



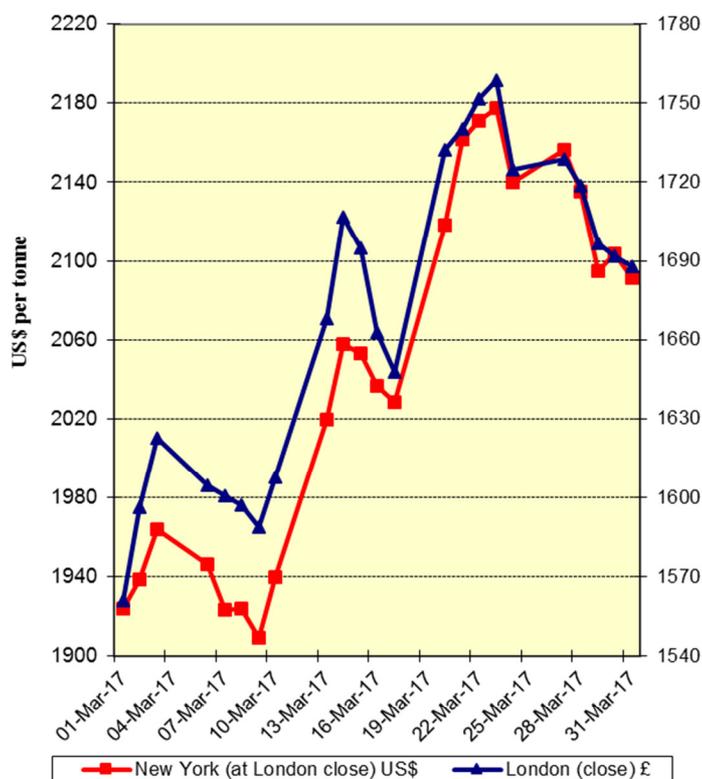
## COCOA MARKET REVIEW

### MARCH 2017

The current review reports on cocoa price movements on the international markets during the month of March 2017. **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 2017. **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.

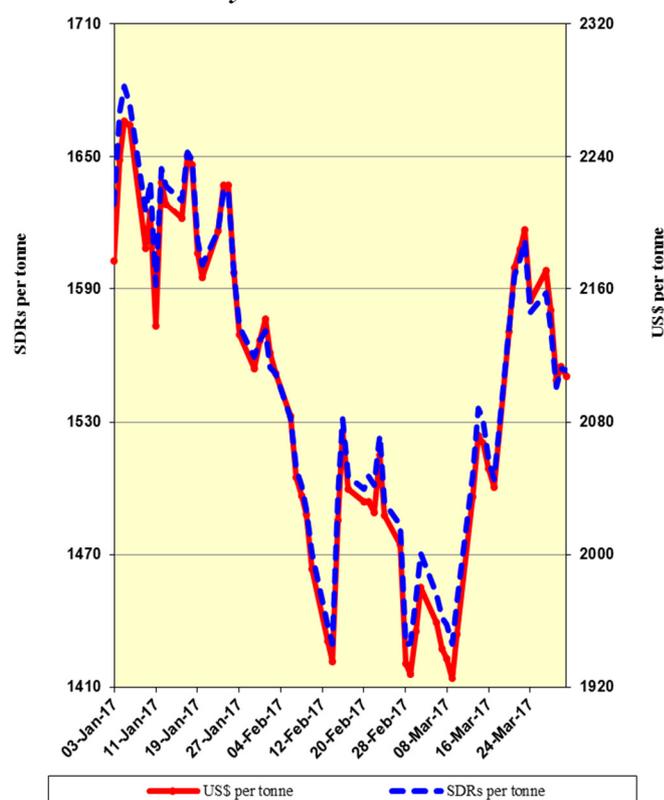
**Chart I:**

**Cocoa bean prices on the ICE Futures Europe (LIFFE) and ICE Futures U.S. markets**  
*March 2017*



**Chart II:**

**ICCO daily prices**  
*January 2017 – March 2017*



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.

