



# COPAL COCOA *Info*

A Weekly Newsletter of Cocoa Producers' Alliance

Issue No. 212

1<sup>st</sup> – 5<sup>h</sup> January 2007

## ICCO Daily Cocoa Prices

	ICCO dai l y pr i c e ( US\$/ t onne)	London f ut ur es ( £/ t onne)	New Yor k Fut ur es ( US\$/ t onne)
1 <sup>st</sup> Januar y	-	-	-
2 <sup>nd</sup> Januar y	1727.76	899.00	1681.17
3 <sup>d</sup> Januar y	1756.26	926.67	1705.67
4 <sup>h</sup> Januar y	1733.06	918.67	1680.33
5 <sup>h</sup> Januar y	1702.50	907.33	1653.67
<b>Aver age</b>	<b>1, 729.90</b>	<b>912.92</b>	<b>1, 680.21</b>



### In t he New:

- Chocolate may become more expensive in 2007 as cocoa prices rise
- Cocoa Production Drops
- London cocoa touches highs as funds buy - Trade
- A Sweet Options Play for Cocoa
- Harry Falk, 66, Chief of New York Board of Trade, Dies
- London Cocoa Holds Near Highs at Midday
- Desert Wind Sweeps Ivorian Cocoa Farms, Rain Patchy
- Cocoa Climbs to 2-Week High; Dry Weather May Limit New Supply
- Dark chocolate beats fatigue, study
- Need to step up promotion of cocoa in Malaysia
- CHOC FULL OF GOODNESS

### INSIDE THIS ISSUE:

- ✓ ICCO DAILY COCOA PRICES
- ✓ UP-COMING EVENTS
- ✓ LONDON & NEW YORK FUTURES MARKETS UPDATE
- ✓ SPOT PRICES
- ✓ NEWS
- ✓ TIT-BITS

Have you **had** your cocoa today?

**International Financial Futures and Options (IFFO) Exchange  
London Futures Market – Summary of Trading Activity  
( £ per tonne)**

Month	Opening Trans	Settle	Change	Daily High	Low	Volume
Mar 2007						
May 2007						
Jul 2007						
Sep 2007						
Dec. 2007						
Mar-08						
May-08						
Jul-08						
Sep-08						
Dec. 08						
<b>Totals</b>		<b>#DIV/ 0!</b>				<b>0</b>

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar 2007	885	890	2	894	883	1,343
May 2007	893	899	1	903	893	1,446
Jul 2007	907	908	0	911	907	181
Sep 2007	922	917	-1	922	917	71
Dec. 2007	929	924	0	929	925	269
Mar-08		935	-1			0
May-08		944	0			0
Jul-08		953	0			0
Sep-08		963	0			0
Dec. 08		972	0			0
<b>Totals</b>		<b>931</b>				<b>3,310</b>

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar 2007	891	917	27	919	891	8,524
May 2007	901	927	28	929	901	3,920
Jul 2007	913	936	28	937S	913	1,055
Sep 2007	926	947	30	949	926	2,062
Dec. 2007	926	950	26	951S	926S	2,040
Mar-08	949	959	24	960	949S	562
May-08	969	968	24	969	964	145
Jul-08	978	977	24	978	978	15
Sep-08	984	987	24	984	984	10
Dec. 08		996	24			0
<b>Totals</b>		<b>956</b>				<b>18,333</b>

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar 2007	918	907	-10	918	902	3,154
May 2007	930	920	-7	930	915	1,383
Jul 2007	937	929	-7	938S	926	1,042
Sep 2007	948	942	-5	948	938	907
Dec. 2007	950	945	-5	952	942	441

Mar-08

**New York Board of Trade**  
**( New York Futures Market – Summary of Trading Activity**  
**( US\$ per tonne)**

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar 2007						
May 2007						
Jul 2007						
Sep 2007						
Dec 2007						
Mar 2008						
May 2008						
Jul 2008						
Sep. 2008						
Dec-08						
<b>Totals</b>		<b>#DIV/ 0!</b>			<b>0</b>	

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar 2007						
May 2007						
Jul 2007						
Sep 2007						
Dec 2007						

