

Steve Wateridge

Tropix Capital

International Sweetener Colloquium

February, 2010

I think buyers would like to hear:

What the heck are prices doing up here? Are they “justified”?

What are the prospects for mid crop?

What are the prospects for next crop year? What will drive prices one way or another in 2010/11?

What impact are high prices having on consumption?

What is likely to happen to butter ratios for chocolate buyers, and powder ratios for powder buyers?

What potential developments must occur to get the funds to reduce their long position?

If I think of more I'll let you know.....

Ken

Cocoa Fundamentals

	2006/07	2007/08	2008/09	%
Cote d'Ivoire	1,229	1,382	1,221	36
Ghana	601	712	676	19
Indonesia	507	495	477	14
Nigeria	235	240	261	7
Cameroon	165	180	215	5
Brazil	126	171	157	4
Ecuador	111	102	131	3
Rest of World	473	437	424	12
Total	3,447	3,719	3,562	100
000 tonnes				

Cote d'Ivoire production

Aging tree population

Unstable political and social situation

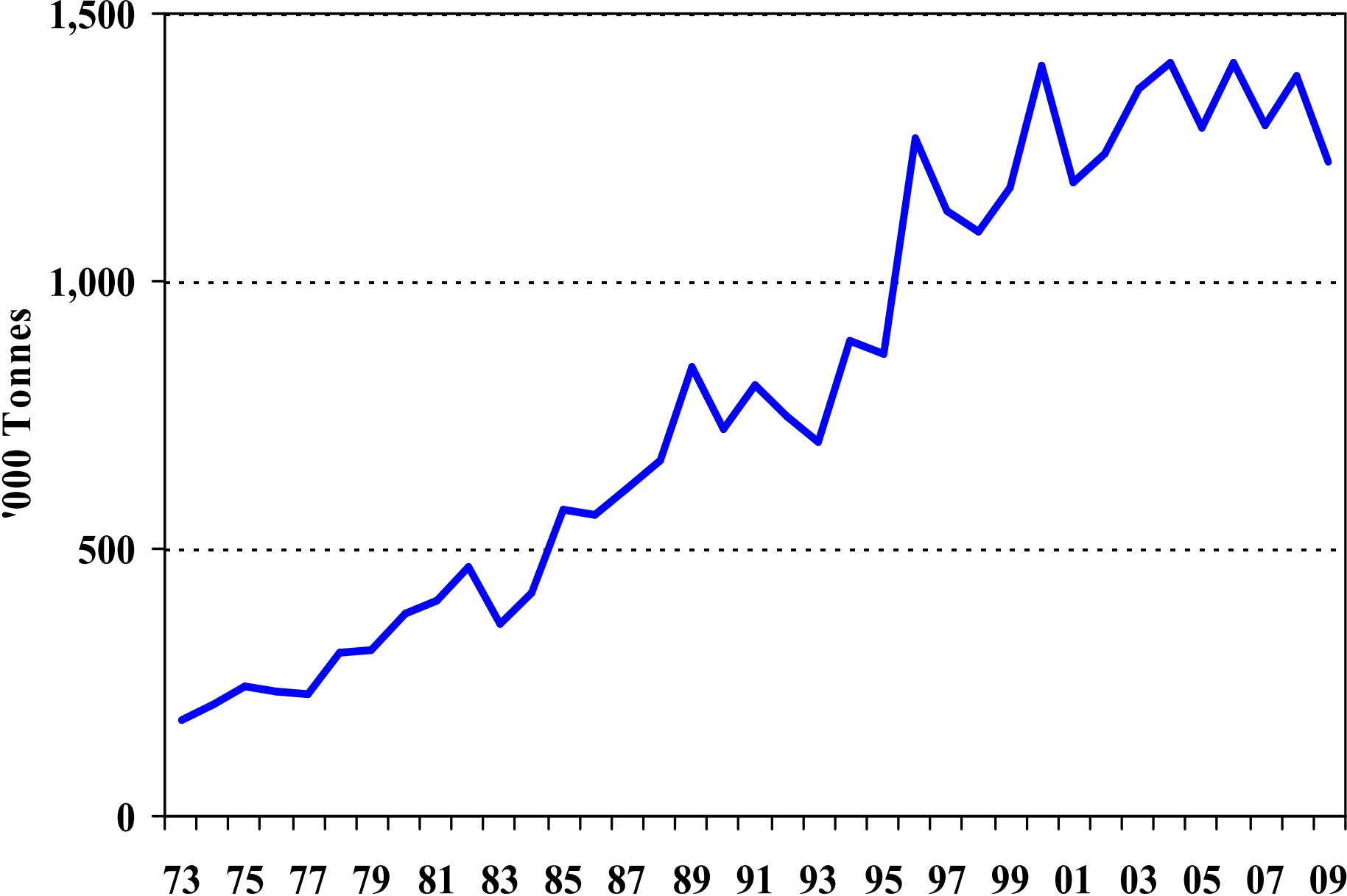
Low investment in the cocoa sector

High taxes, non-supportive prices

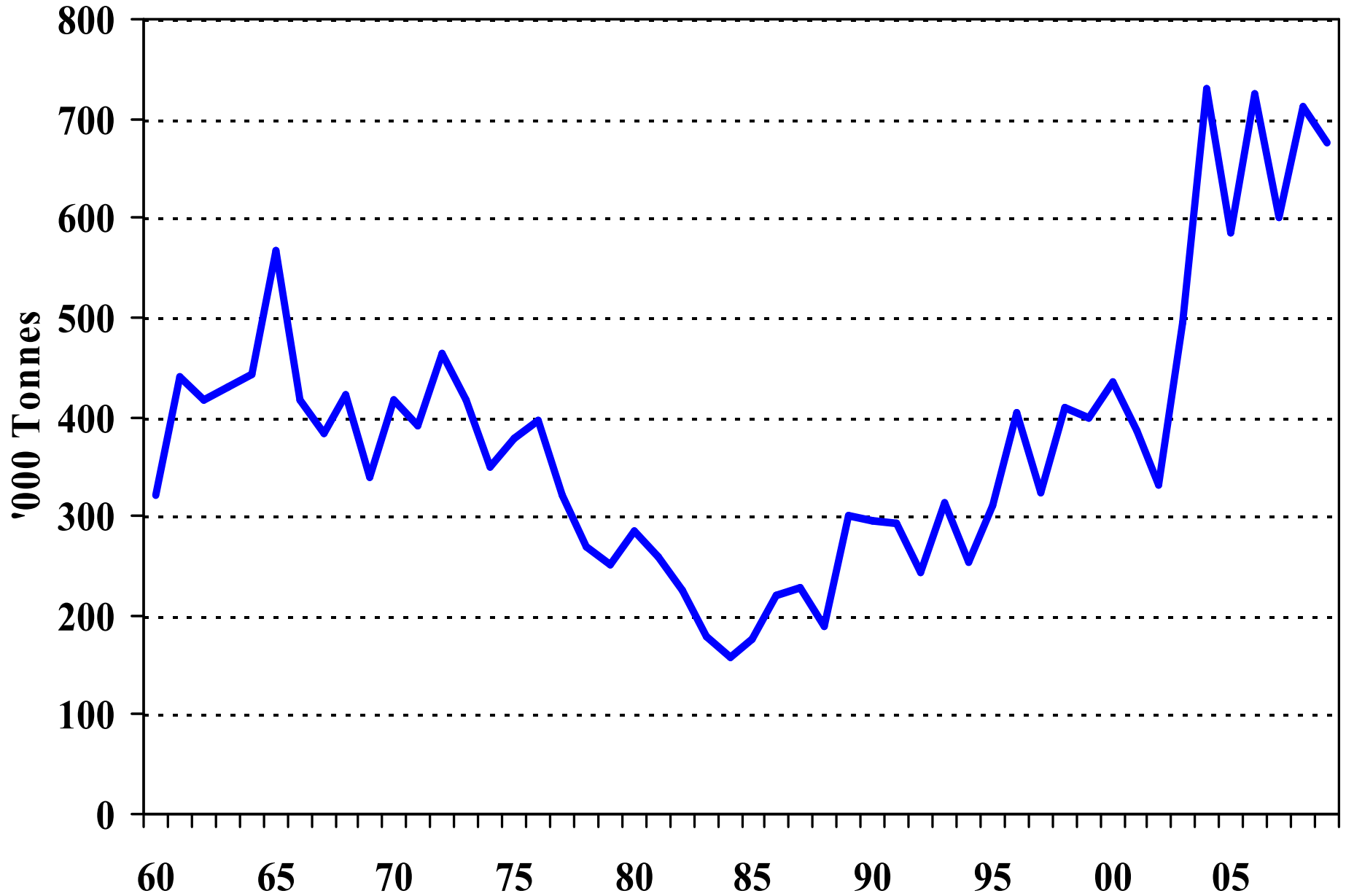
Disease (megakarya, swollen shoot)

Better alternatives (eg, Rubber)

