



COCOA MARKET REPORT

May 2025

International
Cocoa Organization



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For the month under review, cocoa futures prices for the nearby contracts exhibited both bullish and bearish trends. On the one hand, relating to bullish factors, market concerns shifted from volume to quality. On the other hand, improved weather conditions and reduced concerns on cocoa inventory constituted bearish factors. Insights into the factors that influenced these divergent price movement are discussed in the paragraphs below. .

Prices were bullish during the first half of the month – rising by 21% from US\$8,442 per tonne on 1 May 2025 to US\$10,242 per tonne on 16 May 2025 in London. In New York, prices climbed by 22% from US\$8,973 per tonne to US\$10,920 per tonne within the same period. However, the bullish trend was reversed in the second half of May, with prices declining to as low as US\$8,364 per tonne in London and to US\$9,124 per tonne in New York (**Figure 1**). Compared to a year ago (**Figure 2**), these prices were higher.

FIGURE 1.

Prices of the first, second and third futures contracts on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets (at London close) in May 2025

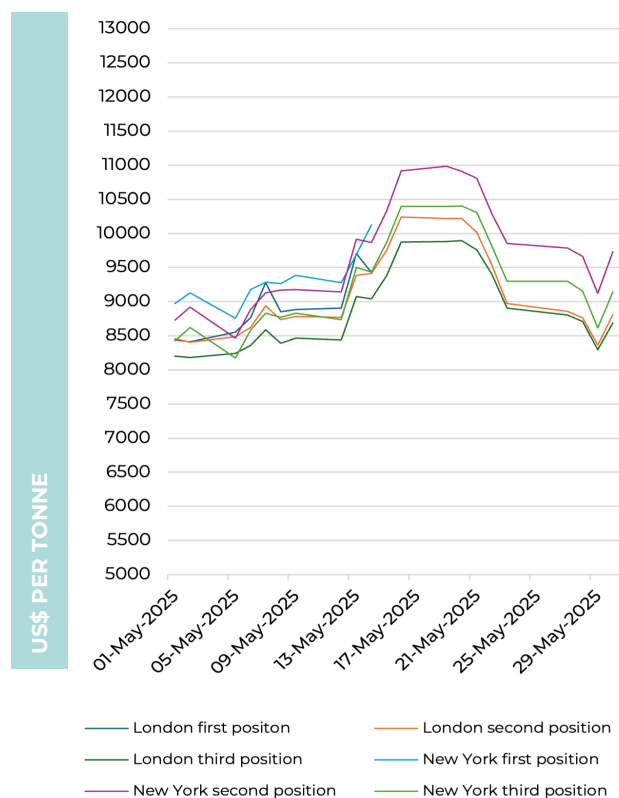
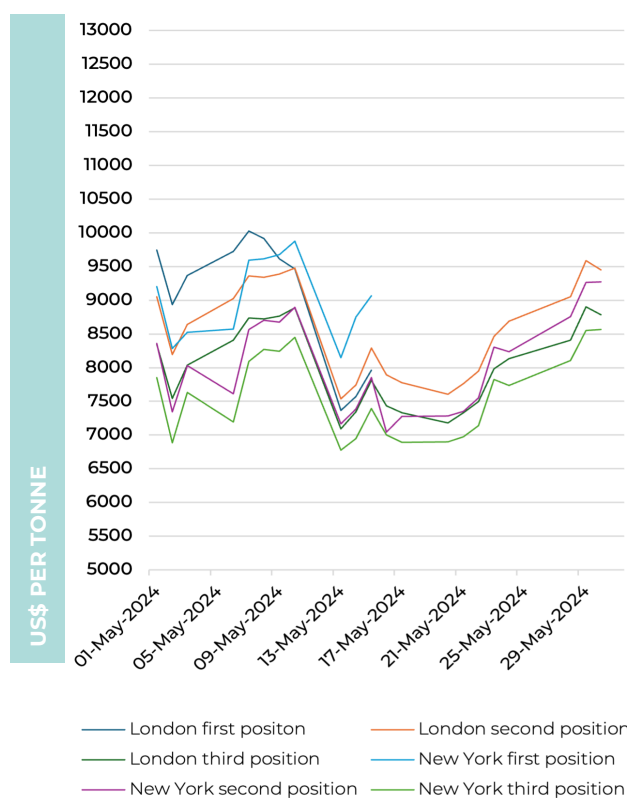


FIGURE 2.

