



COCOA MARKET REVIEW

APRIL 2013

The current review of the cocoa market situation reports on price movements on the international markets during the month of April 2013. **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 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.

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

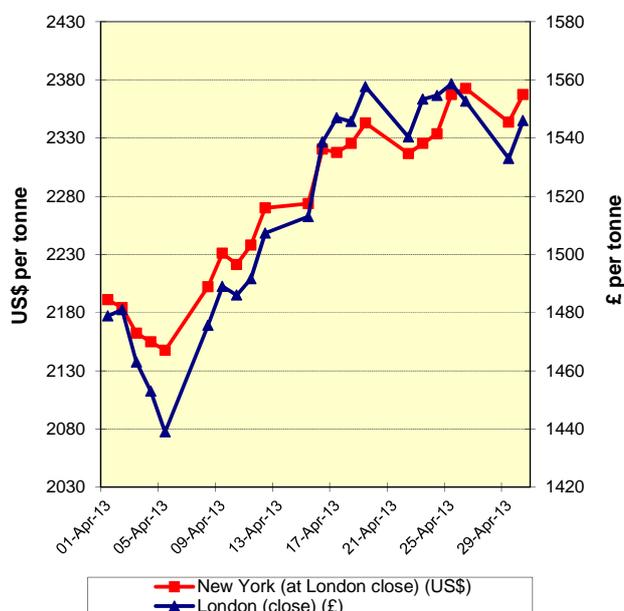
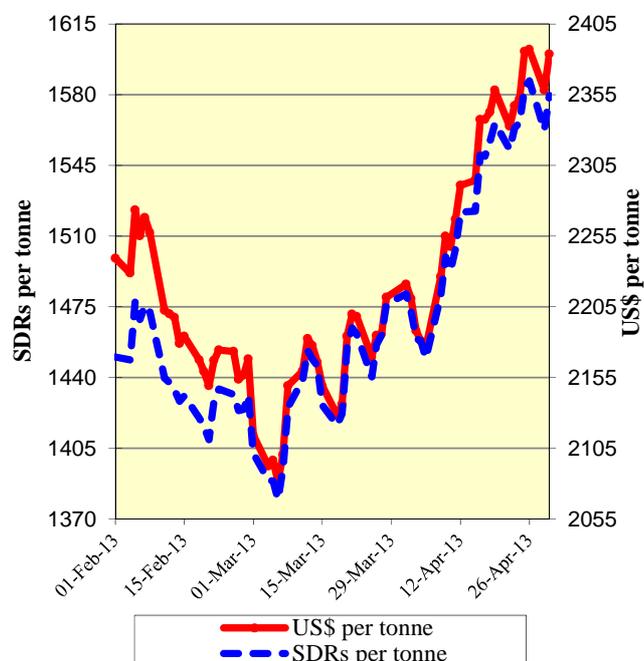


Chart II:
ICCO daily prices
February – April 2013



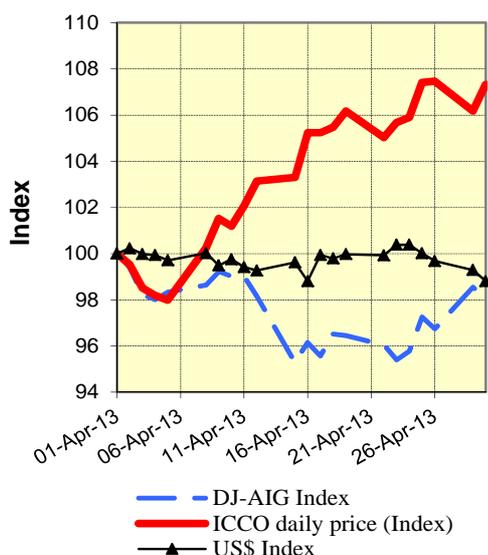
Note: The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on NYSE Liffe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

Price movements

In April, the ICCO daily price averaged US\$2,294 per tonne, up by US\$141 compared to the average price recorded in the previous month (US\$2,153) and ranged between US\$2,176 and US\$2,387 per tonne.

At the beginning of April, cocoa futures prices reversed the upward trend experienced in the previous month and fell to their lowest levels at £1,439 per tonne in London and at US\$2,148 per tonne in New York. In addition to reports of improved weather conditions bolstering the mid-crop, the fall in prices also resulted from forward selling trading activities within the West African region as producers reacted to the price rallies that had occurred in March. Thereafter, as shown in **Chart I**, cocoa futures prices recovered from their losses and followed an upward trend. The increases in cocoa prices during the second week of April were based more on technical than fundamental factors, as investors indulged in short covering activities. By the middle of the month through to the third week of the month, the release of European grindings data by the *European Cocoa Association (ECA)* and that of North America by the *National Confectioners' Association* for the first quarter of 2013 lent support to cocoa futures prices.

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.

For the first quarter of 2013, whereas European grindings fell, as expected, by 3.9% from the corresponding quarter to 339,377 tonnes, North American grindings showed a strong increase of 5.77% year-on-year, to 125,887 tonnes. It has been reported that the dip in European grindings data may have resulted partially from a decline in the number of cocoa processors reporting data as compared to the previous year.

An aggregate data of grindings from Western Europe, North America, Asia (Indonesia, Malaysia and Singapore) and Brazil, representing approximately two-thirds of world cocoa processing activity, showed that grindings for the first quarter of 2013 were about 665,022 tonnes, down by 3.6% compared to the same period of 2012.

Conclusions

Due to the particularly dry and hot weather experienced in the first two months of the year in the West African region, the mid crops in the major producing countries, namely Côte d’Ivoire and Ghana, had been expected to tail off early. However, the return of rainfall in the region in recent weeks has slightly improved this prospect. At the end of May 2013, the ICCO Secretariat will release its revised crop and grindings forecasts for the current cocoa year in its *Quarterly Bulletin of Cocoa Statistics*.

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

Towards the end of the month under review, cocoa futures remained range bound. During this period, cocoa prices increased to a four month high at £1,559 per tonne in London and at US\$2,373 per tonne in New York. Compared to the low prices quoted at the start of the month, this represented increases of eight per cent and 10% in London and New York respectively.

As reflected in **Chart III**, compared to the average prices of other commodities, as measured by the DJ-UBS Index, the price increase in cocoa was substantial during the month of April.

Supply and demand situation

According to data published by news agencies, cocoa arrivals from the start of the 2012/2013 crop season to the end of April reached 1,079,000 tonnes in Côte d’Ivoire, compared with 1,089,000 tonnes in the same period of the previous season. In Ghana, cumulative cocoa purchases reported by the *Ghana Cocoa Board* from the beginning of the season to 18 April 2013 reached 626,285 tonnes, a decline of 14% compared to the same period for the previous year.

