

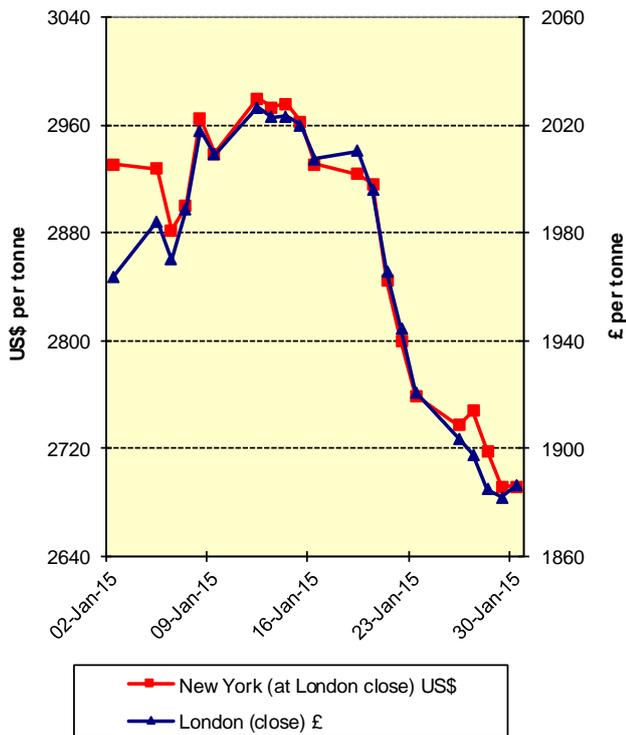


## COCOA MARKET REVIEW

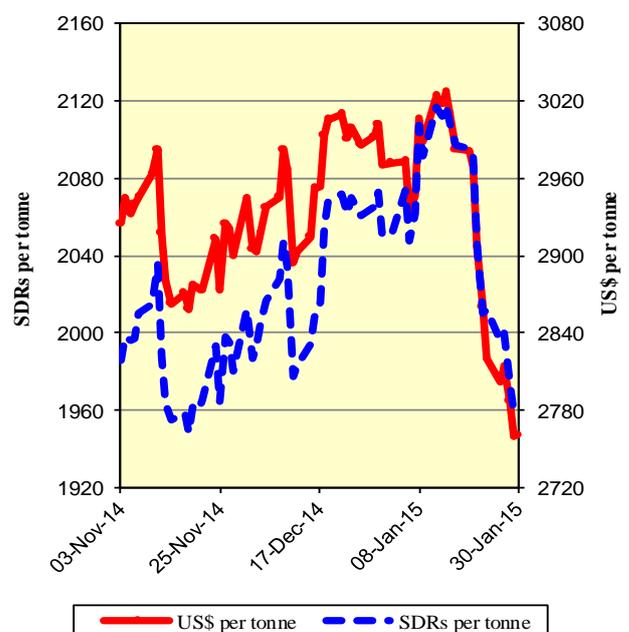
### JANUARY 2015

The current review reports on cocoa price movements on the international markets during the month of January 2015. **Chart I** illustrates price movements on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets for the month under review. **Chart II** shows the evolution of the ICCO daily price, quoted in US dollars and in SDRs, from November 2014 to January 2015. **Chart III** depicts the change in the ICCO daily price Index, the Dow Jones Commodity Index and the US Dollar Index in January while **Chart IV** presents the prices of European cocoa products from the beginning of the 2014/2015 cocoa year to the present.

**Chart I:**  
Cocoa bean prices on the ICE Futures Europe (LIFFE)  
and ICE Futures U.S. markets  
January 2015



**Chart II: ICCO daily prices**  
November 2014 – January 2015



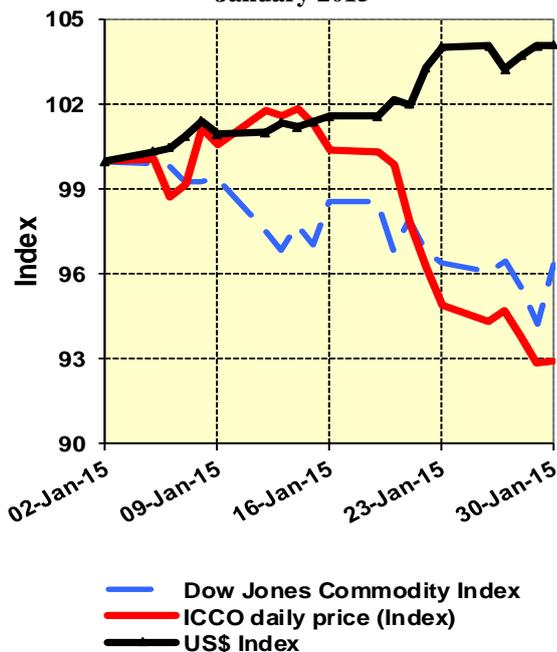
**Note:** The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on the ICE Futures Europe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

### Price movements

In January, the ICCO daily price averaged US\$2,921 per tonne, down by US\$37 compared to the previous month's recorded average (US\$2,958), and ranged between US\$2,759 and US\$3,027 per tonne.

