

COPAL COCOA *Info*

A Weekly Newsletter of Cocoa Producers' Alliance



Issue No. 398

26th – 30th July 2010

Cocoa Producers' Alliance



UP-COMING EVENTS

- 73rd General Assembly and Council of Ministers Meetings, 20th – 24th September, Kuala Lumpur, Malaysia.

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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)
26-Jul-10	2,114.70	3,198.04	2,197.00	2,996.00
27-Jul-10	2,121.04	3,214.39	2,197.67	3,018.33
28-Jul-10	2,131.80	3,229.34	2,197.00	3,034.00
29-Jul-10	2,144.03	3,262.46	2,220.67	3,066.67
30-Jul	2,159.18	3,278.76	2,207.33	3,092.67
Average	2,134.15	3,236.60	2,203.93	3,041.53

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

Monday 26-Jul 2010

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Sep-10	2294	2279	-18	2314	2274S	2,700
Dec-10	2173	2168	-10	2196	2164	2,578
Mar 11	2148	2144	-8	2171	2137S	1,145
May 11	2145	2149	-5	2163	2141S	484
Jul 11	2155	2154	-1	2163	2149S	111
Sep 11	2154	2151	-3	2154	2154	1
Dec 11	2155	2148	-3	2155	2150	48
Mar 12		2142	-4			0
May 12		2151	-4			0
Jul 12		2155	-4			0
Totals		2164				7,067

Tuesday 27-Jul 2010

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep-10	2285	2280	1	2298	2240	5,318
Dec-10	2169	2170	2	2185	2142S	5,323
Mar 11	2157	2143	-1	2158	2115S	2,203
May 11	2158	2148	-1	2158S	2119S	143
Jul 11	2158	2155	1	2161S	2142	57
Sep 11	2157	2156	5	2159S	2146	7
Dec 11		2153	5			0
Mar 12		2147	5			0
May 12		2156	5			0
Jul 12		2160	5			0
Totals		2167				13,051

Wednesday 28-Jul 2010

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep-10	2283	2271	-9	2298	2261	3,935
Dec-10	2173	2172	2	2188	2167	2,693
Mar 11	2145	2148	5	2161	2142	1,005
May 11	2153	2153	5	2166S	2147	148
Jul 11	2158	2158	3	2171S	2157	88
Sep 11	2159	2160	4	2162	2157	21
Dec 11	2162	2159	6	2162	2162	4
Mar 12		2153	6			0
May 12		2161	5			0
Jul 12		2165	5			0
Totals		2170				7,894

Thursday 29-Jul 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep-10	2274	2286	15	2289	2250	15,812
Dec-10	2177	2197	25	2197	2157	2,526
Mar 11	2150	2179	31	2179	2132	2,007
May 11	2154	2185	32	2179S	2154S	1,634
Jul 11	2159	2190	32	2178S	2159S	250
Sep 11	2178	2189	29	2178S	2177S	4
Dec 11	2166	2188	29	2169S	2166S	700
Mar 12		2184	31			0
May 12		2188	27			0
Jul 12		2192	27			0
Totals		2198				22,933

Friday 30-Jul 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep-10	2285	2273	-13	2309	2273	23,158
Dec-10	2198	2185	-12	2219	2181	3,155
Mar 11	2184	2164	-15	2200	2157	1,725
May 11	2181	2174	-11	2204S	2168S	1,163
Jul 11	2195	2179	-11	2207S	2175S	113
Sep 11	2195	2180	-9	2202S	2193S	25
Dec 11	2195	2179	-9	2195	2189S	17
Mar 12	2183	2175	-9	2199S	2183S	751
May 12		2179	-9			0
Jul 12		2183	-9			0
Totals		2187				30,107

Average for the week		2,177				16,210
Total for the week						81,052

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

Monday 26-Jul 2010

Month	Open	Price	Change	High	Low	Volume
10-Jul	2957	2973	7	3007	2945	4,700
10-Sep	2987	2999	6	3034	2973	2,142
10-Dec	3009	3026	8	3060	3007	1,029
11-Mar	3038	3046	8	3070	3025	264
11-May	3055	3058	9	3056	3039	96
11-Jul	3054	3063	5	3071	3044	44
11-Sep	3060	3066	1	3074	3060	20
11-Dec	0	3129	1	0	0	0
12-Mar	0	3138	1	0	0	0
12-May						
Totals		3055				8,295

Tuesday 27-Jul 2010

Month	Open	Price	Change	High	Low	Volume
10-Sep	2965	2980	7	3026	2954	5,848
10-Dec	3005	3003	4	3050	2978	2,805
11-Mar	3030	3030	4	3049	3008	546
11-May	3045	3049	3	3060	3030	173
11-Jul	3060	3065	7	3079	3039	118
11-Sep	0	3071	8	0	0	153
11-Dec	3066	3079	13	3066	3054	215
12-Mar	0	3144	15	0	0	2
12-May	0	3153	15	0	0	0
Totals		3064				9,860

