

# COPAL COCOA *Info*

*A Weekly Newsletter of Cocoa Producers' Alliance*



Issue No. 303

29<sup>th</sup> Sept. – 3<sup>rd</sup> October 2008

Cocoa Producers' Alliance



## UP-COMING EVENTS

- EUROCHOCCLATE 2008, 18-26 OCTOBER 2008, PERUGIA, ITALY
- NATIONAL COCOA ACADEMIES SYMPOSIUM, OCTOBER 28-30 2008, KUMASI, GHANA

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- NEW YORK (ICE) FUTURES MARKET UPDATE
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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)
29th September	1678.43	2612.19	1482.67	2567.67
30th September	1672.75	2604.83	1495.00	2551.33
1 <sup>st</sup> October	1665.44	2575.36	1476.67	2528.67
2 <sup>nd</sup> October	1638.55	2514.81	1459.00	2466.67
3 <sup>rd</sup> October	1644.74	2525.50	1457.67	2484.33
Average	<b>1660.00</b>	<b>2567.00</b>	<b>1474.00</b>	<b>2520.00</b>

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

**Monday 29th Sept. 2008**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Dec 2008	1507	1468	-63	1515	1467	5,361
Mar 2009	1532	1492	-65	1539	1490	3,965
May 2009	1525	1488	-61	1525	1486	249
Jul 2009	1512	1490	-59	1512	1509	5
Sep 2009	1514	1491	-59	1514	1511	3
Dec 2009	1518	1494	-59	1518	1515	5
Mar 2010		1500	-59			0
May 2010		1506	-59			0
Jul 2010		1487	-59			0
Sep 2010		1487	-59			0
<b>Average/Totals</b>		<b>1490</b>				<b>9,588</b>

**Tuesday 30th Sept. 2008**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2008	1460	1480	12	1489	1455	18,511
Mar 2009	1487	1505	13	1512	1481	3,660
May 2009	1482	1500	12	1503	1480	532
Jul 2009	1490	1504	14	1503	1484S	272
Sep 2009	1491	1507	16	1499S	1491	158
Dec 2009	1494	1515	21	1512S	1494	230
Mar 2010		1521	21			0
May 2010		1527	21			0
Jul 2010		1508	21			0
Sep 2010		1508	21			0
<b>Average/Totals</b>		<b>1508</b>				<b>23,363</b>

**Wednesday 1st October 2008**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2008	1461	1460	-20	1491S	1458	2,883
Mar 2009	1487	1486	-19	1531S	1483	1,869
May 2009	1480	1484	-16	1497	1480	742
Jul 2009	1500	1488	-16	1500	1488	34
Sep 2009		1490	-17			0
Dec 2009		1495	-20			0
Mar 2010		1501	-20			0
May 2010		1507	-20			0
Jul 2010		1488	-20			0
Sep 2010		1488	-20			0
<b>Average/Totals</b>		<b>1489</b>				<b>5,528</b>

**Thursday 2nd October 2008**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2008	1450	1440	-20	1462	1431	9,429
Mar 2009	1483	1469	-17	1491	1464	7,217
May 2009	1482	1468	-16	1487	1463	1,233
Jul 2009	1492	1475	-13	1492	1474	40
Sep 2009	1483	1476	-14	1483	1472	12
Dec 2009	1483	1483	-12	1483	1483	3
Mar 2010		1490	-11			0
May 2010		1496	-11			0
Jul 2010		1477	-11			0
Sep 2010		1477	-11			0
<b>Average/Totals</b>		<b>1475</b>				<b>17,934</b>

**Friday 3rd October 2008**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2008	1430	1436	-4	1445	1417	4,718
Mar 2009	1463	1468	-1	1475	1451	2,975
May 2009	1461	1469	1	1474	1448S	974
Jul 2009	1469	1478	3	1469	1460	44
Sep 2009	1470	1480	4	1470	1470	50
Dec 2009	1470	1485	2	1470	1465S	41
Mar 2010		1489	-1			0
May 2010		1492	-4			0
Jul 2010		1473	-4			0
Sep 2010		1473	-4			0
<b>Average/Totals</b>		<b>1474</b>				<b>8802</b>

<b>Average for the week</b>	<b>1474</b>					<b>13043</b>
						<b>65,215</b>

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

**Monday 29th Sept. 2008**

Month	Open	Price	Change	High	Low	Volume
Dec 2008						
Mar 2009						
May 2009						
Jul 2009						
Sep 2009						
Dec 2009						
Mar 2010						
May 2010						
Jul 2010						
<b>Average/Totals</b>						

**Tuesday 30th Sept. 2008**

Month	Open	Price	Change	High	Low	Volume
Dec 2008						
Mar 2009						
May 2009						
Jul 2009						
Sep 2009						
Dec 2009						
Mar 2010						
May 2010						
Jul 2010						
<b>Average/Totals</b>						

**Wednesday 1st October 2008**

Month	Open	Price	Change	High	Low	Volume
Dec 2008	2575	2511	-47	2588	2495	5,793
Mar 2009	2603	2530	-47	2603	2516	1,795
May 2009	2562	2543	-39	2562	2533	454
Jul 2009	2557	2557	-33	2567	2550	39
Sep 2009	2558	2564	-30	2575	2555	15
Dec 2009	2554	2564	-32	2571	2552	18
Mar 2010	2543	2554	-45	2563	2543	39
May 2010		2554	-45	2554	2554	
Jul 2010		2554	-45	2554	2554	
<b>Average/Totals</b>		<b>2548</b>				<b>8153</b>

### Thursday 2nd October 2008

Month	Open	Price	Change	High	Low	Volume
Dec 2008	2510	2451	-60	2517	2425	4,921
Mar 2009	2525	2472	-58	2525	2448	1,368
May 2009	2525	2487	-56	2525	2470	198
Jul 2009	2540	2505	-52	2540	2489	48
Sep 2009	2545	2515	-49	2545	2498	34
Dec 2009	2541	2515	-49	2541	2499	27
Mar 2010	2510	2505	-49	2510	2494	227
May 2010		2505	-49	2505	2505	
Jul 2010		2505	-49	2505	2505	
Sep 2010		2505	-49	2505	2505	
<b>Average/Totals</b>		<b>2502</b>				<b>6823</b>

