

COPAL COCOA *Info*

A Weekly Newsletter of Cocoa Producers' Alliance



Issue No. 396

12th – 16th July 2010

Cocoa Producers' Alliance



UP-COMING EVENTS

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

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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)
12 th July	2149.44	3203.63	2262.67	3011.67
13 th July	2182.74	3256.16	2272.33	3066.33
14 th July	2230.66	3343.8	2307.00	3164.00
15 th July	2218.82	3339.1	2293.00	3155.00
16 th July	2222.57	3362.56	2317.33	3181.00
Average	2201.00	3301.00	2290.00	3116.00

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

Monday 12th July 2010

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Jul 2010	2609	2621	8	2630	2597	18,303
Sep 2010	2381	2386	1	2402	2368	18,788
Dec 2010	2207	2219	7	2230	2204	1,350
Mar 2011	2177	2183	1	2195	2177	232
May 2011	2179	2177	-2	2181S	2177	37
Jul 2011		2176	-2			0
Sep 2011		2176	-2			0
Dec 2011		2178	1			0
Mar 2012		2172	1			0
May 2012		2177	1			0
Average/Totals		2247				38,710

Tuesday 13th July 2010

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2010	2625	2601	-20	2650	2520	4,111
Sep 2010	2390	2397	11	2410	2379	5,891
Dec 2010	2225	2229	10	2230	2215	2,390
Mar 2011	2182	2191	8	2192	2182	798
May 2011	2183	2188	11	2190S	2174S	463
Jul 2011	2184	2188	12	2184S	2183S	6
Sep 2011	2185	2181	5	2185S	2183S	252
Dec 2011	2190	2194	16	2194	2190	7
Mar 2012		2187	15			0
May 2012		2193	16			0
Average/Totals		2255				13,918

Wednesday 14th July 2010

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2010	2622	2713	112	2725	2622	3,053
Sep 2010	2411	2436	39	2465	2411	7,791
Dec 2010	2238	2265	36	2280	2238	2,920
Mar 2011	2220	2220	29	2236	2217	2,429
May 2011	2216	2221	33	2228	2210	890
Jul 2011	2219	2222	34	2231	2215S	536
Sep 2011	2224	2221	40	2231S	2215S	390
Dec 2011	2231	2222	28	2231	2217	309
Mar 2012		2214	27			0
May 2012		2228	35			0
Average/Totals		2296				18,318

Thursday 15th July 2010

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2010	2,714	2713	0	2732	2665	1,977
Sep 2010	2,437	2419	-17	2448	2401	3,972
Dec 2010	2269	2253	-12	2274	2237	1,096
Mar 2011	2223	2207	-13	2224S	2197S	568
May 2011	2222	2206	-15	2222S	2195	820
Jul 2011	2216	2207	-15	2216S	2199S	416
Sep 2011	2200	2206	-15	2216	2200	6
Dec 2011	2219	2206	-16	2219	2200	91
Mar 2012		2198	-16			0
May 2012		2210	-18			0
Average/Totals		2283				8,946

Friday 16th July 2010

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep 2010	2425	2445	26	2470	2424	4,051
Dec 2010	2258	2276	23	2299	2248	3,425
Mar 2011	2215	2231	24	2247	2214	2,646
May 2011	2215	2230	24	2240S	2215	672
Jul 2011	2213	2232	25	2242S	2213S	809
Sep 2011	2212	2232	26	2236	2212S	54
Dec 2011	2211	2232	26	2245	2211S	903
Mar 2012	2223	2227	29	2223	2223	100
May 2012		2239	29			0
Jul 2012		2239				0
Average/Totals		2258				12,660

Average for the week	2258				18510
					92,552

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

Monday 12th July 2010

Month	Open	Price	Change	High	Low	Volume
Jul 2010	0	2962	-1	0	0	1
Sep 2010	2984	2989	-7	3013	2960	4,443
Dec 2010	3010	3015	-5	3038	2985	2,863
Mar 2011	3017	3037	0	3050	3017	1,683
May 2011	3026	3047	0	3039	3026	52
Jul 2011	3031	3053	0	3051	3031	13
Sep 2011	0	3060	1	0	0	0
Dec 2011	0	3066	2	0	0	0
Mar 2012	0	3144	4	0	0	0
May 2012	0	3131	-4	0	0	0
Average/Totals		3050				9055

Tuesday 13th July 2010

Month	Open	Price	Change	High	Low	Volume
Jul 2010	3004	3026	64	3004	3004	5
Sep 2010	2986	3045	56	3052	2986	6,371
Dec 2010	3023	3070	55	3075	3021	2,684
Mar 2011	3050	3092	55	3094	3050	952
May 2011	3063	3103	56	3102	3062	96
Jul 2011	3100	3110	57	3107	3100	12
Sep 2011	3109	3117	57	3112	3107	7
Dec 2011	3106	3117	51	3106	3104	7
Mar 2012	0	3195	51	0	0	50
May 2012	0	3182	51	0	0	50
Average/Totals		3106				10234

Wednesday 14th July 2010

Month	Open	Price	Change	High	Low	Volume
Jul 2010	3131	3134	108	3142	3131	8
Sep 2010	3055	3153	108	3164	3055	14,203
Dec 2010	3081	3171	101	3179	3081	4,242
Mar 2011	3142	3190	98	3199	3140	1,938
May 2011	3172	3194	91	3201	3170	255
Jul 2011	3177	3201	91	3200	3177	249
Sep 2011	3182	3206	89	3203	3182	161
Dec 2011	3191	3207	90	3196	3173	295
Mar 2012	3258	3277	82	3258	3257	59
May 2012	0	3268	86	0	0	0
Average/Totals		3200				21410

Thursday 15th July 2010

Month	Open	Price	Change	High	Low	Volume
Jul 2010	0	3067	-67	0	0	0
Sep 2010	3152	3144	-9	3160	3116	8,230
Dec 2010	3175	3159	-12	3177	3132	1,748
Mar 2011	3188	3173	-17	3195	3152	876
May 2011	3201	3181	-13	3201	3158	461
Jul 2011	3202	3185	-16	3203	3173	23
Sep 2011	3203	3190	-16	3203	3181	41
Dec 2011	3190	3190	-17	3193	3168	59
Mar 2012	3260	3253	-24	3260	3242	7
May 2012	0	3244	-24	0	0	0
Average/Totals		3179				11445

Friday 16th July 2010

Month	Open	Price	Change	High	Low	Volume
Jul 2010	0	0	0	0	0	0
Sep 2010	3155	3165	21	3210	3138	12,099
Dec 2010	3175	3178	19	3218	3150	3,942
Mar 2011	3207	3192	19	3231	3183	844
May 2011	3213	3201	20	3231	3201	465
Jul 2011	3230	3205	20	3230	3204	63
Sep 2011	3229	3210	20	3234	3225	133
Dec 2011	3212	3211	21	3233	3210	235
Mar 2012	3290	3279	26	3290	3282	108
May 2012	0	3274	30	0	0	0
Average/Totals		2892				17889

Average for the week	2892				3253
					3253

NEWS

Health and Nutrition

Cocoa flavanols could benefit cardiovascular patients

Sify

July 13th, 2010



Cocoa flavanols may be an important part of a healthy diet for people with cardiovascular disease, according to new research.

Poor blood vessel function is recognized as an early stage in the development process of cardiovascular diseases (CVD), including coronary artery disease.

Daily cocoa flavanol consumption more than doubled the number of circulating angiogenic cells (CACs) in the blood, according to results of a study conducted at the University of California San

Francisco.

'And perhaps most importantly, for the first time, we found that cocoa flavanols might even directly mobilize important cells that could repair damaged blood vessels. The benefits are substantial, without any observed adverse effects,' added study author Christian Heiss, MD, Heinrich-Heine University.

'Of course, more research is needed to confirm and build upon these observations, but weâ€™re intrigued by the potential for flavanols in the context of dietary and pharmaceutical strategies for the prevention and treatment of cardiovascular diseases,' Heiss added.

The research also points to new possibilities for cocoa flavanol-based interventions associated with age-related blood vessel dysfunction and vascular complications of type-2 diabetes. *The findings are published in the Journal of the American College of Cardiology (JACC).*

The Health Benefits of Chocolate During Pregnancy (Yay!)

Life360 Now (blog)

12 July 2010



Good news, chocolate lovers! According to a study from Yale University, snacking on chocolate regularly during pregnancy can help prevent potentially fatal complications from premature births. Women who reported eating more than three servings of chocolate a week had a 50% reduction in the chance of pre-eclampsia.

It's thought that theobromine, the chemical in cocoa that taste bitter, helps dilate blood vessels and keeps blood pressure steady. Still, there is some criticism of the study, like whether or not the effects are confined to dark chocolate (do milk and white chocolate provide the same benefits?). But hey, I'm willing to believe anything that encourages more guilt-free chocolate eating.

How much chocolate did you eat while pregnant?

Production & Quality

Deputy Gov urges FG to establish Cocoa Commission to boost Export

Nigerian Observer

July 14, 2010

LAGOS - Osun Deputy Governor, Mrs. Olusola Obada, has advised Federal Government to establish a cocoa commission to boost local production and export.

