



CCS

COMPLETE COMMODITY SOLUTIONS

2015/16 Supply/Demand Overview

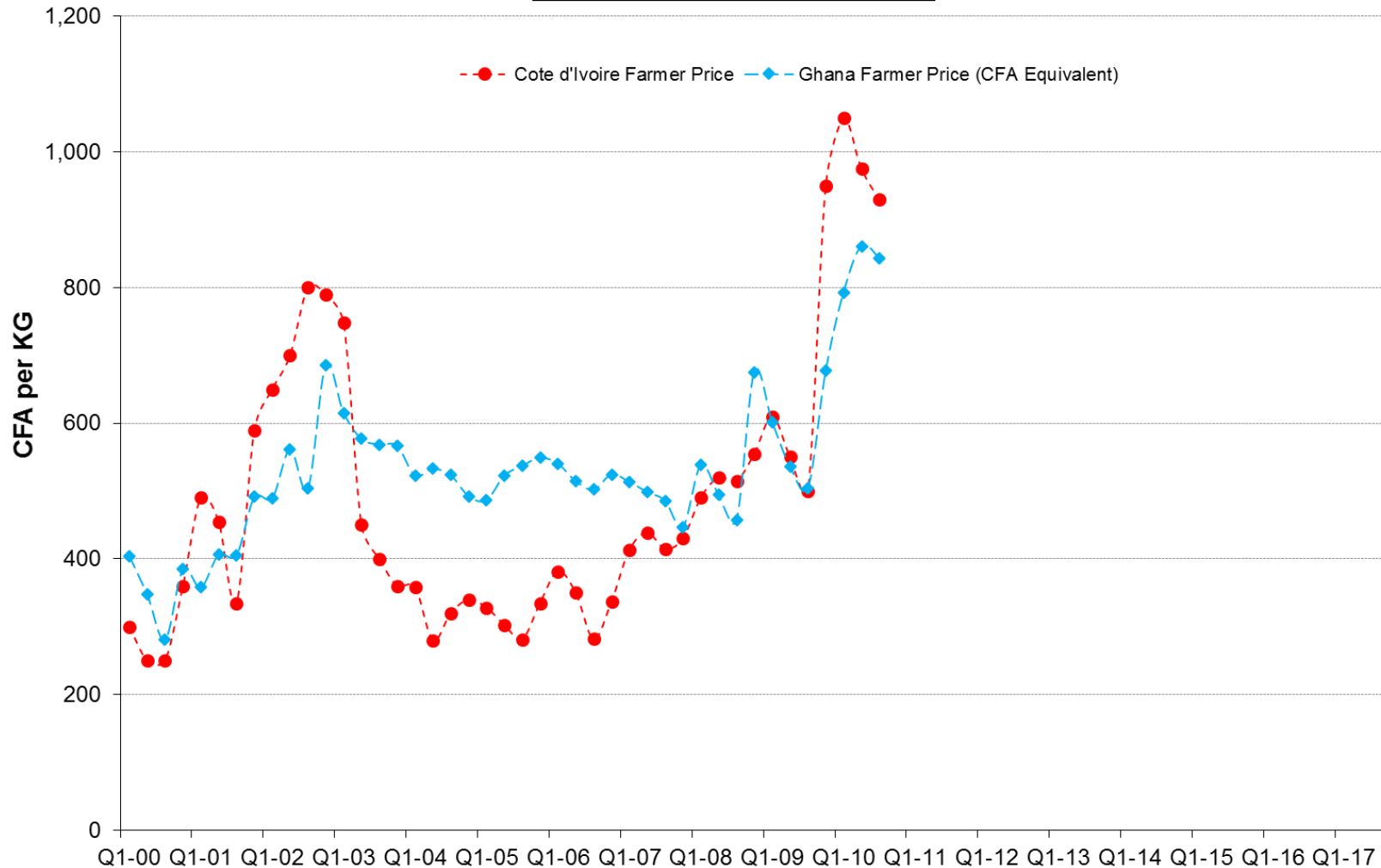
Euan Mann, Wembley, 21st September 2015

‘Sustainable Cocoa’ - £1,800 to £2,200 per MT

'High' price is the best fertiliser...



