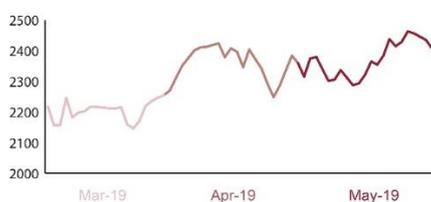


## Cocoa Beans

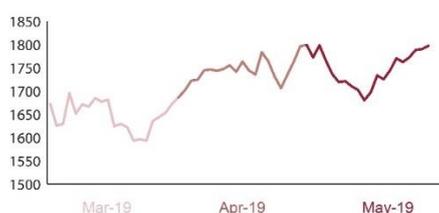
### Start of the silly season

Both markets have now made a decisive rally from the lows established in March, recently printing fresh highs of the last 12 months. There is not yet a clear fundamental story to back this most recent rally, however as always the summer months will be the decisive period the market will need to monitor for the pod set development. To date the only production factors which are already visible is the cumulative deficit of rainfall over Ivory Coast versus average over the last 40 days. Remains to be seen if we will still see peaking rains towards end June, before we enter the seasonally dry periods in July and August. On 11<sup>th</sup> June a meeting took place in Accra, Ghana where the announcement to introduce a price floor was made. In line with the governments of Ivory Coast and Ghana aim to improve farmer incomes, PTC Foods supports and shares the goal of a robust and competitive global marketplace that provides strong incentives and sustainable livelihoods for cocoa farmers. The cocoa price is not the only aspect to impact farmer livelihoods. It is one component in the overall quest to build farmer resilience and help farming households achieve a living income. There are other levers to consider and as industry we need to define a holistic approach, which takes in social and economic resilience for farmers, natural resources and economic sustainability of the sector's players, including profit distribution, transparency and affordability of a final product. PTC Foods continues to discuss with the relevant authorities of Ghana and Cote d'Ivoire on how the intended pricing mechanism will work in practice.

New York close, 2<sup>nd</sup> month USD/Mt



London close, 2<sup>nd</sup> month GBP/Mt



## Cocoa Butter

### Supply concerns

Butter demand remains very robust and physical stocks relatively tight, despite the summer seasonality. As result, some industry players face difficulties to meet their commitments and nearby shipments are attracting a premium again. Buying interest for 2020 shipment periods is now in full activity with ratios holding firmly within recent price range. Overall, due to concerns over the tight supply and demand picture both for current and next crop year, raw material costs have been on the rise. Butter ratios therefore could strengthen somewhat as buyers are more actively looking to reduce their risk exposure on forward cover.

## Cocoa Powder

### Record month

The good activity we've observed in the cocoa powder market in April continued throughout May, where we saw a record month by all measures. Both deliveries and pace of sales were very healthy, and it seems the momentum in the powder market has undeniably turned bullish. We see buyers coming in to lock-in their 2020 volumes as they observe the overall risk profile of the market has changed and the powder supply and demand is looking increasingly tight. With large uncovered volumes on the nearby positions, availability cannot always be guaranteed for last minute buying and ordering.

## Cocoa Liquor

### Pre-holiday preparation

Buyers have been busy preparing their pipelines and filling last needs before the summer recess. And they are right: we do expect the usual tightness starting as early as August. With the bean market vulnerable to several risks scenarios, it seems the prospects for the liquor price continue to be skewed to the upside. We recommend the savvy buyers to secure their cover.