

# The global market for cocoa products: recent trends and future outlook

Gerard Stapleton, LMC International

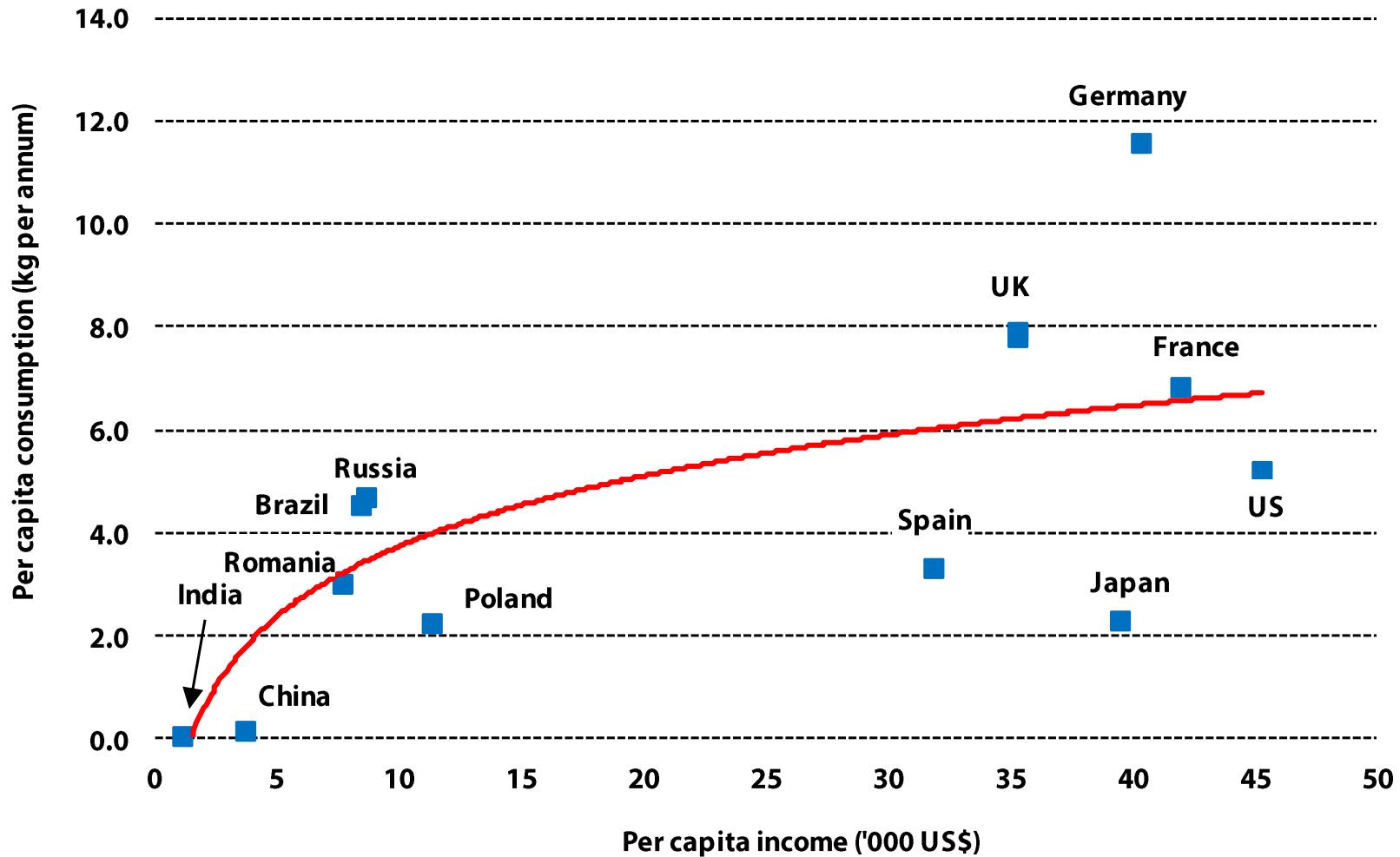
ICCO Cocoa Market Outlook Conference, Sept 2016



