



COCOA MARKET REVIEW

NOVEMBER 2013

The current review focuses on cocoa price movements on international markets during the month of November 2013. **Chart I** illustrates price movements on the London (NYSE Liffe Futures and Options) and New York (ICE Futures US) markets in November. **Chart II** shows the evolution of the ICCO daily price, quoted in US dollars and in SDRs, from September to November 2013. **Chart III** depicts the change in the ICCO daily price Index, the Dow Jones-UBS Commodity Index and the US Dollar Index while **Chart IV** presents recent changes in warehouse stocks of cocoa beans and the price differential between the two cocoa futures markets.

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

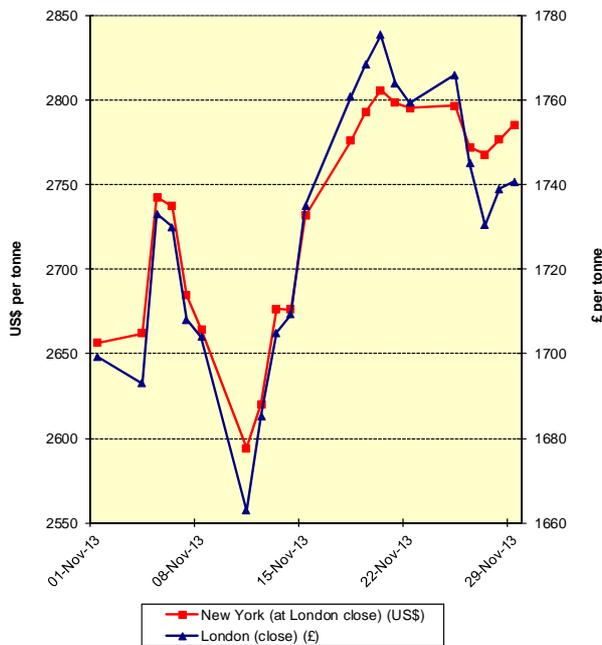
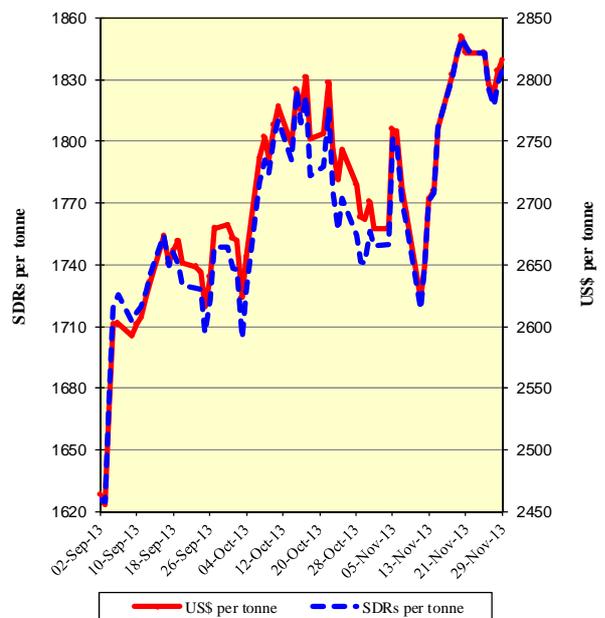


Chart II: ICCO daily prices
September - November 2013



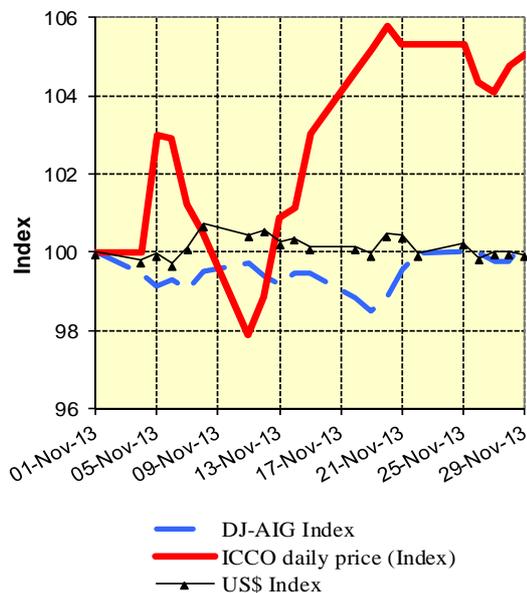
Note: The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on NYSE Liffe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

Price movements

In November, the ICCO daily price averaged US\$2,755 per tonne, up by US\$24 compared to the average price recorded in the previous month (US\$2,731). Prices ranged between US\$2,623 and US\$2,835 per tonne.

