



World Cocoa Conference

19-23 Nov 2012

Situation and prospects for cocoa supply & demand

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**WORLD
COCOA
CONFERENCE 2012**



19-23 NOVEMBER 2012
HOTEL IVOIRE, ABIDJAN, CÔTE D'IVOIRE
Ensuring a sustainable cocoa value chain to
guarantee quality supply and enable further growth
in new chocolate products and emerging markets

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Improving market information and transparency ... One of the core activities of the ICCO

- Collection and dissemination of **statistics**: *Quarterly Bulletin of Cocoa Statistics*
- Review of **market developments** (10 years, 1 year, quarterly, monthly)
- **Forecasts** Supply & Demand (5 years)
- **Economic studies**: price determinants, functioning of the cocoa futures markets, diversification, certification, etc.

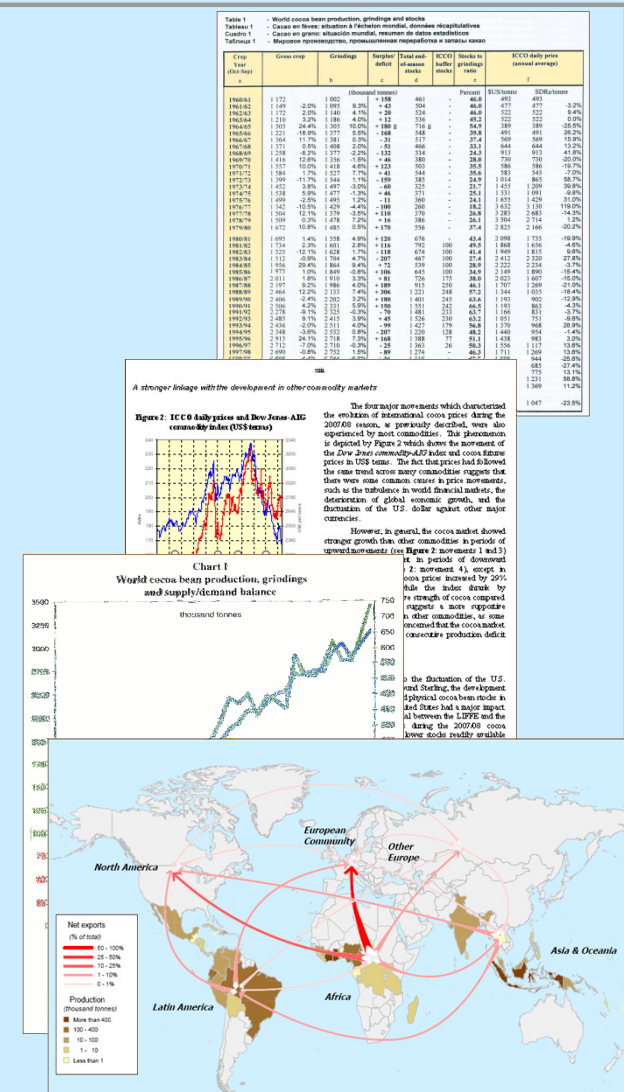


ICCO: market information

The Quarterly Bulletin of Cocoa Statistics

Information available ?

- ✓ market development reviews,
- ✓ estimates of global cocoa bean supply, demand and stocks as well as historical data;
- ✓ up-to-date and historical data on cocoa bean prices;
- ✓ statistics on the trade of cocoa beans, cocoa products and chocolate;
- ✓ country table statistics for major cocoa-producing and importing countries;
- ✓ unique cocoa consumption data by country; and
- ✓ 'at a glance' information through maps, charts and summary tables





ICCO: market information

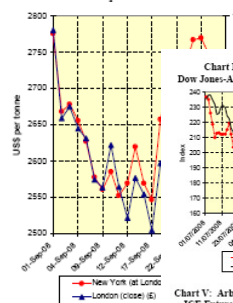


MONTHLY COCOA MARKET REVIEW

SEPTEMBER 2008

The Monthly Cocoa Market Review charts the evolution of cocoa prices on the international markets during September 2008. Chart I illustrates price movements on the London (Liffe Eurocent) and New York (ICE Futures US) markets in September. Chart II shows the evolution of the ICCO daily prices quoted in US dollars and SDRs from July to September 2008. Chart III, IV and V link cocoa bean price movements to the Dow Jones commodity index, the dollar exchange rate against the Pound Sterling and licensed warehouse stocks in the London and New York markets.

Chart I: Cocoa bean prices on the London (LIFFE) and New York (ICE) futures markets: September 2008



Price movements

In September, the cocoa in July. The ICCO daily price, down by US\$131, compared to

In the first half of September, the US dollar against other major currencies, London and US\$2,546 in New

Indeed, the turmoil in the Lehman Brothers, sale of Men International Group and its participants to reduce their risk Futures Trading Commission (dropped in the course of the movements of the Dow Jones and the strengthening US dollar against

Chart II: ICCO daily prices: July – September 2008

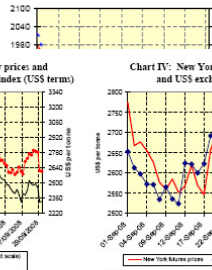
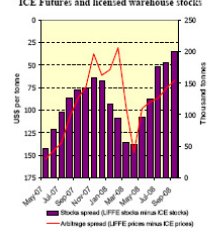


Chart V: Arbitrage spread between LIFFE and ICE Futures and licensed warehouse stocks



Supply & demand situation

According to news agency data, cocoa bean arrivals to ports in Côte d'Ivoire reached 1,365 million tonnes in 2007/08. In Ghana, cocoa purchases declared by the Ghana Cocoa Board reached 680,000 tonnes at the end of the official 2007/08 season (12 September 2008). In addition, 78,000 tonnes of cocoa beans were purchased in Ghana during the last three weeks of September 2008.



