



MONTHLY REVIEW OF THE COCOA MARKET SITUATION

DECEMBER 2013

The current review focuses on cocoa price movements on the international markets during December 2013. **Chart I** illustrates price movements on the London (NYSE Liffe Futures and Options) and New York (ICE Futures US) markets in December. **Chart II** shows the evolution of the ICCO daily price, quoted in US dollars and in SDRs, from October to December 2013. **Table 1** summarizes major price developments in 2013 while **Chart III** depicts the change in the ICCO daily price Index, the Dow Jones-UBS Commodity Index and the US Dollar Index. **Chart IV** presents the price ratios of European cocoa products in 2013.

Chart I:
Cocoa bean prices on the London (LIFFE)
and New York (ICE) futures markets
December 2013

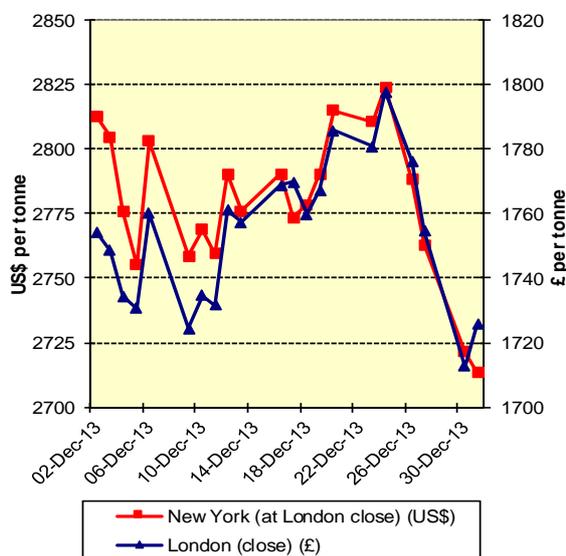
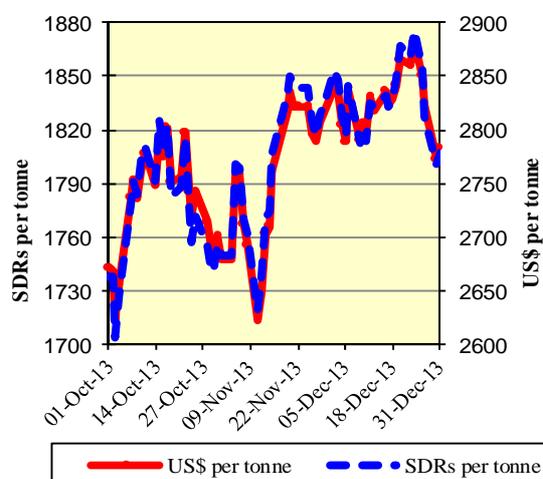


Chart II: ICCO daily prices
October – December 2013



Note: The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on NYSE Liffe 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\$2,825 per tonne, up by US\$69 compared to the average price recorded in the previous month (US\$2,755), and ranged between US\$2,773 and US\$2,882 per tonne.

The sharp rise in cocoa futures prices initiated in the previous month continued in December, with prices surpassing a two year high in both markets by the end of the month, reaching £1,798 per tonne in London and US\$2,824 per tonne in New York. As shown in **Table 1**, at the end of 2013, the New York market recorded a 21% increase over the previous year while the London market rose by twenty per cent.

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

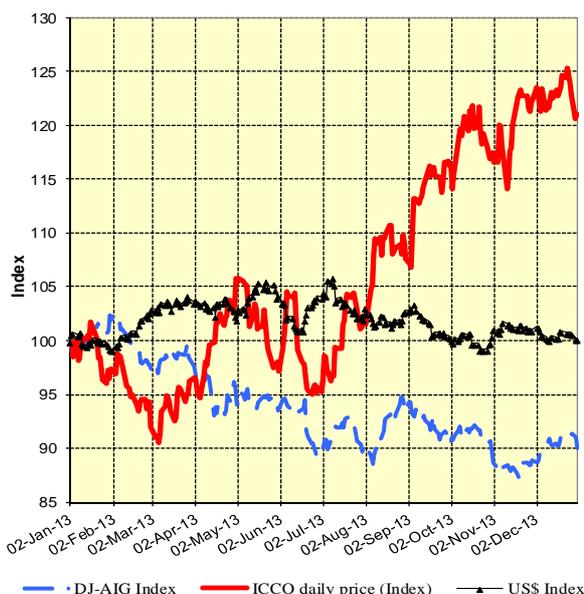
Cocoa bean prices	Unit	2013 high (date)	Date previous high	Year-on-year change (%) a/
ICCO daily prices	SDRs/tonne	1,876 (24 Dec)	08-Sep-11	21%
ICCO daily prices	US\$/tonne	2,882 (24 Dec)	13-Sep-11	21%
London futures b/	£/tonne	1,798 (24 Dec)	22-Sep-11	20%
New York futures b/	US\$/tonne	2,824 (24 Dec)	15-Sep-11	21%
Dow Jones-UBS Commodity Index	Index	142.96 (30 Jan)	05-Dec-12	-10%

Notes:

a/ Percentage increase from 31 December 2012 to 31 December 2013.

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

Chart III: ICCO daily price Index, Dow Jones-UBS commodity index and the U.S. Dollar Index (January - December 2013)



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-UBS Commodity Index* tracks price movements across various commodities, including energy, precious metals, industrial metals, grains, livestock, softs (cocoa being excluded) and agriculture.

As shown in **Chart III**, cocoa prices outperformed most commodities in 2013. While the cocoa market experienced strong gains mainly due to a supportive cocoa fundamental situation, most commodities suffered losses, with the Dow Jones UBS commodity index declining by 10% in 2013.

Supply and demand situation

With regard to cocoa bean production, news agency data shows that cocoa bean arrivals and purchases in the West African region since the start of the current crop year are (as had been expected before the start of the season) above those of the previous year. In Côte d’Ivoire, 932,000 tonnes of cocoa beans are estimated to have reached ports as at 5 January 2014, a level almost 30% above the preceding season. As at 12 December 2013, cocoa purchases declared to the *Ghana Cocoa Board* were 486,094 tonnes as compared to 347,401 tonnes declared in the corresponding period.

On the demand side, as seen in **Chart IV**, although butter ratios fell during the month of December, the ratios are far above those of the preceding year. News agency reports attributed the slight fall in butter ratios to pressure from a rebound in London cocoa futures and a fall in trading activities due to the end of year holidays. Nevertheless, cocoa butter ratios are within the seven-year highs that occurred at the start of the current crop year.

With demand for chocolate gaining pace in developed markets as well as consumption in emerging markets, especially Asia continuing to be firm, the prospect of another supply deficit for the 2013/2014 crop year continues to be imminent, despite robust production experienced in the first quarter of the season.

Chart IV: European cocoa products ratios January – December 2013