### Friday 3rd October 2008

Month	Open	Price	Change	High	Low	Volume
Dec 2008	2450	2469	18	2488	2414	9,516
Mar 2009	2470	2488	16	2507	2439	6,052
May 2009	2468	2503	16	2511	2456	2,958
Jul 2009	2482	2518	13	2530	2473	227
Sep 2009	2486	2530	15	2530	2486	141
Dec 2009	2515	2532	17	2532	2488	690
Mar 2010	2510	2529	24	2529	2483	469
May 2010	2489	2529	24	2529	2489	
Jul 2010		2529	24	2529	2529	
Sep 2010		2529	24	2529	2529	
<b>Average/Totals</b>		<b>2516</b>				<b>20053</b>

<b>Average for the week</b>	<b>2516</b>				<b>8757</b>
<b>Total for the week</b>					<b>35,029</b>

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

	29th Sept.	30th Sept.	1 <sup>st</sup> Oct.	2 <sup>nd</sup> Oct.	3 <sup>rd</sup> Oct.
Main Crop Ghana, Grade 1	-	-	2978	2919	2937
Main Crop Ivory Coast, Grade 1	-	-	2773	2773	2791
Main Crop Nigerian, 1	-	-	2768	2768	2786
Superior Arriba	-	-	2809	2809	2827
Sanchez f.a.q	-	-	2813	2813	2831
Malaysian 110	-	-	2448	2448	2466
Sulawesi f.a.q	-	-	2616	2616	2634
Ecuador Cocoa Liquor	-	-	4142	4142	4173
Pure Prime Press African Type Cocoa Butter	-	-	6618	6618	6666
10/12% Natural Cocoa Press Cake	-	-	1078	1078	1086

Source: Cocoa Merchant Association



## ***Health and Nutrition***

### **Health Matters: Diabetes and Cocoa**

WCTV, FL

By Triston Sanders-Medical Anchor

Oct 2, 2008

Have diabetes? Drink cocoa.

According to a recent study it could improve your blood vessel function. It may not be the first drink you think of for diabetic health, but a study in the Journal of the American College of Cardiology found cocoa may improve blood vessel health. The researchers say naturally occurring compounds in the cocoa called Flavanols are responsible.

Volunteers in the study drank a cocoa beverage with high Flavanol levels three- times-a-week for a month. Their blood vessel function improved by an average of 30 percent. That's important because diabetes can cause blood vessels to constrict.

When shopping for the cocoa mix look for pure cocoa powder. It has higher levels of those all-important Flavanols than premixed brands.

### **Dark chocolate helps heart stay healthy**

Tehran Times, Iran - 30 Sep 2008

BEIJING -- A small square of dark chocolate daily protects the heart from inflammation and subsequent heart disease, a new study of Italians suggests. Milk chocolate might not do the job.

However, this guilty pleasure has a limit.

Specifically, only 6.7 grams of chocolate per day (or 0.23 ounces) represents the ideal amount, according to results from the Moli-sani Project, one of the largest health studies ever conducted in Europe.

Chronic inflammation of tissues in the circulatory system is a risk factor for cardiovascular disease, such as myocardial infarction or stroke. So doctors strive to keep patients' inflammation under control. One marker for inflammation in the blood is called C-reactive protein.

The researchers found a relationship between dark chocolate intake and levels of this protein in the blood of 4,849 subjects in good health and free of risk factors (such as high cholesterol or blood pressure, and other parameters). The findings are detailed in the latest issue of the Journal of Nutrition.

""We started from the hypothesis that high amounts of antioxidants contained in the cocoa seeds, in particular flavonoids and other kinds of polyphenols, might have beneficial effects on the inflammatory state,"" said Romina di Giuseppe, lead author of the study.

""Our results have been absolutely encouraging: People having moderate amounts of dark chocolate regularly have significantly lower levels of C-reactive protein in their blood. In other words, their inflammatory state is considerably reduced.""

Previous studies have found that chocolate might be good for you, though doctors usually warn that it is more important to focus on one's overall diet when it comes to health. One health study found that blood platelets among chocolate-lovers were less likely to clot together in dangerous clumps.

Other studies have found a host of diet and exercise changes that can help a person beat the odds of death. Clearly, no single change is a guarantee of long life.



With chocolate, moderation is key, the new study found.

""The best effect is obtained by consuming an average amount of 6.7 grams of chocolate per day, corresponding to a small square of chocolate twice or three times a week. Beyond these amounts the beneficial effect tends to disappear,"" di Giuseppe said.

The milk in milk chocolate interferes with polyphenols, so the team kept that out of the study.

""We consider this outcome as the beginning of a large series of data which will give us an innovative view on how (to achieve) prevention in everyday life, both against cardiovascular disease and tumors,"" said Licia Iacoviello, head of the Laboratory of Genetic and Environmental Epidemiology at the Catholic University of Campobasso and responsible for the Moli-sani Project.

*(Source: China Daily)*

### **Dark Chocolate Prevents Heart Disease**

CBS News, NY - 29 Sep 2008

Tiny Bit of Dark Chocolate Daily Reduces Inflammation That Leads to Heart Disease

Sept. 29, 2008

(WebMD) A piece of dark chocolate a day - a very small piece - keeps the doctor away.

An Italian study shows that dark chocolate can significantly reduce the inflammation that leads to cardiovascular disease. The ideal amount is 6.7 grams per day (0.23 ounces). A typical Hershey chocolate bar weighs about 43 grams. That means eating one dark chocolate bar over the course of 6 1/2 days to get 6.7 grams per day.

Milk chocolate doesn't appear to offer the same benefits.

The study was conducted by Research Laboratories of the Catholic University in Campobasso and the National Cancer Institute of Milan and has been published in the Journal of Nutrition. The data come from an epidemiological study called the Moli-sani Project, which selected men and women at least 35 years old randomly from city hall registries in southern Italy.

For the chocolate study, researchers identified 4,849 people in good health without risk factors for cardiovascular disease, such as high cholesterol and high blood pressure. These participants were asked about their dark chocolate consumption.

Chronic inflammation can lead to heart disease, so keeping inflammation under control is a major part of preventive treatment. Research has shown that patients who have a low amount of C-reactive protein in their blood have lower levels of inflammation.