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The monthly Cocoa Market Review

- Review price developments in the cocoa futures markets (NYSE Liffe and ICE Futures US) during the previous month (2-page document);
- Review major developments related to the supply and demand for cocoa beans, incl. arrivals, trade, grindings data as well as weather conditions and spread of pests and diseases;
- Wide dissemination.
- Free (posted on website, email):

<http://www.icco.org>



The size of the market

Cocoa bean production value in 2010/11: US\$ 13 billion
Retail value of chocolate sales in 2010: US\$ 95 billion, of which
US\$34 billion for European Union and US\$18 for the United States

Sources: Eurostat, 2011, Euromonitor, NCA, 2010, ICCO staff calculation

Top chocolate manufacturers, 2011, total sales in million US\$

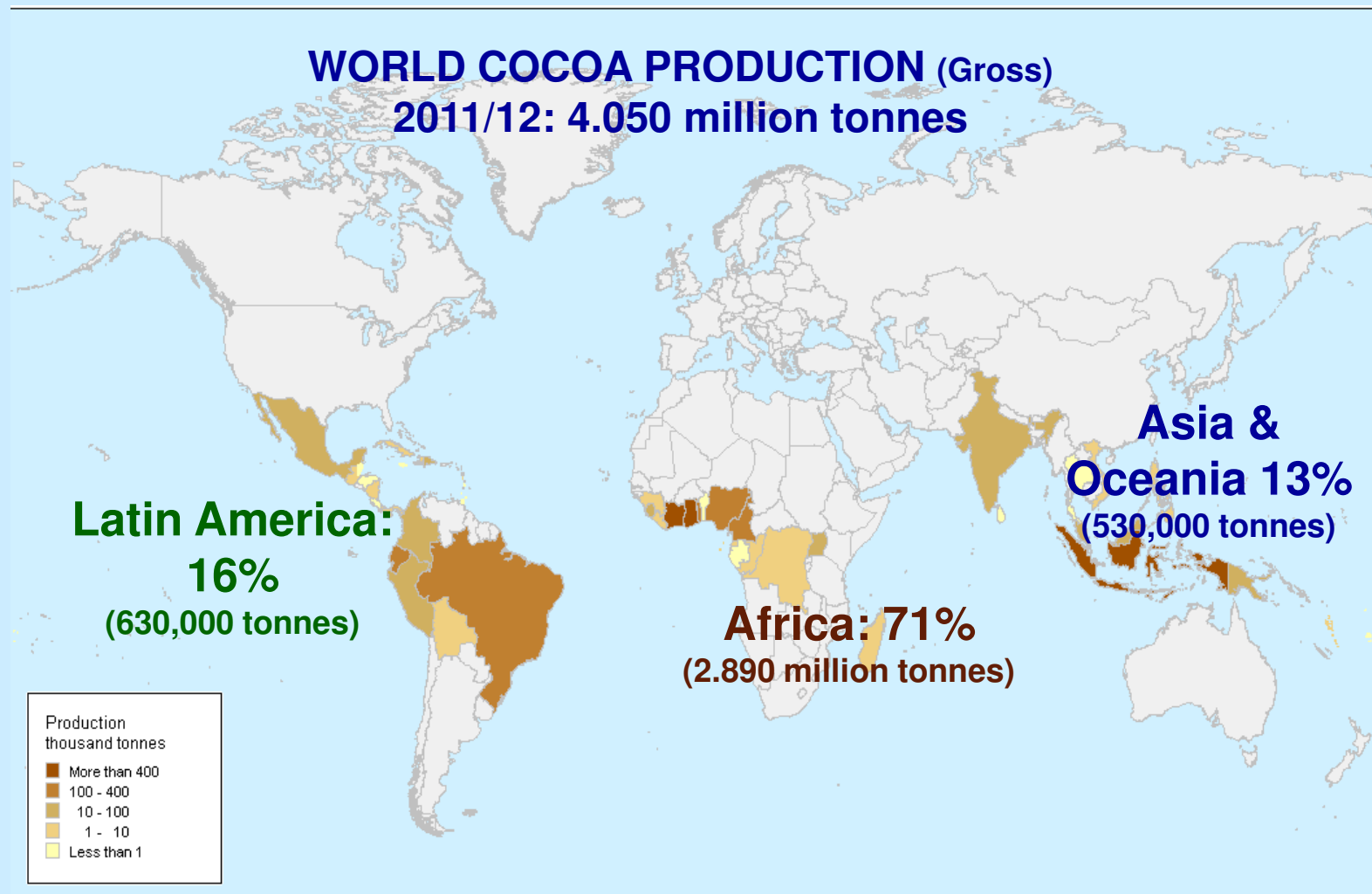
Company	Net Sales 2011 (US\$ millions)
Kraft Foods Inc (USA)	19,965
Mars Inc (USA)	16,200
Nestlé SA (Switzerland)	12,808
Ferrero Group (Italy)	9,612
Hershey Foods Corp (USA)	6,112
Chocoladefabriken Lindt & Sprüngli AG (Switzerland)	2,796

*Top six global confectionery companies
that manufacture some chocolate
by total confectionery sales value in
2011*

