

Barry Callebaut Says Africa Cocoa Deliveries Cut Global Shortage

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“Strong” cocoa deliveries in top growers **Ghana** and **Ivory Coast** are reducing global shortage forecasts for the season, according to **Barry Callebaut AG (BARN)**, the world’s biggest bean processor and top maker of bulk chocolate.

Bean arrivals at Ivorian ports climbed 33 percent from the start of the season on Oct. 1 through Jan. 12 to the highest level since at least 2004-05, data from KnowledgeCharts, a unit of Commodities Risk Analysis in Bethlehem, **Pennsylvania**, showed. In Ghana, bean purchases rose 27 percent from Oct. 1 to Dec. 19 to the highest since 2010-11, according to the data.

Cocoa gained 21 percent in **London** and in **New York** last year, making it the second-best performing commodity in the Standard & Poor’s GSCI index of 24 raw materials. Prices rallied as demand rebounded and dry weather in West Africa meant shortages were forecast for last season and the current one.

“With strong arrivals from the two most important cocoa origins,

Ivory Coast and Ghana, market players gradually reduced their deficit expectations,” **Barry Callebaut**, based in Zurich, said in an earnings report on its website today. “This slowed the bullish momentum in cocoa prices.”

Bean arrivals were estimated at ports in Ivory Coast at 1.02 million metric tons and in Ghana at 527,000 tons, KnowledgeCharts data showed. Cocoa processing in **Europe**, the top-consuming region, rose for a third quarter in the period ended Dec. 31, according to the European Cocoa Association. Global chocolate confectionery sales volume advanced 3.4 percent from September to November, Barry Callebaut said, citing Nielsen.

Deficit

“If you take the arrival numbers in Ivory Coast and the purchase numbers in Ghana at face value, then the size of the deficit for this current season is probably lower than most of us expected say six weeks ago,” **Jonathan Parkman**, co-head of agriculture at London-based brokerage Marex Spectron Group, said by phone today. “We are probably talking consensus deficit of somewhere around 100,000 tons as opposed to consensus deficit that was around 150,000 to 200,000 tons.”

Ivory Coast and Ghana are collecting the bigger of two annual harvests that started in October. The so-called main crops in both countries are “very good,” Barry Callebaut said in a presentation on its website. The smaller harvest, known as the mid-crop, usually

starts at about April.

Barry Callebaut sales volume gained 19.5 percent in the fiscal first quarter ended Nov. 30 to 463,996 tons, driven by the acquisition of Petra Foods Ltd.'s cocoa business, the company said. Without the buyout, sales advanced 4.6 percent, higher than the gain in the global chocolate confectionery market, it said, citing Nielsen.

Sales

Chocolate confectionery sales volume rose 2.1 percent in the U.S. from September to November and advanced 2.2 percent in Western Europe, Barry Callebaut said in the presentation, citing Nielsen. Volume gained 9.5 percent in **South America**, 4.5 percent in Eastern Europe and 9.3 percent in the Asia-Pacific region.

“The big question for me is: Are we in structural deficit or not?” Marex Spectron’s Parkman said. “The demand side of the equation has done its bit to say that it’s as strong as we could have expected it to be.

“It’s just for the production side that the jury is still out,” he said. “The weather in Ivory Coast at the moment is really good for the development of the mid-crop and the mid-crops in West Africa can often be the difference between a reasonably sized surplus or deficit.”

Barry Callebaut, including the Petra acquisition, will process about

920,000 tons of cocoa in the year ending in August, or about 23 percent of the world's crop, Raphael Wermuth, a spokesman for the company, said by phone today. That makes it the biggest processor, ahead of Cargill Inc., the second, and **Archer-Daniels-Midland Co. (ADM)**, the third, according to the presentation.

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