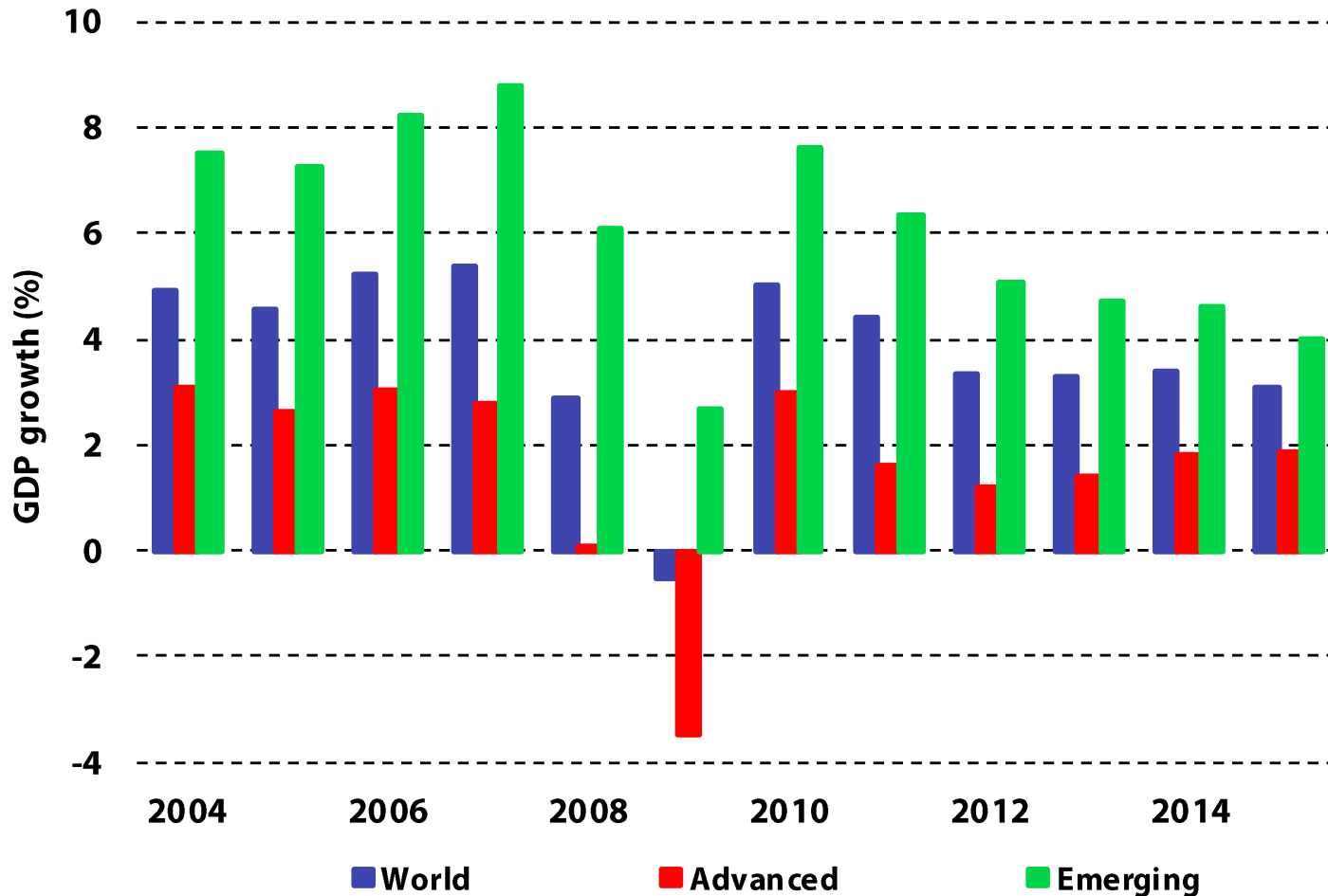
# Outline of presentation

- Chocolate
  - Determinants of demand
  - Evolution of global demand
- Cocoa products
  - Evolution of global/origin grindings
  - Trends in regional trade
- Alternatives to cocoa butter
  - Impacts of changes in cocoa product prices
- Future outlook
  - Demand forecasts

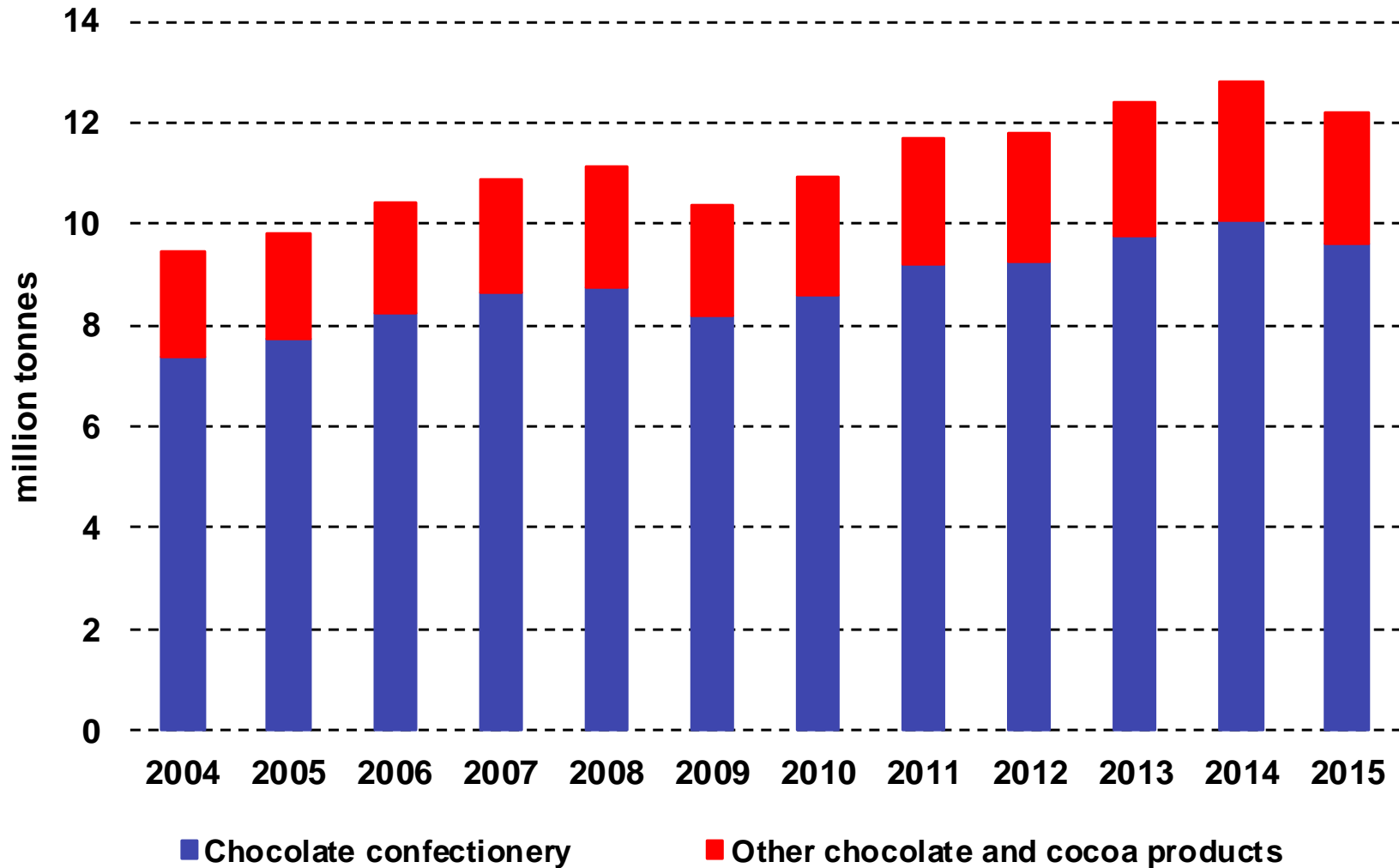
# A rise in per capita income has a much stronger consumption effect for lower income countries