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar 2007	1670 1677	1659	-25	1677	1650	6436
May 2007	1699 1702	1684	-23	1702	1676	2430
Jul 2007	1717 <sup>B</sup> 1722 <sup>A</sup>	1702	-23	1703	1698	148
Sep 2007	1735 <sup>B</sup> 1745 <sup>A</sup>	1721	-23	1723	1723	128
Dec 2007	0 0	1741	-23	1743	1741	174
Mar 2008	1770 1772	1759	-25	1772	1756	130
May 2008	1790 <sup>B</sup> 1805 <sup>A</sup>	1784	-23	1776	1776	72
Jul 2008	1810 0	1802	-24	1810	1794	60
Sep. 2008	1825 <sup>B</sup> 0	1824	-22	1820	1820	1
Dec-08	0 0	0	0	0	0	0
<b>Tot a l s</b>		<b>1568</b>				<b>9, 579</b>

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar 2007	1675 1680	1607	-52	1680	1585	12274
May 2007	1697 1698	1634	-50	1698	1615	

# News

## **Chocolate may become more expensive in 2007 as cocoa prices rise**

By Danielle Rossingh

Bloomberg

Tuesday, January 2, 2007

LONDON — Cocoa prices gained in London after a breakdown in peace talks between rebels and the government of Ivory Coast, the world's biggest producer of the beans.

Rebels have rejected attempts by the Ivory Coast government to hold direct negotiations rather than holding talks through the United Nations, Al Jazeera reported, citing the rebels.

Cocoa prices have gained 8.4 percent in London and almost 12 percent in New York since the beginning of November, when the UN said it was "seriously concerned" by clashes that had occurred in Abidjan, the commercial capital of the west African country.

Ivory Coast has been split into a rebel-held north and a government-controlled south since 2002. The UN has about 6,000 peacekeepers in the country, while France has 4,000 soldiers in its former colony.

Cocoa futures in London this morning rose as much as 0.7 percent to \$1,763 a metric ton. There is no trading on the New York Board of Trade today because of a national day of mourning for former President Gerald R. Ford.

## **Cocoa Production Drops**

Indra Manenda Rossi

Wednesday, 03 January, 2007 |

TEMPO Interactive,

Jakarta: The long dry season during 2006 resulted in cocoa production continuing to go down. In the last two months, production decreased to 10,000 tons, despite cocoa farmers being capable of producing export of around 50,000 tons per month on average. "If production goes down, the impact is not only on exports, but also on farmers," said Zulhefi Sikumbang, Head of the Indonesian Cocoa Association, in Jakarta, yesterday (2/1).

According to him, farmers certainly were not be able to benefit from the world's high cocoa price, US\$1,792 per ton, up until March last year. This price rose compared to October 2006, when it was around US\$1,400. "Cocoa prices reached their highest level in the last 16 months." Zulhefi said, adding that the drop in cocoa exports would continue until February.

## **London cocoa touches highs as funds buy**

Wed Jan 3, 2007

Printer Friendly

LONDON (Reuters) - London second-month cocoa futures jumped almost three percent on fund buying, influenced by a surge in U.S. futures, before easing back from their five-month continuation highs on Wednesday, fund managers and traders said.

May futures hit a session high of 928 pounds a tonne before losing ground to stand at 921 pounds, up 22 pounds or 2.45 percent at 1348 GMT. "It's fund buying into light origin selling," one London trader said, noting that U.S. futures had jumped to a 5-1/2-month high in early trade.

London cocoa futures had risen during morning trade, boosted by a stronger dollar and underpinned by speculative buying, traders said. "It's been incredible. We are buying," a European fund manager said. London second-month futures ended 2006 down 2.4 percent from end-2005 levels. Dealers said selling linked to a pick-up in West African arrivals would weigh on the market during January but in the longer term the outlook was potentially bullish, partly reflecting political instability in top producer Ivory Coast.

## **A Sweet Options Play for Cocoa**

Friday, January 05, 2007

by Phil Streible of Lind-Waldock

(This article is co-authored by Richard Ilczyszyn of Lind-Waldock)

For traders of physical commodities, we think cocoa represents a good buying opportunity, and recommend a longer-term options play. The setup from both the fundamental and technical side looks bullish, and that should attract fund interest in this market. On Thursday, January 4, 2007, the market came under profit-taking pressure after a sharp run-up prior. But we feel the market is built on solid fundamentals, with tight supplies and good physical demand, and should move higher in coming months.

There is some concern among market participants that crop production could be lowed in the Ivory Coast, a key producing region, due to dry weather. And, in Indonesia there are also reports of poor crop conditions due to dry weather.

We recommend buying the May cocoa 1650 call and selling the May 1950 call. At current levels, the approximate cost would be \$750, excluding commissions. We would risk about \$500 from the entry point, with a profit objective of \$2,500, excluding commissions. I'm targeting an objective on the futures at \$1,800 per tonne, and see nearby support coming in about \$1,650. New York Board of Trade May cocoa futures are currently trading at \$1,698.

