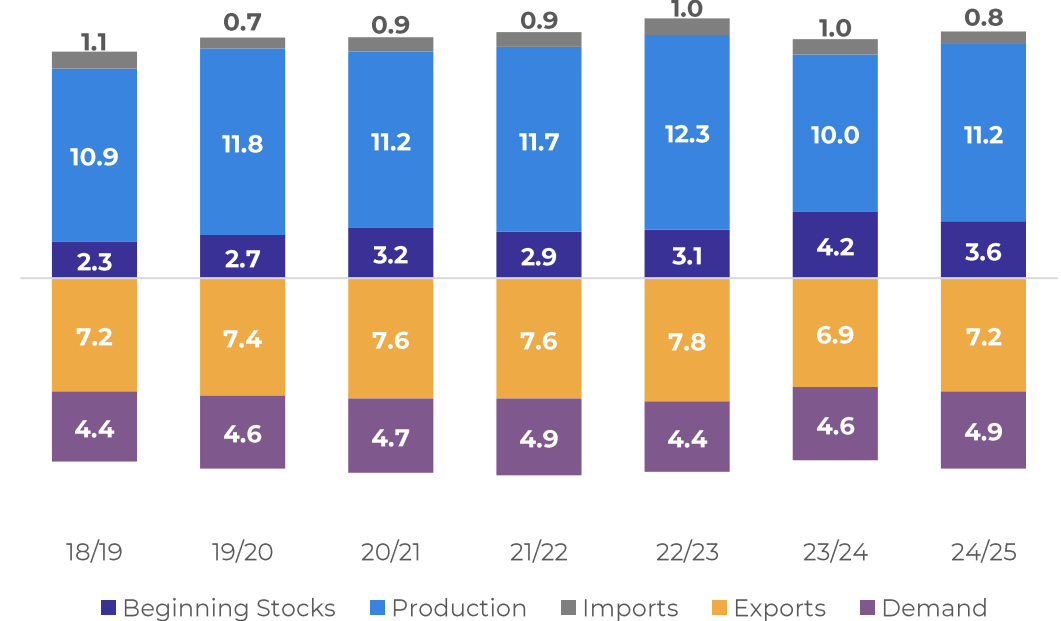
Despite an expected recovery in Indonesia on 24/25, the country's exports tend to fall at this time of year as Vietnamese grain enters the market. However, our estimates for the Vietnamese 24/25 season still point to limited supply, with a possible recovery only on 25/26.

Additionally, with current price rises on the exchanges and in Brazil, farmers from other origins are also holding back in anticipation of even higher prices.

**Vietnam: Supply and Demand (M bags)**



**Indonesia: Supply and Demand (M bags)**



Source: Hedgepoint

Source: Hedgepoint

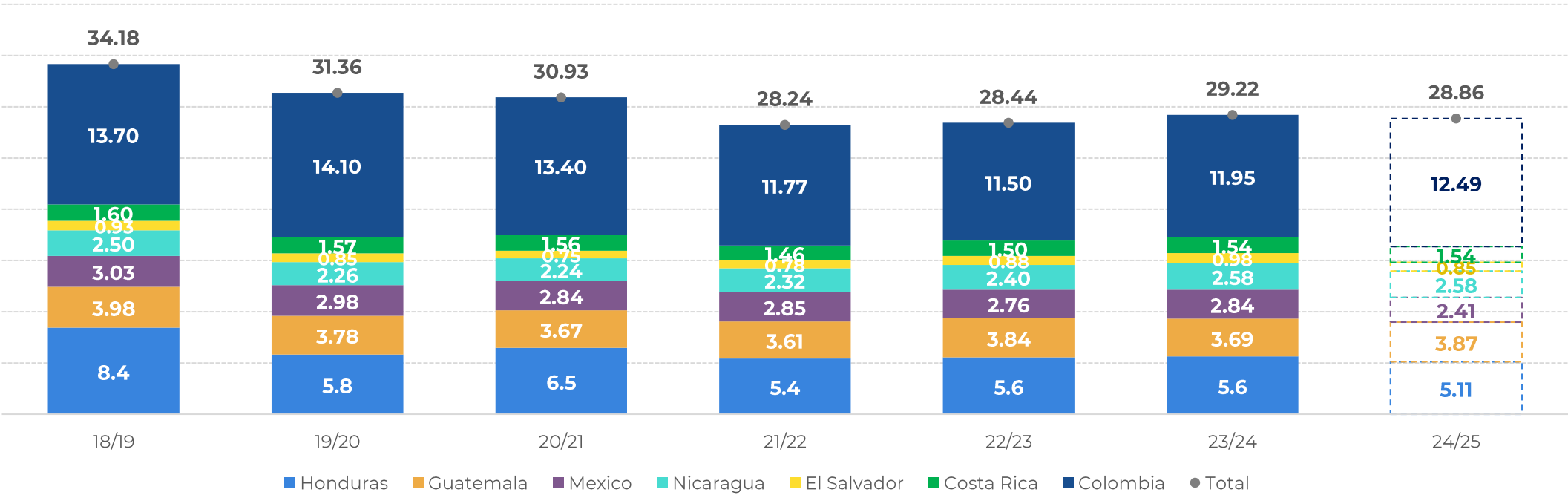




# Centrals add volatility to washed coffee

Given recent weather patterns, we expect smaller harvests in 24/25 in Honduras and Mexico. However, Colombia could offset part of the drop, with a forecast recovery to 12.5 M bags.

Production by country - Central America, Colombia and Mexico (M bags)

