

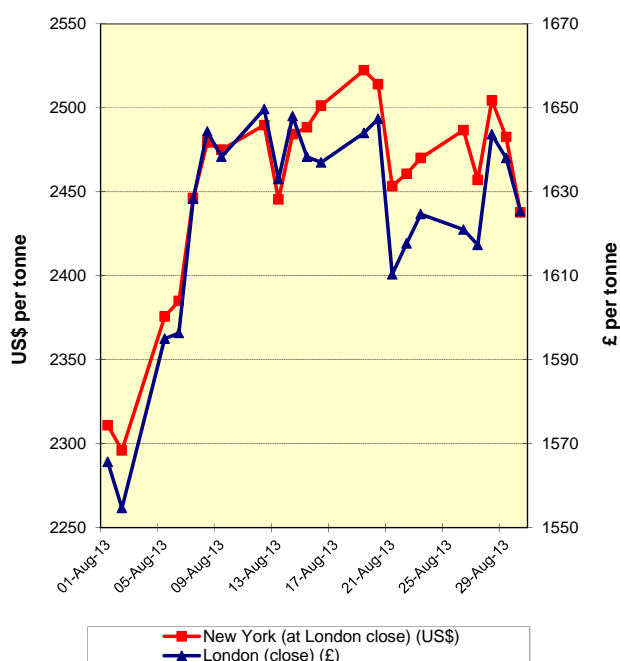


## MONTHLY REVIEW OF THE COCOA MARKET SITUATION

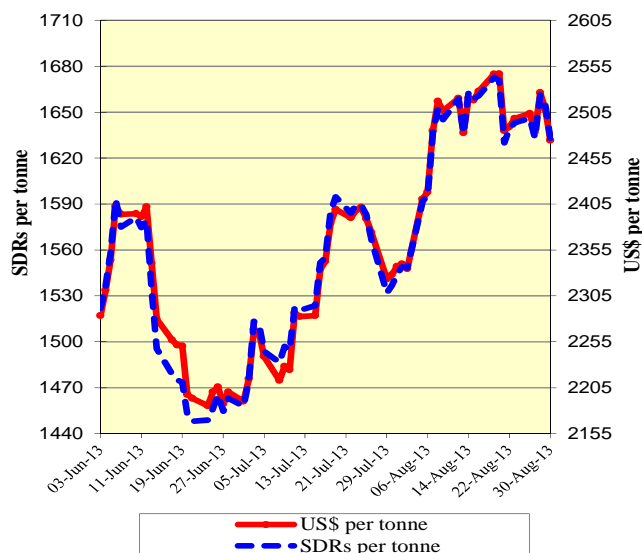
### AUGUST 2013

The current review of the cocoa market situation reports on price movements on the international markets during the month of August 2013. **Chart I** illustrates price movements on the London (NYSE Liffe Futures and Options) and New York (ICE Futures US) markets in August. **Chart II** shows the evolution of the ICCO daily price, quoted in US dollars and in SDRs, from June to August 2013. **Chart III** depicts the change in the ICCO daily price Index, the Dow Jones-UBS Commodity Index and the US Dollar Index during the month under review.

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



**Chart II: ICCO daily prices**  
*June – August 2013*



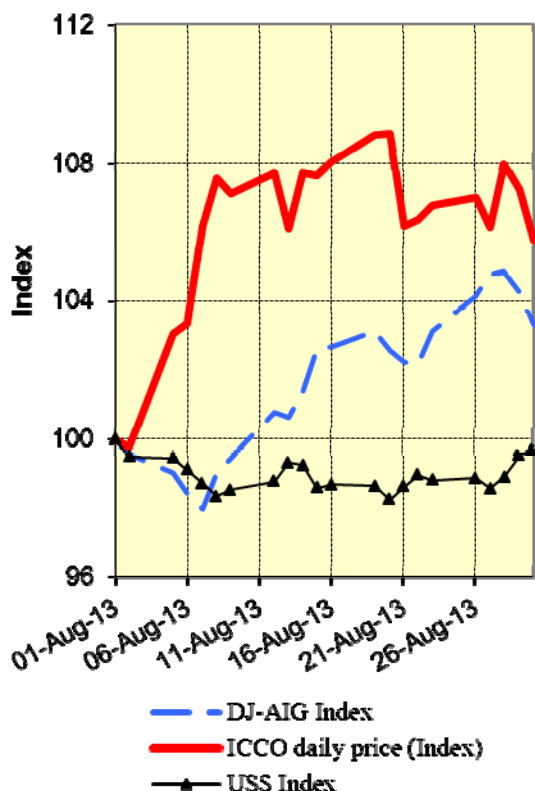
**Note:** The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on NYSE Liffe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

