

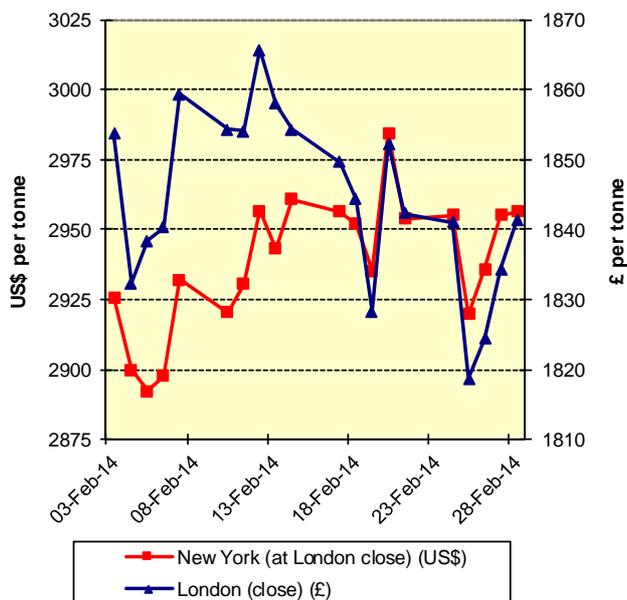


## COCOA MARKET REVIEW

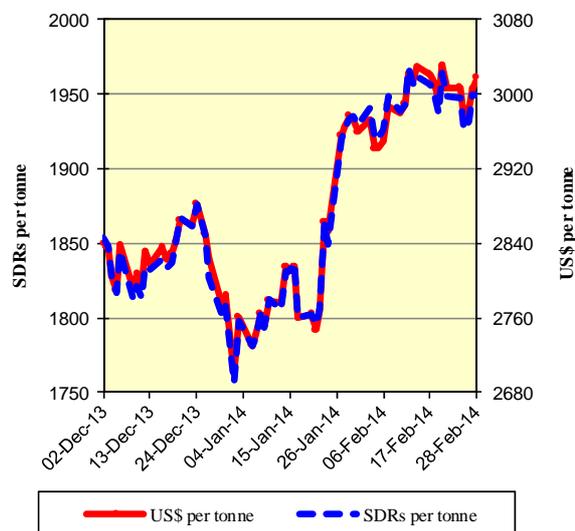
### FEBRUARY 2014

The current review focuses on cocoa price movements on the international markets during February 2014. **Chart I** illustrates price movements on the London (NYSE Liffe Futures and Options) and New York (ICE Futures US) markets for the month under review. **Chart II** shows the evolution of the ICCO daily price, quoted in US dollars and in SDRs, from December 2013 to February 2014. **Chart III** depicts the change in the ICCO daily price Index, the Dow Jones-UBS Commodity Index and the US Dollar Index in February, while **Chart IV** presents the prices of European cocoa products from the beginning of the current cocoa year onwards.

**Chart I:**  
Cocoa bean prices on the London (LIFFE)  
and New York (ICE) futures markets  
February 2014



**Chart II: ICCO daily prices**  
December 2013 – February 2014



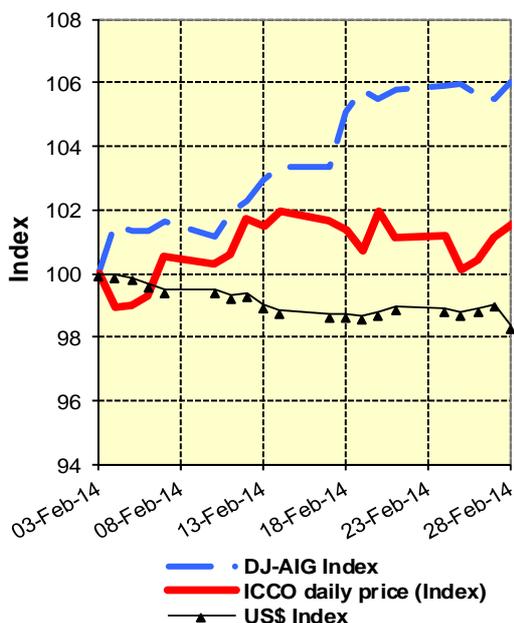
**Note:** The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on NYSE Liffe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

#### Price movements

In February, the ICCO daily price averaged US\$2,994 per tonne, up by US\$175 compared to the average price recorded in the previous month (US\$2,819), and ranged between US\$2,941 and US\$3,032 per tonne.

