Relations between coffee world market price and retail price in Belgium

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Coffee price cycles

- Before September 2001: Cyclic behaviour of 5 to 7 years duration
  - brief volatile periods of high prices and long stable periods of low prices
- After September 2001: Amplitude reduction of prices cycles
  - speculators interest for the commodities market and their impact on value stocks

Transmission of the world coffee price variations to the retail price in Belgium

Increase/decrease periods of ICO Composite Indicator Price and retail coffee price in Belgium and observed time response

- Transmission of the world price reduction to the retail price in Belgium less quickly than for an increase
- Variations of the world price more important than for the retail price in Belgium
- Low decreases of the world price do not pass on the retail price in Belgium
- Significant correlation ($r = 0.644$) between the world price and the retail price in Belgium
- Correlation stronger when the world price rises ($r = 0.758$) than during decreasing periods ($r = 0.602$)

Variability of the world coffee price and the retail price in Belgium

- Reduction of the annual variability of the world price these latter years
- Annual variability of the world price higher than the retail price one in Belgium
- No significant correlation between these two annual variabilities

Outlook → Coffee value chain analysis