FIRST GRADE
INTERNATIONAL LTD

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COCOA & CHOCOLATE
MARKET REPORT

Covering Market Movements across August 2026

COCOA MARKET NEWS

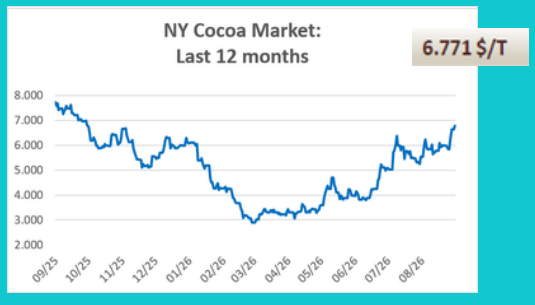
Cocoa Futures remained relatively stable for most of August before rising sharply at the end, when New York and London reached their highest levels in several months. The move was driven by growing concerns over the 2026/27 West African crop, limited trading activity and speculative buying, rather than by an immediate bean shortage. Strong arrivals and rising exchange stocks indicate sufficient short-term supply, while the market is placing greater weight on the risks surrounding the next crop.

Key Highlights

- Ivory Coast arrivals reached 2.14 MMT by 30th August, up 19% YoY
- ICE US stocks rose to approx. 3.41 million bags
- European Q2 grindings fell 4.6% YoY, confirming weak regional processing
- March prices exceeded December's, signalling good short-term bean supply
- ICCO estimates that 2024/25 ended with a 37,000 MT surplus and higher closing stocks
- Ivory Coast main crop could be delayed by 8-10 weeks
- Ghana expects production to fall by at least 13% in 2026/27
- Low pod counts, El Niño and EUDR risks increase forward uncertainty
- StoneX forecasts a 2026/27 surplus of only 25,000 MT, with downside risk
- Managed money remained net short, while thin liquidity can amplify further short covering

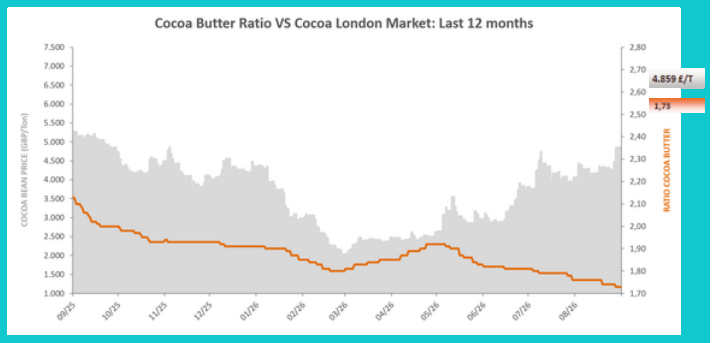
COCOA BEAN TERMINAL MARKET

After falling sharply between September 2025 and March 2026, Cocoa Futures recovered strongly and ended August close to their highest levels in several months



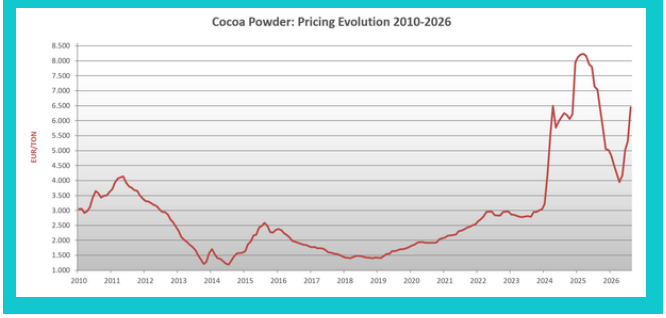
COCOA BUTTER NEWS

- Cocoa butter ratios continued their decline in August, reaching their lowest levels in at least ten years
- Forward ratios are even lower than nearby ones, indicating that weak butter demand is expected to continue



COCOA POWDER NEWS

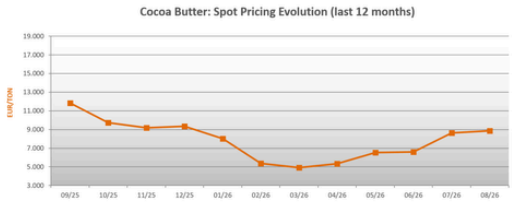
- For the first time in a long period, Cocoa Futures and powder ratios rose simultaneously, significantly increasing cocoa powder prices