Source: Candy Industry, January 2012



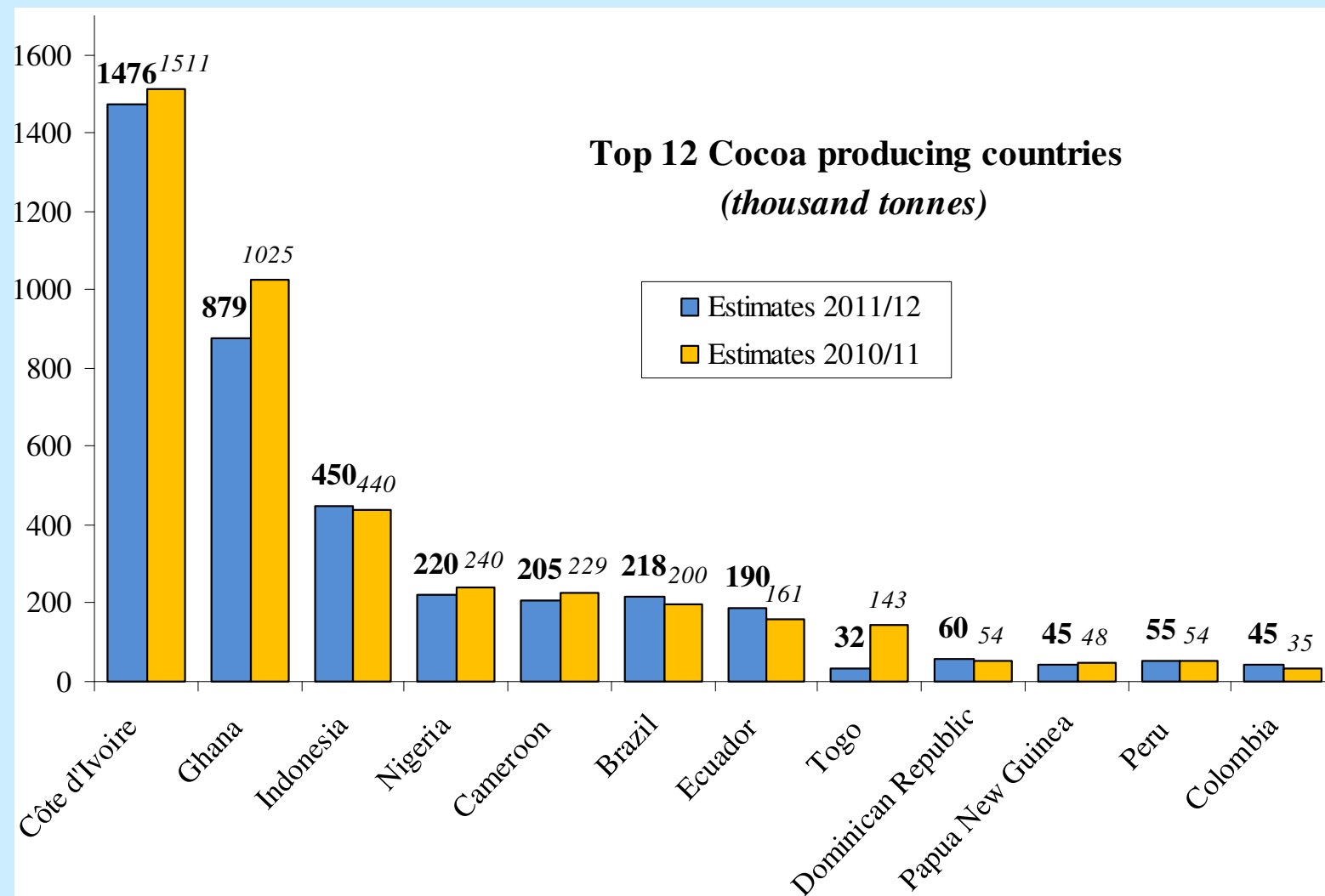
Cocoa production (supply)



