



COCOA MARKET REVIEW SEPTEMBER 2014

The current review reports on cocoa price movements on the international markets during the month of September 2014. **Chart I** illustrates price movements on the London (ICE Futures Europe) 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 July to September 2014, while **Chart III** depicts the prices of European cocoa products during the 2013/2014 cocoa year.

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

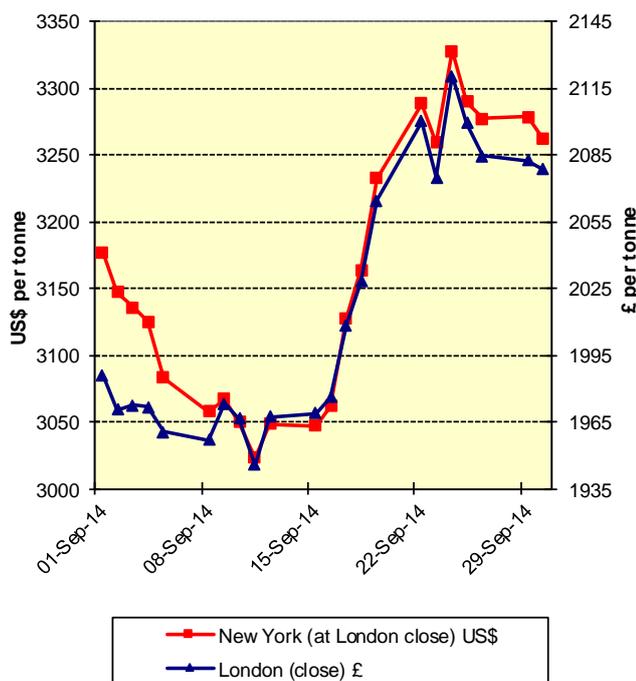
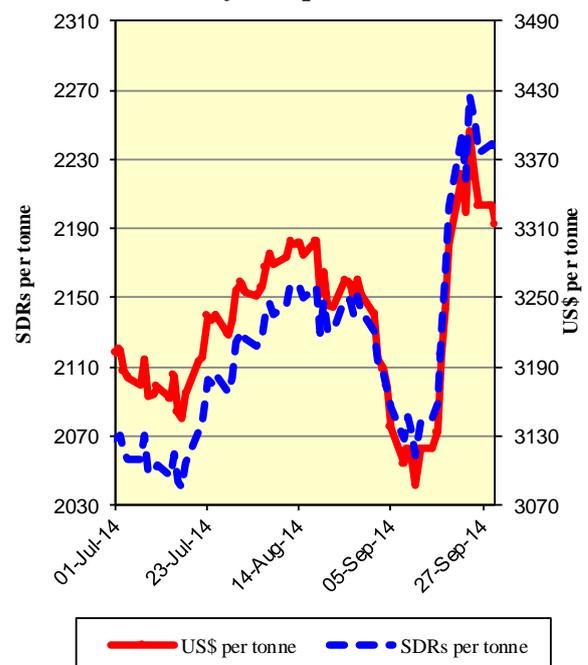


Chart II: ICCO daily prices July – September 2014



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

Price movements

In September, the ICCO daily price averaged US\$3,221 per tonne, down by US\$49 compared to the average price recorded in the previous month (US\$3,270), and ranged between US\$3,087 and US\$3,394 per tonne.

As shown in **Chart I**, at the beginning of September, cocoa futures prices continued the downward trend initiated at the end of the previous month. By the second week of the month, cocoa futures fell to a five-week low, at £1,946 per tonne in London and at US\$3,023 per tonne in New York. Bearish factors that led to the fall in cocoa futures included continuous relatively strong weekly arrivals of cocoa to ports in Côte d'Ivoire, a global cocoa surplus for the 2013/2014 season and a strengthening of the US dollar against the other major currencies. However, as seen in **Chart I**, from the middle of the month onwards, cocoa futures prices reverted their downward movement and rallied to a three year high, at £2,121 and US\$ US\$3,328 in London and New York respectively. This sharp rally was supported by concerns over the potential impact of the Ebola outbreak in West Africa for cocoa production in the coming months during which most of the cocoa is harvested. Towards the end of the month, cocoa futures drifted downwards as the governments of the top two producing countries announced that they had raised the price to be paid to cocoa farmers for the 2014/2015 main harvest. These measures are expected to encourage investment in cocoa production. In addition, news of favourable weather conditions in West Africa boosted production expectations for the new season.