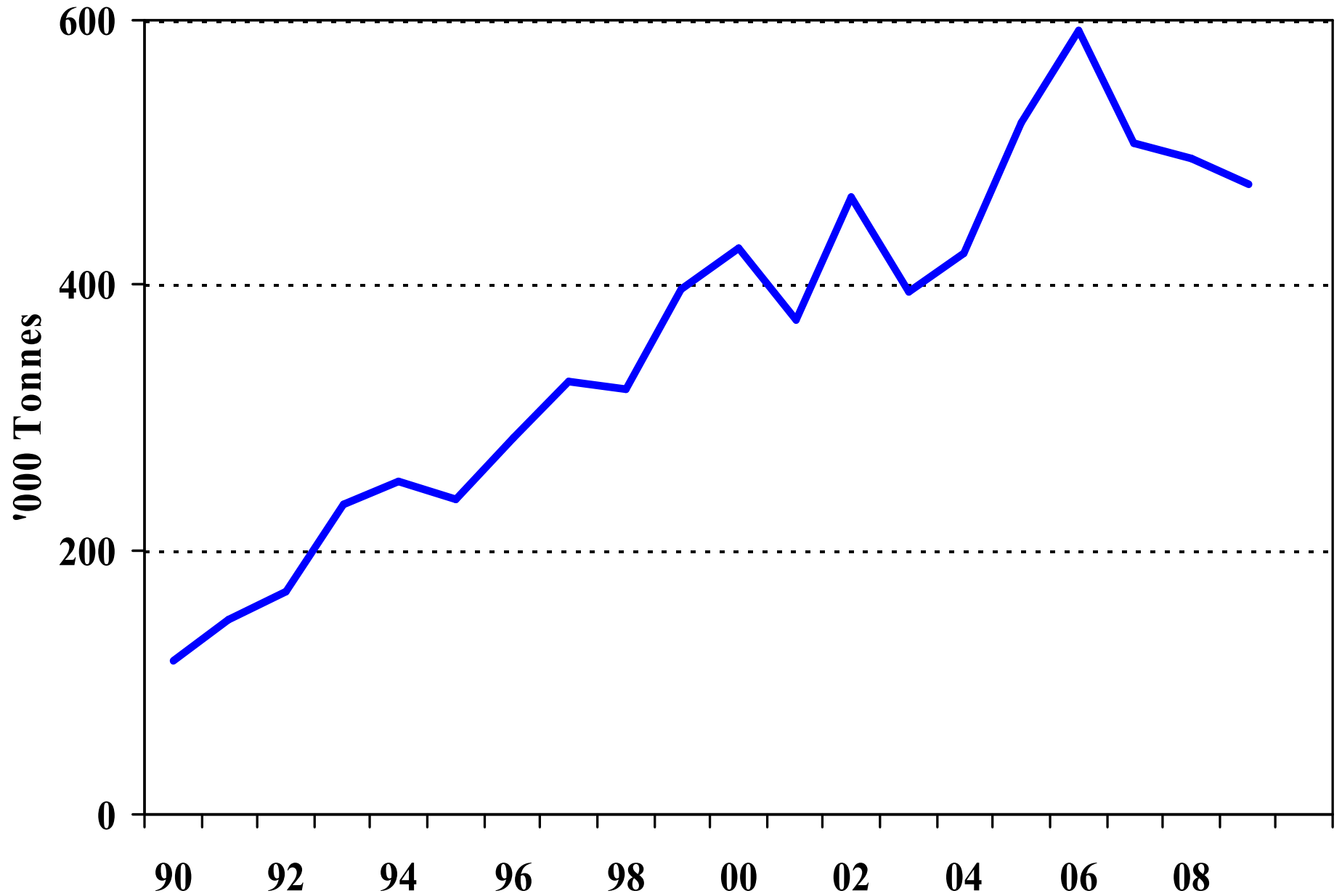
Cote d'Ivoire Cocoa Production



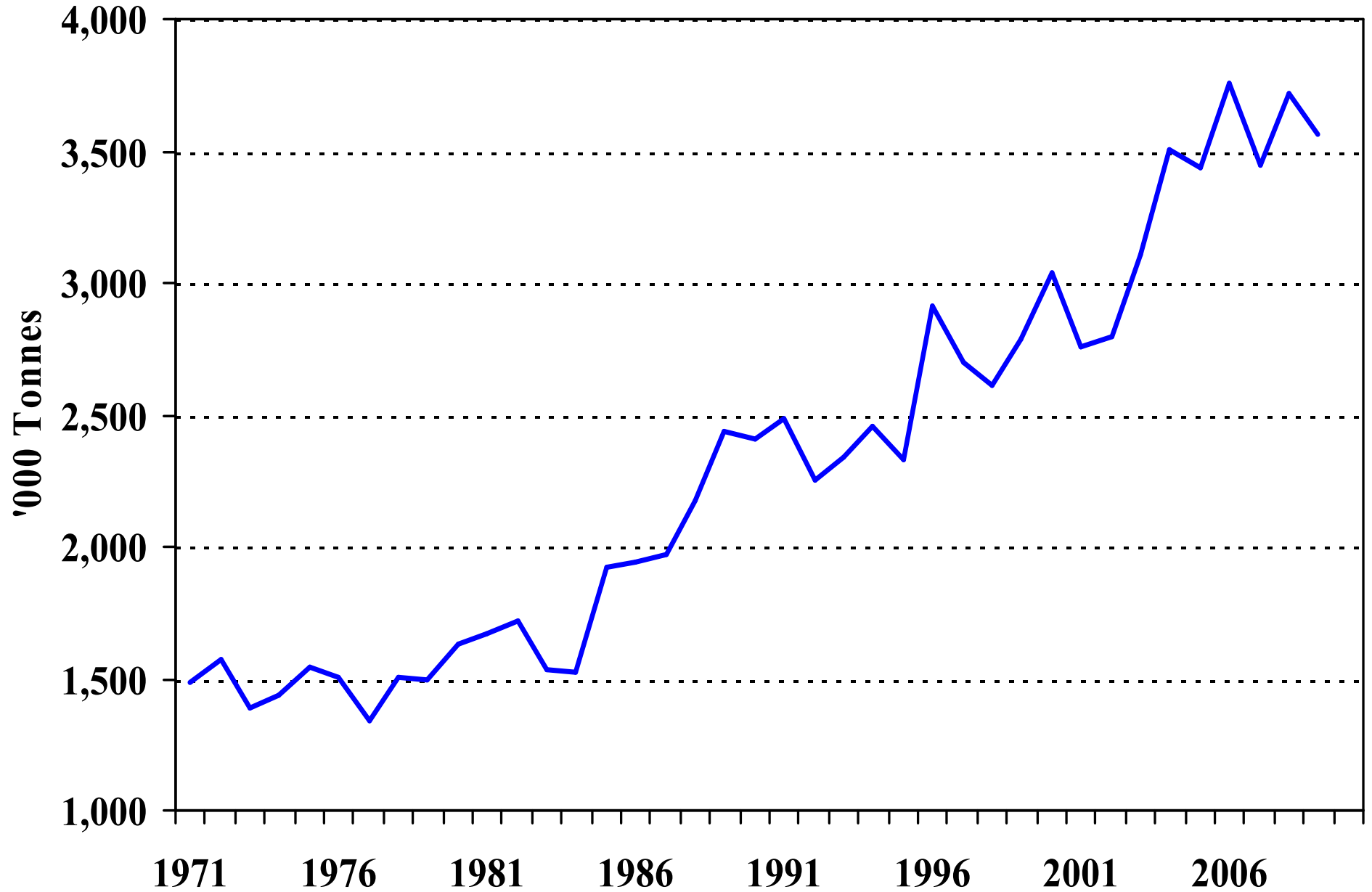
Ghana Cocoa Production



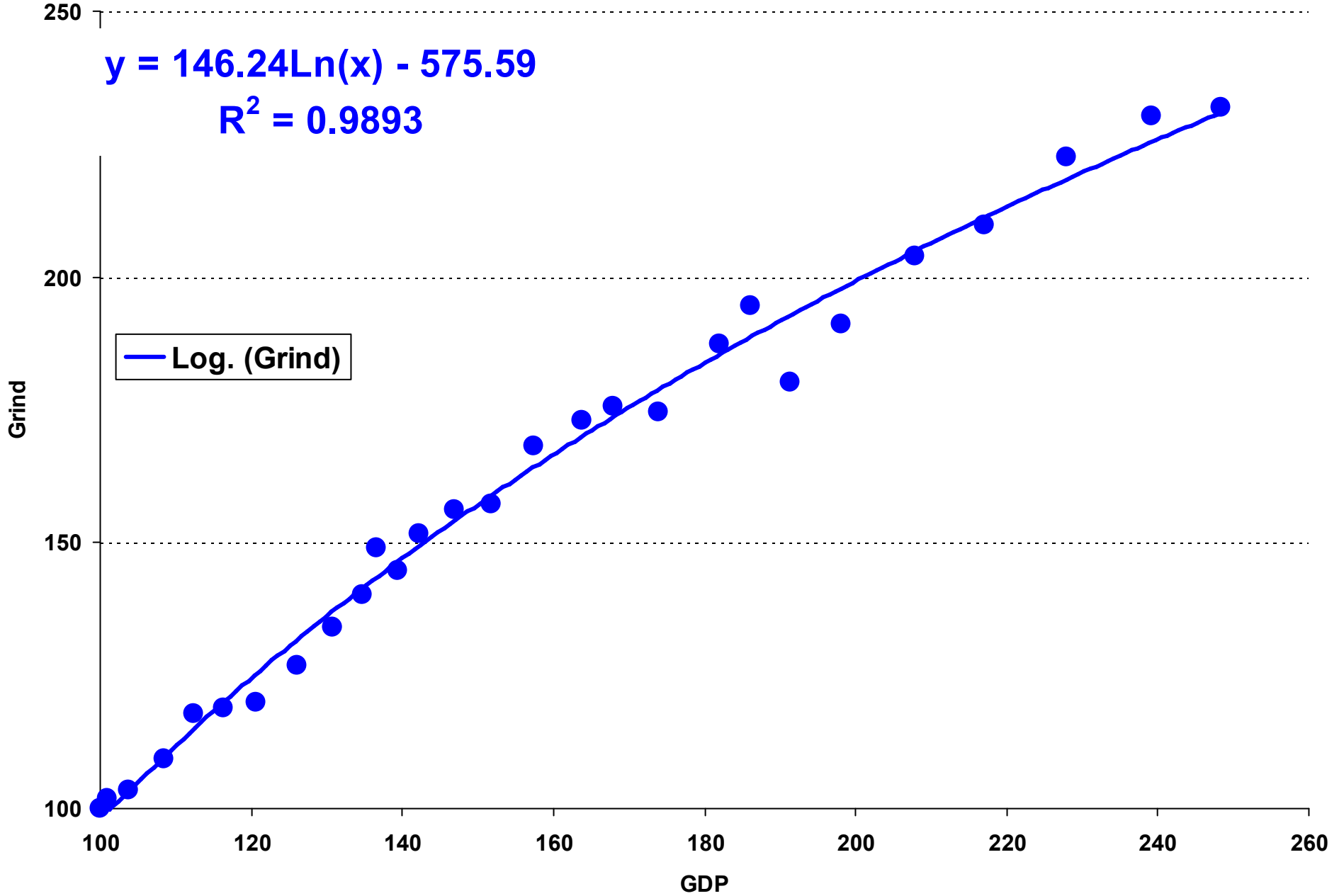
Indonesia Cocoa Production



World Cocoa Production



GDP vs Cocoa Consumption



Chocolate Sales

		2007/08	2008/09	% Change
USA	Oct-Sep	721.1	677.0	-6.1%
W.Europe (5)	Oct-Sep	1227.1	1189.9	-3.0%
Emerging Markets	Oct-Sep	865.4	859.9	-0.6%
Total		2,813.5	2,726.8	-3.1%

