

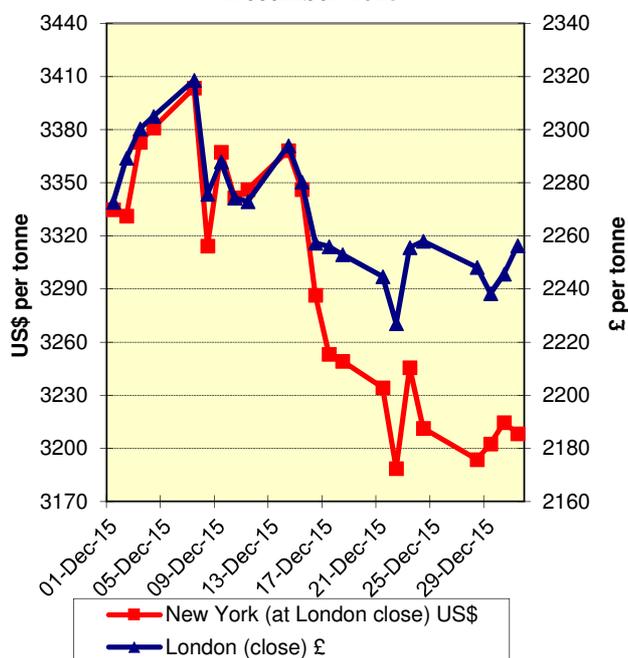


## COCOA MARKET REVIEW

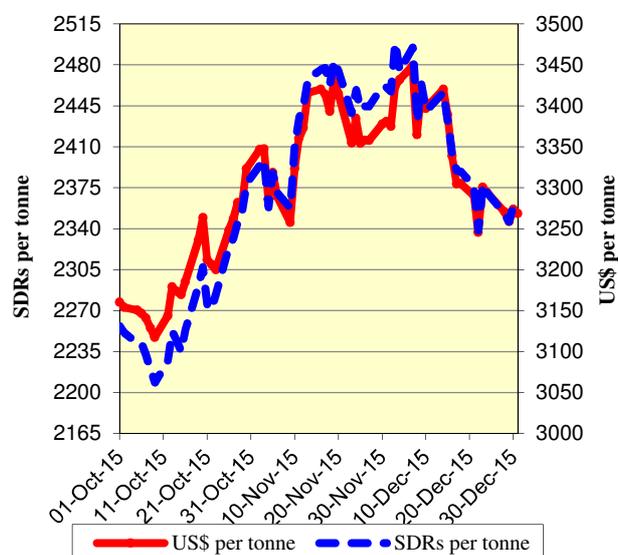
### DECEMBER 2015

The current cocoa market review reports on cocoa price movements on the international markets during the month of December 2015. **Chart I** illustrates price movements on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets in December. **Chart II** shows the evolution of the ICCO daily price, quoted in US dollars and in SDRs, from October to December 2015. **Chart III** depicts the change in the ICCO daily price Index, the Dow Jones Commodity Index and the US Dollar Index in 2015 and **Table 1** summarizes major price developments during the same period.

**Chart I: Cocoa bean prices on the ICE Futures Europe (LIFFE) and ICE Futures US markets December 2015**



**Chart II: ICCO daily prices October – December 2015**



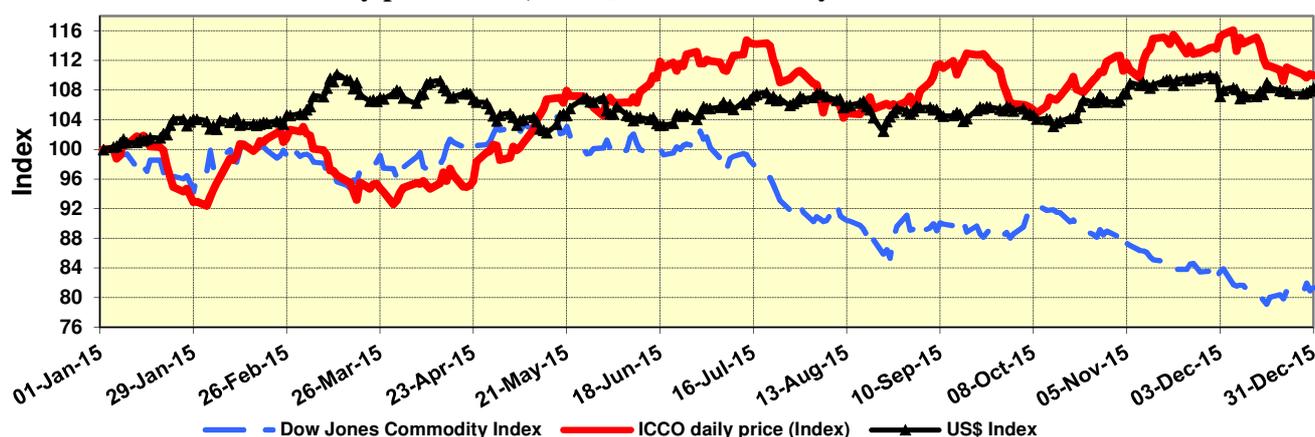
**Note:** The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on the ICE Futures Europe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