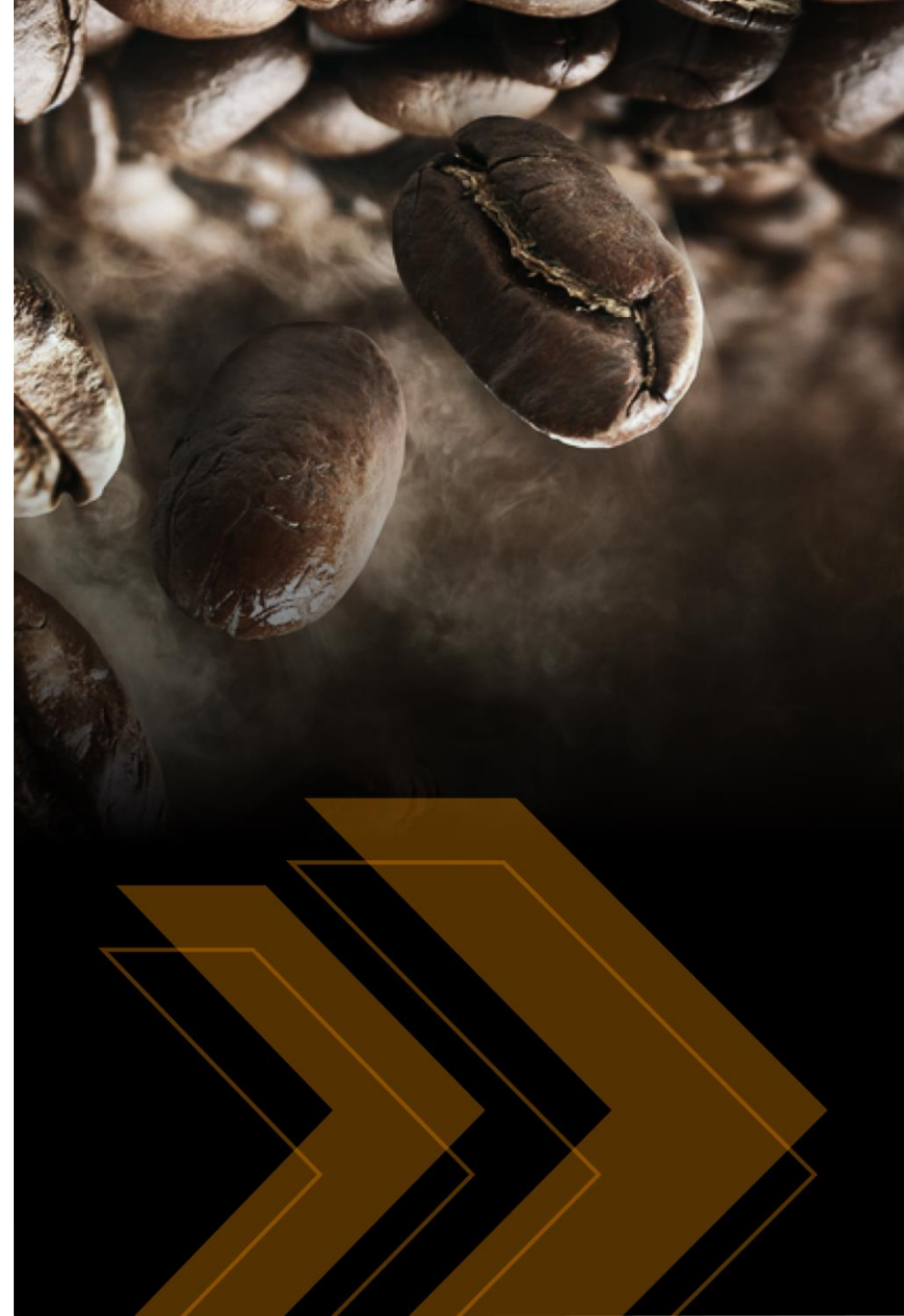


Source: Hedgepoint



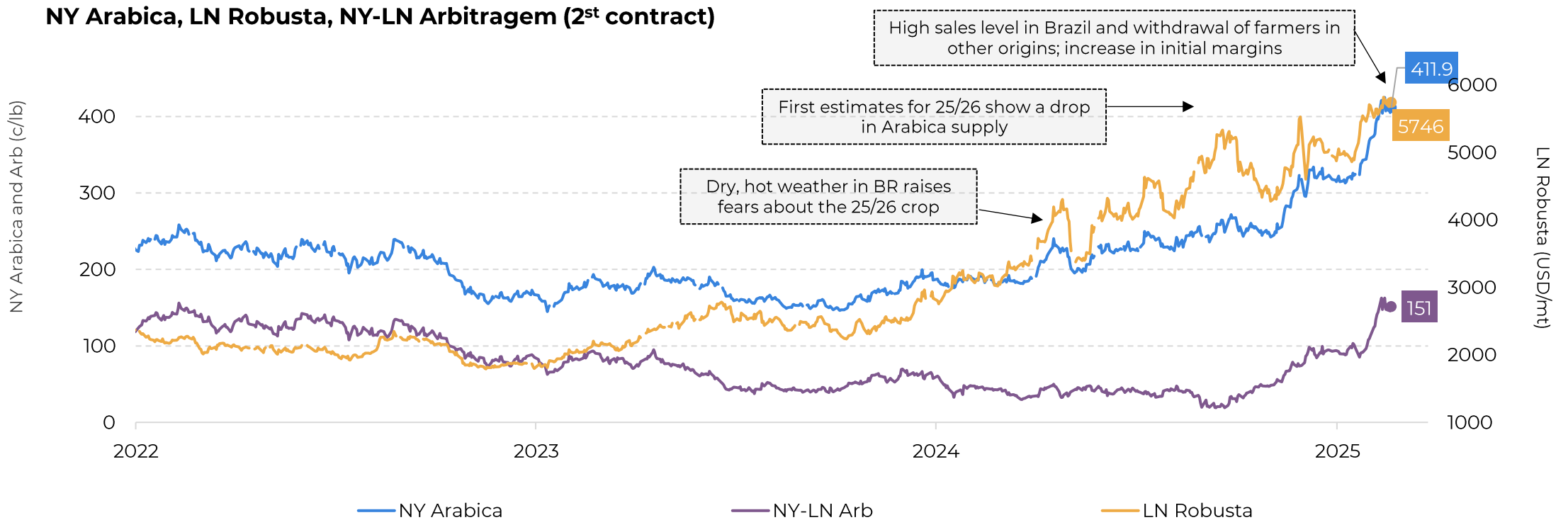
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# Arabica in new records

This scenario is a combination of the expected drop in Brazilian Arabica production on 25/26, above -average selling in the country, and the withdrawal of farmers from other origins as farmers wait for even higher prices. The recent move to increase initial margins on ICE has also inflated the market and increased operating costs on the Exchange.



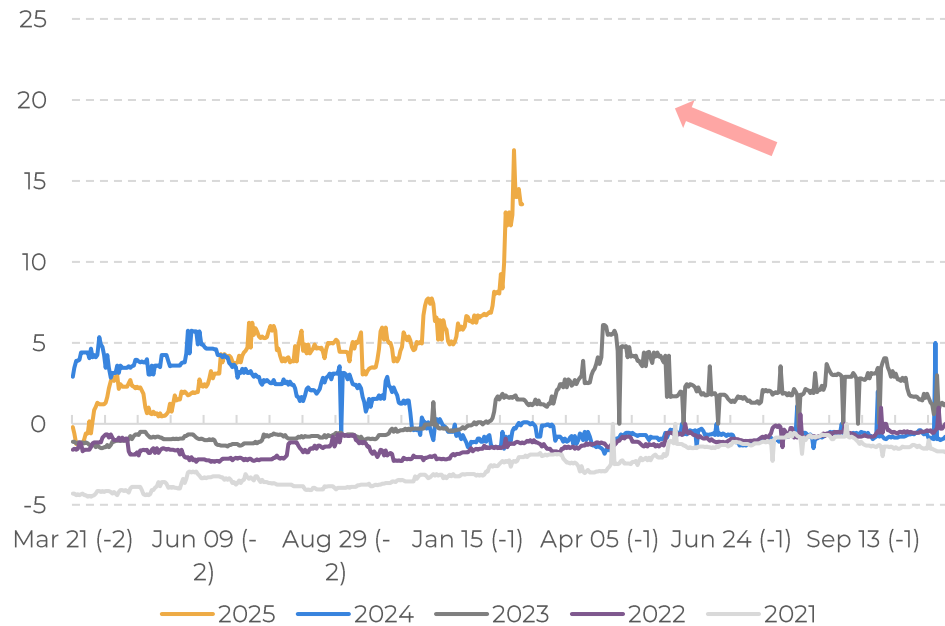
Source: ICE, Refinitiv



# Arabica's spreads widen, while Robusta's narrow

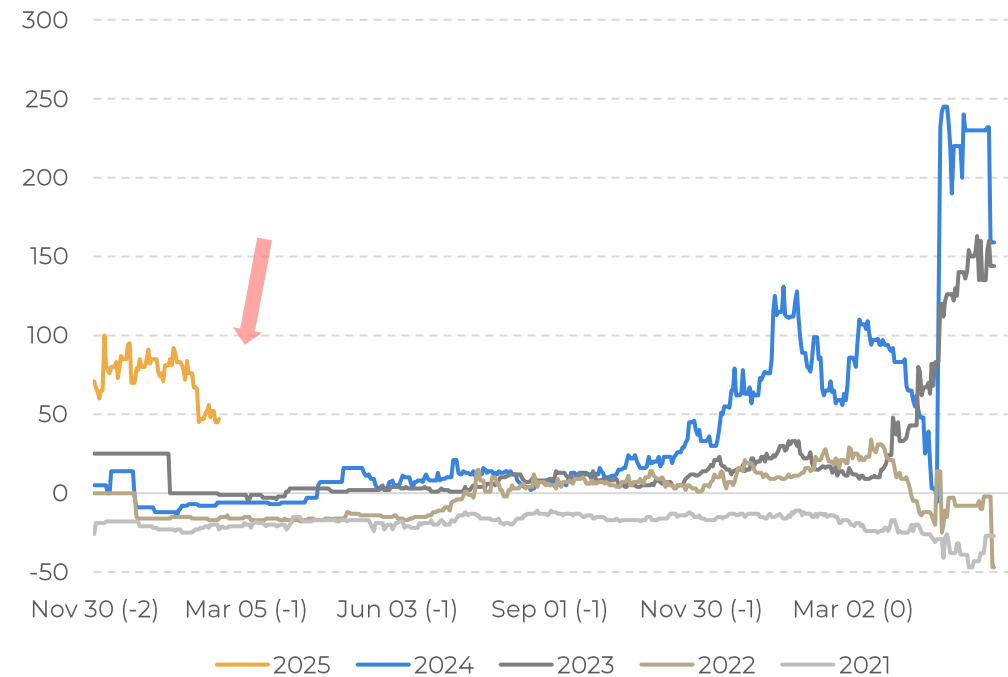
Unlike 2024, we are seeing a slight narrowing between the May and July Robusta contracts, reflecting the easing of short-term supply concerns, especially with the 24/25 harvest in Vietnam and the prospect of greater supply in Brazil in 25/26. On the other hand, the May-July Arabica spread widened, with May/25 above 400 c/lb.