People who eat dark chocolate regularly, in small servings, have significantly lower levels of C reactive protein, according to the study. This holds true even after accounting for any other potential confounding factors (such as differences in other dietary practices).

### **'Just one bite of chocolate a day can help save your life'**

Published: 29 September 2008 18:40 Author: Steve Ford

Journal of Nutrition (2008) 138: 1939-1945

#### What did the research show?

The stories are based on new findings from the Moli-sani Project, a major European epidemiological study involving a cohort of nearly 20,000 people from one region in Italy. The study, which hopes to have recruited 25,000 subjects by the end of this year, began in 2005 and is funded by the Pfizer Foundation.

The researchers identified a subset of 4,849 current subjects considered to be in good health and free of traditional cardiovascular risk factors, such as high cholesterol. Of these 1,317 had eaten any chocolate during the previous 12 months and 824 said they ate dark chocolate regularly.

By measuring blood samples, they found that concentrations of the inflammatory marker C-reactive protein were on average 1.32mg/L in those who did not eat chocolate and 1.10mg/L in those who did. Subjects that



consumed up to 20g of dark chocolate every three days had serum concentrations of C-reactive protein that were significantly lower than those who ate larger quantities or those who ate no chocolate.

#### What did the researchers say?

Lead author Romina di Giuseppe, a researcher in genetics and environmental epidemiology at Catholic University, Campobasso, said: 'Our results have been absolutely encouraging – people having moderate amounts of dark chocolate regularly have significantly lower levels of C-reactive protein in their blood. In other words, their inflammatory state is considerably reduced.'

'We are talking of a moderate consumption,' she added. 'The best effect is obtained by consuming an average amount of 6.7g of chocolate per day, corresponding to a small square of chocolate twice or three times a week. Beyond these amounts the beneficial effect tends to disappear.'

#### What does this mean for nursing practice?

June Davison, cardiac nurse at the British Heart Foundation (BHF) said: 'This study found that the daily consumption of a small square of dark chocolate was associated with a reduction in C-reactive protein. However no benefits were found in eating more than this small amount.'

'This study adds to previous research which has shown that eating dark chocolate may have some benefits for our cardiovascular health but only in moderation. Eating five portions of fruit and vegetables a day is a better way to get heart health benefits without having to worry about the fat and sugar packed into chocolate.'

## ***Production & Quality***

### **Cocoa acreage to be expanded in TN**

Hindu Business Line, India –

3 Oct 2008

COIMBATORE: The Tamil Nadu (TN) government has earmarked Rs 3.37 crore to expand Cocoa acreage to 6,000 hectare during 2008-09, State Agriculture Minister, Mr Veerapandi S Arumugha said on Friday.

The Government, under the National Horticulture mission, has spent rs.1.09 crore to develop new cocoa area in 1947 hectare during 2007-08, for which a subsidy of Rs 11,250 per acre was given to the farmers, Mr Arumugham said.

Cadburys would provide 30 lakh quality cocoa saplings and distribute to the farmers for expanding the area, he said. Inaugurating the two-day national seminar on Cocoa here, Mr Arumugham said that the Government has entered into an MOU with Cadburys for technology transfer and sales of cocoa, by which farmer would get a minimum of Rs 60 per kg of cocoa.

Stating that climatic conditions in Tamil Nadu were suitable to grow cocoa in large-scale, Mr Arumugham said this can be taken up as inter-crop in nearly 3.57 lakh hectare of coconut farms across the State. By venturing into intercrop, a farmer can get an average yield of 1000 kgs per hectare, he said. A little known commercial crop in India till 1965, cocoa was cultivated in Kerala and Karnataka in about 20,000 hectare during 1970 and 1980 and export of cocoa products was started from 1991 to the tune of \$65.70 million, Mr Arumugham claimed. – PTI

### **Cocoa farmers asked to ensure proper processing of their produce**

By GNA, Mon, 29 Sep 2008

Cocoa farmers in the country have been advised to properly process their cocoa beans before selling the produce to purchasing clerks.

Mr Kwadwo Kyei, a Senior Quality Control Officer of the Quality Control Division of Ghana Cocoa Board (COCOBOD) in charge of Akim Oda District, in an interview with GNA, at Akim Oda on Monday, reminded the farmers that fermentation of cocoa beans should take six days before drying.

He said the district produced 180,345 bags of cocoa for the 2005 and 2006 light crop season, which was the highest in the Eastern Region.

He expressed regret that the produce was not of best quality as the cocoa beans were affected by "purple colour" due to bad fermentation.

#### **Ivorian cocoa arrivals seen 1.35 mln T by Sept 28**

ABIDJAN, Sept 29 (Reuters) - Cocoa arrivals at ports in top grower Ivory Coast reached around 1,349,000 tonnes between Oct. 1, 2007 and Sept. 28, 2008, exporters estimated on Monday.

That compared with 1,292,103 tonnes delivered to the West African state's two ports during the same period of the previous season.

Exporters estimated around 12,000 tonnes of beans were delivered in the week of Sept. 22-28, down from 26,314 tonnes in the same week a year ago.

That compared with 10,933 tonnes of beans arriving at Abidjan and San Pedro ports in the previous week.

### **The Market**

#### **Ivorian Cocoa Prices Rise as Buyers Seek Beans**

Source: Reuters

01/10/2008

Abidjan, Sept 30 - Cocoa farm-gate prices in Ivory Coast's main growing areas rose last week as quality improved and farmers were reluctant to sell before the fixing of new guidelines due early October, farmers said on Tuesday. Buying is expected to pick up rapidly as exporters aim to build stocks in the two months before presidential elections, the timing of which is a major source of uncertainty. "Whether elections happen on November 30 is what's preoccupying buyers. They want as many beans as quickly as possible because they don't know what's going to happen on that day," said a purchasing manager with a European exporting firm.

Presidential elections are intended to draw a line under a 2002/03 conflict that split the country, but observers doubt preparations are sufficiently advanced for voting to go ahead as planned. In the southern region of Divo, the average cocoa price jumped to between 400 and 450 CFA francs (\$0.994) per kg from 350 and 400 CFA two weeks ago. Many farmers were reluctant to sell because they expect a higher level when the new guideline price is announced in October. The main crop season begins on Oct. 1.

