



## UP-COMING EVENTS

- COPAL COCOA DAY CELEBRATIONS IN MEMBER COUNTRIES, 1<sup>ST</sup> OCTOBER 2008
- EUROCHOCOLATE 2008, 16-26 OCTOBER 2008, PERUGIA, ITALY
- NATIONAL COCOA ACADEMIES SYMPOSIUM, OCTOBER 28-30 2008, KUMASI, GHANA (2<sup>ND</sup> ANNOUNCEMENT ATTACHED)

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- LONDON (LIFFE) FUTURES MARKET UPDATE
- NEW YORK (ICE) FUTURES MARKET UPDATE
- FROM THE NEWS MEDIA
- TIT BITS

Do your health a favour, drink Cocoa everyday  
'it's nature's miracle food'

## In the News (from Newspapers worldwide)

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## ICCO Daily Cocoa Prices

	ICCO daily price (SDR/tonne)	ICCO daily price (\$US/tonne)	London futures (£/tonne)	New York futures (\$US/tonne)
15th September	1706.99	2645.51	1513.33	2619.00
16th September	1679.51	2604.14	1502.00	2568.67
17th September	1665.36	2579.55	1477.00	2546.00
18th September	1722.18	2698.06	1523.00	2657.00
19th September	1760.18	2725.94	1523.00	2697.00
Average	1707.00	2651.00	1508.00	2618.00

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

**Monday 15th Sept. 2008**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Sep 2008	1451	1436	-24	1453	1436	9,077
Dec 2008	1475	1510	28	1511	1456	8,223
Mar 2009	1483	1515	27	1512	1463S	3,422
May 2009	1483	1515	28	1517S	1464S	705
Jul 2009	1479	1519	30	1491	1471S	190
Sep 2009	1490	1524	31	1493S	1476S	710
Dec 2009	1500	1529	31	1500	1480	223
Mar 2010	1492	1535	31	1492S	1491S	2
May 2010		1541	33			0
Jul 2010		1527	33			0
<b>Average/Totals</b>		<b>1515</b>				<b>22,552</b>

**Tuesday 16th Sept. 2008**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2008	1488	1496	-14	1499	1466	15,755
Mar 2009	1485	1505	-10	1505	1475	3,064
May 2009	1478	1505	-10	1506	1475S	1,263
Jul 2009	1485	1509	-10	1502	1481S	113
Sep 2009	1480	1511	-13	1505	1480	163
Dec 2009	1498	1519	-10	1498S	1496S	2
Mar 2010	1505	1525	-10	1505S	1504S	2
May 2010	1495	1531	-10	1525	1495	7
Jul 2010		1512	-10	1525	1495	7
Sep 2010		1512	-15			0
<b>Average/Totals</b>		<b>1513</b>				<b>20,376</b>

**Wednesday 17th Sept. 2008**

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep 2008	N/A	N/A	N/A	N/A	N/A	N/A
Dec 2008	1499	1470	-26	1499	1463	4,682
Mar 2009	1507	1480	-25	1507	1474	2,705
May 2009	1502	1481	-24	1502	1479	633
Jul 2009	1488	1486	-23	1491	1488	20
Sep 2009	1498	1491	-20	1498	1488S	47
Dec 2009	1508	1497	-22	1508	1496S	6
Mar 2010		1503	-22			0
May 2010		1509	-22			0
Jul 2010		1490	-22			0
Sep 2010		1490	-22			0
<b>Average/Totals</b>		<b>1490</b>				<b>8,093</b>

**Thursday 18th Sept. 2008**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2008	1480	1512	42	1540	1478	8,567
Mar 2009	1488	1530	50	1555	1487	6,613
May 2009	1495	1527	46	1549S	1493	1,538
Jul 2009	1499	1537	51	1550S	1499S	1,454
Sep 2009	1559	1539	48	1559S	1536	536
Dec 2009	1543	1545	48	1544	1543	7
Mar 2010		1551	48			0
May 2010		1557	48			0
Jul 2010		1538	48			0
Sep 2010		1538	48			0
<b>Average/Totals</b>		<b>1537</b>				<b>18,715</b>

**Friday 19th Sept. 2008**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2008	1500	1512	0	1528	1499	2,045
Mar 2009	1517	1530	0	1544	1517	1,088
May 2009	1527	1527	0	1541	1527S	59
Jul 2009	1535	1536	-1	1535S	1535S	50
Sep 2009		1539	0			0
Dec 2009		1545	0			0
Mar 2010		1551	0			0
May 2010		1557	0			0
Jul 2010		1538	0			0
Sep 2010		1538	0			0
<b>Average/Totals</b>		<b>1537</b>				<b>3242</b>

<b>Average for the week</b>	<b>1537</b>					<b>14596</b>
						<b>72,978</b>

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

**Monday 15th September 2008**

Month	Open	Price	Change	High	Low	Volume
Dec 2007		2597	47	2597	2597	
Mar 2008	2558	2607	47	2625	2496	3689
May 2008	2600	2608	47	2624	2499	813
Jul 2008	2520	2608	47	2624	2500	295
Sep 2008	2525	2607	47	2607	2519	78
Dec 2008	2525	2615	47	2615	2525	14
Mar 2009	2525	2615	40	2637	2525	5
May 2009		2623	40	2623	2623	4
Jul 2009		2623	40	2623	2623	
Sep 2009		2623	40	2623	2623	
<b>Totals</b>		<b>2613</b>				<b>4898</b>

**Tuesday 16th September 2008**

Month	Open	Price	Change	High	Low	Volume
Dec 2007	2600	2570	-37	2600	2514	7912
Mar 2008	2578	2567	-41	2585	2517	1410
May 2008	2556	2566	-42	2570	2526	66
Jul 2008	2544	2565	-42	2579	2544	10
Sep 2008	2562	2572	-43	2572	2562	15
Dec 2008	2557	2576	-39	2576	2557	55
Mar 2009	2539	2575	-48	2575	2539	30
May 2009		2575	-48	2575	2575	
Jul 2009		2575	-48	2575	2575	
Sep 2009						
<b>Totals</b>		<b>2571</b>				<b>9498</b>

**Wednesday 17th Sept. 2008**

Month	Open	Price	Change	High	Low	Volume
Dec 2008	2570	2547	-23	2620	2542	6,861
Mar 2009	2574	2550	-17	2617	2545	1,354
May 2009	2553	2550	-16	2615	2546	392
Jul 2009	2559	2550	-15	2578	2546	50
Sep 2009	2553	2558	-14	2558	2553	11
Dec 2009	2553	2563	-13	2576	2553	6
Mar 2010	2551	2562	-13	2562	2551	3
May 2010	2549	2562	-13	2562	2549	
Jul 2010		2562	-13	2562	2562	
<b>Average/Totals</b>		<b>2556</b>				<b>8677</b>

**Thursday 18th Sept. 2008**

Month	Open	Price	Change	High	Low	Volume
Dec 2008	2584	2656	109	2721	2584	6,142
Mar 2009	2600	2660	110	2724	2595	1,594
May 2009	2630	2657	107	2703	2630	107
Jul 2009	2685	2658	108	2693	2658	554
Sep 2009		2667	109	2667	2667	16
Dec 2009	2671	2670	107	2672	2660	115
Mar 2010		2670	108	2670	2670	3
May 2010	2625	2669	107	2669	2625	3
Jul 2010		2670	108	2670	2670	250
<b>Average/Totals</b>		<b>2664</b>				<b>8784</b>

**Friday 19th Sept. 2008**

Month	Open	Price	Change	High	Low	Volume
Dec 2008	2647	2690	34	2698	2629	15,264
Mar 2009	2620	2695	35	2702	2620	2,552
May 2009	2671	2692	35	2696	2670	282
Jul 2009		2691	33	2691	2691	33
Sep 2009		2699	32	2699	2699	8
Dec 2009		2703	33	2703	2703	56
Mar 2010		2710	40	2710	2710	
May 2010		2710	41	2710	2710	2
Jul 2010		2710	40	2710	2710	
<b>Average/Totals</b>		<b>2700</b>				<b>18197</b>

**Spot Prices (US \$ per tonne)**

	15th September	16th September	17th September	18th September	19th September
Main Crop Ghana, Grade 1	3069	3037	3014	3123	3157
Main Crop Ivory Coast, Grade 1	2920	2885	2862	2971	3005
Main Crop Nigerian, 1	2904	2867	2844	2953	2987
Superior Arriba	2969	2940	2917	3026	3060
Sanchez f.a.q	2974	2948	2925	3034	3068
Malaysian 110	2590	2548	2525	2634	2668
Sulawesi f.a.q	2840	2798	2775	2884	2918
Ecuador Cocoa Liquor	4397	4369	4330	4515	4573
Pure Prime Press African Type Cocoa Butter	7404	7282	7217	7525	7622
10/12% Natural Cocoa Press Cake	1078	1079	1070	1116	1130

Source: Cocoa Merchant Association



## ***Health and Nutrition***

### **Eating Cocoa Improves Blood Vessel Function in Diabetics**

Natural News.com, AZ

By: David Gutierrez

September 15, 2008

(NaturalNews) Diabetics who regularly consume flavanol-rich cocoa may improve their blood vessel function and reduce their risk of cardiovascular disease, according to a study conducted by an international team of researchers and published in the Journal of the American College of Cardiology.

Diabetes is known to be a major risk factor for cardiovascular disease, including heart attack and stroke. "We are still seeing the devastating complications of diabetes with the standard medical treatments available, so we are increasingly looking to lifestyle changes and new approaches to help address risks associated with diabetes," said researcher Paul Zimmet, director of Australia's International Diabetes Institute, which led the study. "While more research is needed, this study shows tremendous potential for future flavanol-based applications."

Researchers carried out two separate experiments on groups of volunteers who had been diagnosed with and were receiving medical treatment for Type 2 diabetes. In the first experiment, 10 volunteers were given a cocoa beverage, made using the Mars Inc., Cocapro process. The cocoa drink contained either 75 milligrams, 371 milligrams or 963 milligrams of flavanols.

The researchers found that for several hours after drinking the beverage, volunteers experienced an improvement in flow mediated dilation (FMD), a measure of a blood vessel's ability to relax and a barometer of cardiovascular health. The higher the dose of flavanols, the greater the improvement in FMD.

In the second study, researchers gave 41 volunteers a cocoa beverage three times per day for 30 days. Each beverage contained either 25 milligrams or 321 milligrams of flavanols. Beyond the flavanol content, the beverages were nearly identical, including in content of calories, nutrients and cocoa compounds such as caffeine and theobromide.

At the end of the intervention, volunteers in the high-flavanol group had a 30 percent improvement in FMD relative to the low-flavanol group. The researchers noted that evidence increasingly points to specific heart-health advantages of cocoa flavanols, beyond the general antioxidant benefits of all flavanols.

### **Chocolate can provide sweet protection**

The Star-Ledger - NJ.com, NJ

September 16, 2008

Can chocolate really be good for you? Is dark chocolate better for you than milk chocolate?

It is true that consuming chocolate can have health benefits. Chocolate contains flavonoids, naturally occurring substances that provide certain health benefits, especially to the heart.

Chocolate is produced from the beans of the cocoa tree (*Theobroma cacao*). The beans are harvested cleaned, dried, roasted and broken down into small pieces known as 'nibs.' The cocoa nibs are then ground into a thick mixture that contains cocoa butter and cocoa particles. Further processing then separates the cocoa powder from the cocoa butter. Dark chocolate is made from cocoa, cocoa butter and sugar. Milk chocolate is made from cocoa, cocoa butter, sugar, milk and flavoring. Unsweetened chocolate is made from cocoa powder and some refined cocoa butter, but because it is very bitter in taste, it is usually only used for baking.

Raw cocoa contains flavonoids. These substances have antioxidant properties. Antioxidants are believed to reduce the number of free radicals in the body that contribute to medical problems, such as heart disease and cancer. Unsweetened cocoa powder contains the most antioxidants, followed by dark chocolate and then milk chocolate.

There is evidence that cocoa also may help raise HDL (the good cholesterol) levels and help prevent the blood from forming clots that can lead to blockages. A lower fat chocolate, with higher levels of flavonoids, already is available from at least one company and others producers are sure to follow. Flavonoids also are found in other foods and beverages, including cranberries, apples, nuts, tea and red wine.

Chocolate also may have benefits for dental health. Substances in chocolate called tannins seem to slow down the formation of plaque on the teeth. To get the most health benefits from chocolate, consume it in small quantities, eat better quality chocolates (the ones with a higher percent of cocoa) because they are richer in antioxidants, choose dark chocolate over milk chocolate (dark chocolate has less fat and sugar, and higher levels of flavonoids), and choose hot cocoa over eating a chocolate bar.

When consumed in moderation, flavonoid-rich chocolate can be a healthy addition to a diet.

*Write to Dr. Dennis Cardone at UMDNJ-Robert Wood Johnson Medical School, Department of Family Medicine, 1 Robert Wood Johnson Place, New Brunswick, N.J. 08903. Or e-mail him at [askthedoc@umdnj.edu](mailto:askthedoc@umdnj.edu).*

### **Studies show more benefits of dark chocolate**

Nashua Telegraph, NH

Lynda Murray

September 17, 2008



I bet you never thought you'd hear your doctor recommending chocolate every day, but research is melting in about how this frenzied favorite can reduce health problems, including heart disease, hypertension, diabetes and cancer.

And that's not all. Some researchers claim chocolate and cocoa can also treat blocked arteries, congestive heart failure, stroke, diarrhea, dementia and even impotence.

Now wait one minute. Before you race to Willy Wonka's chocolate factory, you need to know that these benefits pertain to cocoa and dark chocolate only. Why dark chocolate? Dark chocolate has the highest

percentage of cocoa solids, which are rich in cell-protecting antioxidants. Chocolate is a plant-based food and ounce for ounce, dark chocolate and cocoa have more antioxidants than blueberries, green tea and red wine.

Head for the dark chocolate fountain of youth if you are one of the nearly 1 in 3 American adults with high blood pressure. Researchers have located a group of people called the Kuna Indians who reside on islands off the Caribbean coast of Panama. A unique feature of these islanders is that they don't suffer from hypertension. I figured it was because their diet was lower in salt than the average American's, but they have a high-sodium diet. And when genetics was factored in, they were just as likely to develop hypertension once moving away from the islands. What is the "secret weapon" the Kuna Indians have that keeps hypertension, heart disease and stroke away? Harvard researchers believe it is the 5 cups of cocoa they drink each day that makes them almost immune to high blood pressure.

The study subjects didn't obey their dietary instructions. Straying away from their special diet, the John Hopkins volunteers succumbed to their chocolate cravings. But instead of scientific failure, their disobedience led to an inadvertent and important discovery: Dark chocolate mimics the effects of aspirin. Wow. Dark chocolate and cocoa were found to thin the blood just as well as low-dose aspirin does.

