

## **PRESS BRIEF ON CURRENT COFFEE PRICES**

The Ministry of Agriculture, Animal Industry and Fisheries wishes to update the country on the current coffee prices in Uganda as follows:

### **The current coffee prices**

In the past one month, we have witnessed declining coffee prices in Uganda as a result of the global reduction in coffee prices.

According to the market analysis report from my Ministry (27<sup>th</sup> June 2025), at farm gate level, Robusta (FAQ) is selling between UGX 10,000–11,000 while Robusta (Kiboko) ranges between UGX 5,000–5,500. Arabica (parchment) is trading between UGX 14,000–15,000 while Drugar coffee (clean) being sold at UGX 14,000–14,000.

It is important to note that the high prices observed over the past two years were due to a combination of factors including increased global demand, adverse weather conditions affecting production, and rising costs throughout the supply chain. Droughts, floods, and extreme temperatures in key coffee-growing regions like Brazil and Vietnam had negatively impacted coffee yields, reducing the amount of coffee available for export. This situation affected mostly Robusta coffee hence making our Robusta highly demanded globally, thus the high prices farmers and other value chain actors have enjoyed until recently.

## **Why is there a decline in the global coffee prices?**

First of all, coffee is traded globally at the coffee stock exchange. On international markets, **Arabica coffee** is mainly traded on the Intercontinental Exchange (**ICE**) **Futures** based in New York, while **Robusta** is traded on the **London International Financial Futures and Options Exchange** (LIFFE). Coffee is traded through **futures contracts**, which are agreements to buy or sell a specific quantity of coffee at a predetermined price at a future date. These contracts allow coffee producers and traders to **hedge against price fluctuations**, ensuring some economic stability. Investors also use **futures contracts** to speculate on coffee price movements.

Like any stock or commodity traded on the stock exchange, coffee prices fluctuate on the charts, depending on a series of factors including climatic conditions and extreme weather events, agricultural policies of producing countries, growth or decline in global demand, market speculation and transport difficulties, such as the current blockade of ships in the Red Sea due to wars (shipping disruptions through the suez canal due to rebel attacks) among others.

Therefore, the Coffee prices we have observed over the past few weeks have been due to global market forces rather than government policies or interference as further detailed below;

**1. Brazilian production:** The weather conditions in Brazil have recently improved leading to increased harvest expectations and are greatly contributing to the decline of coffee prices. As a result, coffee harvests are expected to be of good quality and plenty, which has offered a relief to the industry that had feared supply shortage due to drought.

It is forecasted that Brazil's Coffee Production will increase by 0.5% to 65M bags in 2025/26 while Vietnam's will increase from 29M bags to 31M bags.

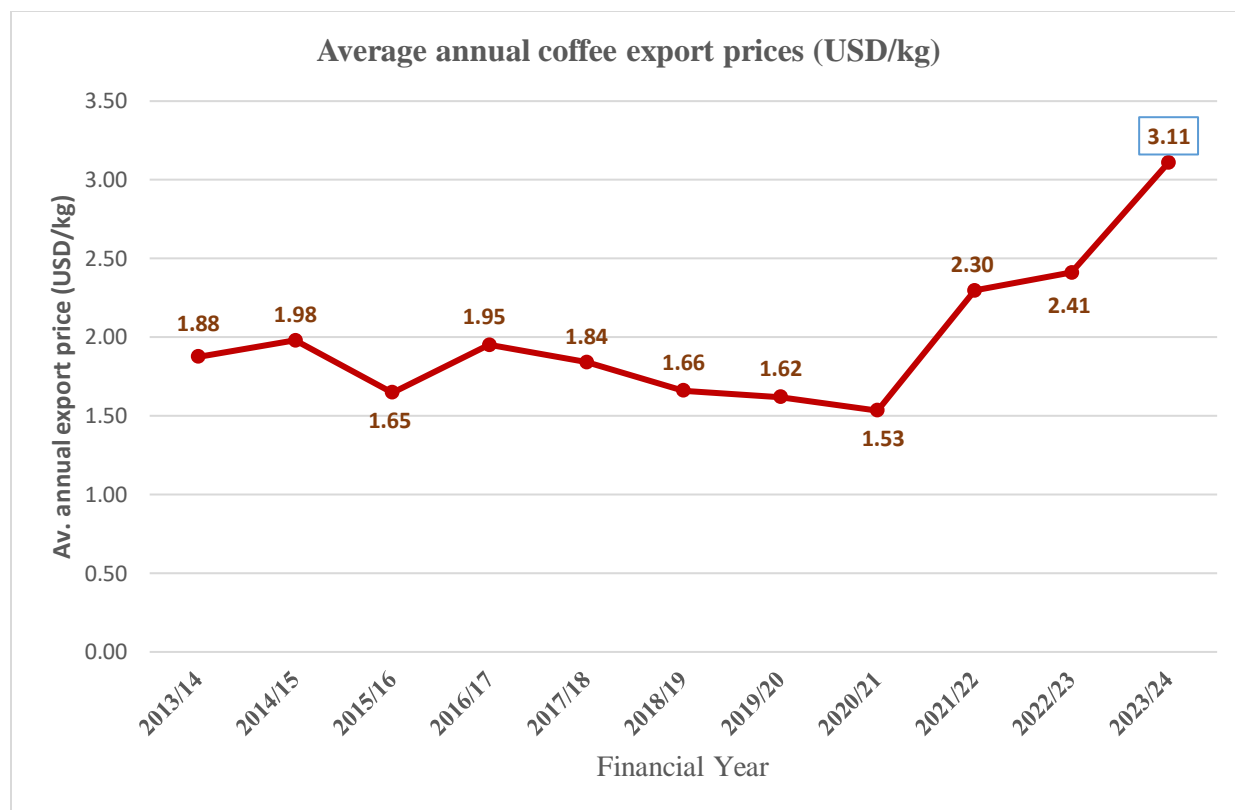
**2. Increase in the supply of coffee:** There is currently a rise in global coffee production, particularly Robusta, which has led to an oversupply in the market, driving down the prices. Vietnam has recently seen a significant increase in exports, further contributing to the downward pressure on prices.

