

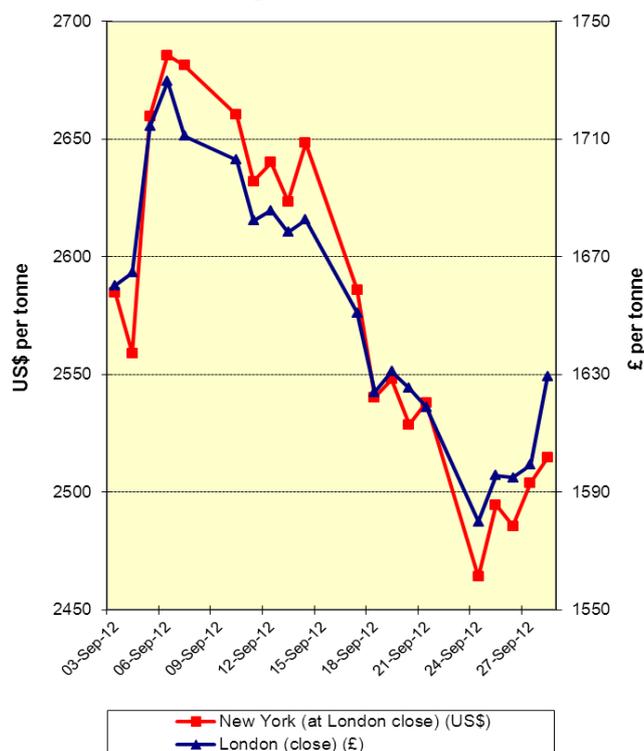


## MONTHLY REVIEW OF THE COCOA MARKET SITUATION

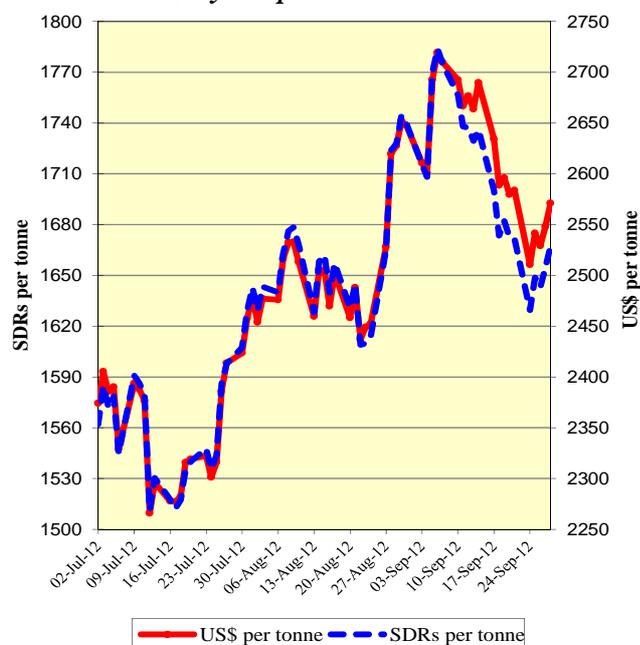
### SEPTEMBER 2012

The current review of the cocoa market situation reports on price movements on the international markets during the month of September 2012. **Chart I** illustrates price movements on the London (NYSE Liffe Futures and Options) and New York (ICE Futures US) markets in September. **Chart II** shows the evolution of the ICCO daily price, quoted in US dollars and in SDRs, from July to September 2012. **Chart III** depicts the change in the ICCO daily price Index, the Dow Jones-UBS Commodity Index and the US Dollar Index whilst **Chart IV** presents the price ratios of European cocoa products.