A new management committee whose job is to oversee the cocoa sector, a crucial part of the economy in the world's top grower, began to work last week after the dissolution of the Coffee and Cocoa Bourse, whose reputation had been severely tainted by allegations of corruption.

In the western region of Soubre, in the heart of the cocoa belt, the average price rose to about 450 CFA francs, up from around 400 CFA francs in the previous week, as buyers for grinders were active. "Buyers for processors have been asking for lots of cocoa. Merchants tell us that processors want more beans," said farmer Koffi Kouame.

In the western region of Daloa, the source of one quarter of Ivory Coast national output farmers said the average price reached 450 CFA francs, up from 300 in the previous week, as cocoa was of good quality and merchants sought more beans.

Benchmark prices in New York peaked at over \$3,000 per tonne in July, partially on worries about the quality of the Ivorian crop, but since fell to around \$2,600 per tonne as commodities prices were depressed by global financial turmoil.

Black pod disease remains a major concern for exporters, who estimate this year's crop may be cut by as much as 8 percent as a result of infection.

## **CRB Commodity Index Tumbles Most Since 1956 on Demand Concerns**

By Millie Munshi

Sept. 29 (Bloomberg) -- The Reuters/Jefferies CRB Index of 19 commodities plunged 5.9 percent, the biggest drop in more than five decades, on concern that a spreading financial crisis may slash demand for raw materials.

Equity indexes tumbled around the world after U.S. lawmakers rejected the Bush administration's \$700 billion financial rescue plan aimed at thawing frozen credit markets and reviving economic growth. The CRB Index sank 21.35 to 343.22 in New York. That's the biggest drop since at least 1956, when the data begins.

The CRB has slumped 28 percent from a record on July 3 as tightening credit markets, failing financial institutions and slowing economic growth heightened demand concerns. The drop today was led by crude oil, gasoline and cocoa futures. Crude and gasoline both fell as much as 11 percent. Cocoa dropped as much as 8.3 percent.

"People think that Congress is out of their minds," Gijsbert Groenewegen, a fund manager at Gold Arrow Capital Management in New York, said in an interview. "The main thing here is that confidence in the markets has been completely destroyed, and by voting down the bailout, they're adding fuel to the fire. If a plan doesn't go through, it's going to be very bad for commodities."

The bailout plan intended to restore confidence in the U.S. financial system lost a 228-205 vote in the House of Representatives. The proposal would have helped lenders unload soured mortgage-related assets. The Standard & Poor's 500 Index of equities fell as much as 8.3 percent, the most since Oct. 26, 1987, after the vote.

## ***Processing and Manufacturing***

### **Ghana to process 380,000 tonnes of cocoa**

Joy Online, Ghana

2 October 2008



Cocoa beans

Ghana is set to process about 380,000 tonnes of its total cocoa production by the middle of next year, President John Agyekum Kufuor has announced. This represents more than 50 per cent of the current production level of 700,000 tonnes.

Addressing Cocoa Producers Alliance (COPAL) Cocoa Day at Dunkwa-on-Offin in the Central Region, President Kufuor said the Government's policy within the last eight years has been to attract investments to at least process 40 per cent of the country's cocoa.

The result has been the establishment of a 60,000 tonne-capacity processing plant by Cargill in Tema. It is now test-running the plant, which is scheduled for formal inauguration in November. It would produce cocoa liquor, butter and powder.

Another global giant, Archer Daniels Midland (ADM), President Kufuor said, has also expressed interest in establishing a plant in Kumasi. Barry Callebaut, partly state-owned Cocoa Processing Company (CPC) and German-controlled West African Mills (Wamco) are among companies currently operating in Ghana.

President Kufuor urged the Cocoa Marketing Board (COCOBOD) to intensify the Cocoa Diseases and the Pests Control and the application of fertilizer programmes. Additionally, the Board should step up the supply of early bearing and high-yielding planting materials for the rehabilitation of old farms and the payment of remunerative producer prices. These were necessary to help the nation to achieve the medium term objective of producing one million tonnes of cocoa annually.

Mr Isaac Osei, Chief Executive Officer of COCOBOD, said the way forward for the industry must involve broadening of its marketing strategies to increase the sale of processed cocoa products in Ghana and the ECOWAS Sub-Region.

COPAL member countries produces 76 per cent of World Cocoa Output, but their grindings add up to only 28 per cent while their domestic consumption is a meagre five per cent of the output. He said there was the need to channel efforts towards increased processing and local consumption to derive maximum benefits.

Nana Yiadom Boakye, National Chief Farmer, praised the Government for keeping faith with Ghanaian Cocoa Farmers. Since 2001, cocoa production has moved up from an average of 350,000 tonnes to the current nearly 700,000 tonnes. In the same period producer price had gone up by over 400 per cent from 347.50 Ghana cedis to 1,632.00 Ghana cedis per tonne.

#### **Cadbury says Chinese-made chocolate have melamine**

Sep 29, 2008

The Associated Press - 29 Sep 2008

HONG KONG (AP) — A Cadbury spokesman says preliminary results show its Chinese-made chocolates contain the industrial chemical melamine. The spokesman said Monday it was too early to say how much melamine the chocolates contained. He declined to give his name because of company policy.

Cadbury said earlier the tests "cast doubt" on the safety of its Chinese-made products but didn't elaborate.

### ***Business & Economy***

#### **Cocoa demand softens, eye on emerging markets**

##### **(Cocoa demand to be hit by Global Economic Slowdown)**

[guardian.co.uk](http://guardian.co.uk), UK

By David Brough and Marcy Nicholson

October 1 2008

LONDON/NEW YORK, Oct 1 (Reuters) - The global economic slowdown will soften global demand for cocoa, but consumption will be patchy while a sharpened appetite for chocolate in emerging markets will support sales there.

Analysts and industry officials say cocoa cannot escape the malaise afflicting global financial markets and consumer demand, but chocolate is an affordable luxury in the developed world and tastes should withstand the downturn reasonably intact. "I reckon there will be a softening in demand for commodities generally, and cocoa will not be immune," said Jonathan Parkman, director and head of the agri commodity brokerage at Fortis Commodity Derivatives in London. "We're likely to see a significant negative impact upon growth in demand for chocolate products."