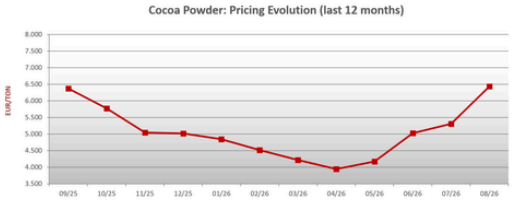


COCOA POWDER VS BUTTER

- Falling butter ratios, stronger-than-expected cocoa powder demand, limited short and medium-term availability and quality issues at some suppliers triggered a sharp increase in cocoa powder prices

- With low butter ratios limiting pressing activity and powder availability, any correction in Cocoa Futures may not fully translate into lower cocoa powder prices, which remain very firm





COCOA LIQUOR

- Cocoa liquor pricing has adjusted to reflect recent movements in cocoa bean prices

REGION UPDATES

Ivory Coast

Ivory Coast arrivals to port reached 2.14 MMT between 1st October 2025 and 30th August 2026, marking a 19% increase YoY. Meanwhile, the Coffee and Cocoa Council has expressed concern around potential port congestions. The 2026/27 main crop is expected to be delayed by 8-10 weeks as a result of challenging weather conditions, insufficient farm maintenance and a strong mid-crop, slowing the development of the main harvest. Further adding to the pressure, exporters are rushing to ship cocoa before stricter EUDR regulations take effect at the end of the year.

Main-crop arrivals are expected to begin reaching ports in late October or early November, before building through December. The Coffee and Cocoa Council currently estimates total main-crop arrivals between September 2026 and February 2027 to reach no more than 1.4 MMT.

Initial surveys of the 2026/27 Ivory Coast crop indicate below-average cherelle counts and poor pod development. As a result, the average estimate for the season is 1.8 MMT, which is 18% lower than 2.2 MMT in 2025/26.

Ghana

For Ghana, current-season production remains strong with COCOBOD reporting a 2025/26 harvest of 750,000 MT, a 25.6% increase YoY from 597,000 MT.

However, early production estimates for the 2026/27 crop point to a smaller harvest. Following a pod-count survey, COCOBOD have forecasted the crop at approximately 650,000 MT, down 13% from the previous season's 750,000 MT. The decline is primarily attributed to low pod counts, disease, ageing farms and weather risks, all of which are weighing on production prospects.

Sources: Reuters, CropGPT

WEATHER NEWS

August weather reports published by CropGPT, have revealed that above-average temperatures and uneven rainfall across major cocoa-producing regions are heightening both disease and pest pressures, as well as heat-related stress, which is further challenging an already weak season.

Ghana's Western region experienced temperatures of 25.93°C which is 4.4% above the seasonal norm, and slightly elevated rainfall of 16.58mm.

Ivory Coast also experienced irregular conditions. For example, in the Haut-Sassandra region, temperatures reached 26.04°C, 6.3% above the long-term average and exceeding previous highs, while rainfall reached 41.37mm, 11.8% above normal levels.

Sources: CropGPT

COCOA MARKET ANALYSIS

Bearish Factors

- Strong 2025/26 West African supply: Ivory Coast arrivals reached approximately 2.14 MMT by 30th August (+19% YoY), while Ghana's crop recovered to approximately 750,000 MT (+25.6% YoY)
- ICE US warehouse stocks rose to 3.41 million bags on 31st August, while certified stocks also rebuilt during the month
- European Q2 grindings declined by 4.6% YoY, confirming continued demand weakness in Europe, although the global demand picture remains mixed
- ICCO estimates that 2024/25 ended with a modest surplus and higher closing stocks
- March prices exceeded December's, signalling good short-term bean supply

Bullish Factors

- Ivory Coast main crop could be delayed by 8-10 weeks, with arrivals expected to remain limited until late October or early November and possible Q4 congestion ahead of EUDR implementation
- Ghana's 2026/27 crop is expected to decline materially from approximately 750,000 MT, as low pod counts, disease, ageing farms and weather risks affect production prospects. Ghana COCOBOD indicated a decline of at least 13%
- Low pod counts, El Niño and EUDR risks increase forward uncertainty
- StoneX forecasts a 2026/27 surplus of only 25,000 MT, with downside risk
- Managed money remained net short, while thin liquidity can amplify further short covering

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

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