Cocoa Bean Grindings

	Q1 2021	Q1 2020	
Europe	357,815	368,934	-3.01%
North America	117,956	115,591	+2.05%
Asia	213,858	207,356	+3.14%
Total	**689,629**	**691,881**	**-0.33%**

FIRST GRADE INTERNATIONAL LTD

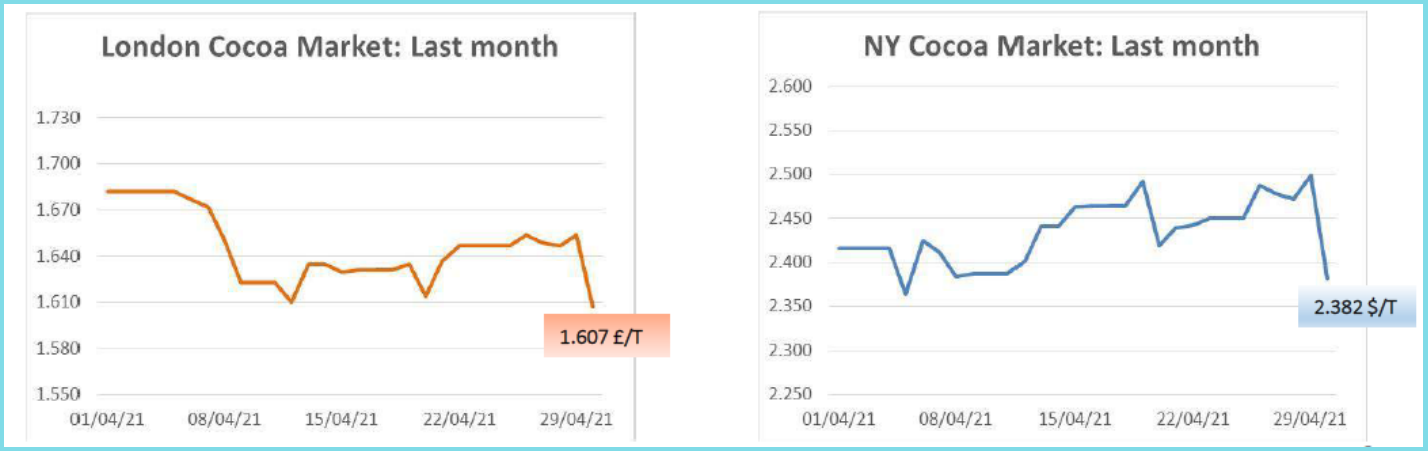
Cocoa Market Update

April 2021

Cocoa Market Update

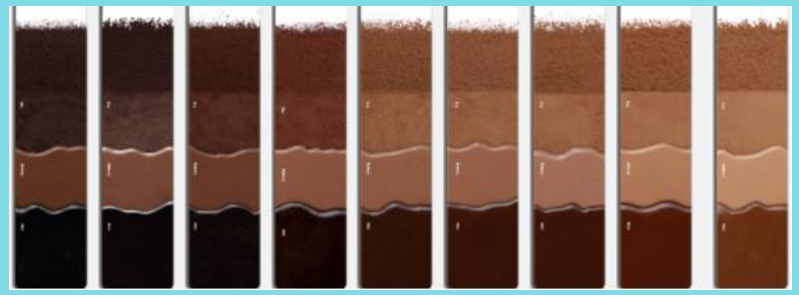
Cocoa Futures prices decreased again in April, influenced by the excellent arrivals from Ivory Coast. Fund's liquidations and origin selling activity have exceeded industry buying interest. Some key developments to follow up may be:

- Best prospects for pandemic and demand recovery thanks to the increase in vaccinations are confronted with countries in critical situation (India), some uncontrollable outbreaks in South America and remaining travel and tourism restrictions in Europe and worldwide.
- Better than expected Q1 grindings in Asia offset by data within expectations in the US, and below expectations in Europe.
- Market structure has changed into a more common situation in futures trading, and now nearby prices are lower than forward prices.
- Funds have moved from net long to net short positions in London.
- Delays and restrictions in international trade due to the lack of containers and huge increase in ocean freight costs.



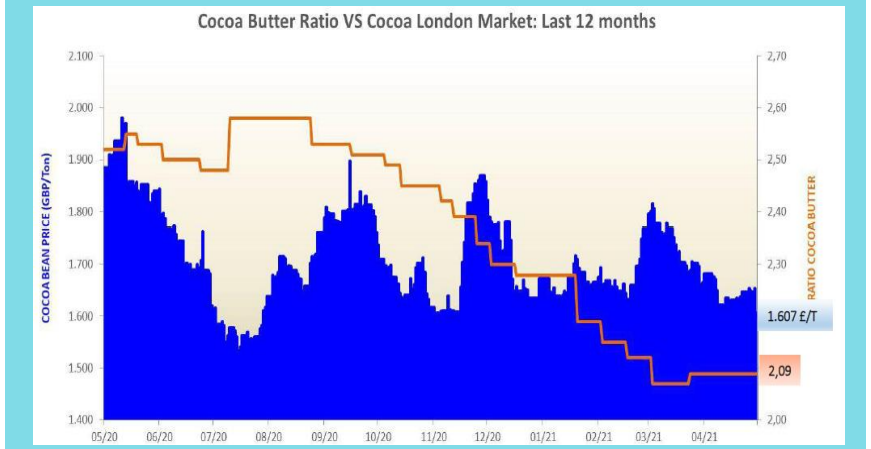
First Grade Cocoa Powders

We keep over 13 different varieties of cocoa powder in stock, each with their own colour and taste profile. If you would like to explore this further, send a sample to our bulk ingredients team and we will find a match in colour, taste, and quality.



Cocoa Butter Ratio

- **Butter** ratios remain low for nearby positions despite **Cocoa** Futures downward correction.
- Outright **Butter** prices are at their lowest levels from the last 8 years.
- **Butter** Ratios and Prices are increasing from Jan. 2022 onwards showing expectations of better **Chocolate** demand for next year.



FIRST GRADE INTERNATIONAL LTD

Cocoa Market Update

April 2021

Bearish Factors

- Economic recovery is delayed with some countries in a critical situation with COVID-19 outbreaks and remaining travel and tourism restrictions worldwide.
- Large increase in arrivals from Ivory Coast in recent weeks.
- Delayed forward sales from Ivory Coast and Ghana, well below its sales in previous years.
- Sharp decrease of nearby prices as demand cannot meet the higher supply.
- Ongoing decrease of **Cocoa** bean differentials.
- Funds have moved from net long to net short positions in London.

Bullish Factors

- Best prospects for pandemic and demand recovery thanks to the increase in vaccinations, which is now extended to many countries in Europe.
- **Cocoa** Futures had been trending lower and are now near the bottom.
- **Cocoa** Futures were overvalued for nearby positions but the change in structure will strengthen forward positions from now on.
- The Bloomberg Commodity index has rebounded to levels not seen since 2015 while **Cocoa** has risen very little compared to other commodities and therefore has greater upside potential.
- Below average rainfall in last weeks mixed with long sunny spells could hurt Ivory Coast mid-crop.

Butter vs Powder Pricing

- **Cocoa Powder** prices remain stable at previous levels due to strong demand.
- **Cocoa Powder** prices are also stressed by low **Butter** ratios and prices, supply chain tightness and ongoing delays and restrictions in international trade due to the lack of containers and huge increase in ocean freight costs.
- **Butter** ratios have not increased to allow a decrease in **Powder** ratios.

For more information, please contact us on the details below and one of our team members will be in touch to discuss.

bulksales@fg-int.co.uk
(+44) 1564 731 980