Jean-Marc Anga, who leads the statistics team at the International Cocoa Organization (ICCO), has said he expected world cocoa demand growth to fall to below 2 percent year-on-year in 2008/09, due to the economic slowdown. In the last 3-to-5 years, global cocoa demand growth had been running at an annualised rate of around 4 percent. He referred to disappointing cocoa grindings, a measure of demand for the key chocolate ingredient, in the United States and Europe. Some analysts said it was inevitable that cocoa consumption would feel the impact of squeezed household incomes.

Marcia Mogelonsky, a senior research analyst with market research firm Mintel International in Chicago, said chocolate retail sales were set to grow moderately in the United States despite the financial crisis. "Regular chocolate is not super expensive. It's an affordable indulgence at home," she told Reuters. According to Mintel's annual chocolate confectionery report released in July, inflation-adjusted U.S. chocolate retail sales were

projected to increase by about one percent a year from \$16.5 billion in 2008 to \$17.4 billion in 2012. The U.S. is the world's biggest market for chocolate confectionery.

#### PRICES HIT PRODUCTS

U.S. demand will be hurt as manufacturers reduce the size of chocolate products due to the impact of higher cocoa prices, causing people to unintentionally buy less chocolate, said Judy Ganes-Chase, of J Ganes Consulting in New York. "It's manufacturers that are going to do most of the cutting back for consumers, by altering product sizes. Some might put in thinner coatings. Some might cheapen the chocolate," she said.

Some manufacturers have announced cuts in the size of their chocolate products to counter the impact of rising raw material and energy costs. "Everyone's shrinking the size of their products. They don't want to obviously pass the increases onto consumers," Mogelonsky said.

In Europe, consumer demand appears to be holding for now despite the downturn, but the outlook is brighter in the emerging markets, notably China, India, Thailand and Russia, said a lobbyist for the chocolate and confectionery industry.

David Zimmer, Secretary General of Brussels-based CAOBISCO, which represents over 1,800 EU companies manufacturing chocolate, biscuits and confectionery, said: "China, India and Thailand would be obvious examples of markets which have been new, coming into cocoa." "To a certain extent, they have put pressure on cocoa supply. That phenomenon will still be around."

#### WESTERN LIFESTYLES

Many consumers in Asia aspire to Western lifestyles, and strong economic growth in recent years has boosted demand for cocoa and chocolate products, although consumers in developing countries will be more sensitive to rising prices. "Global chocolate consumption will continue to grow because people in developing countries are now aware of the benefit of eating chocolate for health," said Piter Jasman, chairman of the Indonesian Cocoa Industry Association. "This is also due to the availability of various cocoa-based products, so we expect demand for chocolate to continue to grow, especially in Indonesia, China and India, with growth of 10 to 20 percent annually."

Ganes-Chase said that while chocolate is a cheap luxury in developed countries, people on much lower incomes in developing countries may buy less of it in tough economic times.

#### **Mars Expands Dove Chocolate Plant in Pennsylvania**

Source: FLEXNEWS

01/10/2008

Mars Snackfood US completed the USD 70 million expansion of its 100,000-square-foot Elizabethtown, Pennsylvania plant, report local sources. The plant has been re-named the "Dove Chocolate Center of Excellence" and will increase the output of its Dove chocolate products, which have been recording a 20% growth in the US market.

It is expected that the plant will employ an extra 30 staff, taking the site's workforce to about 330. Besides Elizabethtown, Mars also manufactures Dove chocolate at its Chicago plant.

#### **Barry Callebaut Eyes the Beauty of Cocoa Flavanols**

Food Ingredients First (press release), Netherlands

By Robin Wyers

Oct 02, 2008

The study, which was conducted by BIO-EC in France saw approximately 30 consumers take an ACTICOA supplement with 300mg of cocoa flavanols for 4 weeks. A significant improvement in skin hydration and water loss reduction was reported.

EXCLUSIVE INTERVIEW 02/10/08 Leading industrial chocolate supplier Barry Callebaut is assessing the skin and heart health benefits of its high antioxidant ACTICOA cocoa and chocolate products. FoodIngredientsFirst.com has learned that two significant studies to be revealed at Health Ingredients Europe (HiE) in November will add further weight to an array of health benefits already being addressed through the product. Meanwhile a food supplement containing 300mg of the ACTICOA flavanols per piece will be launched on the French market next Spring. Whether the product will be marketed on a cognitive health, skin health, heart health or mere antioxidant platform is still unclear.

Barry Callebaut promotes its ACTICOA process as preserving large amounts of the polyphenols naturally present in cocoa beans. These cocoa polyphenols are powerful antioxidants that help to protect against the negative effect of free radicals. Scientific studies have shown that these components can help you maintaining a healthy mind and body.

“Skin and heart health are two areas that we are looking into with great detail”, Herwig Bernaert of the Innovation department at Barry Callebaut (pictured) told FoodIngredientsFirst. “Beauty from within is a rapidly emerging sector. A typical moisturizing cream will give you a 10-15% increase in skin hydration, but this only happens locally where the cream has been applied. Our study with ACTICOA flavanols containing food supplements measured a 20% improvement in skin hydration all over the body”, he explained. The study, which was conducted by BIO-EC in France saw approximately 30 consumers take an ACTICOA supplement with 300mg of cocoa flavanols for 4 weeks. A significant improvement in skin hydration and water loss reduction was reported.

Meanwhile a study conducted at the University of Edinburgh (UK) assessed the effects of consuming 500mg of flavanols per day on blood pressure. Around 20 consumers were asked to eat chocolate tablets with 500mg of cocoa flavanols each day for two weeks. A reduction of almost 10% in blood pressure was recorded, which Bernaert explained also equates to a similar reduction in coronary heart disease. The synergy potential of ACTICOA with other beneficial compounds is also being assessed. Scientists at the University of East Anglia (UK) are looking into the benefits of using ACTICOA together with a soy component from fellow ingredient supplier Frutarom in lowering blood pressure amongst other heart health markers in diabetic people.