### NY Arabica – K-N Spread (c/lb)



Source: Refinitiv

### LN Robusta – K-N Spread (USD/mt)



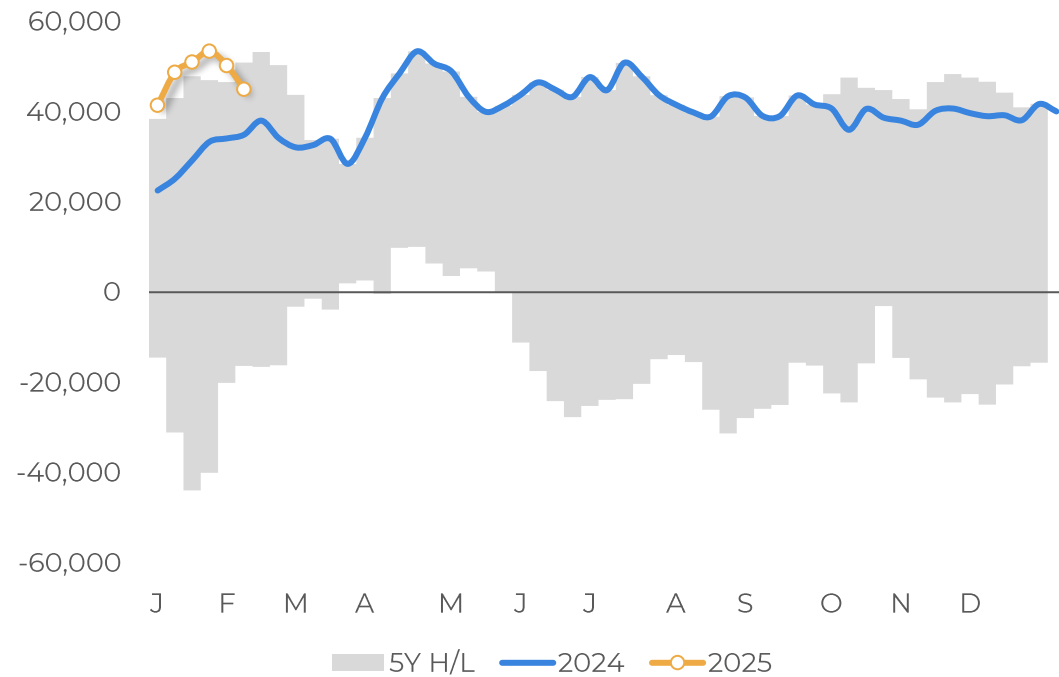
Source: Refinitiv



# Spec funds remain long...

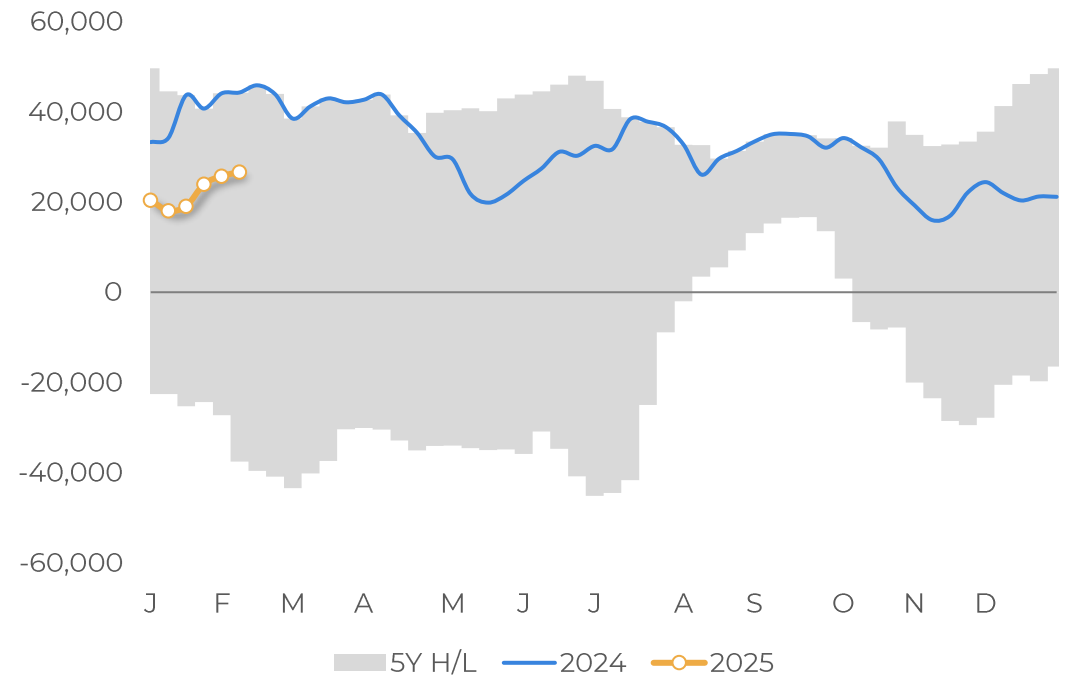
... However, speculative Arabica funds have sold some of their positions, although they remain long. In London, funds have been buying back long positions in recent weeks, but they remain below 2024 levels.