Obada, who is also the Chairperson of National Cocoa Development Committee (NCDC), made the suggestion in Lagos while unveiling the programme of activities at the annual meeting of National Cocoa Development Committee.

Reports say that the annual meeting will hold in Kwara between July 22 and 24. She said that cocoa deserved more attention since it had been identified as the country's second biggest foreign exchange earner after oil and the largest employer of labour.

According to her, agriculture can be the nation's economic mainstay if it is properly harnessed and efforts geared towards reviving the sector. "Agricultural commodities are renewable unlike oil that will eventually finish one day," she said. Obada said that NCDC had achieved over 70 per cent of its objectives.

Obada listed the objectives to include regeneration of cocoa farms, alternate use for cocoa products, encouraging farmers and youths to farms, cultivation of hybrids seedling, among others. She said that over 20 research findings that could be commercialised had been developed by the NCDC through its partnership with Cocoa Research Institute of Nigeria (CRIN). "The findings are wine, cake, cocoa powder, bread, cake, cream, medicine among others," she said.

The deputy governor advised private sector operators, especially Small and Medium Scale Enterprise (SMEs) to take advantage of the various research findings.

On the sustenance of the annual meeting, she said that the meeting, held under the auspices of Deputy Governors in cocoa producing states, would be sustained. "It's a national programme, deep-rooted and have benefited many farmers and any government would ensure the continuity of such a successful idea," she said.

Obada said that farmers and processors had been adequately sensitised on pricing and ways to add value of their products so that foreigners would not take undue advantage of them. "It will be difficult to regulate the influx of buyers who besiege the country during peak season and buy cocoa at low prices, denying the farmers of proper profits. "But an average farmer in the country knows that cocoa is gold and whom to sell to," she said.

Obada, however, lamented the failure to achieve good prices for cocoa at the international market, stressing that the system where the buyer determines prices was not good enough. According to her, most of the old cocoa processing factories have been rehabilitated to add value to cocoa meant for export.

Ivory Coast Cocoa Harvest to reach 1.3 million tons, Group Says

BusinessWeek

By Monica Mark at pmrichardson@bloomberg.net.

July 17, 2010

(Bloomberg) -- Cocoa production in Ivory Coast will rise to 1.3 million metric tons in the year through September 2011 as higher prices prompt growers to invest in their farms, the International Cocoa Organization said.

Aging orchards, poor infrastructure and instability have curbed growth in the world's biggest producer of Cocoa over the past few years, Jan Vingerhoets, head of the group, said at a press conference late yesterday in Abidjan.

The West African country produced 1.16 million tons in the 12 months through September 2009, down 16 percent from the previous year, according to statistics from the country's Bourse du Cafe et du Cacao. "We believe it would take three to four years for production in Ivory Coast to return to normal growth rates," Vingerhoets said.

Investment and proposed reforms to the industry have been held back amid repeated failures to hold elections due since 2005, following an accord signed between leaders in the rebel- held north and government-controlled south.

Global prices for cocoa could continue to move around record prices of \$3,000 a ton, which would allow farmers to reinvest increased revenue in production, Vingerhoets said.

Speaking beside Jean-Marc Anga, the organization's director of statistics who is due to take over as president Oct. 1, Vingerhoets said global grinding figures will probably grow 4 percent to 5 percent in the cocoa year that finishes in September.

Global exports may rise by 6 percent in the season, while consumption could increase 2 percent to 3 percent in the period assuming normal weather patterns, he said.

The Market

Speculators' new craze for chocolate leaves a bitter taste

Independent

By Sanna Chu

11 July 2010



First they ruined the property market, and then they fouled up the banks and building societies, before wrecking the high street. Now hedge funds and other financial speculators are threatening the good order of the chocolate market.

Cocoa prices have reached their highest levels for 33 years, increasing 150 per cent in the last 18 months, and financial speculators are being accused of inflating prices to make a financial profit. Cocoa crop failure in the Ivory Coast, the world's top grower, is partly the cause, but some experts are blaming the London commodity market where cocoa is

traded.

European cocoa traders threaten to quit the London market over 'manipulation'

Speculation is now so rife that a group of European cocoa trading companies have taken the rare step of making public a complaint about the extent of the speculation on the London cocoa market and demanding tighter regulations. In a letter seen by The Independent on Sunday, leading cocoa industry figures claim there is clear "manipulation... which is bringing the London market into disrepute". They accuse the market of lacking "transparency and control". They warn that unless action is taken to stop "big players from cornering the market" they will quit London.

Fair-trade activists and anti-poverty pressure groups are calling for government action to curb financial speculators from inflating food prices. They warn that unless urgent moves are taken to clamp down on the hedge funds and other financial groups behind the speculation there could be shortages, death through starvation and outbreaks of civil unrest in poorer countries.

Barbara Crowther, of the Fairtrade foundation said: "Fairtrade's experience is that people are willing to pay a little more for chocolate, if this supports cocoa farmers in poor countries to improve their own standard of living. But consumers would be very angry if this is simply helping rich and powerful financial speculators to line their own pockets."

Julian Oram, Head of Policy & Campaigns at the World Development Movement, said: "It has profound consequences for the world's poorest people by pushing up the price of basic foods like wheat and corn. Governments really need crack down on the banks and hedge funds that are gambling on what is a basic human need." He warned that market instability affects farmers in developing countries, particularly in West Africa, the dominant cocoa-growing area by making it harder to plan.

Critics claim that financial speculation in food commodities has caused hundreds of thousands of deaths through malnutrition. A steep rise in prices for staple foods between 2006 and 2008, including rice, which rose 217 per cent, and wheat, which increased by 136 per cent, resulted in a global food crisis and riots in Haiti, Bangladesh and Egypt. Oxfam said an extra 119 million people were pushed into hunger.

The London cocoa market operator, Liffe, said it was aware of concerns about the market and was ensuring an orderly market by carrying out "normal regulatory activities". Liffe said it would be discussing critics' concerns with them privately.

Liffe cocoa market on course for supply crunch-UPDATE 2

Forexyard

By Sarah McFarlane and Nigel Hunt

July 12, 2010

* Dealers predict July delivery of about 200,000 tonnes

* Supplies tight with global deficit seen in 2009/10

* Dealers said September premium could widen

LONDON, July 12 (Reuters) - The huge open interest in NYSE Liffe's futures contract due to expire on July 15 shrank only slightly on Friday, pointing to a crunch in certified cocoa supplies in September.

The exchange reported on Monday that July open interest -- the number of outstanding contracts -- was down 269 lots at 38,733 lots as of the close of business on Friday, still much higher than typical open interest levels seen when a contract is days from expiry. Each lot represents 10 tonnes of cocoa.

The situation was cited earlier this month by industry players who complained to the exchange about excessive speculation.

Dealers are predicting a large delivery of up to 200,000 tonnes of cocoa against the July contract -- equivalent to around four-fifths of the available graded cocoa -- versus around 50,000 tonnes delivered against the July 2009 contract.

If participants take physical delivery of such large amounts from the exchange this July, very limited exchange stocks will be available for September.

The July and September contracts are always vulnerable to shortages of fresh cocoa supplies due to the crop season in the world's largest cocoa producing region, West Africa, with the main harvest due to start in September/October. Players holding short positions have been caught out this year.

Cocoa supplies are particularly tight with a global 2009/10 deficit forecast by the International Cocoa Organization as well as banks and major trade houses. A Reuters poll in January saw a 50,000 tonne shortfall.

Some dealers argue that production has struggled to respond to long-term demand growth, partly due to a lack of investment in top grower Ivory Coast following years of internal conflict, justifying premiums on nearby contracts.

The July contract has been trading at a large premium to September holding at around 215 to 225 pounds during the last couple of sessions, causing some traders to speculate that Liffe may have intervened informally in the market to ensure the premium did not widen further.

Liffe declined to comment on any intervention.

"It's costing certain people but they were able to have made better decisions in previous months," said a London-based broker.

SEPTEMBER CRUNCH

The September contract is also trading at a 166 pound premium to December as concerns over tight graded cocoa stocks following July's expiry supported the inversion. "September is already at a substantial premium and you could see that premium doubling," a London-based broker said. Futures contracts usually become more expensive the later they are dated to account for the cost of holding the commodity.

A group of European cocoa industry participants, who wrote a letter to Liffe raising concerns about the London cocoa market, have pointed to the unusually large open interest on the July contract as an indication of excessive speculation.

The group had not complained about whether the current market structure was technically inside the rules but had sought greater transparency, German Cocoa Trade Association Chairman Andreas Christiansen told Reuters in an interview on Friday.

The German industry body was one of the signatories.

Dealers said that anyone holding short positions -- betting prices would fall -- would have to either deliver cocoa against their position or buy back positions with an expensive premium.

Cocoa processors who grind beans into products including butter and powder, which still need to be hedged but are not deliverable on the exchange, are expected to be the main sector of the market holding short positions, dealers said.

"If they (the long position holders) hoover up all the July (deliveries) and don't bother re-grading expiring certified stocks then, effectively, if they want to, they could starve September of cocoa," a London-based broker said. (Reporting by Nigel Hunt and Sarah McFarlane; Editing by Anthony Barker)

Coffee falls on Speculation Rally Was Overdone; Cocoa Declines

BusinessWeek

By M. Shankar and Elizabeth Campbell

July 12, 2010,

(Bloomberg) -- Coffee prices fell on speculation that this year's rally went too far amid increasing production. Cocoa dropped.