Prices of the first, second and third futures contracts on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets (at London close) in May 2024





Bullish factors

Market concerns during the month shifted from volume to quality of cocoa supplies. According to news reports, due to the late arrival of rains, the quality of the mid-crop beans has become an issue. Processors are reported to be rejecting about five to six percent of Ivorian mid-crop beans as compared with one percent during the main crop¹. This exacerbated the supply tightness situation and further supported prices.

On 16 May 2025, London's nearby contract reached a three-month high of US\$10,242 per tonne, while in New York, a three and a half month high of US\$10,986 per tonne was recorded on 19 May. As seen in **Figure 1**, the nearby contract was in backwardation virtually throughout the month, pricing as high as US\$375 per tonne more than the second contract in London, while in New York, the price difference between the two contracts was as high as US\$592 per tonne.

Indeed, price volatility was evident throughout the month. For instance, between 12 and 13 May, cocoa prices in London surged by US\$799 per tonne from US\$8,908 per tonne to US\$9,707 per. Similarly, in New York, prices increased by US\$413 per tonne, i.e., jumping from US\$9,147 per tonne to US\$9,918 per tonne within the two days.

Bearish factors

Prices for the nearby contract reversed during the last half of the month under review and dropped sharply after reaching their peaks. By 31 May, the London price had fallen by 14% from its high of US\$10,242 per tonne to US\$8,809 per tonne. In New York, prices declined by 11%, dropping from US\$10,986 per tonne to US\$9,731 per tonne.

The bearish trend was also reflected in the daily price movements as day-to-day losses occurred. Between 21 and 22 May, London prices dropped by US\$481 per tonne from US\$10,020 per tonne to US\$9,539 per tonne. In New York, between these two days, prices declined by US\$521 per tonne, falling from US\$10,807 per tonne to US\$10,286 per tonne.

The fall in prices could be attributed to improved weather conditions and inventory build-up. Starting from mid-May, above average rainfall was reported to improve crop development, easing supply concerns and putting downward pressure on prices.

Cocoa bean inventories also influenced the bearish market sentiments. In New York, cocoa bean stocks followed an upward trend, indicating increased supply (**Figure 3**). On the contrary, London cocoa bean stocks trended downward (**Figure 4**), possibly due to the structural differences in cocoa classification at the London Exchange.

In London, Origin Group 1 beans from West Africa are valued highly, while Origin Group 2 beans mainly from Latin America and Asia trade at a discount. Supply tightness in West Africa likely contributed to lower stock levels in London. It is worth noting that, though low, the stock levels in May were better than the levels seen in January 2025.

Conversely, New York accepts cocoa from all origins, provided it meets the set quality standards at the designated ports and New York Exchange. Additionally, the current 10% United States tariff may have incentivised exporters to boost shipments now before any further tariff hikes are announced by the United States government. This may have played a role in increasing cocoa inventories.

¹ <https://www.nasdaq.com/articles/cocoa-prices-sharply-higher-ivory-coast-mid-crop-concerns#:~:text=According%20to%20Rabobank%2C%20the%20poor,which%20typically%20starts%20in%20April.>



FIGURE 3.