### Arabica: CFTC Speculative Fund Positions (lots)



Source: CFTC

### Robusta – ICE Speculative Fund Positions (lots)



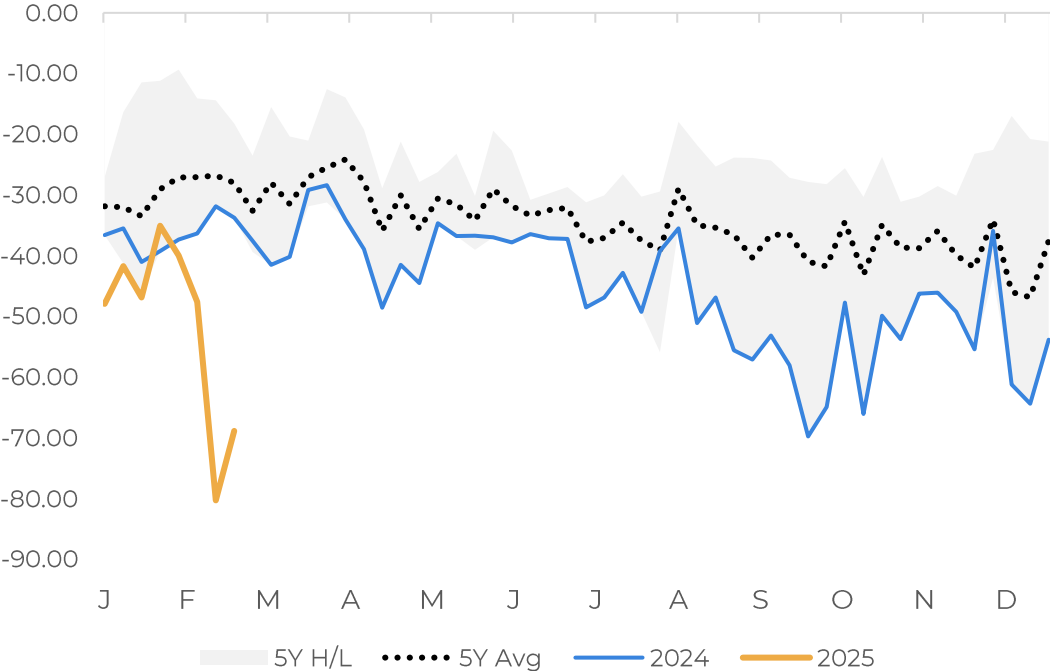
Source: ICE



# Prices in Brazil show some weaknes

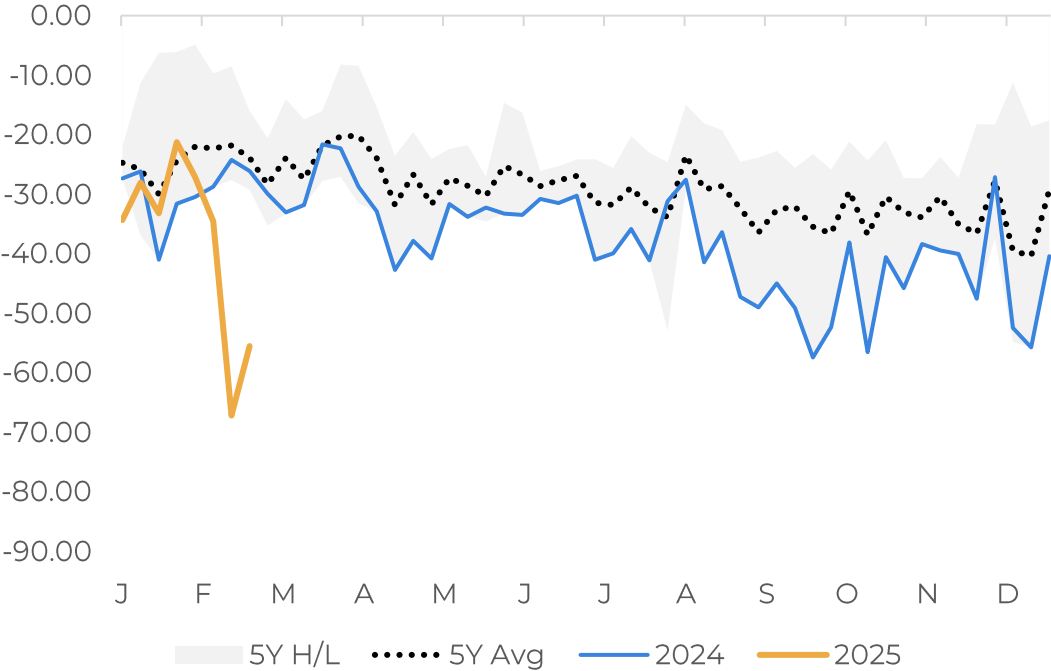
Brazilian domestic prices rose strongly in January, but the basis fell sharply. While the depreciation of the dollar against the real is also reflected in this movement, the sharp fall shows that the rise in futures may not be fully transmitted to the domestic market.

**Brazil: Arabica Good Cup Basis (c/lb)**



Source: Safras & Mercado

**Brazil: Arabica Fine Cup Basis (c/lb)**



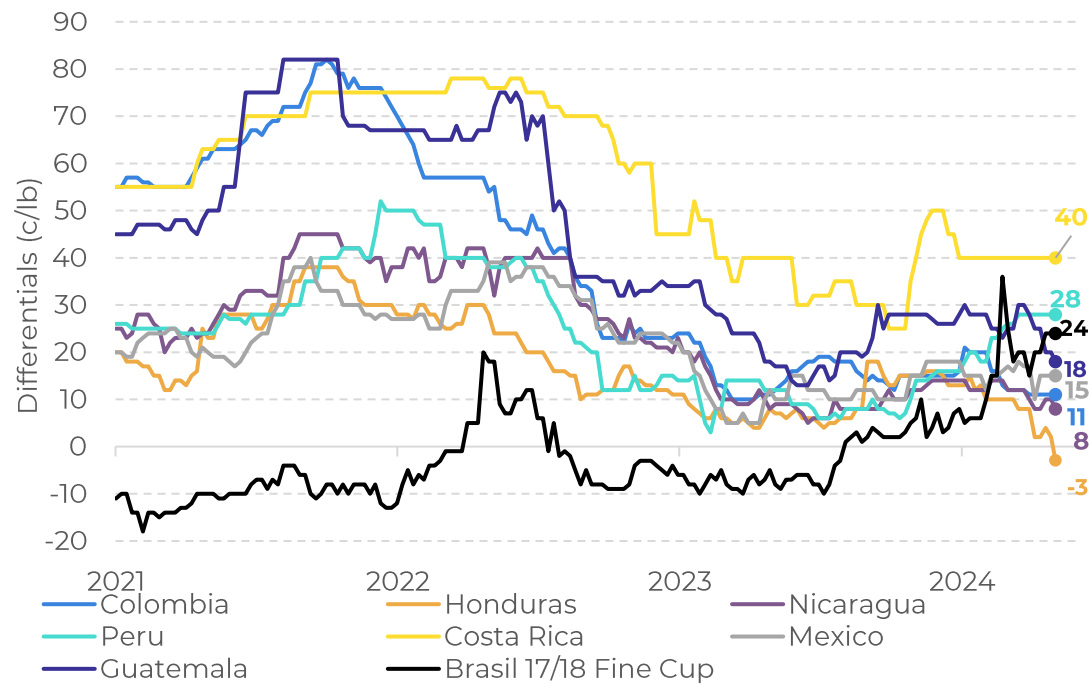
Source: Safras & Mercado



# Differentials in other origins also raise concerns

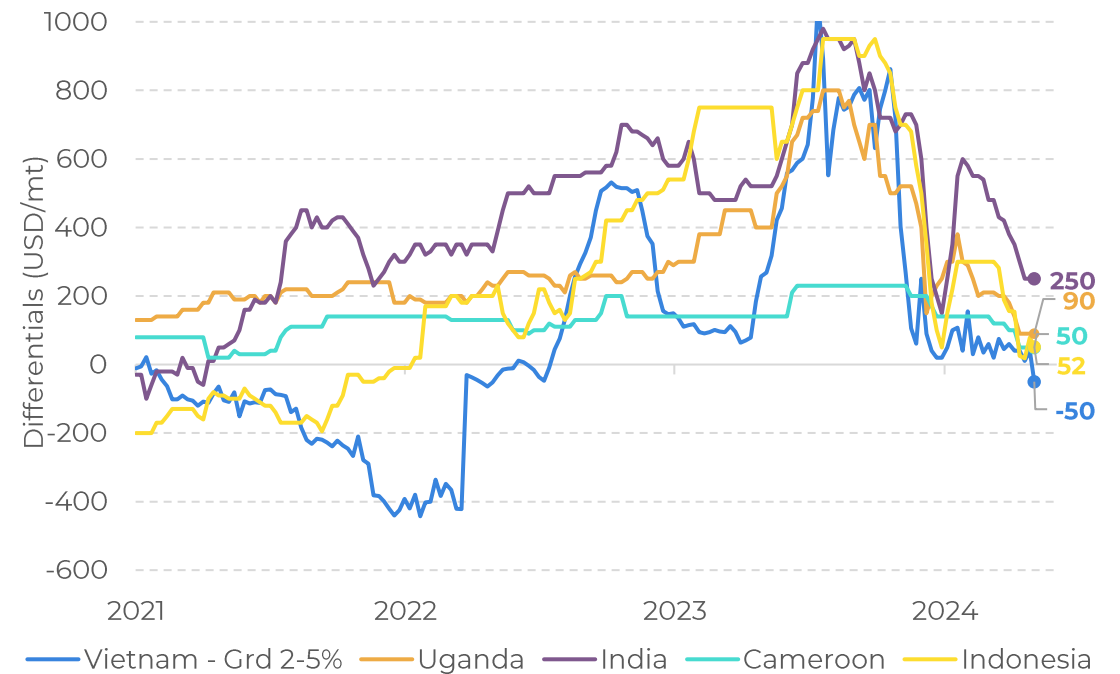
As harvests peak in Central America and Colombia, and futures rise due to buyers pushing for lower prices, washed Arabica differentials have narrowed in recent weeks. Meanwhile, the Brazilian differential, which had been rising strongly, remained flat in February. On the robusta side, Vietnamese differentials have returned to negative levels not seen since 2023, with demand weaker than previously seen.