**Chart I: Cocoa bean prices on the London (LIFFE) and New York (ICE) futures markets**  
*September 2012*



**Chart II: ICCO daily prices**  
*July - September 2012*



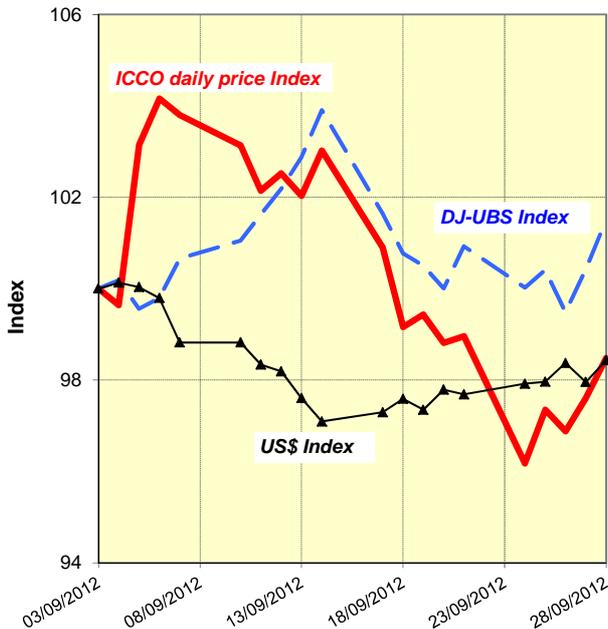
**Note:** The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on NYSE Liffe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

#### Price movements

In September, the ICCO daily price averaged US\$2,620 per tonne, up by US\$108 compared to the average price recorded in the previous month (US\$2,512) and ranged between US\$2,510 and US\$2,720 per tonne.

The sharp rise in cocoa futures prices initiated at the end of the previous month continued during the latter part of the first week of September, with quotations hitting an eleven-month high in London at £1,730 per tonne and a ten-month record in New York at US\$2,686 per tonne. Weather concerns continued to be the fundamental drive in the price increase, contributing to strong buying interest from speculators who increased their net long position. As shown in **Chart I**, from the second week of the month, cocoa futures followed a downward trend, which was reinforced in the middle of the month due to renewed concerns over the European debt crisis and bearish news of falling demand in the region.

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



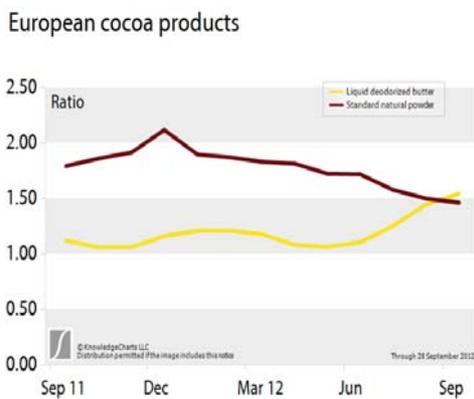
Cocoa was not the only commodity affected, as depicted in **Chart III**, with the broader commodity complex weakening during this period. By the last week of September, compared to the high levels attained at the start of the month, cocoa futures fell by nine per cent to £1,580 per tonne in London and by eight per cent to US\$2,464 per tonne in New York.

**Supply and demand situation**

According to the *Conseil du Café-Cacao*, cocoa bean arrivals at ports in Côte d’Ivoire reached 1.476 million tonnes at the end of the 2011/2012 season, down by two per cent or 35,000 tonnes compared to the previous season of 1.511 million tonnes.

In Ghana, official cocoa purchases data released by the *Ghana Cocoa Board* for the 2011/2012 season fell to 878,524 tonnes compared to 1.025 million tonnes recorded in the 2010/2011 season. However, due caution should be exercised regarding these cumulative data on cocoa beans supply, as they are likely to be revised when more information becomes available.

**Chart IV:  
European cocoa butter and powder ratios  
October 2011 – September 2012**



On the demand side, as shown in **Chart IV**, cocoa butter ratios increased during the month under review and attained their highest level since the beginning of the 2011/2012 season. On the other hand, cocoa powder ratios remained steady after decreasing during the earlier months. According to Reuters News, demand for butter and powder ahead of the Christmas holiday season supported prices for cocoa products. Grindings data for the July to September 2012 period for Europe and North America will be published in the middle of October and most analysts expect that they will reveal a further decrease in activity compared to the corresponding quarter of the previous season.