The disobedient volunteers showed substantial anti-clotting benefits after eating minimal amounts of dark chocolate. The chocolate "sneakers" snacked on tiny portions as small as 2 tablespoons, or a few squares, per day. The exact mechanism of action hasn't been fully explained. But it is believed that the flavonoids in cocoa stimulate the body's production of nitric oxide, boosting blood flow to the heart, brain and other organs.

Consuming cocoa flavonoids has been shown to help thwart off the dangerous loss of fluids that often occurs with diarrhea. Young children and the elderly are the two groups prone to serious health problems from fluid loss suffered during chronic diarrhea. Each year, more than 2.4 million children see a physician for diarrhea. Until recently, the use of cocoa to treat diarrhea was believed to be only a myth. But researchers in California



have found there is substance behind that myth. Perhaps in the future, we will see a cocoa-derivative based diarrhea aid.

Generally, to gain health benefits, you want dark chocolate that contains at least 60 percent cocoa. Milk chocolate typically has only 15 percent to 25 percent cocoa. Extra-dark chocolates contain a whopping 80 percent cocoa, making them even richer in flavanol antioxidants.

I am learning to like dark chocolate. When I buy chocolate chips for cookies, now I pick up the bag of dark chips. When I grab chocolate bars for s'mores, I grab the dark variety. My kids are still struggling with the transition, but remember it can take seven to 10 times for taste buds to come around and appreciate the subtle flavor nuances.

I use to make a cake I called Death by Chocolate. This sinister chocolate cake had thick chocolate icing and a veil of chocolate M&Ms covering the entire thing. My husband called it too rich. Chocolate critics called it heaven. When I make this cake now, I use a recipe calling for ½ cup cocoa to make homemade icing and top it with dark chocolate M&Ms. I found it easy to incorporate more of the valuable properties found in these confectionary favorites by substituting regular chocolate for the dark variety.

Just one square a day, about 30 calories' worth, will provide the health benefits experts are touting. Overdoing the therapeutic dose can backfire in unwanted calories and saturated fat.

Take two chocolates, and call me in the morning.

I still find it amazing that chocolate is now mentioned in the same breath as blueberries and green tea. Now if the experts could just find a way to make candy corn healthy . . .

*Lynda Murray, MA, RD, LD, CSSD, lives in Burlington, Iowa. She can be reached at [dietitianmagician@q.com](mailto:dietitianmagician@q.com). Items in this column are intended to be informational in nature only. It is not intended to diagnose or treat*

### **Synthetic Chemical Found in Cocoa accelerates destruction of human tumors**

TopCancerNews.com, TX

By Jennifer Davis

08/10/2008



A synthetic chemical based on a compound found in cocoa beans slowed growth and accelerated destruction of human tumors in laboratory studies, and should be tested further for cancer chemoprevention or even treatment, say researchers at Georgetown University Medical Center. "We have all heard that eating chocolate is good for you; this study suggests one reason why that might be true," says the study's lead author Min Kim, Ph.D., a research scientist in the Department of Oncology at Lombardi Comprehensive Cancer Center.

Published online today in *Cell Cycle*, the researchers describe how four different human tumor cells lines out of 16 tested were sensitive to the chemical, known as GECGC. The strongest response was seen in two different colon cancers; growth was cut in half and most of the tumor cells were damaged.

Normal cells were not affected by GECGC, which makes the chemical a candidate for cancer chemoprevention, says Kim. "This chemical seems to be safe, which makes sense because it has a structure similar to a natural product in cocoa beans - the same beans that are used to make chocolate," he says.

The researchers have long studied the beneficial effects of flavanols, which are molecules in vegetables and fruits that exhibit potent anti-oxidant and, potentially, anti-tumor properties. As part of these studies, investigators have been testing a new synthetic version of natural procyanidins, a class of flavanols, created and patented by the confectionery company, Mars Incorporated. (The company provided GECGC as a gift, and this project was funded in part by Mars Incorporated.)

In these studies, the scientists tested the effects of three different doses of GECGC on the cancer cell lines - the first time that a synthetic cocoa derivative has been used to screen human cancer cell lines. None of the doses tested were extreme, Kim points out. "The effective concentrations were considered similar to what a person might eat or use," he says.

They found sensitivity to GECGC in both colon cancer cell lines they tested, in cervical cancer cells and in one line of leukemia, tumor cells. Other cell lines were resistant, including ovarian and prostate cancer cells. Overall, GECGC showed the most effect in treating cancer cells that are normally fast growing, Kim says. And the fact that it demonstrated the most killing power in colon cancer suggests the chemical "could serve as a promising therapeutic for colon cancer," he says. "So far, these data are very convincing."

The researchers do not yet clearly understand the mechanism by which GECGC disrupts tumor growth, but they think it inhibits the physical connections between cancer cells and blocks internal cell signaling pathways. Kim says that animal studies testing the anticancer power of GECGC are currently underway. "While this work is indeed promising, we have much more study to do before we can say with authority that GECGC has anticancer properties."

*Study co-authors include the senior author Richard Pestell, M.D., Ph.D., from the Kimmel Cancer Center at Thomas Jefferson University; Maofu Fu, M.D., and Michael P. Lisanti, M.D., Ph.D., also from Thomas Jefferson University; and Xiaofang Wu, M.D., and Insun Song, Ph.D. from Lombardi Comprehensive Cancer Center.*

*The study was additionally funded by awards to Georgetown University Medical Center from the National Institutes of Health, a grant from the Pennsylvania Department of Health, and Dr. Ralph and Marian C. Falk Medical Research Trust.*

### **Dark Chocolate**

Christian Broadcasting Network, VA

Sarah Pollak, CBN News Producer

September 17, 2008



Lovely, sweet, delicious chocolate! If you're like me, you'll take it any way you can get it - white, dark, milk, crunchy - on fruit, pretzels and nuts. Just about anything tastes better with chocolate.

But you may not know the dark side of chocolate. Did you know that most of the world's cocoa comes from Africa? A staggering 70 percent comes from West Africa. A large percentage of that, roughly 40 percent, comes from the Ivory Coast alone! The chocolate trade brings millions of dollars into the African continent every year.

However, much of the cocoa crop is harvested, sorted and packed by child laborers, many reportedly under the age of 10. Despite numerous international campaigns to end illegal slavery and child labor on cocoa plantations, it still continues to be a problem that just won't go away. There's a great Fortune Magazine article that goes in-depth into these problems, both from an economic and human rights perspective. If you get the chance, read the article by clicking here.

Some go so far as to label chocolate as either "slave chocolate" or "free chocolate." For those of us who are consuming vast amounts of the sugary treat, it is advisable to know the difference between the two. And know more about what the money you paid for your dollar candy bar is supporting. Read what the Anti-slavery Society has to say about these differences between the two chocolates.

Chocolate is definitely still one of my favorite comfort foods. But now that I've read up on the horrors of the cocoa fields and can choose to eat "safe" chocolate, I can enjoy my treat in peace. Hope you will be able to do the same!

## Flavonoids may reduce risk of heart disease and stroke

By David Liu, Ph.D.

Sep 18, 2008 -

THURSDAY SEP 18, 2008 (foodconsumer.org) -- A new study by scientists in School of Public Health and Clinical Nutrition, University of Kuopio suggests that eating foods rich in flavonoids may reduce risk of ischemic stroke and risk of death from cardiovascular disease drastically.

The study showed that people in the quartile with the highest intake of flavonol and flavan-3-ol had their risk of ischemic stroke (artery blockage) reduced by 45 and 41 percent respectively than those who were in the lowest quartile.

The associations were found after other factors were adjusted including age BMI, systolic blood pressure, hypertension medication high density lipoprotein, low dense-lipoprotein-cholesterol, smoking, family history of CVD, diabetes, alcohol intake, energy-adjusted intake of folate and vitamin E, total fat and others.

For the study, Mursu J and colleagues followed for 15 years 1950 eastern Finnish men aged 42-60 who were free of CHD or stroke when entering the prospective population-based Kuopio Ischemic Heart Disease Risk Factor Study.

The study also found that the rate of death from CVD for people in the quartile with highest intake of flavanone and flavone intakes was 46 and 35 percent lower respectively than those in the lowest quartile.

The authors wrote in their report that "the results suggest that high intakes of flavonoids may be associated with decreased risk of ischemic stroke and possibly with reduced CVD mortality."

Flavonones and flavones are found high in parsley, thyme, celery, hot peppers, oranges, grapefruits, and lemons while flavonols and flavonols are present in teas and chocolate, apples, berries, red grapes, yellow onions, scallions, kale, and broccoli, according to the Linus Pauling institute. *The study was published in the Oct 2008 issue of British Journal of Nutrition.*

## Love in the Dark

Bev Bennett Philadelphia Inquirer, PA

Sep. 22, 2008



Chocolate: it's intense, luscious, rich and highly caloric. And, it's good for you. So good, in fact, that chocolate is mentioned in the University of Michigan Healing Foods Pyramid ([www.med.umich.edu/umim](http://www.med.umich.edu/umim)).

"I think chocolate is really good for you," says Dr. Timothy S. Harlan, who runs the food and nutrition Web site, [www.drgourmet.com](http://www.drgourmet.com).

Chocolate contains antioxidants that may reduce your LDL (bad) cholesterol, reduce your risk of blood clots and increase blood flow. It may also improve your mood by boosting the endorphin levels in your brain, according to the University of Michigan's department of Integrative Medicine.

What a sweet deal!

But before you rush off to the supermarket for your favorite chocolate brand you should know a few things to get the greatest health benefit from this indulgence. Cocoa solids, the product of cocoa bean processing, are the source of antioxidants that may provide health benefits.

The greater the percentage of cocoa solids, the more antioxidants you're likely to get, says Jenna Wunder, R.D., with the University of Michigan Department of Integrative Medicine. You'll see the percentage given on the label of most high-quality dark chocolate bars. "We recommend 70 percent or more. The higher the quality the better," says Wunder. You'll find chocolate bars delivering up to 85 percent cocoa (usually expressed as

percentage of cacao, the seeds of the cacao tree used to make cocoa, chocolate and cocoa butter) in your supermarket. A new 91 percent bittersweet chocolate, called Choclatique 1-91, was recently introduced.

When manufacturers increase the percentage of cocoa solids in a chocolate bar, they decrease the sugar and other ingredients. Take a taste. If the chocolate is too bitter, you're not going to enjoy the experience. Unfortunately milk chocolate doesn't confer the same advantages as the dark version. Milk binds to the antioxidants in chocolate making them unavailable (In fact, you shouldn't drink milk while you're eating dark chocolate.), Wunder says. As healthful as dark chocolate is, moderation is still key, say health professionals. "At its baseline, a bar of chocolate is good for you. It does have a lot more calories [than many other foods] and that's where people get into trouble," says Dr. Harlan. An ounce of dark chocolate, the amount of chocolate that fits into the center of your hand, has about 140 calories and 9 grams total fat.

Purchase chocolate by the ounce so you're not tempted to overdo it, says Wunder. Enjoy chocolate in place of another snack that's high in calories and fat, but without the antioxidants, or combine chocolate with fruit so you're getting the potential of both foods.

### ***Production & Quality***

#### **Indonesia Cocoa Output May Drop to "Critical Level"**

Source: Reuters

Sept 15, 2008

Jakarta, - Indonesia's cocoa output may drop to a "critical level" in the next three-to-four years due to pests, disease, and poor farming practices, an official said.

It could fall further if farmers then turn to more profitable crops, the official added. "If the situation continues as it is now -- meaning that we do not take concrete actions to overcome it -- production will keep falling to 380,000-400,000 tonnes," Halim Abdul Razak, chairman of the Indonesian Cocoa Association (Askindo), told reporters.

"That is a critical level," he said.

The industry expects Indonesia's cocoa output to fall to 480,000 tonnes in 2008, from 530,000 tonnes in 2007, due to the recent spread of a fungal disease called vascular-streak dieback (VSD).

But Razak said if output fell to 380,000-400,000 tonnes, that could prompt cocoa farmers to switch to crops which can be harvested more frequently every year and are cheaper to grow, such as corn, which would result in even lower annual cocoa production. "If more cocoa farmers switch to corn, production can fall to as low as 100,000 tonnes," he said.

Indonesia, the world's third-biggest cocoa bean producer, sells cocoa to grinders in Asia, the United States, and Brazil. If production fell as low as 100,000 tonnes, farmers would only make 8 million rupiah (\$848) a year per hectare, compared to 28 million rupiah a year per hectare for corn, Razak said. Cocoa prices at the New York Board of Trade have surged around 25 percent since the end of 2007, on fund buying and concerns over output in producing countries.

The benchmark December cocoa contract finished down \$54 at \$2,540 per tonne, the weakest settlement for the second-position contract since April 10 on a continuation chart.

Indonesia's cocoa industry has been battling a disease, cocoa pod borer, since the 1980s. Pod borer is a worm-like pest which feeds on cocoa beans. The spread of VSD -- which attacks leaves, branches and trunks -- has dealt a further blow to the industry.

Razak said farmers needed training on how to manage cocoa trees and deal with diseases in order to increase productivity. "We have proved that in plantations where the association has placed its field facilitators, production did not really fall," he told reporters. Razak said good seeds and fertiliser are also key to helping the farmers.

Indonesia has about 1 million hectares of cocoa trees, of which about 600,000 to 700,000 hectares are located in Sulawesi island. The VSD has spread to about 60 percent of the plantations in Sulawesi, Razak said.

#### **Ivorian cocoa arrivals seen 1.33 mln T by Sept 14**

By Ange Aboa,  
Sept 15, 2008

ABIDJAN, (Reuters) - Cocoa arrivals at ports in top grower Ivory Coast reached about 1.326 million tonnes between Oct. 1, 2007 and Sept. 14, 2008, exporters estimated on Monday, up from 1.227 million tonnes in the same period of last season.

Exporters said around 9,000 tonnes of beans were delivered to the West African state's two ports in the week of Sept. 8-14, down from 17,989 tonnes in the same week a year ago, but up from 7,138 tonnes delivered in the previous week.

"We're slowly going up in terms of volumes, even though it is still low compared to last year," said the director of a large European exporting company based in Abidjan.

"I'm not too worried about the slow pace we're seeing at the moment because the most important thing is that we get beans from October onwards," he said.

The commercial representative for an international exporter in Abidjan was optimistic arrivals volumes would soon pick up. "It's still very low compared to last year (but) we will get lots more by the end of the month," he said. "We don't know if it will be a long season or a short one, but if it starts late, in October, we could expect it to last until January before arrivals volumes fall off significantly," he said.

Cocoa futures in New York <CCc2> hit a 28-year high above \$3,000 per tonne in July but have since fallen by more than 20 percent. The active December contract was down 0.78 percent at \$2,540/tonne in Monday trade.

Farmers and exporters have said black pod, a fungal disease, has taken a toll on the upcoming main crop in both volumes and quality. Exporters expect the 2008/9 October-March main crop to come in 6-8 percent down on the previous season.