As shown in **Table 1**, at the end of the 2013/2014 cocoa year, the London and New York markets recorded increases over the previous cocoa year, of 23% and 24% respectively. This surge in cocoa prices occurred despite the production surplus estimated for the 2013/2014 cocoa year.

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

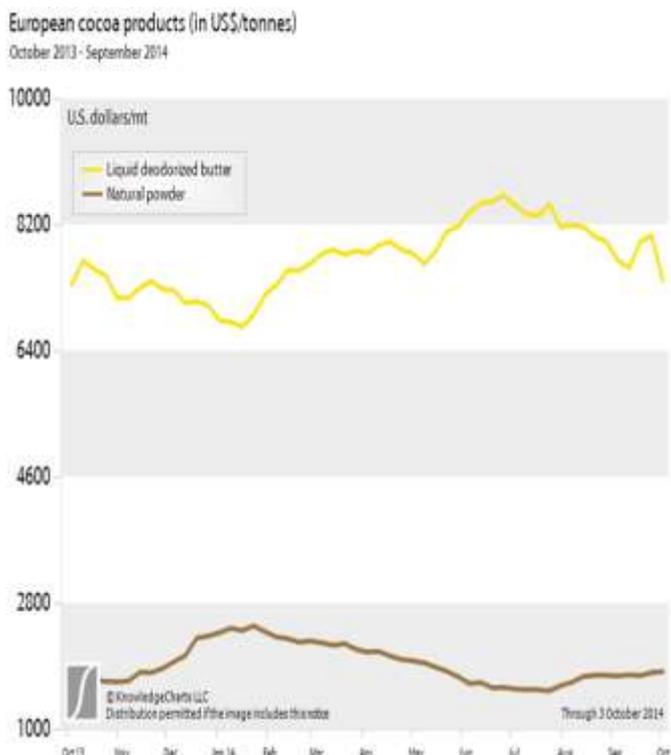
| Cocoa bean prices | Unit | High in 2013/14 | Date previous high | % increase (past year) a/ |
|---------------------|----------------------------|----------------------|--------------------|------------------------------|
| ICCO daily prices | SDRs/tonne (nominal terms) | 2,267 (24 September) | 8 March 2011 | 28 % |
| ICCO daily prices | US\$/tonne (nominal terms) | 3,394 (24 September) | 14 March 2011 | 24 % |
| London futures b/ | £/tonne (nominal terms) | 2,121 (24 September) | 17 March 2011 | 23 % |
| New York futures b/ | US\$/tonne (nominal terms) | 3,328 (24 September) | 29 April 2011 | 24 % |

Notes:

a/ Percentage increase from 30 September 2013 to 30 September 2014

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

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



Supply and demand situation

Cocoa bean arrivals at ports in Côte d’Ivoire hit a record 1.741 million tonnes for the 2013/2014 cocoa season, compared to 1.449 million tonnes recorded for the previous season. For the 2014/2015 season, the Government has set a farm-gate price of 850 CFA francs (US\$ 1.64) per kilogramme, representing a 13% increase from 750 CFA francs per kilogramme recorded for the 2013/2014 crop season. As in Côte d’Ivoire, cocoa production in Ghana which also benefitted from conducive weather conditions, has increased considerably compared to that of the previous year. As at the time of writing, the Ghana Cocoa Board had not yet released any official final cocoa purchasing data for the 2013/2014 season. The ICCO Secretariat estimates Ghana’s production figure to be at 920,000 tonnes, up by 85,000 tonnes. The farm-gate price was set at 5,520 cedis per tonne (US\$1,720 per tonne) in Ghana for the 2014/2015 season.

On the demand side, as shown in **Chart III**, whereas cocoa butter prices decreased to an average of US\$7,680 in September compared to US\$8,200 recorded during the previous month, prices of cocoa powder increased. Grindings data for the July to September 2014 period for Europe and North America will be published in the middle of October.