Wednesday 28-Jul 2010

Month	Open	Price	Change	High	Low	Volume
10-Sep	2999	3010	30	3024	2983	4,699
10-Dec	3019	3034	31	3048	3007	2,318
11-Mar	3050	3059	29	3068	3034	319
11-May	3068	3078	29	3071	3068	6
11-Jul	0	3092	27	0	0	1
11-Sep	0	3098	27	0	0	1
11-Dec	0	3105	26	0	0	9
12-Mar	0	3170	26	0	0	5
12-May	0	3179	26	0	0	0
Totals		3092				7,358

Thursday 29-Jul 2009

Month	Open	Price	Change	High	Low	Volume
10-Sep	3013	3046	36	3064	2996	7,788
10-Dec	3040	3071	37	3085	3022	3,463
11-Mar	3063	3090	31	3103	3052	481
11-May	3082	3106	28	3118	3080	73
11-Jul	3094	3119	27	3130	3094	68
11-Sep	3114	3125	27	3121	3114	22
11-Dec	3125	3133	28	3129	3125	13
12-Mar	3188	3192	22	3188	3187	4
12-May	0	3201	22	0	0	0
Totals		3120				11,912

Friday 30-Jul 2009

Month	Open	Price	Change	High	Low	Volume
10-Sep	3036	3091	45	3095	3028	6,589
10-Dec	3057	3119	48	3123	3054	3,615
11-Mar	3080	3137	47	3139	3080	706
11-May	3115	3151	45	3154	3115	84
11-Jul	3139	3165	46	3157	3139	38
11-Sep	0	3172	47	0	0	4
11-Dec	0	3183	50	0	0	4
12-Mar	0	3253	61	0	0	4
12-May	0	3261	60	0	0	0
Jul 12						
Totals		3170				11,044

Average for the week		3,100				9,694
Total for the week						58,163

Health and Nutrition

Health benefits of chocolate during pregnancy

Helium - Lars Rasputin - Jul 26, 2010

by Lars Rasputin

Many people across the world have a love affair with chocolate. It makes one feel all warm and fuzzy inside, and for some, when you take a bit into a Hershey's bar, or some chocolate cake, perhaps a brownie, all their worries melt away. This isn't surprising, as chocolate itself is a natural anti-depressant, releasing immense quantities of endorphins into the brain, increasing the level of serotonin.

When a woman is going through the stages of pregnancy, stress is at its peak. They have the basic worry about the overall health and well-fair of their incubating child, as well as a plethora of outside sources. You have doctors telling you to do this, eat that, and avoid this like the plague. You have family members bickering over what the best method for delivering is, or telling you what you should include in the newborns diet once delivered. Among other things, you have the nagging self esteem issues related to carrying a bun in the oven.

Stress is a horrible thing for anyone to go through, especially for a woman who is carrying a child. A study found that 17 weeks and after conception, prolonged and high levels of stress can effect the development of the brain within a child. It was also found that during and after the 17th week, the level of cortisol within the mothers blood and the amniotic fluid where connected, cortisol being the hormone our body releases when under stress or pressure.

With this, it is far more imperative to keep you stress level down, for your sake and the babies. A good way to naturally decrease your stress, or to at least take your mind off it momentarily, is to consume a little bit of chocolate, especially dark or raw chocolate. Theobromine, the chemical in cocoa that tastes bitter, is known to keep blood pressure steady. Also, a Yale study suggests that eating chocolate reduces the risk of pre-eclampsia, a condition of hypertension. Chocolate is very high in magnesium, which relaxes muscles and decreases blood pressure, which in itself is a god send to delivering a baby.

In 2004, researchers at the University of Helsinki, Finland did a study with around 300 pregnant women to rate their stress levels and rate of chocolate consumption. Half a year after birth, the mothers came back and had to log their young ones behavior within a few categories, including soothability and fear. The babies of mothers who had eaten chocolate daily during pregnancy had a more happier disposition and were more open to new situations.

The consumption of chocolate has shown health benefits all across the board, however, to woman with budding children within them, it is far more beneficial, to the mother herself, but more so the child. For the mother, it will create a more pleasant attitude, helping one cope with the innumerable stresses. For the baby, chocolate will increase the odds of having a more happy, open baby, as well having a less likely hood of mental defects.

Reduce Hypertension with Chocolate, Beets, Oats and Lavender

Wednesday, July 28, 2010 by: Melanie Grimes, citizen journalist

(NaturalNews) Hypertension, also known as high blood pressure or HBP, affects more than 70 million Americans. High blood pressure causes damage to the blood vessels and eventually can lead to numerous side effects, such as heart disease, stroke or kidney failure, warns the American Heart Association. Home remedies can help lower blood pressure but should be undertaken with care, as hypertension is a serious medical condition.