Global coffee output may rise 12 percent to 135 million bags next season, led by gains in Brazil, the world's largest grower, the International Coffee Organization said last week. A bag of coffee weighs 60 kilograms (132 pounds). Arabica futures have gained 20 percent this year, and robusta has climbed 32 percent. "That Brazilian harvest is continuing" to weigh on prices, said Boyd Cruel, a senior analyst at Vision Financial Markets in Chicago. Arabica "got dragged up with tightness of supplies" in robusta, and the rally "was overdone," he said.

Arabica coffee for September delivery fell 0.3 cent, or 0.2 percent, to \$1.6355 a pound on ICE Futures U.S. in New York. Robusta futures for September delivery dropped \$4, or 0.2 percent, to \$1,705 a metric ton on the Liffe exchange in London. "It is a bit of a pullback," said Eldred Buck, the managing director of Eiger Trading Advisors Ltd. in London.

Arabica is grown mainly in Latin America and brewed by specialty companies including Starbucks Corp. Robusta beans, used in instant coffee, are harvested mostly in Asia and parts of Africa.

Brazil will boost output in the year that begins Oct. 1 to 50 million bags from 39.5 million bags a year earlier, the London-based international coffee group said.

Cocoa futures for September delivery declined \$7, or 0.2 percent, to \$2,989 a ton in New York. The contract for September delivery rose 1 pound to 2,386 pounds (\$3,583) a ton in London.

Cocoa Rises on expectations demand will improve; Coffee Gains

BusinessWeek

Elizabeth Campbell at ecampbell14@bloomberg.net

July 13, 2010

(Bloomberg) -- Cocoa climbed in New York to the highest price in more than a week as a jump in profit for aluminum producer Alcoa Inc. revived optimism that an improving economy will boost demand for commodities. Coffee also gained. Alcoa yesterday reported second-quarter sales and profit that beat analysts' estimates, and the New York-based company forecast higher global demand for the metal. Stocks rallied, and the Reuters/Jefferies CRB Index of 19 raw materials rose.

Cocoa prices "are primarily moving off of the market-based embracement of risk," said Adam Klopfenstein, a senior market strategist at broker Lind-Waldock in Chicago. "Economically- sensitive commodities are catching a nice rally."

Cocoa for September delivery rose \$56, or 1.9 percent, to \$3,045 a metric ton on ICE Futures U.S. in New York, the biggest gain for a most-active contract since July 1. Earlier, the chocolate ingredient reached \$3,052, the highest price since July 1.

On London's Liffe exchange, cocoa futures for September delivery rose 11 pounds, or 0.5 percent, to 2,397 pounds (\$3,633) a metric ton, the biggest gain since July 5.

In the week ended July 6, hedge-fund managers and other large speculators in New York cocoa futures increased their net- long positions, or bets that prices will rise, to the highest level in a month, government data show.

Arabica-coffee futures for September delivery rose 2.1 cents, or 1.3 percent, to \$1.6565 a pound in New York. The price has climbed 22 percent this year.

Coffee production in Brazil's Minas Gerais state, the world's biggest-growing region, will climb less than estimated this year after rain hurt flowering, said Marcelo Moura Almeida, the chief agronomist at Cooparaíso, a grower's group that accounts for 9 percent of arabica coffee output in the country.

Production in Minas Gerais will rise 20 percent this year to 23.9 million bags, each weighing 60 kilograms (132 pounds), according to the government's May 5 estimate. Almeida didn't give an estimate for the state's output.

On the Liffe in London, robusta-coffee futures for September delivery climbed \$16, or 0.9 percent, to \$1,721 a metric ton. The price jumped 33 percent this year.

Cocoa Rises Most in Five Weeks in London on Fund Speculation

BusinessWeek

By: M. Shankar at mshankar@bloomberg.net.

July 14, 2010,

(Bloomberg) -- Cocoa rose the most in five weeks in London on speculation that investment funds increased purchases of the beans.

September-delivery cocoa gained as much as 2.3 percent, the most since June 8, on the Liffe exchange. The number of contracts outstanding, or open interest, was 71,212, more than double this year's average of 28,097. Cocoa for July delivery is at a 243-pound (\$372) premium to September beans, a so-called backwardation that may signal limited supplies.

"Funds are probably behind the move and squeezing physical buyers of cocoa" out of the market, Eugen Weinberg, an analyst with Commerzbank AG in Frankfurt, said by phone.

Cocoa for September delivery advanced 48 pounds, or 2 percent, to 2,445 pounds a metric ton at 11:28 a.m. on Liffe. Cocoa for September delivery climbed 2.7 percent to \$3,128 a ton on ICE Futures U.S. in New York.

Europe's usage of the chocolate ingredient climbed 13 percent to 328,704 tons in the second quarter, figures from the European Cocoa Association showed today. So-called grindings, an indicator of demand, jumped the most since the third quarter of 2000, according to the report.

German cocoa processing advanced 11 percent from a year earlier in the second quarter, the Association of the German Confectionery Industry said in an e-mailed report today.

Cocoa Options

Traders yesterday exchanged 600 lots of September 2,400- pound cocoa call options on Liffe, according to data from the bourse. They also exchanged 50 lots of September 2,450-pound calls and 1,000 lots of September 2,600-pound calls.

In addition, traders exchanged 500 lots of September 2,200- pound put options, 200 lots of 2,250-pound puts, 200 lots of 2,350-pound puts and 50 lots of 2,450-pound puts. Calls give the right to buy a commodity at a preset price, while puts confer the right to sell.

White, or refined, sugar for October delivery rose \$2.40, or 0.5 percent, to \$522.90 a ton on Liffe, the third straight gain. Robusta coffee for September delivery advanced \$10, or 0.6 percent, to \$1,731 a ton.

Surge in demand drives cocoa to 32-year high

By Agrimoney.com

July 14, 2010

Cocoa prices jumped to their highest since 1977 after data showed demand for the beans by Europe's chocolate makers rising at its fastest pace in a decade.

The region's so-called cocoa "grind" – the volumes processed by confectioners such as Barry Callebaut, Cadbury and Ferrero – topped 328,700 tonnes in the April-to-June quarter, an increase of 12.7% on the same period the year before. While the grind remained below 2008 highs, the rate of increase was the highest since the July-to-September period of 2000, and beat market expectations.

Cocoa for July rose nearly 4% to £2,709 a tonne in lunchtime deals in London, the highest price for a spot contract since September 1977.

Cocoa Futures Jump as European Demand Surges Most in a Decade

Washington Post

By Debarati Roy and M. Shankar

July 14, 2010;

Usage in the second quarter climbed 13 percent to 328,704 metric tons from a year earlier, data from the European Cocoa Association showed. That's the largest increase since the third quarter of 2000. "This is big," said Tom Mikulski, a senior market strategist at Lind-Waldock, a broker in Chicago. "People are worried about the supply situation in the short term."

Cocoa for September delivery climbed \$108, or 3.5 percent, to \$3,153 a ton on ICE Futures U.S. in New York, the most since Dec. 16. Earlier, the price reached \$3,164, the highest level for a most-active contract since May 7. The commodity has gained 16 percent in the past 12 months. "Funds are probably behind the move and squeezing physical buyers" out of the market, said Eugen Weinberg, an analyst at Commerzbank AG in Frankfurt.

German cocoa-processing rose 11 percent in the second quarter from a year earlier, the Association of the German Confectionery Industry said today.

On the Liffe exchange in London, cocoa futures for September delivery advanced 39 pounds, or 1.6 percent, to 2,436 pounds (\$3,717) a ton.

Rising cocoa prices driving ice-cream parlors nuts

Asbury Park Press

By MICHAEL L. DIAMOND • STAFF WRITER •

July 14, 2010

The rising cost of cocoa has ice-cream parlors at the Shore trying to figure out whether they should pass on the increase to customers or simply absorb it.

"Our ice-cream prices have gone up a lot," particularly chocolate, said Emily Baker, manager of Crazees, an ice-cream store in Rumson. "Unfortunately, we're unable to raise our prices to combat that."

Behind-the-scenes expenses often escape the attention of consumers, but this is causing headaches for store owners, many of whom are trying to keep up with other costs such as last summer's hike in the minimum wage. Experts said supply and demand is only partly to blame. Investors also are speculating on cocoa, a reminder of two years ago, when they bought oil and pushed gasoline prices to record highs.

For consumers, the price hikes are not creating much of a stir. Mary Ciampi of Rumson was at Gracie and the Dudes ice cream in Sea Bright with her son, Tyler, 5, and daughter, Tori, 18 months. The shop recently raised its prices by about 6 cents, but that did not deter them.

"Everything has gone up," Ciampi said. "You don't really notice chocolate."

The price of cocoa — used to make chocolate and coffee — has doubled during the past four years, to \$3,231 a ton in June 2010 from \$1,606 a ton in June 2006, according to the International Cocoa Organization, a London-based governing body.

