



COCOA MARKET REVIEW

NOVEMBER 2012

The current review of the cocoa market situation reports on price movements on the international markets during the month of November 2012. **Chart I** illustrates price movements on the London (NYSE Liffe Futures and Options) and New York (ICE Futures US) markets in November. **Chart II** shows the evolution of the ICCO daily price, quoted in US dollars and in SDRs, from September to November 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 prices of European cocoa products since the beginning of the year.

Chart I:
Cocoa bean prices on the London (NYSE Liffe)
and New York (ICE) futures markets
November 2012

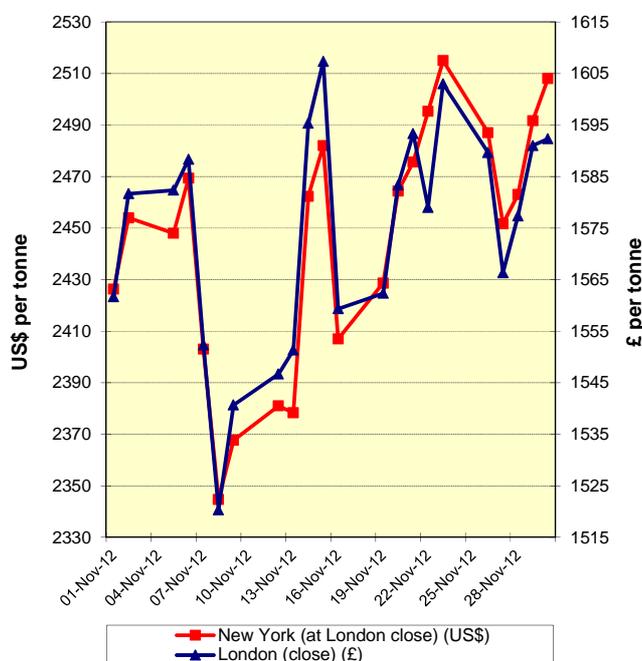
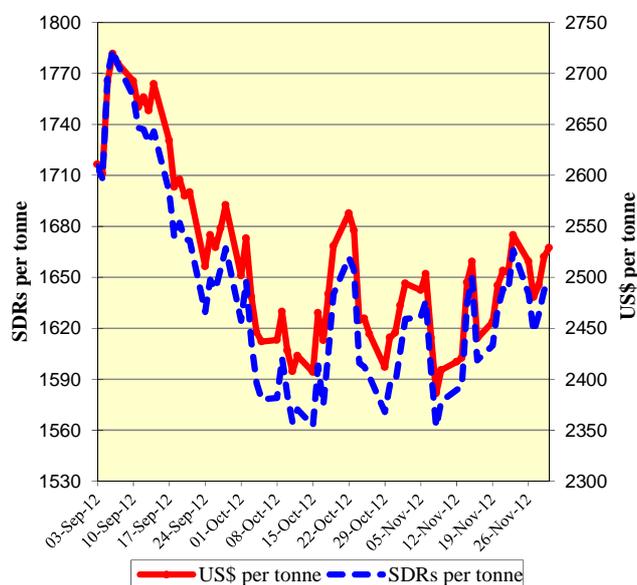


Chart II:
ICCO daily prices
September – November 2012



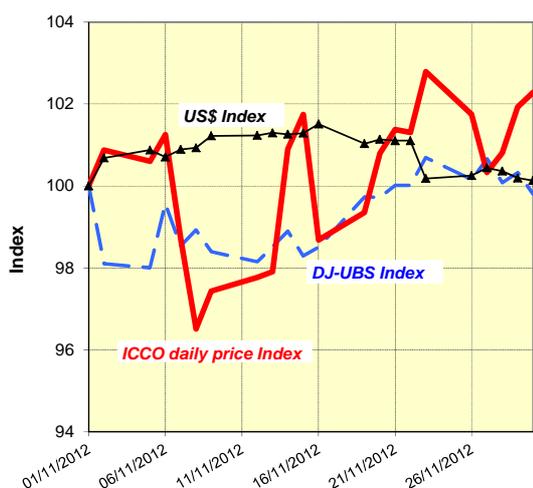
Note: The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on NYSE Liffe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

Price movements

In November, the ICCO daily price averaged US\$2,478 per tonne, up by US\$15 compared to the average price recorded in the previous month (US\$2,464) and ranged between US\$2,386 and US\$2,542 per tonne.

