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Cocoa Falls on Speculation Ivory Coast's Shipments to Carry On
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By Stephen Morris

Dec. 8 (Bloomberg) -- Cocoa fell from its highest price in more than three months in London on speculation exports from Ivory Coast, the world's biggest grower, will carry on amid political unrest following the disputed presidential election.

The election, intended to unite the West African country, has turned into a standoff, as incumbent Laurent Gbagbo and challenger Alassane Ouattara both claim victory. Cargill Inc., a cocoa shipper in the country, said this week the unrest is causing "challenges both in terms of delivery of beans and logistics on the ground."

"In the past when there has been conflict in Ivory Coast, the cocoa industry tends to make sure that shipments carry on," Gary Mead, an analyst at VM Group in London, said today by phone. "Until we have satisfactory resolution in Ivory Coast then cocoa is going to be volatile."

Cocoa for March delivery lost 23 pounds, or 1.1 percent, to 2,015 pounds (\$3,177) a metric ton at 11 a.m. on NYSE Liffe in London. The commodity has risen 14 percent since it's year-low on Nov. 8, with prices surging 4.5 percent last week, the biggest gain since the week to June 4.

"There are two basic things in play moving the price," Mead said. "One is the likelihood of a large Ivory Coast main crop, facing against complete political uncertainty, which most people assume correctly will result in fresh rounds of civil protest."

Cocoa production may exceed demand by 100,000 tons in the current season as rainfall increases and West African governments invest in the industry, the International Cocoa Organization said Oct. 13. Global output of the beans will be 3.8 million tons, compared with demand of 3.7 million tons, Executive Director Jean-Marc Anga said.

Night Curfew

Work at some Ivory Coast processing plants slowed because employees were sent home for their safety, according to the officials in the commercial capital, Abidjan, who asked not to be identified. A nighttime curfew was extended by a week, the country's Radiodiffusion Television Ivoirienne reported on its website yesterday. The curfew is from 10 p.m. to 6 a.m., limiting operations at ports.

Cocoa for March delivery fell \$42, or 1.4 percent, to \$3,042 a ton on ICE Futures U.S. in New York. Yesterday the price jumped as much as 2.4 percent to \$3,140, the highest since Aug. 6. Prices surged 5 percent last week, the most since the week to July 16.

Indian Restrictions

India, the world's second-biggest producer of sugar, yesterday said it is "too early" to estimate the output for the 2011-2012 season

or formulate a proposal for freeing exports of the sweetener. The government will make a decision on ending restrictions on shipments after getting "dependable estimates" on output and after assessing domestic demand, junior Food Minister K.V. Thomas said in a statement to parliament on Nov. 26.

"The market is still waiting for a clearer picture on exports from India," Stefan Uhlenbrock, a commodities analyst at F.O. Licht. in Ratzeburg, Germany, said by phone today. "As long as there is no announcement, the volatility in sugar can be expected to persist."

White sugar for March delivery dropped 1 percent to \$724.90 a ton on NYSE Liffe, heading for a second session of losses. Raw sugar for March delivery fell for a third day, declining 0.1 percent to 28.39 cents a pound in New York.

Robusta coffee for March delivery lost \$13, or 0.7 percent, to \$1,864 a ton on NYSE Liffe, after yesterday's 0.9 percent advance. Arabica coffee for March delivery fell 1.2 percent to \$2.0545 a pound in New York.

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