Source: ICCO, Quarterly Bulletin of Cocoa Statistics



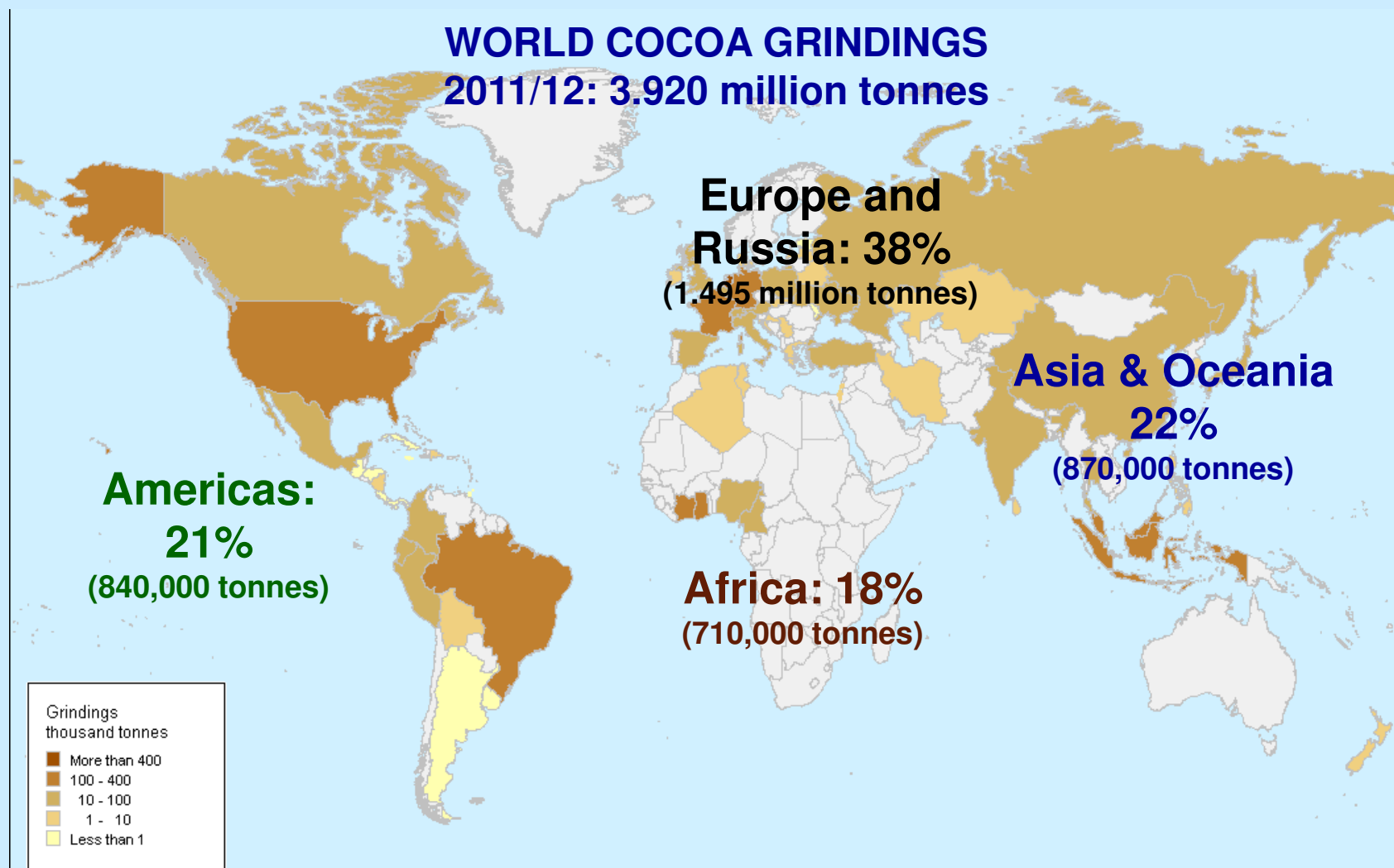
Main cocoa producing countries



Source: ICCO, Quarterly Bulletin of Cocoa Statistics

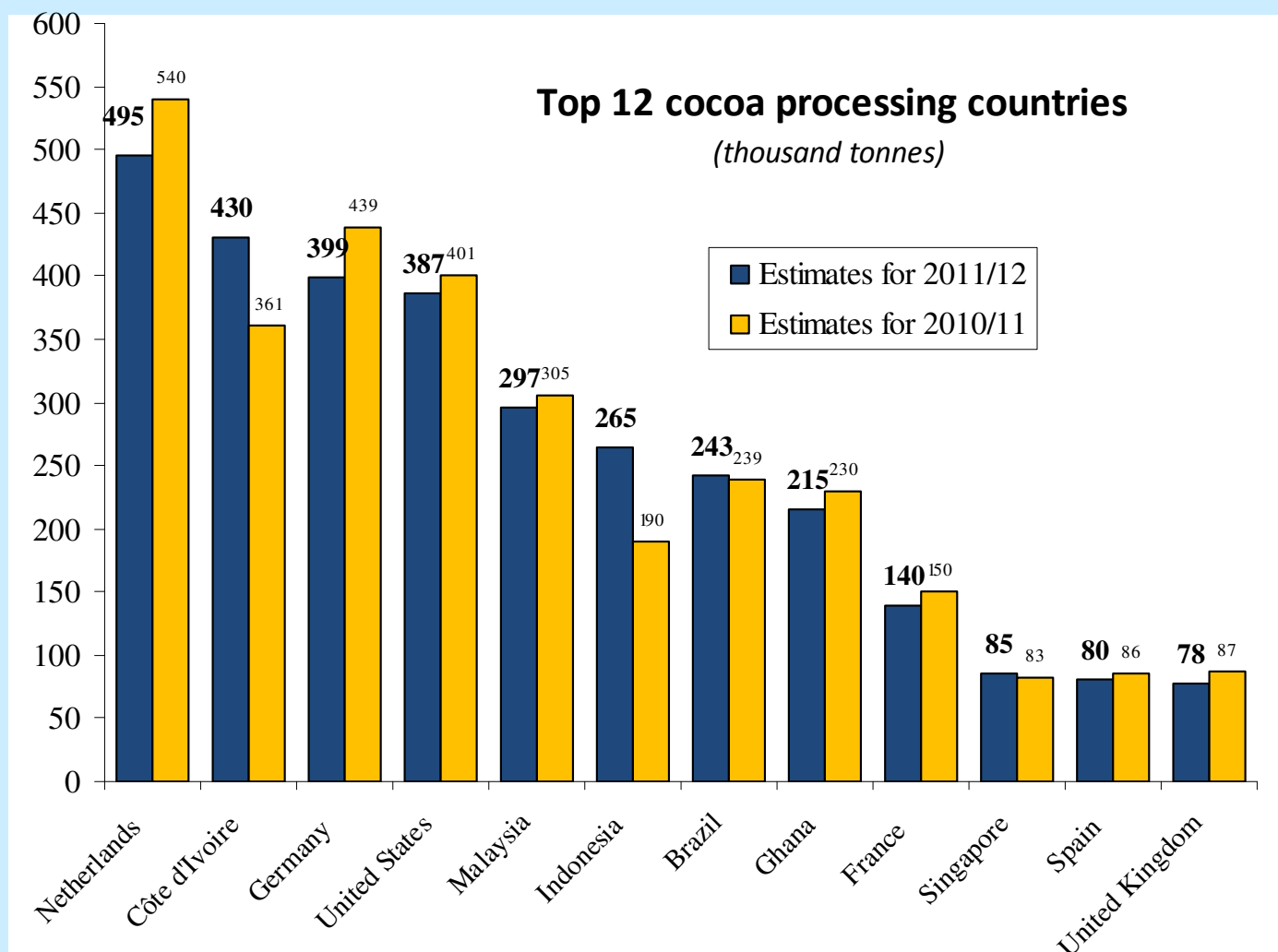


Cocoa grindings (demand)





