Panamir
COCOA

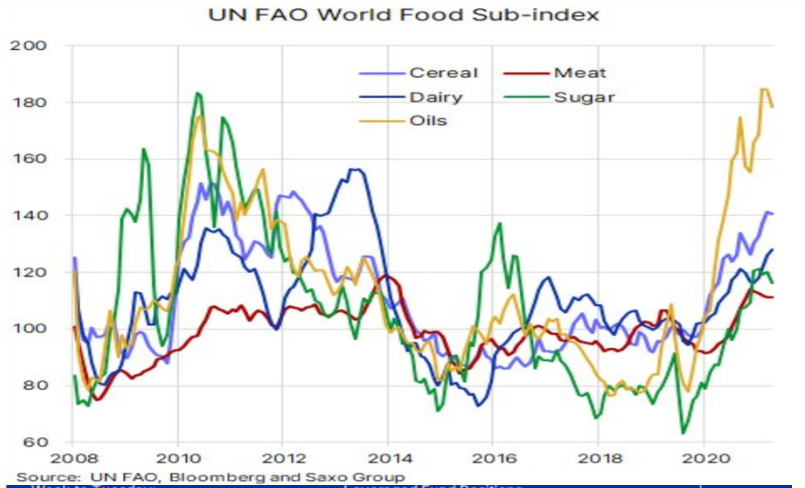
Market Report

10.01.2022

TRENDS AND MAIN EVENTS IN THE COCOA MARKET

1. Season 2021/2022

The harvest of 2021/2022 continues with delays in deliveries. In Ivory Coast, this season, arrivals at the port are 6% worse than a year earlier, according to data as on January 2, 2022.
Now 1,110,000 tons have been delivered.
In Ghana, the harvest is projected to decrease to 950,000 tons from 1,060,000 MT last year, which is -5.6% compared to last year.
Pressure on prices is also exerted by a new strain of the Omicron coronavirus, with millions of cases every day in the US and the EU. It is unclear how this will affect the demand for chocolate.
GIPEX group of African cocoa processors announced an increase in cocoa processing by 6.2% according to data for November 2021.
According to Saxo bank, the inflation of the basket of consumer products in December began to decline in almost all positions, but if we talk about cocoa, the positions of hedge funds slightly increase their long positions on price increases. It is not surprising, since cocoa beans were the only raw product with negative growth in 2021.



Source: UN FAO, Bloomberg and Saxo Group

Week to Tuesday: 28-Dec-21	Leveraged Fund Positions							
	Long	Change	Short	Change	Net	Change	Change Pct	Trend
WTI Crude (CME)	313,288	4,878	46,448	-11,592	266,840	16,470	7%	
Brent Crude (ICE)	263,790	21,288	76,136	-11,810	187,654	33,098	21%	
Gas Oil (ICE)	100,721	6,651	6,802	-2,817	93,919	9,468	11%	
RBOB Gasoline	74,338	-1,976	6,995	107	67,343	-2,083	-3%	
NY Harbor ULSD	30,056	2,288	14,515	795	15,541	1,493	11%	
NatGas (4 contr.)	333,896	-1,664	208,136	-21,874	125,760	20,210	19%	
Gold	146,045	8,222	47,210	-6,022	98,835	14,244	17%	
Silver	50,747	1,845	33,048	-4,751	17,699	6,596	59%	
Platinum	15,952	2,021	19,749	-3,918	-3,797	5,939	-61%	
Palladium	1,909	181	4,404	-393	-2,495	574	-19%	
HG Copper	56,765	9,124	36,223	-1,249	20,542	10,373	102%	
Soybeans	117,661	17,343	19,581	-7,813	98,080	25,156	34%	
Soybean Meal	72,021	8,420	10,859	-2,191	61,162	10,611	21%	
Soybean Oil	64,328	2,168	18,934	-4,148	45,394	6,316	16%	
Corn	399,264	14,045	25,919	1,116	373,345	12,929	4%	
Wheat (CBOT)	67,828	7	79,601	773	-11,773	-766	7%	
Wheat (KCBT)	75,440	491	16,034	-108	59,406	599	1%	
Sugar	184,719	-5,675	34,762	-2,046	149,957	-3,629	-2%	
Cocoa	40,233	929	51,136	-2,892	-10,903	3,821	-26%	
Coffee	56,196	-1,563	7,185	-279	49,011	-1,284	-3%	
Cotton	74,996	4,018	171	-21	74,825	4,039	6%	
Live Cattle	88,811	-221	19,209	-1,071	69,602	850	1%	
Feeder Cattle	9,563	494	7,884	-798	1,679	1,292	334%	
Lean Hogs	67,026	1,908	9,306	-1,830	57,720	3,738	7%	
Total	2,705,593		800,247		1,905,346	180,054	10%	