Fiber Shown to Lower Blood Pressure

Adding fiber to the diet helps lower blood pressure, according to research reported in the Journal of Nutrition. It also reduces the risk of cardiovascular disease. A good source of fiber is whole grains and vegetables. Oats are an excellent source of fiber as are apples and potatoes. Applesauce and oatmeal are easy to absorb forms of fiber that will help lower blood pressure.

Research Shows Dark Chocolate Lowers Blood Pressure

Dark chocolate lowers blood pressure, according to 15 studies published from 1955 to 2009 and reported in the British newspaper The Telegraph. Dark chocolate contains more of the nutrients that lower blood pressure. Research has shown that those who consume one chocolate bar a week reduce their risk of having a stroke by 22 percent.

Production & Quality

Europe cash cocoa: Scramble for good quality supplies

Fri Jul 30, 2010

AMSTERDAM July 30 (Reuters) - Several buyers in Europe's physical cocoa market were searching for good quality beans this week to replace supplies after a major delivery in July, traders said on Friday.

Fears of a September supply crunch have grown after commodities firm Armajaro took delivery of almost all of the available Liffe graded cocoa stocks in July

The July contract expired with nearly a 300 pound (\$454.70) premium over September, attracting cocoa from around the world to the futures market. "After the delivery in July, a lot of the cocoa in Europe is not available," said one European physical cocoa trader. "People are desperately looking for some replacement and that needs to be good quality cocoa too."

Some market participants complained about excessive speculation in the July contract in a letter to the exchange earlier this month, which triggered a meeting between the exchange and concerned parties this week.

The chief executive of Barry Callebaut, the world's biggest chocolate maker, said he had a distaste for speculators who have driven cocoa prices into unpredictability and volatility, but respects commodities firm Armajaro, the Financial Times reported on Friday.

Bean differentials in the cash market were mainly unchanged to slightly lower, while September quotes were mainly nominal as nearby contracts were so limited. Cocoa futures were steady but well supported on Friday.

Good quality Ivory Coast beans for nearby delivery were quoted around 20 pounds over nearby London contracts, while Ghana beans were quoted as much as 300 pounds over.

Traders expected to see strong demand for all origins in coming weeks, including Cameroon. "People are chasing behind Cameroon to replace cocoa that they have given up in the July position or they might be needing to cover September," said one trader.

Price ratios for cocoa butter were slightly lower, as demand remained weak. Traders said there may be some pick-up in demand for one of the most expensive ingredients used in chocolate towards the end of the year, though only by a limited amount. "We are faced with structural overcapacity, so I don't see butter ratios picking up very steeply at the moment," said a European trader.

Demand for cocoa powder remained firm, with prices rising further this week to between 3,700 and 4,000 euros a tonne, up from about 3,500 euros last week, traders said.

Ivory Coast to focus on cocoa quality: Agriculture minister

Wed Jul 28, 2010

By Loucoumane Coulibaly

ABIDJAN (Reuters) - Ivory Coast will focus on boosting the quality of its cocoa exports in the coming years instead of seeking to reverse recent declines in output, the top grower nation's agriculture minister said.

Cocoa production from the West African state, which accounts for a third of world supply of the main ingredient in chocolate, is on track to fall to its lowest in at least five years due to the effects of disease and underinvestment since a 2002-03 civil war split the country.

"We do not foresee an increase in production, but instead the emphasis will be placed on quality and the reduction of poverty in the countryside," Agriculture Minister Sangafowa Coulibaly told a press conference late on Tuesday.

"We are no longer going to produce for the sake of producing as we've done in the past, which has the effect of pulling down prices," he told reporters.

World cocoa prices shot to a 30-year high at the end of 2009 after Ivory Coast closed the book on its worst season since 2004-05, and the industry expects production this year to be even worse due to the spread of swollen shoot disease.

Some 1,076,202 tonnes of cocoa reached Ivorian export docks by July 18 since the start of the season in October, down nearly 2 percent from the 1,091,573 tonnes that arrived during the same period the year before, according to data from the official marketing body BCC obtained by Reuters.

Ivory Coast's representative to the World Cocoa Organisation said this year he expected this season to yield a total of 1.2 million tonnes, down from 1.22 million during the 2008-09 season, and added output could drop further to 1 million tonnes in the coming years.

Farmers and exporters have said arrivals this season have been slowed recently in part by poor quality after a stretch of rainy weather made beans difficult to properly dry.

Analysts have said arrivals figures could also overstate the country's production by tens of thousands of tonnes due to an increase in smuggling this year from neighbouring Ghana, where prices are lower.

Coulibaly said Ivory Coast was unlikely to expand the amount of land used for cocoa growing amid an effort to restore rainforest cover damaged by farmers, but said the introduction of modern farming techniques could help to maximize yields on existing plantations.

He said Ivory Coast planned to use about 10 percent of its annual budget on agriculture initiatives to help reduce poverty and cut food imports.