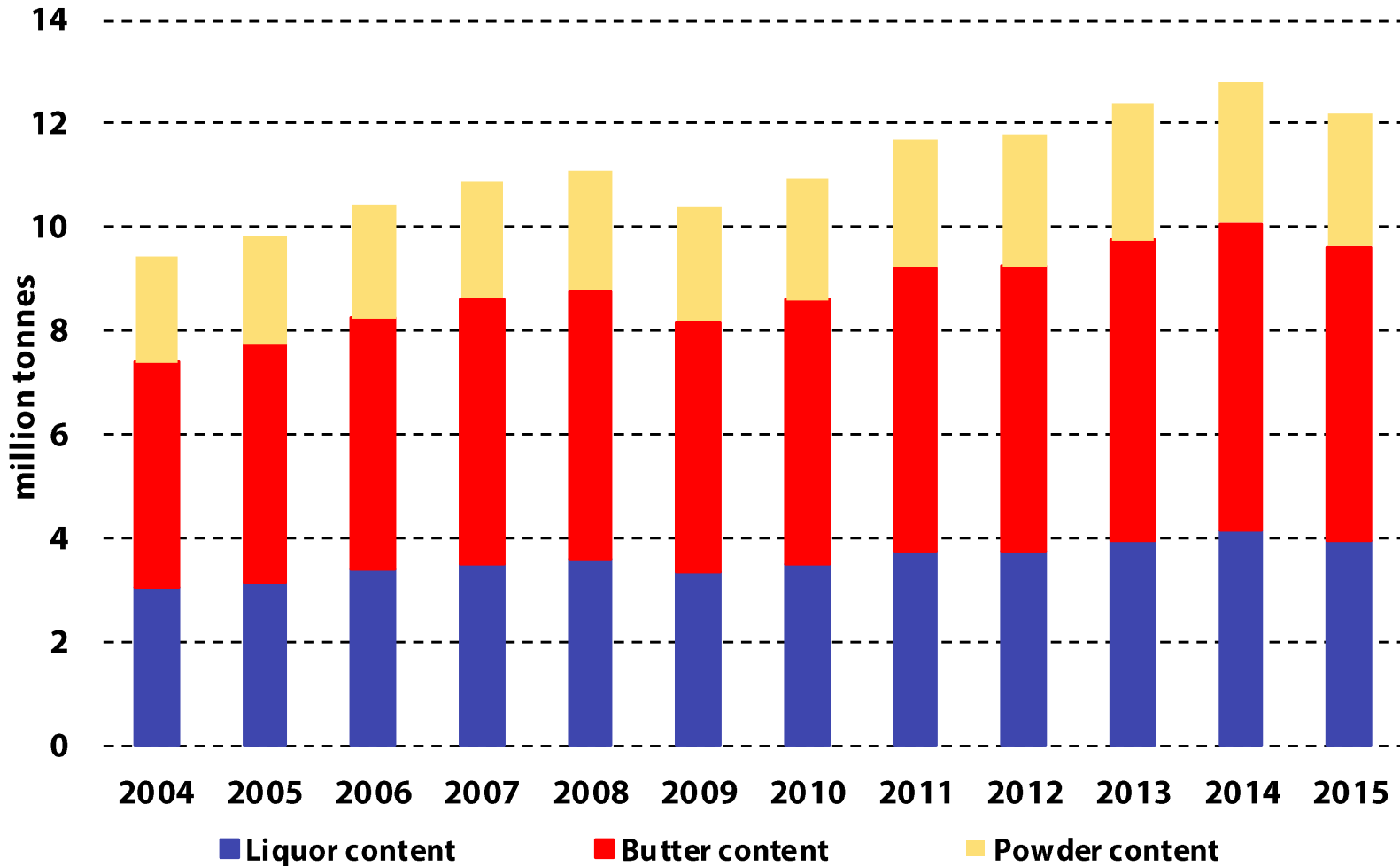
# Strong income growth in the emerging markets supported consumption during the 2000s