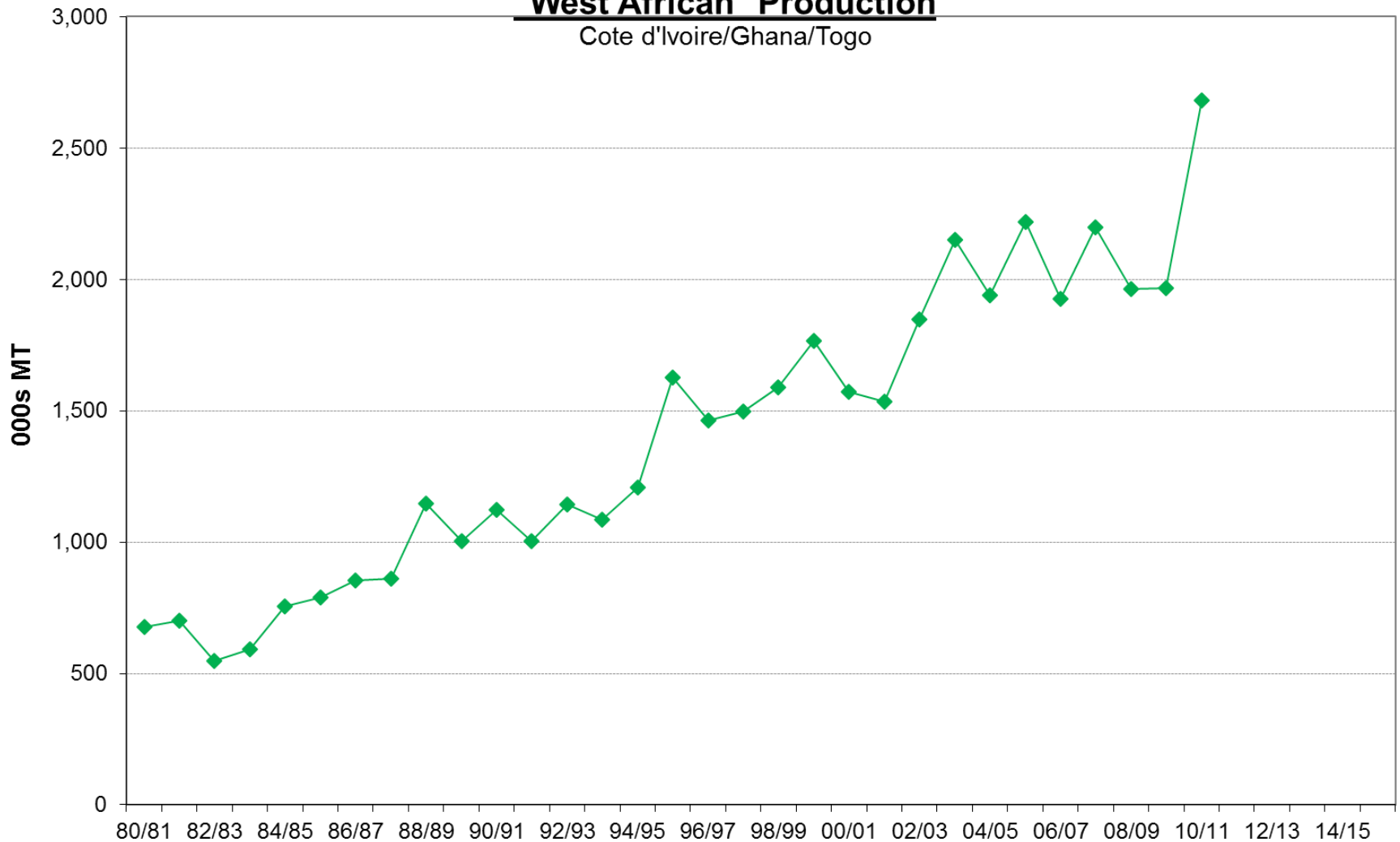
West Africa Farmer Price



... to unlock 'latent potential'



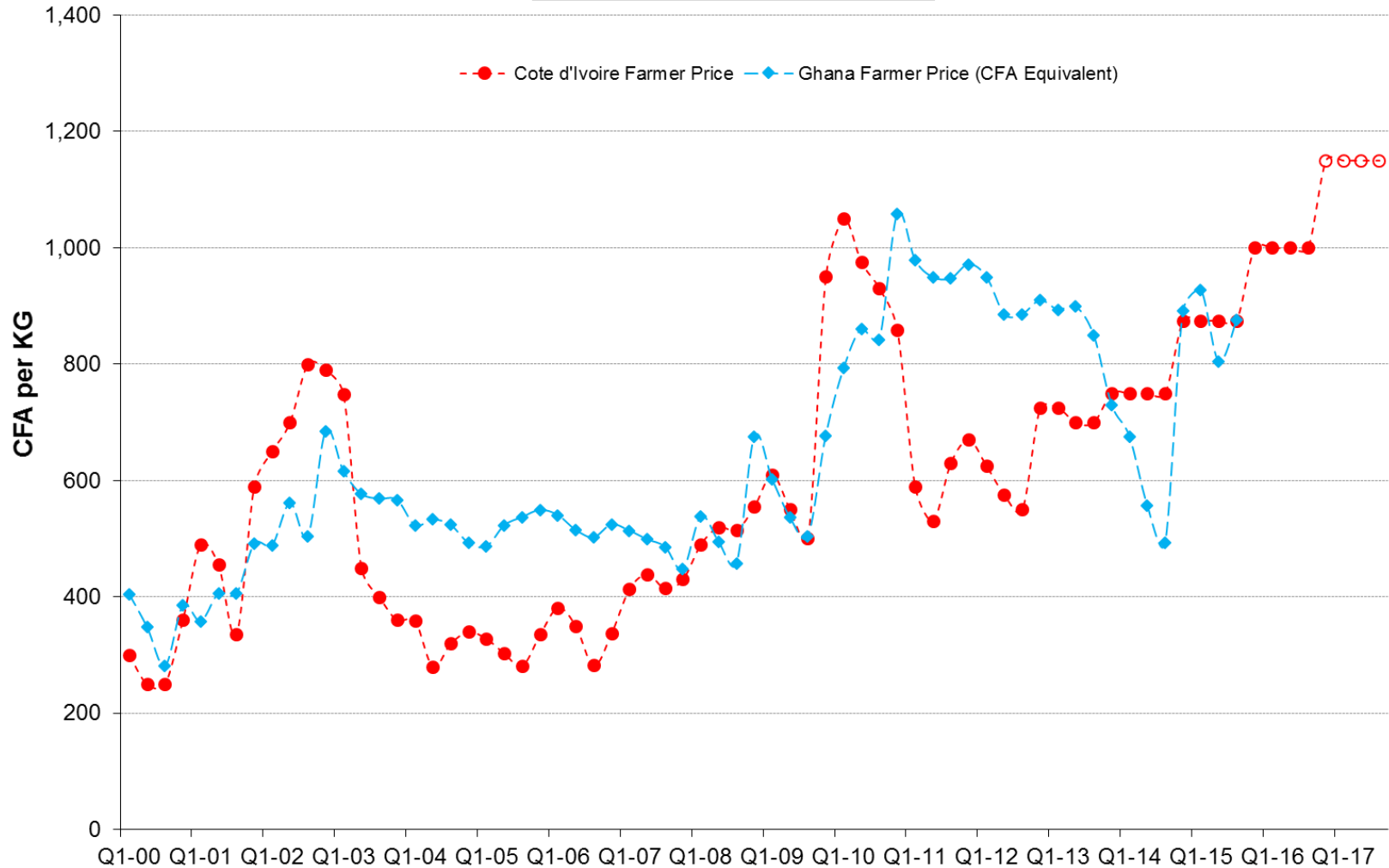
"West African" Production
Cote d'Ivoire/Ghana/Togo



CFA 1,000 solves 'structural deficit'



