# Rising coffee prices in London prompt concerns among enthusiasts



Coffee enthusiasts in London are feeling the pinch as prices for a simple espresso soar, with reports of charges reaching as high as £4. This surge in cost has prompted Antonio Baravalle, the chief executive of Lavazza, one of the world's largest coffee roasters, to comment on the situation. He remarked on the market's trajectory, comparing it to the fluctuations of the New York Stock Exchange, suggesting that while the prices have escalated, they may soon face a correction. "It's like when you see the New York Stock Exchange market going up, up, up, up and you say sooner or later it will collapse," he stated, speaking to the Financial Times.

The recent spike in coffee prices is attributed to a combination of market speculation and adverse weather conditions in key coffee-producing regions, particularly Brazil and Vietnam, which have disrupted harvests. This situation led the price of high-quality arabica beans to achieve a record high of $4.39 (£3.36) per pound in February. However, subsequent changes in economic conditions have seen prices drop to approximately $3.45 (£3.64) per pound.

Compounding these issues are the tariffs imposed on imports during the previous Trump administration, which are anticipated to diminish coffee demand among American consumers. With Lavazza shipping its products to the US from the EU, the company reported sales in America totalling around €400 million (£347 million). Though they began roasting and packaging beans in the US in 2022 to mitigate tariff impacts, Baravalle noted that it would require an estimated two years to expand the necessary capacity to fully address the tariffs' effects.

Despite a reported increase in sales of 9.1 per cent in 2024, Lavazza's CEO foresees a decline in sales for the current year as consumers grapple with rising prices. He pointed out that "when I see three, four pounds for an espresso in London, or eight [dollars] for a cappuccino in New York... I see the limit." The rising costs are likely to reshape consumer behaviour, leading some to reconsider their daily coffee habits.

Moreover, the effects of climate change are further threatening coffee production, with the UN warning that extreme weather patterns will continue to adversely affect bean harvests. As a result, coffee export prices could rise even more throughout the year.

In light of these challenges, some coffee producers have opted for cheaper bean types to maintain profitability. However, Lavazza has chosen not to alter its traditional blends, which has led to a tightening of profit margins. "We decided not to change our blends and we decided to partially absorb the cost of raw materials," Baravalle explained.

The current predicament facing coffee consumers parallels the difficulties faced by chocolate lovers, who are also experiencing rising costs due to adverse weather impacting cocoa bean prices on the global market.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.ft.com/> - This website corroborates Antonio Baravalle's comments on the coffee market's trajectory and price fluctuations, as reported in the Financial Times.
* <https://www.bloomberg.com/markets/commodities> - Bloomberg provides real-time commodity prices, including those for coffee beans, which can confirm the recent price surge and fluctuations mentioned in the article.
* <https://www.ico.org/> - The International Coffee Organization (ICO) provides detailed information on global coffee prices and production, supporting discussions about market speculation and weather impacts on coffee-producing regions.
* <https://www.usda.gov/topics/climate-change> - The USDA's climate change section offers insights into how extreme weather affects agricultural products, including coffee, aligning with the UN's warnings about extreme weather patterns impacting coffee production.
* <https://www.un.org/en/climatechange> - The official UN website on climate change discusses broader impacts of climate change on agriculture, which includes coffee production, supporting the article's mentions of climate change effects.