'000 tonnes

Latest Grind Data

	2007/08	2008/09	% Change	
Europe	1546.1	1429.3	-7.6%	
America	706.9	673.9	-4.7%	
Africa	535.6	578.9	8.1%	
Asia	624.2	514.8	-17.5%	
Total	3,412.8	3,196.9	-6.3%	

Sales Volumes -3.1% Grindings -6.3%

De-stocking?

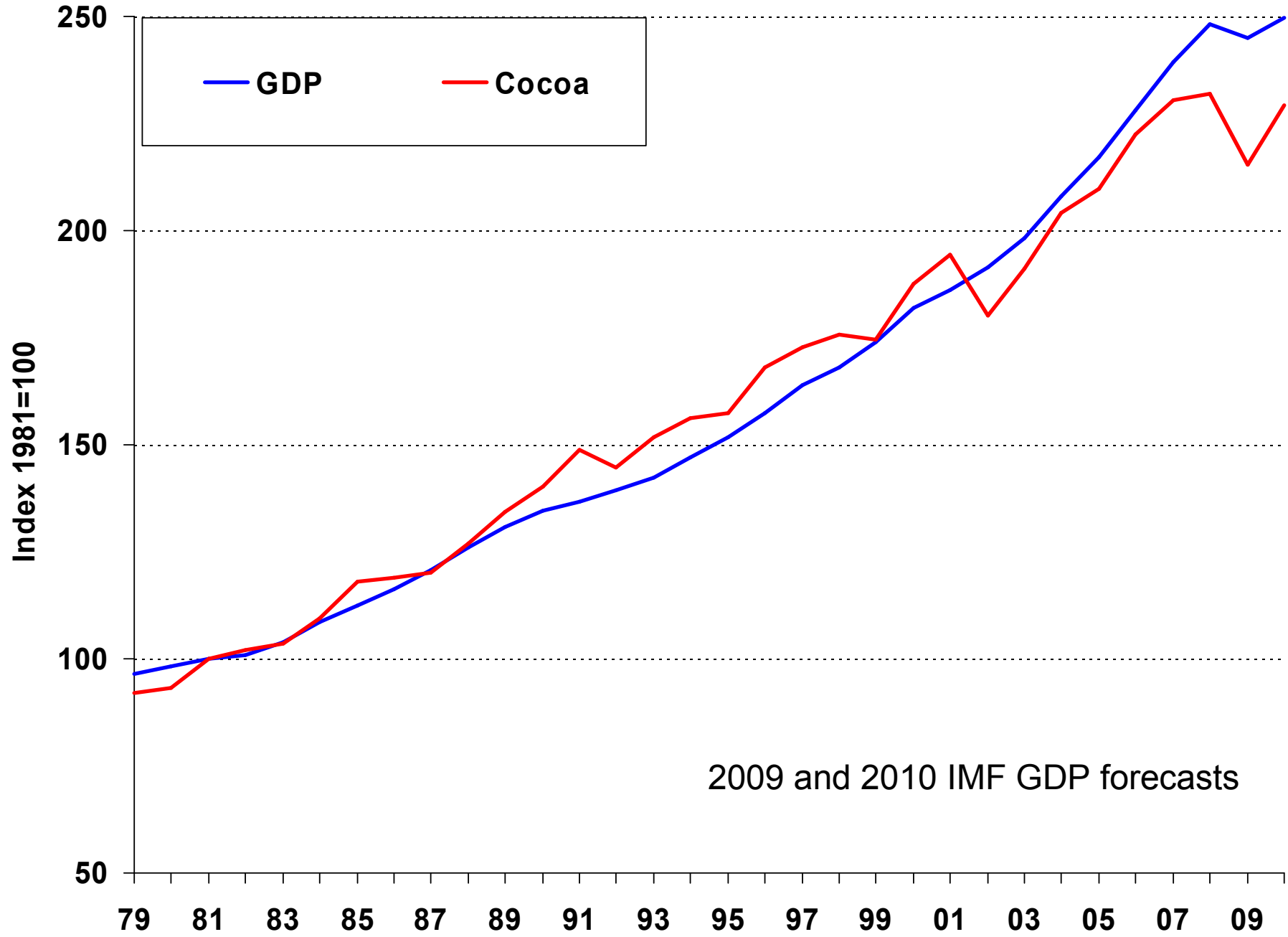
Shift from Dark to Milk

More CBE usage

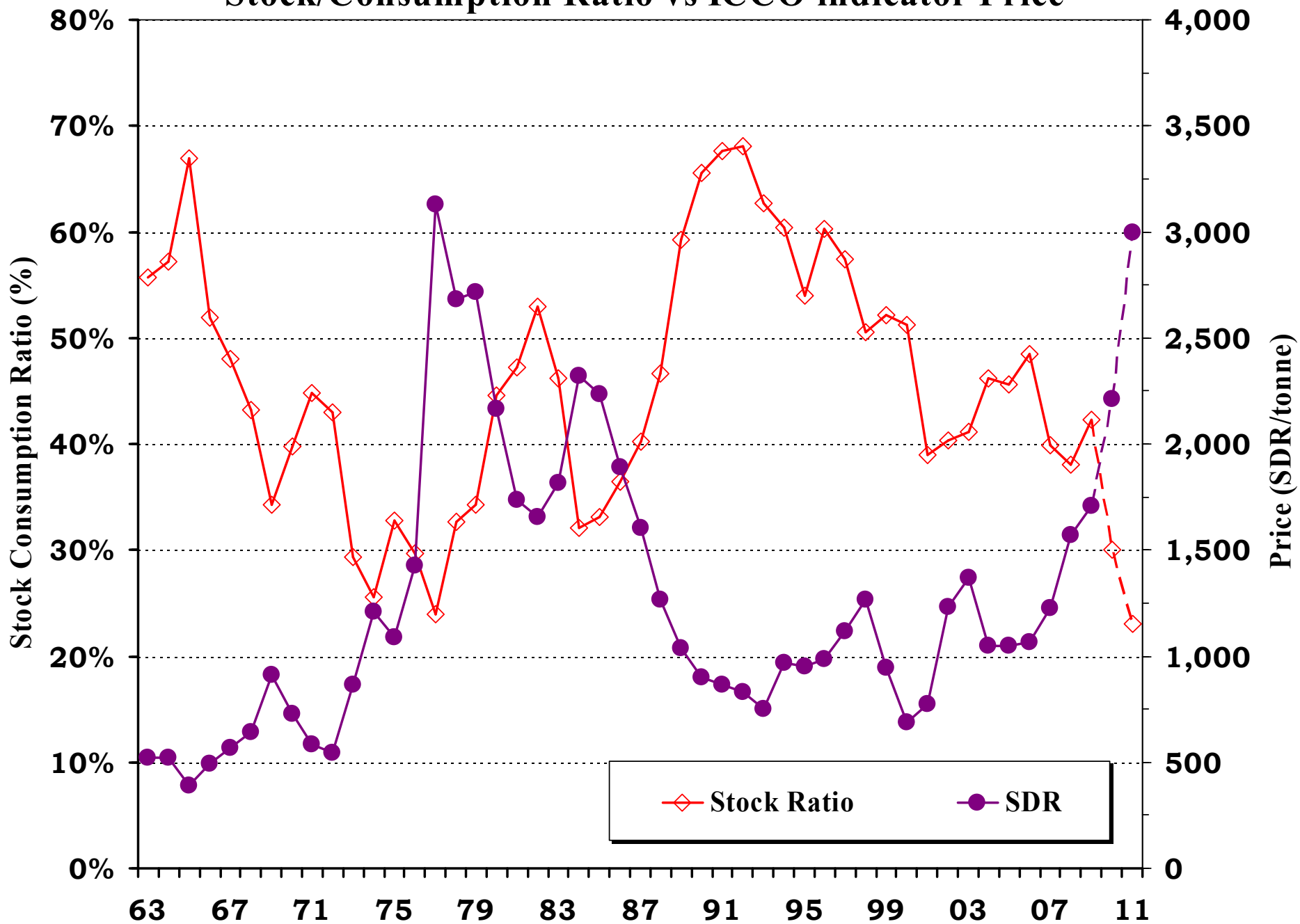