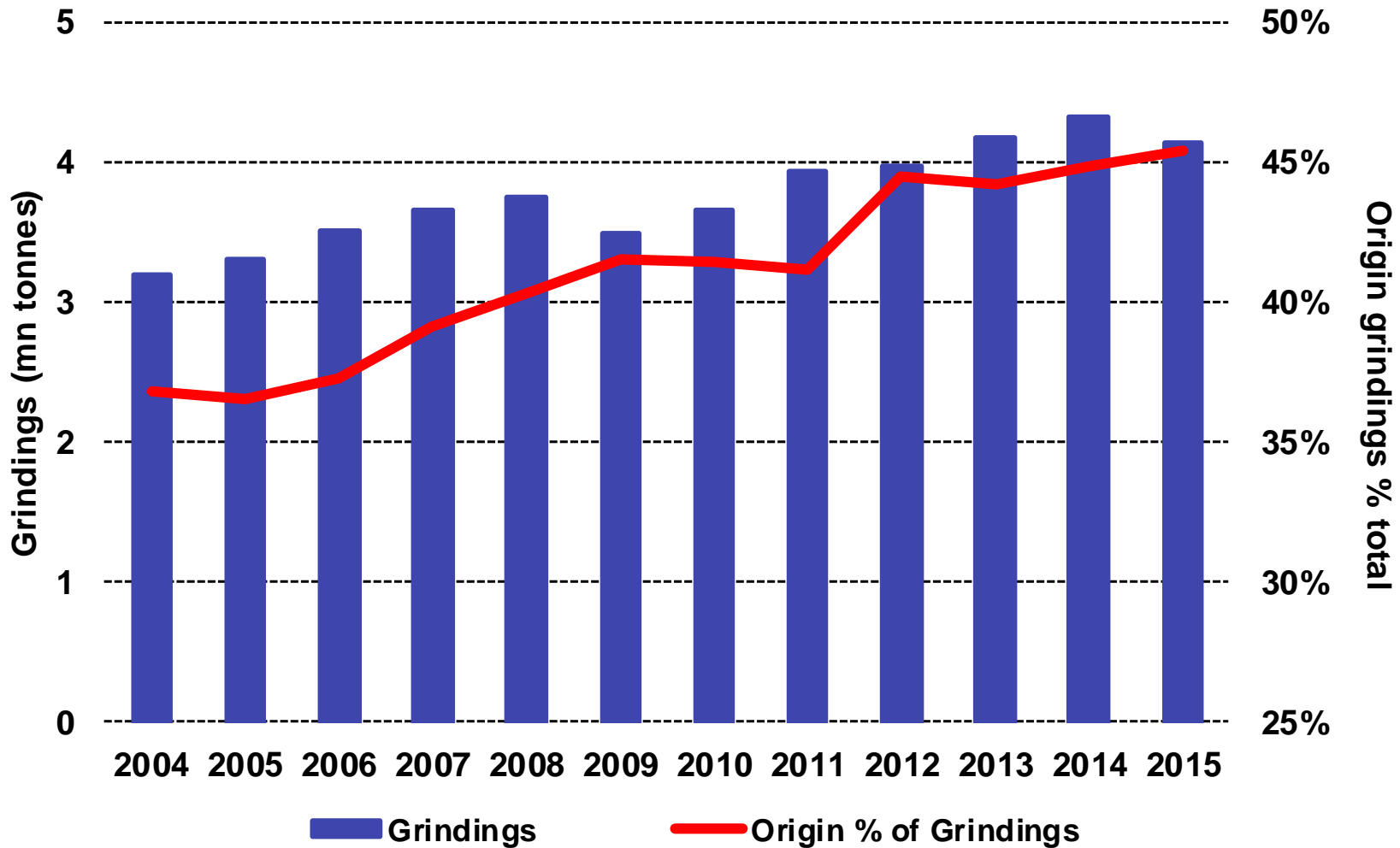
# Chocolate product demand has been rising by 2% per year (but slowed in 2009 and 2015)



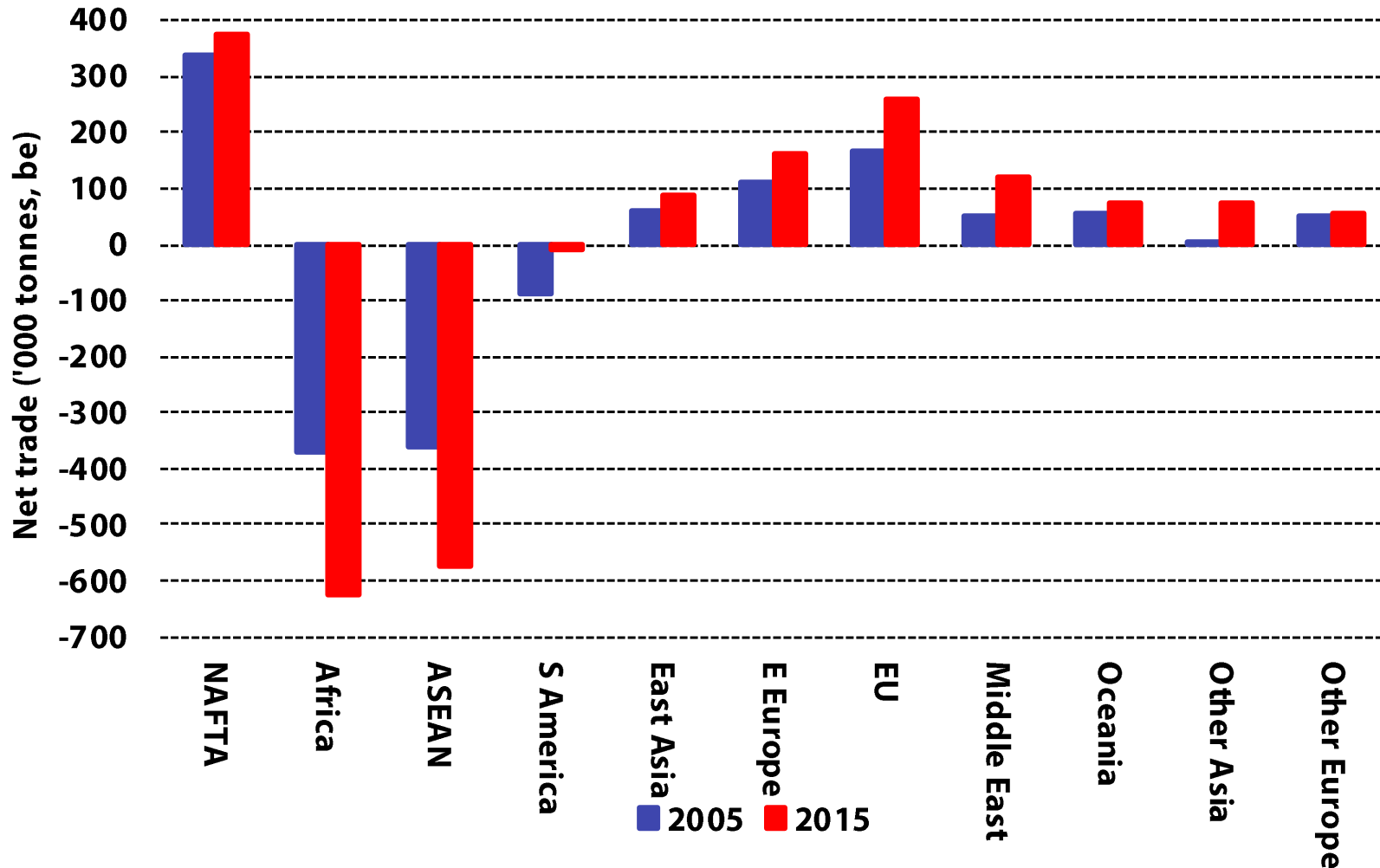
# This has translated into growing demand for cocoa products



