

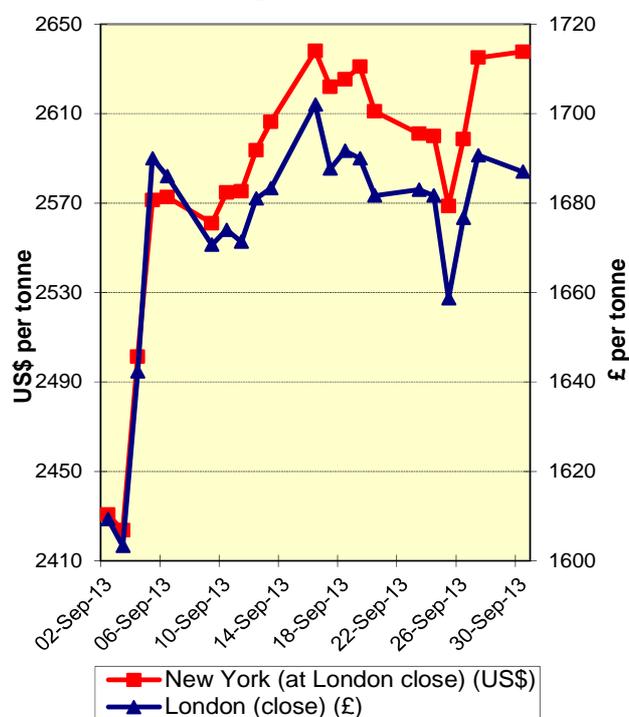


## MONTHLY REVIEW OF THE COCOA MARKET SITUATION

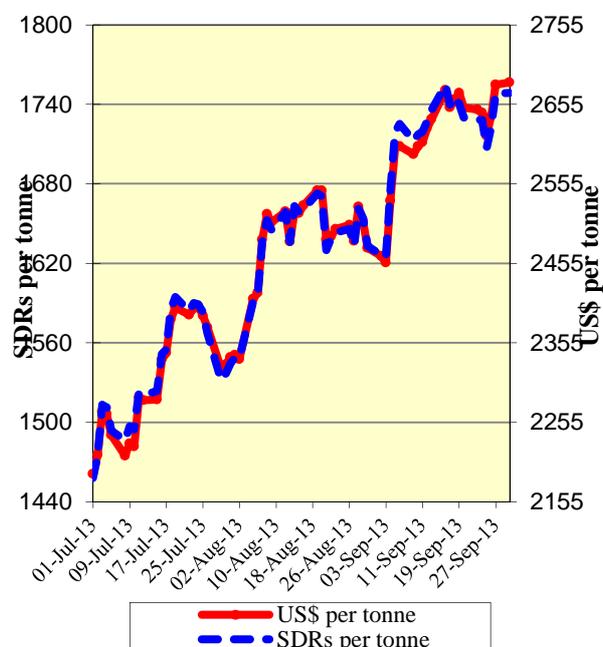
### SEPTEMBER 2013

The current review of the cocoa market situation reports on price movements on the international markets during the month of September 2013. **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 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 while **Chart IV** presents the prices of European cocoa products during the 2012/2013 cocoa year.

**Chart I: Cocoa bean prices on the London (LIFFE) and New York (ICE) futures markets September 2013**



**Chart II: ICCO daily prices July – September 2013**



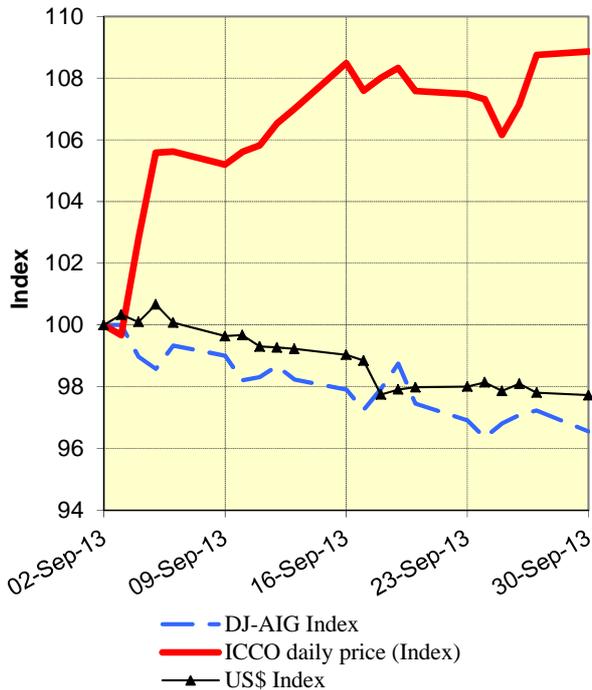
**Note:** The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on NYSE Liffe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