As shown in **Chart I**, cocoa prices could not sustain the uptrend of the first few trading sessions of the month, and by the second week of November reverted to the downward trend that had occurred towards the end of the previous month. Better than expected cocoa arrivals and purchases from West Africa contributed to the fall in cocoa prices. Compared to the high prices recorded during the first week of the month, cocoa futures prices dropped by four per cent in London to £1,663 per tonne and by six per cent in New York to US\$ 2,594 per tonne by 11 November. Thereafter, the markets witnessed a strong correction and increased to a two-year high, at £1,775 per tonne in London and at US\$ 2,806 per tonne in New York. The price rally was underpinned by reports of increased buying activity by the cocoa processing and chocolate manufacturing industry. Nevertheless, towards the end of the month, cocoa prices were dampened slightly, as strong arrivals and purchases caused bearish sentiments within the cocoa markets. Thereafter, during the last couple of trading sessions, cocoa futures prices increased, supported by reports of heavy rains likely to disrupt cocoa husbandry activities in Côte d'Ivoire.

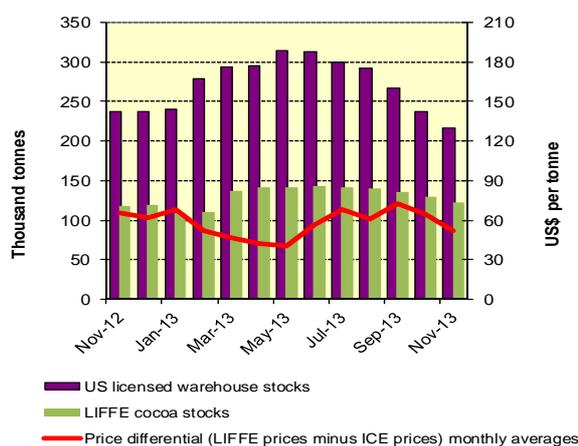
**Chart III: ICCO daily price Index, Dow Jones-UBS commodity index and the U.S. Dollar Index
November 2013**



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 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: Arbitrage spread between NYSE Liffe and ICE Futures and licensed warehouse stocks



As depicted in **Chart III**, although the general commodity front represented by the DJ-UBS Commodity Index was mainly constant, the ICCO daily price index outperformed its counterparts and remained high during the month of November.

Certified warehouse stocks of cocoa beans

Similar to the previous month, both markets reported a fall in the volume of certified warehouse stocks. In New York and London, volumes fell from 236,534 tonnes to 216,487 tonnes and from 130,490 tonnes to 122,660 tonnes respectively. As shown in **Chart IV**, the arbitrage spread (difference in price) between the LIFFE and ICE cocoa futures markets shrank further in November.

Supply & demand situation

According to news agency data, cocoa arrivals at ports in Côte d'Ivoire were around 496,000 tonnes as at 1 December 2013. This represented an increase of about 42% compared with 350,000 tonnes reported during the same period of the previous season.

In Ghana, cumulative cocoa purchases by the *Ghana Cocoa Board* from the beginning of the season to 7 November were 228,458 tonnes. This was approximately 31% higher than for the same period of the previous season.

The ICCO Secretariat's revised estimates for the 2012/2013 cocoa year envisage that the cocoa market experienced a much higher deficit of around 160,000 tonnes, compared with the Secretariat's earlier estimated deficit of 52,000 tonnes. This reflects an increase of 2.4% in world grindings over the previous season (up by 96,000 tonnes) to 4.052 million tonnes and a decrease in world cocoa bean production (down by 149,000 tonnes) to 3.931 million tonnes.

