

# Cocoa at 33-year high on supply fears

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Published: June 3 2010 13:14 | Last updated: June 3 2010 13:14

Spot cocoa prices traded above £2,500 a tonne on Thursday for the first time in almost 33 years as fears over another poor crop drove prices higher.

Liffe July cocoa gained 0.2 per cent to £2,524 a tonne, its highest level since late 1977. The front-month contract has gained 14 per cent in the past four weeks.

Cocoa for September delivery – the second front-month contract, the traditional industry benchmark – rose 0.3 per cent to £2,400 a tonne, just short of its own three-decade peak set earlier in the year.

Prices for cocoa, the bean used to produce chocolate, have risen sharply on the back of a disappointing crop in the Ivory Coast, the world's largest producer with 40 per cent of global output. In addition, the chocolate market is showing signs of recovering in line with the global economy, adding to the tightness in the market.

Some in the industry fear that demand will outstrip supply for a fifth successive year in the 2010-11 season, something that has never previously happened.

In other commodities markets on Thursday, oil prices gained as some risk appetite returned to the markets. Nymex July West Texas Intermediate gained 41 cents to \$73.27 and ICE July Brent was up 44 cents at \$74.19.

Metals were more muted, as fears over weaker demand from China continued to damp enthusiasm. Copper for delivery in three months was 0.3 per cent lower at \$6,674 a tonne on the London Metal Exchange.

Spot gold slipped 0.4 per cent to \$1,217.60 a troy ounce.