

This bachelor thesis focuses on the price of coffee and the factors affecting it. The study aims to identify these factors to predict price movement. This thesis also answers the question whether the factors observed have the same impact on two coffee varieties: arabica and robusta. There were defined five groups of the factors: supply, demand, climate, commodity market and financial. The effect is observed for annual coffee price data that were obtained from the International Coffee Organization (ICO). The observed period is between 1965 and 2018. The impact of the factors was detected by the ARDL regression, both in the short run and the long run. Based on the results, the price is affected mostly by supply, demand, and financial factors. Moreover, robusta's price specifically is driven mainly by the factors explaining the power of the US dollar. Arabica's price, on the other hand, is affected by the supply and demand factors: exports, and the growth of GDP. This finding supports the claim that these two coffee varieties should be considered as two different commodities. The results suggest that the establishment of an association of the biggest coffee producers regulating coffee exports would help in control of coffee prices.