Rains hit cocoa quality, supplies in Cameroon's SW

Tue Jul 27, 2010

By Tansa Musa

YAOUNDE (Reuters) - Unusually wet weather in Cameroon's main cocoa growing region is slowing the drying of beans and damaging roads, lowering quality and supply of beans, farmers and exporters said on Tuesday.

The rainy season in the South-West region, which accounts for half of the world No. 5 producer's annual cocoa output, lasts nine to 10 months. But the rains have been much heavier since July than in the last two years. "The persistent and prolonged rains mean there is less sunshine and the beans take a much longer time to dry," said Joseph Nde, manager of the Kumba-based cocoa and coffee growing and exporting company, Cameroon Marketing Commodities (CAMACO).

Top grower Ivory Coast has also experienced heavy rains, which has hurt bean quality, leading some exporters to reject deliveries.

Nde said that Cameroonian farmers were eager to take advantage of high prices and were putting lower-quality beans on the market. "As a result, most beans traded have high humidity content, say 12-13 percent, above the 8 percent set by the government," he said.

Cameroon's cocoa exports since the beginning of the 2009/2010 season in August reached 162,154 tonnes by the end of May, down from 169,367 tonnes for the same period last year.

The situation has been aggravated by roads developing potholes or turning into muddy tracks in the rain.

Nde said one truck took five hours to cover 40 km (25 miles) over the weekend, and beans were further soaked during the journey. About 80 percent of the beans are having to be re-dried to meet standards, raising operating costs, he said.

In the town of Mamfe, farmers' cooperative union (MACECOOP) secretary general Dickson Tambe said the roads are so bad in major cocoa growing areas that they now rely on tractors to get produce to markets.

Farmers in Konya, another cocoa trading town, are also struggling as 60-70 percent of the 2,500 donor-provided drying ovens were now broken. "We've been forced to go back to drying our beans in the sun," said Asek Ojong, head of the KONAFCOOP farmers union. "Unfortunately, because of too much rain we have dull weather almost throughout the day with very little sunshine. This explains the high liquidity content in the beans."

The executive secretary of Cameroon's Cocoa and Coffee Interprofessional Board (CCIB) Pierre Tsimi Enouga said he was aware that too much rainfall in the South-West was affecting the quality of cocoa beans exported from Cameroon.

Enouga said the body had sought funding from the government for 20,000 drying ovens to help tackle the problem. "The region produces half the beans exported from Cameroon and we need to, must do, something to improve quality to meet the exigencies of international market norms today," he said.

Nigeria: FG to Boost Cocoa Production, Says Jonathan

AllAfrica.com - Jul 26, 2010

President Goodluck Jonathan yesterday said his administration has concluded arrangements to boost the nation's economy and increase the GDP through cocoa production.

Towards this end, he said a committee on cocoa production and processing has been set up and given six weeks ultimatum to submit its report which he assured would be speedily implemented.

Jonathan, who was represented by Vice President Namadi Sambo, said this at the closing ceremony of the 6th National Cocoa Day celebrations organised for the 14- cocoa producing states in the country held at the Township Square Ilorin, Kwara State.

He said the committee comprises of the ministries of finance and agriculture and rural development; the Central Bank of Nigeria, and the Nigeria Export Promotion Council, among others .

The president also pledged that facilities that will assist farmers in cocoa production will be provided for them so that they will take it with all the seriousness it deserves and help the Federal Government to fulfill its objectives.

In his address, the minister of agriculture and rural development, Professor Sheik Abdullah, said the theme of the 6th National Cocoa Day, "Quality Cocoa for National Development," is well chosen to reflect the importance Nigeria attaches to cocoa production.

Earlier in his address, the governor of Kwara State, Dr Abubakar Bukola Saraki, commended the Federal Government for supporting the programme to be held in Ilorin, noting that with the three-day programme, the glory of cocoa production is being re-kindled for better development of the agricultural sector.

Meanwhile, Cocoa producing states in the country have attributed incessant power outage as the major reason they have not been able to build any cocoa processing factory despite the abundance of cocoa in the country.

They said until the problem of power generations was tackled by the federal government, it would be difficult for any state to contemplate such venture.

Speaking with newsmen in Akure ahead of the Cocoa Day celebrations, Ondo State Deputy Governor Alhaji Ali Olanusi regretted that many of the industries established in the sector were no more in operation, while those operating were doing so at a minimal capacity.

Cocoa farmers risk losing government's largesse

July 30, 2010

Hohoe, July 30, GNA - Alhaji Abubakar Alhassan, National Chief Cocoa Farmer, has said cocoa farmers risk losing government's largesse and support if they failed to join forces to clampdown on cocoa smuggling. He said it was disheartening that other regions are also taking part in the nation-wrecking activity of smuggling and urging farmers to redouble efforts to fight the canker.

Alhaji Alhassan said this at a durbar of the Volta Region Association of Cocoa, Coffee and Sheanut Farmers at Hohoe, organized by the Ghana Cocoa Board (COCOBOD). He said interventions such as mass spraying, bonuses, road projects in cocoa growing areas, scholarship schemes and lately proposals for pension and estate schemes were motivational enough to stem smuggling of the produce.