Thinner Coatings on Countlines

ALL THE ABOVE

Cocoa Grind and World GDP

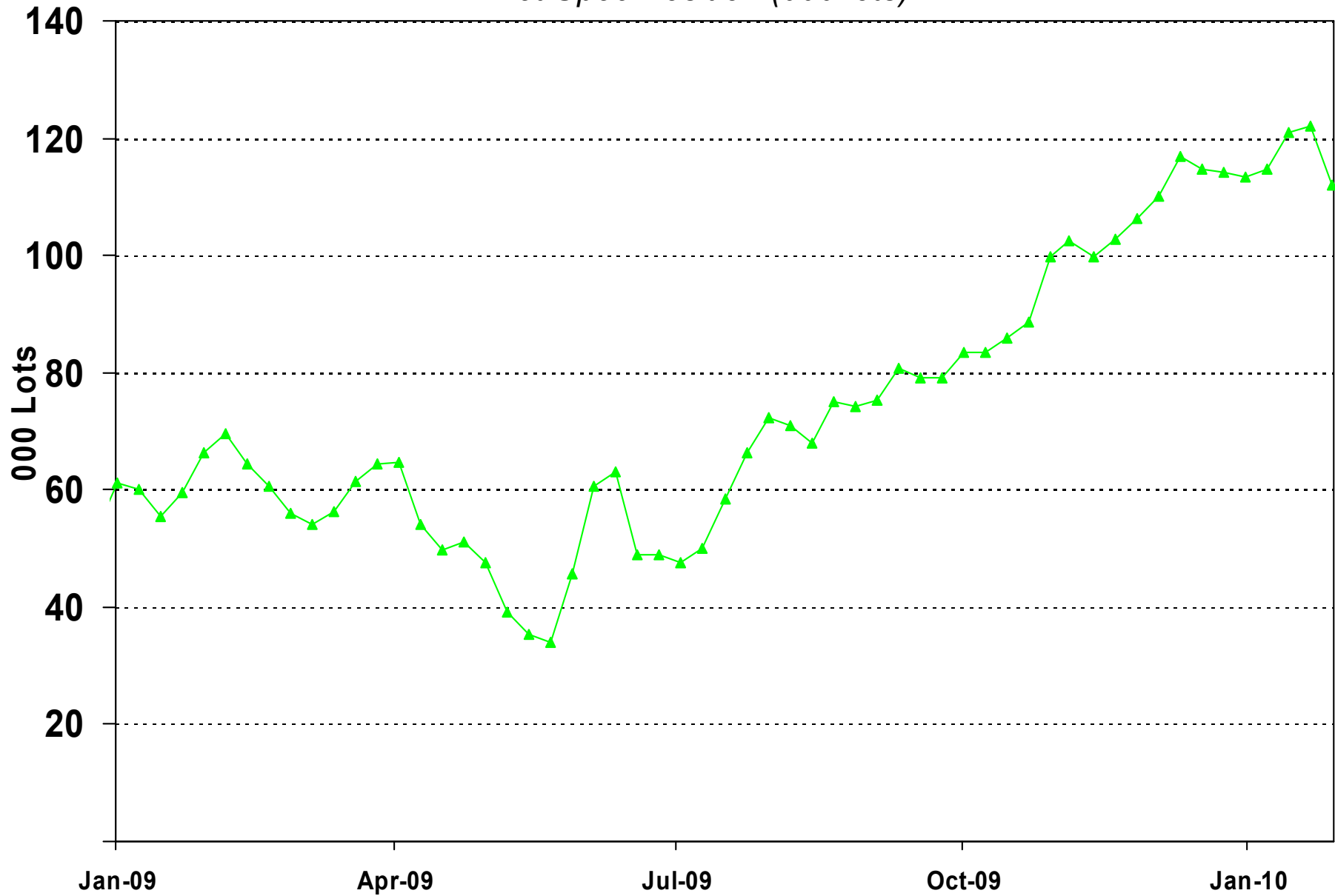


Stock/Consumption Ratio vs ICCO indicator Price



Cocoa Combined Spec Position

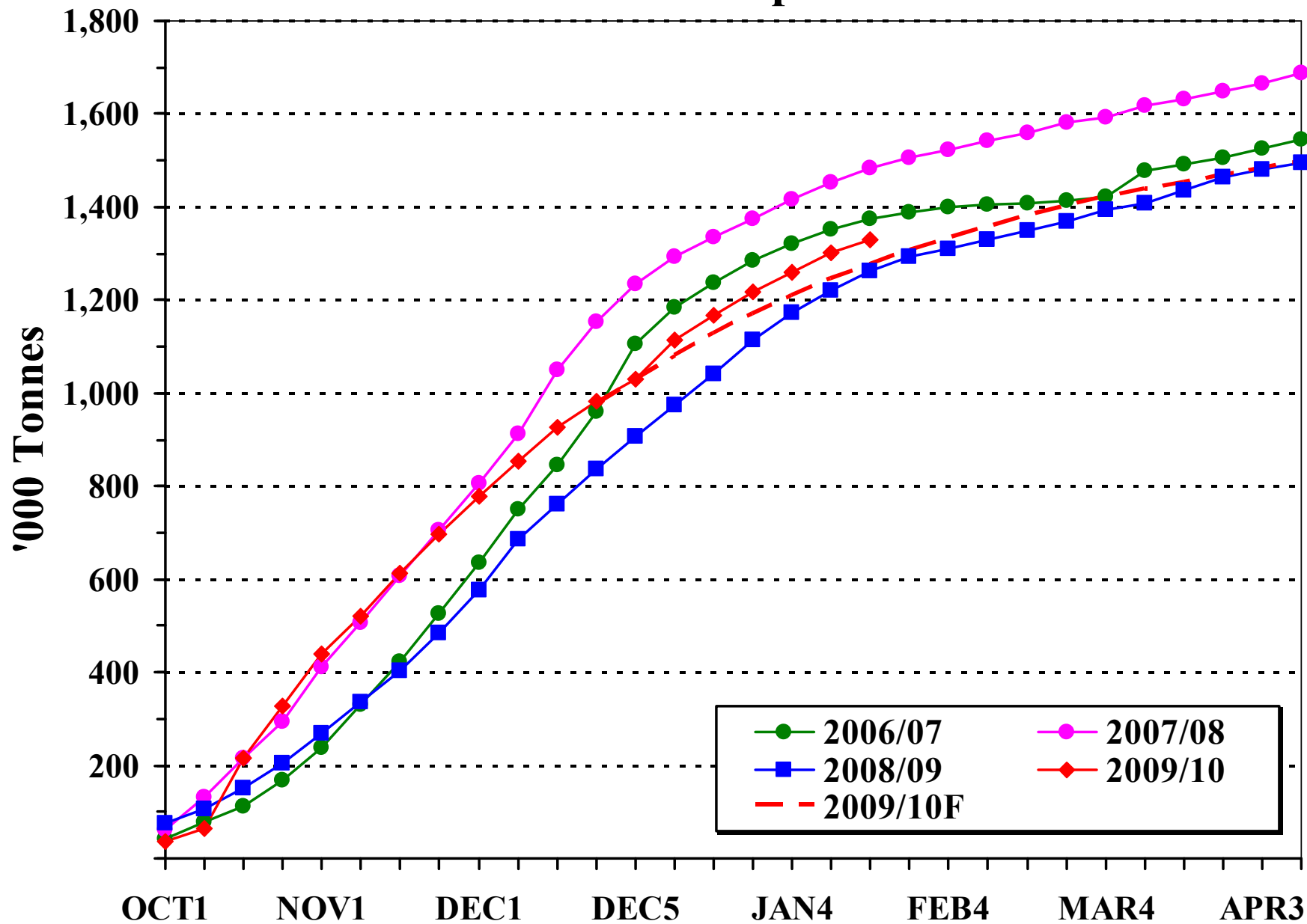
Net Spec Position (000 lots)



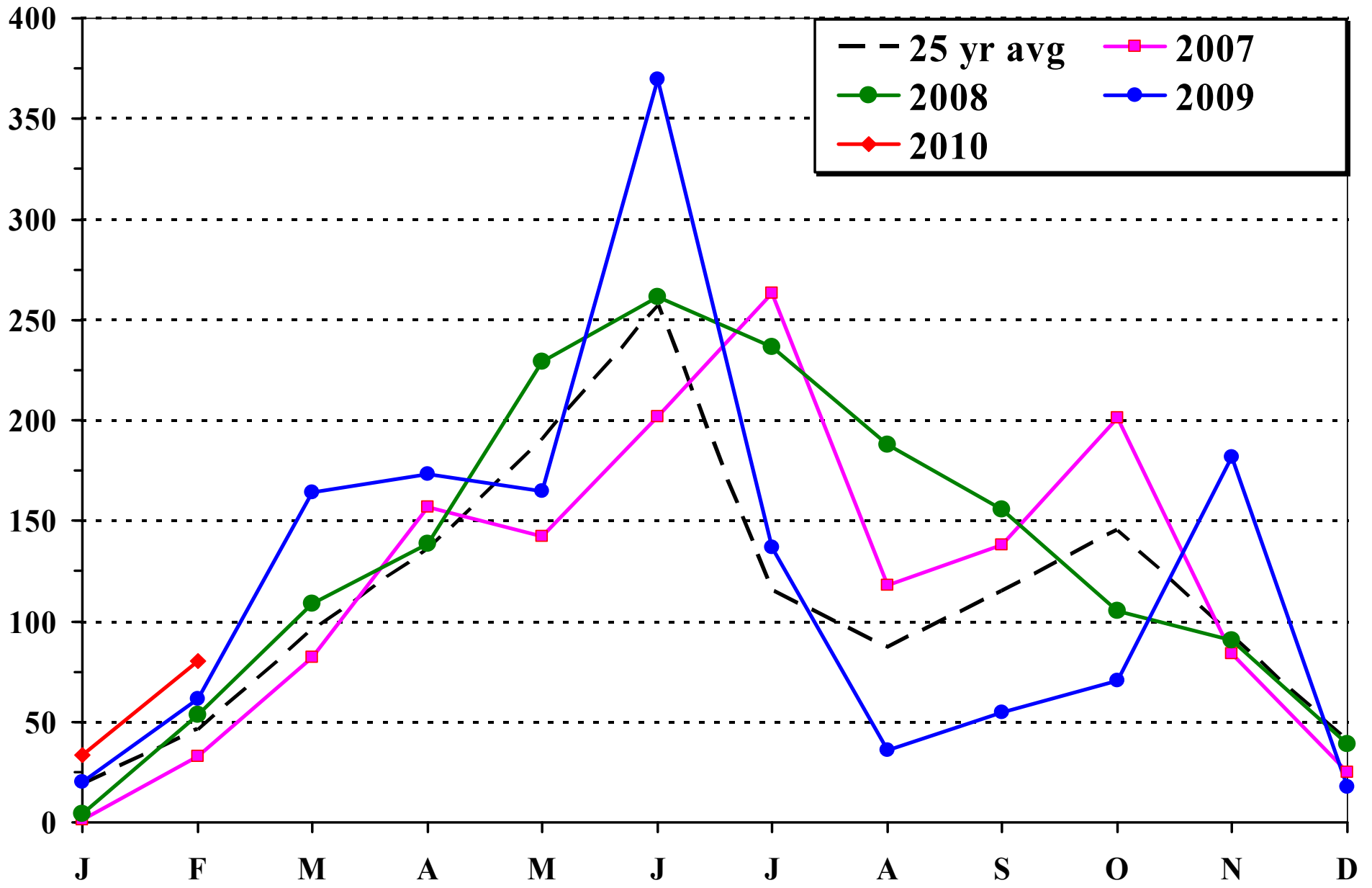
New York Terminal Market 2nd Position, Daily High and Low



