The LRC Robusta Managed-Money Net Position Signal: Cross-Coffee Speculator-Sentiment Lens for Arabica

Why ICE Europe managed-money net positioning in Robusta coffee futures delivers a 2.12 pp directional spread on Robusta forward 60-day returns across 12 years via cross-coffee sentiment transmission.

David Stendahl · Market Lab Analytics · November 5, 2026

The signal with the limits stated upfront

Three things the reader must know before the rest of this brief lands.

First, the full-distribution daily Spearman information coefficient against Robusta forward 60-day returns is plus 0.098 at p-value 9.3e-8 on a sample of 2,979 daily observations spanning 2014 through 2026. Strongly significant on the 12-year ICE Europe COT window.

Second, Phase +1 (Robusta Spec Long) delivers plus 1.17 percentage points above baseline across 1,196 trading days (40.1 percent of sample) and Phase −1 (Robusta Spec Short) delivers minus 0.95 percentage points below baseline across 1,399 days (47.0 percent). 2.12 pp directional spread with clean monotone phase pattern.

Third, the non-overlap independence test at 60-day sampling is sign-consistent but not independently significant. Across 50 independent samples the Spearman is plus 0.062 with p-value 0.67. The 12-year sample from 2014 is shorter than most KC signals; the signal captures direct speculator-positioning flow as a leading indicator channel.

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The thesis: cross-coffee speculator sentiment

ICE Europe Commitments of Traders tracks speculator positioning in Robusta coffee futures. Managed-money speculators are discretionary traders whose aggregate positioning reflects their short-term directional conviction on Robusta. When managed money is net long with high conviction, the Robusta market is in a crowded-bullish regime that transmits to Arabica over 60-day horizons; when net short, bearish sentiment transmits.

The transmission channels are three. First, shared macro drivers (dollar strength, risk appetite, commodity index rebalancing) affect both Arabica and Robusta similarly; Robusta speculators react to the macro first. Second, index-fund rebalancing across the softs complex moves money between KC and LRC. Third, coffee-complex rotation among commodity funds tends to flow Robusta-first into risk-on regimes.

Robusta positioning is a useful leading indicator for Arabica because speculators often take sentiment positions in Robusta first before crowding into Arabica, particularly at the start of new regimes.

The signal takes the ICE Europe COT managed-money net position in Robusta (long minus short), z-scores on a rolling 3-year window, and tanh-bounds. State thresholds plus or minus 0.2 (moderate) and plus or minus 0.5 (extreme). Phase +1 at composite above +0.3, phase −1 below −0.3. Target: ICE US Coffee C first-nearby back-adjusted close.

Historical window: ICE Europe COT weekly series from 2011; engine runs from 2014 onward with 504-bar warmup.

What the firings have actually done

Computed over 2,979 daily observations post-warmup from 2014 onward. The baseline Arabica forward 60-day return is mean plus 2.09 percent and median plus 0.42 percent across the live-window sample.

> **Baseline Arabica forward 60-day return:** mean plus 2.09 percent / median plus 0.42 percent across the live-window sample.
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> **Daily Spearman IC (fwd 60d):** plus 0.098, p-value 9.3e-8, N equals 2,979. Strongly significant.
>
> **Non-overlap IC (60-day step):** plus 0.062, p-value 0.67, N equals 50. Sign-consistent but not independently significant.
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> **Phase-conditional forward 60-day Arabica returns:** Phase +1 (Robusta Spec Long, 1,196 days / 40.1 pct): plus 3.26 percent, edge plus 1.17 pp. Phase 0 (On Trend, 384 days / 12.9 pct): plus 1.90 percent, edge minus 0.19 pp. Phase −1 (Robusta Spec Short, 1,399 days / 47.0 pct): plus 1.13 percent, edge minus 0.95 pp.
>
> 2.12 pp directional spread between Phase +1 and Phase −1 with clean monotone phase pattern.

Three findings. The daily IC is strongly significant on the 12-year window. The monotone phase pattern cleanly separates Robusta Spec Long from Robusta Spec Short with 2.12 pp spread. The sample split is roughly symmetric between extreme buckets (40 percent long vs 47 percent short); Phase 0 is a minority at 12.9 percent, meaning the signal spends 87 percent of the time in a directional regime.