Concerns over the impact of strong *Harmattan* winds on cocoa production that had prevailed during the previous month, coupled with the relative weak harvest in both Côte d'Ivoire and Ghana in the first quarter of the current season, continued to be the catalyst for the upward trend in cocoa futures prices during the beginning of January. By 12 January, cocoa futures quotations hit a three-month high in both markets, at £2,027 per tonne in London and at US\$2,980 per tonne in New York. However, as seen in **Chart I**, from the middle of the month onwards, cocoa futures prices retreated from their upward trend, as weaker-than-expected grindings data from Europe, North America and Asia were released. Cocoa futures continued to fall and, towards the end of the month, against a backdrop of strong weekly port arrivals in Côte d'Ivoire and the strengthening of the U.S. dollar, cocoa futures prices fell and reached a one month low, at £1,882 per tonne in London and to a one-year low, at £2,692 per tonne in New York. Also adding to the bearish tone, was the publication by the *Conseil du Café-Cacao* of cumulative arrivals for the October-December period, at 851,301 tonnes, a figure 47,000 tonnes higher than previously estimated by news agencies.

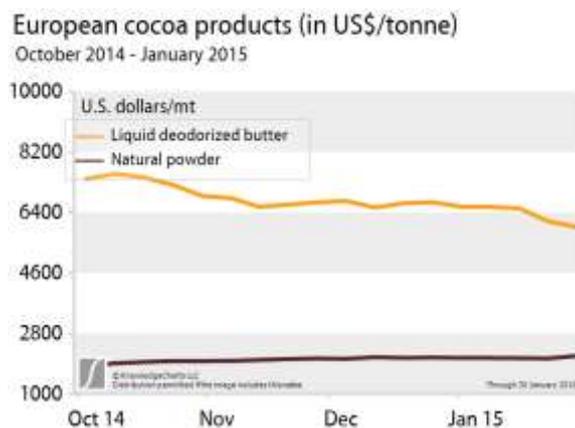
**Chart III: ICCO daily price Index, Dow Jones commodity Index and U.S. Dollar Index January 2015**



**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 Index tracks price movements across various commodities, including energy, precious metals, industrial metals, grains, livestock, softs and agriculture.

**Chart IV: European cocoa products in US\$/tonnes October 2014 – January 2015**



Source: Commodities Risk Analysis LC

As shown in **Chart III**, the strengthening of the U.S. dollar during the month generally weighed on both the broader commodity complex and the cocoa market.

**Supply & demand situation**

On the supply side, cocoa weekly arrivals to ports indicated a strong harvest in Côte d'Ivoire in January, closing the gap from the first half of the main crop. Data from news agencies indicated that cocoa arrivals from Côte d'Ivoire reached 1,093,000 tonnes by 1 February 2015 as compared to 1,097,000 tonnes in the same period for the previous year. In Ghana, no recent data have yet been released on cocoa purchases. However, with reports indicating a more severe impact of the *Harmattan* winds on the country's cocoa production than in neighbouring countries, it looks increasingly likely that the performance of the previous season will not be met.

On the demand side, **Chart IV** shows that, since the start of the 2014/2015 cocoa season, while prices of cocoa butter dropped, those of cocoa powder remained steady. This reflects the weak demand for cocoa recorded in recent months, as reported by the major regional cocoa associations for the fourth quarter of 2014. Indeed, the *European Cocoa Association* reported that cocoa grindings for Europe fell by 7.4% from the same period in the previous year, to 323,061 tonnes. The *National Confectioners' Association* reported that grindings shrank by 1.95% to 122,886 tonnes in North America compared to the same quarter in the previous year. Another decrease came from the *Cocoa Association of Asia* which indicated a 17.2% fall, to 141,396 tonnes. Finally, the Commercial Association of Bahia also reported a decline by 9.5% to 55,927 tonnes in Brazil. The members of these four associations are estimated to represent just over 60% of global processing.

**Conclusion**

During the month under review, cocoa futures markets were mainly influenced by weak demand and strong arrivals from West Africa. At the end of February, the ICCO Secretariat will release its first crop forecasts for the current year in its *Quarterly Bulletin of Cocoa Statistics*. Copies can be ordered from the website ([www.icco.org/statistics/quarterly-bulletin-cocoa-statistics.html](http://www.icco.org/statistics/quarterly-bulletin-cocoa-statistics.html)) or from the ICCO Secretariat.