# There has also been an increase in the origin share of global grindings

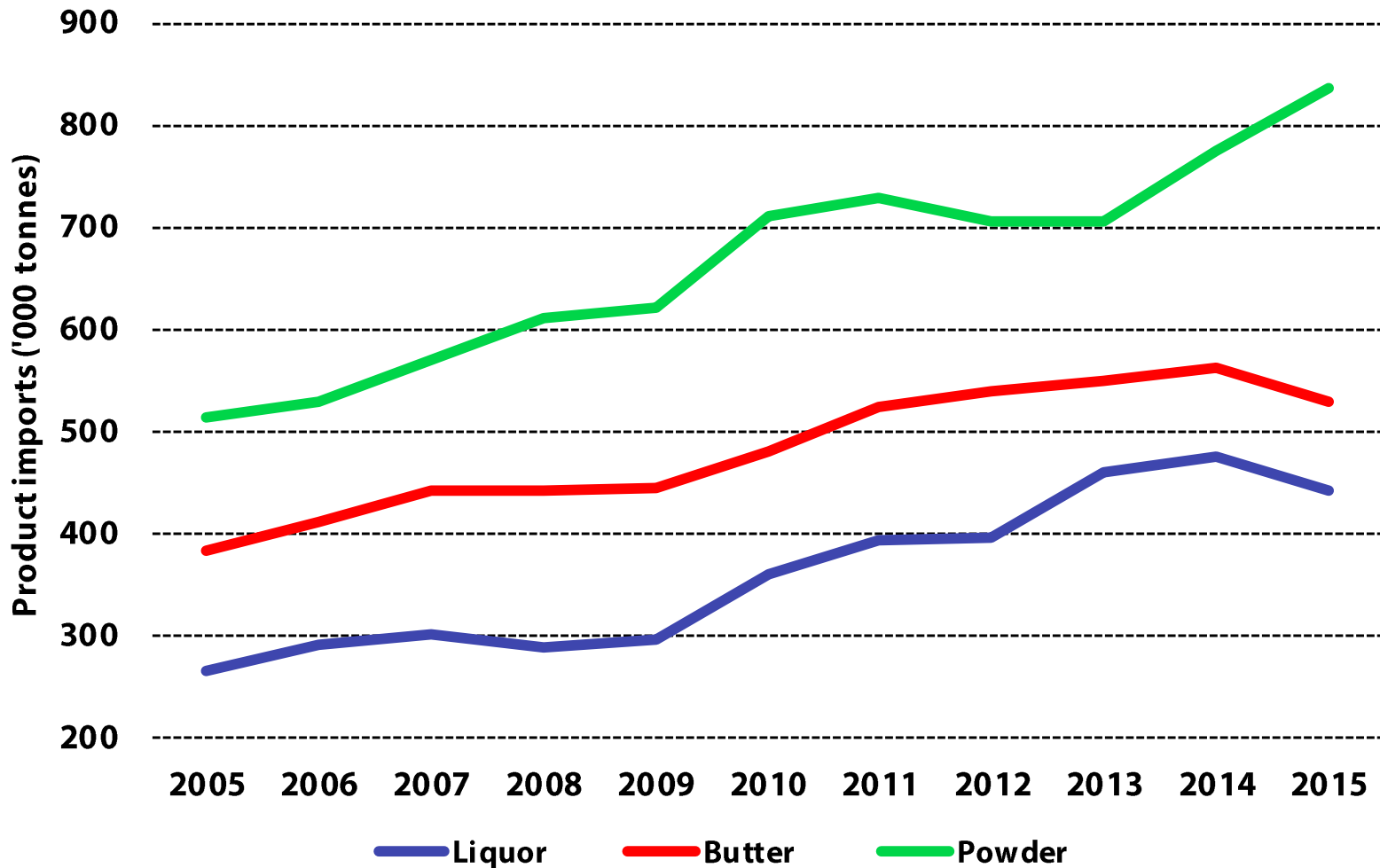


This has resulted in an increase in the volume of semi-finished products that are traded