Three cases that frame how to read the signal

The canonical anchors are the 2021-2022 cross-coffee rally, the 2016-2017 supply-tightness rally, and the 2018-2019 cycle-low positioning.

Case 1: The 2021-2022 cross-coffee rally

Robusta Spec Long firing anchored the 2021-2022 cross-coffee rally as ICE Europe managed-money net positioning in Robusta ran well above the 3-year mean through the Brazilian frost supply shock and the Vietnam drought. Composite held in Phase +1 territory through the rally. Arabica delivered material forward returns through the regime consistent with the Phase +1 edge; speculators had been long Robusta early and the cross-coffee sentiment lifted KC into the post-frost rally.

Case 2: The 2016-2017 supply-tightness rally

Robusta Spec Long firing through late 2016 and 2017 as Robusta speculators built net long positioning into the global coffee supply tightness. Composite held in Phase +1 territory through the period. Arabica rally through 2017 confirmed the Phase +1 edge in a non-frost supply-tightness scenario and demonstrated the cross-coffee sentiment channel independently of the specific 2021-22 compound shock.

Case 3: The 2018-2019 cycle-low positioning

Robusta Spec Short firing through 2018-2019 as Robusta speculators ran net short positioning into the cycle-low global coffee pricing regime. Composite held in Phase −1 territory through the extended trough. Arabica underperformed through the period consistent with the Phase −1 edge; cross-coffee speculator bearishness reinforced the fundamental weakness.

How to use this signal today

Composite is currently reading minus 0.982 in the Robusta Spec Short band. The STRESS phase began September 2026, 46 trading days ago. ICE Europe managed-money net positioning in Robusta has run deeply below the 3-year z-score mean through 2026 consistent with cross-coffee speculator bearishness.

Pair with the following for stacked conviction: KC-specific CFTC positioning (DCOT dealer commercial split), LRC fundamental signals (Vietnam demand-pull, Vietnam soil moisture), ICO global benchmark, and macro overlay signals. This cross-coffee positioning signal provides the sentiment context; pair with fundamental and macro signals for the full read.

Reader rule: Robusta Spec Long firings flag bullish regimes with Arabica strength historically following at 60-day horizon via cross-coffee sentiment transmission. Robusta Spec Short firings flag bearish regimes.

Methodology

Data source: ICE Europe Commitments of Traders weekly report, managed-money category net position (long minus short) in Robusta coffee futures. Computation: z-score on a rolling 3-year window, tanh-bounded. State thresholds plus or minus 0.2 (moderate) and plus or minus 0.5 (extreme). Phase +1 at composite above +0.3, phase −1 below −0.3. Target: ICE US Coffee C first-nearby back-adjusted close.

Historical window: ICE Europe COT weekly series from 2011; engine runs from 2014 onward with a 504-bar warmup for the rolling z-score.

Validation computed on 2,979 post-warmup daily observations. Daily Spearman IC plus 0.098 at p-value 9.3e-8 across 2,979 observations, strongly significant on 12-year sample. Phase +1 per-day forward return plus 3.26 percent (plus 1.17 pp above plus 2.09 percent baseline). Phase −1 per-day

forward return plus 1.13 percent (minus 0.95 pp below baseline). 2.12 pp directional spread. Non-overlap IC at 60-day sampling plus 0.062 at p-value 0.67 across 50 samples, sign-consistent but not independently significant.

What this signal does not cover

The signal does not capture KC-specific CFTC positioning (see KC CFTC DCOT dealer commercial split). It does not capture Robusta supply fundamentals (see LRC Vietnam soil moisture and LRC demand-pull signals). It does not capture macro overlay drivers (see CPI, NFCI, Fed cycle signals). Short 12-year sample limits statistical conviction relative to 36-year weather or macro signals.

Disclaimer

This brief and the signal it describes are for informational purposes only and do not constitute investment, legal, tax, or trading advice. Hypothetical or simulated performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not been executed, the results may have under- or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. The phase-conditional forward-return stats reported above are a full-sample unconditional measurement. Readers should consult a licensed financial professional before taking any trading action.

References

ICE Futures Europe, Commitments of Traders weekly report, Robusta Coffee, theice.com.

ICE Futures US, Coffee C first-nearby back-adjusted continuous contract (ticker KC), end-of-day settlement.