**3. Currency volatility:** Fluctuations in currency exchange rates, especially the US dollar, is currently impacting on the profitability of coffee exports and hence reducing the market prices.

**4. Demand for coffee:** According to United States Department of Agriculture, World Markets and Trade Report-June 2025, the world coffee production for 2025/26 is forecasted to be 4.3 million bags higher than the previous year reaching a record 178.7 million due to continued recovery in Vietnam and Indonesia as well as record output in Ethiopia. World coffee bean exports are forecasted to be 700,000 bags higher reaching 122.3 million as gains from Vietnam, Ethiopia, and Indonesia more than offset losses from Brazil and Colombia. With global consumption forecast at a record 169.4 million bags.

**5. Market Speculation:** Traders and investors often buy and sell coffee futures based on anticipated market movements, which can lead to price volatility. According to a Global Coffee Report, ICE Coffee Futures contract on June 17, 2025, reached its lowest point since January.

Coffee price fluctuations are however not new like for any other commodity. Available data shows that over the past 10 years, average coffee export prices have been fluctuating between USD 1.53 per kilogram and USD 3.11 per kilogram, with FY 2020/21 recording the lowest price of USD 1.53/kg as exemplified by the graph below;



## Conclusion

Coffee is an internationally traded commodity and traded on stock market. A decline in coffee prices can occur due to a number of factors as already explained above. It is, therefore, **NOT** as a result of any government policy/intervention.

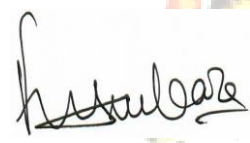
Although currently prices are anticipated to continue declining globally in a few months to come, our coffee industry is on track as you have seen from the monthly report for May 2025, which shows we exported 7.43 million bags worth US\$ 2.09 billion for the year June 2024 to May 2025 compared to 6.08 million bags worth US\$1.08 billion in the previous year (June 2023 - May 2024). This represents an increase of 22 % and 93.6% in quantity and value respectively.

With the peak harvest season in Brazil ending in early July, and the Robusta harvest season in India and Vietnam coming to end in mid-July, there is a high likelihood that the farm gate prices for Uganda's coffee will slightly improve from mid-July to late August.

According to the quality Coffee Institute, CQI, Uganda is now positioned 3<sup>rd</sup> Quality coffee producer.

I, therefore, call upon all coffee farmers across the country to remain calm, plant more coffee and ensure good quality by adhering to best harvesting, post-harvest handling and processing practices in order to maintain the competitiveness of our coffee on the world market with major coffee producers such as Brazil, Vietnam, and add value to maximize earnings from each Kilogram of coffee sold.

Thank you,



Frank K. Tumwebaze, MP

**MINISTER OF AGRICULTURE, ANIMAL INDUSTRY AND FISHERIES**