## **Harry Falk, 66, Chief of New York Board of Trade, Dies**

By LESLIE WAYNE

Published: January 6, 2007

Reuters/Meredith Davenport, 2006

C. Harry Falk

The exchange announced his death but did not disclose a cause. Mr. Falk was named chief executive and president of the exchange in 2003. He had been associated with the Board of Trade and its predecessor organizations since 1970. He became the chairman of the exchange's board in 2000 and helped guide it after the terrorist attacks of Sept. 11, 2001.

When the World Trade Center was bombed in 1993, the exchange was at 4 World Trade Center and it was forced to close for two weeks. After the bombing, the exchange began looking for a backup site and, in 1996, it secured space in Long Island City, Queens, at a cost of \$300,000 a year.

Some questioned the expense. But after the 2001 attacks destroyed the exchange's offices, still at 4 World Trade Center, its traders shifted to the backup operation. It was the only financial exchange to lose its trading floor in the attacks, but because of the backup site, it was the first to reopen.

Mr. Falk was long associated with sugar, one of the many commodities that are traded on the exchange, which opened in 1870 as the New York Cotton Exchange. It is a floor-based exchange with open-outcry trading.

Mr. Falk grew up in Middle Village, Queens. In 1958, while still a teenager, he began working as a clerk for Czarnikow-Rionda, a sugar broker. The company's Cuban assets were nationalized after Fidel Castro took power the next year, so it began to trade sugar from other Caribbean islands. Mr. Falk rose to become a partner in the firm.

In 1982, he moved to Richco Sugar, and two years later to the Louis Dreyfus Corporation.

Mr. Falk became a member of the Coffee, Sugar and Cocoa Exchange in 1970 and later became its chairman. During his tenure, in 1997, the exchange began a process that led to its merger in 2004 with the New York Cotton Exchange to form the New York Board of Trade. It trades commodities like cotton, ethanol, orange juice and sugar, as well as currency, index futures and options. At the time of the merger, Mr. Falk said, "While it is somewhat sad to see both the Coffee, Sugar and Cocoa Exchange and the New York Cotton Exchange disappear and become simply a part of our history, we must move forward and embrace change in a manner which contributes to the vitality and expansion of our markets."

Last September, Mr. Falk helped engineer the merger of the New York Board of Trade and the all-electronic International Continental Exchange, a deal valued at \$1 billion. The merger preserved the open-outcry trading, but it also brought electronic trading to the exchange. He is survived by his wife, Joan; 5 children; and 12 grandchildren.

### **London Cocoa Holds Near Highs at Midday**

Source: Reuters

London, Jan 5 - London second-month cocoa futures were near 5-1/2-month highs at midday on Friday, buoyed by supply worries and dollar strength, traders said.

"It just reinforces the notion that this buying we are seeing by speculators is actually new financial or calendar-year buying," a trader said.

Second-month May futures were up 1.4 percent at 933 pounds a tonne at 1210 GMT in brisk volume of 3,317 lots, having hit a 5-1/2-month high at 936 pounds earlier.

Supporting prices were concerns over possible crop damage in Ivory Coast and Ghana, the world's top two producers, due to the harmattan, a seasonal desert wind, and an extended dry spell. [ID:nL0435353]

"I think there probably are some longer-term concerns fundamentally but whether those fundamental concerns are borne out is another story," the trader said.

The trader also noted that a slightly stronger dollar on Friday was bringing currency-driven buying into the sterling-denominated London cocoa market.

The nearby March contract gained 11 pounds to 918 in volume of 2,698 lots, six pounds shy of its 5-1/2-month highs.

Total volume was a heavy 12,703 lots.

Resistance would be met at the 920 level on March futures, said Romain Lathiere, a fund manager at Diapason.

"I think market players will try to play with this key level," he said. "We could have good volumes on this level this afternoon when the New York market opens."



“You've got big, strong winds coming through,” said Elizabeth Miller, director at Aberdeen, Scotland-based RedTower Ltd., a research organization “The fruit tends to blow off the trees more easily if there hasn't been adequate moisture.”

Cocoa for March delivery rose 24 pounds, or 2.7 percent, to close at 914 pounds (\$1,782) a metric ton in London on Euronext.liffe, after climbing to 919 pounds, the highest since Dec. 20. The harmattan winds blowing in from the Sahara Desert are “a little bit stronger” than normal, Laurent Pipitone, senior statistician at the London-based International Cocoa Organization, said in a telephone interview today. Ivory Coast will harvest its mid-crop starting in April.