Export registrations and preparations for the new season due to start on Oct. 1 have been disrupted by a power struggle within the Coffee and Cocoa Bourse marketing body after key officials were arrested in a corruption investigation.

"This is going to be a difficult season from what I can see," said another export official. "It is difficult to work in these conditions when we don't know what will happen in the next two weeks."

#### **Ghana Buys 38% Less Cocoa Beans During Light Crop (Update1)**

Bloomberg  
By Emily Bowers  
September 16, 2008

(Bloomberg) -- Ghana, the world's second-biggest cocoa producer, bought 38 percent less beans from farmers during this year's shortened light-crop harvest, according to data from the Ghana Cocoa Board.

Bean purchases totaled 16,826 metric tons in the 10 weeks to Sept. 4, compared with 27,030 tons during last year's light crop, a board official, who declined to be identified in line with the state-run agency's policy, said in an interview today in Accra, the capital. Purchases in the final week of this year's light crop amounted to 617 tons.

Data provided earlier by the board to Bloomberg News showed purchases during the main crop amounted to 614,532 tons of beans, bringing the total bought during the 2007/08 season to 680,780 tons, an 11 percent increase from a year earlier. The board official said final data for this year hasn't been collated yet.

In July, the board said it expected to receive as much as 40,000 tons of the beans during the light crop. Purchases this year have fallen because of smuggling to neighboring Ivory Coast, where fewer controls and poorer-quality beans enable Ghanaian farmers to fetch higher prices for their crop, the board said. Ivory Coast is the world's biggest cocoa producer.



## **Indonesia Cocoa Output Seen Down 5 Pct on Disease**

Source: Reuters

17/09/2008

Makassar, Indonesia, Sept 17 - Indonesia's cocoa output is likely to fall 5 percent to 456,000 tonnes in 2009 as the country struggles to contain a deadly fungal disease, the chairman of the Indonesian Cocoa Association said on Tuesday.

The estimated fall in output would come on top of the forecast drop of 7.7 percent in 2008 blamed on the spread of Vascular-streak Dieback (VSD) in the main growing island of Sulawesi, said Halim Razak. "It's going to fall slightly by around 5 percent because no significant actions have been taken," he told Reuters in an interview in Makassar, the provincial capital of South Sulawesi and Indonesia's key cocoa export port.

Indonesia, the world's third-largest cocoa producer after Ivory Coast and Ghana, is struggling to combat the fungal disease, which attacks branches, leaves and tree trunks. Concerns about the size of the crop size and quality of in Ivory Coast and Indonesia have propelled cocoa prices to their highest in more than 20 years this year.

The VSD is another blow to the cocoa industry in Indonesia, which has been battling another disease, cocoa pod borer, since 1980s. Pod borer is a worm-like pest that feeds on cocoa beans.

The Indonesian government has earmarked around \$340 million for replanting and rehabilitation of cocoa trees in Sulawesi within the next three years but it has yet to come up with details on how it will be implemented. "It's still not clear what the government intends to do or how to do it," said Razak. "The government has to send field workers to train farmers, especially on how to deal with the VSD," he said, adding that for the time being, farmers were encouraged to trim branches affected the disease to minimise the spread. Indonesia has about 1 million hectares (2.5 million acres) of cocoa trees, of which about 600,000 hectares are located on Sulawesi island.

The VSD has spread to about 60 percent of plantations in Sulawesi, which accounts for 75 percent of Indonesia's cocoa output. The disease reduced the arrivals of beans to Makassar port from plantations in South Sulawesi and the neighbouring provinces of Central and Southeast Sulawesi in recent months, said Razak.

Exports from Makassar dropped 9.5 percent to 103,344 tonnes in January to August this year compared with the same period last year. Exports stood at 181,122 tonnes in 2007, down from 220,185 tonnes in 2006, said Razak. "Exports have dropped because of pod borer and VSD. Farmers barely have the knowledge on how to deal with the VSD," he said. Indonesia sells cocoa beans to grinders in Asia, Europe and United States.

## **Nigerian growers expect improved 2008/09 cocoa crop**

Reuters South Africa, South Africa

By Tume Ahemba

18 Sep 2008

LAGOS (Reuters) - Nigeria's 2008/09 cocoa main crop due to be harvested within weeks, is seen much better than the previous season output, boosted by good rain and sunshine in the last month, Cocoa Association of Nigeria (CAN) said on Thursday. Nigeria, the world's number four grower, has seen a steady rise in annual output since the government launched a cocoa revival programme in 2005 to significantly increase production over the next few years.

The programme involves subsidising agro-chemicals and supplying high-yield seedlings free to farmers. The trees flower within 18-20 months instead of the traditional 3-5 years. It also aims to promote the local processing of cocoa and to raise domestic consumption of cocoa products. "We are expecting a good season because rainfall has been alright and sunshine has been good. This has helped the trees develop many pods," said Afun Adegbulu, national president of the CAN, a grouping of farmers, buyers, exporters and grinders.

Analysts said they expected an increase of about 15 percent on the 2007/08 crop because more new plantations and replanted farms have matured, while more growers have embraced new farming techniques through the government's Farmers Field School set up so far in about half of Nigeria's 20 cocoa growing states. "If the weather remains favourable, with the training that farmers are getting, there should be an increase of at least 15 percent on last year's output," commodity consultant Robo Adhuzo told Reuters.



## NO WHITE-COLLAR JOBS

Strong international prices have also encouraged farmers to take better care of their plantations, while rising local consumption of cocoa-based products which has boosted domestic prices, has attracted more educated youths who otherwise would have sought white-collar jobs, to turn to cocoa growing. "The government has offered a lot of incentives which the youths have taken advantage of, they are no longer waiting to work in offices. More and more youths are now into cocoa farming," Paul Ojong, national vice president of CAN said.

Harvesting the October-March main crop has already started on a small scale in the main southwestern growing region and is expected to pick up by mid-October. "The next crop should be good from what we have seen on our farms, the quantum of rain has been beneficial," said Isiaka Yusuf, managing director of Nigeria's top cocoa processor, Multi-Trex, which operates farms in the southwest. Main crop harvesting started much earlier in the remote state of Cross River, Nigeria's second biggest grower on the southeastern border with Cameroon.

Initial reports of the fungal black pod disease on some plantations in the southwest were contained by massive spraying of trees, further raising hopes of a good harvest. But there were still concerns the high cost and scarcity of agro-chemicals could encourage the spread of black pod in the southeast, a thick rainforest region, where the usually heavy downpours provide conditions for the fungal disease to thrive, farmers said.

### ***The Market***

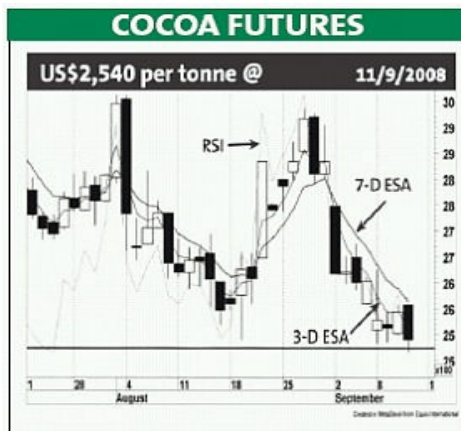
#### **CPO sinks to 22-month low**

Declining crude oil prices, soyoil losses weigh in on market sentiment

Malaysia Star, Malaysia

14 Sep 2008

#### **COCOA**



ICE Futures US cocoa futures prices sank to a five-month low following a strong wave of technical selling prompted by weakness of the sterling against the US dollar.

The British pound fell sharply against the US dollar after the US government announcement to bailout mortgage giants Fannie Mae and Freddie Mac.

Failure to break through chart support levels following Monday's sell-off resulted in consolidation trading with light support coming from light manufacturers buying.

The bearish sentiment was also linked to long pThe December cocoa futures prices plunged from a weekly-high of US\$2,675 to a five-month low at US\$2,6516 and closed Thursday sharply lower at US\$2,540, down US\$113 per tonne from previously.

The daily candlestick chart finished the week bearish and signalled that the bearish trend would carry over into this week's trading. Thursday's large black candle formed after three days of congestion trading showed that the immediate term momentum of the market is weak.

Chart support for this week is adjusted lower to the US\$2,480 to US\$2,420 level. Further bearish pressure would likely emerge if this level is violated. Chart resistance is now seen at the US\$2,600 to US\$2,630 level. Failure to push above this level successfully would bring on fresh selling interest. The technical indicators ended the week bearish and confirmed that the downward trend would continue.

The daily stochastic closed the week in bearish convergence and signalled that a downward cycle has started. The oscillators per cent K and D ended moderately higher in the bearish territory at 20.99% and 18.81% respectively. The 3- and 7-day exponentially smoothed moving average price lines (ESA lines) remained in bearish divergence and indicated that the main trend is negative. Meanwhile, the 5-day Relative Strength Index

(RSI) trended lower and settled near the oversold zone at 33.57 points. Based on the RSI, the market has potential for more downward trading.

#### **Daily Market Update**

by J. Wyckoff, Tradingeducation.com, LLC

TradingEducation.com

September 17, 2008

#### **SOFTS**

##### DECEMBER COCOA

December cocoa closed down \$36 at \$2,571 yesterday. Prices closed nearer the session high yesterday. More short covering in a bear market was featured yesterday. Prices are still in a 2.5-month-old downtrend on the daily bar chart. The next upside price objective for the cocoa bulls is to push and close prices above solid technical resistance at \$2,700. The next downside price objective for the bears is pushing and closing prices below solid technical support at this week low of \$2,496. First resistance is seen at yesterday's high of \$2,600 and then at this week's high of \$2,625. First support is seen at \$2,550 and then at yesterday's low of \$2,514.

*Wyckoff's Market Rating: 3.0.*

#### **Nigeria cocoa price up 4 percent on quality-bean crunch**

Reuters South Africa, South Africa

By Tume Ahemba

19 Sep 2008

LAGOS (Reuters) - The upcountry price of graded Nigerian cocoa beans rose by 4 percent to 280,000 naira per tonne in the last month, lifted by a persistent quality-bean supply shortfall, exporters and buyers said on Friday. Bean supply to the market has been on a steady decline in the last few months as the April-September mid-crop tails off ahead of the start of the main crop harvest next month.

Heavy rainfall in main cocoa growing regions in the last two months made it difficult for farmers to ferment and dry their beans. This leads to high mould levels and a drop in supply of quality beans, buyers and exporters said. "There is no cocoa in the market and the quality of the little supply available is very bad because there was not enough sunshine to dry beans," Jacob Abiodun, a licensed buying agent (LBA) who procures beans upcountry for Lagos-based exporters, told Reuters. Abiodun said mould levels were as high as 30 percent in some areas in the southwest cocoa growing state of Ondo, which accounts for about 40 percent of Nigerian output.

The situation is much better in the southeast cocoa growing region, where buyers said the mould levels were far lower, and bean weight was about 280 grammes per 300 beans. "Many people were not in the market because the price is main crop price and not light crop price," one exporter told Reuters.

London cocoa futures were expected to open steady to firmer on Friday, buoyed by the close of U.S. cocoa at a two-week high, bouncing sharply from oversold levels on the coattails of outside markets. Benchmark ICE December cocoa contract jumped to finish up \$109, or 4.3 percent, at \$2,656 per tonne.

The mid crop is also known as light crop because the beans are lighter in weight and usually cheaper than the October-March main crop. The mid crop is usually shunned by exporters because of its light weight, but is a favourite of local processors who find the beans easier to crush.

#### **UNSTRUCTURED MARKETING CHAIN**

Some processors blamed LBAs for the high cost of beans in the local market. "The internal marketing chain is unstructured, so that leaves middlemen to have a field day. They buy cheaply from farmers and sell to us at exorbitant rates," said Yusuf Isiaka, managing director of Nigeria's top cocoa grinder Multi-Trex.

Farmgate prices in the world's No. 4 cocoa grower held steady at 250,000 naira per tonne on average, buyers said. The price in the port city of Lagos, Nigeria's main export route, was also flat 300,000 naira a tonne, due partly to a lull in local trade in the last month and declining world soft commodity prices, exporters said.

Nigeria's 2008/09 cocoa main crop due to be harvested within weeks, is seen much better than the previous season output, boosted by good rain and sunshine in the last month, Cocoa Association of Nigeria said on Thursday.

## **Processing and Manufacturing**

### **Indonesia Cocoa Grindings Up 8 pct in 2008**

Source: Reuters

17/09/2008

Makassar, Indonesia, Sept 17 - Cocoa grindings in Indonesia are likely to increase 8 percent this year as the country capitalises on growing demand from China, the United States and Europe, a senior industry official said on Wednesday. Indonesia, Asia's second-largest grinder after Malaysia, is expected to process 178,000 tonnes of beans this year, up from 165,000 tonnes in 2007, said Piter Jasman, chairman of the Indonesian Cocoa Industry Association.

"China will become the main buyer of Indonesia's cocoa products in the future because of its big population, high economic growth and growing awareness that chocolate is good for health," he told Reuters in a statement sent by email.

"There's a potential for a tremendous growth in consumption because the current per capita consumption is still low at 0.06 per kg per year," said Jasman, who also owns Indonesia's third-largest cocoa grinder, PT Bumitangerang Mesindotama, in West Java.

Grinders process beans into butter and cake, which is then pressed into powder. Butter is a key ingredient for chocolates, while powder is used in coating in chocolate making, biscuits, ice cream and beverages.

Indonesia is also the world's third-largest cocoa producer after Ivory Coast and Ghana. Indonesia exported around 24,000 tonnes of cocoa products, including butter, powder and beans, to China in 2007, up from around 22,000 tonnes in 2006, according to official data.

China's 6.46 billion yuan (\$922 million) chocolate market is growing more than 10 percent each year due to rising wealth and increasing Western influence on consumer tastes, according to intelligence company Euromonitor International.

### **U.S. IMPORTS**

"Grindings will increase because since Jan. 1, 2007, China no longer imposed taxes for importing cocoa products. The U.S. chocolate industry, which used import beans from Indonesia, has shifted to importing cocoa products," Jasman said.

Cocoa bean exports to the United States from Indonesia dropped 60 percent to around 53,000 tonnes in 2007 but shipment of cocoa powder and cake increased, official data show.

The United States is the world's largest market for chocolate confectionary, and Indonesia is also hopeful on selling more cocoa products to Europe, where cocoa butter imports rose around 9 percent to around 22,500 tonnes in 2007.

In addition to China, India and the local market in Indonesia also have a big potential, said Jasman. "Looking ahead, we will focus on marketing cocoa products in the local market, China and India. The three countries have a huge population but per capita chocolate consumption is still low at 0.06 kg per per annum," he said.

A lack of fermented cocoa beans from Indonesia has remained a problem for grinders in Indonesia, but would be balanced by imports of good quality beans from West Africa, Jasman said: "We can expect imports to reach 25,000 tonnes in 2008."

