



MONTHLY REVIEW OF THE COCOA MARKET SITUATION

APRIL 2012

The current review of the cocoa market situation reports on price movements on the international markets during the month of April 2012. **Chart I** illustrates price movements on the London (NYSE Liffe Futures and Options) and New York (ICE Futures US) markets in April. **Chart II** shows the evolution of the ICCO daily price, quoted in US dollars and in SDRs, from February to April 2012. **Chart III** depicts the change in the ICCO daily price Index, the Dow Jones-UBS Commodity Index and the US Dollar Index while **Chart IV** illustrates the monthly average of the daily volatility of the ICCO daily prices since the beginning of the 2011/2012 cocoa season.

Chart I:
Cocoa bean prices on the London (LIFFE)
and New York (ICE) futures markets

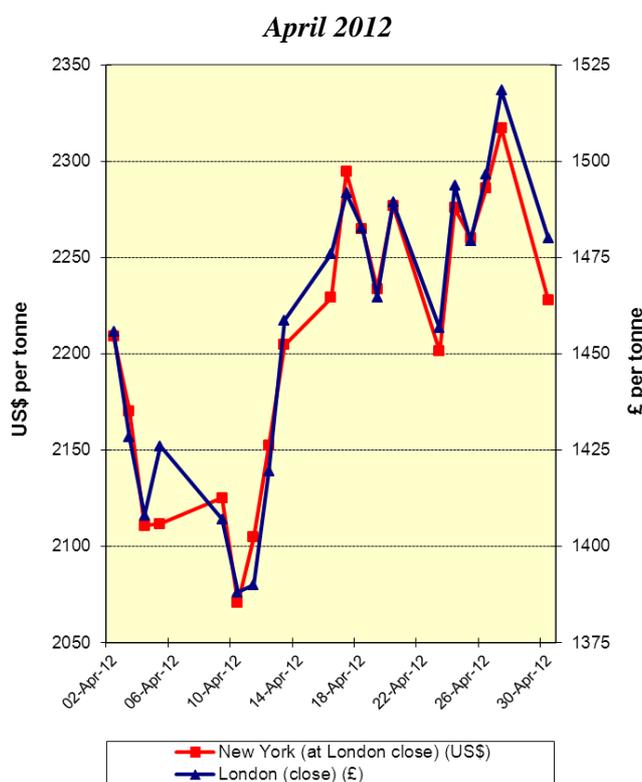
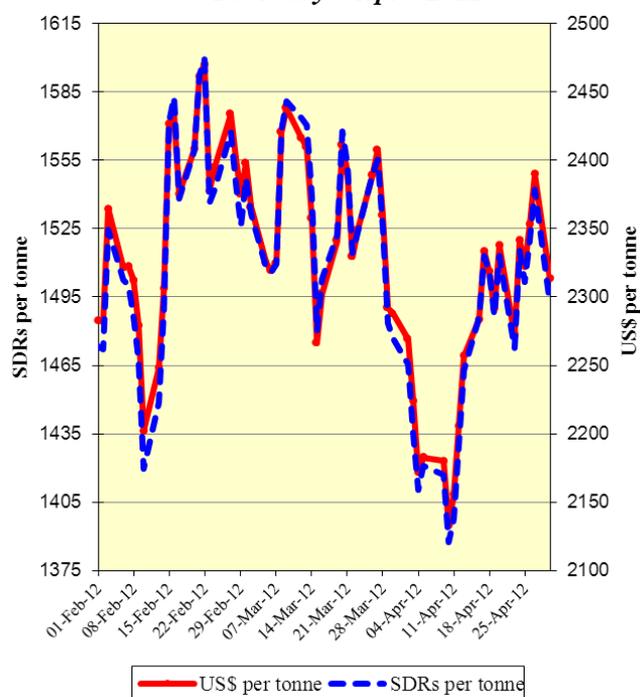


Chart II: ICCO daily prices
February – April 2012



Note: The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on NYSE Liffe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

Price movements

In April, the ICCO daily price averaged US\$2,267 per tonne, down by US\$92 compared to the average price recorded in the previous month (US\$2,359) and ranged between US\$2,133 and US\$2,390.