It is impacting ice-cream store owners, who say they are being squeezed. Skipper Dipper in Long Beach Township raised prices this season for the first time in seven years, increasing a regular ice cream from \$3 to \$3.15.

The price hike mainly was in response to the federal government's minimum wage increase, which forced New Jersey employers to raise the lowest wages from \$7.15 an hour to \$7.25 an hour, owner David Powitz said. Add to that toppings. The store paid \$95.57 for a box of mini M&M's this year, up 17 percent from \$81.43 it paid two years ago, Powitz said.

Cocoa hits 32 year high on negative crop prospects

International Business Times

By Abhishek Subrahmanya

July 15, 2010

London cocoa prices hit new 32-year high on Wednesday on higher European demand for the beverage and confectionery material, which is widely used in preparing chocolates. Pieces of chocolate are seen at the 14th Salon du Chocolat (Paris Chocolate Show) in Paris

Cocoa usage in the second quarter climbed 13 percent to 328,704 metric tons from year ago period, the largest increase since the third quarter of 2000, according to European Cocoa Association data.

European Cocoa Association also said cocoa grindings totaled 328,704 tons in Q2, up 12.7 percent from a year ago and more than expected.

Earlier in May, the International Cocoa Organization (ICCO) estimated that global net production will total 3.56 million tons in 2009-2010 and reduce the ending stocks from 1.688 to 1.619 million tons, or 45% of annual use.

The Ivory Coast and Ghana account for over half of the world's cocoa production.

Cocoa market faces risks as major producer Ivory Coast is in the midst of political uncertainty with national elections postponed more than five times since 2005 and rebel activities on the rise.

The prevailing humid weather condition favorable for the swollen shoot virus and black pod disease also add to producers' worries.

Meanwhile, Nestlé's ongoing support to improve crop conditions, by providing one million disease resistant cocoa trees for next ten years, is easing some concerns at the grass roots level.

The 2010 agreement, the seventh International Cocoa Agreement, will come into effect from 2012, reportedly easing the trade barriers between the exporting and importing countries.

Cocoa for September delivery surged by 3.5 percent, to \$3,153 a ton on ICE Futures. The commodity has gained 16 percent in the past 12 months.

London Cocoa Seen Near 32-Yr High; Eyes on Delivery

Source: Reuters

15/07/2010

London, Liffe cocoa was expected to open on Thursday within site of Wednesday's 32-year high after better-than-expected grind data, with the July contract beginning its final trading day commanding a huge premium which could see virtually all available graded stocks tendered.

The front month was finally indicated at a premium to September of more than 260 pounds a tonne on Wednesday, up from around 206 pounds a day earlier.

Open interest at Tuesday's close was reported by Liffe as 26,821 lots, the equivalent of 268,210 tonnes of cocoa and with an estimated volume of barely more than 3,000 lots on Wednesday many positions remained open entering the final day.

Available graded cocoa stocks stand at about 250,000 tonnes.

Europe's cocoa grind -- an indicator of demand -- rose 12.7 percent year-on-year to 328,704 tonnes in the second quarter of 2010. Dealers said the figure exceeded expectations.

North America second-quarter 2010 cocoa grind data will be released post-market on Thursday, with analysts estimating a 4-8 percent rise from a year ago.

London white sugar futures were little changed in early trade on Thursday, with dealers anticipating a very small delivery tonnage against expiry of the August contract on Friday.

Strong cash demand for sugar is supporting the market, with a heavy line-up of vessels at Brazilian ports to load new crop sugar and the possibility that Thailand, the world's number two exporter, could buy more sugar to tackle a domestic shortage.

The technical signal for New York sugar has turned bearish and the price may drop to 16.80 cents per lb, as it failed to test the Friday high at 17.41 cents during the previous trading session, according to Reuters market analyst Wang Tao.

Arabica futures opened little changed. Arabicas have been rangebound since falling from a 12-year top at \$1.7650 last month and are under pressure as roaster buying remains light.

Mostly dry weather in Brazil is expected to help harvest progress. Dealers are expecting a bumper crop from the world's largest producer although there remain concerns about quality after uneven flowering earlier in the crop's development.

New York coffee is technically neutral as it is temporarily trapped between \$1.6310 and \$1.67 per lb, and only a further development of the chart will generate a clearer signal, according to Reuters market analyst Wang Tao.

FUNDAMENTALS

* Thailand expects sugar output to drop to as low as 6 million tonnes in the 2010/11 season because of a severe drought, an official of the country's sugar board said on Thursday.

* Indonesia is likely to produce 2.6 million tonnes of white sugar this year, lower than a previous forecast of 2.7 million tonnes because of bad weather, Faruk Bakrie, chairman of the Indonesian Sugar Association (AGI), said on Thursday.

* The state-run Thai Cane and Sugar Corp (TCSC) will open a tender next week to sell 55,333 tonnes of raw sugar from the 2010/11 crop, a senior TCSC official said on Thursday.

* India, the world's largest sugar consumer, is likely to export around 500,000 tonnes of sugar in 2010/11 because of rising domestic output, the International Sugar Organization said on Wednesday.

* Brazil's 2010/11 (May/April) cocoa arrivals were down 16.9 percent at 841,120 60-kg bags by July 11 versus 1.01 million bags a year ago, data from the Bahia Commercial Association showed.

* Management at Brazil's second-biggest port Paranagua delivered documents to environmental inspector Ibama on Tuesday, a step towards obtaining the licence that would have prevented its brief but disruptive shutdown last week.

* Peru's government plans to sell its stakes in six sugar producers this year to meet the terms of a law Congress passed to encourage private investment in the agricultural sector

Sweet success as cocoa prices reach highest level in 32 years

Herald Scotland

Douglas Hamilton

16 Jul 2010



* Ivory Coast cocoa cutting.JPG

* A boy works in the fields in Saykro, Ivory Coast

Cocoa prices have jumped to levels not seen since the late 1970s as better-than-expected data on demand for the bean used to make chocolate created a squeeze in the market ahead of the expiry of a key contract.

Prices for September-delivered cocoa peaked at £2465 a tonne on Wednesday – the strongest level for a second-month contract in 32 years. September cocoa traded at around £2420 yesterday.

The July cocoa contract, which expired yesterday in London, climbed to a peak of £2725 a tonne, its highest since September 1977.

A recovery in demand for cocoa beans, used to make chocolate, has come as the world suffers another disappointing crop. Cocoa farming in Ivory Coast, the largest producer with 40% of global output, is suffering from chronic underinvestment and high taxes, with many farmers switching to more lucrative rubber.

Traders and analysts said Ivorian cocoa trees, planted more than 25 years ago, have already passed their peak of productivity and, without new planting, production in the country is likely to drop every year, tightening the global market as demand rebounds.

What we are experiencing today is clearly a manipulation of the contract which is bringing the London market into disrepute, and which should not be allowed.

European trading organisation signatories

City traders said demand is expected to outstrip supply for a fourth consecutive season and cocoa prices have almost tripled since late 2007.

Barry Callebaut, the world's largest chocolate producer, said recently it expected cocoa prices to remain at elevated levels of £2100-£2400 a tonne.

The London market was buoyed a few days ago by unexpectedly strong data on European cocoa processing. Cocoa grindings, a measure of demand, rose 12.7% in the second quarter from the previous year, according to the European Cocoa Association.

Meanwhile, members of NYSE Liffe, the London futures exchange, are demanding a review of rules governing speculative positions in the cocoa market following a letter of complaint from traders who claim price manipulation is bringing the London market into "disrepute".

Sixteen European trading organisations have written to Liffe – the London International Financial Futures Exchange – to say they were "shocked with what is happening on the London cocoa market", claiming it was harming producers and consumers.

The signatories, including the Association of the German Confectionery Industry, accuse the market of lacking transparency and control.

They said: “What we are experiencing today is clearly a manipulation of the contract which is bringing the London market into disrepute, and which, we believe, should not be allowed.”

The letter also said: “The cocoa industry cannot continue to trade on a futures market that is not offering a minimum of hedge transparency.”

“We will, therefore, be obliged to reconsider seriously our hedging policy and with an eventual move towards using the Intercontinental Exchange (ICE) market.”

According to one of the signatories, a speculator – possibly a hedge fund or investment bank – bought unusually large amounts of cocoa futures contracts, which pushed their price to a 30-year record of £2590 per tonne in recent dealing.

Andreas Christiansen, president of the German Cocoa Trade Association, a signatory of the letter to NYSE Liffe, said the “hefty” price move was “a mirror of what can be done if people control the physical stock”. He added that the cocoa groups hoped to begin discussions with NYSE Liffe on the details of the cocoa contract, as well as more reporting of individual participants’ positions in the market, “very soon”.

Producers and traders complain that speculators cause such volatility that financial commodity exchanges become even less reliable than the physical market. “From the moment a market becomes purely a vehicle for speculation, it loses its usefulness,” the letter said.

Market participants believe the manipulator is a big financial institution because buying as much as 250,000 tonnes of physical cocoa would cost more than £600 million at current prices – a sum of money that is more likely to be available to a large fund or bank.

Major British and US investment banks, such as Barclays, Goldman Sachs and JP Morgan, have relied on commodity revenues as a source of recent profits, given the slowdown in credit and equity markets.