Indonesia imported around 20,000 tonnes of fermented beans from West Africa in 2007, down from 27,000 tonnes in 2006, when grindings in Indonesia were estimated at 141,000 tonnes. Only about 25 percent of Indonesia's cocoa bean output is fermented, a time-consuming process which enhances flavour. Indonesia's cocoa output is projected to fall to 480,000 tonnes in 2008 from 520,000 tonnes in 2007 due to the spread of a deadly fungal disease in the main growing island of Sulawesi. Cocoa butter was quoted a ratio of 2.65 times London futures, steady from last week.

## ***Business & Economy***

### **Ivory Coast cocoa sector faces season in turmoil**

Sunday, September

The Guardian

September 14, 2008

Corruption scandals, strikes and power struggles that have rocked Ivory Coast's cocoa sector before a new harvest and upcoming elections could rattle markets if they persist. But analysts expect the world's biggest cocoa grower, which has kept on producing big harvests despite a brief 2002/2003 civil war and long-running political crisis, will still get its beans to market despite the turmoil.

"If it goes on for longer than six to eight weeks, you would have an issue on your hands which could affect the price of cocoa on the markets," said Jonathan Parkman, Head of Agri Commodity Brokerage at Fortis Commodity Derivatives.

Cocoa export volumes in the West African nation are low, with just 7,000 tonnes arriving at ports last week. But this will quickly rise as the new 2008/2009 harvest gets under way on Oct. 1. Fortis sees exports in November hitting 280,000 tonnes. "If there are problems, yes, the market will be nervous ... but the cocoa will find its way out," Parkman said. He suggested that if the Ivorian export sector was blocked, farmers might sell cocoa through neighbouring Ghana or nearby Togo.

Ivory Coast's 2002/2003 war split the country between a rebel-held north and government-controlled south, but the long-running political crisis did not stop cocoa exports. A strike this month over unpaid salaries by employees in the Coffee and Cocoa Bourse (BCC) has disrupted export registration. Moving to tackle the chaos, the Ivorian government announced plans on September 11 to overhaul the sector by replacing its five main administrative bodies with a single temporary organisation, ahead of an intended longer-term reform.

"The war didn't stop the cocoa so it is unlikely a strike will. The strike has put enough pressure on the authorities to force a decision," one analyst in Ivory Coast, who asked not to be named, said.

The finances of the Ivorian cocoa industry have long been murky but the current crisis was sparked by the arrests of senior cocoa administrators in June on charges of embezzlement. "Political interference and corruption are long standing problems ... The situation at the moment is very confusing and significant steps to increase transparency should be taken as soon as possible," said Maria Lopez of anti-corruption campaign group Global Witness, which has studied the Ivorian industry.

But after several past promises of change, many view the government's latest reform moves with some scepticism. "People have been talking about reform for years," said the analyst. "They can maybe appoint a provisional administrator but they cannot decide today to set up a structure and expect it to be up and running by Oct. 1."

The organisations being replaced levied heavy taxes on cocoa that were meant to be reinvested in the sector. Instead, vast amounts of money disappeared, eventually leading to the arrests. "We were waiting for the government to restore some order in the sector, especially as we are coming to the new season ... but let's see if this will really change something," said the director of a European exporting company. The World Bank has tied future aid to cocoa sector reform, which it views as central to revitalising what was once the West African region's most robust economy.

But long-term overhaul of an industry that accounts for 40 percent of export income also hinges on the outcome of long-awaited presidential elections, which are meant to finally draw a line under Ivory Coast's political crisis. The polls are due on Nov. 30 but preparations are far behind schedule and election experts say a further delay is inevitable. Analysts question how the cocoa sector can be cleaned up amid the continuing political uncertainty. Adding to concerns, Ivorian exporters have warned that black pod disease will lead to the 2008/09 main crop coming in 6-8 percent down on last year's production of 1.05 million tonnes. "The next couple of years are crucial," said Fortis' Parkman. "If for whatever reason they don't plough money back into increasing production, the market will face problems."

### **Ivory Coast coffee, cocoa sector strike delays exports**

By Africa News Network

September 14, 2008

Ivory Coast coffee and cocoa exchange workers maintained their indefinite strike over pay for an eighth day (September 12), delaying exports from the world's biggest cocoa producer.

The 183 workers at the state-controlled agency began the walkout on Sept. 3 and halted export registrations, necessary before commodities can be shipped, on Sept. 9. An earlier five-day strike slowed deliveries of cocoa. "This strike is a real problem," Serges Tanoh, a shipping agent at the cocoa farmers' cooperative Coopai, said by phone from Abidjan. "We can't even ship a single cocoa bean." Coopai exported 5,693 metric tons of cocoa from October through July.

### **Prices fall as investors reduce risk**

guardian.co.uk, UK

By Clare Black

September 15 2008

LONDON, Sept 15 (Reuters) - Commodity markets came under pressure on Monday as mounting turmoil in the U.S. banking industry triggered a retreat from risk, although gold initially attracted some safe-haven buying

Oil fell below \$100 to near seven-month lows, some base metals slid by as much as 8 percent and agriculturals weakened.

As Lehman Brothers A weaker dollar could potentially trigger fresh investor demand for commodities although analysts said the next few days would be dominated by risk reduction across financial markets. "Market moves will have little to do with fundamentals and relationships between assets and asset classes may break down, as positioning will probably dominate trading," John Reade, UBS' commodities strategist said.

Gold initially jumped by some 2.5 percent to over \$784 an ounce from Friday's nominal close in New York before faltering. Prices were climbing from a second day, recovering from last Thursday's tumble to an 11-month low of \$736. Bullion was last at \$775.60 an ounce, while silver gained to \$10.85 versus \$10.55 on Friday and off from an earlier high of \$11.15. Platinum and palladium fell heavily, losing nearly 3 and 5 percent respectively.

Analysts said gold, often considered by investors as a haven in times of trouble, had not performed as strongly as could be expected given the turmoil across markets. "Gold reacted positively to begin with, but it hasn't really lasted," said Stephen Briggs, commodity strategist with RBS Global Banking and Markets. "It has had no extra benefit from the risk aversion that this should trigger and went up a little bit purely because the dollar went down a bit."

Worries that U.S. banking problems will spread to Europe kept the euro from making strong gains against the dollar. As Lehman's saga reached a crescendo, traders feared other problems may still lurk on Wall Street. Insurance giant AIG was reported to be seeking around \$15 billion in extra capital to stave off ratings downgrades.

### **CRUDE OIL BELOW \$100**

Oil prices extended their decline, having slid one-third from a record high over \$147 in July as weakness in the real economy and uncertainty in the financial markets curtailed demand from both oil consumers and investors. The October delivery for U.S. light crude fell \$5.25 to \$95.93 a barrel by 1111 GMT.

Oil firms rushed to their offshore facilities and coastal refineries to check for damage on Sunday after Hurricane Ike's direct hit on the Houston energy hub left a quarter of U.S. oil and refined fuel production idled and millions without power. Early reports indicated little or no severe damage to infrastructure -- signalling a possible quick recovery to production -- but firms warned that supply problems were likely in the near term. "The market is waiting for more news on the extent of the damage before making their next move," said Gerard Burg, a commodities analyst at the National Australian Bank. "(It) will also be looking at the failure of talks to rescue Lehman as that might darken the economic outlook and weaken energy consumption."

That had a knock-on effect on industrial metals, reflected by sinking prices on the London Metal Exchange and sharp falls in mining stocks. Copper fell over 4 percent, while some of the lesser traded metals, like zinc lost 8 percent. "It's going to be unpredictable, erratic and choppy," said analyst Robin Bhar at Calyon. "(It is) a shock to have two banks literally disappear." "People are wondering what kind of implications this will have for financial markets...The uncertainty will linger, and while that's happening, people will back away from doing too much."

Lack of demand from China, rising inventories and worries over the health of the global economy have helped depress metals in recent weeks. The LME said it had declared Lehman Brothers a defaulter and suspended it from trading on its electronic trading system.

U.S. December corn futures fell by 2.4 percent to \$5.49-1/2 per bushel, erasing earlier gains. Front month corn has lost a quarter of its value since hitting a record of \$7.65 in June when floods threatened output. Sugar, coffee and cocoa futures in London and New York also weakened in line with heavy losses in other commodity markets.

### **SOFTS-Markets pulled down by crude, U.S. bank crisis**

By David Brough

15.09.08

LONDON, Sept 15 (Reuters) - A sharp drop in oil prices and turmoil in the U.S. financial system depressed soft commodity futures on Monday but prices partly recovered in late trade with focus on expiry of the benchmark white sugar futures contract.

"Suspend (thinking about) individual commodity fundamentals here and think the big macroeconomic picture," said Lars Steffensen, managing director of London-based commodities fund Ebulio Capital Management. "There was an order that went out to the big desks to reduce risks."

He was referring to investment fund sales, which touched off pre-placed computer sell orders after news that U.S. investment bank Lehman Brothers (nyse: LEH - news - people ) filed for bankruptcy protection, underscoring fears that economic turmoil would deflate demand for soft commodities.

Raw sugar futures sank to their lowest level in 11 weeks and later clawed back ground.

ICE October raw sugar futures fell 2.9 percent to stand at 12.00 cents a lb at 1525 GMT, while London October white sugar futures were down \$6.3 or 1.7 percent to \$365.2 a lb in light turnover of 1,819 lots.

The white sugar market focused on expiry of the benchmark October white sugar futures contract on Monday.

One dealer estimated that some 60,000-80,000 tonnes could be delivered against the tape.

LIFFE will announce the final delivery tonnage on Tuesday.

Most-active December sugar was down \$10.7 or 2.8 percent to \$375.30 a tonne in volume of 3,493 lots at 1544 GMT.

Global financial markets were shaken to their core on Monday after Lehman Brothers filed for bankruptcy protection and rival Merrill Lynch (nyse: MER - news - people ) agreed to be taken over.

Dealers said that the U.S. banking crisis had increased nervousness in the commodity markets.

"Some clients (of Lehman and Merrill Lynch) might have to liquidate, or find an alternative clearer," one futures trader said.

As well as worries over the U.S. banking sector, a drop in oil prices dragged on the commodities complex including softs.

Oil plunged \$4 on Monday as investors fled to safer havens due to turmoil in the U.S. financial system and on early signs Hurricane Ike had spared key U.S. energy infrastructure.



Dealers said the sharp drop in oil prices weighed heavily on sugar futures, due to a possible link between the price of crude and demand for alternative sugarcane-based ethanol biofuel.

Dealers noted that a large near-term physical supply of sugar overhung the market, pressuring prices lower in the near term.

The grim mood in financial markets also fed through to investor and fund selling in coffee and cocoa futures, with volumes picking up sharply in the late morning, dealers said. London November robustas were down \$7 or 0.3 percent to \$2,144 a tonne in brisk volume of 6,575 lots at 1520 GMT, while ICE December arabicas were down 1.3 cent or one percent to \$1.3790 a lb.

ICE December cocoa was down \$10 or 0.4 percent to \$2,570 per tonne, and London December cocoa reversed early losses to stand at 1,488 pounds, up 6 pounds or 0.4 percent, at 1522 GMT. (Additional reporting by Agnieszka Flak in London; editing by Peter Blackburn)

#### **Scientist says ag costs continuing to rise**

Sep 15, 2008

WEST LAFAYETTE, Ind., (UPI via COMTEX) -- A U.S. agricultural economist is forecasting a continuation of rising costs for such farm commodities as fertilizer, seed genetics, energy and land costs.

"The cost of growing corn, soybeans and wheat increased dramatically for the 2008 crop and substantial increases are expected again for the 2009 growing season," said Bruce Erickson, director of Purdue University Extension Cropping Systems Management. "Our preliminary budgets, based on an assessment of the seed, chemical and fertilizer industries, show variable costs for rotational corn increasing by 29 percent, compared to 40 percent for soybeans and 39 percent for wheat."

For the 2009 crop, potash prices could exceed \$900 per ton, anhydrous ammonia more than \$1,000 per ton and diammonium phosphate around \$1,100 or more per ton, Erickson said. Preliminarily, those numbers translate to fertilizer costs of \$200 per acre for corn and more than \$100 per acre for soybeans.

"We're seeing fertilizer prices skyrocket, primarily because worldwide market prices for crops are high, which increases the demand for fertilizers," he said. "The higher market prices are not only causing an influx of demand for fertilizers, but adding value to seed genetics and precision ag technology in the form of increased yields."

#### **Mintel Expects Strong "Sin Stock" Markets During Economic Downturn**

MarketWatch –

16 Sep 2008

CHICAGO, Sep 16, 2008 (BUSINESS WIRE) -- A five-star restaurant might be out of the question, but a nice bottle of wine at home? Definitely. In spite of--or maybe because of--tough economic times, many Americans are clinging to their smallest, most indulgent pleasures.

New research from Mintel shows market sales for chocolate, cigarettes and alcohol strong and steady. Historically, these "sin stocks" have performed well during times of economic recession. "Chocolate, cigarettes and alcohol again seem relatively recession-proof," comments Marcia Mogelonsky, senior analyst at Mintel. "People might be cutting back or switching to store-brands, but they definitely aren't giving up their small daily indulgences."

Mogelonsky points out that most Americans can still afford chocolate, cigarettes and alcohol, no matter how much their finances have been cut. "Because people are being so cautious with their spending, they feel they are entitled to small rewards and they won't give them up easily."

#### **Chocolate**

The sweet tooth does not seem to be connected to the finance bone. Mintel shows the chocolate market growing quickly, with retail sales rising 22% from 2002 to 2007 (to \$16.3 billion). Innovative, dark and premium chocolates are extremely popular, so Mintel expects Americans to continue indulging in this favorite treat. The market research firm predicts 4% annual sales increases each year for the next six years.

### Cigarettes

A common vice, many smokers aren't kicking the habit, even as prices continue to rise and health warnings abound. Cigarette and tobacco product sales increased 44% from 2003 to 2007 (to \$103 billion), according to Mintel. As price and tax increases continue to take hold, Mintel projects that the cigarette and tobacco market will grow 28% through 2011 (to \$132 billion).

### Alcohol

Motivated by high gas prices and expensive bar tabs, more Americans are opting to drink at home. But that doesn't mean they're drinking less. New research from Mintel reveals the market for at-home alcohol is expected to reach \$77.8 billion in 2008, a 32% increase from 2003. Mintel expects both in-home and out-of-home alcohol sales to rise steadily in coming years.

History seems to be repeating itself, as the "sinful" chocolate, cigarette and alcohol markets remain steady and robust. Mintel notes a sharp contrast to other food, beverage and leisure categories, which struggle as gas prices rise and the economy stumbles.

About Mintel

Mintel is a leading global supplier of consumer, product and media intelligence. For more than 35 years, Mintel has provided insight into key worldwide trends, offering unique data that directly impacts client success. With offices in Chicago, London, Belfast, Sydney, Shanghai and Tokyo, Mintel has forged a unique reputation as a world-renowned business brand. For more information on Mintel, please visit [www.mintel.com](http://www.mintel.com).