As shown in **Chart I**, the beginning of the month witnessed a downward movement of cocoa futures prices, as increased origin selling and a rise in the US dollar weighed on the market. Thus cocoa futures attained lows of £1,388 per tonne in London and US\$2,071 per tonne in New York. However, as from the middle of April, with the release of better than expected European grindings data, an upward correction was recorded on both the LIFFE and ICE futures markets. Within five trading sessions, cocoa prices increased by seven per cent to £1,492 on the London market and by 11% to US\$2,294 per tonne on the New York market. However, the report of a fall in North American grindings in the first quarter of 2012, compared to the revised figure for the same period of the previous year, placed some downward pressure on cocoa futures by the third week of the month. Cocoa futures prices moved sideways during the rest of the month.

Chart III: ICCO daily price Index, Dow Jones-UBS commodity index and U.S. Dollar Index

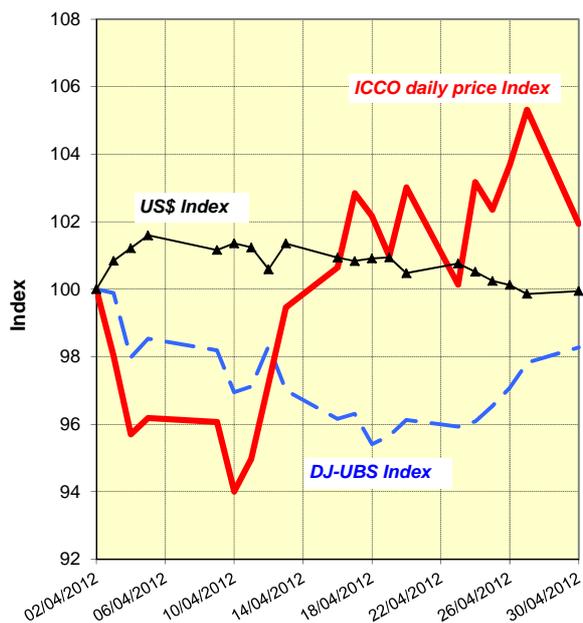
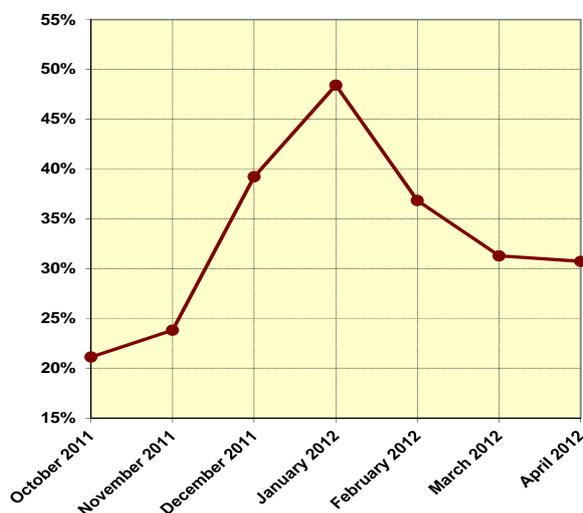


Chart IV: Level of volatility of ICCO daily prices (values expressed in annual terms) October 2011 - April 2012



As depicted in **Chart III**, the cocoa market performed better during the second half of the month than the wider commodity markets, as measured by the movement of the DJ-UBS Commodity Index.

Supply & demand situation

According to data published by news agencies, cocoa arrivals from the start of the 2011/2012 crop season to the end of April reached 1,081,000 tonnes in Côte d'Ivoire. This was 36,610 tonnes higher than for the same period in the previous main crop. However, it is recalled that, during the previous year, there was a lack of exports arising from the ban of shipments during the country's political crisis. Due caution should therefore be exercised in this comparison.

In Ghana, *Cocobod* reported that cumulative purchases from the beginning of the season to 5 April were 720,000 tonnes and that attaining its 2011/2012 target of 950,000 tonnes may not be feasible, given the current irregular weather patterns in force. The country's regulator has also reported discrepancies in its data and an investigation is being undertaken.

On the demand side, statistics published by the *European Cocoa Association* (ECA) showed that grindings by its Members remained at the same level as during the same quarter for the previous year, whilst North American grindings declined by four per cent year-on-year.

Conclusions

As shown in **Chart IV**, the nervousness among market participants is reflected in the high volatility of cocoa prices. With the mid-crop about to commence and reports of irregular weather patterns, there is uncertainty surrounding the size of the crop from West Africa. The ICCO will release its revised forecasts for the 2011/2012 season in the next issue of the *Quarterly Bulletin of Cocoa Statistics*.