#### Price movements

In December, the ICCO daily price averaged US\$3,346 per tonne, down by US\$15 compared to the average price recorded in the previous month (US\$3,361) and ranged between US\$3,245 and US\$3,450.

Having reached levels in the middle of November not witnessed since the time of the export ban imposed on Ivorian beans four-and-a-half years previously, cocoa futures prices continued to rise until the early part of the second week of December, as illustrated in **Chart I**. Indeed, ongoing concerns related to the possible negative impact of dry weather conditions in West Africa on cocoa production led prices to fresh highs, at £2,319 per tonne in London and at US\$ 3,404 per tonne in New York. Thereafter, cocoa futures moved sideways and ranged between £2,273-2,294 per tonne in London and US\$3,314-3,368 per tonne in New York. From the middle of the month onwards, cocoa futures drifted downwards. Compared to their peak values reached previously, cocoa futures prices in London and New York lost four per cent and six per cent respectively by the middle of the fourth week, with quotations attaining their lowest levels of the month, at £2,227 per tonne in London and at US\$ 3,189 per tonne in New York. Technical selling combined with the strengthening of the US dollar, were among the factors that pressured prices. At the end of the month, the publication of improved weekly arrivals at ports in Côte d'Ivoire, coupled with persisting weather concerns in relation to origin countries, were factors that drove cocoa futures prices upwards.

**Chart III: ICCO daily price Index, Dow Jones Commodity Index and the 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 Index tracks price movements across various commodities, including energy, precious metals, industrial metals, grains, livestock, softs and agriculture.

For the majority of 2015, the broader commodity complex was significantly influenced by movements in the US dollar. Nevertheless, during the second part of the year, cocoa prices considerably outperformed other commodities. As seen in **Chart III**, by the end of the year, cocoa prices gained 10% while the Dow Jones Commodity Index lost 19%.

**Supply & demand situation**

During the month under the review, concerns were raised related to the main cocoa growing regions in regard to the relatively intense *Harmattan* weather and its effects on output. In Côte d’Ivoire, cumulative port arrivals since the start of the current season, as reported by news agencies, were estimated at three per cent down, at 860,000 tonnes by 10 January 2016, compared with 897,000 tonnes recorded for the same period of the previous season. However, towards the end of the month, weekly arrival figures at ports in Côte d’Ivoire were on the upside, and this contributed to the easing of concerns among market participants of a significant tailing off of the main crop.

Grindings data by the *European Cocoa Association* (ECA) and the US *National Confectioners’ Association* (NCA) for the fourth quarter of 2015 are due to be released shortly.

**Table 1: Prices for cocoa beans on futures markets, record levels and growth rates**

Cocoa bean prices	Unit	2015 high (date)	Date previous high	Year-on-year change (%) <sup>a/</sup>
ICCO daily prices	SDRs/tonne	2,499 (03 Dec)	4 Feb 1985	15%
ICCO daily prices	US\$/tonne	3,449 (07 Dec)	11 March 2011	10%
ICCO daily prices	Euro/tonne	3,209 (17 Nov)	3 March 2011	23%
London futures <sup>b/</sup>	£/tonne	2,319 (07 Dec)	3 March 2011	15%
New York futures <sup>b/</sup>	US\$/tonne	3,404 (07 Dec)	10 March 2011	11%

**Notes:**

a/ Percentage increase from 31 December 2014 to 31 December 2015

b/ Average of the quotations of the nearest three active futures trading months

**Conclusions**

As reported in **Table 1**, at the end of 2015, the London and New York markets recorded increases over the previous year, of 15% and eleven per cent respectively. This increase in cocoa prices occurred despite a moderate production surplus estimated for the 2014/2015 cocoa year. As noted above, cocoa prices rallied to a more than a four-and-a-half year high in December 2015, as concerns were raised in relation to the potential impact of the relatively intense *Harmattan* in West Africa on cocoa production.