### Price movements

In August, the ICCO daily price averaged US\$2,484 per tonne, up by US\$175 compared to the average price recorded in the previous month (US\$2,309). Prices ranged between US\$2,334 and US\$2,547.

Cocoa futures experienced a slight downturn in prices during the first two trading sessions of August. Thereafter, as seen in **Chart I**, cocoa prices on both markets followed a continuous upward trend. By the end of the first week of the month, cocoa prices on the London and New York markets traded as high as £1,650 and US\$2,490 per tonne respectively. Adverse weather conditions in the West African region combined with expectations by most analysts of a second consecutive supply deficit in the 2013/2014 cocoa year, led to concerns over supply tightness for the next main crop period starting in October, and this spurred the buying interest that stirred the price increase. This situation was reinforced with reports of higher than expected realized forward sales of the 2013/2014 crop in Côte d'Ivoire and Ghana. Cocoa prices stabilized in the second part of the month, with news of improved rainfall in West Africa and a better than expected light crop anticipated in Ghana.

**Chart III: ICCO Daily Price Index,  
Dow Jones-UBS Commodity Index  
and U.S. Dollar Index  
August 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.

As shown in **Chart III**, cocoa price movements followed the same trend as for other commodities during the month under review.

**Supply & demand situation**

According to the ICCO's latest issue of the *Quarterly Bulletin of Cocoa Statistics*, based on information available at the beginning of August, world cocoa production for the current season is expected to fall to 3.986 million tonnes, compared with the previous season's estimates of 4.082 million tonnes. With demand anticipated to increase by 1.1% to 3.998 million tonnes, the current season is expected to experience a supply deficit of 52,000 tonnes.

Official data released by the Ministry of Finance of the Government of Côte d'Ivoire showed that, since the start of the current crop year to the end of June, cocoa arrivals at ports in Côte d'Ivoire reached 1,283,807 tonnes. Following the release of the revised official figure, the dataset on estimated Ivorian cumulative arrivals published by news agencies was corrected downwards, as anticipated in the July monthly review. This estimate is based on counting trucks loaded with cocoa in the two Ivorian ports. The over-estimation was *circa* 42,000 tonnes, corresponding to the total production of the 10<sup>th</sup> largest cocoa producing country. Thus, according to the corrected data published by news agencies, around 1,379,000 tonnes had reached the Ivorian ports by 1 September, up by three per cent compared to the same period of the previous season.

In Ghana, total production for the 2012/2013 season is anticipated to reach 850,000 tonnes. Although *Cocobod* reported that the country's light crop would outstrip that of the previous year, the total for the season is expected to be below that of the 2011/2012 season, at 879,000 tonnes.

On the demand side, improving economic conditions in major consuming areas have supported the demand by chocolate manufacturers for butter. Indeed, cocoa butter ratios traded at their highest level in five years during August, at 2.60 times London futures.

At the end of August, the ICCO Secretariat released its revised crop and grindings forecasts for the current cocoa year in its latest *Quarterly Bulletin of Cocoa Statistics*. Copies of the *Quarterly Bulletin of Cocoa Statistics* can be ordered from the [website \(www.icco.org\)](http://www.icco.org) or from the ICCO Secretariat.



**International Cocoa Organization**

Westgate House, Westgate Road, Ealing, London W5 1YY - United Kingdom  
Tel.: +44 (0)20 8 991 6000 – Fax: +44 (0)20 8 997 4372 – <http://www.icco.org>