



COCOA MARKET REVIEW

MARCH 2016

The current review reports on cocoa price movements on the international markets during the month of March 2016. **Chart I** illustrates price movements on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets for the month under review. **Chart II** shows the evolution of the ICCO daily price, quoted in US dollars and in SDRs, from January to March 2016. **Chart III** depicts the change in the ICCO daily price Index, the Dow Jones Commodity Index and the US Dollar Index in March while **Chart IV** presents the prices of European cocoa products from the beginning of the cocoa year onwards.

Chart I:
Cocoa bean prices on the ICE Futures Europe (LIFFE)
and ICE Futures U.S. markets
March 2016

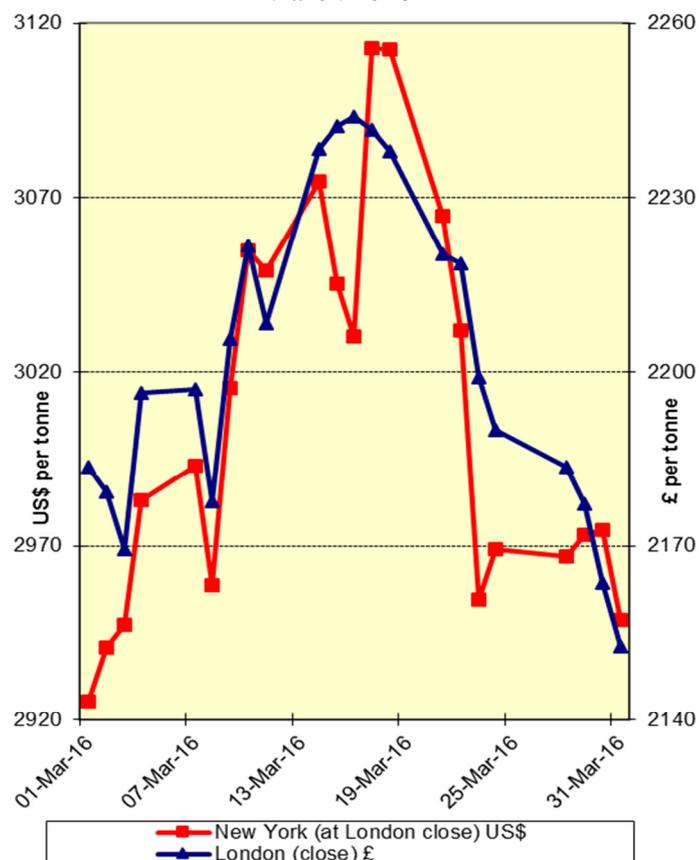
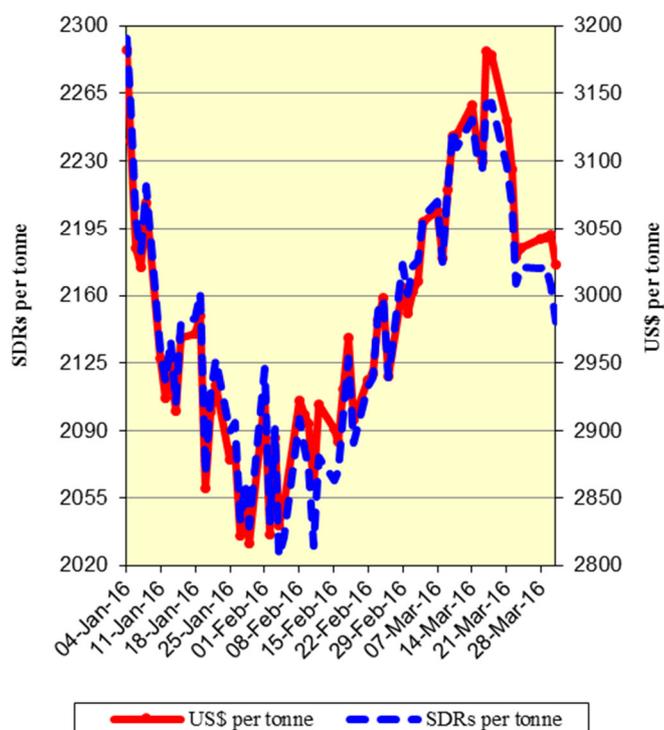


Chart II:
ICCO daily prices
January 2016 – March 2016



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.