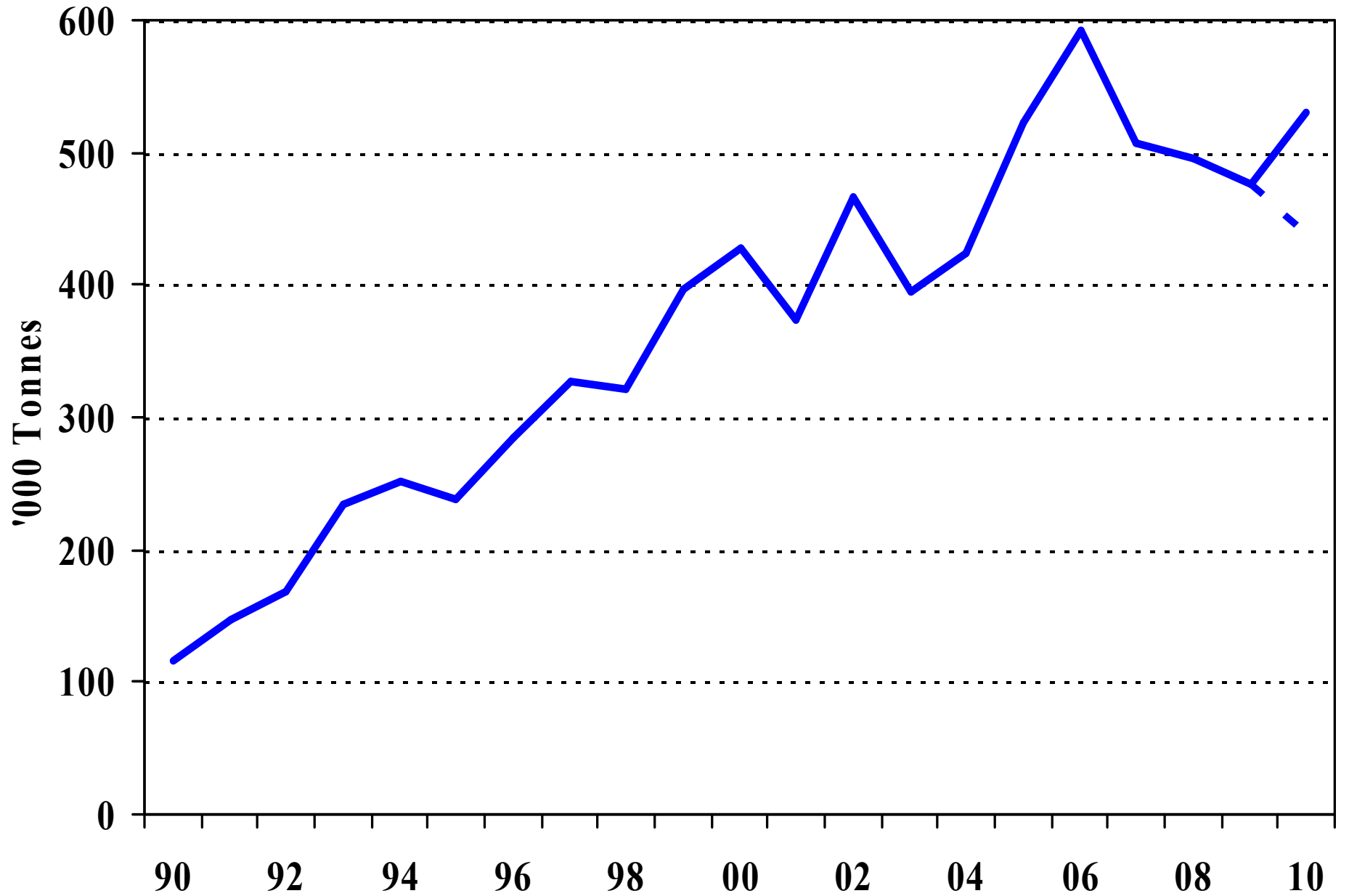
Combined Cote d'Ivoire Main Crop Arrivals and Ghana Main Crop Purchases



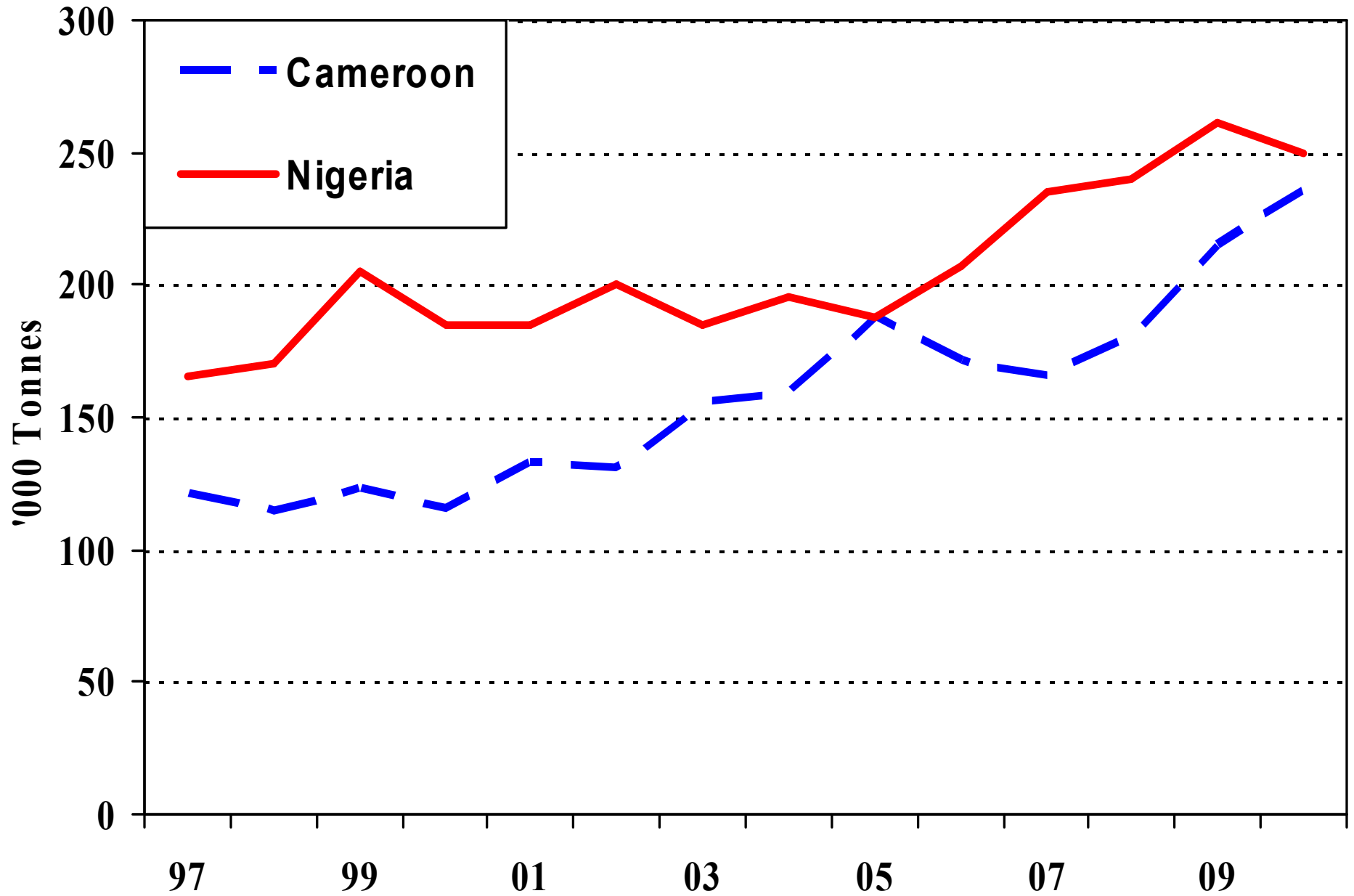
Cote d'Ivoire rainfall (mm/month)



