



COCOA MARKET REVIEW

July 2024

COCOA MARKET REVIEW

JULY 2024

As the market enters the last quarter of the season, we focus on the developments of the forward prices for the mid-crop of the 2023/24 season: the JUL-24 and SEPT-24 contracts. Their prices will reflect the development of what remains to be harvested, between about 20% and 30% of annual production.

As shown in **Figure 1**, a strong price pressure seen during the month under review was limited exclusively to the JUL-24 contract listed on ICE Futures Europe. The observation of much higher price increases in Europe than the United States may be attributed to the fact that the main destination of beans from Côte d'Ivoire and Ghana is Europe, and with the low supplies from the leading producers, this suggests the shortfall in Europe and consequent price increases. The following narrative provides the conditions that prevailed during the month under review and how cocoa futures prices reacted.

Unlike the price dip witnessed at the end of the previous month, cocoa futures on both ICE Futures Europe and ICE Futures U.S. initiated an upward trend in the first week of July. During the week's trading sessions, based on the JULY-24 contract compared to prices on the first trading day, prices rose by 5% from US\$9,352 per tonne to US\$9,823 per tonne in London and by 4% from US\$7,500 per tonne to US\$7,811 per tonne in New York (**Figure 1**). Issues of supply tightness and stock declines supported the price increase. A year ago, prices were not as high as they currently are (**Figure 2**).

However, reports of improved weather conditions in Côte d'Ivoire and Ghana led prices to slip to US\$9,143 per tonne and US\$7,720 per tonne in London and New York, respectively. The decline in prices was brief and reversed in a volatile manner as high margin calls led traders to reduce their positions. At the time, open interest was reported to be near their lowest level since 2010. In addition, stronger-than-expected second quarter grindings data from Europe also supported the upward momentum in prices.

From mid-July, the nearby contract shifted to the SEPT-24 contract. Prices remained high as stronger-than-expected North American second quarter grindings data was reported. Prices remained mainly volatile for most of the remaining trading sessions of the month. Questions about the extent of the disappointing Côte d'Ivoire and Ghana crops, uncertainties surrounding demand and early predictions of a better crop outlook from top producing countries for the 2024/25 season contributed to the volatile price movements.



COCOA MARKET REVIEW

JULY 2024

Figure 1: Prices of the JUL-2024 and SEP-2024 futures contracts on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets (at London close)