#### Price movements

In September, the ICCO daily price averaged US\$2,616 per tonne, up by US\$132 compared to the average price recorded in the previous month (US\$2,484). Prices ranged between US\$2,455 and US\$2,683 per tonne.

Cocoa futures were generally buoyant during the month under review. Compared to the price levels recorded at the start of the month for London and New York of £1,603 and US\$2,424 per tonne respectively, cocoa prices staged a rally, increasing by the end of the first week by over five per cent. By mid-September, cocoa prices hit a one-year high, at £1,702 per tonne in London and US\$2,638 per tonne in New York. This price surge was mainly due to reports of a higher than expected global deficit for 2012/2013 combined with a consecutive deficit expected for the 2013/2014 cocoa season. Dry weather patterns in the West African region as well as Ghana's decision to gradually reduce fertilizer subsidies and phase out pest and disease control further heightened concerns over the tightness of cocoa supplies. However, as seen in **Chart I**, cocoa futures showed some weakness during the third week, as the markets witnessed profit-taking and origin selling. This was short-lived and cocoa futures reverted to their upward trend. Expectations of improved grindings data and the aforementioned news of yet another deficit for 2013/2014 supported prices at the end of the month.

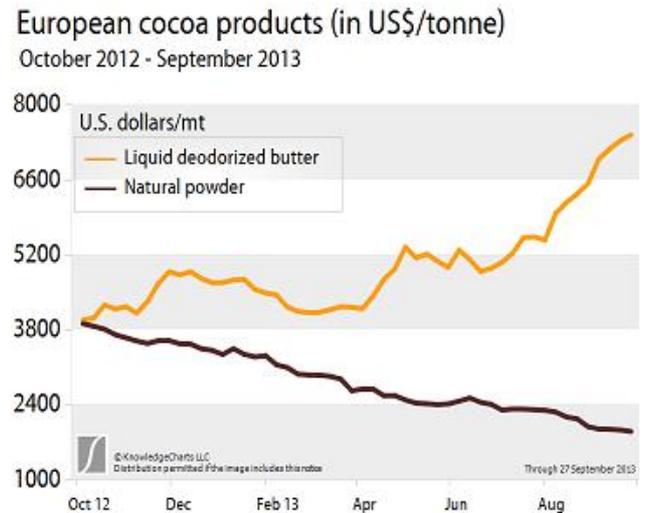
**Chart III: ICCO Daily Price Index, Dow Jones-UBS Commodity Index and U.S. Dollar Index September 2013**



**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-UBS Commodity 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\$/tonne October 2012 – September 2013**



As shown in **Chart III**, cocoa significantly out-performed most other commodities in September, while the commodity index declined despite a weakening dollar.

**Supply & demand situation**

According to news agency data, cocoa bean arrivals at ports in Côte d’Ivoire reached 1.416 million tonnes by 22 September 2013 compared to 1.436 million tonnes in the same period of the previous season. For the 2013/2014 season, the Government has set a farm-gate price

of 750 CFA francs (US\$1.55) per kilogramme, an increase from 725 CFA francs per kilogramme for the 2012/2013 main crop season. As in Côte d’Ivoire, cocoa production in Ghana fell short compared to that of the previous year, declining by five per cent to 835,410 tonnes due to less favourable weather patterns.

On the demand side, the anticipated recovery in most developed economies stimulated demand for cocoa products, especially butter. As seen in **Chart IV**, the turnaround in demand has led to cocoa butter prices increasing to more than US\$7,000 per tonne. Grindings data for the July to September 2013 period for Europe and North America will be published in the middle of October. Most analysts expect that they will reveal an increase in activity.



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