Alhaji Alhassan appealed to members of the Association to transfer knowledge to the youth, make land available to them and collaborate with traditional authorities and security agencies to fight smuggling.

Mr Victor-Hermann Condobrey, the Hohoe Municipal Chief Executive, said price differentials, which is a pull factor to smuggle the produce, only improves the economy of the destination countries.

Mr Prosper Zegblah, the Volta Regional Director of Produce Buying Company (PBC), said the region's fortune in cocoa production continued to dwindle recording only 500 tons this year from 32,000 tons it realized in 1957. He expressed shock that known cocoa farmers, who barely returned five bags of the produce, were filling forms stating 30 acres of farms or more for consideration for pension.

Mr Zegblah blamed the situation on dereliction of duty by district chief farmers and society heads and called for change of attitude.

Mr Mohammed Alhassan, Volta Regional Manager of Quality Control Division of COCOBOD, said his outfit in collaboration with stakeholders was in the process of inaugurating anti-cocoa smuggling vigilante squads.

Nana Adjei Kramo, Volta Regional Chief Cocoa Farmer, said smuggling was impacting negatively on the region urging members to work hard to stop it.

Ivory Coast rains erode hopes for cocoa surplus

Agrimoney.com - Jul 30, 2010

Weakening prospects for cocoa supplies from the Ivory Coast, the world's biggest producer, have prompted ABN Amro to slice one-third from its forecast for the global production surplus.

The bank attributed a cut to 47,000 tonnes, from 72,000 tonnes, in its 2010-11 cocoa output forecast to "weather uncertainties" in the Ivory Coast, where heavy rains have triggered an outbreak of black pod disease, a fungal infection which renders cocoa beans inedible. "The reduction on our previous forecast is entirely attributable to the forthcoming Ivory Coast main crop," a report from ABN Amro said.

While the disease can be treated with copper-based fungicides, farmers have said that treatments are difficult and less effective in such rainy weather.

Prices 'not high enough'

Growers' comments also reflect a longer-term reluctance to invest in plantations, amid longstanding political uncertainty and occasional conflicts, which look set to keep a lid on Ivory Coast output despite a jump in prices earlier this month to their highest in 32 years.

Farmers in many cocoa-producing countries, such as Indonesia, also face the option of other crops, such as palm oil or rubber, which may be more profitable. "Current prices, while providing a significant incentive to improve husbandry generally, may not yet be sufficiently high to ensure a global expansion of the area used for cocoa production," the note said.

Cocoa for September delivery stood £5 lower at £2,281 a tonne in lunchtime trade in London, with its New York peer up \$14 at \$3,060 a tonne.

The Market

Liffe to consult with customers on cocoa market

Jul 30, 2010

(Reuters) - NYSE Liffe (NYX.N) said on Tuesday it would consult with customers and its regulator on further potential changes to its cocoa market following a meeting on Tuesday with some customers.

"Today NYSE Liffe met a number of its cocoa customers and listened to their views regarding the cocoa futures market," the exchange said in a statement.

"NYSE Liffe will take these views into consideration and consult further with its broader customer base and its regulator before determining whether any further changes are required to the market's operation or procedures."

Liffe met on Tuesday with a delegation representing a group of 16 European cocoa industry participants who sent a letter to Liffe on July 2 saying the extent of speculation on the London cocoa market could drive them towards using the rival U.S.-based Intercontinental Exchange (ICE.N) and urging more transparency in London cocoa futures.

On July 7, Liffe announced plans to introduce a commitment of traders report detailing positions held on London's white sugar, cocoa and robusta coffee markets.

Traders said the report would improve transparency in the market.

Some of those who signed the letter of complaint to Liffe said they would use the meeting on Tuesday to ask the exchange to introduce position limits, despite an earlier consultation by Liffe which found many of its participants were against this.

Nearly all the physical stocks of cocoa that back futures trading of the commodity in London were delivered when the July contract expired, fuelling fears of a September supply crunch.

The delivery of 240,100 tonnes of cocoa on July's expiry was the largest delivery in nearly 14 years and represented almost all the physical stocks registered with the Liffe exchange, fuelling fears of a supply crunch for the September contract.

British commodities firm Armajaro was reported by UK newspapers to be the main receiver of the 240,100 tonnes of cocoa. Armajaro declined to comment.