### Arabica Differentials (c/lb)



Source: Refinitiv

### Robusta Differentials (USD/mt)



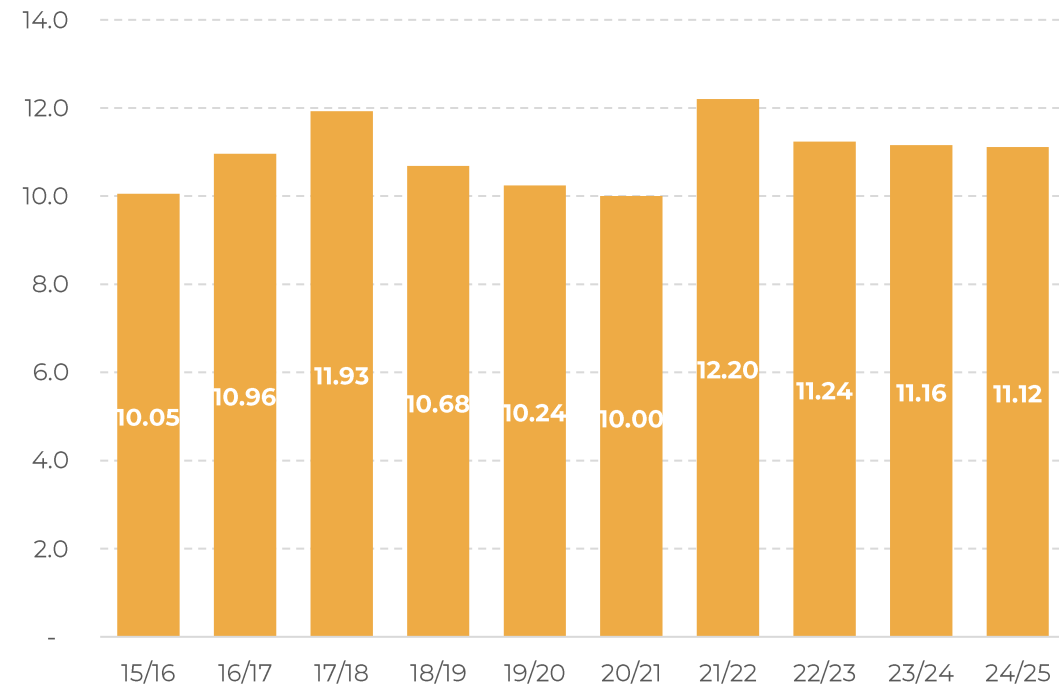
Source: Refinitiv



# EU: The world's largest coffee consumer has yet to show signs of weakness

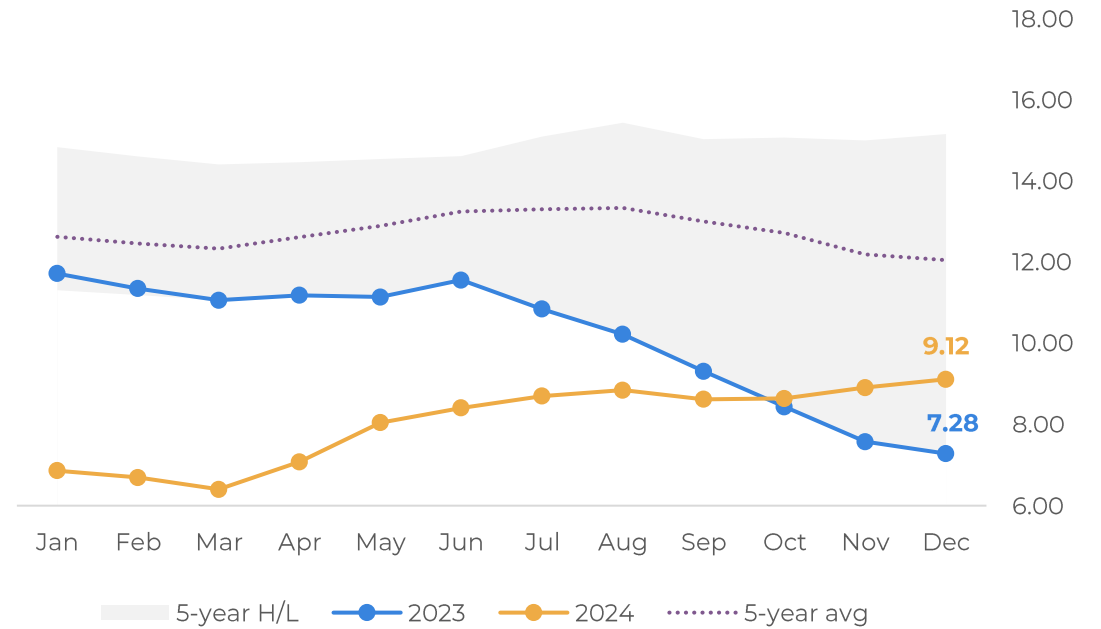
EU apparent consumption has shown no signs of weakening so far. However, this could change, especially at the beginning of the year. On the other hand, European inventories ended 2024 higher than in 2023, reflecting the bloc's strong imports in recent months, although they remain below historical averages.

### EU: Apparent Consumption (oct-dec) (M bags)



Source: ECF

### EU: ECF Stocks (M bags)



Sources: ECF, Agridata, Hedgepoint

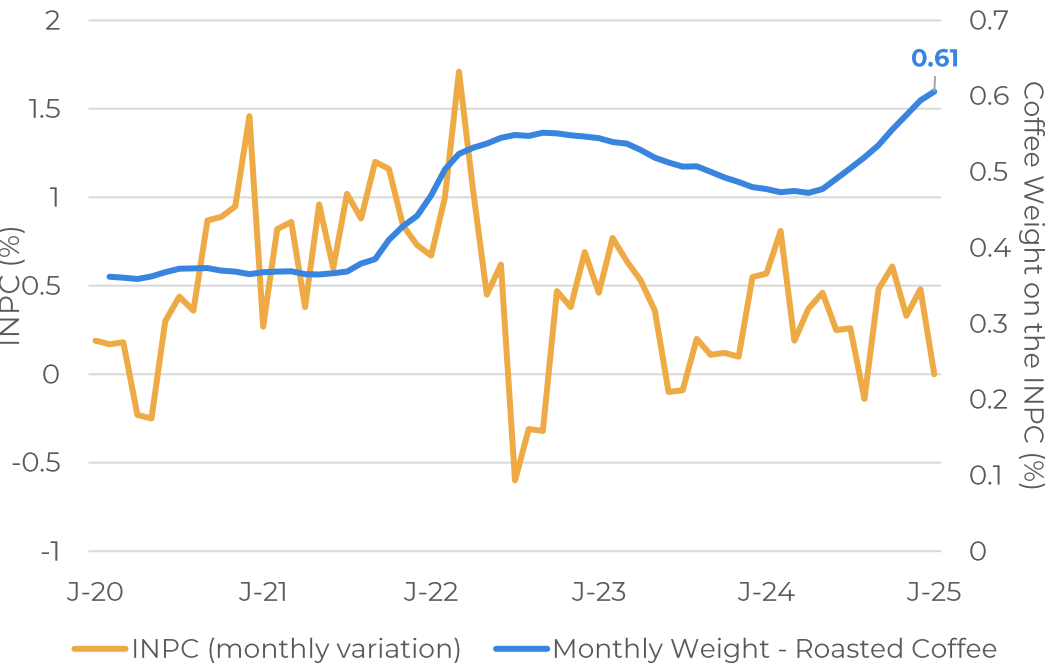




# Brazilian consumers are already paying more for coffee

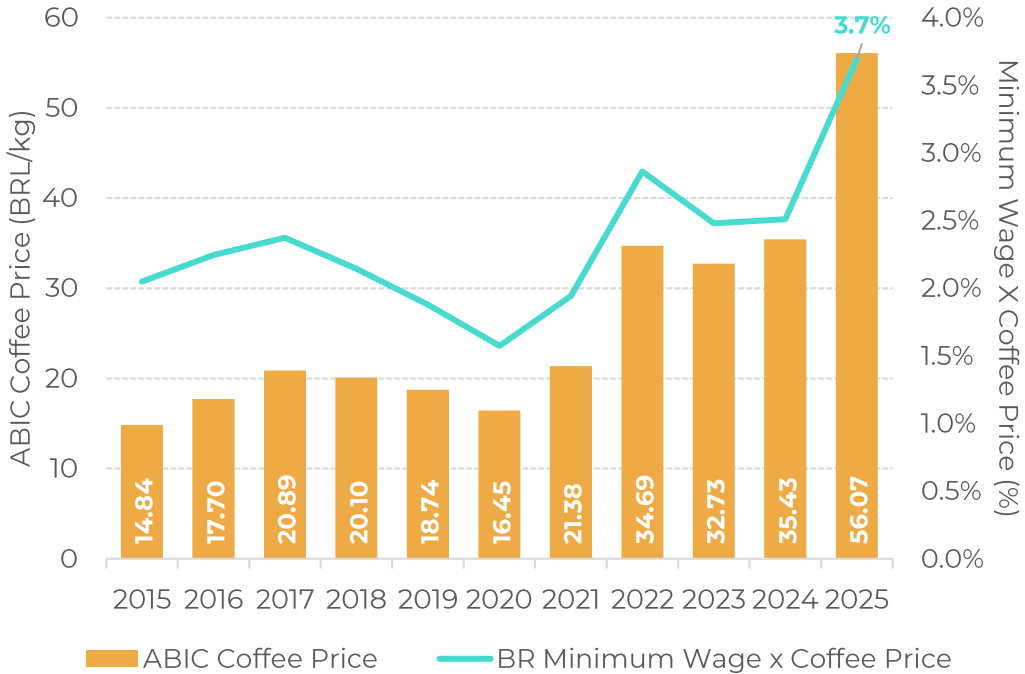
January's INPC (National Consumer Price Index) data already shows a significant increase in the cost of coffee for the Brazilian population over the last 12 months, as coffee increased its participation in the Index. Even with the minimum wage adjustment, the consumer is already seeing an increase in coffee's share of income, which could have a negative impact on consumption by 2025.