West Africa Farmer Price

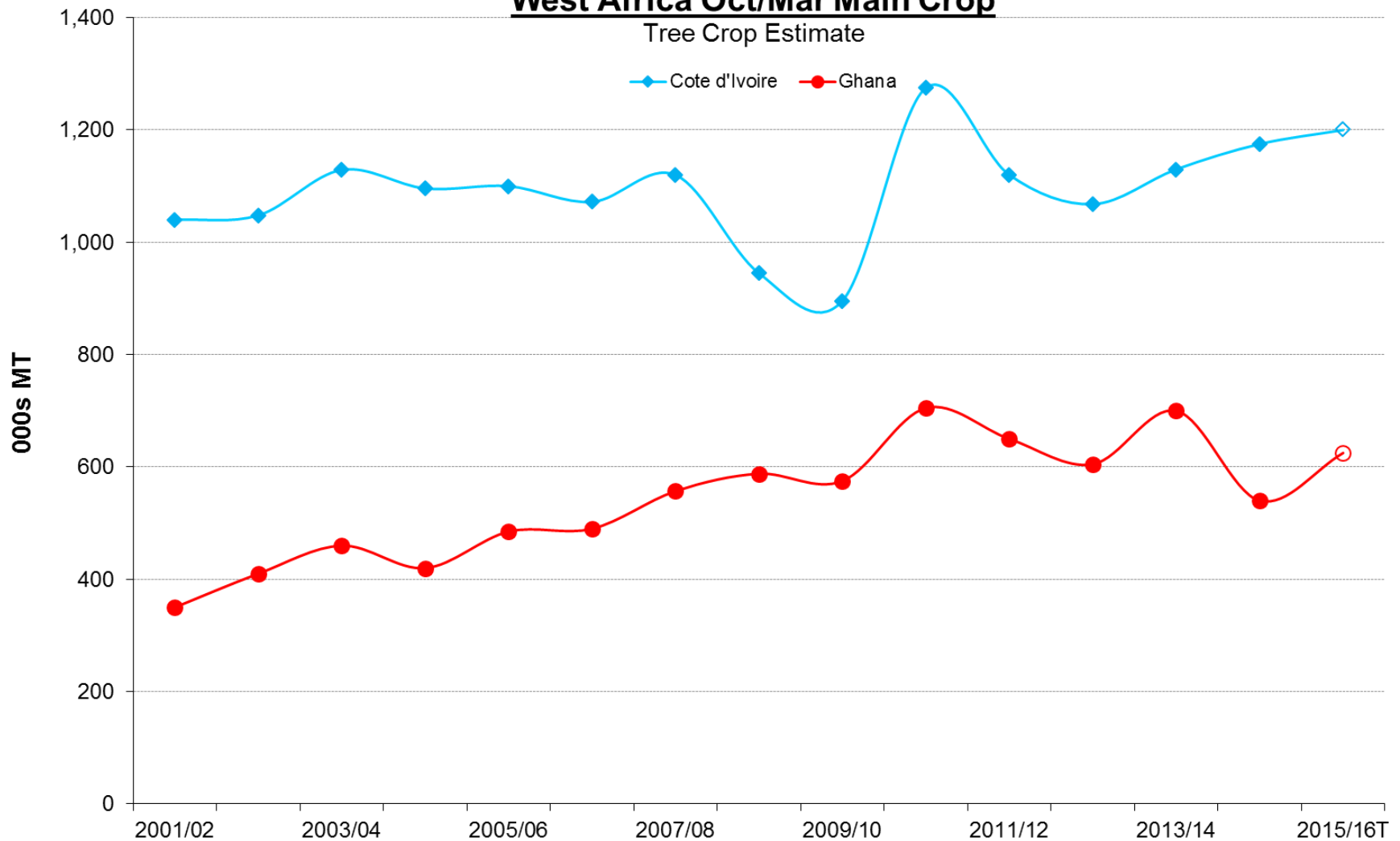


West Africa 'Trend'

We believe in Côte d'Ivoire uptrend...



West Africa Oct/Mar Main Crop

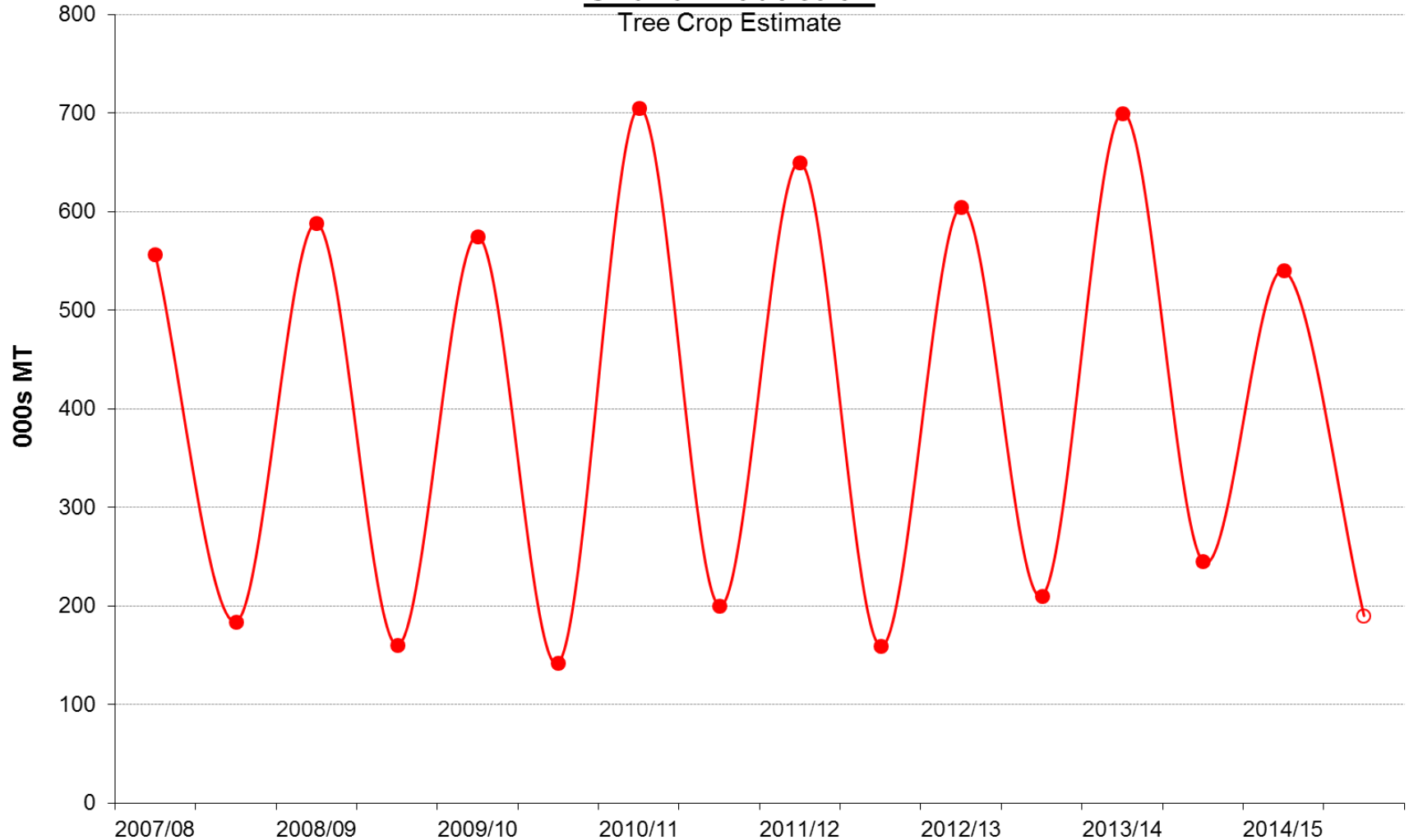


West Africa 'Trend'