### **Oh Brother! Lehman hits commodities too**

Commodity Online, India –

16 Sep 2008

NEW DELHI: The impact following the collapse of two giant financial institutions in the US has not spared the commodity markets. In fact, it has hit the commodities sector hard.

Lehman Brothers Holdings Inc., the fourth-largest US investment bank, filed for bankruptcy on Monday and the cascading effect of that left global markets bleeding across several continents. Following the bankruptcy application, Lehman Brothers was suspended from energy and commodities trading in London. The LME trades copper, aluminum, zinc, nickel, tin, lead, steel and plastics. The bank used to invest heavily on commodities and once the funds moved out of the commodities markets, the tremors were felt across markets in India, China and European countries.

The London Metal Exchange, the world's largest copper bourse, the Liffe commodities exchange, and Intercontinental Exchange Inc's ICE Futures Europe, part of the second biggest energy exchange, all suspended Lehman. LCH Clearnet Group Ltd, which clears trades, declared Lehman's European subsidiary a defaulter. Lehman was forced to file for bankruptcy after two suitors, Barclays Plc and Bank of America Corp, abandoned takeover talks.

So, the credit crunch in the US has also hit the commodities sector also. The firm's value-at-risk to commodities, a measure of how much the bank estimates it could lose, averaged \$15 million a day in the quarter ended August 31, compared with \$12 million in the previous quarter.

Lehman is a category 2 member of the LME and eligible to issue and clear contracts. It can't trade on the floor of the exchange. It was suspended from trading on the bourse's select electronic platform. The firm can still trade by phone but each trade has to be approved by PricewaterhouseCoopers LLP, which is handling the winding down of the business. Lehman has suspended almost all market activity. The company will sell its portfolio of greenhouse-gas credits as early as next week.

Intercontinental Exchange suspended Lehman's access to its ICE Futures Europe trading facilities. The exchange trades Brent crude oil, gasoil and other energy futures. Lehman also trades emissions on ICE.

Liffe has commodities trading in coffee, sugar, cocoa in London, and wheat and rapeseed in Paris.

However, the London Bullion Market Association doesn't expect any effect from the bankruptcy of Lehman. The LBMA, representing the wholesale gold and silver market in London, has 57 ordinary members this year, up from 55 last year and 52 in 2006.

## **I.Coast cocoa prices mixed on quality, turmoil**

Reuters Ghana, Ghana

By Loucoumane Coulibaly

16 Sep 2008

ABIDJAN, Sept 16 (Reuters) - Cocoa farmgate prices in Ivory Coast's main growing areas were mixed during the last week, hit by poor quality and a paralysis of exports but supported by decent size and competition, farmers and exporters said. Some farmers are selling parts of their stocks to pay for equipment for the new school year, but warned on Tuesday that prices were falling as some merchants were reluctant to buy at a time when exports were frozen administrative chaos in the sector.

The world's top cocoa grower is just two weeks away from the launch of the 2008/09 marketing season. But the sector has been thrown into chaos by corruption allegations, a power struggle amongst administrators and an indefinite strike by some staff at the Coffee and Cocoa Bourse (BCC), which has paralysed the registration of exports.

For the six consecutive week, price data from the BCC was not available. Benchmark U.S. cocoa futures <CCZ8> closed firm on Monday, up \$47, or 1.8 percent, at \$2,607 per tonne.

In the western region of Meagui, farmers complained that merchants had cut back on buying due to the export chaos. "The prices have plummeted in the bush," said farmer Innocent Zamble. "The merchants say that the exporters have stopped buying because they can no longer export." "If your farm is near the road, they buy at around 300 CFA francs (\$0.650) per kilo. When you are far away they pay between 200 and 250 per kilo while at the end of August farmers were selling for between 350 and 375 francs per kilo," he added.

The purchasing manager of a European export company said volumes were up but farmers were losing out due to quality. "Cocoa is coming out but the quality is not yet good," he said. "There is a lot of moisture in the deliveries because it is raining a lot in the interior."

The exporter was optimistic that the quality would improve with drier weather. But farmers said earlier on Tuesday that, contrary to usual patterns, rain had returned to many of Ivory Coast's main growing areas, re-igniting concerns about black pod disease.

Prices remained stable around 300 CFA francs per kilo in the centre-west region of Daloa, which produces a quarter of Ivory Coast's national output. "Farmers have sold part of their stock to pay for costs of the new school year. But they are waiting for the new prices in October to start selling in high volumes," said farmer Magloire Gnankan.

The western region of Soubre also saw increased activity, with competition and good quality and size of beans pushing prices far beyond the 350 francs per kilo seen two weeks ago. "Lots of cocoa is coming out and the competition has pushed the price up to 400 or 425 francs per kilo. There are even some farmers negotiating for 450 francs per kilo," said farmer Lazare Ake. *(For full Reuters Africa coverage and to have your say on the top issues, visit: <http://africa.reuters.com/>) (Writing by David Lewis; Editing by Daniel Magnowski)*

## **ICCO sees fall in cocoa demand growth**

Reuters South Africa, South Africa

By David Brough

19 Sep 2008

LONDON (Reuters) - A senior official with the International Cocoa Organization (ICCO) said on Friday he expected global cocoa demand growth to fall to below 2 percent year-on-year in 2008/09, due to the economic downturn.

In the last 3-to-5 years, global cocoa demand growth had been running at an annualised rate of around 4 percent, said Jean-Marc Anga, director of the London-based ICCO's economics and statistics division. "We anticipate demand to be not negative, but to grow at a much slower pace," Anga told Reuters in an interview on the sidelines of the ICCO's executive committee meetings.

Anga referred to disappointing grindings in the United States and Europe. "The (ICCO) Secretariat estimates that the reduction in global economic growth and the increase in the price of cocoa beans and, ultimately, of chocolate products, will have a negative impact on consumer demand for chocolate products and, therefore, on

demand for cocoa beans," he said in a presentation to the executive committee behind closed doors. He told Reuters that world cocoa grindings were likely to increase by some 1.5-1.7 percent in 2008/09, and "certainly below 2 percent". He said the ICCO was sticking to its recent forecast for a global cocoa surplus of 71,000 tonnes in 2008/09, after a deficit of 88,000 tonnes in 2007/08. The ICCO's cocoa year runs from October to September.

Anga talked of serious concerns over the impact of vascular-streak dieback (VSD) disease in Indonesia, the world's third largest cocoa producer after Ivory Coast and Ghana, but said he was hopeful it would recede. "We have reason to believe that the VSD situation will improve," Anga said. Indonesia is not a member of the ICCO.

Anga also talked of concerns over cocoa swollen shoot virus affecting the main crop in Ivory Coast, but said it was not possible to quantify the impact of the virus on output. "We have more concerns over the spread of swollen shoot," he said.

### **Mars U.S. Reaffirms Commitment to Pure, Authentic Chocolate**

Source: Mars, Inc.

19/09/2008

Hackettstown, N.J., Sept. 19 - Mars Snackfood U.S. announced today that it is reaffirming its industry-leading announcement made last year to use only 100% cocoa butter. The company said that it refuses to "lower the bar" on chocolate and pledged to continue to make pure, authentic chocolate with 100% cocoa butter for its U.S. chocolate products.

The chocolate leader took a firm stand last year by opposing changes to the standard of identity for chocolate that would allow manufacturers to make chocolate with cocoa butter substitutes and still call it "chocolate." "Mars U.S. chocolate products are pure, authentic chocolate and they're going to stay that way," said Todd R. Lachman, president, Mars Snackfood U.S. "We simply won't compromise the purity and authenticity of our chocolate by diluting it with a cocoa butter substitute. This company was built on quality -- it's one of our core principles -- and we will not lower the bar on chocolate quality."

Cocoa butter is one of the key defining ingredients in chocolate, providing the signature creamy taste and melt-in-your-mouth texture. "At Mars, the consumer is our boss, and American consumers are passionate about chocolate. They don't want anyone to change the chocolate they've enjoyed for generations," said Lachman.

### **Hershey's Chocolate Swaps Cocoa Butter for Vegetable Oil**

WJACtv.com, PA

September 19, 2008

NEWSVINE: Hershey's Chocolate Swaps Cocoa Butter For Vegetable Oil] [DELICIOUS: Hershey's Chocolate Swaps Cocoa Butter For Vegetable Oil] [DIGG: Hershey's Chocolate Swaps Cocoa Butter For Vegetable Oil] [FACEBOOK: Hershey's Chocolate Swaps Cocoa Butter For Vegetable Oil] [REDDIT: Hershey's Chocolate Swaps Cocoa Butter For Vegetable Oil] [RSS] [PRINT: Hershey's Chocolate Swaps Cocoa Butter For Vegetable Oil] [EMAIL: Hershey's Chocolate Swaps Cocoa Butter For Vegetable Oil]

The high cost of just about everything has forced America's No. 1 chocolate maker to swap one of its key ingredients to something cheaper. A check of Hershey's wrappers shows the company has removed cocoa butter from many of its candies and replaced it with less expensive vegetable oil. Cocoa butter is what gives chocolate its creamy flavor. Critics said it may save the company money, but it also cost the products their distinctive taste.

### **Exports to the US to be Reduced 20 percent**

Tempo Interaktif, Indonesia

19 September, 2008

TEMPO Interactive, Jakarta: Indonesian Chamber of Commerce & Industry (KADIN) predicted Indonesia's export to the US will be reduced by 20 percent by end of 2008, because of the economic crisis in the US. "The government cannot expect to export more to the US," said KADIN's head, Hidayat, yesterday.

Hidayat said the entrepreneurs plan is to alter exports from America to countries in Asia, South Africa, and the Middle East, especially textile commodities. "Textiles will be exported to Japan and Africa," he said. However, the commodities that can still be exported to the US are from the agricultural sector.

Hidayat said the crisis in the US will not influence much in Indonesia. Compared to the economic crisis in 1998, Indonesia has a strong fundamental economy. Entrepreneurs believe Indonesia's economy will not be devastated.

Meanwhile, Secretary General for the Indonesian Textile Association Ernovian G Ismy said they will expand their market to Latin America, Africa, and South East Asian countries. "We do not think it is necessary to change our market from America," he told Tempo. America has been the main market for Indonesian textiles besides countries in Europe and Japan.

The Secretary General for the Indonesian Cacao Association Zulhefi Sikumbang said America has stopped buying cacao from Indonesia in the last three months due to the American economic crisis. "They reduced their purchasing," he said.

Indonesia has been exporting 80,000 tons of cacao and its products to America. America is the second largest importer of cacao. However, Zulhefi said the cacao industry in Indonesia is not in a dire situation although America has stopped importing. "We still have other markets with good prices," he said.

Head of the Electronic Industries Association Rahmat Gobel agreed the exports to America will be reduced by end of this year. The electronic products exported to the US are components for video, television, and cameras. Rahmat said the market will be diverted to Europe and the Middle East.

### **Confectioners have a sweet turn**

by Rabin gupta

Peninsula On-line, Qatar /

19/09/2008

DOHA • Qatar has developed quite a sweet tooth as data show the market for sweets and confectionery grew by 23 percent in 2007, just behind Saudi Arabia, which registered a 24 percent increase.

Over the last three years, the Middle East market has grown by 15 percent, making the region a target for exporters from around the world. They will get an opportunity to strut their stuff at 'Sweets Middle East 2008', to be held over three days beginning November 3.

Recognised as one of the top ten markets for confectionery products, with a high per capita consumption of chocolate in particular, markets in the Middle East are booming when it comes to the consumer confectionery category. 'Sweets Middle East' is the only dedicated trade show in the region aimed at supporting the increasing levels of sophistication and specialisation across the sweets, confectionery, bakery, snack food and ice-cream industries and will welcome international suppliers seeking business development in this part of the world.

The event is being co-organised by Dubai World Trade Centre. "We are seeing paramount interest from international exhibitors for the second edition, who are looking to meet key Middle East distributors and manufacturers," said Joanne Cook, Industry Group Manager (Exhibitions & Events Management) at DWTC.

IFFCO, a leading FMCG company, with a strong regional presence, has renewed its platinum sponsorship for this year's event. IFFCO will showcase several of their brands at the event, which include London Dairy and Igloo ice-cream, Tiffany biscuits, chocolates, confectionery, snacks and beverages as well as CHOCO TOM biscuits.

"With 30 countries already confirmed to participate, 'Sweets Middle East 2008' is set to attract key local and international manufacturers as well as sweets and confectionery associations who view the trade show as a highly successful platform to enter the Middle East market.

Cyprus and Malaysia are set to increase their profiles at this year's event and have confirmed national pavilions to host their respective local brands and products. These two new national groups join last year's line-up of national pavilions that include Belgium, Egypt, France, Germany, Italy, Turkey and the US.

For the first time, 11 Malaysian exhibitors will participate and are supported by the Malaysian Cocoa Board. For regional companies like IFFCO that have manufacturing facilities in Malaysia, the exhibition offers an ideal platform to meet existing clients, vendors and potential clients in one place. The exhibition will also feature

leading industry players, such as Salehia (Saudi Arabia), Seham (Syria), United Foods (Saudi Arabia), Perfetti van Melle (Belgium) and Wrigley (US/UAE).

### **Vietnam plans ‘major’ drive to boost cocoa exports**

Thanh Nien Daily, Vietnam

September 19, 2008



Le Hong Hanh, a farmer in Ben Tre Province's An Khanh Commune, in her cocoa plantation.

**Vietnam, the world's second-largest shipper of coffee and rice, plans to expand output and exports of cocoa to take advantage of a global supply shortfall and rising prices.**

“Vietnam has a chance to emerge as a major supplier,” Tong Khiem, a government official who is head of the Cocoa Steering Committee, said in an interview Sunday. Output may rise to 90,000 tons by 2015 from just 360 tons at present, according to a state plan and estimates from Khiem.

Increased supply from Vietnam may offset a shortfall from Indonesia, the world's third-largest producer, which forecast last week that output may plunge due to crop disease. The global cocoa deficit may reach 88,000 metric tons in the season ending next month, the International Cocoa Organization said on August 21. “The crop is good for farmers to increase their income and Vietnam to earn more from exports,” Khiem said. Prices of the chocolate ingredient “have spiked in the last two decades as world demand is increasing and supply is running short.”

Cocoa futures on ICE Futures US, the former New York Board of Trade, reached US\$3,290 a ton in July, their highest in at least 20 years. The most-active contract gained 0.8 percent to close at \$2,560 a ton on September 12.

#### **Coffee, cashew successes**

Vietnam, which imported rice until the late 1980s, is now the world's second-biggest exporter of the product after economic reforms, including policies allowing private ownership, encouraged output. The nation, the biggest grower of cashews and second-biggest coffee producer, may repeat its success with cocoa, said Khiem, whose committee coordinates cocoa development in the provinces.

The country's cocoa-development of Agriculture and Rural Development, forecasts a six-fold expansion of cocoa to 60,000 hectares (24,700 acres) by 2015, yielding 90,000 tons. Of the total production, about 52,000 tons may be exported.

