



COCOA MARKET REVIEW

January 2025

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Challenges facing the cocoa market are well known and have been touched upon in past reports¹. The impact from these challenges left cocoa prices to continue to remain liable to rapid changes during January 2025. **Figure 1** shows the peaks and troughs of the price trend during the month under review while **Figure 2** reflects the price trend during the same month of the previous season. In London, the nearby cocoa futures contract (i.e., MAR-25) started January 2025 at US\$ 11,107 per tonne, dropped to US\$10,439 per tonne and peaked at US\$11,510 per tonne. In New York, at US\$11,180 on the first trading day of the month, prices declined to US\$10,422 per tonne and later rose to US\$11,727 per tonne.

Figure 1: Prices of the MAR-2025 and MAY-2025 futures contracts on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets (at London close)

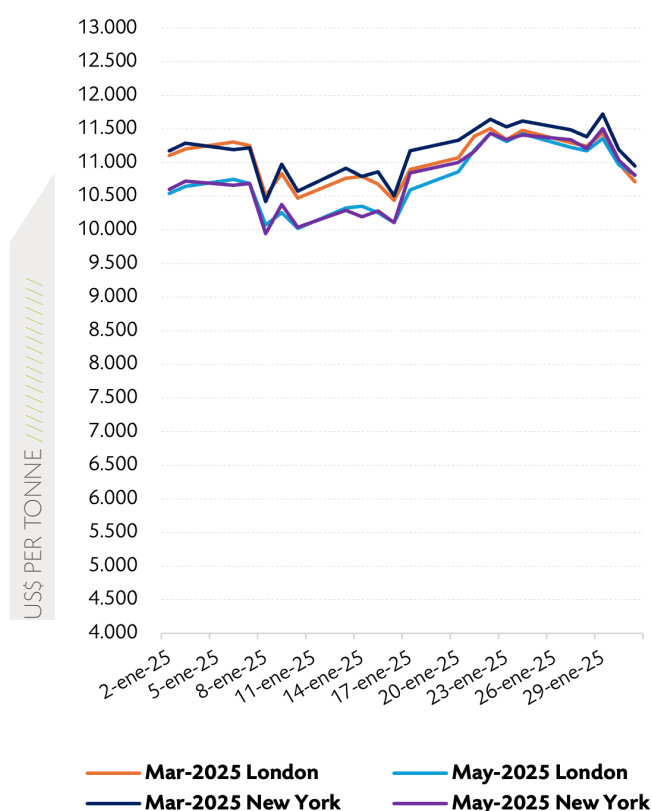
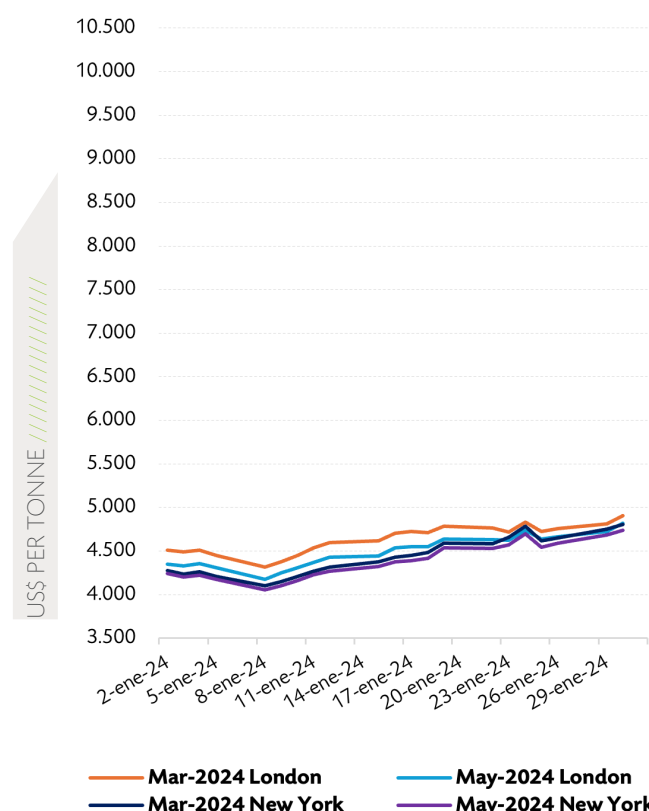


Figure 2: Prices of the MAR-2024 and MAY-2024 futures contracts on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets (at London close)



Why rapid changes in cocoa futures prices?

Supplies for the ongoing season are above that of 2023/24 but concerns remained as the weather during January was reported to be less conducive for the development of the mid-crop in Côte d'Ivoire. As such, prices at the start of the month were high.

By mid-January, it was observed that a turning point in cocoa demand may have started as the major regional cocoa associations in Europe, North America and Asia reported a decline in their quarterly cocoa grindings data. It is worth pointing out that data published by the European Cocoa Association (ECA) and Cocoa Association of Asia (CAA) for the quarter Q4-2024, were at their lowest levels since 2020. As one may recall, this was the era of the COVID-19 pandemic lockdowns when all activities slowed down. It is also likely that the high cocoa prices may have pressured manufacturers and led to a reduction in the amount of cocoa processed. High prices have also raised a few financial issues: (i) the increased capital needed to buy, stock and trade beans; (ii) the increased price risk exposure; and (iii) the demands for higher margins in futures hedges.