... and that Ghana 2014/15 'issue' is most likely temporary...



Ghana Production
Tree Crop Estimate

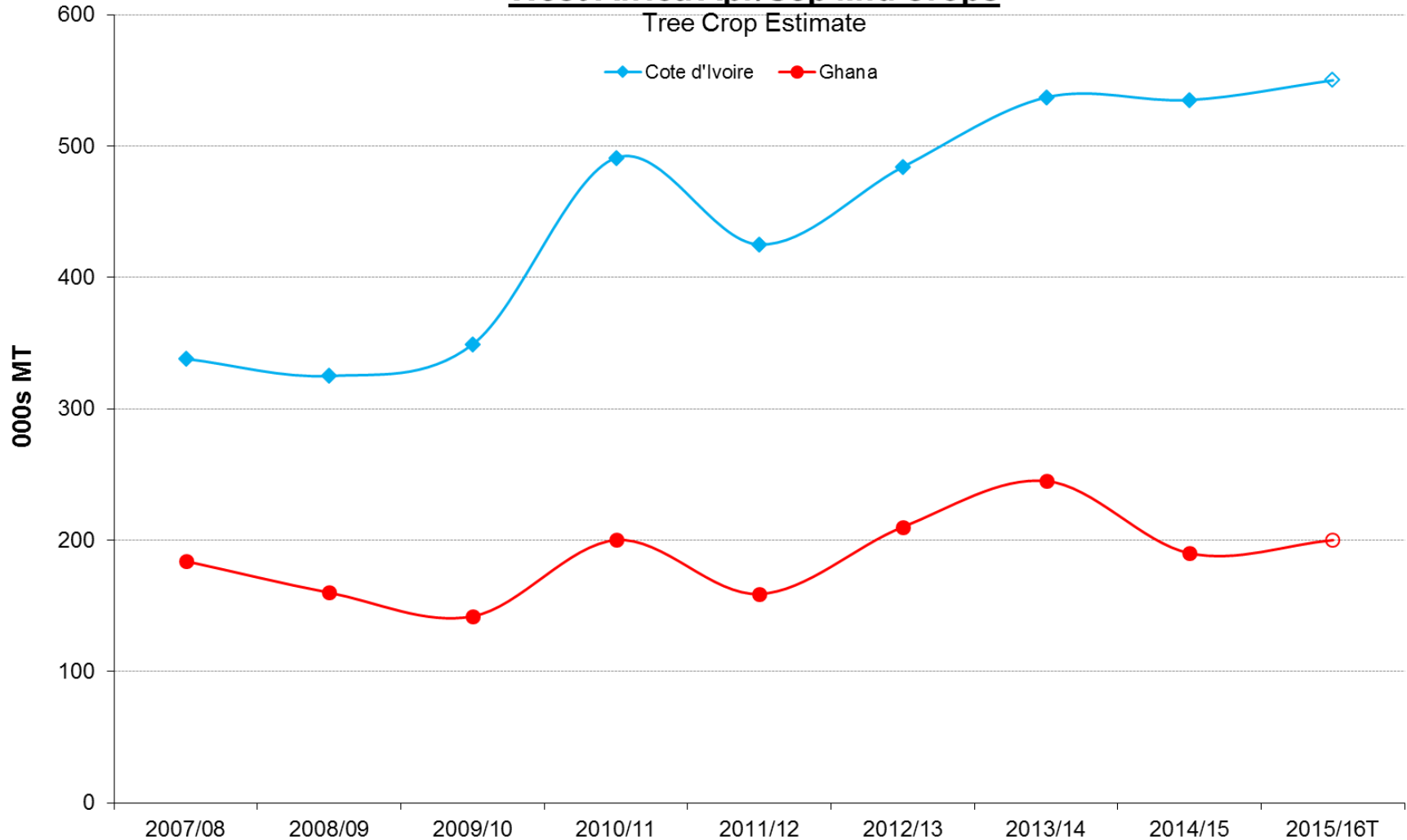


West Africa 'Trend' – Mid Crops



... whilst the mid crop trend speaks for itself...

West Africa Apr/Sep Mid Crops



'Trend' 2015/16 S&D

... and West African growth should keep the market in balance



	<u>2012/13</u>		<u>2013/14</u>		<u>2014/15e</u>		<u>2015/16T</u>	
	Stat	Tree	Stat	Tree	Stat	Tree	Stat	Tree
Cote d'Ivoire	1,462	1,552	1,722	1,667	1,740	1,710	1,750	1,750
Main Crop	1,068	1,068	1,220	1,130	1,245	1,175	1,270	1,200
Mid Crop	394	484	502	537	495	535	480	550
Ghana	835	815	890	945	700	730	825	825
Main Crop	605	605	680	700	540	540	625	625
Mid Crop	230	210	210	245	160	190	200	200
Togo	6	6	10	10	10	10	10	10
CDI + Ghana + Togo	2,303	2,373	2,622	2,622	2,450	2,450	2,585	2,585
Change	-60	10	319	249				
Nigeria	210	210	210	210	190	190	200	200
Cameroon	230	230	200	200	230	230	230	230
Brazil	187	187	227	227	230	230	230	230
Ecuador	185	185	215	215	250	250	275	275
Indonesia	413	413	353	353	300	300	300	300
ROW	397	397	418	418	429	429	430	430
World Production (Gross)	3,925	3,995	4,245	4,245	4,079	4,079	4,250	4,250
World Production (Net)	3,886	3,955	4,203	4,203	4,038	4,038	4,208	4,208
World Grindings	4,111	4,111	4,204	4,204	4,055	4,055	4,156	4,156
Change	3.9%	3.9%	2.3%	2.3%	-3.5%	-3.5%	2.5%	2.5%
S&D Balance	-225	-156	-1	-1	-17	-17	51	51
ICCO Stock Change	-310	-310	-19	-19				
Total Ending Stock (Derived)	1,553		1,551		1,534		1,586	
Stock/Consumption Ratio	38%		37%		38%		38%	
Price Model Fair Value					£1,787		£1,766	

However...