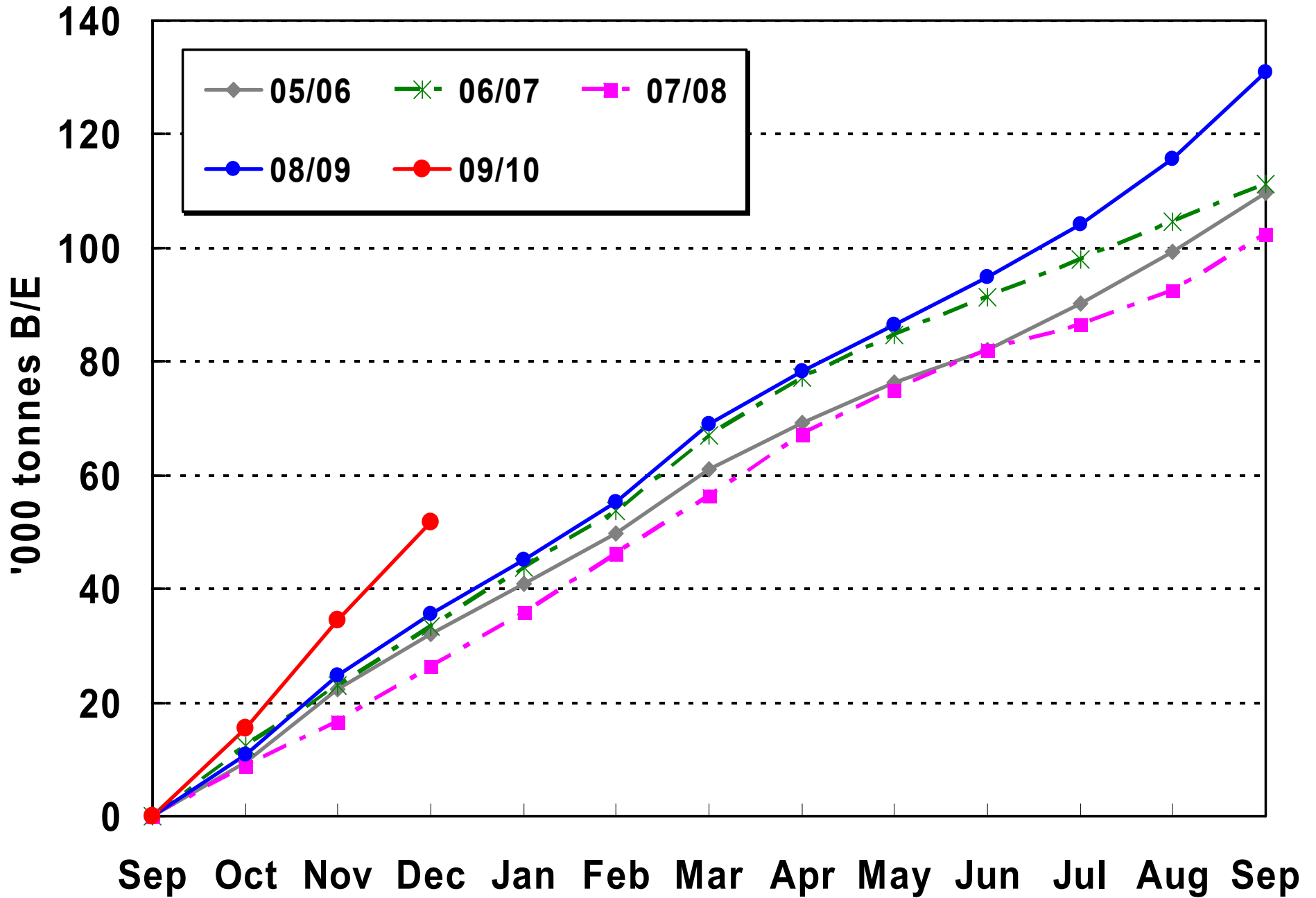
Indonesia Cocoa Production



Cameroon and Nigeria Cocoa Production



Ecuador Cocoa Exports



Cocoa Fundamentals

	2006/07	2007/08	2008/09	2009/10
Cote d'Ivoire	1,229	1,382	1,221	1,230
Ghana	601	712	676	640
Indonesia	507	495	477	530
Nigeria	235	240	261	250
Cameroon	165	180	215	235
Brazil	126	171	157	172
Ecuador	111	102	131	150
Rest of World	473	437	424	450
Total	3,447	3,719	3,562	3,657
Grind	3,667	3,743	3,478	
Balance	-248	-61	48	
End Stocks	1,483	1,422	1,470	
Stocks/use ratio	40.4	38.0	42.3	
000 tonnes				

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	2006/07	2007/08	2008/09	2009/10
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000 tonnes				

Chocolate Sales

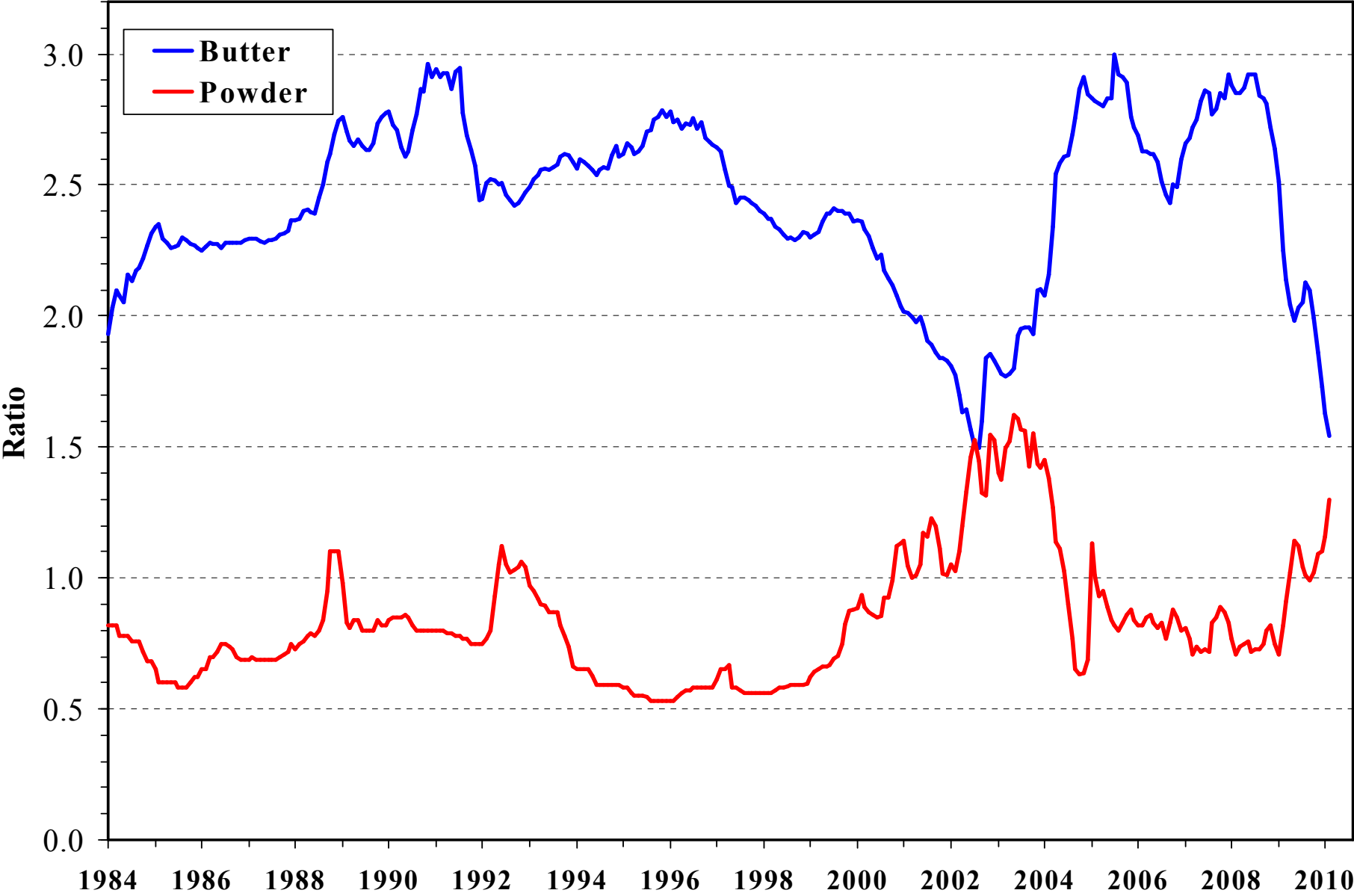
		2008/09	2009/10	% Change
USA	Oct - Dec	238.6	232.8	-2.4%
<i>Non Wal-Mart</i>	<i>Oct - Dec</i>	<i>166.8</i>	<i>160.1</i>	<i>-4.0%</i>
<i>Wal-Mart</i>	<i>Oct - Dec</i>	<i>71.8</i>	<i>72.7</i>	<i>1.3%</i>
W.Europe (5)	Oct - Dec	365.8	360.1	-1.6%
Emerging Markets	Oct - Nov	145.2	132.1	-9.0%
Total		749.6	725.0	-3.3%