**INPC variation and Roasted Coffee Weight on the Index (%)**



Source: IBGE

**ABIC Price (BRL/kg) and the Reason Between Brazilian Minimum Wage x Coffee Price (%)**

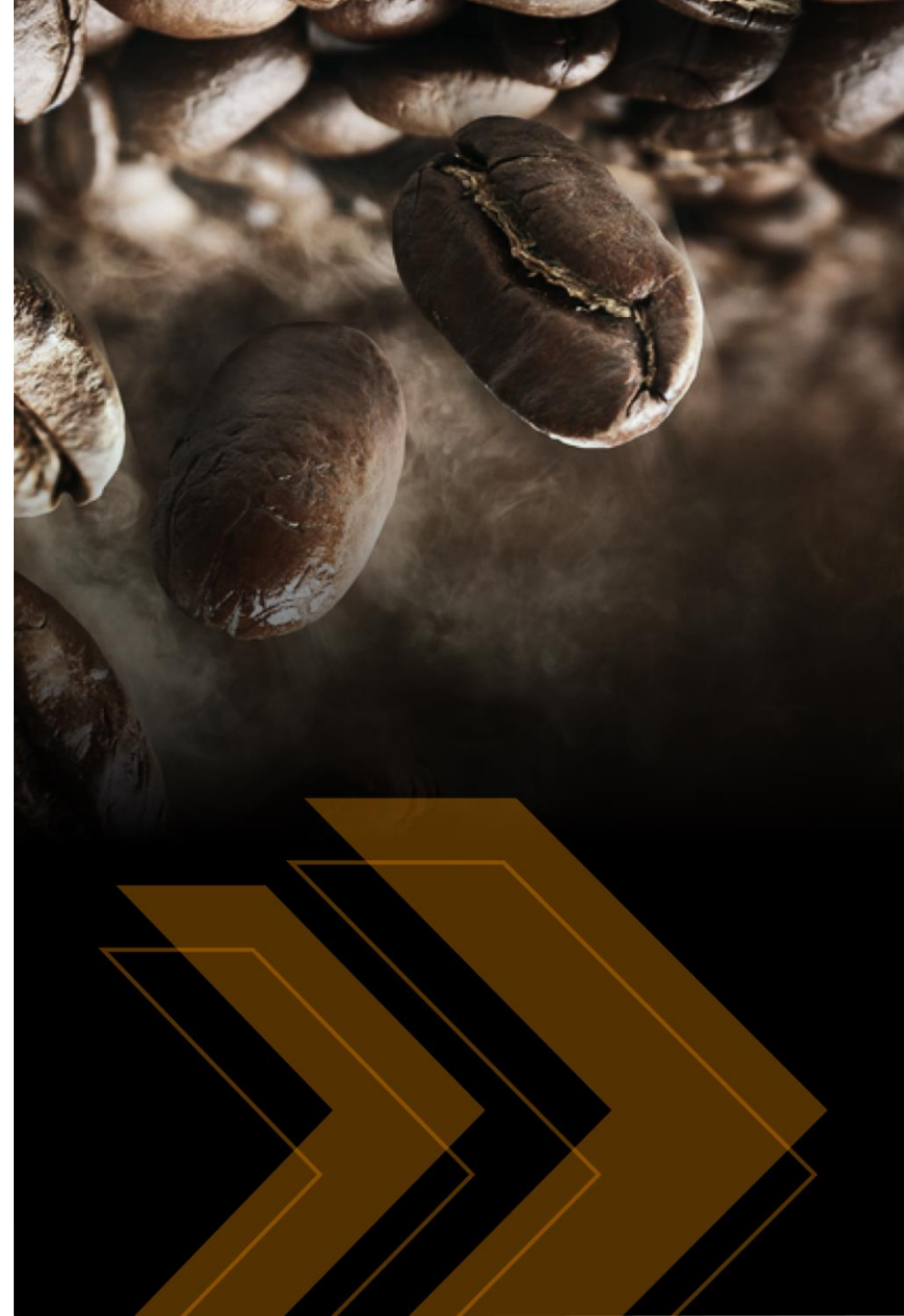


Source: ABIC, IPEA



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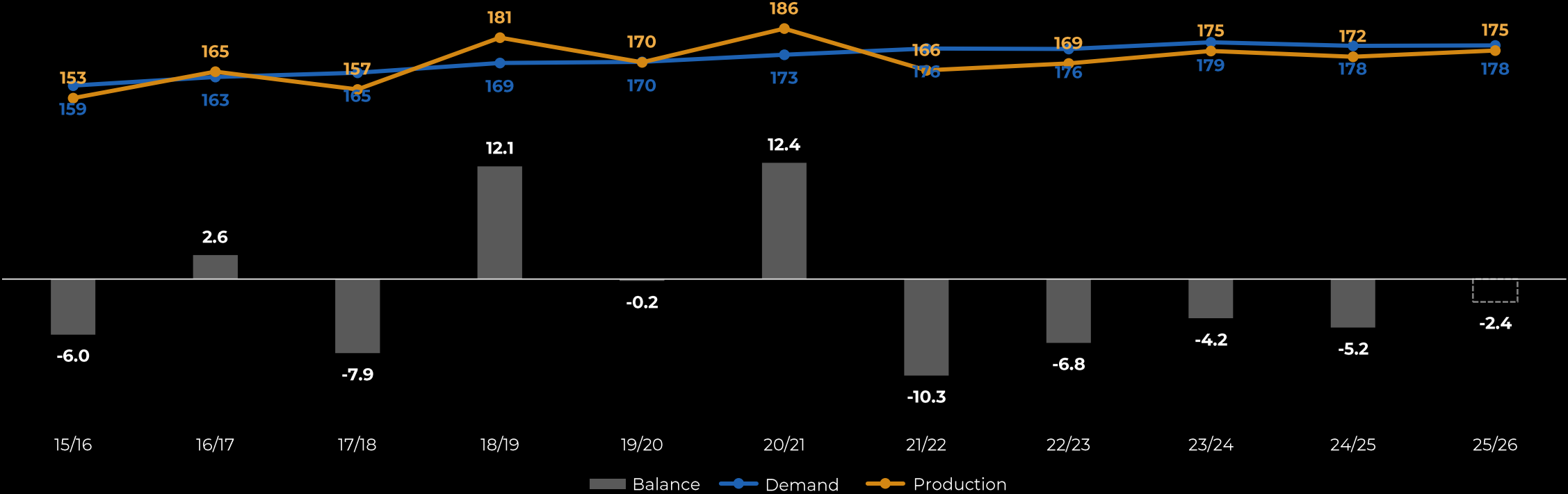
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# We expect a deficit at 24/25, but 25/26 is still uncertain

While we expect consumption to fall slightly in 24/25, total supply would still be lower than demand, leading to a fourth year of deficit. For 25/26, the expected decline in Brazil could limit supply recovery, although it is too early to forecast the rest of the producing countries.