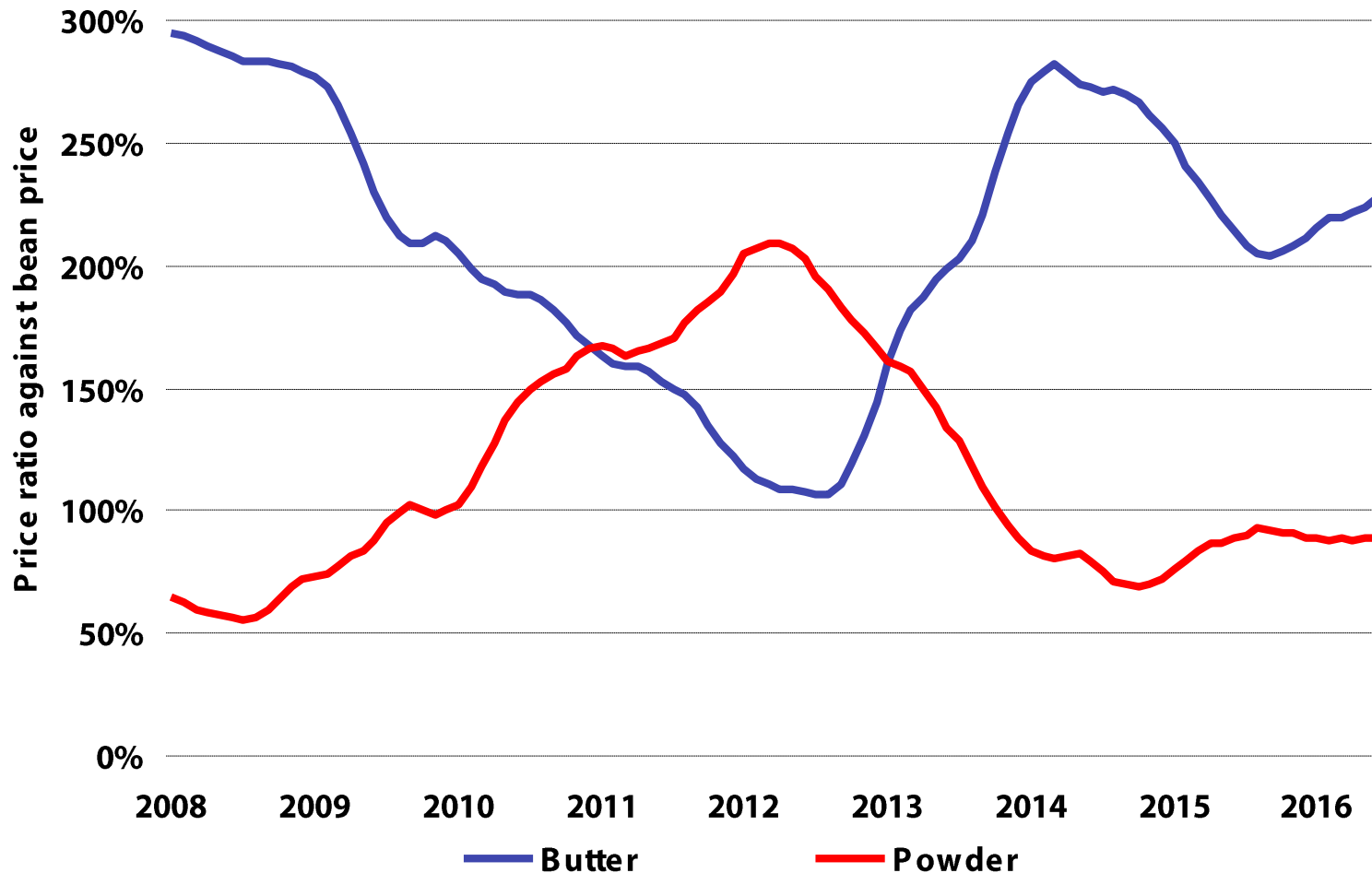




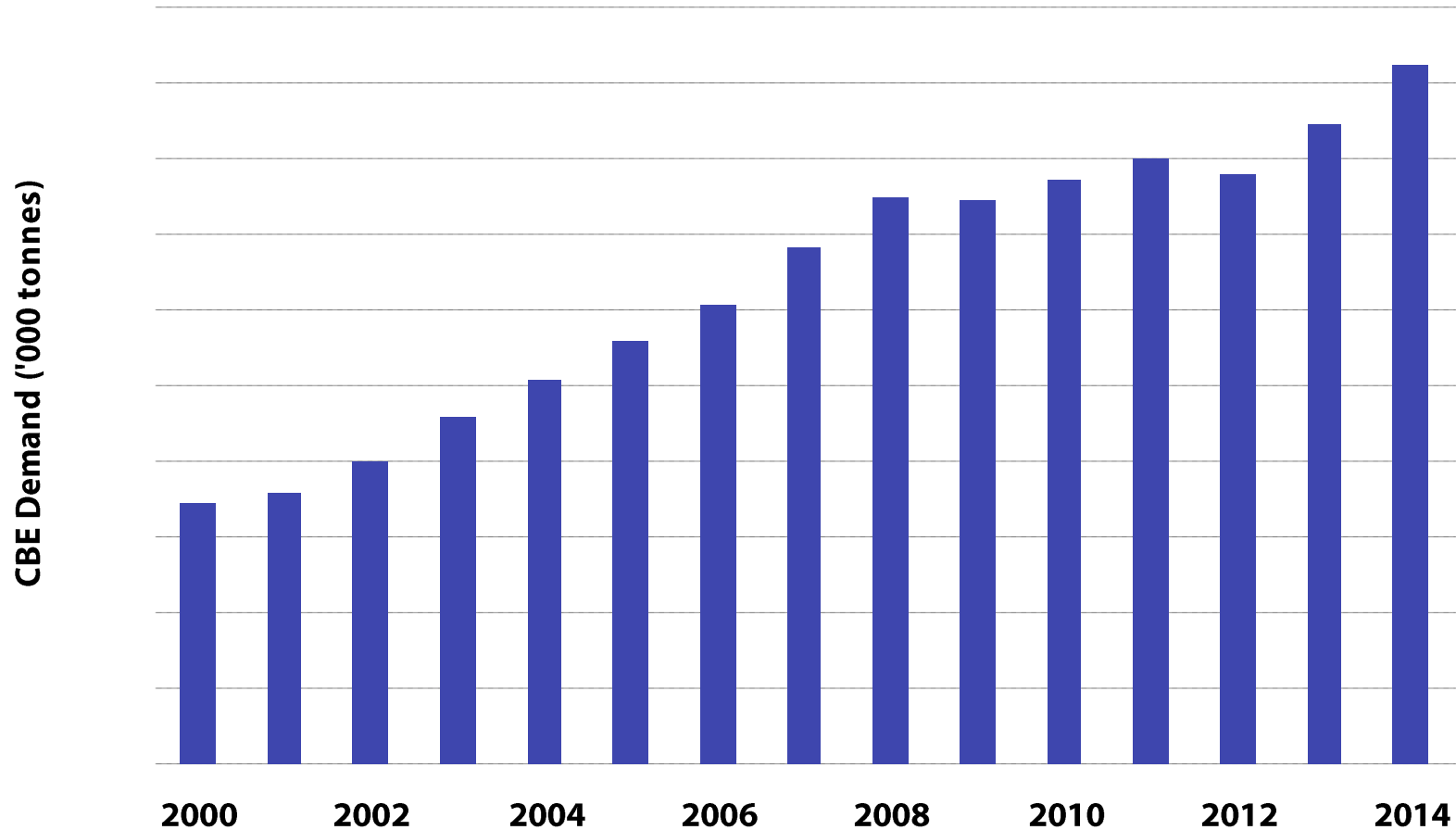
# The global powder trade is larger and has grown faster than that for butter and liquor