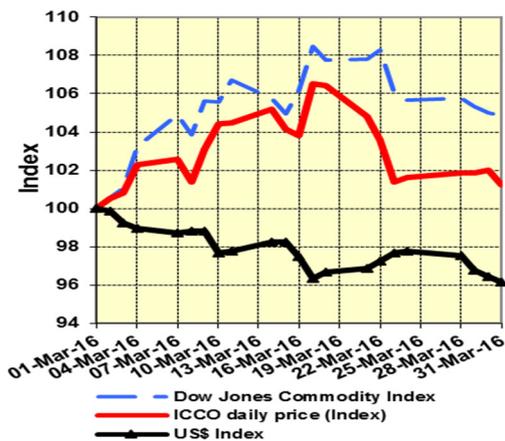
Price movements

In March, the ICCO daily price averaged US\$3,074 per tonne, up by US\$158 compared to the previous month's recorded average (US\$2,916), and ranged between US\$2,987 and US\$3,182 per tonne.

Following a month-long rising trend in cocoa prices, cocoa futures quotations experienced a slight decline on the London market during the very first trading sessions of March, due to the strengthening Pound Sterling. Thereafter, as seen in **Chart I**, cocoa prices on both markets resumed their upward trend, reaching £2,238 and US\$3,113 per tonne by the end of the third week, on the London and New York markets respectively. These levels were the highest recorded since the end of the previous calendar year in which cocoa had been among the best performing commodities. This

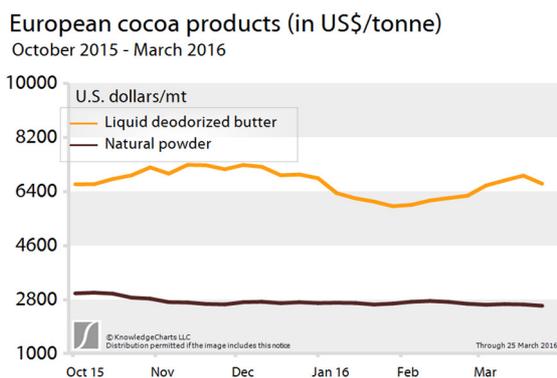
strong rise occurred amid expectations of the possible negative impact of the dry weather conditions on the main crop, thus widening expectations of a deficit in the current season. In addition, macro-economic factors including the weakening of the US dollar, lent further support to cocoa futures prices on the New York market. However, from the start of the fourth week towards the end of the month, as the markets witnessed profit-taking and strong origin selling activities, cocoa futures prices reverted to their upward trend. Improving rainfalls reported in both Côte d'Ivoire and Ghana during the second half of March also contributed to the bearish sentiment within both futures markets. Thus cocoa futures prices fell to £2,153 per tonne in London and to US\$ 2,949 per tonne in New York at the end of the month.

Chart III: ICCO daily price Index, Dow Jones commodity Index and U.S. Dollar Index March 2016



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.

Chart IV: European cocoa products in US\$/tonnes October 2015 – March 2016



Source: Commodities Risk Analysis LC

As seen in **Chart III**, the broad commodity complex sentiment became positive during the month of March, mainly supported by a weakening US dollar and expectations of slower-than-anticipated interest rates increases in the United States by the US Federal Reserve in the middle of March. Having gradually risen during the first half of the month, both cocoa and the commodity complex as a whole declined during the second half of the month, as the US dollar had stopped weakening. Throughout the month, cocoa was outperformed by the general commodity complex.

Supply & demand situation

According to data released by the *Conseil du Cacao-Café*, cocoa arrivals at ports in Côte d'Ivoire were around 1,216,751 tonnes by 31 March, as against 1,257,478 tonnes during the same period for the previous season. This figure published by the *Conseil du Cacao-Café* was approximately 22,000 tonnes lower than previously estimated by exporters. The Government maintained the cocoa farm-gate price previously set for the main crop at 1,000 CFA per kg for the mid-crop.

With regard to demand, as seen in **Chart IV**, during the month under review, cocoa butter prices reached the peak of their gradual increase initiated in the previous month. Cocoa powder prices on the other side remained steady despite the rising cocoa bean prices.

Markets participants will continue to closely monitor the pace of cocoa bean arrivals/purchases for the mid-crops during the coming months in Côte d'Ivoire and Ghana, the two major cocoa-producing countries. In addition grindings data for the January to March 2016 period for Europe and North America will be published in mid-April.