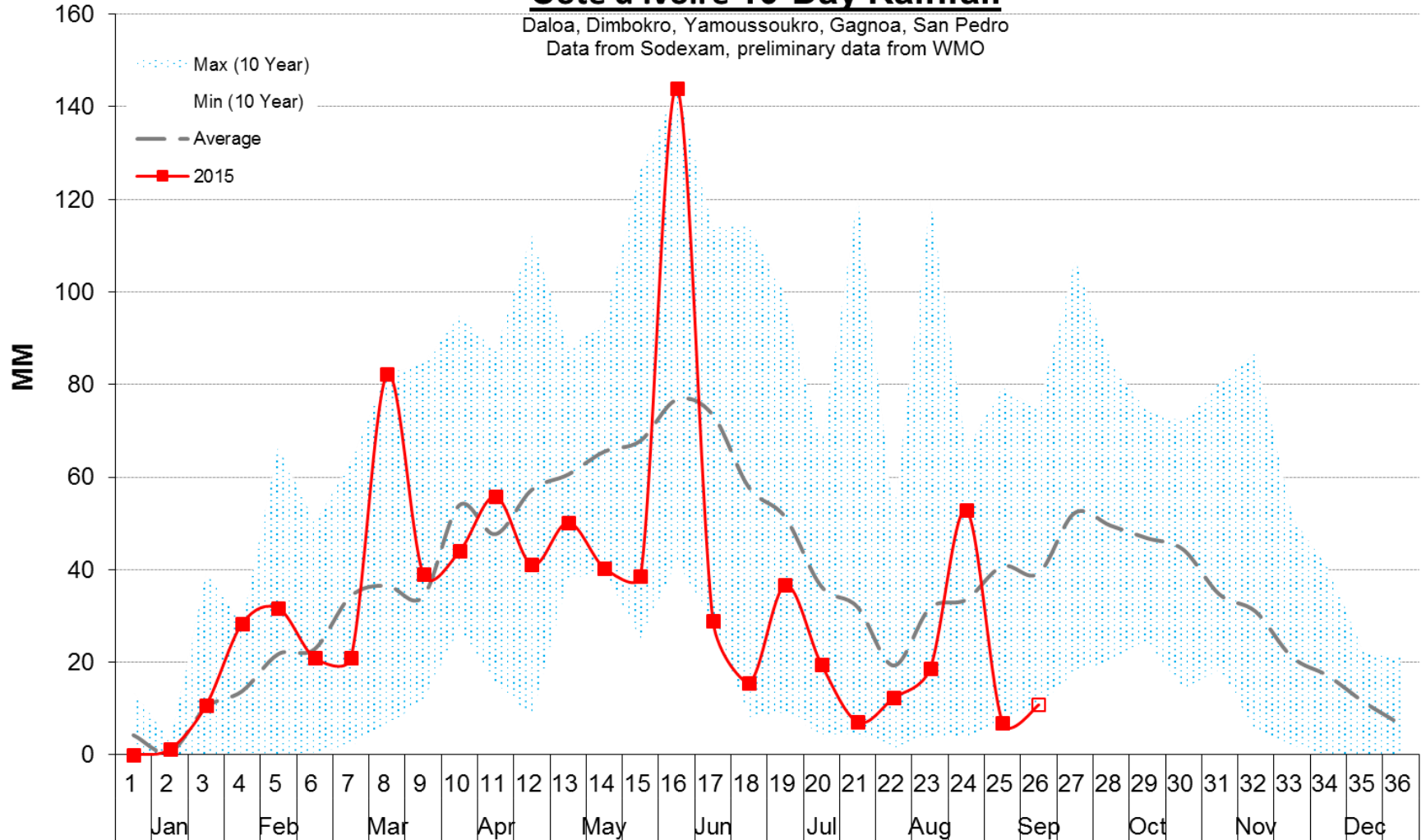
W Africa Weather



Rainfall (to 20/09) has been erratic, poorly distributed, and below average

Côte d'Ivoire 10-Day Rainfall

Daloa, Dimbokro, Yamoussoukro, Gagnoa, San Pedro
Data from Sodexam, preliminary data from WMO