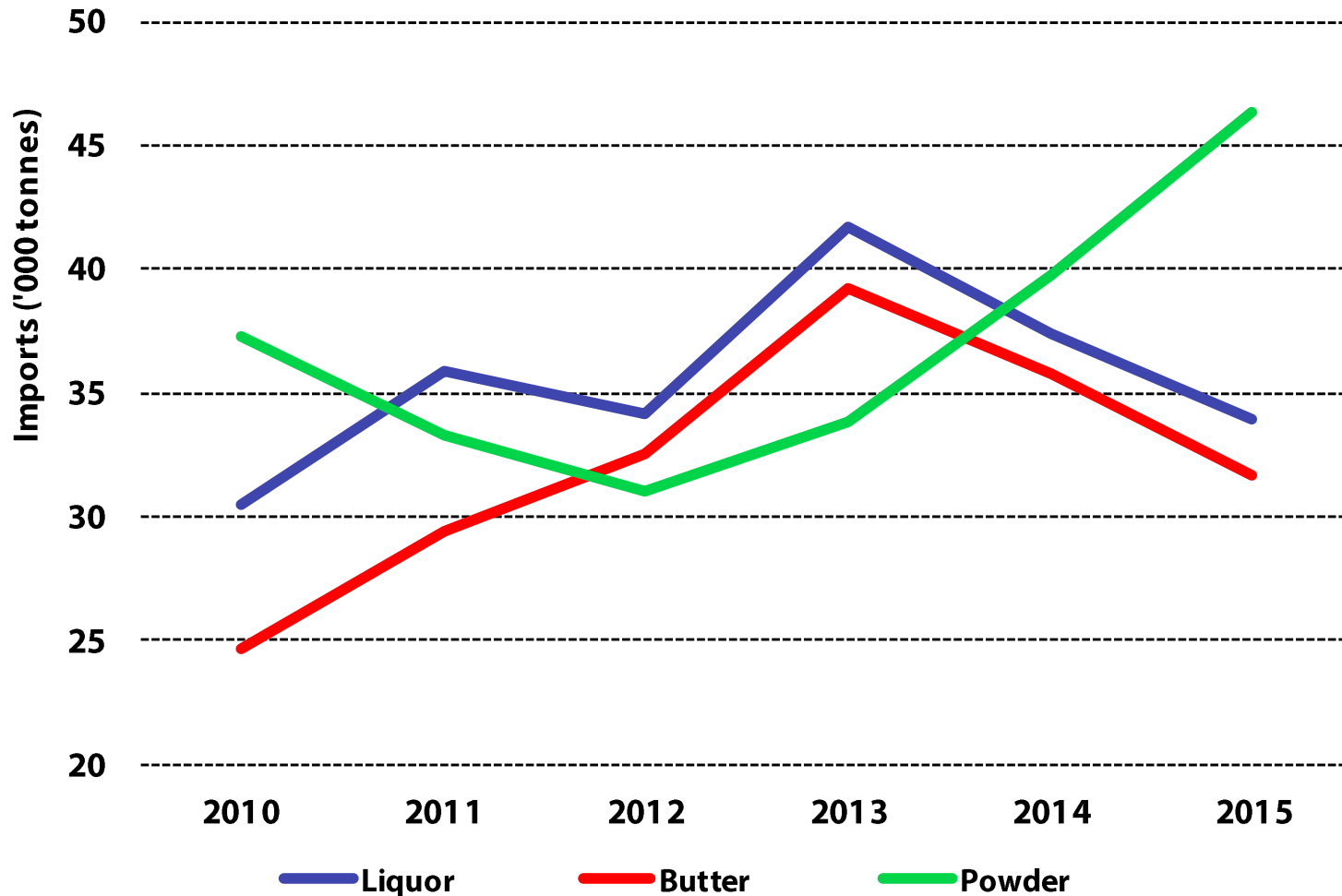
This reflects stronger emerging market demand, as well as changes in butter and powder prices