“There are some concerns about the mid-crop, that production may be lower than last year,” Pipitone said. “It's drier than usual.”

The market was also buoyed by a drop in the pound against the dollar, making London futures relatively cheaper than cocoa traded in dollars on the New York Board of Trade, Miller said.

Coffee fell \$29, or 1.8 percent, to \$1,597 a ton, while white, or refined, sugar dropped 6 cents, or 1.8 percent, to \$337 a ton.

### **Dark chocolate beats fatigue, study**

By Catherine Boal

19/12/2006 - Further evidence of the health benefits of chocolate has come to light in a new study – giving manufacturers yet another route into the functional food niche.

Eating a small amount of dark chocolate each day can help combat the symptoms of Chronic Fatigue Syndrome (CFS), according to UK researchers.

Dark chocolate has been frequently touted as a ‘healthy’ indulgence thanks to its high levels of polyphenols and flavanols which work to protect the body from cell damage. Sales of the product have risen as a result of its new health-conscious image and market analysts Leatherhead International say they now make up 19 per cent of global chocolate sales.

In the study, the results of which are available on the Hull and East Yorkshire Hospitals NHS Trust website, researchers fed a group of adults 45g of specially formulated dark chocolate – containing 85 per cent cocoa and rich in polyphenols – every day for eight weeks. The participants reported feeling less fatigued after eating the chocolate and complained of greater tiredness when fed a placebo. None of those who took part reported any weight gain as a result of the study.

Researchers believe chocolate enhances the action of neurotransmitters such as serotonin, responsible for regulating mood and sleep, which could explain why the product can alleviate CFS.

Consultant endocrinologist at the NHS Trust, Professor Steve Atkin said: “No one has examined the effects of chocolate on CFS before and so this is a very interesting and exciting result for us.” “We now hope to look at some of the other potential benefits of chocolate which is high in these natural chemicals.”

Extensive research into the healthy properties of dark chocolate has already been undertaken by confectionery giants Mars and Barry Callebaut in an effort to capitalise on scientifically-proven benefits which have recently come to light. And earlier this month, Barry Callebaut launched a website aiming to educate consumers on the science behind their cocoa processing method, Acticoa, which claims to reduce the loss of polyphenols common in ordinary manufacturing methods.

### **Need to step up promotion of cocoa in Malaysia**

By Roziana Hamsawi, roziana@nstp.com.my

December 18 2006

THE usage of cocoa in chocolates and confectionaries in the local market is expected to grow by 5 per cent next year, from between 2 per cent and 3.5 per cent in the last five years.

oct45 imnoBWWB5WGFkVEMUF kYEB5RR;GIBWW;E5Fck3BR4HccHseGFnkW ds frohW5IFoBWW34E5RF.kYEB5RR4;4UF

"We must intensify our promotion of cocoa to the local market as despite Malaysia being a cocoa producer, local consumption of cocoa-based products especially chocolate drinks is still low at 0.68kg per head per year compared with 12kg in Europe," he told reporters after opening the Koko Bistro outlet at the 1 Utama shopping centre in Petaling Jaya on Saturday.

Chin said last year, Malaysia exported RM2 billion worth of cocoa-based semi and finished products to Europe and the Middle East. "That is a lot, though when it comes to the local market, cocoa is still not widely used. But we expect this to change in the years to come because research has proven that cocoa has an antioxidant that is good for our heart," he said.

Meanwhile, the Koko Bistro outlet is the commercial outcome of the downstream research on cocoa-based food products conducted by the Malaysian Cocoa Board (MCB) in recent years. "This outlet (at 1 Utama) will be the prototype store for others to come once we have received our franchisor licence hopefully within the next six months," said MCB director-general Datuk Dr Azhar Ismail.

Some RM265,000 is needed to invest in the business and based on estimates, a return of more than 30 per cent is expected in the first year if sales can exceed RM1,000 per day, he said. The outlet at 1 Utama has been in operation for two weeks and Azhar said public response has been encouraging.

### **CHOC FULL OF GOODNESS**

#### **SWEET NEWS.. A LITTLE BIT OF WHAT YOU FANCY PROVIDES A BIG HEALTH BONUS**

By Juliette ellow19 December 2006

IT'S the festive season and coffee tables are groaning under the weight of chocolate. But rather than feel guilty, celebrate knowing chocolate can boost health. Okay, we're not talking an entire box of Roses - it remains high in calories, fat and sugar. But for years, scientists have found small amounts lower risk of heart disease, prevent high blood pressure, boost our mood and top up nutrient levels.