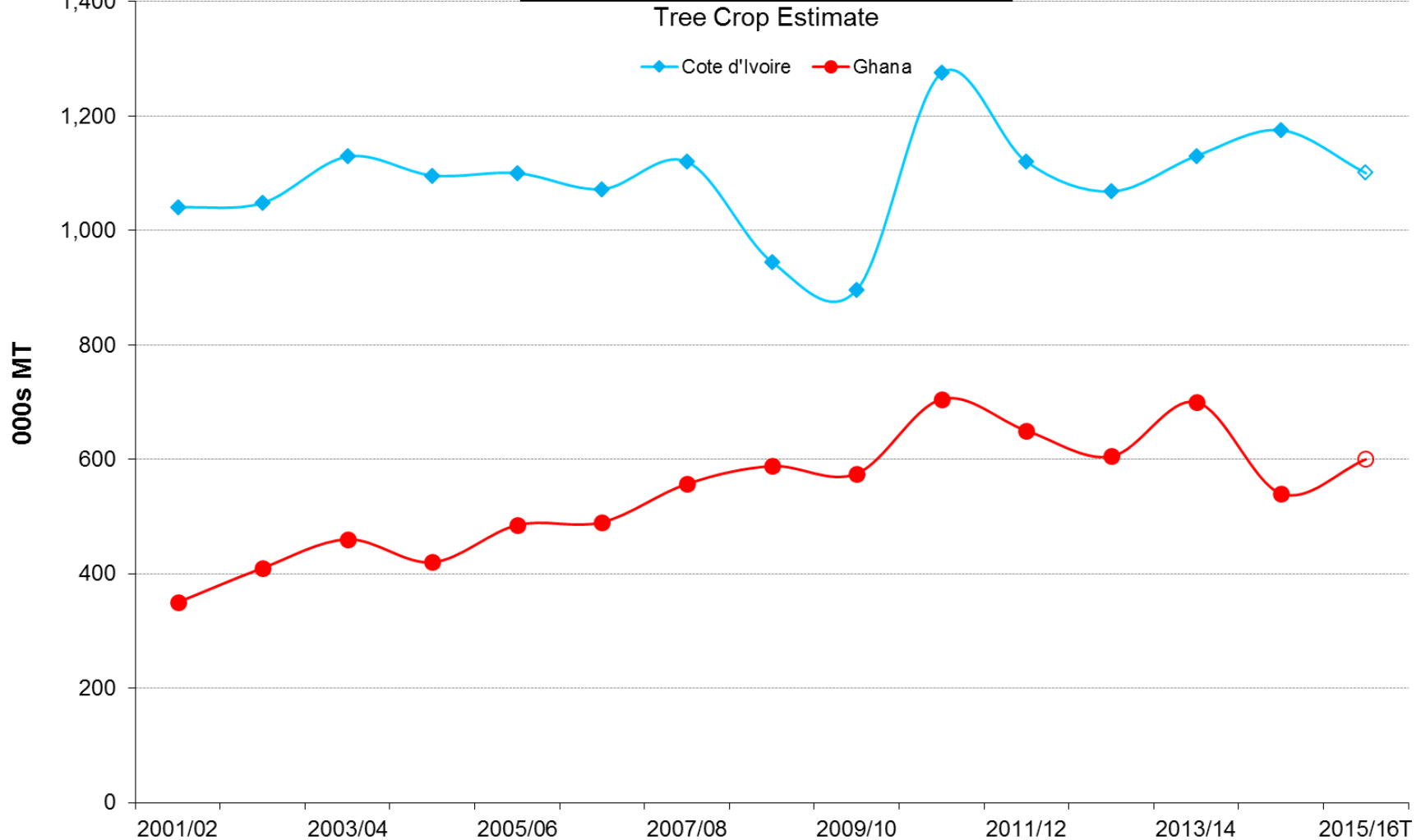


West Africa Main Crop below trend



CDI 1,100k MT, Ghana 600k MT with further reductions possible

West Africa Oct/Mar Main Crop

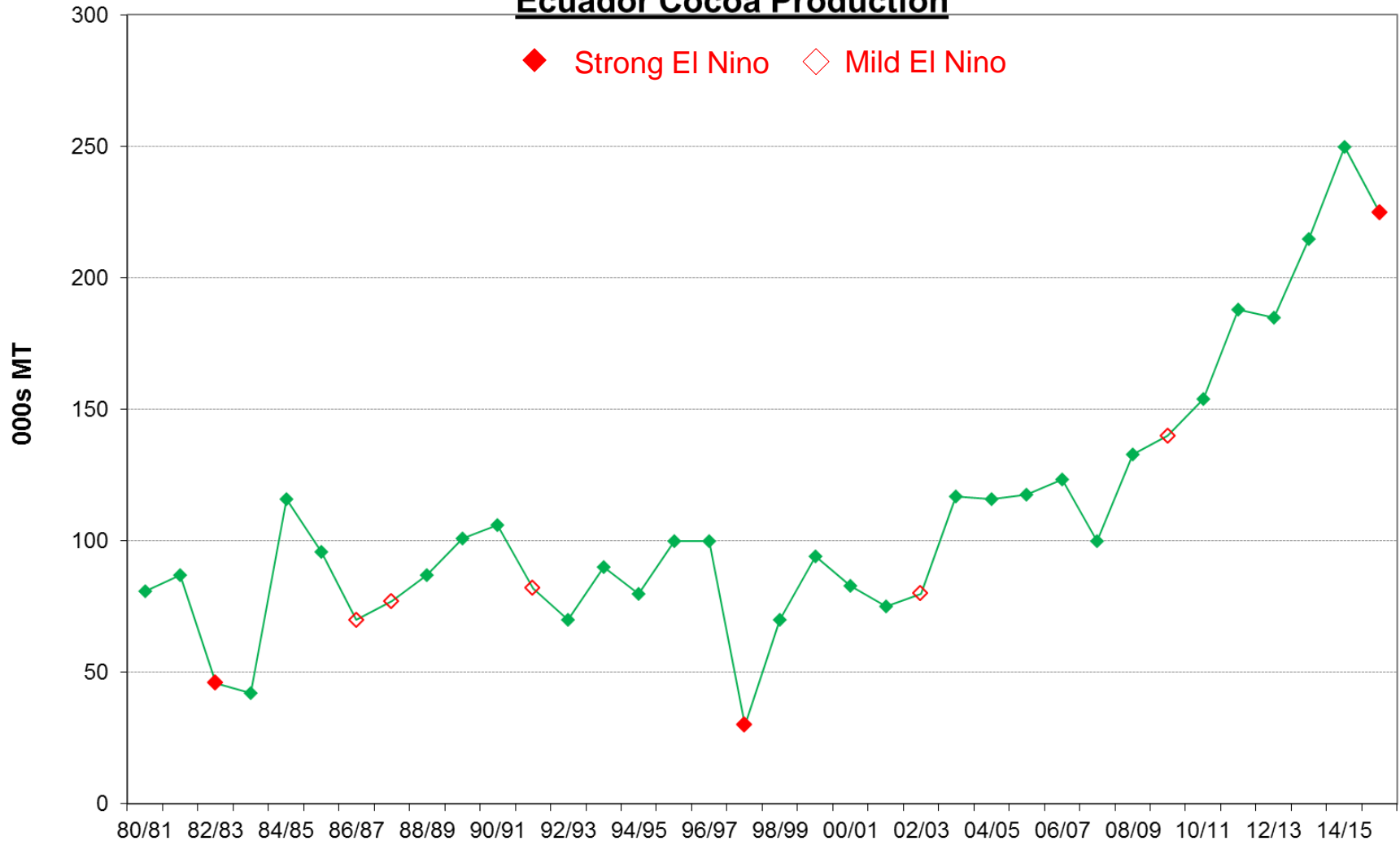


Ecuador 'at risk' from El Nino

Anecacao reduce '15/16F to ≤ 230 k MT



Ecuador Cocoa Production

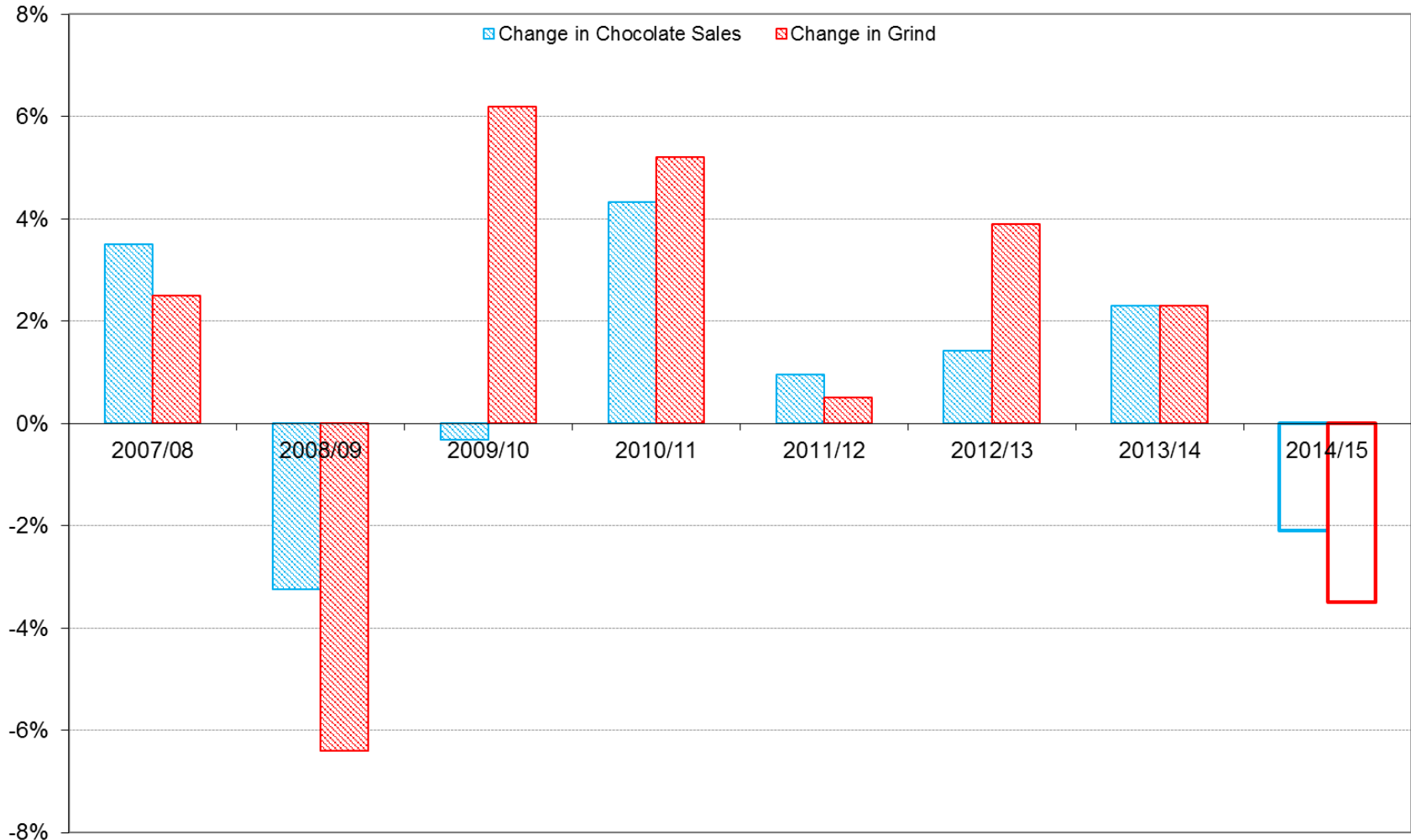


Chocolate Consumption

Latest data suggest grind weakness driven by weak sales



World Chocolate Sales v World Grind

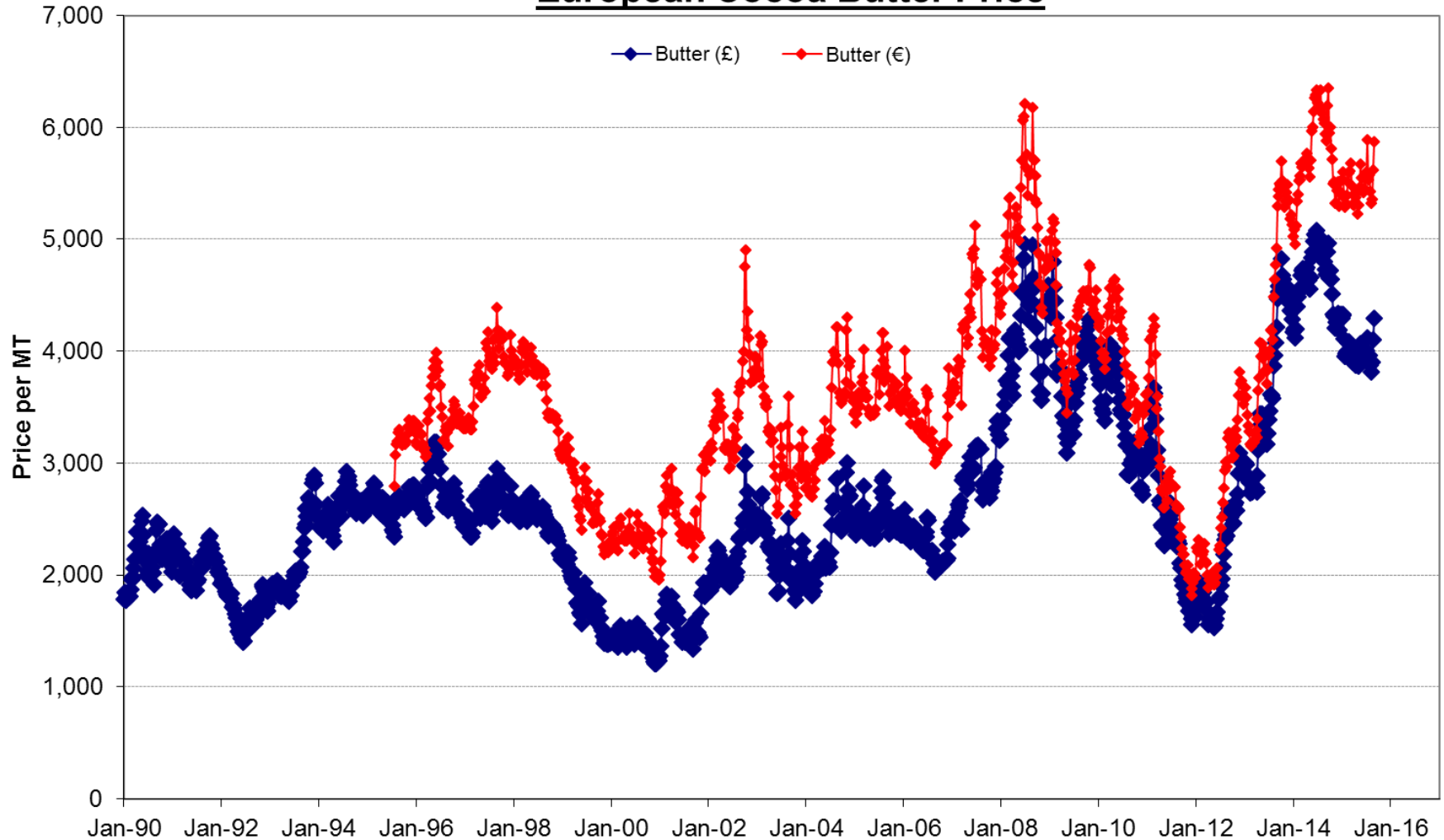


Cocoa Butter Prices

No relief from high input prices