Thousands of retail investors have also flocked to commodity funds, which has sent gold prices to record levels.

Some market players have defended the position taken by speculators, saying they add liquidity in the market, and provide opportunities for buyers and sellers.

NYSE Liffe has noted the concerns of the cocoa groups, and said it was planning to start issuing a report on trading positions, similar to the US Commodity Futures Trading Commission’s “Commitments of Traders” report. A spokesman said: “We are close to being able to finalise our plans for such reporting and will be announcing this to customers in the near future.”

Cocoa: Has been trending higher with a quick rally

FXstreet.com The Forex Market

By Autochartist Team

Jul 16 2010,

Over the past two sessions, Cocoa has been trending higher with a quick rally that has pushed this market up to recent highs and resistance at 2460. The current intraday weakness seen on the 60-minute chart is likely a pullback, caused by profit-taking and a rejection from the Channel Up pattern's top line. When the bulls began taking profits on their long positions, the pattern's uptrend line support was broken at 2049 (E), which triggered a reversal of the short-term uptrend.



In order to determine how aggressively to approach a trade such as a trendline break, as well as the likelihood for follow-through lower, consider both the current trend and the momentum accompanying the trend line break. Autochartist's Initial Trend reading, at the maximum of ten bars, confirms the strong uptrend that helped form the Channel Up pattern. Reversals of strong trends should ideally be accompanied by a strong Breakout reading - something this pattern breakdown, with a ten-bar reading, does have. The maximum Breakout value indicates that the bearish momentum was strong as prices traded through 2049. Therefore, the likelihood for follow-through to the nearby Forecast area, waiting between 2386 and 2360 (F), is high, because prices have not only the necessary downward momentum, but don't have to travel far to reach the support area.

Cocoa advances as potential demand exceeds warehouse stockpiles

BusinessWeek

By M. Shankar at mshankar@bloomberg.net.

July 16, 2010,

(Bloomberg) -- Cocoa rose in London, on course for a second straight weekly gain, as potential demand exceeded stockpiles of the chocolate ingredient.

A total of 24,866 contracts were outstanding for July futures, equivalent to 248,660 metric tons of cocoa, according to data on Bloomberg before trading closed yesterday. That was more than the 246,810 tons of the beans held in warehouses monitored by the Liffe exchange as of July 12.

"It remains to be seen how the drama on the cocoa market will be resolved," Eugen Weinberg, an analyst at Commerzbank AG in Frankfurt, wrote in an e-mailed report today. "Even after the contract change, Liffe cocoa quotes some 20 percent higher than cocoa at the New York Board of Trade," he wrote.

Cocoa for September delivery rose 40 pounds, or 1.7 percent, to the day's high of 2,459 pounds (\$3,781) a ton on Liffe at 12:29 p.m. local time. The contract, up 3.1 percent this week, is at a 183-pound premium to December beans, a so-called backwardation that may signal limited supplies.

In New York, cocoa for September delivery climbed \$41, or 1.3 percent, to \$3,185 a ton on ICE Futures U.S. Futures have gained 9.3 percent this year in London while falling 3.2 percent in New York.

Europe's usage of the chocolate ingredient jumped 13 percent to 328,704 tons in the second quarter, figures this week from the European Cocoa Association showed. So-called grindings, an indicator of demand, rose the most since the third quarter of 2000, according to the report.

German cocoa processing advanced 11 percent from a year earlier in the second quarter, the Association of the German Confectionery Industry said earlier this week.

White, or refined, sugar for October delivery rose \$7.10, or 1.3 percent, to \$535.60 a ton on Liffe. Robusta coffee for September delivery advanced \$7, or 0.4 percent, to \$1,760 a ton.

Processing & Manufacturing

Europe 2Q Cocoa Grind 328,704 Tons, Up 12.7% On Year – ECA
Capital.gr (press release)

By Caroline Henshaw, 4420-7842-9478; caroline.henshaw@dowjones.com
July 14, 2010

LONDON -(Dow Jones)- European second-quarter cocoa grindings totaled 328,704 metric tons, a rise of 12.7% on the year, the European Cocoa Association said Wednesday.

Cocoa grindings--a key indicator of cocoa demand--were 36,941 tons higher than the same period last year, when cocoa-bean usage in Europe fell to its lowest level since the second quarter of 2005.

The increase marks the third consecutive quarter of growth as cocoa consumption picks up after the global economic slowdown hit demand for cocoa products during 2009.

On a 12-month moving average, European cocoa grindings are up 4.8% at 1.37 billion tons.
The ECA accounts for around two-thirds of European cocoa grindings.

ECA grinding members are ADM Cocoa, a unit of Archer Daniels Midland Co. (ADM); Barry Callebaut AG (BARN.EB); Delfi Cocoa Europe, a division of Petra Foods Ltd. (P34.SG); ECOM/Dutch Cocoa; and Gerkens Cacao, a unit of Cargill Inc.

Bean processors are Cadbury PLC, Cioccolato Peyrano, Euromar, Ferrero SPA, Fuchs & Hoffmann, Hachez, Herza, Icam, Kessko, Kraft Foods Inc. (KFT), Lindt (Italy), Ludwig, Majani, Natra, Nederland, Nestle SA (NESN.VX), Schokinag, Schwartauer Werke, Stabilimento Testa, Storck, Weinrich and Toms.

A breakdown of European grind figures issued by the ECA is given below in tons:

Year	4Q	3Q	2Q	1Q	Total
2010		328,704	341,128		669,832
2009	351,316	344,832	291,763	315,177	1,303,088
2008	349,351	348,501	328,920	354,571	1,381,343
2007	348,901	351,040	323,353	338,495	1,361,789
2006	338,922	324,903	312,817	324,173	1,300,815
2005	317,000	311,627	295,926	295,061	1,219,614
2004	301,214	287,040	272,570	292,367	1,153,191
2003	302,988	279,675	270,197	276,070	1,128,930
2002	282,501	271,041	257,570	264,755	1,075,867
2001	286,947	287,709	284,048	307,764	1,166,468
2000	307,473	297,164	275,663	292,628	1,172,928
1999	285,952	259,907	262,073	261,792	1,069,724

German Q2 2010 Cocoa Grind up 11.2% on Year

Source: Reuters
15/07/2010

Germany's second quarter 2010 cocoa grind rose 11.2 percent on the year to 83,879 tonnes, the association of German confectionery producers BDSI said on Wednesday. Germany's first quarter 2010 cocoa grind had risen 10.31 percent on the year.

But the BDSI said the second quarter grindings were still down 6.17 percent against the second quarter of 2008 before the global economic slowdown started. "The recovery in grinding figures does not show a recovery in consumption which is still depressed," one German cocoa processor said. "We are still below 2008 figures which is a key indication of whether demand is really recovering."

Traders also said the expansion of the Delfi Cocoa Europe grinding plant in Hamburg was suspected to have raised both European and German grinding figures.

European second quarter 2010 grindings were up 12.7 percent on the year to 328,704 tonnes, the European Cocoa Association said on Wednesday.

Delfi in October 2009 completed expansion of its Hamburg plant from 35,000 tonnes to 100,000 tonnes of annual bean grinding capacity. Delfi said at the time the expanded Hamburg plant would be used to supply

customers worldwide, not just in Europe. "Without the impact of the Delfi expansion the 2010 German and European grinding figures may well have shown a fall," one German trader said.

North American cocoa grind up 12%

Food Business News (registration)

By Ron Sterk

July 16, 2010

KANSAS CITY — North American cocoa bean grind in the second quarter of 2010 was up 12.1% from the same quarter a year ago, the National Confectioners Association said Thursday.

A total of 117,657 tonnes of cocoa beans were ground during the April-June period, up 12,675 tonnes, or 12.1%, from 104,982 tonnes in the same period of 2009, the association said. It was the second consecutive quarterly increase after four quarters of year-over-year declines.

The second-quarter grind far exceeded trade expectations that ranged from increases of 4% to 8%.

Earlier in the week, strong cocoa bean grind also was reported for Europe. The European Cocoa Association said second-quarter grind was 328,704 tonnes, down slightly from the first quarter but up 12.7% from the same quarter in 2009 and exceeding trade forecasts of an 8% to 9% increase.

Cocoa bean futures in London were trading at 32-year highs, and physical deliveries against the July contract totalled 240,100 tonnes, the largest delivery total since September 1996, according to exchanged data and press reports from London. New York cocoa bean futures prices were trading at 10-week highs ear

Cocoa rises on Grind, Huge Liffe delivery

Source: Reuters

16/07/2010

London, July 16 - Cocoa futures rose on Friday, boosted by a huge delivery against expiry of the July contract and strong demand data, while sugar edged up pressured by loading delays in Brazil, and arabicas eased in thin trade.

Liffe cocoa rose as dealers noted the exchange's largest delivery for nearly 14 years on Friday with 240,100 tonnes tendered against the expiry of the July contract, according to exchange data.

The delivery was the largest since more than 300,000 tonnes were delivered against the September 1996 contract.

Dealers said a big delivery to one player could signal a supply crunch on the September contract.

North American grind data provided further evidence that demand is reviving after last year's recession-linked dip.