'000 tonnes

Fourth Quarter Grind Data

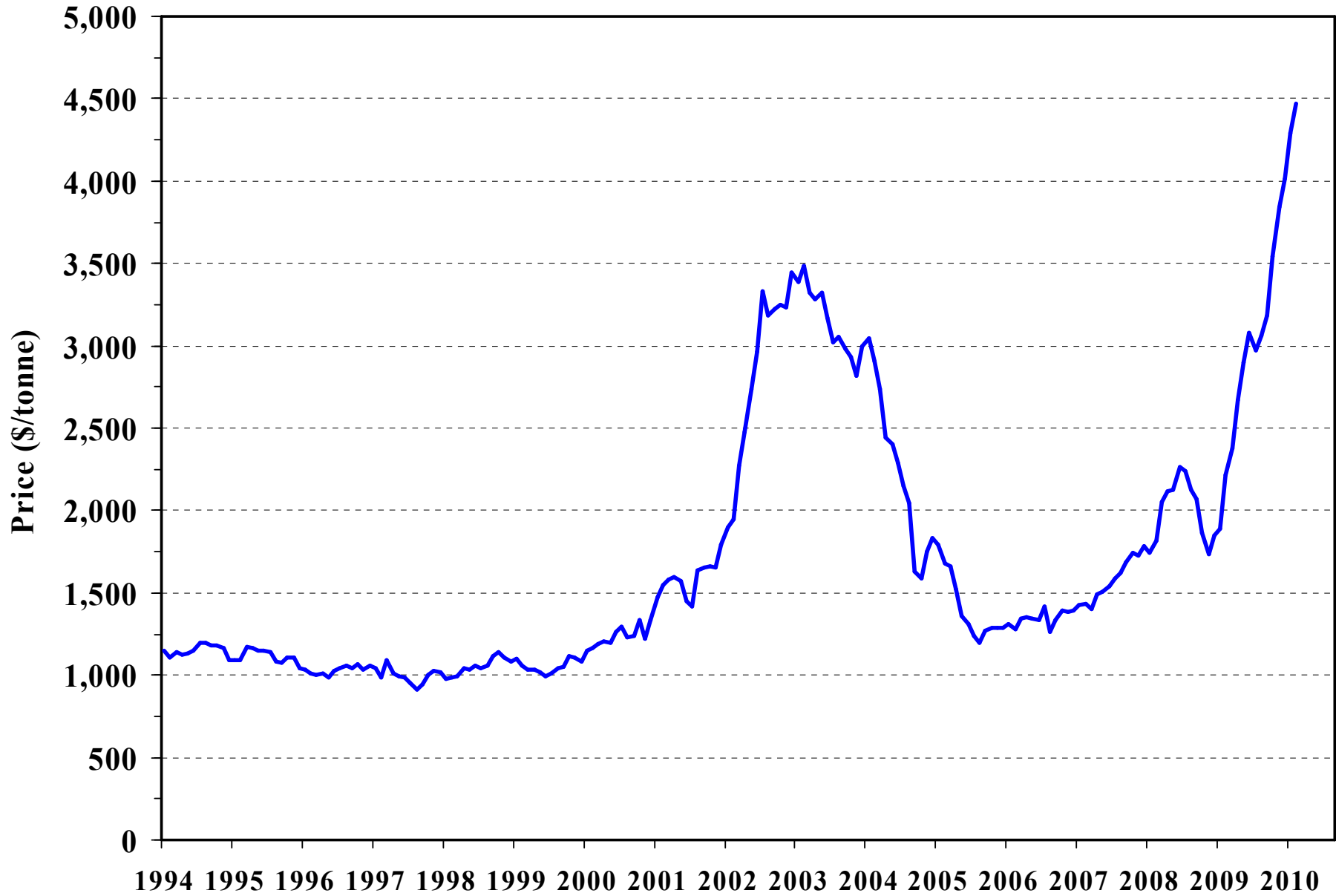
	2008/09	2009/10	% Change	
Europe	380.1	386.4	1.7%	
America	175.9	172.3	-2.0%	
Africa	175.2	170.0	-3.0%	
Asia	127.3	131.1	3.0%	
Total	858.5	859.8	0.2%	98%