Source: CFTC, ICE, Bloomberg and Saxo Group

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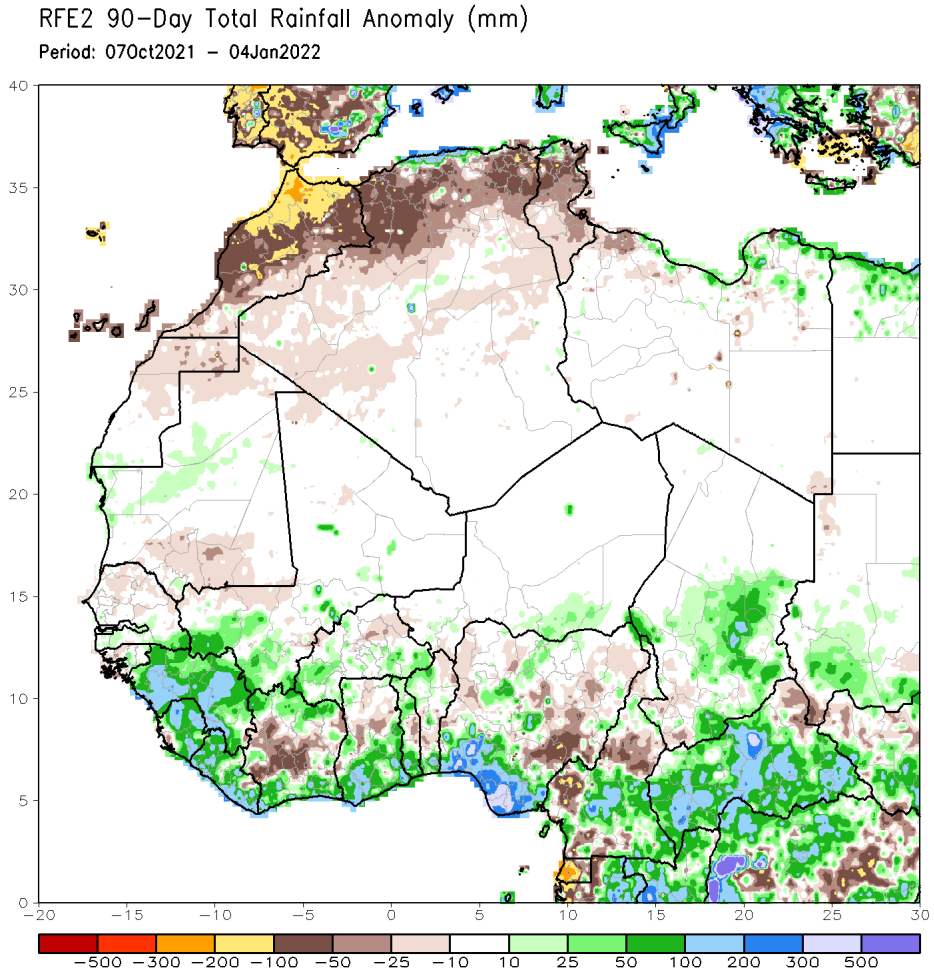
WEATHER

Weather conditions in West Africa remain favorable with an abundance of rain.
In West Africa, there is a rapid flowering of cocoa trees, it was ensured due to good rains in previous periods.
There is practically no dry wind from the Sahara (Harmattan), which is unusual for this time of year, this is positive news for the development of the summer harvest 2021/2022.
Also, given the anomaly in the amount of precipitation, the upcoming average harvest may well become, if not a record, then at least at the level of last year.
This fact is now the strongest brake on the price of cocoa beans.

The soil has enough moisture, due to heavy rains in the last 90 days in West Africa.
The observation of currents in the Pacific Ocean shows a weak possibility of the formation of the El Nino effect by the end of 2022, which may adversely affect the main crop of 2022/2023.



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TECHNICAL MARKET ANALYSIS

From a technical point of view, it is moving along an ascending trend line. ((London Stock Exchange Chart)
The main points of resistance will be on the London Stock Exchange CK2 (May 2022 trading month)
The last week of 2021 closed above all averages but could not hold its position in the first week of 2022, however, a strong growth momentum on Friday 07.01.2022 still indicates that sooner or later the market will move into a clearly growing trend. Most likely, this will happen when the price (the closing of the trading week) is fixed above 1750 for CK2.
(London Stock Exchange Chart)
200 day average - 1718
100 day average - 1756
50 day average - 1715

(New York Stock Exchange Chart)

On the chart of the NY stock exchange, the range in which we have been trading in the last 3 years is important, which has formed a symmetrical triangle, in the near future trading is expected in the range of 2350-2900 dollars per ton. And breaking through both the lower and upper boundaries will most likely mean the formation of a new trend in prices. Most likely, the breakthrough will take place in 2022.

We can safely say that we are in an uptrend after fixing the price above 2600 by K2 (May), until then the price will fluctuate in the range from 2400 to 2550.

PRICES FOR COCOA BEANS AND COCOA PRODUCTS

Cocoa mass (cocoa liquor)

Ratio spot (instant deliveries) – 1.68

Ratio for the first quarter of 2022 – 1.68

Cocoa powder (cocoa powder)

Natural powder of standard quality IC1 – 2380 EUR/mt

Premium Quality Natural Powder ICP – 2530 EUR/mt

Alkalized powder of premium quality A6 – 2630 EUR/mt the offer is limited

Alkalized powder of premium quality A8 – 2780 EUR/mt the offer is limited

Cocoa beans of Ghana

Deliveries in 1st quarter of 2022

Exchange CH2 (Mar22) +500 GBP/mt

FCA Tallinn Price 2980 USD/mt

Cocoa beans Ivory Coast

Deliveries in 4th quarter of 2021

CZ1 Exchange (Dec 2021) +385 GBP/mt

FCA Tallinn Price 2815 USD/mt