By 2020, 140,000 tons may be produced on 80,000 hectares, with about 108,000 tons for export, the strategy says. At present, the country has about 10,000 hectares under cocoa and exported 240 tons from a total dry production of 360 tons, according to Khiem. “Vietnam's cocoa exports are in a trial period,” he said from the Hanoi capital.

The development plan “is ambitious but Vietnam is dedicating resources to make it happen,” said Dinh Hai Lam, country representative for Vietnam for Washington-based ACDI/VOCA, a private nonprofit organization that has been promoting cocoa production in Vietnam since 2003.

#### **Production hubs**

“The ecology in the Central Highlands and the Mekong Delta is highly favorable for cocoa plantations,” Khiem said. The delta in the south is Vietnam's main rice-and fruit-growing region and the highlands are the main center for coffee.

Increased cocoa exports may help Vietnam narrow a widening trade deficit, which more than doubled in the first seven months from the same period last year. Vietnam's government is also battling the highest inflation in



more than 16 years, which has eroded incomes. "Farmers are enthusiastic about cocoa as the trees can be planted together with other crops on the same plot," according to Pham S., deputy director of the Lam Dong provincial Department of Agriculture and Rural

#### **Ivorian San Pedro cocoa arrivals 578,616T Sept 14**

Reuters Ghana, Ghana

by Ange Aboa

20 Sep 2008

ABIDJAN, Sept 20 (Reuters) - Cocoa arrivals at Ivory Coast's port of San Pedro reached 578,616 tonnes from Oct. 1 to Sept. 14, according to data from the Coffee and Cocoa Bourse (BCC) obtained by Reuters on Saturday. That compared with 506,505 tonnes delivered to the port during the same period of the 2006/07 season, the data showed.

The figures showed 5,230 tonnes arrived at San Pedro port in the week of Sept. 8-14, down from 13,889 tonnes in the same period of the 2006/07 season. Data for the port of Abidjan was not immediately available. (For full Reuters Africa coverage and to have your say on the top issues.

#### **Chocolate Shea Butter Controversy**

*Did you know that fine rich European Chocolates are often made with Shea Butter?*



In Europe and Asia, substituting cocoa butter with vegetable oils such as Shea Butter has been going on for the past 30 years. Now in the US, it's been less than a year since the debate started but chocolate manufacturers would like to do what their European and Asian counterparts have been doing for years.

Some chocolate companies say that's unthinkable however others are in favor of this saying that this will reduce the costs for both them and the consumer. Both the Chocolate and Grocery Manufacturers Associations are behind the proposed changes and insist there will be clear labeling.

Currently, the Food and Drug Administration does not allow manufacturers to use Shea Butter in the United States a cocoa-butter substitute. For more information about this battle please visit the Chocolate Manufacturers Association (CMA) website which has served as the premier trade group for manufacturers and distributors of cocoa and chocolate products in the United States since 1923. <http://www.chocolateusa.org/>

#### **Promotion**

##### **Dark chocolate enjoys fastest confectionery market growth**

*Chocolate of all types remains the most popular confectionery flavour – but dark chocolate is the fastest growing.*

HousewaresLive.net, UK –

15 Sep 2008

Our love affair with dark chocolate is growing

The new Future Flavor Trends in Food report from Business Insights reveals that last year variations on chocolate dominated the top 20 flavours within product launches. Traditional fruit flavours, along with mint, nuts, cream, caramel and vanilla also featured.

However, when it comes to growth rates, dark chocolate tops the list, followed by wafer, hazelnut, peppermint, mango, marzipan, licorice, bitter chocolate, spearmint and cranberry.

At the other end of the scale, milk chocolate is losing most ground. Others on the list of the 10 fastest-decreasing flavours are peanut butter, sour, grape, white chocolate, cherry, fruit, blue raspberry, strawberry and praline.

The report says that the confectionery market appears to be moving towards mature and adult flavours and away from those aimed at children. This may be based on a desire to reduce dependence on the children's market because of the ethical issues connected with it.

## **Selling TT cocoa to the world**

Trinidad News, Trinidad and Tobago

By Odette Loney

September 18 2008

Stephan Saunders knows the potential of the cocoa industry.

President of the Cocoa and Coffee Marketing Corporative Society (CCMCS), Saunders vouches for the quality of cocoa grown in Trinidad. CCMCS was established in 1998 at Lot 10, Frederick Settlement, Caroni under the Ministry of Labour to act as an agent for the Cocoa and Coffee Industrial Board of Trinidad and Tobago (CCIBTT).

Saunders is also the director of CCIBTT which is made up of 35 agents. In his heart, Saunders is a cocoa farmer who is passionate about cocoa-based exports. Saunders markets his cocoa products under the "Exotic Caribbean Mountain Pride" label. "We produce chocolate for drinking, cocoa soaps, butters and cream," said Saunders. Saunders' drinking chocolate is made in Tamana.

Saunders, 36, has his own estate in Five Roads, Tamana, where he grows various crops. He and his brother Nigel plant 35 to 45 acres of cocoa, coffee, bananas, citrus, breadfruit and chataigne. Saunders said the estate is divided into three sections, however it is predominantly a cocoa-producing plantation. Saunders said local beans have a fine flavour and premium quality. "Cocoa beans from this country are like Angostura Bitters, they are used to flavour the world," he said.

Local cocoa and coffee beans are exported to Japan, France, Italy and England. According to the CCMCS president, this country also markets to Caribbean countries such as Grenada, Jamaica and Ecuador. Saunders boasts that Trinidad cocoa is number one across the globe. Since cocoa export is on the front-burner for Saunders, he went ahead and formed his own cottage industry.

Saunders said that people have never seen other cocoa products such as sugar, oil and fats. This is because cocoa production in this country has declined over the last few years. "Most practicing farmers are between 50 to 60 years of age. Therefore we are on a drive to boost cocoa production by encouraging young people to get involved in cocoa farming," said Saunders.

Because of this, CCIBTT ensures that cocoa and coffee farmers get all their profits. The non-profit organisation buys wet and dry cocoa and coffee beans from 1,500 registered farmers and Saunders said CCIBTT takes responsibility for fermenting cocoa to ensure the uniformity and quality of the beans. He explained that wet cocoa is about 60 percent water, so farmers are paid per kilogramme up-front. Afterward a "cess payment" is given due to wet to dry conversion. At the end of the year a bonus payment may be given as well. "Once farmers can harvest their beans they can get their cash up-front," said Saunders.

The Agricultural Development Bank (ADB) also gives loans to young farmers who are interested in cocoa production. Saunders sees the future of cocoa production in the hands of our youth. Saunders is so confident about Trinidad cocoa that he is seeking ways to launch his products globally. One such opportunity is the Food and Beverage Seminar in Miami Florida which will run from September 28 to 29. Saunders "cocoa tea" pods will be on display, along with hot beverages for public tasting.

However, Saunders said it will take a while for his products to be registered internationally. "The products must be certified by the American Food and Drug Administration (FDA). This is what will take up the time because you have to meet FDA standards." "My products are ready for export," said Saunders.

## **Award-winning Michel Cluizel prepares for its first chocolate brand showcase at Cannes**

MoodieReport, UK

By Melody Ng

20/09/08

FRANCE. Chocolaterie Michel Cluizel will make its debut at the TFWA World Exhibition next month showcasing its full range of gourmet chocolate products, including award-winning coffrets and gift boxes (Stand number: Marine Village S5).

In the spirit of sustainable fair trade, the French family-owned chocolate company develops close relationships with cocoa growers in South America, Africa and Oceania.

The Michel Cluizel brand is exported to more than 30 countries and sold in speciality retail and gourmet boutiques. The company, which has a showroom in Paris and shops in New York, London and Riyadh, now has travel retail firmly in its sights.

In co-operation with Star Duty Free, its agent for Asia Pacific travel retail, the brand launched at the chocolate concessions managed by Eastern Duty Free (EDF Group) at Duty Free Philippines earlier this year and is in negotiations with other retailers in the region.

Chocolaterie Michel Cluizel is also a partner of Air France Business Class in which a ballotin of four chocolate candies was specially designed and themed with 'Chocolat Michel Cluizel' colours.

Among the company's products displayed to travel retail buyers at Cannes will be:



The new 300g coffret contains 25 praline and ganaches macaroons, available from October to mid-January 2009

Coffret of 25 macarolats (chocolate macaroons)

The new 300g coffret contains 25 praline and ganaches macaroons, thin dark chocolate shells filled with crunchy praline and caramel, coffee and Los Ancones (St Domingue) ganaches.

The macaroons are displayed in an elegant box with a transparent window for maximum visibility and are available

from 1 October 2008 to 15 January 2009.

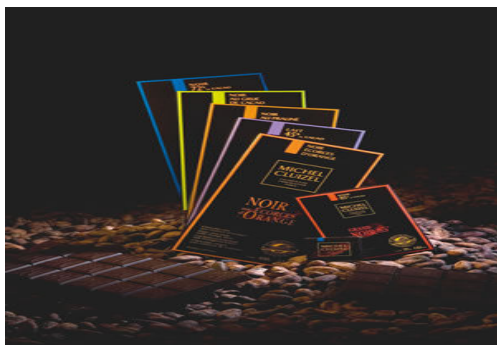
Festif Ecrins gift boxes

For the year-end holiday season, Michel Cluizel has unveiled the Festif Ecrins box containing an assortment of dark and milk chocolate with different fillings: pralines, Gianduja, marzipan and ganaches.

The Ecrins are presented in wrapping paper with a golden ribbon, ideal for gifting during the Christmas and New Year celebrations, the company said.

These chocolates are mainly coated and decorated by hand and meet the Chocolate Bonbons Quality commitment which is said to guarantee chocolate bonbons free of vegetable fats (except for cocoa butter), added flavourings and soy lecithin. They are claimed to be exclusively manufactured with fruit pulp, ground coffee, real caramel and Bourbon vanilla pod, and are available from 1 October to 31 December 2008.

Tasting case of eight ganaches



Michel Cluizel's Les Grandes Teneurs en Cacao Collection including the Grand Noir 85% and Grand Lait 45% 100g chocolate bars;

In addition to these new products, the Cannes showcase will also feature the brand's distinctly packaged chocolate bars: Les Grandes Teneurs en Cacao Collection including the Grand Noir 85% and Grand Lait 45% 100g chocolate bars, as well as the 1er Cru de Plantation Collection available in a variety of sizes and gift boxes.

Michel Cluizel combines cream mildness and cocoa strength with these ganaches manufactured with 85% and 99% cocoa chocolate. The usual ganaches have a lower cocoa content of between 60% and 70%.

According to the company, 85% ganache reveals subtle cocoa hints that turn into a taste of mild butter and honey, while 99% ganache unveils full-bodied cocoa flavours which turn into a final hint of very mild honey.

The ganaches are presented in pocket-size cases and are available from 29 September 2008 to 30 June 2009.

The brand's main TFWA stand contacts are Michel Cluizel Export Manager Xavier Haudebourg, tel: +33 2 32 35 60 00, or e-mail: [export@cluizel.com](mailto:export@cluizel.com); and Star Duty Free Director Travel Retail/Asia Pacific Sharon de Alwis, tel: +852 8175 5685, e-mail: [sharon@stardutyfree.com](mailto:sharon@stardutyfree.com).

#### About Michel Cluizel



Founded in 1948, Michel Cluizel is one of the few cacaofèvres (cocoa bean processors) in the world. The French family-owned company develops close relationships with cocoa growers in South America, Africa and Oceania in the spirit of sustainable fair trade. The firm has a chocolate factory in Normandy creating chocolates used by more than 6,000 professionals for pastry, catering and candy-making worldwide. Cluizel is assisted by his four children and employs around 200 people.

Michel Cluizel chocolates contain no vegetable fat apart from cocoa butter (not even soy lecithin) and no added flavours or genetically modified organisms. Bourbon vanilla bean is used instead of vanilla extract and cane sugar replaces beet sugar.

Michel Cluizel chocolates are sold in more than 30 countries, from top class hotels and restaurants, to speciality retail and gourmet boutiques, department stores, airlines (corporate) and duty free shops. The company has a showroom in Paris and shops in New York, London and Riyadh.

Earlier this year, the Guild of Fine Food awarded two products with one star gold medals in its Great Taste Awards: both the Mangaro 100g dark chocolate bar and the Grand Lait 100g milk chocolate bar.

#### **M&M's, Dove Chocolate Support Breast Cancer Awareness**

CSNews Online, NY

22/09/08

Mars Snackfood US's Dove Chocolate and M&M's brand candies will offer consumers several ways to "go pink" and support Susan G. Komen for the Cure during Breast Cancer Awareness Month. Included in the effort are pink M&M's and a My M&M's special "Promise Blend," new pink Dove Promises of Hope and My Dove Personal Promises of Hope and an all-pink M&M's car in the NASCAR Sprint Cup Series.

Through the limited-edition chocolate candies, Mars Snackfood US will donate a minimum of 1 million dollars to aid Susan G. Komen for the Cure in their quest to save lives and end breast cancer forever. "Breast cancer continues to touch all of our lives as our friends, family members and associates battle this disease," said Michele Kessler, vice president, Mars Snackfood US. "We feel it's important for us to do our part to go pink during Breast Cancer Awareness Month to commemorate Susan G. Komen for the Cure in the fight against this deadly disease."

Limited-edition dark- and light- pink M&M's Milk Chocolate and M&M's Peanut Milk Chocolate Candies will be sold nationwide in stores in September and October. Both varieties are available in 14-ounce and 21.3-ounce bags. M&M's Racing is lending its support on the NASCAR track by featuring a limited-edition paint scheme on the M&M's No. 18 Toyota showcasing pink M&M's chocolate candies and the Susan G. Komen for the Cure logo. Current NASCAR Sprint Cup points leader Kyle Busch will hit the track in the specially themed pink car during the Bank of America 500 race on October 11 at Lowe's Motor Speedway in Charlotte, N.C. Through the support of M&M's brand products and now Dove brand products, Mars Snackfood US has been committed to the cause since 2003, raising more than \$4 million to help find the cures for breast cancer.

In other Mars Snackfood US news, Dove Chocolate brand is returning as the official chocolatier at the 60th Primetime Emmy Awards and Creative Arts Awards Governors Ball. To celebrate the Primetime Emmy's diamond anniversary, The Governors Ball will feature table favors -- a keepsake box filled with four new Dove Chocolate Large Bar flavors, including Cranberry Almond and Peanut Butter Toffee. The box will be covered in a silky fabric and tied with a pink satin ribbon so that attendees can slip the keepsake into their purse or jacket pocket as a souvenir from the special evening or steal a small indulgent moment for themselves. As an added bonus to help celebrate the Primetime Emmys' anniversary, models dressed in fifties-inspired attire will pass a selection of new Dove Promises.