Two years after the launch of ACTICOA , product introductions are beginning to come, with the UK, Belgium, Germany, Spain and Poland all seeing launches. In Belgium, Daskalides and Guylian recently launched products with the ACTICOA logo, while Thornton’s in the UK has also come on board recently. Specific health claims for the ingredient are currently possible, with Bernaert admitting however that achieving disease reduction claims under Article 14 of the European Health Claims Directive could be difficult. Eight of the first nine claims proposed to the European Food Safety Authority (EFSA) were recently rejected.

Meanwhile the company is really looking towards using chocolate as a carrier for innovative health ingredients. Last year Barry Callebaut announced the introduction of a probiotic chocolate. Now the first commercial application of this concept has emerged. XLS Nutrition will be introduced to French pharmacies this month. The 13.5g tablets contain the probiotic application developed by Barry Callebaut and Lallemand division Lal’Food. The chocolate bars will be sold in five packs, with each bar containing a daily dose of probiotics roughly equivalent to a bottle of Actimel.

Superior Applications Manager, Alex Landuyt also foresaw lots of potential in the US market for probiotics. Despite probiotics still being in their infancy in the US, Danone’s success in introducing Activia and other brands has seen awareness for the healthy bacteria increase. American consumers could be very open to this new and convenient application, whereby the probiotics can be contained for up to a year as opposed to the typical 3 weeks which is possible in dairy applications, Landuyt explained.

Barry Callebaut will also introduce Croquoa at HiE, an alternative to cocoa nibs for textural benefits. The product can be used in confectionery, ice creams and biscuits. “We wanted to have something that you could shape more. Nibs are quite irregular and we wanted pre-defined shapes. Croquoa are crunchy inclusions that can be used in various applications”, Landuyt said. The new product contains just 5% fat in comparison to 55% for cocoa nibs, although the product which is formulated purely with cocoa powder and sugar does have a significantly higher sugar content. VG Sensory research into the product on 80 Belgian consumers resulted in positive feedback for Croquoa in applications such as vanilla ice cream and cereal bars.

#### **Chocolates importer reports heavy losses due to melamine scare**

GMA news.tv, Philippines - 2 Oct 2008

MANILA, Philippines — The local distributor of Snickers chocolate bar on Friday complained that it has lost P30 million revenue since the milk scare surfaced in the country two weeks ago.

Henry Azcarraga, country head of Mars, Inc. said the company recorded a decrease in sales due to the discovery of melamine substance as contents of milk, dairy and chocolate products from China. “We’ve lost some P30



million in revenues since the melamine scare started," he told reporters during the inspection of the firm's shipment conducted by the Bureau of Customs (BOC) Friday morning at the Port of Manila.

He claimed that the decline in revenue is the biggest crisis they confronted since the company started importing chocolates in the Philippines in 1985.

However, Azcarraga is optimistic that the present "crisis" is just temporary, as he is assured that they will be able to recover in time. "This is just a minor setback because of the melamine scare but I am sure we will be overcome this," he added.

Jarius Paguntalan, director of Customs Intelligence and Investigation Service (CIIS), said they have taken samples of the chocolate bars to be submitted for testing to the Bureau of Food and Drugs (BFAD). He said that they will immediately release the shipment worth P5 million as soon as the BFAD released its findings that the chocolate bars are free of melamine.

Azcarraga also reported that chocolates being distributed by their firm have been cleared by the government of Hong Kong, Thailand, Taiwan, Korea and Malaysia.

Aside from Snickers, MARS Inc. is the local distributor of M&Ms and Dove chocolate bar.

The Philippine government barred the entry of China-made milk products after baby formula tainted with industrial chemical melamine triggered a food safety crisis that has left at least four infants dead and more than 50,000 children ill in the said country.

Melamine a chemical used in making plastics, can make milk and other food products appear to have a higher protein count than they actually do. GMANews.TV

#### **Cocoa - Better Times Ahead — President Kufuor**

Graphic Online, Ghana - 2 Oct 2008

Story by Nehemia Owusu Achiaw.

President Kufuor acknowledging cheers from the gathering on his arrival for the function at Dunkwa-on-Offin.

Ghana has projected to process more than 50 per cent of its cocoa to achieve value-added production by the middle of next year, President J. A. Kufuor has announced at Dunkwa-on-Offin. This follows efforts by the government to attract investors which have resulted in the establishment of cocoa processing companies in the country.

Consistent with the government's policy to process at least 40 per cent of the country's cocoa produce, Cargill, a cocoa processing company, has established a 60,000-tonne capacity factory in Tema. The company, which is now test-running its plant, is expected to begin full-scale operations in November this year.

Addressing this year's Cocoa Producers Alliance (COPAL) Day, President Kufuor said another processing factory called ADM was being established in Kumasi. The factory, which is expected to come into operation by the middle of 2009, will increase Ghana's processing capacity to about 380,000 tonnes, more than 50 per cent of current production levels.

The theme for the celebration was, "Consume more cocoa for good health".

The COPAL, which is an inter-governmental organisation instituted in January 1963, has set aside October 1 every year to celebrate Cocoa Day to encourage the local consumption of the crop. The 10 countries which form COPAL produce about 75 per cent of total world cocoa but their processing capacity accounts for only 28 per cent, while their local consumption amounts to a meagre five per cent of the world's output.

While encouraging local consumption of cocoa, President Kufuor asked the Ghana Cocoa Board (COCOBOD) to intensify the cocoa disease and pest control programme and the application of fertiliser.

COCOBOD, he said, should also step up the supply of early bearing and high-yielding planting materials for the rehabilitation of old farms and the payment of remunerative producer prices.



President Kufuor recounted some of the efforts the government had made to revamp the cocoa industry.

The Chief Executive of COCOBOD, Mr Isaac Osei, said the shift in cocoa production levels had brought about structural changes in the cocoa industry. The way forward for the industry, he said, must, therefore, involve the broadening of marketing strategies to increase the sale of processed products in Ghana and the West African sub-region.

Mr Osei said recent scientific discoveries indicated that there was growing evidence that the chemicals in cocoa could provide massive medicinal benefits for the human body. He appealed to licensed buying companies to use the funds advanced to them to pay cocoa farmers promptly. He also advised cocoa farmers not to use agro-chemicals not approved by COCOBOD on their farms, since the practice would lead to the rejection of Ghana's cocoa beans on the international market.