Foods and Softs Outlook for July 30, 2010

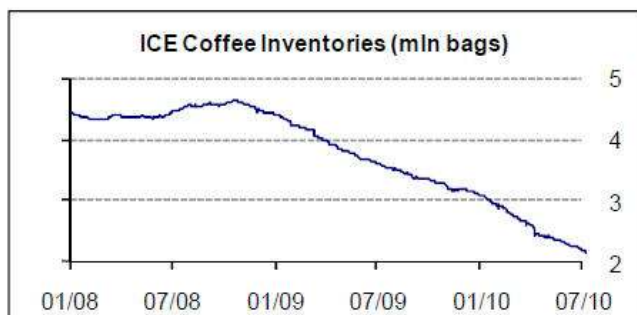
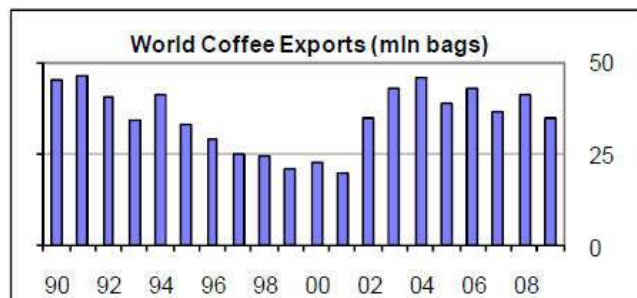
Friday, July 30, 2010

by [*CRB Research Team of Commodity Research Bureau*](#)

Food and Softs Outlook - an Excerpt from CRB'S Futures Market Service

COFFEE

Sep coffee prices have rallied sharply in the past week and are now trading just below last month's 12-year high. Bullish factors include (1) hedge fund buying and the weak dollar, (2) tight supplies as coffee inventories monitored by ICE have fallen -30% this year to an 8-year low, and (3) ICO's recent prediction that 2010 global coffee exports will drop below last year's 95.5 mln bags amid "scarcity." Bearish factors include (1) ICO's estimate for Brazil's coffee output to rise to 50 mln bags in the year starting Oct 1, up +27% y/y, and (2) ICO's prediction that global coffee output may rise 12% to 135 mln bags next season.



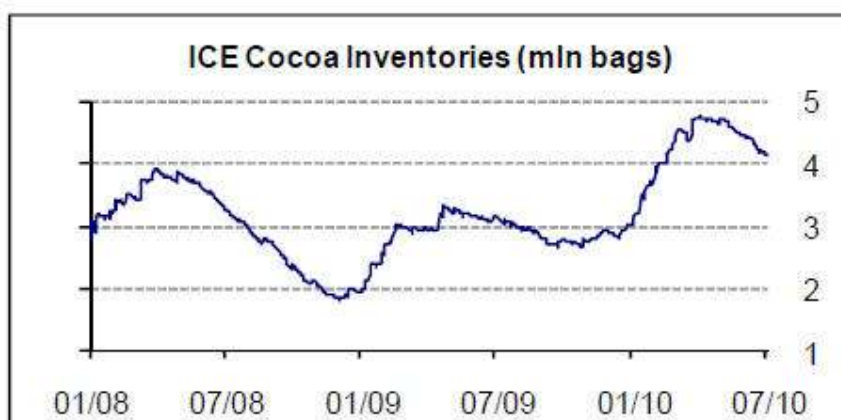
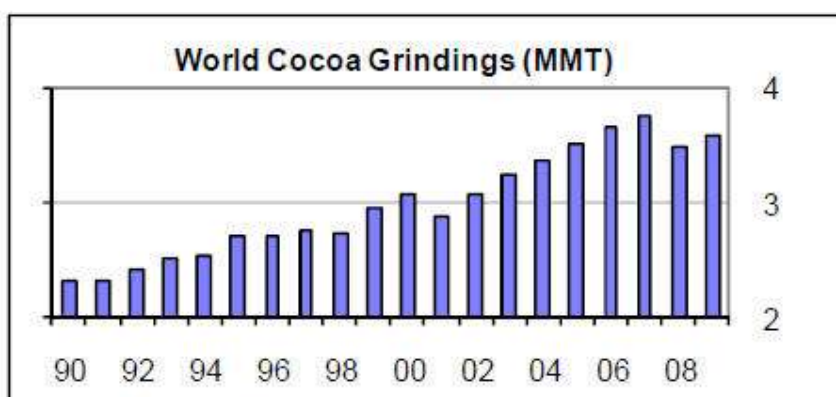
Fundamental Outlook-Bullish-Coffee prices are just below the recent 12-year high on tight supplies combined with strong consumption and lagging production. Coffee production in 2009/10 fell -5.9% y/y to 120.6 mln bags (ICO), but production should rebound to 133-135 mln bags in 2010/11 (ICO). Brazil's 2010/11 (July-June) production will rise 23% y/y to 55.3 mln bags on their favorable 2-yr cycle (USDA).

Coffee Supply/Demand

USDA: 2010-11 world coffee production a record 139.7 mln bags (+11% vs 2009-10's 125.7 mln bags); 2010-11 consumption 131.5 mln bags (+2.2% vs 2009/10's 128.7 mln bags); 2010-11 world ending stocks at 36.3 mln bags (+16% vs 2009-10's 31.3 mln bags); exports 103.4 mln bags (+5.2% vs 2009/10's 98.3 mln bags); 2010-11 stocks/use 27.6% (vs 2009-10's 24.3%).

