

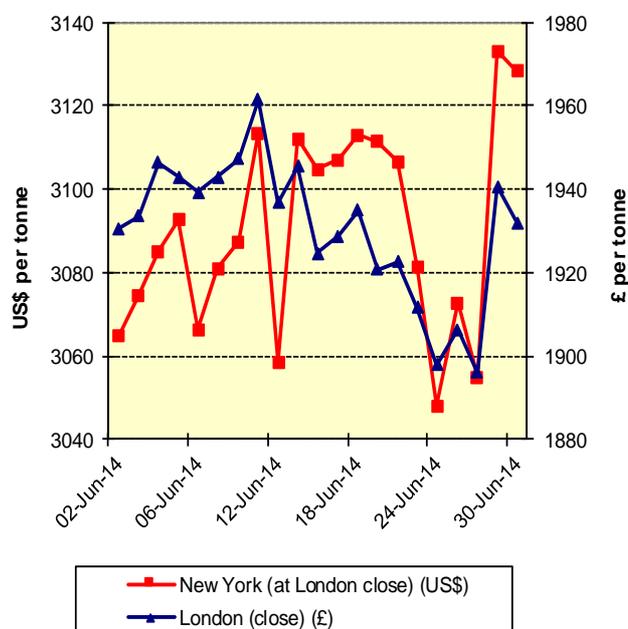


## COCOA MARKET REVIEW

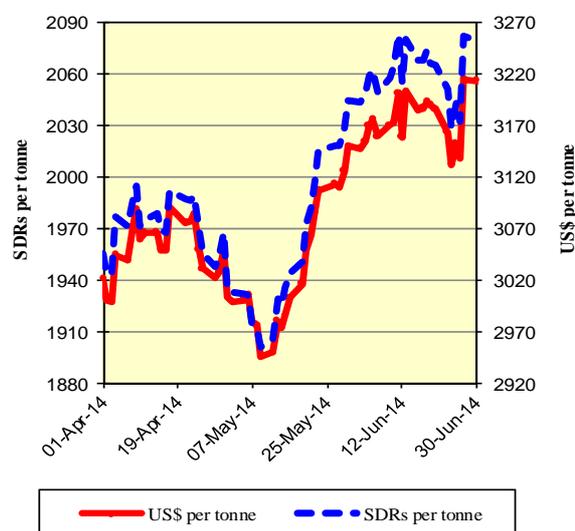
JUNE 2014

The current review focuses on cocoa price movements on the international markets during June 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 April to June 2014. **Chart III** depicts the change in the ICCO daily price Index, the Dow Jones-UBS Commodity Index and the US Dollar Index in June, while **Chart IV** presents the prices of European cocoa products from the beginning of the current cocoa year to the present.

**Chart I:**  
Cocoa bean prices on the London (NYSE Liffe)  
and New York (ICE) futures markets  
June 2014



**Chart II:**  
ICCO daily prices  
April – June 2014



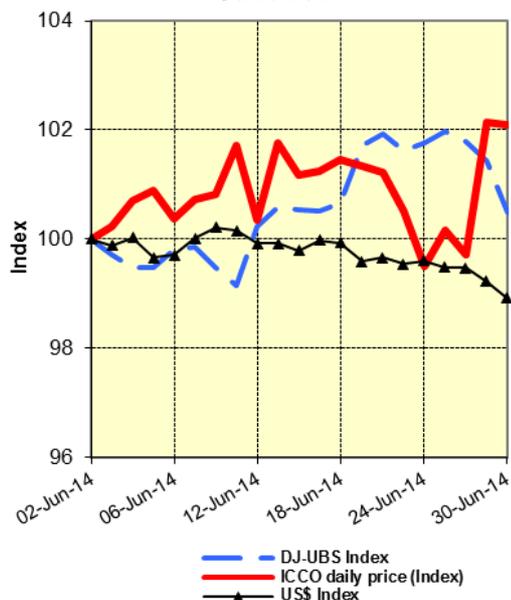
**Note:** The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on NYSE Liffe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

### Price movements

In June, the ICCO daily price averaged US\$3,174 per tonne, up by US\$144 compared to the average price recorded in the previous month (US\$3,030), and ranged between US\$3,131 and US\$3,215 per tonne.