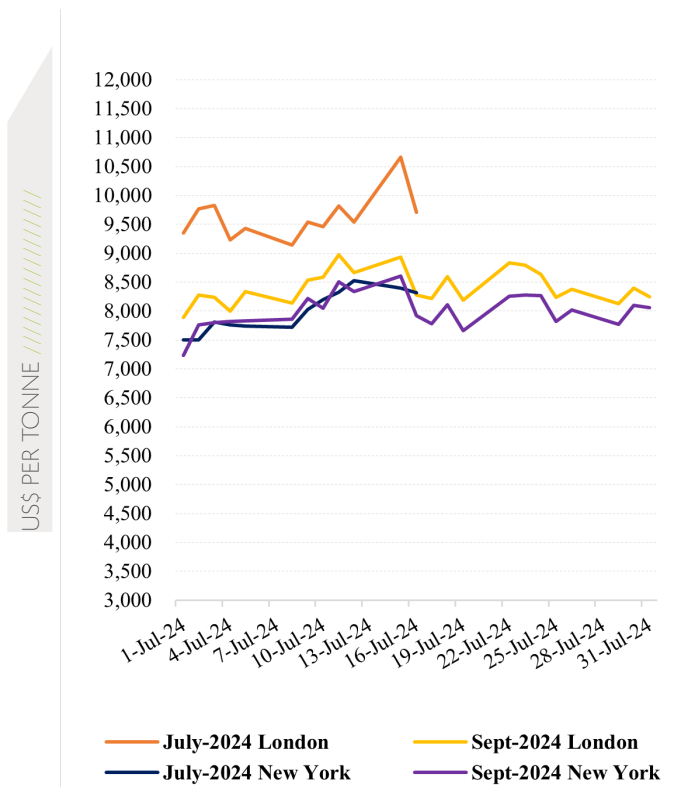
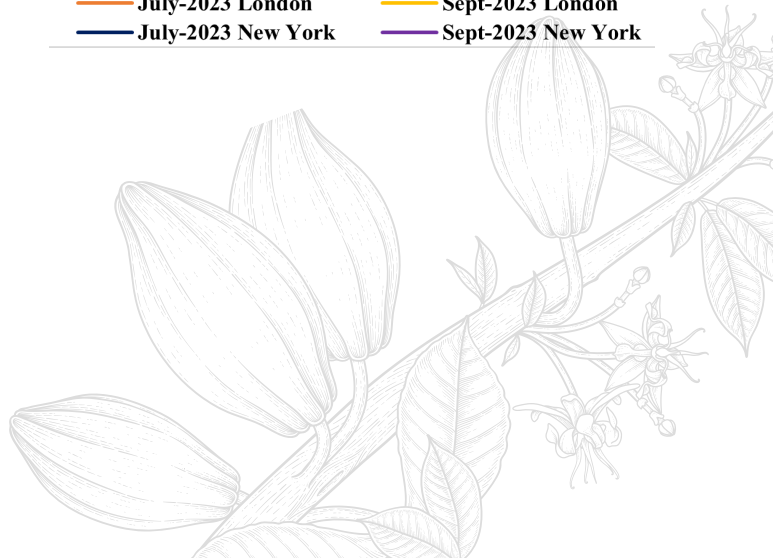
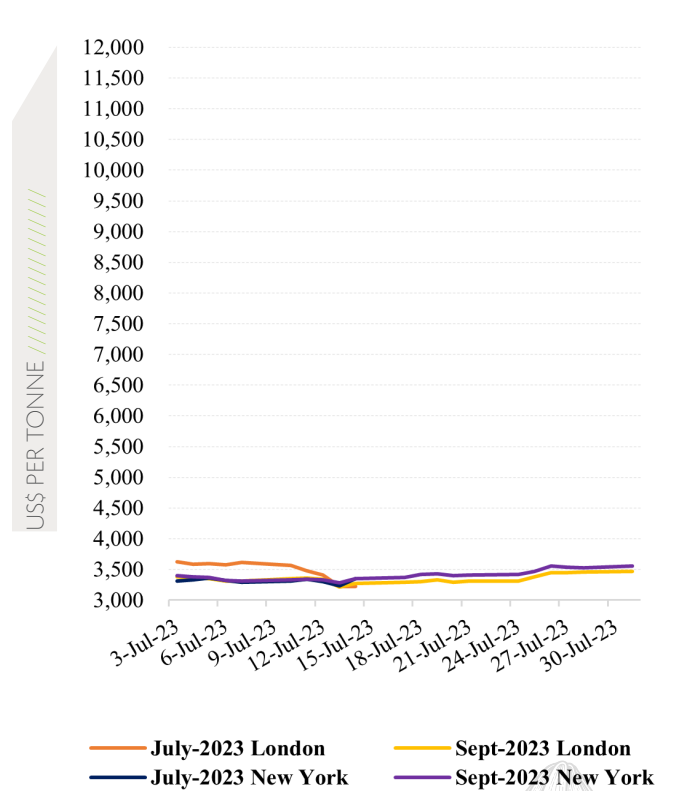


Figure 2: Prices of the JUL-2023 and SEP-2023 futures contracts on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets (at London close)



COCOA MARKET REVIEW

JULY 2024

SUPPLY AND DEMAND

On the supply side, news agency data reveal that arrivals at ports in Côte d'Ivoire were down by 26.5% as compared with the same period of the previous season and reached 1.679 million tonnes by 11 August. In Ghana, as at the time of writing, no current data on cocoa purchases were available but reports suggest that a crop recovery is anticipated for the next season.

On the demand side, as shown in **Table 1**, European and North American grindings as published by the European Cocoa Association and National Confectioners Association for the second quarter of 2024 were up year-on-year by 4% and 2% respectively. While these two major consuming regions registered an increase, grindings data for the same time frame from the Cocoa Association of Asia for Asia were weak. Both European and North American grindings beat market expectations and revealed the uncertainties surrounding demand. Considering the environment of supply tightness and high prices, when will demand start to weaken?

Table 1

Period/ Region	Cocoa grindings (tonnes)						Year-on-year change	
	2023	2023	2023	2023	2024	2024	2024	2024
	Jan-Mar	April-June	July-Sept	Oct-Dec	Jan-Mar	April-June	Jan-Mar	April-June
Europe	375,375	343,283	366,298	350,739	367,287	357,502	-2.0%	4.0%
North America	109,666	102,493	97,881	103,971	113,683	104,781	4.0%	2.0%
Asia	222,028	213,977	211,468	211,202	221,530	210,968	-0.2%	-1.4%