COCOA

Sep cocoa prices are now trading near the middle of the 2-month trading range as the market settles down after the recent big cocoa purchase in London by a hedge fund. The Liffe exchange after an investigation said it found no evidence of "abusive behavior" or trading with the "specific purpose of distorting the price" of the July futures contract, which has since expired. The cocoa market continues to see good demand with Q2 North American cocoa grindings rising +12% y/y and with ICE cocoa inventories headed generally lower.



Fundamental Outlook-Mildly Bullish-Cocoa fundamentals are mildly bullish with ICCO forecasting a small 69,000 MT production/consumption deficit in the current 2009/10 (Oct-Sep) marketing year. World cocoa production in 2009/10 is little changed year-on-year at 3.596 MMT, which is well below the record high of 3.786 MMT in 2005/06. Demand in 2009/10 is up 4.0%, leading to a 4.1% y/y drawdown in ending stocks to 1.619 MMT. That leads to a tight stocks/consumption ratio of 44.6%, down from 48.4% in the previous year and well below the 10-year average of 47.1%.

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Cocoa Supply/Demand Summary

International Cocoa Organization (3-Mar-2010): 2009/10 (Oct-Sep) gross crop 3.597 MMT +1.0% y/y; grindings 3.579 MMT +2.5% y/y, deficit -18,000 MT (vs 32,000 MT surplus in 2008/09), ending stocks 1.593 MMT (-18,000 MT from 1.611 MMT in 2008/09, 44.5% stocks to grinding ratio (vs 2008/09 46.1%).

Processing & Manufacturing

Sub-Saharan African Stocks Report: FTN Cocoa, Sun Resorts, Union Bank Move

Bloomberg - Jul 26, 2010

FTN Cocoa Processors Plc (FTNCOCOA NL), a Nigerian cocoa product maker, rose the most in four months, climbing 3 kobo, or 4.6 percent, to 68 kobo. The West African nation's government announced plans to raise the level of local processing of the chocolate bean, the Nigerian Television Authority reported yesterday, citing Vice-President Mohammed Namandi Sambo.

Business and Economy

USA Lifts Sanction On Ghana's Cocoa

Date: 30-Jul-2010

Source: The Ghanaian times

The United States has removed Ghana from the list of countries blacklisted for using child labour in the production of coca, gold and tilapia.

This means that Ghana can now export those commodities especially cocoa, to the international market without fear of the produce being rejected on the grounds that the country uses child labour in their production.

This was announced at a review of National Programme for the Elimination of Child Labour in Cocoa (NPECLC) by the Deputy Minister of Employment and Social Welfare, Antwi-Boasiako Sekyere. He said the US action was a result of the tremendous work of the NPECLC and its implementation agencies, noting that it has done a lot to reduce the worse form of child labour in most cocoa growing districts.

The meeting was to evaluate the programme and also to enable the minister to interact with the District Child Protection Committee (DCPC) members from the Ashanti Region.

Mr. Sekyere said the National Programme had done a lot to reduce worst form of child labour in most coca growing districts

Mr. Sekyere said following the positive results of the programme which reflected in the two surveys conducted last year, Ghana had to write a protest letter to the USA for the deletion of its name from the executive order.

He urged the members to see their work as an opportunity and privilege to help reduce poverty in their various communities saying "poverty has been found to be the underlying factor for child labour."

The Minister said for a country that intended to move to a middle income status within the shortest possible period, it should not wait for anyone to prompt it to reduce child labour.

He noted that most if the children were not trained to acquire skills that would enable them to earn a living and take over from the current generation, the country's aim of attaining a middle income status would be a mirage.

He pledged the government's support for the programme and urged the members to give of their best to ensure the total elimination of child labour in all aspects of the nations' economy.

Mr. Sekyere cited the fishing, stone quarry and mining industries as some of the sectors in which the Ministry was working to eliminate child labour.

Kenneth Mamudu, National Programme Manager of NPECLC, commended the district assemblies for their support to the programme. He noted that most of the cocoa growing districts had set up the DCPC and the Community Child Protection Units that greatly aided the implementation of the programme.

Indonesian cocoa futures trading; Bitter or sweet?

July 27, 2010 10:59am by Anthony Deutsch

With the world cocoa trade buzzing with activity - and controversy - it might seem the perfect time to launch a new market to get in on the action.

And so it is that Indonesia, the world's third largest cocoa producer, is staking out a bigger role for itself in the market with the Jakarta Futures Exchange this week launching plans for a September cocoa contract. But even the locals are not sure it will work.

A day after the announcement, the head of the Indonesian Cocoa Association expressed doubt that the plan would attract the big international traders needed for Jakarta to compete against rival international markets. "The traders already have positions in London and New York, so I'm not sure if it will work," said Zulhefi Sikumbang.

Sikumbang, who took up the top job this month, said cocoa futures could attract local investors, but that if major companies did not join, the market could lack the liquidity needed to survive. "If they are not interested in Indonesian futures trading, I don't know if it will be active."