## **Saskatoon company could revolutionize chocolate industry**

2002-07-26

Colin Campbell

It's best known as an exotic skin care product from West Africa, but future trade and refining of shea butter from the small, landlocked country of Burkina Faso could owe a lot to the efforts of a company in Saskatoon.

In 1999, scientists at the POS Pilot Plant – a private research facility in Saskatoon – along with colleagues in Burkina Faso started searching for ways to better process and clean shea butter. The research was part of a larger \$1.5 million Canadian-funded effort to improve the butter and nut trade in Burkina Faso – a country in West Africa about the size of Newfoundland.

### A substitute for cocoa butter

Shea butter is not only used as a skin moisturizer – increasingly, it's sought after by chocolate manufacturers as a substitute for cocoa butter. It's inexpensive, and helps keep chocolate from melting.

As a result, there's a growing international demand for shea butter. A product of the shea tree, it is one of the few plentiful and renewable wild resources in West Africa.

But in Burkina Faso, one of the poorest countries in the world, "there is really no shea butter 'industry' so to speak," says Pierre Zaya, an expert on the shea butter industry at the International Development Research Centre (IDRC) in Ottawa.

Most shea butter in Burkina Faso – about 95 per cent – is produced for local markets by rural women, says Zaya. Only the nuts are exported for use in the international market, going to places like England, Holland, Sweden, and Denmark.

### Towards a shea butter industry

Researchers in Saskatoon and Ouagadougou, the capital city of Burkina Faso, set out to change that, and help the country develop its own shea butter industry. The effort dates back to 1995, and a visit to Ottawa by the president of Burkina Faso. The previous year, President Blaise Compaoré made developing and commercializing shea nuts a national priority. To help develop a local shea butter industry, he turned to Canada, visiting two development agencies: IDRC and the Canadian International Development Agency (CIDA).

The agencies agreed to help, providing \$1.5 million in funding to projects aimed at modernizing the nut industry – from helping local scientists set up their own research plant, to providing mechanical presses for the rural workers. When the time came to develop a new refining process, the IDRC looked to Saskatoon's POS, says Rick Green, a head scientist with POS Pilot Plant.

### Improving processing

"The people in Burkina Faso collect (shea nuts) from the trees and do a crude extraction of the butter, so it has to be cleaned up. That's what we worked on – we helped them develop the process for cleaning up the butter," says Green.

Working with the African shea nut wasn't easy for scientists used to working with prairie vegetable oils, which are liquid at room temperature, says Zaya. "Here you've got a butter, which is liquid at above 35-40 degrees Celsius – at room temperature it's a solid."

A big challenge for the scientists was learning how to separate the butter into two phases – a liquid and a solid. The solid is used for chocolate, while the liquid part is used for cosmetics, like skin moisturizers. Currently only companies in Europe separate and sell the two products of the shea nut. This is the process Burkina Faso needs to take advantage of to build a shea butter industry in Burkina Faso, says Zaya.

The work at POS was one of the first steps. And it was a collaboration involving travel between Saskatoon and Burkina Faso, says Green. "We helped scientists in Burkina Faso set up so they could start doing their own research into processing the product."



### A new pilot plant

One of the key successes of the project is that there are now scientists in Burkina Faso who know how to process shea butter, says Zaya

"What we've done is just the beginning of the story," he adds. Burkina Faso still needs to break into the international market. There is not yet a huge production or a huge trade of shea butter, says Zaya.

Burkina Faso is now building its own pilot plant – a research plant that's a scaled-down version of a shea butter factory. The pilot plant will allow them to make samples to give to potential buyers.

It's evidence of the success of the projects, says Zaya. But the real reward, he adds, will come when Burkina Faso can use these new processes to sell its shea butter on the international market.

### For more information:

Pierre Zaya, Senior Program Specialist, Sustainable Use of Biodiversity, IDRC, 250 Albert Street, PO Box 8500, Ottawa, Ontario, Canada K1G 3H9; Phone: (613) 236-6163; Email: pzaya@idrc.ca

## **Research and Development**

### **Scientists from Mars seek cures**

*Candy giant's researchers explore health benefits of chocolate compounds*

Business Gazette, MD

By C. Benjamin Ford | Staff Writer

17 Sep 2008

Chocolate — miracle cure of the future?

It may sound too good to be true, but Mars Botanical of Rockville, the research division of candy giant Mars Inc., hopes to develop food products that will take advantage of research showing the potential health benefits from eating specially developed chocolates.

Those benefits could range from fighting cancer to improving blood circulation. "This has the potential to help people lead healthier lives," said company vice president Hugo Perez. The company employs about 25 people in Rockville, most of them researchers.

"Our goal is to have something on the market," he said.

What that might be and when it may be introduced to the market remains more tightly wrapped than a Mars candy bar. Two years ago, the candymaker created Mars Botanical to further its decades' worth of scientific research into chocolate and cocoa beans, Perez said.

In 2006, company researchers discovered a new method to isolate flavanols in cocoa to study the different compounds. Additional research in 2007 found that flavanol-rich cocoa could help improve blood flow to the brain and improve blood vessel functions. Research is still under way determining why different cocoa beans have different health benefits.

Harvard Medical School researcher Norman K. Hollenberg has studied the Kuna Indians of Panama, who are heavy consumers of cocoa, and discovered they have unusually low rates of hypertension and cardiovascular disease.

Panamanians on the mainland have a 1,280 percent higher risk of dying from heart disease than the island-dwelling Kuna Indians. In addition, the mainland Panamanians have a 630 percent higher risk of dying of cancer.

Last month, Mars Botanical brought food industry veteran Mary Wagner on board as general manager and chief technology officer. The company said in a statement that Wagner would be responsible for managing Mars Botanical, including the continued development of a sustainable supply chain for cocoa beans high in cocoa flavanol.



Wagner, who has spent more than 25 years in food industry research, was previously with E&J Gallo Winery studying the flavanol benefits of grapes and cocoa as well as overseeing consumer research. "The opportunity to work on this leading edge science, bringing some of these [research findings] to fruition for consumers while drawing on my previous flavanol experience, is what really energized me about this opportunity," Wagner said.

Mars Botanical also is studying naturally occurring beneficial plant compounds in tea, wine, nuts and some fruits and vegetables, Perez said. Wagner has a history of overseeing the development of popular food products. Before she joined Mars Botanical, Wagner was also chief technology and quality officer at Taco Bell Corp. when her team developed the Chalupa and the Grilled Stuft Burrito.

"Mary joins us during an exciting time in the food industry," said Harold Schmitz, chief science officer at privately held parent Mars of Mount Olive, N.J. "So much is being learned about the foods that we eat and the ingredients that make them up."

#### **Chocolate goes under the microscope:**

NCA SmartBrief |

09/18/2008

Mars Botanical, the research division of Mars Inc., is studying the health properties of cocoa in hopes of developing better-for-you chocolate products. The company also is researching the health-boosting compounds in tea, wine, nuts and some produce. Gazette (Gaithersburg, Md.), The (09/17)

### ***Environmental Issues***

#### **Returning rain stokes I.Coast cocoa black pod fears - Environ**

By Loucoumane Coulibaly

Sept 16, 2008

ABIDJAN, (Reuters) - Rain returned to many of Ivory Coast's main cocoa growing areas over the last week after a dry spell, farmers said on Tuesday, boosting concerns that humidity could encourage the spread of black pod disease. Downpours were reported in the west, centre-west and south, but farmers in the east and southwest said a mix of light showers and plenty of sun boded well for the crop.

Farmers in the world's top cocoa grower had welcomed a dry start to September, which is a crucial month for the development of the new harvest that officially starts on Oct. 1 each year. They hoped the sun would help curb the spread of black pod disease which exporters warned last month could lead to the 2008/09 main crop coming in 6-8 percent lower than in 2007/08.

The erratic weather is a further headache for the Ivorian cocoa sector, already hit by administrative chaos, strikes and corruption allegations ahead of the new marketing season. Ivory Coast's government has said it will suspend the existing industry administration structures pending wholesale reform.

Benchmark U.S. cocoa futures <CCZ8> closed firm on Monday, up \$47, or 1.8 percent, at \$2,607 per tonne. "It rained four times over the last week. These were heavy rains with not enough sun," said Marcel Aka, who farms outside Daloa, in the centre-west of Ivory Coast. "Normally there is lots of sun and a little rain in September. If we end up with these rains until the close of the month, we are doomed because it will bring black pod and prevent the drying (of beans)," he added.

Ivorian farmers have complained that the administrative chaos in the sector means they have not received the fertilisers and pesticides they need. However, Aka said farmers around him were doing what they could to find products to treat their crop.

A state agronomist in the southern region of Aboisso said the pods on trees were promising but also warned of the impact of the weather. "With these rains that never end we fear black pod as the farms are under thick shade," said Joseph Sagou.

In the western region of Bouafle, one farmer said the rain would not only affect the quality of the crop but it was also preventing the cocoa from getting to the market. "We've had three big rains. The roads have become

unpassable and we fear the cocoa will be stuck in the bush and rot," said Dongo Kouassi, who farms near Bouafle.

Only in the southwest and east were farmers happy. "We had four good rains and lots of sun. It is good for the pods," said Koffi Kouame from Soubre. "We are going to cut more pods than last year. The (main) crop will last long and be productive if the rain and sun continue until the end of October," he said.

Hot weather was reported by farmers for a second consecutive week in the eastern region of Abengourou, in a boost for the crop's development and for fighting black pod. (For full Reuters Africa coverage and to have your say on the top issues, visit: <http://africa.reuters.com/>) (Writing by David Lewis, Editing by Pascal Fletcher and Michael Roddy)

### **Climate change would affect food production-ISODEC Director**

Joy Online, Ghana

18 September 2008,

Bishop Akolgo, Executive Director of Integrated Social Development Centre (ISODEC), has warned that the effects of climate change would seriously affect food production in the country, if swift measures are not taken to marshal plans to overcome any eventualities in the near future.

The Executive Director made this observation in an interview with the Ghana News Agency in Bolgatanga, after a workshop organized by his outfit on how to develop a "Geo-reference Database" in one of the districts in the three Northern Regions for assessing hazards and monitoring their vulnerability levels.

Bishop Akolgo said crops including maize and cocoa would be seriously affected as a result of the climate change since they would not be resilient to the weather. He suggested the need for scientists to come out with innovative means to develop new crops that would be resilient to the weather and mentioned that cocoa, which was a major foreign earning crop for the country, could also be affected.

Bishop Akolgo asked farmers in the northern parts of the country to concentrate on farming millet and guinea corn, which was more resilient to the climate change. He expressed his worry about the carbon emissions from industries, set up by foreigners in the country, and called for a new technology and acceptable global practice to address them. He stressed the need for effective implementation of laws relating to the environment, citing neighbouring Burkina-Faso, where people who degrade the environment are prosecuted, which he said has helped the preservation of the environment in that country.

He deplored the situation where forest reserves were being depleted for charcoal and said it was necessary that the assemblies, and forest reserve related agencies in the country enforce their deforestation laws to stem the tide, adding that, the failure to re-plant trees has led to desertification in some parts of the country. Bishop Akolgo stressed the need for innovative measures to be put in place for every household to harvest and conserve rain water for use in the dry season especially in the three Northern Regions.

### **Others**

#### **Is the Bloodbath in Commodities Coming to an End?**

by: Matthew Bradbard posted on:

Seeking Alpha, NY

September 14, 2008

The bears are out of hibernation as we saw all asset classes including commodities have been hit hard in the last few months.

The CCI index which is comprised of 17 different commodities (cocoa, coffee, sugar, cotton, copper, platinum, silver, crude oil, corn, natural gas, wheat, soybeans, live cattle, lean hogs, heating oil, gold, and orange juice) is down 25% from its record high back in the first week of July.

This is staggering, because of the leverage in commodities this move translates to a much broader move. To me this has been a blessing, not in the short term because it has been painful for many commodity investors

including some of my clients, but what this correction has allowed is an entry to get long in a secular bull market.

The way I look at it is prices overshot on the upside and have now overshot on the downside. I don't know where the bottom will be, but we have started to test the waters again on the long side.

What I do know is that it's against the tide and that is reassuring because when everyone felt commodities could only go higher look at what happened.

Please view accompanied chart and notice that the 90 week moving average has served as solid support since the run higher in commodities began almost 7 years ago.

**Business big shot:**

Stanley Fink of ISAM

Times Online, UK –

14 Sep 2008

Stanley Fink returned to the high-octane world of hedge funds — after an absence of less than two months — when he became the chief executive of International Standard Asset Management (ISAM), a London-based commodities trader that specialises in gold markets.

The 50-year-old former Man Group boss, often nicknamed the godfather of hedge funds, joins forces with Lord Levy, the former Labour treasurer and personal envoy to Tony Blair, who becomes ISAM's chairman.

It is understood to be Lord Levy's first business appointment since he was caught up in the Government's cash-for-honours scandal more than two years ago. Lord Levy quit as Mr Blair's Middle East envoy when the former prime minister left office last year. Mr Fink retired as deputy chairman of Man, the world's biggest listed hedge fund manager, in July, after a career of more than 21 years. During this time, he transformed the firm into a FTSE 100 giant with assets of almost \$80 billion (£44.7 billion) and more than 4,000 staff.

Mr Fink, a hugely influential City figure who is also an active philanthropist, wants to increase ISAM's assets under management tenfold over the next five years. That would transform the gold fund, which at present runs about \$300 million, into a \$3 billion player that could quickly command respect in commodities markets.

ISAM, which has been generating annual returns of around 15 per cent, operates a macro fund, which trades fixed income, foreign exchange and equity indices as well as commodities.

Mr Fink, who stepped down as Man's chief executive last year, said that he had been attracted by the prospect of building up a relatively small firm, where he could get to grips with day-to-day problem-solving. He also said that commodities were where the smart hedge-fund money was heading. Funds that speculate on markets from cocoa to oil futures are not dependent on liquidity from investment banks, cash-strapped amid the credit crunch. Less than 10 per cent of ISAM's cash is used to put on positions, he said.

The Manchester-born Mr Fink, a law graduate, joins at a tough time for commodities speculators, some of whom have been caught out by fluctuations in the oil price and a market rally among companies exposed to the sector. Ospraie Management, a \$3 billion fund run by trader Dwight Anderson, was forced to shut its flagship fund this month after a series of bets went wrong.

**Cocoa farmers benefit under NPP**

Modern Ghana, Ghana

By The Statesman - The Statesman

16 Sep 2008

The Western Regional chairman of the NPP, Nana Owusu-Ankomah, has lauded President Kufuor's administration for its numerous interventions which have impacted positively on the cocoa industry. According to him, cocoa has and would always remain the bedrock of the Ghanaian economy and that any government which gave maximum attention to this industry should be commended for a good job done.