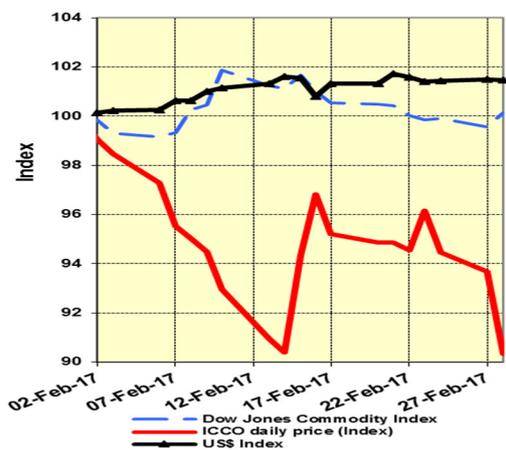
### Price movements

In March, the ICCO daily price averaged US\$2,058 per tonne, up by US\$24 compared to the previous month's recorded average (US\$2,034), and ranged between US\$1,925 and US\$2,196 per tonne.

Cocoa futures prices experienced an uptick at the beginning of the month, as the weak British pound sterling and technical buying activities set a short-lived bullish tone on London and New York cocoa futures markets respectively. However, moving away from the first three trading sessions of the month under review, cocoa futures prices briefly changed course and reached their lowest level of the month in New York at US\$1,909 per tonne, as the markets witnessed some technical selling activities. Thereafter, moving onwards, cocoa prices generally followed an upward trend till the end of the fourth week, with quotations attaining their highest level of the month at £1,759 per tonne in London and at

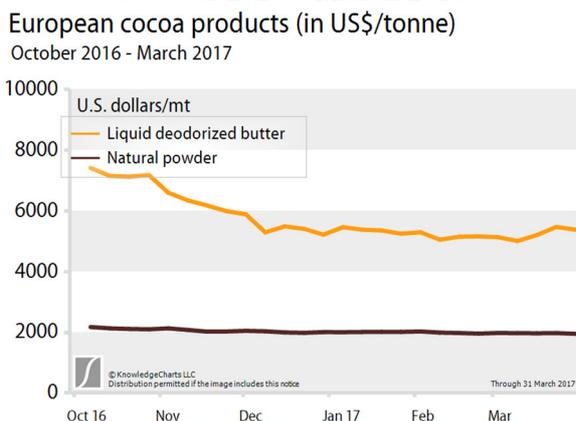
US\$2,177 per tonne in New York. Currency movements on the London market, coupled with technical buying activities on both futures markets, predominantly affected cocoa prices movements in that direction; thus, compared to the lowest levels recorded during the first seven trading sessions of the month, cocoa prices gained in London and New York by 13% and 14%, respectively. Moving towards the end of the month, the general bearish sentiment prevailed, in respect of the market expectation of a big surplus for the on-going cocoa year 2016/17; as a result, cocoa prices changed course and followed a downward trend.

**Chart III: ICCO daily price Index, Dow Jones commodity Index and U.S. Dollar Index March 2017**



**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 2016 – March 2017**



**Source:** Commodities Risk Analysis LC



As seen in **Chart III**, the broad commodity complex considerably outperformed cocoa prices all throughout the month, under the influence of a strengthening US dollar.

**Supply & demand situation**

According to data released by news agencies, cocoa arrivals at ports in Côte d’Ivoire were around 1,403,000 tonnes by 31 March, as against 1,216,000 tonnes during the same period for the previous season, which represented an increase of more than 15% as compared to the previous cocoa year. This substantial percentage increase further supported the general market expectation of a big surplus for the on-going cocoa season. Due to the persistent decrease in cocoa futures prices over the last months and the unsustainable nature of the guaranteed price of 1,100 FCFA/Kg at current world market prices, as widely expected by market analysts, the *Conseil du Café Cacao* announced that it would lower the farm gate price for the upcoming mid-crop campaign that will start on 1 April.

With regard to demand, as seen in **Chart IV**, during the month under review, cocoa butter prices gradually increased, while cocoa powder prices on the other side remained steady. Markets participants will continue to monitor closely 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 Europe and North America for the January to March 2017 period will be published in mid-April.