Global Balance of Coffee (M bags)

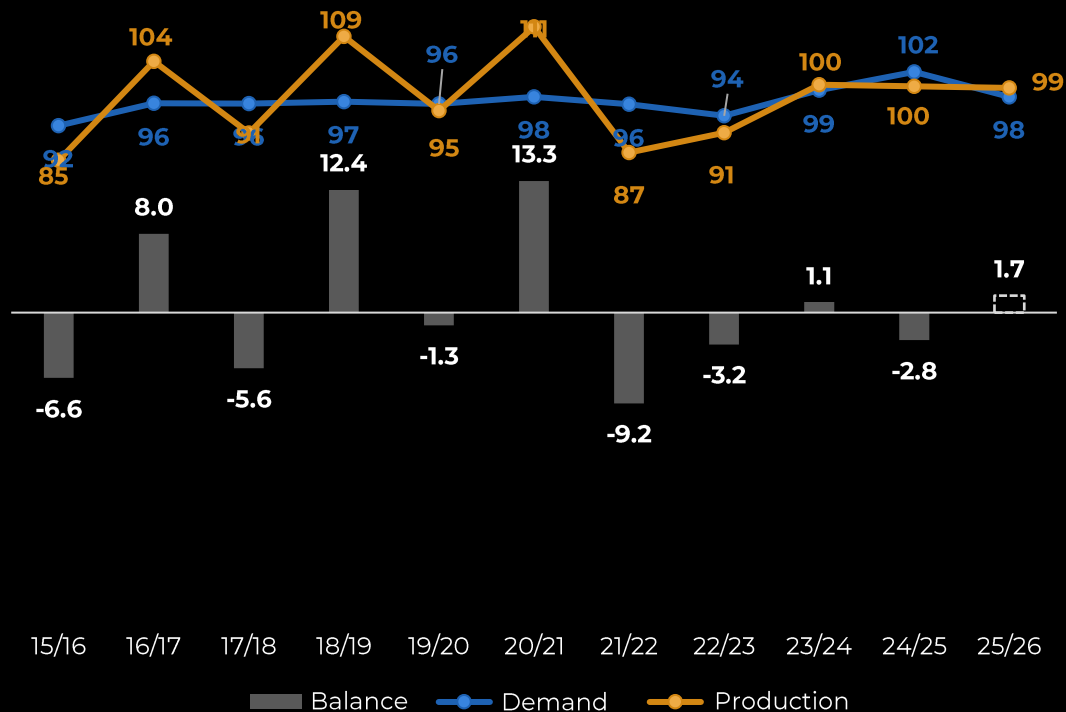


Source: Hedgepoint

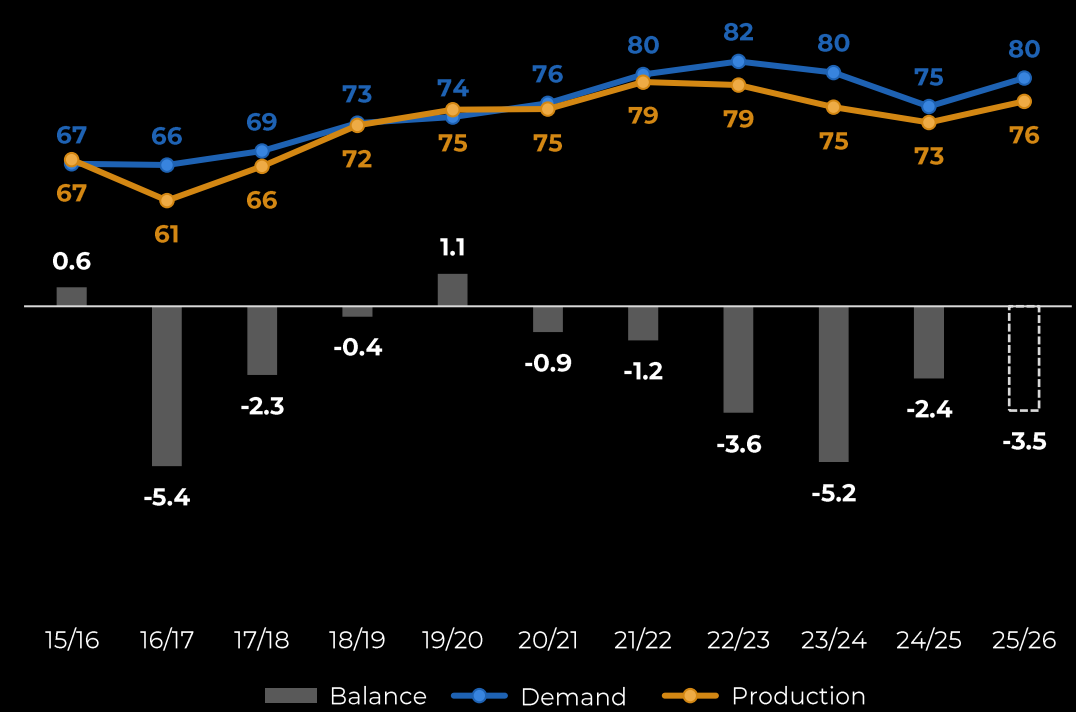
# A drop in arabica consumption is already expected...

... But, given the arbitrage levels, robusta demand could benefit, especially with the expected recovery of Conilon in Brazil on 25/26. On the other hand, increased demand for robusta could translate into a further reduction in the variety's stocks.

### Global Balance of Arabica (M bags)



### Global Balance of Robusta (M bags)



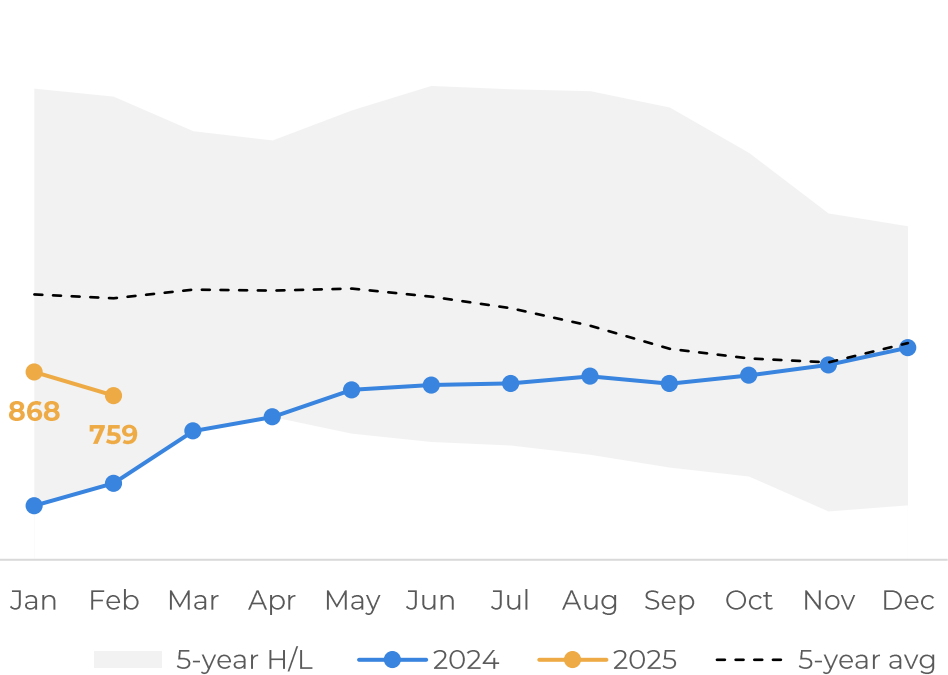
Source: Hedgpoint



# ICE stocks continue to struggle to return to average levels

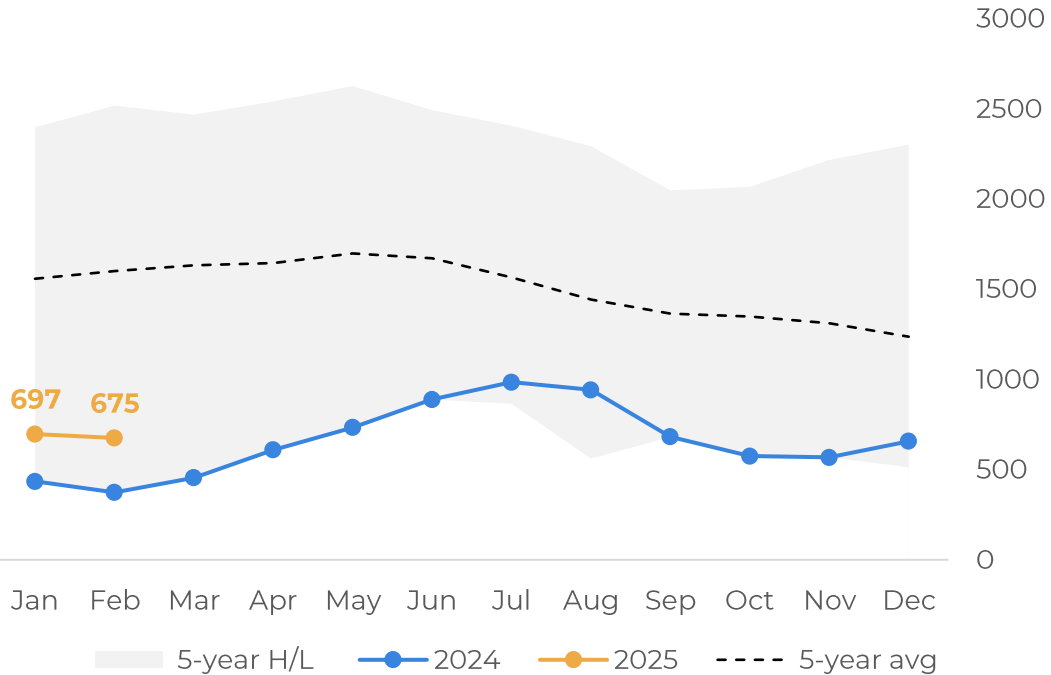
Despite a slight recovery in January, certified stocks fell again this month, fueling supply concerns, particularly for Arabica. While the current higher future prices and differentials trading at negative levels may favor a recovery in stocks, tight supplies in the Brazilian off-season may dampen the movement.