Cocoa grindings in Canada, the United States and Mexico in the second quarter were up 12.07 percent from the same period in 2009 at 117,657 tonnes, data from the National Confectioners Association (NCA) showed. The rise was well above the range of trade estimates that pegged the grind would climb 4 to 8 percent.

ICE December cocoa was up \$44 or 1.4 percent at \$3,203 per tonne at 1240 GMT.

Liffe September cocoa was up 43 pounds or 1.8 percent at 2,462 pounds a tonne, having earlier hit a contract high of 2,467 pounds a tonne.

STRONG GRINDS

A 12.7 percent rise in Europe's cocoa grind announced earlier this week also exceeded trade forecasts which averaged about eight to nine percent. "ICE cocoa prices have gained traction on the back of the release of Q2 grindings data," Barclays Capital said in a daily market report.

Data released by the National Confectioners Association (NCA) showed North American (US, Canada and Mexico) second quarter cocoa grindings came in up 12.07 percent year-on-year and well above market

expectations, Barclays Capital said. "This, in tandem with the high level of German (11.2 percent year-on-year) and European (12.7 percent year-on-year) grindings released earlier this week, reflects a positive demand backdrop for the market following weak demand under recessionary conditions and the destocking that transpired through late 2008 and 2009."

Business & Economy

Govt acts to salvage locked up Cocoa

Peace FM Online

Source: The Ghanaian Times/Ghana

12-Jul-2010



The government has acted swiftly to prevent huge tonnes of cocoa from getting locked up in key parts of the Juabeso and Bia districts of the Western Region, following the damage of a vital metal bridge and a concrete culvert on the Benchema Junction-Osei Kojokrom (border town) road.

The international road which links Ghana and La Cote d'Ivoire and connects about 50 communities, has been rendered virtually unmotorable by the recent rains which washed away a portion of the culvert and made the road soggy.

The problem was compounded when extensive damage was caused to the metal bridge last Tuesday, when a low loader ferrying a grader across the bridge over River Benchema rammed into one of the arms.

The bridge, which has virtually caved in, is being used by only small vehicles. The affected communities include Asempaneye, Bremang, Dominibo, Esuantaa, Adwoafua, Kwame Tawiahkrom, Debiso, Akaatiso, Adabokrom, Kunkunso, Oseikrom and Nyametwa.



To save the situation, the Western Regional Coordinating Council has contracted a road construction firm, MIDWEST Contract Works Limited, to widen and put into good shape the Asempaneye-Krokosua road as an alternative route for use by mainly articulated and other heavy-duty vehicles to facilitate the evacuation of cocoa, timber and foodstuff.

The 27.1 kilometre laterite road links the Benchema Junction – Juabeso-Bonsu Nkwanta road.

Sources close to the Regional Coordinating Council to reporters during an inspection tour of the damaged portions of the international route at the weekend that rehabilitation work on the road diversion would be completed this week.

The sources said the rehabilitation work on the Asempaneye – Krokosua road was a temporary measure and indicated that the Ghana Highway Authority was working around the clock to repair the damaged metal bridge, culvert and other portions of the international route.

Mr Godfred Kwaku Andoh, Managing Director of MIDWEST Contract Works, said continuous rainfall in the area was hindering the rehabilitation work but assured: "we are doing everything possible to complete it."

Soufe's Chocolate Entrepreneur Sees Bright Future

Bernama

By Noor Adila Ali

July 13, 2010

JELI, (Bernama) -- Want to enjoy delicious hand-made chocolates that come in various shapes and with unique taste? Then the answer is Soufe's Chocolate.

Mohd Saupe Zakaria, 48, a local born from Bukit Bunga, is confident of a bright future for the industry despite the negative public perception that local chocolates are not that tasty compare to the imported ones.

Being the sole operator of hand-made chocolates in Kelantan, Mohd Saupe is determined to prove that the chocolate business will bring in sufficient returns like other industries.

"Who would have imagine that many people, from the young to the old, love chocolates. The only difference between them lies in their preferences -- some prefer original chocolate without mixture and others prefer chocolate mixed with nuts, flakes and others.

"This really makes me aware early in my venture that the prospect is bright and that the customers demand high quality. This is all the more important as Kelantan still has no serious participation from the Malays in the industry and this is a challenge to me," he told Bernama here Tuesday.

With an intital capital of RM10,000, Mohd Saupe started the business at his residence in Bukit Bunga with neighbours and relatives 'serving on the jury' to taste his products. He said although his business was still on a small scale after only being in operations for about five months the potentials were bright.

"This is seen from the response not only from individuals but also from hotels, supermarkets, government departments and those holding marriage feasts," he said.

Mohd Saupe said he joined a course organised by Malaysian Cocoa Board to learn how produce chocolates. "Today, I am able to get about 20 kg of chocolate from the cocoa fruit," he said. He said his chocolates were not confined to only one form but will be produced according to the tastes and preferences of the customers.

"Usually, the chocolates are round, square and heart-shaped. However, Soupe's Chocolate offers more than that.

"We have made triangle, star and ring-shaped chocolates for weddings according to the customers' tastes," he said.

He said the introduction of flavours like strawberry, orange, raisin, pineapple and others will depend on the customers' preferences.

Mohd Saupe said in line with the government's encouragement to develop the food processing industry, he was selling the chocolates at a reasonable price of between RM4.50 and RM25 depending on the size and weight of the chocolate.

Rocky Mountain Chocolate Factory Reports 24.6% Increase in Q1 Net Income

Source: Rocky Mountain Chocolate Factory Inc

13/07/2010

Durango, CO, July 13, 2010 - Rocky Mountain Chocolate Factory, Inc., which franchises gourmet chocolate and confection stores and manufactures an extensive line of premium chocolates and other confectionery products, today reported its operating results for the first quarter of FY2011.

For the three months ended May 31, 2010, total revenues increased 14.2 percent to approximately \$7.6 million, compared with approximately \$6.7 million in the first quarter of FY2010. Same-store sales at franchised retail units increased 0.7 percent during the most recent quarter, when compared with the prior-year period. Total factory sales rose 10.9 percent, primarily due to a 15.8 percent increase in shipments of product to customers outside the Company's network of franchised retail stores, an increase in sales of product to Cold Stone Creamery co-branded locations, and a 0.5% increase in same-store pounds purchased by domestic franchisees, partially offset by a 4.4% decrease in the average number of franchised stores in operation.

Net income increased 24.6% to approximately \$932,000 in the first quarter of FY2011, versus approximately \$748,000 in the first quarter of FY2010. The improvement in earnings was primarily due to higher same-store sales at franchised locations, increased factory product sales, a 110 basis-point improvement in factory margins, and increases in franchise fees, royalty income and marketing fees, when compared with the prior-year period. Basic and diluted earnings per share increased 25% to \$0.15 in the most recent quarter, compared with \$0.12 in the first quarter of FY2010.

"We are pleased to report a 24.6% increase in earnings during the first quarter of FY2011, despite continued economic uncertainty and only modest gains in customer traffic at retail shopping malls and in other retail venues where our stores are located," commented Bryan Merryman, Chief Operating Officer and Chief Financial Officer of Rocky Mountain Chocolate Factory, Inc. "We are encouraged by slight improvements in same-store pounds of products purchased from our factory in Durango by franchisees and double-digit percentage growth in sales to customers outside of our retail store network. This represented our second consecutive quarter of positive same-store sales comparisons, following nine quarters of declines, and we remain 'cautiously optimistic' regarding the balance of our fiscal year.

"Although our franchisees have continued to grapple with a very difficult credit environment, two domestic franchised Rocky Mountain Chocolate Factory stores, along with seven Cold Stone Creamery co-branded locations, opened in the most recent quarter. While the average number of domestic franchised stores in operation declined 4.4 percent during the past 12 months due to the impact of economic recession and tight credit markets upon certain franchisees, I am pleased to report that only 6 stores closed during the first quarter of FY2011. When we closed out the first quarter on May 31, 2010, the Company and its franchisees operated 347 stores, including 26 co-branded Cold Stone Creamery units, and 11 stores had been sold to franchisees or licensees but were not yet open.

"Operating cash flows remained strong during the quarter ended May 31, 2010. Approximately \$1.6 million in net cash was generated by operating activities, which was more than double the combined total of capital expenditures and cash dividends paid to shareholders. Cash and cash equivalents increased 18% to \$4.4 million at the end of the first quarter, compared with \$3.7 million as of February 28, 2010. Our balance sheet reflected a healthy 3.8-to-1.0 current ratio, we had no debt outstanding, and stockholders' equity approximated \$15.2 million as of May 31, 2010," concluded Merryman.

During the first quarter of FY2011, franchisees opened new stores in Delafield, Wisconsin, Sudbury, Ontario and Woodbridge, Virginia as well as Cold Stone Creamery co-branded stores in American Fork, Utah, Charlotte, North Carolina, Layton, Utah, Orlando, Florida, Pleasantville, New York, Springfield, Missouri and Taylor, Michigan.

On June 11, 2010, the Company paid its 28th consecutive quarterly cash dividend, in the amount of \$0.10 per share, to shareholders of record May 27, 2010.