And latest research shows it affects blood in a similar way to aspirin. Scientists in Chicago last month revealed that a taste of dark chocolate every day thins the blood and reduces risk of blood clots, in turn helping to stop heart attacks and strokes.

It's all down to flavonoids, naturally-occurring plant chemicals, also found in tea and red wine. They act as antioxidants and help to mop up particles called free radicals, which potentially damage cells and cause heart disease.

As well as making blood less sticky, flavonoids slow the process that turns "bad" or LDL cholesterol into material that clogs arteries. And they may help to keep blood flow healthy by controlling the chemical nitric acid, which regulates the arteries.

More good news is that a third of fat in chocolate is oleic acid - a heart-healthy fat found in olive oil. The residue - stearic acid and palmitic acid - are both saturated fats. However, unlike most saturated fats, stearic acid doesn't affect cholesterol.

Only the palmitic acid - which makes up about a third of the fat in chocolate - has the potential to raise LDL cholesterol. Which is why we mustn't be too greedy. Half a bar, or three chocolates a day is all we need.

#### Which chocolate should we eat?

Go for plain chocolate, containing more antioxidant-rich cocoa solids and better source of magnesium, iron and copper. However, milk and white chocolate contain more bonebuilding calcium, with a 50g bar of white chocolate providing around a fifth of the daily calcium needs for women.

Best of all, scientists have discovered chocolate's low glycaemic index doesn't cause massive rises and drops in blood sugar linked with carb cravings and weight gain.

#### Beauty elixir and mood booster

Helping heart health isn't chocolate's only benefit. Research in the Journal of Nutrition in June revealed that flavonoids in cocoa - chocolate's key ingredient - may help to protect our skin from ultra-violet damage.

And drinking cocoa every day for 12 weeks was shown to improve blood flow to the skin's surface and boost hydration and smoothness.

Eating chocolate can also improve our mood. It contains the chemical theobromine, which triggers the release of "feel good" endorphins in the same way that exercise and making love does.

As well as acting as pain relievers, these endorphins help to make us feel more alert and lift our mood.

#### COUNTING THE CALORIES IN IN YOUR TOP CHOCOLATES

Nestle Mint Matchmakers	20 cal 0.9g fat
Bendicks Mingles	34 cal 1.9g fat
Terry's Twilight	35 cal 1.9g fat
Nestle After Eight	36 cal 1.1g fat
Nestle Quality Street	38 cal 1.7g fat
Celebrations	44 cal 2.3g fat
Terry's Milk Chocolate Orange	45 cal 2.6g fat
Cadbury Flake	45 cal 2.7g fat
Toblerone	46 cal 2.7g fat
Cadbury Heroes	47 cal 2.5g fat
Cadbury Roses	49 cal 2.6g fat
Large chocolate coin	53 cal 3g fat
Guylian Chocolate Sea Shells	59 cal 3.9g fat
Ferrero Rocher	70 cal 5g fat
Belgian chocolate	77 cal 4.2g fat
Chocolate Liqueur	80 cal 4g fat

#### DR'S ORDERS

- Choose plain chocolate with at least 70 per cent cocoa solids - twice as many antioxidants as milk.
- Skip chocolate with hydrogenated vegetable fats - these are worse for heart health than saturates.
- Keep wrappers - you won't lose track of how many you've eaten.
- Keep chocolate in the fridge - it will last longer in your mouth keeping taste buds satisfied.

## **TIT BITS**

*(Source: Business Recorder – www.brecorder.com)*

### **Cocoa inches lower**

NEW YORK (January 06, 2007): US cocoa futures slid lower on Thursday as speculative profit-taking pushed prices into the gap that was left on the board the previous day when the benchmark March contract hit a 5-1/2-month high, traders said.

### **European cocoa butter ratios hold firm**

HAMBURG (January 06, 2007): European physical cocoa butter ratios were again strong this week while bean business was restrained by high London prices and the continued absence of many industrial buyers taking a long end-year break, traders said on Friday.

### **New York cocoa falls on fund selling**

NEW YORK (January 07, 2007): US cocoa futures slipped 3.1 percent on Friday, settling off a fresh four-week low, pressured by fund and speculative selling as well as the strengthening dollar, that triggered sell-stops, traders said.