**Certified Arabica Stocks ('000 bags)**



Source: ICE

**Certified Robusta Stocks ('000 bags)**

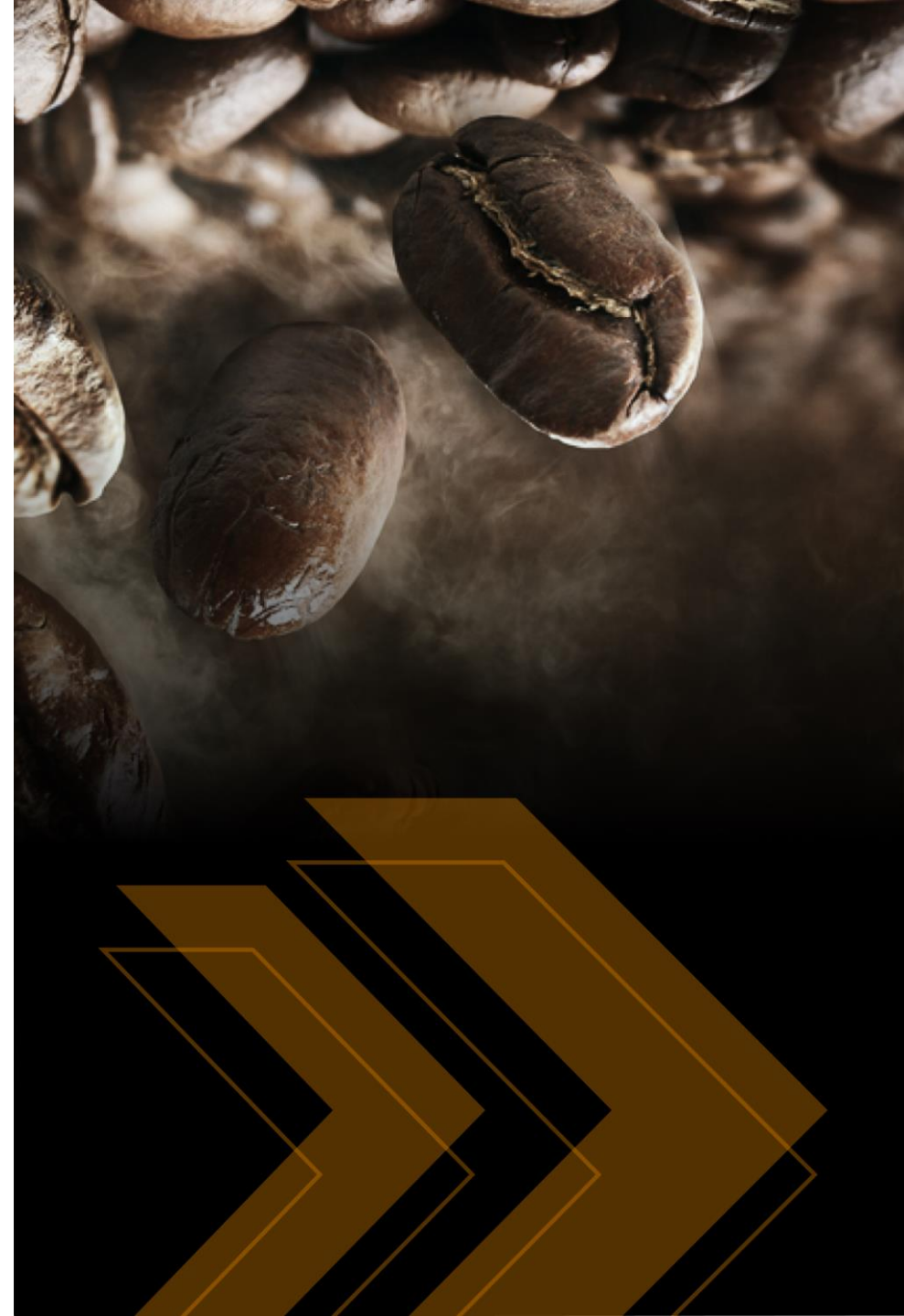


Source: ICE

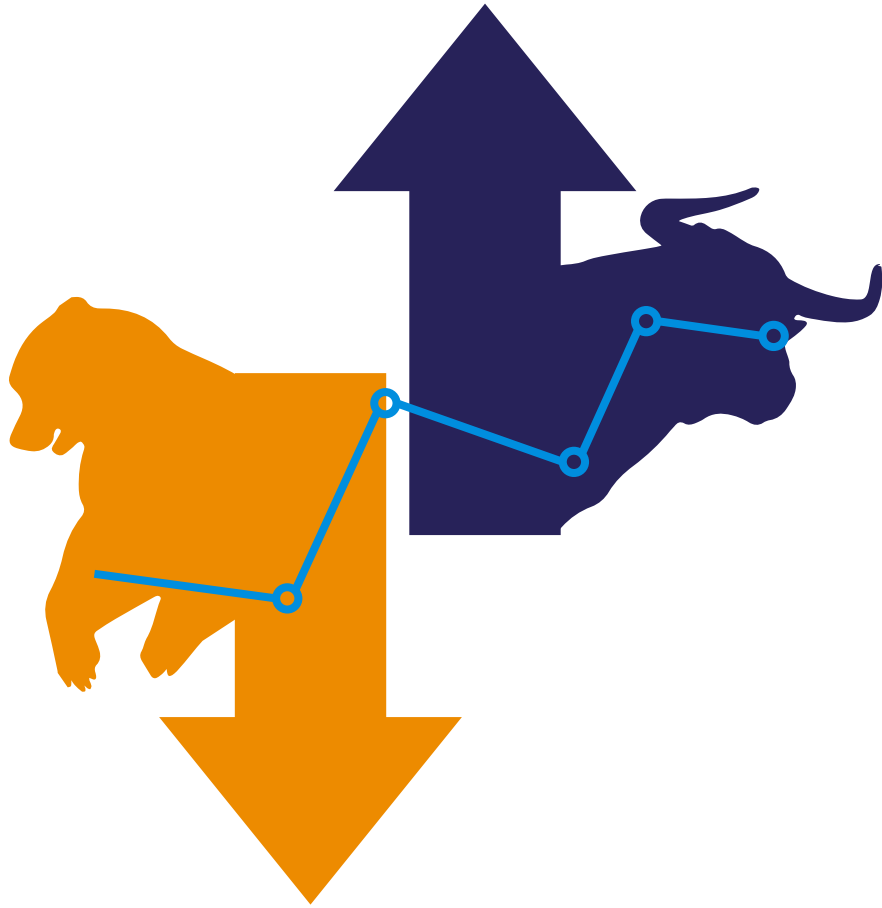


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# Summary



## Points to monitor

### Short-term

- Weather in Brazil and its effect on the filling of beans- Speculative funds position;
- High farmer selling in Brazil;
- Retraction of farmers in other origins;
- Lower stocks in the origins.

### Medium-term

- 25/26 harvest in Brazil (arabica x conilon);
- Differentials in Brazil and other origins;
- Effect of prices on global demand;
- ICE and destination stocks;
- Rising operation costs and access to capital.

### Long-term

- Development of Vietnam's 25/26 harvest;
- Development of Brazil's 26/27 harvest;
- EUDR.






## Contact


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