Indonesian production is expected to rise by roughly 75,000 tons to 650,000 tons in 2010.

Cocoa joins gold and crude palm oil futures, which are already traded in Jakarta.

Promotion & Consumption

Barry Callebaut unveils ACTICOA chocolate

Baking Buyer - [John Unrein](#) - Jul 30, 2010

Barry Callebaut recently rolled out its ACTICOA chocolate products to the North American market at the Institute of Food Technologists Annual Meeting & Food Expo in Chicago.

BakingBuyer.com, July 30, 2010

by John Unrein

As the demand for functional food continues to grow among health-conscious Americans, Barry Callebaut recently rolled out its ACTICOA chocolate products to the North American market at the Institute of Food Technologists Annual Meeting & Food Expo in Chicago.

Manufactured using a special process to preserve the maximum level of cocoa flavanols that occur naturally in the cocoa bean, ACTICOA chocolate products provide guaranteed levels of flavanols, which have been linked to several important health benefits for the body.

"Today's consumers are increasingly seeking out healthier options, so Barry Callebaut has spent years working to reinvent chocolate through innovative research and development initiatives designed to harness the healthy components of cocoa and preserve them in new chocolate products," says Hans Vriens, Chief Innovation Officer at Barry Callebaut. "With ACTICOA, North American consumers will be able to enjoy great-tasting chocolate that has been scientifically proven to have a wide range of health benefits – from helping to maintain cardiovascular health to nourishing healthy skin."

Divine launches Dark Chocolate with Ginger & Orange bar

Talking Retail - Jul 27, 2010

Farmer-owned chocolate company Divine Chocolate is delighted to announce another brand new addition to its 100g bar range.

The Dark Chocolate with Ginger & Orange bar is made with Divine's acclaimed 70% chocolate, using the very finest Ghanaian cocoa beans grown by members of the Kuapa Kokoo co-operative which owns almost half the company.

The Dark Chocolate with Ginger & Orange combines smooth dark chocolate with pieces of zesty orange and spicy notes of ginger oil. As with the full Divine range, the flavours of orange and ginger are entirely natural.

The new bar is available exclusively at Sainsbury's supermarkets nationwide (and Sainsbury's online) from the end of July, RRP £1.69. As with all Divine products, it is free from artificial flavourings, colourings and preservatives.

It is suitable for vegetarians, and carries the Fairtrade and Kosher marks. In celebration of Divine's Ghanaian ownership, it is packaged with distinctive traditional West African motifs called Adinkra symbols, each of which carry their own meaning.

Charlotte Borger of Divine Chocolate says: "We've been listening to our customers who have been asking for dark chocolate with orange and dark chocolate with ginger – so we have combined the two! We've given a different twist to the citrus-spice flavour mix and we think it will be a big hit with chocolate lovers".

Divine's Dark Chocolate with Ginger & Orange is the twelfth flavour to make up the 100g bar range and joins the recently launched 85% Dark Chocolate, a luxurious deep dark chocolate for the chocolate disciple.

The smallholder farmers in Ghana who grow the cocoa for Divine take great care in growing, harvesting, fermenting and drying the beans in order to bring out the purest cocoa flavour. The cocoa pods are grown in the shade of the tropical rainforest and only the best beans are used in Divine.

Cadbury's launch charity chocolate bar

AgraNet (subscription) - Jul 29, 2010

BRITISH-based supermarket Morrisons have teamed up with Cadbury to offer a limited edition chocolate with GBP0.10p of every sale going to the charity Help the Hospices.

The new Cadbury Dairy Milk Bar of Plenty with honey flakes and pecans is exclusive to Morrisons and will be available in 140g bars, at an introductory price of GBP1.00 (normally GBP1.59).

The partnership aims to raise GBP1 million for the charity, which supports hospice care throughout the UK.

Others

Ivorian court frees reporters in cocoa probe row

Tue Jul 27, 2010

ABIDJAN (Reuters) - Three journalists arrested for publishing a confidential government report into corruption into the top grower's cocoa sector were freed by a court in Ivory Coast on Monday.

The journalists were instead handed a combined fine of 5 million CFA francs and their daily newspaper, Le Nouveau Courrier, was suspended for two weeks.

The three, who left the courthouse to cheering crowds of colleagues and friends, had refused to reveal their source, who leaked them the findings of a probe into the Coffee and Cocoa Bourse (BCC) and other regulatory bodies.

Media freedom watchdogs, transparency groups and the French and U.S. governments had all criticised the arrests and called for their release.

There is no criminal penalty in Ivory Coast for publishing information, but theft of public documents can carry a jail sentence.

At least 20 cocoa officials were detained in 2008 in a graft crackdown in Ivory Coast. Most remain in jail and have yet to go on trial.

Public prosecutor Raymond Tchimou had said two of the journalists were charged with stealing a confidential public document and publication of a document not yet public, and the other with receiving a stolen document.