Situation and prospects for cocoa supply & demand

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Improving market information and transparency ...  
One of the core activities of the ICCO

- Collection and dissemination of **statistics**: Quarterly Bulletin of Cocoa Statistics
- Review of **market developments** (10 years, 1 year, quarterly, monthly)
- **Forecasts** Supply & Demand (5 years)
- **Economic studies**: price determinants, functioning of the cocoa futures markets, diversification, certification, etc.
Information available?

- market development reviews,
- estimates of global cocoa bean supply, demand and stocks as well as historical data;
- up-to-date and historical data on cocoa bean prices;
- statistics on the trade of cocoa beans, cocoa products and chocolate;
- country table statistics for major cocoa-producing and importing countries;
- unique cocoa consumption data by country; and
- ‘at a glance’ information through maps, charts and summary tables.
The monthly Cocoa Market Review

- Review price developments in the cocoa futures markets (NYSE Liffe and ICE Futures US) during the previous month (2-page document);

- Review major developments related to the supply and demand for cocoa beans, incl. arrivals, trade, grindings data as well as weather conditions and spread of pests and diseases;

- Wide dissemination.

- Free (posted on website, email):
  http://www.icco.org
The size of the market

Cocoa bean production value in 2010/11: US$ 13 billion
Retail value of chocolate sales in 2010: US$ 95 billion, of which US$34 billion for European Union and US$18 for the United States


Top chocolate manufacturers, 2011, total sales in million US$

<table>
<thead>
<tr>
<th>Company</th>
<th>Net Sales 2011 (US$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kraft Foods Inc (USA)</td>
<td>19,965</td>
</tr>
<tr>
<td>Mars Inc (USA)</td>
<td>16,200</td>
</tr>
<tr>
<td>Nestlé SA (Switzerland)</td>
<td>12,808</td>
</tr>
<tr>
<td>Ferrero Group (Italy)</td>
<td>9,612</td>
</tr>
<tr>
<td>Hershey Foods Corp (USA)</td>
<td>6,112</td>
</tr>
<tr>
<td>Chocoladefabriken Lindt &amp; Sprüngli AG (Switzerland)</td>
<td>2,796</td>
</tr>
</tbody>
</table>
Cocoa production (supply)

WORLD COCOA PRODUCTION (Gross)
2011/12: 4.050 million tonnes

Latin America: 16%
(630,000 tonnes)

Asia & Oceania: 13%
(530,000 tonnes)

Africa: 71%
(2.890 million tonnes)

Source: ICCO, Quarterly Bulletin of Cocoa Statistics
Main cocoa producing countries

Top 12 Cocoa producing countries
(thousand tonnes)

Source: ICCO, Quarterly Bulletin of Cocoa Statistics
WORLD COCOA GRINDINGS
2011/12: 3.920 million tonnes

Europe and Russia: 38%
(1.495 million tonnes)

Asia & Oceania
22%
(870,000 tonnes)

Africa: 18%
(710,000 tonnes)

Americas: 21%
(840,000 tonnes)

Cocoa grindings (demand)

Source: ICCO, Quarterly Bulletin of Cocoa Statistics
Main cocoa processing countries

Top 12 cocoa processing countries
(thousand tonnes)

Source: ICCO, Quarterly Bulletin of Cocoa Statistics
Historical cocoa supply & demand

Source: ICCO, Quarterly Bulletin of Cocoa Statistics
Supply, demand and prices...

- Market fundamentals (characterized stocks-to-grindings ratio) explain 83% of annual changes in cocoa prices in the long term.

- A 10% increase in stock-to-grindings ratio leads to a 9.1% decline in cocoa prices.

- A 10% increase in farmer prices leads to an increase in world supply of about 0.6% in the current crop year.

- If this price increase is sustained over time, the cumulative impact on world supply would be 8.7%.

- A 10% increase in cocoa prices leads to a decline of 1.1% only in consumption.

- A 10% increase in consumers’ disposable income leads to an increase in consumption of about 10%.
The cocoa supply & demand factors

- **US$ per tonne**
- **Ratio (%)**

**18 July 1977:** max about US$18,000

**24 Nov 2000:** min about US$1,000

**Now** about US$2,500

- Stock-to-grindings ratio (right scale)
- ICCO daily price - US$ per tonne (current terms)
- ICCO daily price - US$ per tonne (constant 2011/12 terms)
Historical cocoa supply & demand

World Cocoa Bean Production, Grindings and Surplus/Deficits

Source: ICCO, Quarterly Bulletin of Cocoa Statistics
What if... a scenario without the economic crisis...
Forecasts for Supply and Demand

Net production

Grindings
Merci