Cocoa futures prices continued their upward movement in February and surpassed the highs reached in the previous month. Several fundamental factors supported the cocoa price movements during the month. In particular, at the end of the first week of February, cocoa futures prices increased as reports of a strong decline in exports from the third largest producer, Indonesia, further heightened concerns of a global shortage. Thereafter, by the second week of February, as seen in **Chart III**, cocoa futures mirrored the general price rise experienced by most commodities and reached a new two and a half year high at £1,866 per tonne in London and US\$2,957 per tonne in New York. The rise in cocoa prices was also triggered by news of dry weather conditions in some of the cocoa producing areas in West Africa and its probable negative impact on the upcoming mid-crops. However, cocoa prices reversed their upward trend in the third week of the month. During this period, origin forward hedging activities taking advantage of the previous price hikes resulted in a drop in cocoa prices.

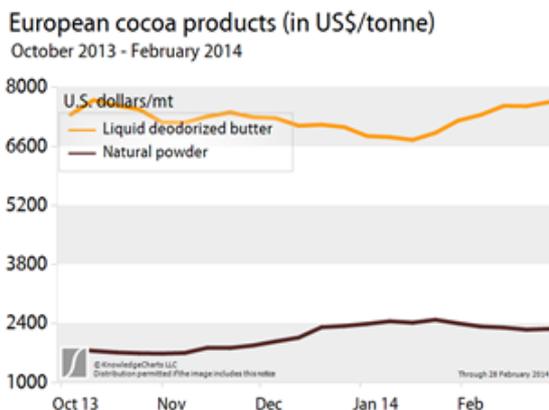
**Chart III: ICCO daily price Index, Dow Jones-UBS commodity Index and U.S. Dollar Index February 2014**



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

**Chart IV: European cocoa products in US\$/tonne October 2013 – February 2014**



By the end of February, amid the backdrop of a general consensus of a supply deficit, cocoa futures prices resumed their upward trend.

**Supply & demand situation**

Data from news agencies indicated that cocoa arrivals at ports in Côte d’Ivoire reached 1,101,000 tonnes by 2 March. As the main crop tails off, attention is now on the outcome of the mid-crop. Total output for Ghana is expected to reach around 870,000 tonnes in 2013/2014, in line with a statement issued by the country’s *COCOBOD* that expressed confidence about exceeding the new output target of 850,000 tonnes. In Indonesia, production is projected to fall to 410,000 tonnes for the current season. This reduction contrasts with the country’s booming cocoa processing sector, and this situation has led to an increase in Indonesia’s cocoa bean imports.

**Chart IV** shows that prices of cocoa products continued to increase during the month. The prices of cocoa products have found underlying support from an increase in demand and the cocoa supply deficit predicted for the current crop year.

**Conclusion**

The ICCO Secretariat’s first forecasts for the current 2013/2014 cocoa year, published in the latest issue of the *Quarterly Bulletin of Cocoa Statistics*, envisage a supply deficit of around 115,000 tonnes. World cocoa bean production is expected to increase by over four per cent to 4.104 million tonnes. Grindings are also forecast to increase by 2.5% to 4.178 million tonnes. If realized this would decrease the total statistical stocks of cocoa beans as at the end of the 2013/2014 cocoa year from 1.662 million tonnes in the previous season to 1.547 million tonnes, which would be equivalent to 37% of projected annual grindings for the current season.