The National Chief Farmer, Nana Yiadom Boakye, expressed the deep appreciation of farmers to the government for all the efforts it had made to improve the cocoa industry.

The Secretary-General of COPAL, Mr Sona Ebai, said Ghana's cocoa industry was set for growth and advised the stakeholders to encourage the local consumption and processing of cocoa.

Prizes were given to deserving farmers, chiefs and other individuals who have contributed in various ways to the growth of the cocoa industry.

## ***Research and Development***

### **New Research reveals New Roots for Chocolate**

Source: Mars, Incorporated

02/10/2008

Miami, Oct. 1 - A new study published in the online PLoS ONE, October 1, completely revolutionizes the long-held beliefs about cacao -- the tree on which cocoa is grown. For hundreds of years, scientists, historians, chocolate experts and academics have all believed that chocolate came from one of three types of cacao -- Criollo, Forastero or Trinitario.

The study, "Geographic and Genetic Population Differentiation of the Amazonian Chocolate Tree (*Theobroma l. cacao*)," reveals that there are ten distinct genetic groups of cacao, rather than the three types that have been referred to over the decades.

Swedish botanist Carolus Linnaeus (1707 - 1778) named cacao, *Theobroma l. cacao*, Latin for "food of the gods." Although a chocolate beverage was consumed by Mayan royalty, hence the name the food of gods, very little is known about the natural history of this much loved food.

Scientists from Mars, Incorporated, the US Department of Agriculture - Agricultural Research Service (USDA-ARS) and major cocoa institutions CIRAD-France, CEPLAC-Brazil and INIAP-Ecuador have revealed the true geographic origin of cacao, which is the key ingredient in the chocolate we may eat everyday. "Beyond the major effort to properly categorize and understand cacao's proper genetic history, this new classification of cacao genotypes and the localization of their geographic origins will facilitate the collection of new germplasm with resistance to the devastating cacao diseases," said Dr. Juan Carlos Motamayor, lead scientist, cocoa genetics, Mars, Incorporated. "This is particularly needed information for ongoing research by scientists from cacao-producing countries where the cacao is the livelihood for many small cacao farmers."

Exportation of cacao beans is the primary source of income for several West African countries, such as Côte d'Ivoire and Ghana, and a significant proportion of the GDP of countries in South America like Ecuador and Indonesia in Asia depend on this crop. Cacao farmers' losses can be up to 80% of their production due to diseases. As a consequence, breeding for disease resistance in an environmentally friendly manner has been identified as the most appropriate approach to avoid such losses.

The lack of knowledge of the genetic diversity of cacao has limited the genetic progress of the breeding programs in the producing countries. Cacao breeders' strategies since the 1930's have been based on hybridizing cacao trees from Criollo, Forastero and Trinitario, long considered to be the official grouping of cacao trees.

These "groups" came from the terms used by Latin American cacao producers to differentiate the cacao grown locally (Criollo) from the introduced (Forastero meaning Foreign). The term Trinitario has been used to refer to the hybrid from Criollo and Forastero, originally cultivated in Trinidad. Botanists also based their nomenclature of *Theobroma l. cacao* subspecies on the differences between Criollo and Forastero and even proposed two geographical origins, one in Central America and another one in South America.

The study reported in PLoS One, includes the genetic analysis of trees collected near Mayan ruins in the Lacandona forest of Mexico, including genotypes from Bahia, Brazil. Analysis of 1241 individual trees with over 100 genetic markers clearly demonstrates that categorizing cacao into three groups -- Criollo, Forastero and Trinitario -- lacks scientific basis. Instead, 10 genetic groups -- Maranon, Curaray, Criollo, Iquitos, Nanay, Contamana, Amelonado, Purus, Nacional and Guiana -- were identified, describing more accurately the structure of the genetic diversity in cacao. In the study, the geographic origin of each of the 10 groups is also detailed. "The new findings, together with our recently announced program to sequence the cacao genome, a partnership program between Mars, USDA-ARS and IBM, should considerably help to speed up the genetic improvement of this species and the selection of new cultivars capable of withstanding the diseases that threaten the existence of our beloved chocolate," said Motamayor.

## **OTHER**

### **Gov't assists cocoa farmers with insecticide bed nets**

Ghanaian Chronicle, Ghana

By Albert Nana Asante, Dunkwa

October 03, 2008

GOVERNMENT HAS assisted the Ghana Cocoa Board (Cocobod) procure and supply one million insecticide treated mosquito bed nets, to cocoa farmers throughout the country, at no cost to them. Cocobod is also in the process of supplying solar streetlights to selected cocoa growing areas.

President John Agyekum Kufuor, who disclosed these at the Fourth Cocoa Producers' Alliance (COPAL) Cocoa Day celebration at Dunkwa on Offin, in the Central Region on Wednesday, added that Cocobod would also extend the solar streetlights programme, to some non-cocoa producing areas, in the three northern regions of the country.

COPAL is an intergovernmental organisation, instituted in January 1962 by representatives of cocoa producing countries, and currently has ten member countries. The member countries of the Alliance, account for approximately 75% of total world cocoa production. He said government had, over the past seven years, assisted Cocobod to put the cocoa farmer's welfare at the centre of its activities, adding "this was informed by our belief that when cocoa farmers' welfare is adequately taken care of, all other stakeholders in the cocoa sector will also receive their just rewards."

President Kufuor said cocoa contributed significantly to foreign exchange earnings, and tax revenue for the provision of socio economic infrastructure, such as schools, hospitals and roads. "It is in this vein, that since my government came into office, we have not relented in our quest to give the industry all the necessary support, it needs to strengthen its position as an active player in national development," he maintained, and encouraged Cocobod to initiate various policy measures, which had resulted in a major boost in all spheres of the industry."

In line with government's policy to process at least 40% of cocoa production locally, Cocobod had been assisted to initiate the necessary steps, to attract investments into the sector, and this, he added, had resulted in the establishment of a 60,000 tonnes capacity cocoa processing plant by Cargill, in Tema. He disclosed that ADM, another processing company based in the USA, is also in the process of establishing a plant in Kumasi, and added that "by the middle of next year, when the ADM plant becomes operational, our local processing capacity will be about 380,000 tonnes, more that 50 % of current production levels." He, therefore, urged farmers and other stakeholders, to vote for the New Patriotic Party (NPP) in the coming general elections, to enable it continue to support them.