Cocoa beans stocks at ICE Futures New York (Tonnes)

Source: ICE Futures U.S. website

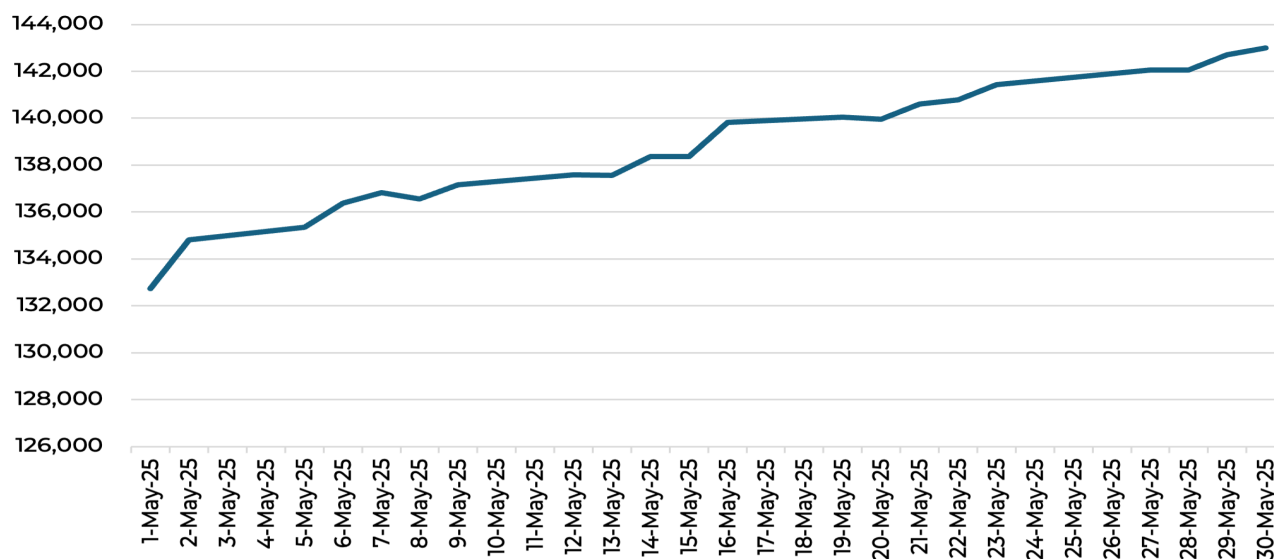
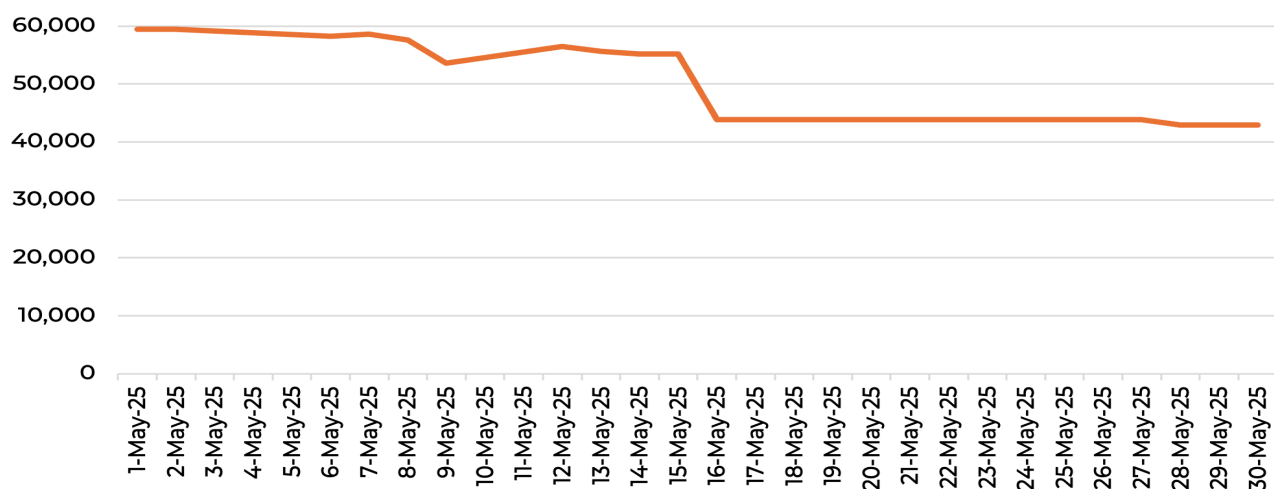


FIGURE 4.

Cocoa beans stocks at ICE Futures London (Tonnes)

Source: ICE Futures Europe website



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