European Cocoa Butter Price



2015/16 S&D Forecast

Supply 'Markdowns' tilt S&D to more significant deficit



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S&D Balance	-225	-156	-1	-1	-17	-17	-122	-122
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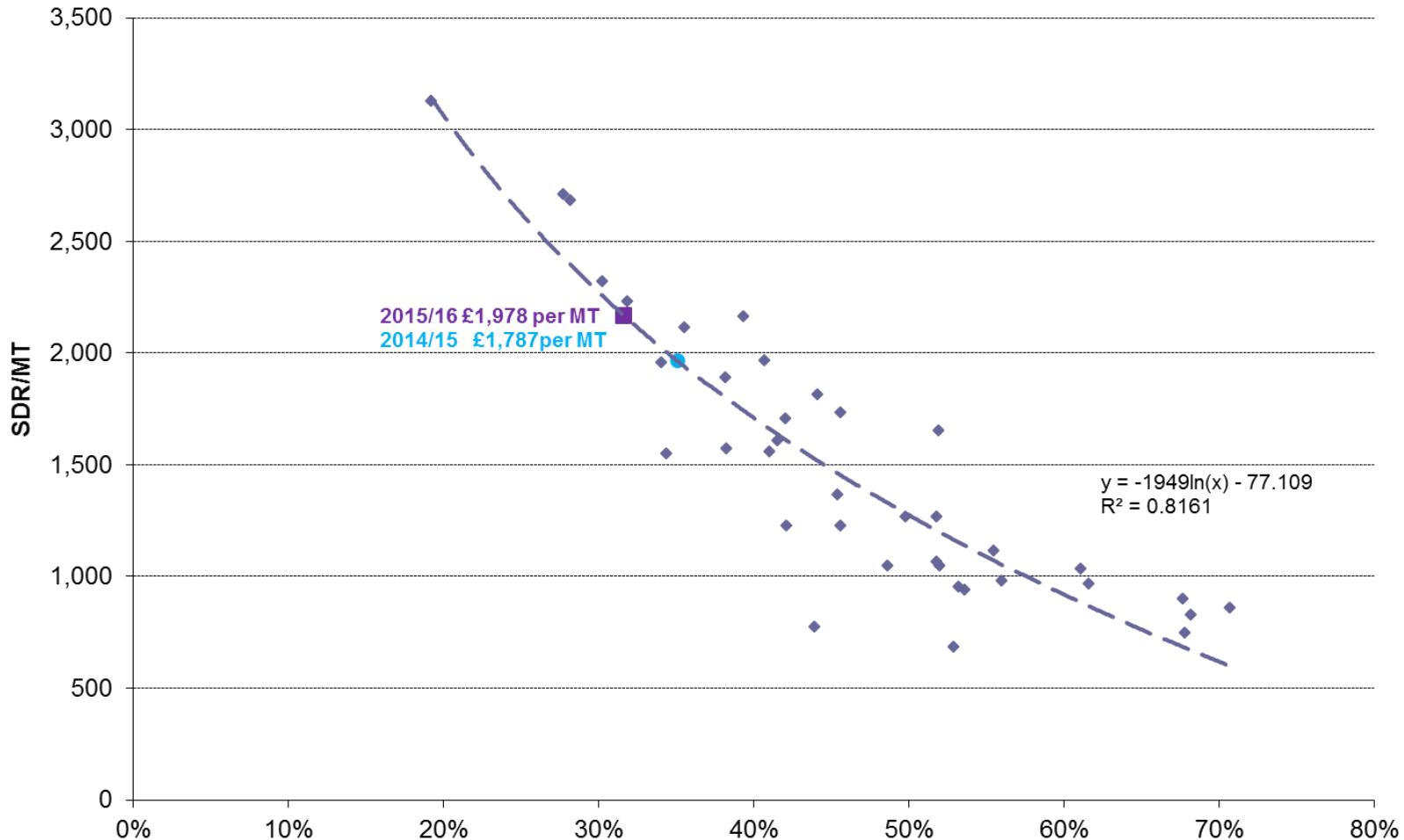
Price Model

Trading at a risk premium, but an unusually tight S/C ratio



Stock Consumption (Index Adjusted I) vs. ICCO SDR Price

ICCO Data 1976/77 - 2013/14, CCS Forecasts



Bull

- Ongoing dry weather results in further W Africa main crop development (some analyst's estimate combined main crops -100 to -150k MT)
- Ghana production is indeed in structural decline (we assume the contrary)
- Mid crop development < trend
- Ecuador sees a '97/98 type production decline
- CDI Political Situation

Bear

- West Africa main crops improve (or at least outperform the extreme expectations)
- Ghana rebounds in style to 900k MT
- Mid crop trend proves itself & we see record mid crops
- Ecuador not affected by El Nino related rainfall (CCN-51)
- Grind flat lines as chocolate consumption hit by high price & weak emerging market demand