Cocoa futures prices continued their upward movement in June and surpassed the highs initiated during the middle of the previous month. Indeed, several fundamental factors led to the increase. As seen in **Chart I**, the sharp rise in cocoa futures during the first week of June was underpinned by supply concerns amid reports that the occurrence of *El Nino* weather conditions could affect the 2014/2015 main crops in West Africa. Thereafter, with several analysts revising their forecasts for the current cocoa year from a deficit to a surplus or a near balance situation due to strong arrivals and purchases from major producing countries, cocoa futures prices shed off their earlier gains and drifted downwards. During this period, cocoa prices fell to their lowest level for the month at £1,896 per tonne in London and at US\$3,048 per tonne in New York. However, this fall in cocoa prices was short-lived and, towards the end of the month, cocoa futures in New York witnessed a near three-year high, at US\$3,133 per tonne while in London, the figure rose to £1,940 per tonne. This price rally was supported by reports of an increase in chocolate consumption combined with strong industry needs for cocoa butter which had consequently fueled buying interest from traders.

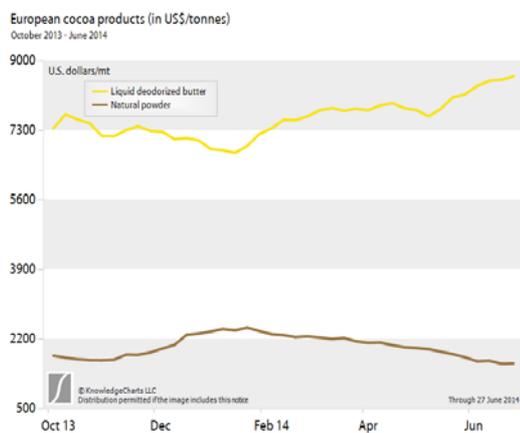
**Chart III: ICCO daily price Index, Dow Jones-UBS commodity index and U.S. Dollar Index June 2014**



**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.

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



As depicted in **Chart III**, from the start of the month through to the third week of June, the cocoa market outperformed most other commodities. From then onwards, as the cocoa market experienced a decline, the prices of most other commodities rose. Nevertheless, by the end of the month, the weakening of the US\$ dollar supported cocoa prices.

**Supply and demand situation**

On the supply side, news agency data showed that, as at 6 July 2014, cumulative cocoa beans arrivals at ports in Côte d’Ivoire reached 1,616,000 tonnes, compared with 1,342,000 tonnes recorded for the same period of the previous season. In Ghana, cocoa purchases recorded by the *Ghana Cocoa Board* totalled 866,742 tonnes for the main crop as at 12 June 2014, up by almost 12.5% from the previous season. A good mid-crop production has been reported from the West African region, as favourable weather conditions had prevailed for crop development. However, in Côte d’Ivoire, heavy rains hindered the drying of cocoa beans and the quality of the mid-crop harvest has started to decline, in particular in the eastern part of the country, where the bean size was significantly reduced.

In Indonesia, exports of cocoa beans from *Sulawesi*, the largest cocoa producing region in the country, have been significantly lower than average. According to the *Indonesian Cocoa Association*, cocoa output from the region fell by 40% to 4,656 tonnes in June 2014, compared with 7,773 tonnes for the previous year. In addition, the Indonesian Government is reported to be considering a higher cocoa export tax to secure supplies for its soaring domestic grinding capacity.

On the demand side, as seen in **Chart IV**, while cocoa butter prices remained high at levels above US\$8,000 per tonne during the month under review, on the other hand, ample stocks of cocoa powder have reduced the price of the product. Indeed, it has been reported that some grinders are reducing their operational capacity to ease powder stocks.

