



COCOA MARKET REVIEW

FEBRUARY 2013

The current review of the cocoa market situation reports on price movements on the international markets during the month of February 2013. **Chart I** illustrates price movements on the London (NYSE Liffe Futures and Options) and New York (ICE Futures US) markets in February. **Chart II** shows the evolution of the ICCO daily price, quoted in US dollars and in SDRs, from December 2012 to February 2013. **Chart III** depicts the change in the ICCO daily price Index, the Dow Jones-UBS Commodity Index and the US Dollar Index during the month under review whilst **Chart IV** presents the prices of European cocoa products since the beginning of the cocoa year.

Chart I:
Cocoa bean prices on the London (NYSE Liffe)
and New York (ICE) futures markets
February 2013

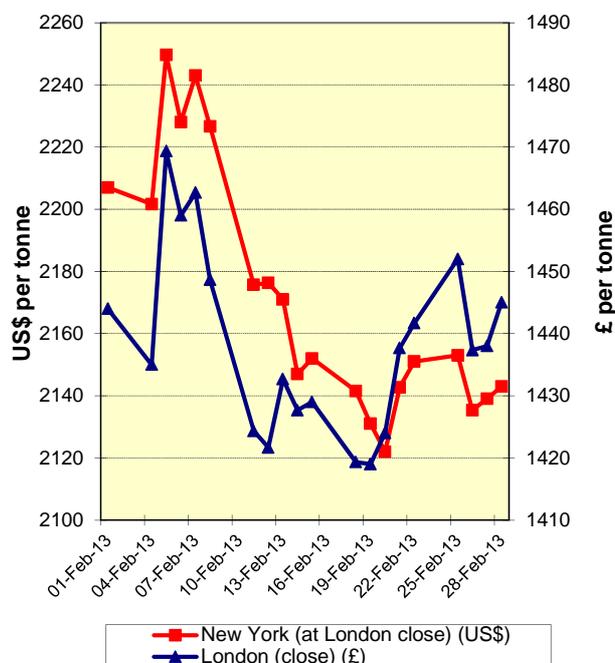


Chart II:
ICCO daily prices
December 2012 – February 2013



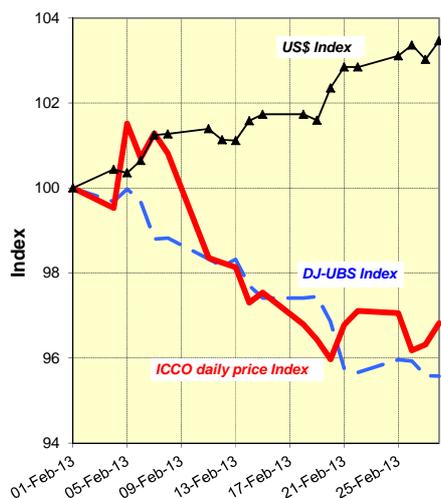
Note: The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on NYSE Liffe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

Price movements

In February, the ICCO daily price averaged US\$2,198 per tonne, down by US\$77 compared to the average price recorded in the previous month (US\$2,275) and ranged between US\$2,149 and US\$2,274 per tonne.

During the first week of February, cocoa futures markets surged to their highest level for the month and settled at £1,469 per tonne in London and at US\$2,250 per tonne in New York. The increase was spurred by unfavourable weather conditions in Côte d'Ivoire and its impact on supply and quality of beans from the country. As shown in **Chart I**, the rise in cocoa prices was short lived and from the second week through to the third week of February, cocoa futures prices followed a downward trend. The strengthening of the United States Dollar was the main factor that pressured cocoa prices. Moreover, with Europe being the largest chocolate consumer, the unresolved European debt issues heightened concerns over its negative impact on demand for cocoa. In London, cocoa prices hit a ten-month low at £1,419 per tonne and an eight-month low in New York at US\$2,122 per tonne by the third week of the month under review.

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.

Thereafter, cocoa prices reversed their losses and rose by over two per cent in London to £1,452 per tonne and by over one per cent in New York to US\$2,153 per tonne. Towards the end of the month, cocoa futures moved sideways as news of the weather pattern and fluctuations of the United States Dollar influenced cocoa prices.

Supply and demand situation

Data from news agencies indicated that cocoa arrivals at ports in Côte d’Ivoire had reached 939,000 tonnes by 3 March. This was about 6.5% lower than for the corresponding period of the previous season. In Ghana, cocoa purchases reported by the *Ghana Cocoa Board* since the start of the current season to 28 February were 594,000 tonnes. This represented a decline of approximately 16.5% compared with the same period for the previous season.

As shown in **Chart IV**, cocoa semi-finished product prices have been decreasing in the past months. As demand eases, good supply prospects of cocoa beans placed downward pressure on the prices of cocoa products during the month of February.

ICCO forecasts for 2012/2013 and revisions for 2011/2012

As published in the latest issue of the *Quarterly Bulletin of Cocoa Statistics*, the ICCO Secretariat’s first forecasts for the current 2012/2013 cocoa year envisage that the cocoa market will return to a supply deficit of 45,000 tonnes. This reflects an increase in world grindings of 1.5% over the previous season (up by 60,000 tonnes) to 4.008 million tonnes and a decrease in world cocoa bean production (down by 72,000 tonnes) to 4.003 million tonnes.

Copies of the *Quarterly Bulletin of Cocoa Statistics* can be ordered from the [website](http://www.icco.org) (www.icco.org) or from the ICCO Secretariat.

Chart IV: European cocoa products in US\$/tonne October 2012 – February 2013