Sustaining an ethical food chain

Anxiety over the march of deregulated markets has driven a forceful ethical movement, which must not be sacrificed

The Guardian

Nick Mathiason of guardian.co.uk,



14 July 2010

Fairtrade cocoa farmers in Ghana A farmer at the Fairtrade cocoa co-operative in Ghana, Africa, sorts beans for Divine Chocolate.

Currently seen as an inalienable right, abundant, low-cost food in Europe and America required policymakers, food companies, agri-giants and supermarket bosses to sign a pact that has had stark consequences for billions of people and the environment.

Once the post-second world war policy objective was met that prioritised security of supply triggering lavish government subsidies to farmers, a new phase began: taking the inflationary sting out of food. It is why governments, particularly in the UK and the US, permitted the proliferation of giant supermarkets. Today in Britain, the four biggest grocery firms own 3,974 outlets covering 66,241,000 sq ft accounting for 75.6% of food spend.

Aggressive supply chains featuring a dwindling number of food manufacturers and processors feed giant supermarkets, which in turn control increasing tracts of land to build increasing more stores.

Amid the industrialisation of supply chains and sales, the industry has been effectively "financialised". Companies such as Bird's Eye, US Foodservice and Leaf, the Dutch confectionery manufacturer, are among the dozens of food manufacturers under private equity control.

Modern farming methods undeniably have raised agricultural productivity, now generating 17% more calories per person than 30 years ago despite a 70% population increase, according to the UN Food and Agriculture Organisation (FAO).

But in the last 40 years, the post-war "food paradigm" has resulted in a 60% price decline across a basket of soft commodities, according to the FAO – current hikes notwithstanding.

The weakest members of the supply chain have taken the biggest hit in the drive for market share, profit and low prices. Growers in the west African nations of Côte d'Ivoire and Ghana, which together account for about 70% of global cocoa production, receive just 3.5-6% of the value of a chocolate bar, compared with 18% in the late 1980s. By contrast, the share of profits for manufacturers has increased from 56% to 70%, and for retailers from 12% to 17% over the same period, according to a study by Agritrade.

In areas where the northern hemisphere competes with the developing world, subsidies enjoyed by American and European farmers through the €52bn common agriculture policy, and multibillion-dollar payments doled out to US farmers place further price pressure, as pointed out last month in a comprehensive and well-argued article in the New York Review of Books by Michael Pollan. In fact, government support to farmers in OECD countries equalled \$258bn in 2007 – nearly a quarter of their revenue.

Place these ingredients in the pot and the dish served is unpalatable to a sizeable section of western consumers, particularly in the UK – the ethical shopping capital of the world.

Anxiety over the march of deregulated markets has met an equal force: concern over climate change. Food accounts for a fifth of the UK's consumption-related emissions of greenhouse gases. But this rises to a third once indirect emissions from global land use changes like deforestation are taken into account. Irrigated agriculture is the world's biggest water user, accounting for about 70% of consumption. Thousands of species are threatened by agricultural expansion and intensification.

Unions, charities and faith groups have driven the ethical movement. They pioneered alternative business models, which draw on mutual and co-operative traditions. Companies like Divine, a Fairtrade chocolate social enterprise owned 45% by a Ghanaian cocoa co-operative, is now a leading UK chocolate brand with a turnover of £11.8m.

At the same time, there is the public's desire for locally sourced food, fed by the plight of British farming. Worse hit is the dairy industry. In the heyday of British dairy farming, there were 28,000 in England and Wales. Today there are just under 11,000, who on average make £20,000 a year.

It has led to calls for supermarkets to give a fair deal to British farmers, an interest in food miles, the development of farmers' markets and independent food companies. And just as how most food gets to the plate becomes increasingly streamlined, the public's new-found interest in cooking and gardening has risen. Today, there are 100,000 people waiting to get an allotment in Britain.

But the big question is whether in a darker future – one in which supply constraints spark higher food bills – ethical concerns are sacrificed.

The conditions seem ripe for global companies to drive down supplier costs further. In an era of a rising global population, high energy prices, water stress and climatic uncertainty, the fear is securing supply will be all that matters. How it is secured could be secondary. Not so much land grabbing as food grabbing.

But it is vital that ethical treatment of suppliers and environmental considerations do not become an optional luxury. If not, the future could be part Malthusian and Hobbesian: brutish, nasty and hungry.

• *A longer version of this article appears in a new Smith Institute collection of essays called Feeding Britain – What Consumers Want published by the Smith Institute launched at the House of Commons*

UPDATE 2-Liffe July cocoa poised for huge delivery

Reuters Africa

By Sarah McFarlane and Nigel Hunt

Jul 14, 2010

* High open interest points to large delivery

* July premium widens as prices hit 32-year peak

* European grind data provides evidence of reviving demand

LONDON, July 14 (Reuters) - Liffe's July cocoa contract LCCN0 is set to begin its final trading day on Thursday commanding a massive premium which could potentially result in virtually all available graded stocks tendered on expiry. "The consensus in the market is we are looking for a very big delivery although nothing is guaranteed and we've also got prices at the highest level in more than 30 years. It is a bit of a shocker," one dealer said.

The front month was finally indicated at premium to September LCC-1=R of more than 260 pounds a tonne on Wednesday, up from around 206 pounds a day earlier.

Open interest at Tuesday's close was reported by Liffe as 26,821 lots, the equivalent of 268,210 tonnes of cocoa and with an estimated volume of barely more than 3,000 lots on Wednesday many positions remained open entering the final day.

Available graded cocoa stocks stand at about 250,000 tonnes.

It could mark the largest physical delivery in more than eight years.

Some market players pointed to high open interest in complaints about excessive speculation in a letter to the exchange earlier this month.

SEASONAL SHORTAGE

The July and September contracts are always vulnerable to shortages of fresh cocoa supplies due to the crop season in the world's largest cocoa-producing region, West Africa, with the main harvest due to start in September/October. Players holding short positions have been caught out this year.

If long position holders take physical delivery of a large amount of cocoa against July, very limited exchange stocks will be available for September LCCU0, dealers noted.

September is already commanding a premium of about 170 pounds to December LCC-2=R and some dealers believe it could widen further as shorts struggle to find tenderable supplies.

Prices for September cocoa peaked at 2,465 pounds a tonne on Wednesday, a contract high and the strongest level for the benchmark second-month in 32 years.

Dealers noted there were also signs that demand for cocoa was beginning to revive after a recession-linked dip last year.

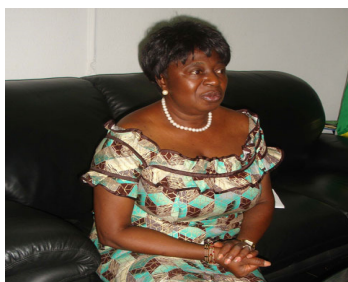
Europe's cocoa grind -- an indicator of demand -- rose 12.7 percent year-on-year to 328,704 tonnes in the second quarter of 2010, the Brussels-based European Cocoa Association reported on Wednesday. [ID:nLDE66C0RJ]
The grind was broadly in line with the 328,920 tonnes reported in the second quarter of 2008 before the economic slowdown curtailed demand. "It was above expectations, clearly the economic recovery has had some play," Kona Haque, commodities analyst at Macquarie Bank said.

Cocoa deserves attention like oil, Obada

Vanguard

Jul 15, 2010

There was perceived apathy by the Federal Government towards the Cocoa sub sector of the agricultural industry since 2007 as the operations of the National Cocoa Development Committee (NCDC) created by the Obasanjo's administration was almost grounded.



But today that might be a thing of the past as the committee is set to hold another National Cocoa day in Ilorin, Kwara State, next week.

The Chairperson of the National Planning Committee for the 2010 Cocoa Day and the Chairman, Alternative Uses of Cocoa, a sub-committee of the National Cocoa Development Committee, Erelu Olusola Obada, the Deputy Governor of Osun State during the week spoke with Jimoh Babatunde on the need for diversification of the country's economy towards commercial cash crop farming particularly Cocoa among other issues affecting cocoa. Here is an excerpt of the interview.

How would you describe the state of Nigeria's cocoa industry?

I think it was in year 2004 when we had the first Cocoa rebirth, a lot of sensitization has taken place and the need for Nigeria to embrace cocoa production and marketing has taken roots.

Prior to this, you will remember that the cocoa industry in Nigeria has more or less gone into comatose, but because of the activities of the National Cocoa Development Committee, the Nigerian cocoa farmers have been reawakened to coca production.

This encouragement came by way of giving them improved high yield hybrid seedlings, agro chemicals like fungicides, herbicides used for the production of cocoa.

We also have the cocoa event annually, the first was held in Ibadan, then Calabar, Osun and Akure, and this next one is holding in Ilorin, Kwara state from the 22nd of July to the 24th, we are all looking forward to it and we want to emphasise the specific importance of cocoa to the economic transformation of this country.

What is the importance of cocoa to our economic development?

Let us take a look at oil as a resource we depend on, cocoa is the second largest foreign exchange earner for Nigeria after oil, why could we not give cocoa prominence as we give to oil, when you look at the revenue generated from oil, why can't we have alternative sources of revenue apart from oil?