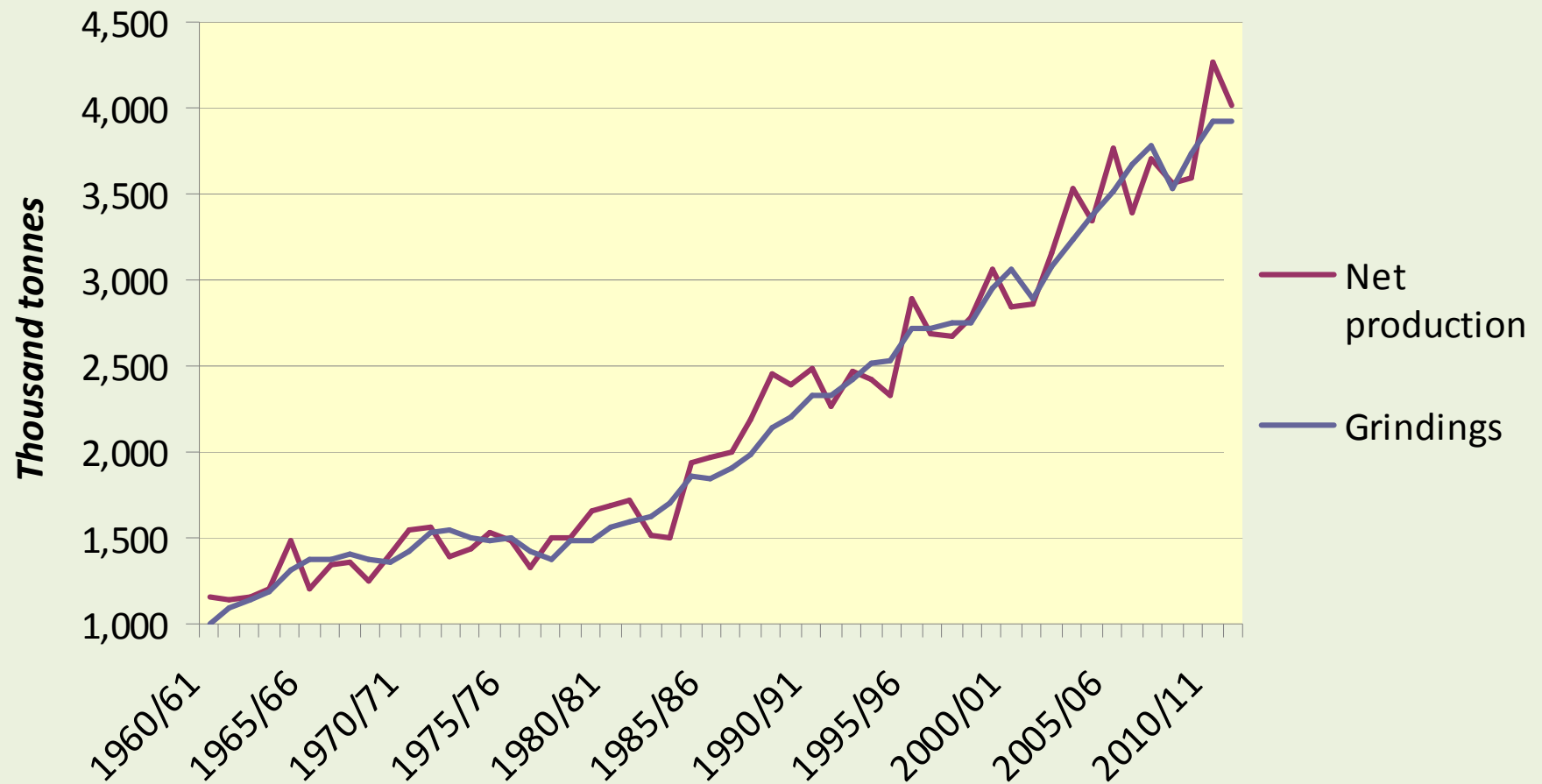
Main cocoa processing countries



Source: ICCO, Quarterly Bulletin of Cocoa Statistics



Historical cocoa supply & demand



Source: ICCO, Quarterly Bulletin of Cocoa Statistics

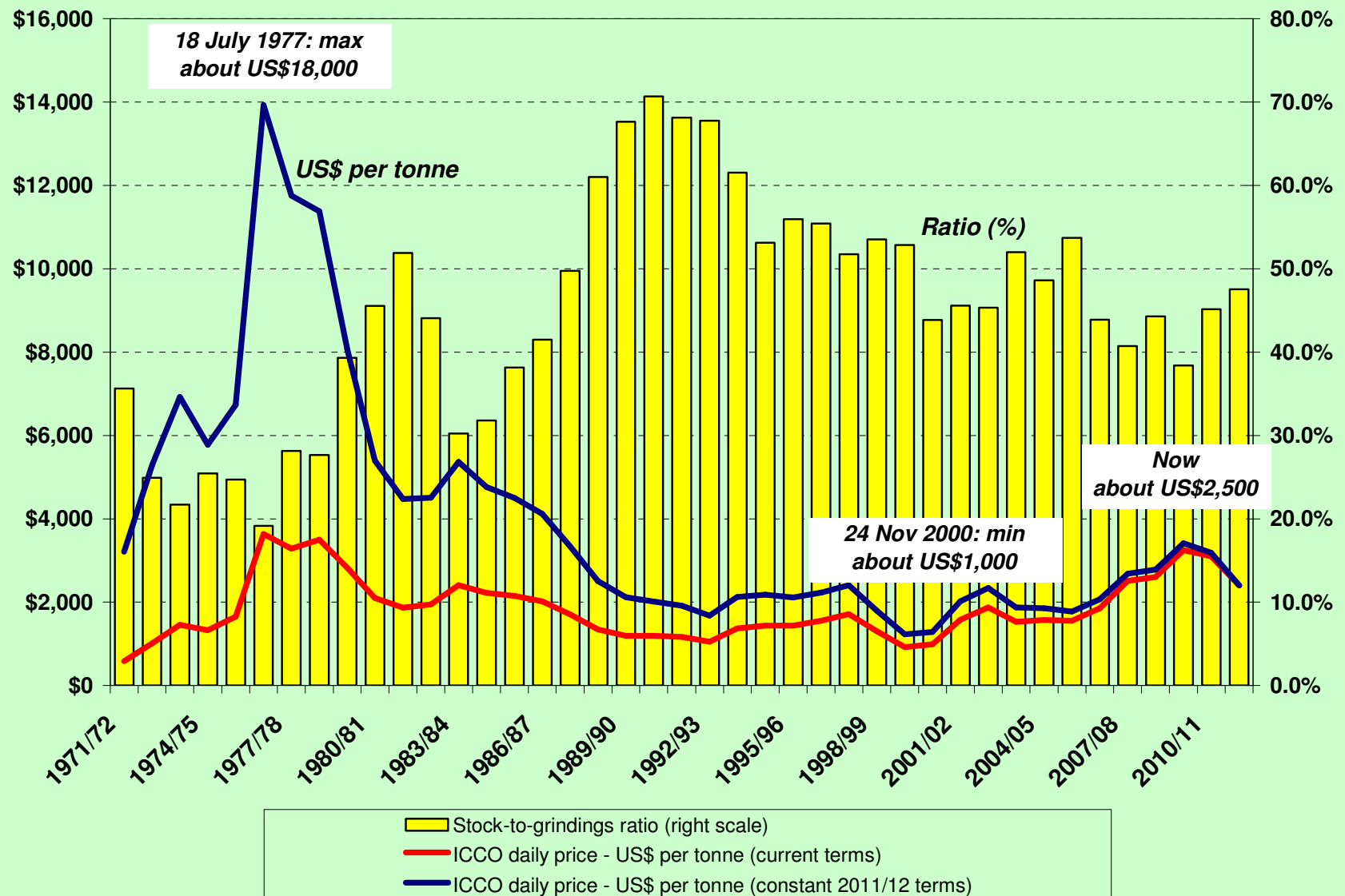


Supply, demand and prices...

- Market fundamentals (characterized stocks-to-grindings ratio) explain 83% of annual changes in cocoa prices in the long term.
- A 10% increase in stock-to-grindings ratio leads to a 9.1% decline in cocoa prices.
- A 10% increase in farmer prices leads to an increase in world supply of about 0.6% in the current crop year.
- if this price increase is sustained over time, the cumulative impact on world supply would be 8.7%.
- A 10% increase in cocoa prices leads to a decline of 1.1% only in consumption.
- A 10% increase in consumers' disposable income leads to an increase in consumption of about 10%.