¹ <https://www.icco.org/statistics/#review>

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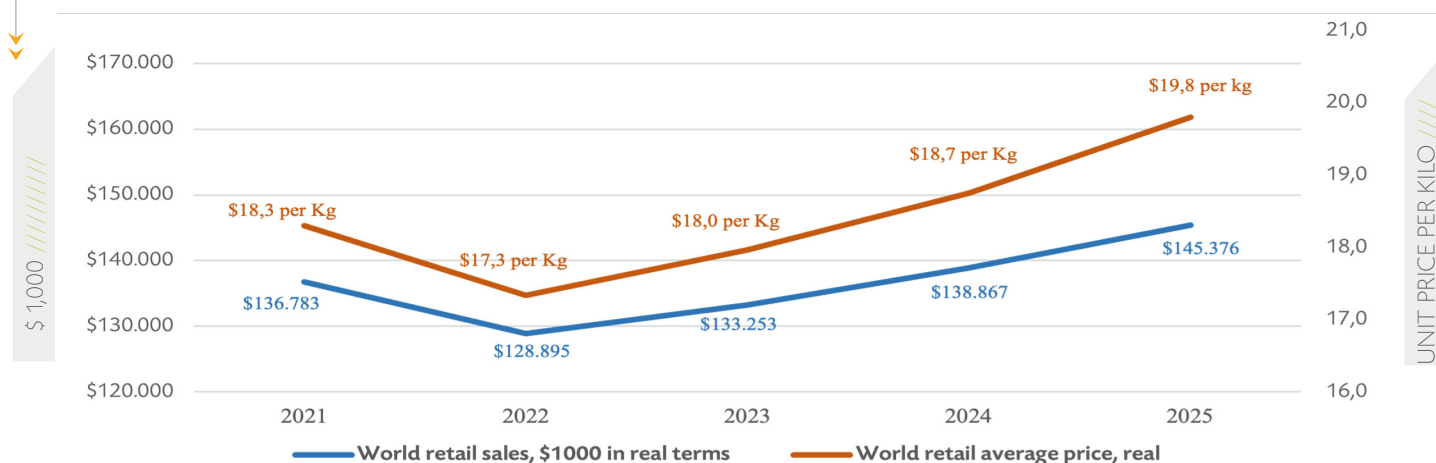
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Following more newswire reports that underscored that top producer Côte d'Ivoire is likely to witness a poor mid-crop, prices however reverted from their lows during the latter part of the month and moved upwards. The cause of the poor mid-crop harvest was attributed to the weather at the time.

As at the time of writing, despite the challenges facing the cocoa market, global cocoa production is anticipated to increase more than during the previous season while demand on the other hand is expected to reduce. However, these projections come with a caveat. The mid-crop in Côte d'Ivoire is envisaged to be lower than expected, but will the mid-crop output from other countries offset this loss? Will poor weather affect the quality of the cocoa beans that will be available? Will weather, which is unpredictable, change course and revert the losses expected?

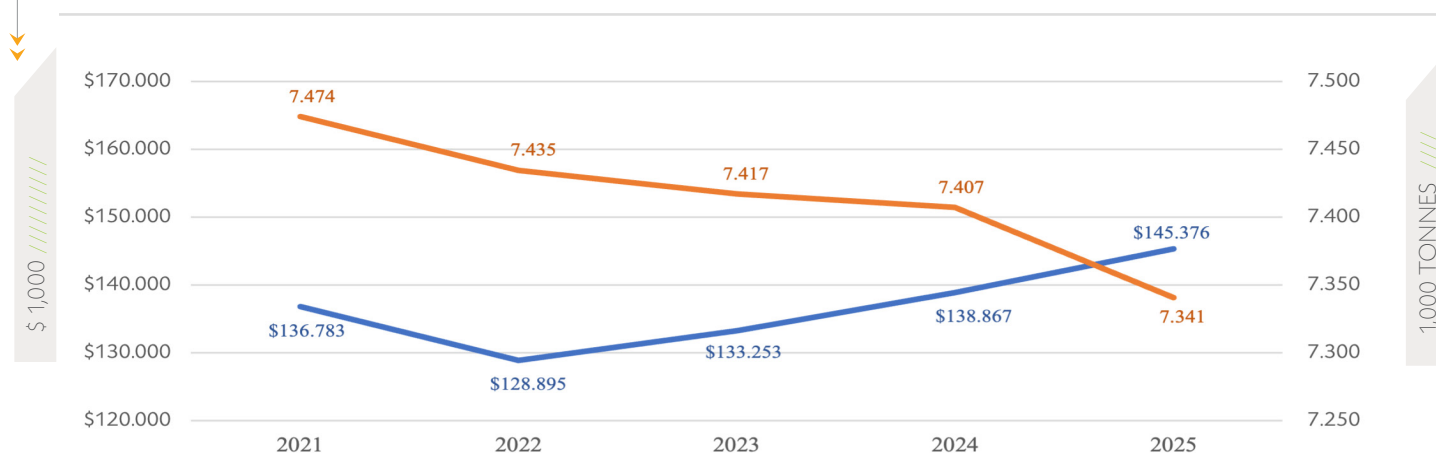
In terms of demand, due to chocolate being an indulgence, will chocolate lovers reduce their purchasing habits if chocolate prices increase due to high cocoa beans prices? Recent statistics indicate that worldwide, the average unit price of chocolate confectionery products has increased. Rising production costs (cocoa, energy, sugar) are the main causes. This resulted in a global decrease in consumption volume. But the decrease was less than proportional to the price rise, so the overall final consumer expenditure augmented (**Figures 3 and 4**).

Figure 3: World retail sales and unit price in real term.



Source: Euromonitor international

Figure 4: World retail sales in volume and real value.



Source: Euromonitor international

The season is still ongoing, and the market outlook will become clearer as the season progresses. The Secretariat will continue to monitor the supply and demand trend of cocoa.