Dutch/German Products Ratios



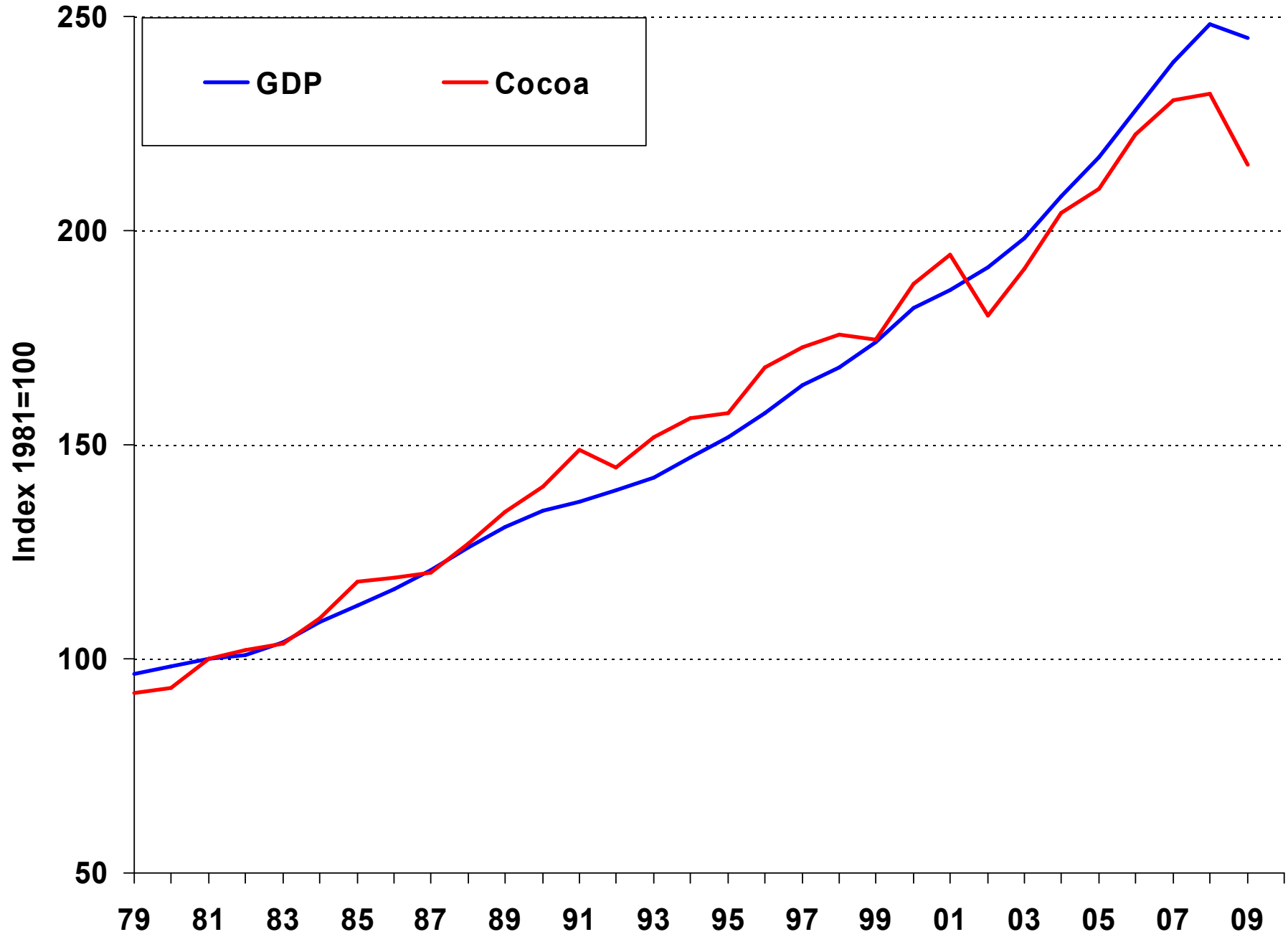
6 months forward

European Premium Cocoa Powder Price

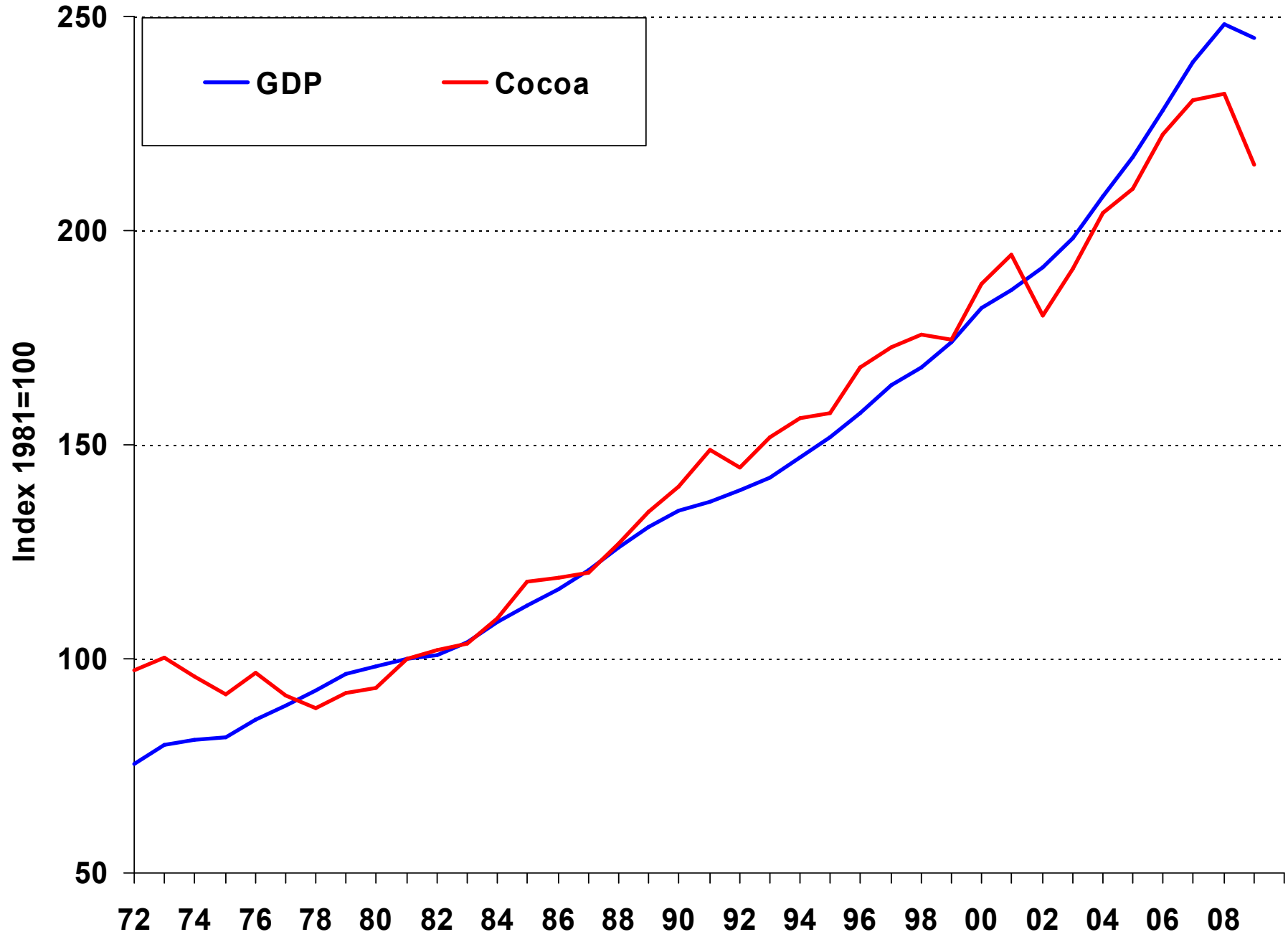


6 months forward

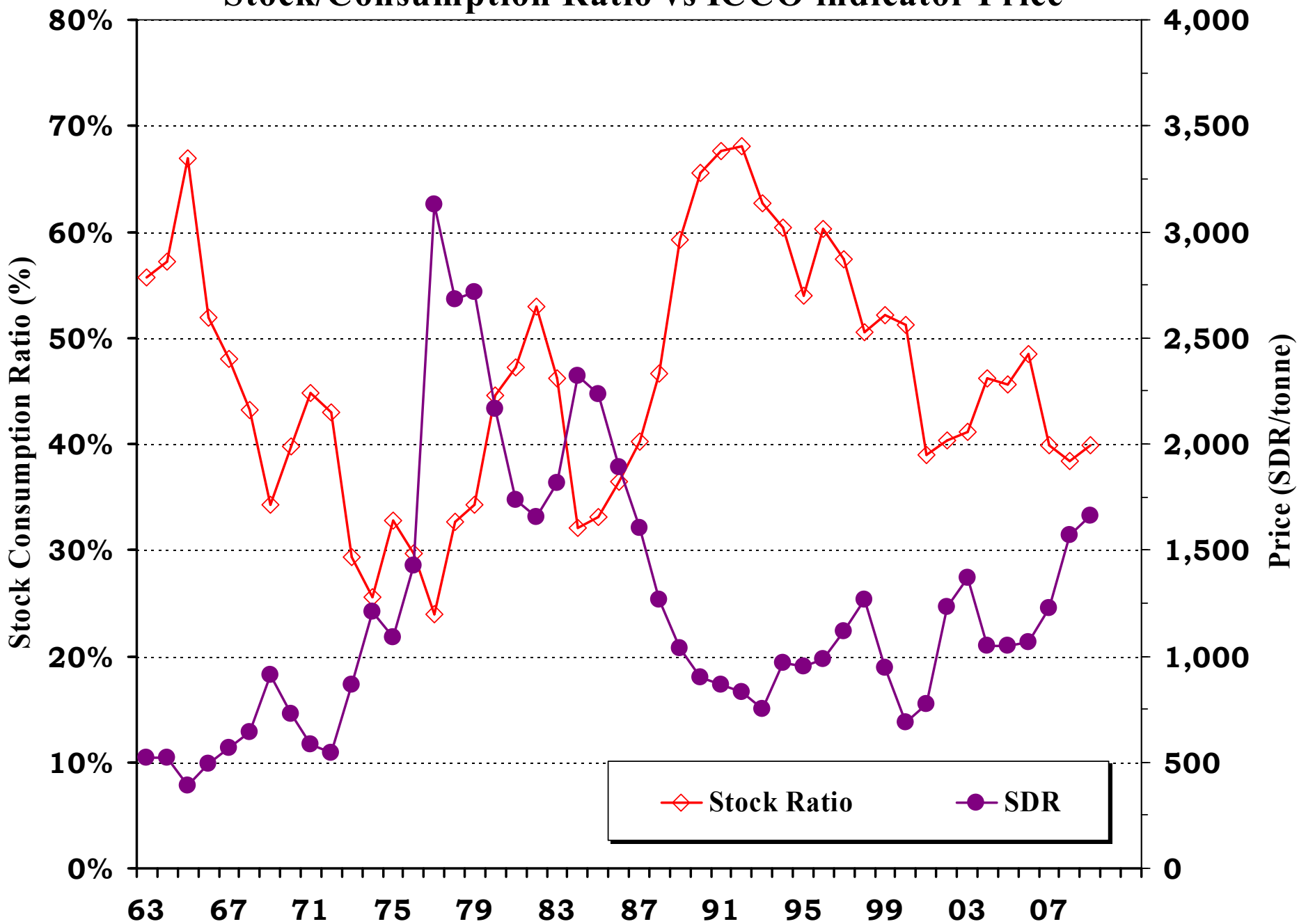
Cocoa Grind and World GDP



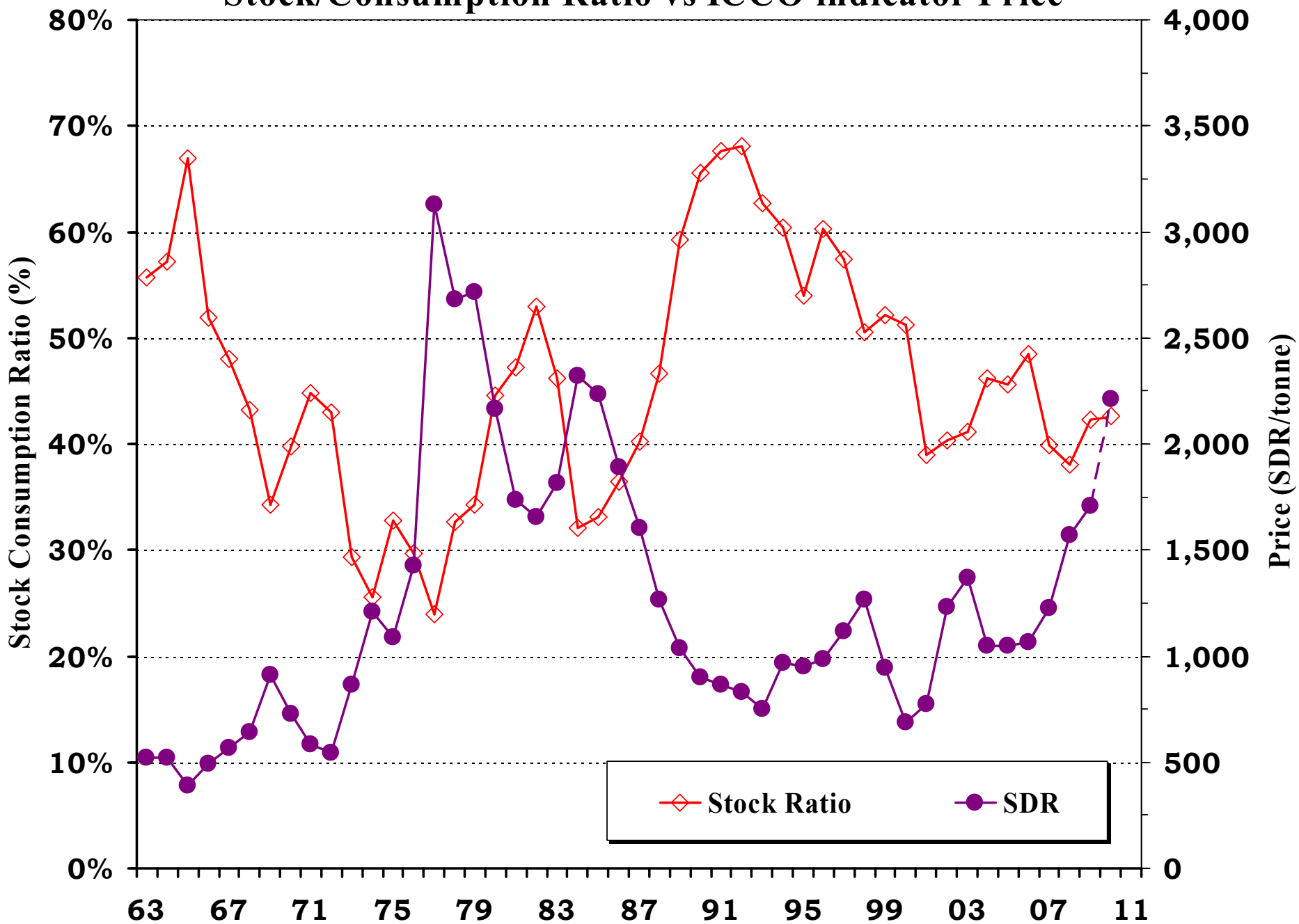
Cocoa Grind and World GDP



Stock/Consumption Ratio vs ICCO indicator Price



Stock/Consumption Ratio vs ICCO indicator Price



Looking forward:

Fertilizer use in Ivory Coast

Political unrest

Weather

Powder demand