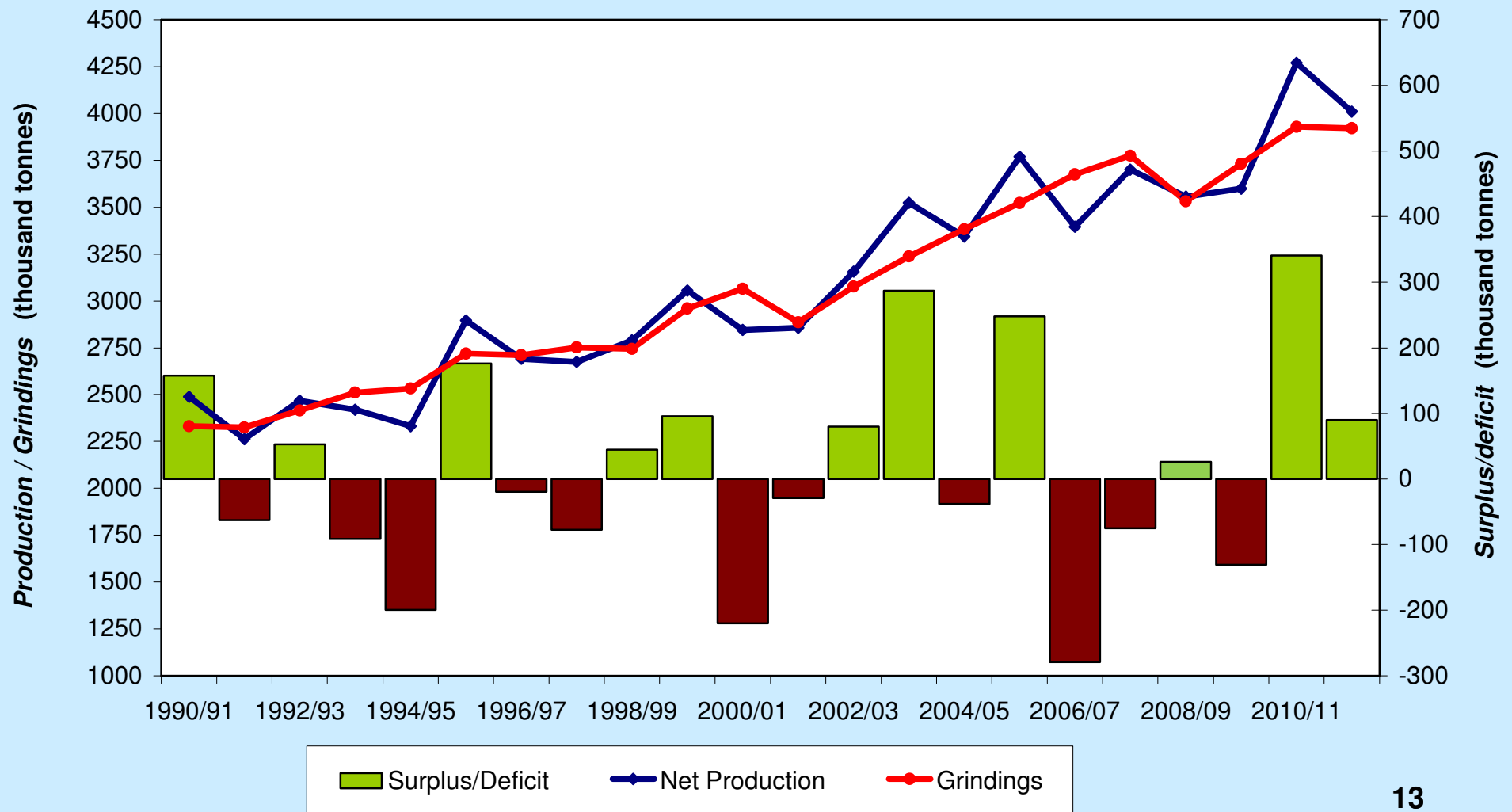
The cocoa supply & demand factors





Historical cocoa supply & demand

World Cocoa Bean Production, Grindings and Surplus/Deficits

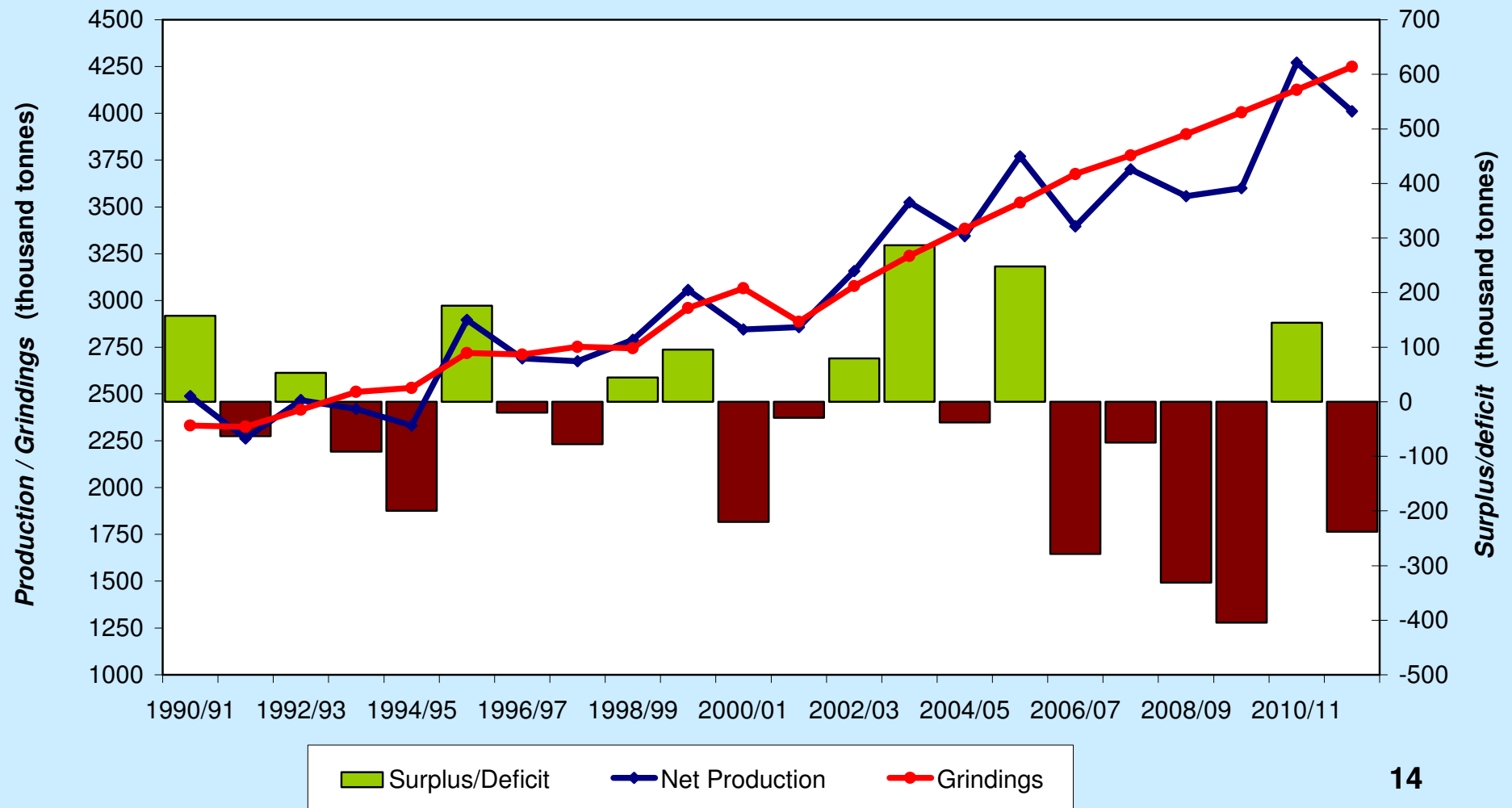