At the beginning of the month, cocoa futures bucked from their lows recorded in the last trading sessions of the previous month and followed an upward trend. Reports of damage by Hurricane Sandy to cocoa stocks in New York warehouses, combined with tax dispute issues in Côte d'Ivoire and lower than expected cocoa purchases from Ghana, underpinned the markets. Thereafter, as shown in **Chart I**, cocoa futures fell to their lowest levels for the month, at £1,520 per tonne and at US\$ 2,345 per tonne in London and New York respectively. Although origin selling contributed to the downward movement of cocoa futures prices, this was in line with the broader commodity complex, as depicted in **Chart III**. As the cocoa industry very often reacts to political matters in Côte d'Ivoire, the unexpected dissolution of the Government by the country's President in mid November caused a surge in cocoa prices. Compared to the low levels referred to above, cocoa futures increased by six per cent in both markets to £1,607 per tonne in London and to US\$ 2,482 per tonne in New York.

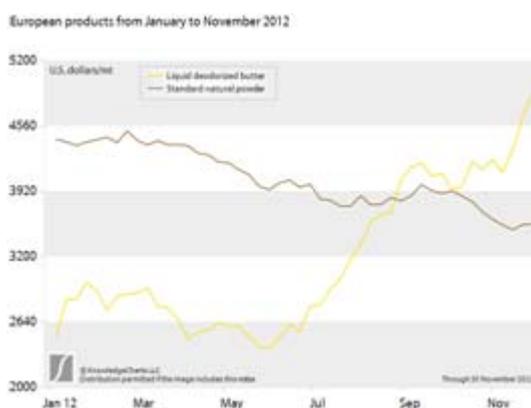
Chart III: ICCO daily price Index, Dow Jones-UBS commodity index and U.S. Dollar Index



Notes:

The *US Dollar Index* is a measure of the value of the United States dollar relative to a basket of six major foreign currencies. The *Dow Jones Commodity-UBS Index* tracks price movements across various commodities, including energy, precious metals, industrial metals, grains, livestock, softs (cocoa being excluded) and agriculture.

Chart IV: European cocoa products in US\$/tonnes January – November 2012



World Cocoa Conference

The first-ever edition of the World Cocoa Conference, organized in Abidjan, Côte d’Ivoire took place in November. Participants adopted the *Global Cocoa Agenda* and key players signed the *Abidjan Cocoa Declaration*, which aim to move the entire sector onto a path of sustainable development that will benefit all stakeholders along the value chain.

For more information: www.icco.org/home/world-cocoa-conference-2012.html



Nevertheless, the political decisions in Côte d’Ivoire did not affect the flow of cocoa beans and cocoa futures retreated from their high levels and moved downwards. However, the fall in cocoa prices was short-lived and cocoa futures edged upwards in the last week of the month following news of a global supply shortfall and a weakening US dollar.

Supply and demand situation

According to news agency data, cocoa arrivals at ports in Côte d’Ivoire were around 352,000 tonnes at the end of November, as against 422,430 tonnes recorded during the same period of the previous season. In Ghana, cumulative cocoa purchases by the Cocobod from the beginning of the season to the middle of November were estimated at 242,342 tonnes. This was about 27.6% lower compared with the same period for the previous season.

With regard to demand, industry reports indicate that cocoa butter prices have continued to increase, as illustrated in **Chart IV**. Cocoa butter ratios have followed an upward trend since June 2012 and reached a level of about 1.9 at the end of November. Analysts are of the view that processors are using up stockpiles rather than grinding more beans as the Christmas season approaches. On the other hand, powder prices followed a declining trend.

The ICCO Secretariat’s revised estimates for the 2011/2012 cocoa year, published in the latest issue of the *Quarterly Bulletin of Cocoa Statistics*, depict a second year of production surplus, albeit a lower one of 90,000 tonnes. World cocoa bean production is estimated to have declined by six per cent (down by 261,000 tonnes) over the previous season, to 4.052 million tonnes. Grindings are estimated to have shrunk by 0.2% to 3.921 million tonnes (down by 8,000 tonnes). Global statistical stocks of cocoa beans as at the end of the 2011/2012 cocoa year are estimated at 1.864 million tonnes, equivalent to 47.5% of annual grindings in 2011/2012.

International Cocoa Organization

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