The Chief Executive of Cocobod, Mr. Isaac Osei, said there was growing evidence that chemicals in cocoa could provide massive medicinal benefits to the human body. He said being the country that produced the best quality cocoa in the world, and currently ranked second in terms of volume of production, Ghanaians deserve to reap maximum benefits from cocoa, not only through its exports, but also its consumption. He warned cocoa farmers that under no circumstance should agro-chemicals, not approved by Cocobod, be applied on cocoa.

The acting President of the Dunkwa Traditional Area, Nana Kwame Kuma II, said he was not surprised that the day was celebrated at Dunkwa, since the area contributed a lot to the cocoa production of the country, and expressed hope that Cocobod could achieve its medium term objective, of producing one million tonnes of cocoa.

The Secretary General of COPAL, Hope Sona Ebai, commended government for its commitment towards farmers, and challenged researchers, universities, and institutes of food technology, to come up with ways to integrate cocoa into our local dishes and recipes, so as to increase local consumption. This year's celebration was on the theme "Consume more Cocoa for good health."

### **Chocolate replacing traditional Eid treat**

Arab News, Saudi Arabia - 30 Sep 2008

Walaa A. Hawari | Arab News

RIYADH: When asked about her household's Eid preparations, Fatima frowns.

"Eid means homemade ma'moul," said the 75-year-old grandmother who remembers when families would gather around on the eve of Eid preparing the tasty date-paste filled cookies.

But nowadays, families are opting out of home-baked tradition and simply buying imported chocolates.

"During Eid the size of chocolate sales in the Kingdom reaches SR200 million," said Eisa Al-Eisa, general manager for Michel Cluizel, a French chocolate company. He added that his company has seen a 25 percent increase in sales this year.

He said that some Saudis don't distinguish between the different qualities of chocolate, which is based on the amount of cocoa used. But others have started to make this distinction, and the more bitter dark chocolates are becoming more popular than they have been in the past. "It is picking up as people are becoming more aware of its healthy effects," he said.

Indeed, the chocolate we usually eat may be filled with sugar and calories, but studies have suggested that cocoa itself (which is quite bitter in its raw form) has considerable health effects, thanks to epicatechin, a strong cancer-fighting anti-oxidant that may also fight hypertension and other common ailments.

Al-Eisa says that most chocolates in the market have higher amounts of sugars and preservatives and less of the healthy ingredient.

When buying chocolates, Al-Eisa suggests sticking to gourmet products that have high amounts of cocoa and use natural rather than processed sugars.

But if you ask Fatima, she would probably tell you to stick to tradition and make ma'moul instead.

## TIT BITS

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

### **London cocoa, sugar fall**

LONDON (September 30, 2008): Soft commodity futures fell as investors liquidated bullish positions on Monday with fear gripping financial markets before a US vote to push through a \$700 billion fund to deal with toxic debt. cocoa and sugar futures fell in response to a rally in the US dollar and falling gold and oil prices as investment funds and investors liquidated long, or bullish, positions.

### **US MIDDAY: cocoa sinks, coffee slips**

NEW YORK (September 30, 2008): US cocoa futures tumbled nearly 6 percent early Monday, while coffee futures also fell, with both markets feeling long liquidation pressure as the dollar climbed, traders said. Arabica coffee for December delivery dropped 1.60 cents, or 1.2 percent, at \$1.3255 per lb, by 9:09 am EDT (1309 GMT), dealing from \$1.3165 and \$1.3400.

### **New York cocoa higher**

NEW YORK (September 30, 2008): New York cocoa futures drifted lower on Friday amid thin volume, as investors traded on technicals and sat ready for developments in Washington's proposed financial bailout plan, dealers said. Benchmark December cocoa contract rose \$3 to finish at \$2,743 per tonne after dealing between \$2,710 and \$2,772.

### **Ghana cocoa purchases slower**

ACCRA (September 30, 2008): cocoa purchases declared by buyers to Ghana's Cocobod for the first week of the 2008/09 crop were 23,217.69 tonnes, down from 122,000 tonnes in the first week of the previous season, an industry source said on Friday.

### **London coffee, sugar fall**

LONDON (October 01, 2008): Coffee and sugar futures fell on investment fund liquidation and origin selling on Tuesday after the US Congress rejected a \$700-billion plan to bail out Wall Street banks. Robusta coffee futures fell to the lowest level in more than eight months as turmoil in global financial markets and a strong dollar continued to drive prices lower.

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

NEW YORK (October 04, 2008): Arabica coffee and ICE cocoa futures retreated further to touch multi-month lows in early trading Friday ahead of the US Congressional financial bailout vote and on pressure from the stronger dollar, traders said. Arabica coffee for December delivery was down 2.55 cents or 2 percent at \$1.2290 per lb by 9:15 am EDT (1315 GMT), a low for the front-month contract on a continuation chart dating back to November 27, 2007.

### **Commodity prices tumble as world waits on US bailout**

LONDON (October 05, 2008): Commodity prices slumped across the board last week as markets were roiled by growing anxiety over whether an emergency US bailout of ailing banks will get through Congress. Traders on Friday awaited a crucial vote by the US House of Representatives on a revised 700-billion-dollar (506-billion-euro) rescue package for the troubled financial system, which they had rejected on Monday.

### **New York cocoa rebounds off six-month low**

NEW YORK (October 05, 2008): cocoa futures on ICE closed higher on Friday, rebounding from a six-month low in thin trade as the pound reversed earlier losses and rose against the dollar, dealers said. Benchmark December cocoa contract settled up \$18 at \$2,469 per tonne, moving from \$2,488 to \$2,414, an intraday low last seen April 10.

### **Ivorian cocoa prices to be set today**

ABIDJAN (October 05, 2008): The delayed 2008/09 cocoa season in Ivory Coast, the world's top grower, will open after prices are set a meeting on October 5, cocoa officials said on Saturday. The cocoa season normally begins each year on October 1, but this year's preparations were hit by strikes and a corruption scandal which led to the Coffee and cocoa Bourse (BCC) and other sector bodies being replaced last month by an interim management committee.