Source: ICCO, Quarterly Bulletin of Cocoa Statistics



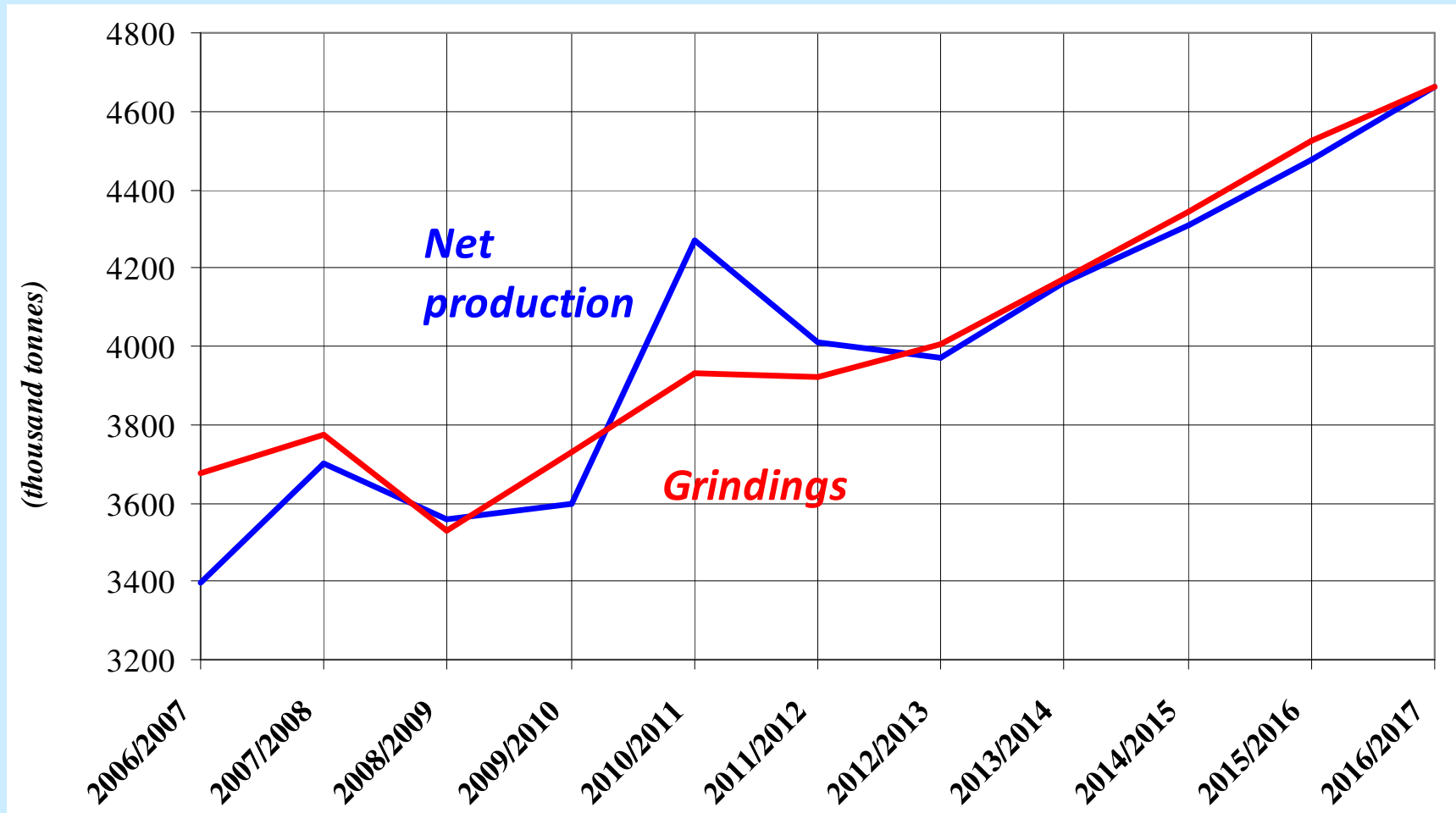
What if... a scenario without the economic crisis...

World Cocoa Bean Production, Grindings and Surplus/Deficits





Forecasts for Supply and Demand





Merci