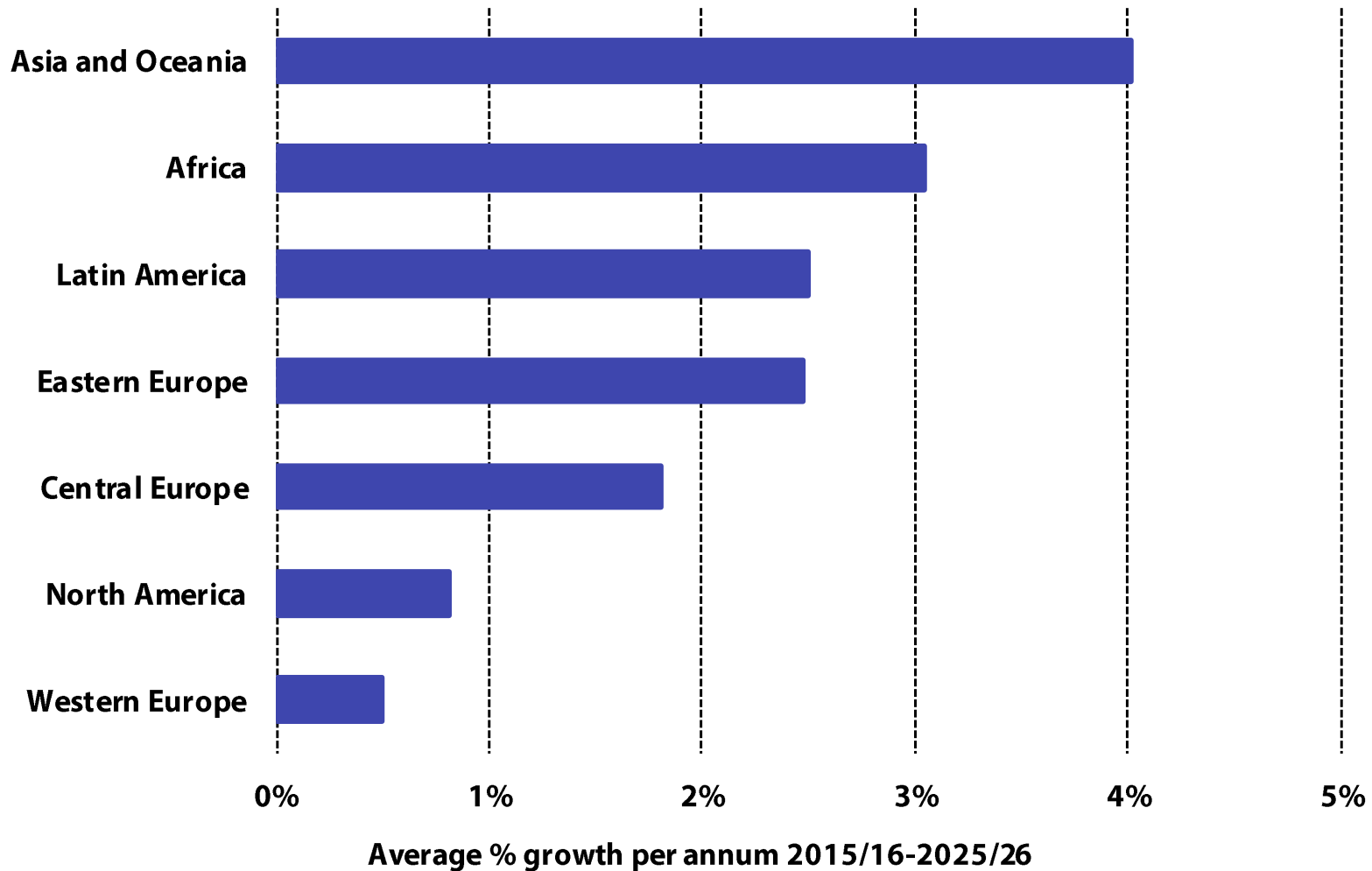
Demand for cocoa butter equivalents (CBEs) fell in 2012 with lower cocoa butter prices; subsequently, with higher prices, demand has risen



In Russia, higher cocoa butter prices and falling incomes causing some switching to compound chocolate made using cocoa powder and CBSs



# Future demand will again be driven by the emerging markets, with the fastest growth expected in Asia



# Summary

- Rising chocolate product demand particularly in the emerging markets has translated into growing demand for cocoa products
- Due to increased origin grindings the volume of cocoa products being traded is rising
- Changing cocoa product prices have influenced demand including that for cocoa butter alternatives
- Demand is forecast to continue rising with the strongest growth expected in the emerging markets

LMC is the leading economic & business consulting company for global agribusiness

**Commodities**

---

- Oils
- Grains
- Sugar
- Sweeteners
- Starch
- Ethanol
- Biodiesel
- Bio-based Chemicals
- Coffee
- Cocoa
- Rubber
- Tyres
- Automotive

**Expertise**

---

- Feasibility & due diligence
- Cost benchmarking
- Market research
- Policy impact
- Sustainability
- Price forecasts
- Economic modelling
- Valuations
- Market opportunities

**Services**

---

- Off-the-shelf Reports
- Customised consulting

**Independent**

---

We do not produce, trade or broker.  
LMC's analysis and advice is entirely objective.



**LMC**  
International

**Oxford                      New York                      Kuala Lumpur                      Singapore**

# Thank You

[www.lmc.co.uk](http://www.lmc.co.uk)

## Acknowledgments:





**Oxford**

4<sup>th</sup> Floor, Clarendon House  
52 Cornmarket Street  
Oxford OX1 3HJ  
UK

T +44 1865 791737  
F +44 1865 791739  
info@lmc.co.uk

**New York**

1841 Broadway  
New York, NY 10023  
USA

T +1 (212) 586-2427  
F +1 (212) 397-4756  
info@lmc-ny.com

**Kuala Lumpur**

B-03-19, Empire Soho  
Empire Subang  
Jalan SS16/1, SS16  
47500 Subang Jaya  
Selangor Darul Ehsan  
Malaysia

T +603 5611 9337  
  
info@lmc-kl.com

**Singapore**

16 Collyer Quay #21-00  
Singapore 049318  
Singapore

T +65 6818 9231  
  
info@lmc-sg.com

© LMC International, 2016  
All rights reserved

This presentation and its contents are to be held confidential by the client, and are not to be disclosed, in whole or in part, in any manner, to a third party without the prior written consent of LMC International.

While LMC has endeavoured to ensure the accuracy of the data, estimates and forecasts contained in this presentation, any decisions based on them (including those involving investment and planning) are at the client's own risk.

LMC International can accept no liability regarding information analysis and forecasts contained in this presentation.