Addressing journalists in Takoradi last week, Nana Owusu-Ankomah noted that as a result of interventions like the mass cocoa spraying exercise, introduction of hi-tech fertilizers, sustained bonuses to cocoa farmers and the cocoa housing scheme by government, cocoa production has increased from the three hundred metric tonnes

produced annually to about eight hundred. Government's plan to make life more easier for the nation's cocoa farmers and their families by providing them with additional incentives such as free mosquito nets, solar lamps and bulbs would undoubtedly ginger the farmers to produce more.

The Western Regional Chairman of the NPP said recent increases in cocoa prices from GH¢75 a bag to GH¢120 coupled with prompt payment to farmers clearly demonstrated President Kufuor's deep concern for the industry.

Nana Owusu-Ankomah said by these interventions, President Kufuor had really honoured his pledge to cocoa farmers during the 2000 electioneering campaign that his government would bring the smiles back on their faces if voted into power. He recalled that the cocoa growing business was so bad during the NDC era that between 1999 and 2000 many frustrated farmers had to cut down their cocoa trees to cultivate teak, cola nut and oil palm. Those were the days when the 'Go Ahead' system of payment was at play where government took the produce of farmers and paid them at a later date.

He recalled that rich cocoa farmers also took advantage of the 'Ghana to Ghana' payment system to further enrich themselves by purchasing from their less privileged colleagues at a discounted rate and sold them later for maximum profit. The NPP Regional chairman said the situation is now different and, thanks to prudent management by government cocoa farmers are now paid regularly.

In his view, the opposition NDC which is always politicising the cocoa issue in the run up to the December election, has no moral justification doing so taking into account the fact that it failed as a government to give the industry the required face-lift.

According to Nana Owusu-Ankomah, there was no way that the NDC could have taken advantage of the current world market prices of cocoa to increase the price of the produce locally due to the low production witnessed under that government. Nana Owusu-Ankomah was however quick to add that the NPP would be able to implement these ideas if and only if it is retained come December, to enable the next president, Nana Addo Dankwa Akufo-Addo continue the good works of his predecessor. He said the next NPP government would among other things bring commercial and industrial electricity to cocoa growing areas and set up cocoa processing industries in all district capitals.

Fifteen out of the seventeen districts in the Western Region are cocoa producing areas with the Sefwi area, referred to as the northern part of the Region being the largest producer.

The ruling NPP currently has only three of the ten constituencies in this area but the party's regional chairman is optimistic that the story would be different after the December elections.

### **Chocolate leaves a bitter taste**

TVNZ, New Zealand

Source : AAP

Sept. 17, 2008



It is enjoyed by millions of connoisseurs around the world, but in recent years chocolate has started to leave an unpleasant aftertaste.

Canadian author Carol Off, whose book alerted readers to the ethical quagmire of chocolate consumption when it was released two years ago, is currently in Australia to talk up the topic. Her book, 'Bitter Chocolate', lifted the lid on the use of child slavery in the cocoa plantations of West Africa. The link between slavery and chocolate is as old as history, Off says.

"There has always been a case where cocoa has been produced by people who didn't have a lot for people who do," she said.

"The Aztecs and the Mayans produced cocoa for the King of Montezuma and in Europe they produced slaves to harvest cocoa beans for the chocolate fanatics of Europe."

Things haven't changed, she says.

"We have chocolate bars today that seem to be cheap and affordable even to a child ... but the truth of the matter is we can only afford this chocolate because people who are picking the beans and cultivating it are children in West Africa," she said.

"A lot of children voluntarily go (to the plantations) because there's nothing for them in countries like Mali.

"Their crops are failing and nothing is growing in that part of the world, So a lot of the kids are sent off by their parents to get some money.

"But child traffickers see the vulnerability of these kids, there's nobody watching over them and they round them up and take them over the border into the Ivory Coast and make money from them."

It is difficult to help these children, Off says, because much of the Ivory Coast, which produces most of the world's cocoa supply, is torn by civil war.

The government uses profits from the cocoa trade to fund the war, Off says.

"The complicity here is with them and the big chocolate companies."

"There are only a handful of multinationals that control the industry and basically they are able to operate with impunity in Africa and Ivory Coast because everybody that has power over the situation is getting what they want."

Fair trade systems were having a small impact, Off said, but would never provide a full solution.

"They pay a premium to the farmer, the chocolates are more expensive and the profits go back to the farmers.

"Where I went in those situations, the kids are going to school, there was health care, clean water and all these things were paid for by fair trade premiums - but there's so few of them.

"It represents not even one per cent of all the cocoa being produced, so the vast majority is under this other system."

The CEO of The Confectionery Manufacturers of Australasia (CMA), Trish Hyde, said the CMA was a part of a global initiative to eliminate child slavery and forced labour in the industry. She said the CMA and other chocolate companies from around the world were working with the governments of the Ivory Coast and Ghana to help eliminate child slavery and forced labour.

"The important thing is from our perspective is the collaboration with government and NGOs (Non-Government Organisations) on the ground, with industry programs ... that are actually making changes in the communities." The CMA says that in July this year it also helped implement a reporting system that would certify all labour on West African cocoa farms.

### **Cocoa farmers at Asunafo North appeal for rehabilitation of roads**

Modern Ghana, Ghana -

By gna

Wed, 17 Sep 2008

Cocoa farmers in Asunafo North Municipality in the Brong Ahafo Region have appealed to the government to rehabilitate the roads in the area to facilitate the transportation of produce to the market centres. The farmers, located at Kaakyiamoa, Esie-Nimpong and Kojokrom had to carry their produce on their heads for long distances to market centres as a result of the bad state of roads.

Mr Ussif Duah, Assembly Member, noted that the rehabilitation of the roads would enhance the evacuation of large scale agricultural produce from the areas to market centres. He said timber companies operating in the area constructed roads which were maintained by the farmers but the current cost of maintenance was beyond the means of the farmers. Mr Duah called on the Department of Feeder Roads to assist adding, "the volume of

agricultural produce in the area is appreciable and without such assistance the farmers will suffer tremendous financial loss”.

### **Ivory Coast May Replace Three Cocoa Agencies in Reorganization**

Bloomberg

By Pauline Bax

Sept. 18, 2008

(Bloomberg) -- Ivory Coast, the world biggest cocoa producer, may replace three government agencies with a single office as part of an overhaul of the cocoa industry, according to a draft presidential order. Reorganizing the industry is necessary because of “the loss of credibility of the structures charged with managing the coffee and cocoa sector,” according to the draft, a copy of which was handed to Bloomberg News yesterday. The document, which is dated Sept. 5, hasn't been released publicly.

The new organization will take over the responsibilities of the Cocoa and Coffee Regulatory Authority, the Coffee and Cocoa Exchange and the Fund for Regulation and Control, according to the document. All three are controlled by the government. “It's not a secret reforms in the sector are being discussed,” said Amouan Acquah, special commodities adviser in the Prime Minister Guillaume Soro's office, said by phone today from Abidjan, the commercial capital, declining to comment further. “We expected to announce it earlier this month, but things are still being finalized.”

Ivory Coast produces about 40 percent of the world's cocoa, the main ingredient in chocolate. In June, senior executives of five agencies were arrested on charges of fraud and embezzlement following a government probe into corruption in the cocoa industry. *To contact the reporters on this story: Pauline Bax in Abidjan via Johannesburg at pmrichardson@bloomberg.net.*

### **Côte d'Ivoire: American Embassy's National Daily Press Review**

United States Embassy (Abidjan)

18 September 2008

This daily press review is compiled by the Information Section of the Public Affairs Office of the American Embassy in Abidjan, Côte d'Ivoire.

A pro-opposition newspaper today reported that Cote d'Ivoire's government forces have violated a U.N. arms embargo imposed on Cote d'Ivoire. Reports also said that La Licorne - the French troops based in Cote d'Ivoire - is to organize mock exercises in order to ensure security during the forthcoming presidential elections. News that the former Ivorian military General Mathias Doue is likely to stand for presidency generated comments in a pro-government daily. The First Lady's call to review of the Ouagadougou Political Agreement as well as a European Union's report on the cocoa and coffee industry in Cote d'Ivoire, were also major stories in today's dailies.

1. Le Patriote (a daily close to the opposition RDR party) had an "exclusive" report on "Heavy weapons are being convoyed to the country [Cote d'Ivoire] via neighboring Guinea-Bissau." The paper suggested that the U.N. Operation in Cote d'Ivoire (UNOCI) "must open its eyes," because "President Laurent Gbagbo has never respected the November 2004 arms embargo imposed on Cote d'Ivoire by U.N Resolution 1572." The paper described Guinea-Bissau as "an axis of evil," which together with Guinea-Conakry have become what it called "the transit for illicit trading in arms and ammunitions destined to Cote d'Ivoire."

2. Reporting on the security for the scheduled November 30 presidential elections in Cote d'Ivoire, Le Temps (a daily close to the ruling FPI party) said La Licorne - the French troops based in Cote d'Ivoire - is to begin ten-day mock military exercises in the western region of the country. The announcement about the exercises, which should begin on September 20, was in a public statement issued by La Licorne in Abidjan. According to the paper the statement said, "In a bid to ensure security during the elections, the impartial forces [U.N. blue helmets and French troops] need to undergo training... It's in response to this that La Licorne will carry out mock military exercises on September 20-30 in the western region of Cote d'Ivoire."

3. In a front-page story, L'inter (a privately-owned daily) reported about speculations on the dangers that may disrupt the scheduled presidential elections if the disarmament program was not well conducted. The paper said that peace in Cote d'Ivoire after the elections depends on the success of the disarmament program. The paper therefore appealed to the officials to take the necessary measures in order to finance the program and to put in place mechanisms to monitor the exercise.



4. A day after news reports that the former Chief of Defense staff of Cote d'Ivoire, General Mathias Doue is likely to contest the coming presidential elections, Notre Voie (a daily close to the ruling FPI party) expressed doubt that the former military commander could be a good candidate. The paper was reacting to a statement made yesterday by the leader of the Ivorian Renaissance Congress (CRI) that "only General Doue can restore hope to Ivorians in this Cote d'Ivoire that has been disfigured by years of crises."

5. Nord-Sud Quotidien (a daily close to the opposition): A prominent story in this paper said that "the activism of the Ivorian First Lady can endanger the coming elections." The paper pointed out that the recent rhetoric of Mrs Gbagbo demanding the review of the Ouagadougou Political Agreement could "weaken efforts aimed at implementing the agreement."

6. Le Nouveau Reveil (a daily close to the former ruling PDCI-RDA party): This paper published a report on the cocoa and coffee industry in Cote d'Ivoire. Excerpts of the report by the European Union, said that "Ivorian cocoa and coffee producers have lost 50% of their purchasing power." The paper also said that the producers cannot save money due to their difficult living conditions.

### **Ban on junk food adverts for kids "failing"**

*New rules designed to cut the number of junk food adverts during popular children's programmes are failing, a consumer watchdog has warned.*

By Kate Devlin Medical Correspondent

18 Sept. 2008

The restrictions do not cover the five programmes with the highest number of child viewers, Which? said.

Since January this year companies have been banned from advertising "less healthy" food, high in fat, salt and sugar, during or after programmes designed to appeal to under-16s. However, the watchdog has criticised how those programmes are defined.

It points out that a television show is deemed to be of "particular appeal" to children if the proportion of youngsters watching it is 20 per cent higher than the UK average. It found that while cartoons like The Simpsons and SpongeBob SquarePants were included in the ban, others regularly watched by thousands more children, such as Animals Do The Funniest Things and Emmerdale, were not.

A two-week survey found that adverts for foods and drinks such as Coca-Cola, chocolate biscuits and Kellogg's Coco Pops, were being broadcast to children.

Ofcom, the media regulator, is currently carrying out a review for the Government on how the new restrictions are working, expected to report in December. The Food Standards Agency, which decides which foods are too unhealthy to be advertised to children, is also reviewing its processes.

Clare Corbett, from Which?, said: "The ad restrictions may look good on paper but the reality is that the programmes most popular with children are slipping through the net. "If these rules are going to be effective then they have to apply to the programmes that children watch in the greatest numbers. "Once the Ofcom review is finished, the Government has a great opportunity to update the restrictions so they stop children from being exposed to ads for unhealthy foods." She added: "We're not anti-advertising, we're just against the fact that most of the ads children see are for unhealthy products, rather than the healthier foods they should be eating more of."

## TIT BITS

(Source: Business Recorder – [www.brecorder.com](http://www.brecorder.com))

### **London soft commodities steady**

LONDON (September 20, 2008): Soft commodities finished mostly steady to firmer Friday, pulled cautiously higher by a US plan to stabilise panic-stricken global financial markets, analysts said.

### **US MIDDAY: cocoa up**

CHICAGO (September 20, 2008): Benchmark December was up \$26 at \$2,682 a tonne, by 9:13 am, moving from \$2,629 to \$2,689. The rest was up from \$24 to \$30. Market looking for direction in light volume after surged nearly seven percent in intraday dealings Thursday, traders said.

### **Nigerian growers see improved cocoa crop**

LAGOS (September 20, 2008): Nigeria's 2008/09 cocoa main crop due to be harvested within weeks, is seen much better than the previous season output, boosted by good rain and sunshine in the last month, cocoa Association of Nigeria (CAN) said on Thursday. Nigeria, the world's number four grower, has seen a steady rise in annual output since the government launched a cocoa revival programme in 2005 to significantly increase production over the next few years.

### **ICO sees cocoa demand growth falling 2008-2009**

LONDON (September 20, 2008): A senior official with the International cocoa Organisation (ICO) said on Friday he expected global cocoa demand growth to fall to below 2 percent year-on-year in 2008/09, due to the economic downturn. In the last 3-to-5 years, global cocoa demand growth had been running at an annualised rate of around 4 percent, said Jean-Marc Anga, director of the London-based ICO's economics and statistics division.

### **New York cocoa settles firm**

NEW YORK (September 21, 2008): ICE cocoa finished quietly higher on Friday, in an inside day of thin dealings, following global markets that were buoyed by the US government's steps to stem the credit crisis, traders said. Benchmark December settled up \$34 at \$2,690 per tonne, the day's high, with the low at \$2,629. In after hours trade at 12:20 pm EDT (1620 GMT), December futures were up \$41 at \$2,697 per tonne.

### **Indonesian cocoa output**

MAKASSAR (September 21, 2008): Indonesia's cocoa output is likely to fall 5 percent to 456,000 tonnes in 2009 as the country struggles to contain a deadly fungal disease, the chairman of the Indonesian cocoa Association said on Tuesday. The estimated fall in output would come on top of the forecast drop of 7.7 percent in 2008 blamed on the spread of Vascular-streak Dieback (VSD) in the main growing island of Sulawesi, said Halim Razak.

### **US MIDDAY: coffee, cocoa climb**

NEW YORK (September 23, 2008): Arabica coffee and US cocoa futures moved higher in early trade on Monday, going with the flow of other commodity markets and boosted by the weaker dollar, traders said. Arabica coffee for December delivery up 1.65 cents at \$1.3475 per lb by 9:08 am EDT (1308 GMT), moving from \$1.3395 to \$1.3555.