

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Coffee Price Inflation

By: www.BuyOrganicCoffee.org

The United States is experiencing its worst inflation in forty years. The price of coffee is up 49.7% year on year as of June 2022. When the price went up in 2021 the increase was blamed on drought in Brazil and then on disruption of the global supply chain. However, over the years coffee beans have been a bargain as the price has not gone up as much as many other commodities. On the other hand, the price of a cup of brewed coffee has gone up significantly. Coffee price inflation is worse at the cup than on the coffee farm.

Coffee Futures Over the Years

Coffee fluctuates in price with high prices alternating with low prices year after year. *Macro Trends* has a chart of futures prices for the [last 45 years](#). Although coffee futures recently peaked at \$2.38 from a 2019 low of \$0.91, a higher previous peak was \$2.88 in 2011. Futures hit \$2.57 in 1997, \$2.56 in 1985 and \$3.23 in 1977.

This is the world of the coffee farmer in which the weather, competition, and markets control the price. That world differs from the world of the coffee shop consumer where the price of a cup of coffee goes up with labor costs and other costs of doing business in a society with the highest rate of inflation in 40 years.

Price of a Cup of Coffee Over the Years

The average price of a cup of black coffee around the world is \$2.70. There are those of us who remember 1950 when a cup of coffee was a dime! However, with inflation a 1950 dollar would be worth \$12.13 today so that dime would be worth \$1.21. So, your cup of black coffee has inflated two and a half times. You could buy a pound of coffee beans for \$0.33 in 1950 which is about a seventh of today's price.

Don't Blame the Coffee Farmer for the Price of a Cup of Coffee

While the price for green coffee beans fluctuates with the market there is not the steady increase in price that we see across other sectors like fuel, housing, and labor costs in the USA. In the current surge in inflation oil and natural gas are up significantly. This translates into higher transportation costs for coffee as coffee is grown in the tropics and consumed in North America, Europe, Japan, and across the globe. As the cost of living goes up workers seek jobs with better wages which drives up labor costs. That translates into a higher price for your cup of black coffee. Of course, in today's Starbucks' world you are probably having a mocha, latte, or something else substantially fancier than a cup of black coffee. Nevertheless, the cost of doing business is going up and those costs get tacked onto everything that we consume which includes your coffee. Sadly for the coffee farmer, the price he or she can get for coffee beans goes up and down with the weather and the market while the cost of growing coffee goes up with the prices of oil, fertilizer, and other necessities of the farming business.

For more insights and useful information about organic coffee, visit www.BuyOrganicCoffee.org.

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