Why depend solely on oil? Why can't we diversify the economy of this country and earn more for our country? I believe we should give cocoa half of the attention that we have given to oil in this country because we are talking about production, processing by adding value to this cocoa before exporting it and I believe that the sky is our limit if we can just get it right.

The NCDC is doing its best, but we want the government to give cocoa the required prominence in the scheme of things.

How would you assess the achievements of NCDC since its establishment?

I believe we have done very well in the past years.

There is no doubt that there has been a slow down but things are picking up again. Like I told you earlier, before the advent of the NCDC, cocoa production had gone very low, at that time we were producing about 100,000 metric tonnes of cocoa, but today, the story is different since the NCDC distributed the high yield hybrid seedlings to the farmers, which is now gestating.

I believe that production figure would have gone much higher. I believe by now we should be producing about 350,000 to 400,000 metric tonnes, but our target in the short term is to hit about 600,000 metric tonnes and eventually to rank first and have Ivory Coast coming behind us.

Today Ivory Coast is number one followed by Ghana and Nigeria. We are so lucky in this country, God has blessed us with arable lands that we can plant our cocoa and I believe that if we take it seriously, we should get there.

When NCDC was inaugurated, the then President Olusegun Obasanjo set a target of 600,000, what was responsible for the laid back in achievement?

Like I said a while, the programmes of the NCDC were disrupted in the past two years, which means that we were not able to give to farmers the seedlings and agro chemicals like herbicides and fungicides we used to give them for some reasons, but I think that there is now a renewed interest with the current minister of agriculture, at least he understands the importance of cocoa's role in Nigerian economy and he has taken every step to ensure that cocoa farmers are happy and cocoa production also increases, so we are back on track.

Why can't we add value to cocoa we are producing in the country?

Yes, we can, the problem we are having is that those who buy our cocoa preferred to buy the beans only, they don't want the processed cocoa like the cocoa butter and so on, because they also have processing factories in their countries.

They try to discourage Nigerian cocoa processors from exporting their processed cocoa and that is why we have a very high tariff on processed cocoa while the cocoa beans attract a low tariff in a bid to discourage us from sending processed cocoa to them.

They want to put their own cocoa processing factories to work, that is why we are saying we need to look inward and consume our cocoa ourselves, increase production, add value to it, process, export and we can also use the processed cocoa in Nigeria to manufacture so many things.

There is a saying that heaven helps those who help themselves, I think we need to get away from the era of cocoa consumers abroad fixing cocoa prices while the farmers get little or nothing irrespective of whatever input that has gone into the production of the cocoa here.

How do you think Nigeria can utilise cocoa to facilitate the development of small and Medium Scale Enterprises?

A couple of years back, we held a big programme at Cocoa Research Institute of Nigeria on the commercialization and popularization of products manufactured from cocoa, many of this research findings have remained on the shelf for too long, so we wanted to bring them out in order to see what they can do with cocoa, because we can build a viable, viral SMEs around cocoa.

There are so many things you can do with cocoa, let us start from the pod, which is the casing of the cocoa bean, you can use it to make animal feed and the bean can be used to make chocolate, cocoa drink, cocoa powder which is very beneficial to human health. We have been canvassing the benefit of coca to the body. You can also use cocoa butter to produce hair cream. The opportunities in cocoa are limitless for you to create wealth from it right from production, processing to export.

Don't you think that venturing into Public Private Partnership between the government and the private sector will engender the development of the cocoa industry?

That is the goal we want to achieve, we want to move cocoa production away from the subsistence farmers, who just plant to make enough money just to send their children to school and so on to real a large scale production. It will be a good idea if we can have this PPP.

Government in the state can clear vast hectares of land in partnership with private companies so that when they now harvest their cocoa after about two or three years instead of the old ten years, they can make a lot of money, because they would have increase production, have more to process and be able to find buyers abroad and we will have enough to consume locally, that is the goal we are trying to achieve.

Although, we have a lot of cooperative society, whereby a lot of people come together and farm and share whatever they get from it at the end of the day. For instance, here in Osun state, we have what we called Kokodowo Cooperative while in Ondo state, Ile_Oluji we have Tonikoko.

Have you put into consideration the fact that many people do not want to go into farming any longer?

There was a committee called successors generation of farmers set up in a bid to attract the younger ones into farming, like in my state Osun, we have Osun State Agricultural Association for young graduate who have no jobs. We take them to the farm because we have a lot of farm settlement in Osun and partner the extension workers who train them in all kinds of areas of agriculture, while they are doing that we still pay them some stipends, after a year or two of graduation, those with like_minds will come together to form themselves into cooperatives in different areas and we give them some money to establish their own farms.

So many programmes are on ground now in various areas of Nigeria to attract the young ones back into agriculture, because agriculture as practice in all countries has brought great wealth to those farmers in those countries. I believe if the government policy is right, a lot of people will move into agriculture again.

What is the new thing we are expecting at the forthcoming annual cocoa day?

On the new thing we are expecting at the event, we want people to know that after oil it is cocoa and we should give enough attention to it, if we can devote so much time and resource to oil production, why can't we give cocoa about half the attention we give to cocoa, because it will aid the development of SMEs and consequently the nation's economy in general.

Key Cocoa Contract Expires, Mrkt Eyes Dominant Player

Source: Reuters

16/07/2010

London, Cocoa market participants in London's NYSE Liffe exchange are worried that one player may take delivery of up to 230,000 tonnes of cocoa as the July contract expires, leading to a supply crunch in September.

Almost all of the available Liffe graded cocoa stocks are expected to be delivered against the July cocoa contract on Friday and market users suggest that if all the cocoa goes into one player's hands, they will have a substantial influence over the market. "I'm sure there is one person who is going to take up the majority. It leaves the September contract a little vulnerable, people are worried September could go the same way," a London-based trader said.

Liffe's July cocoa contract expired on Thursday at a large premium and with high open interest which indicated delivery against the contract could be the biggest in years. Some market participants pointed to high open interest in complaints about excessive speculation in the contract in a letter to the exchange earlier this month.

Liffe will publish the delivery data on Friday and dealers said that trade on the futures market is expected to be quiet in the lead up, as participants wait to see whether there's only one large receiver, who would then control a large chunk of cocoa stocks.

The July and September contracts are always vulnerable to shortages of fresh cocoa supplies due to the crop season in the world's largest cocoa-producing region, West Africa, with the main harvest due to start in September/October.

But the combination of limited fresh cocoa available for grading in the coming months and the majority of stocks being delivered against the July contract is causing nervousness in the market, dealers said.

At expiry July's premium to September approached 300 pounds a tonne while open interest in the contract at Wednesday's close remained high at 24,866 lots, equivalent to 248,660 tonnes of cocoa, Liffe reported on Thursday.

This is the highest open interest seen at a cocoa contract expiry in at least eight years. In July 2009 some 50,000 tonnes was delivered against the contract. By 1505 GMT the September contract traded at a premium of 168 pounds a tonne to December and dealers said this could widen if there is a shortage of graded cocoa available to deliver against the contract.

Labour Issues

Environmental Issue

Cameroon: Heavy Rains Stifle Cocoa Exports

AllAfrica.com

By Lukong Pius Nyuylime

13 July 2010

Cocoa buyers and exporters have been cautious in buying and exporting the beans since the rains intensified in the Cocoa producing zones of the country. They have expressed fear the heavy rains might affect the drying process and consequently lead to a drop in quality.

In an exclusive interview with Cameroon Tribune recently, Bart Willems, General Manager of Sic Cocoa announced his company might be stepping down grindings in Cameroon as a result of persistent low quality beans. According to him, farmers in the South West Region where cocoa beans have peculiar characteristics with their reddish colour highly appreciated by consumers in Europe, are resorting to drying beans with use of fire from fuel wood which produces smoke and contaminates the natural flavour of the beans. In the same manner, buyers and exporters have stepped down their activities.

Cocoa exports within the past two months have dropped significantly. In May, for instance, shipments dropped 35 per cent compared to the same period last season. According to statistics provided by the Cocoa and Coffee Interprofessional Council (CICC), exports decreased to 2,380 metric tonnes from 3,681 tonnes a year earlier. The average price received for cocoa exported was FCFA 1,657 a kilogramme compared with FCFA 1,323 a year earlier, according to CT calculations from daily rates published by the Cameroon Cocoa and Coffee Board. Eight companies were involved in the shipment with OLAM exporting highest, 702 metric tons followed by CAMACO with 601 tons, the report said. Twelve companies exported during the same period a year earlier with TELCAR Cocoa Ltd recording highest export tonnage.

Research & Development

Ghana University to study ways to upgrade cocoa pod husk

All about feed

14 Jul 2010

The Kwame Nkrumah University of Science and Technology (KNUST) in Ghana has begun research into the possibility of using bio-technology techniques to upgrade the nutritional value of cocoa pod husk for use as animal feed.

Professor Kwasi Kwafo Adarkwa, the Vice-Chancellor, said this had become necessary because of the under-utilization of the huge volumes of the husk generated in the country.

The department of bio-chemistry and bio-technology of the university is undertaking the project with support from the Teaching and Learning Innovation Fund (TALIF).

Various attempts to find an appropriate use for the by-product, especially its use as animal feed had been fruitless due to its high fibre content.

Promotion & Consumption

Others

