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ICE Cocoa Rises a 2nd Day After Longest Slump in 50 Years Ends 2011-12-13 11:00:47.410 GMT

By Isis Almeida

Dec. 13 (Bloomberg) -- Cocoa rose for a second day in New York, following the longest slump in at least 50 years, after Olam International Ltd. said output will trail consumption in the season started Oct. 1. Sugar advanced.

Cocoa production will be 100,000 metric tons less than consumption in 2011-12, with the crop in top global producer Ivory Coast falling to 1.35 million tons, down from over 1.75 million tons the previous season, Gerry Manley, managing director and global head for cocoa at the company, said by phone from London yesterday. Cocoa has fallen 9.9 percent in London and 14 percent in New York over the past month on speculation supplies would be better than initially estimated.

"Futures prices have been hit hard, with the sell-off over the last six weeks from European debt concerns rivaling the falls experienced immediately after the failure of Lehman in 2008," Paul Deane, an economist at Australia & New Zealand Banking Group Ltd. wrote in a report e-mailed today. "Even with last night's bounce, prices are still hovering at levels more consistent with 2007 levels."

Cocoa for March delivery advanced 0.6 percent to \$2,193 a ton by 05:45 a.m. on ICE Futures U.S. in New York. The price rose as much as 8.7 percent yesterday. Prior to yesterday, it had fallen for 13 consecutive sessions, the longest slump since at least 1961. Cocoa for March delivery climbed 1.3 percent to

1,438 pounds (\$2,240) a ton on NYSE Liffe in London.

Money managers reduced their net-short position, or bets on lower prices, in London cocoa by 55 percent in the week ended Dec. 6, data from NYSE Liffe, the derivatives arm of NYSE Euronext, show. Net-short positions fell to 2,695 from 5,995 futures a week earlier, according to the weekly commitments of traders report published on the exchange's website yesterday.

Australian Output

White, or refined, sugar for March delivery rose 0.9 percent to \$611.90 a ton on NYSE Liffe. Raw sugar for March delivery rose 1.2 percent to 23.58 cents a pound on ICE.

Australia, set to be the world's third-biggest sugar exporter, lowered its output forecast 7.1 percent amid a decline in plantings and lower yields.

Raw-sugar production may total 3.9 million tons in the year to June 30, 2012, the Australian Bureau of Agricultural and Resource Economics and Sciences said today in a report. That compares with 4.2 million tons forecast in September and output of 3.6 million tons in 2010-2011, it said.

Robusta coffee for January delivery was little changed at \$1,884 a ton in London. Arabica coffee for March delivery was up 1.1 percent to \$2.234 a pound in New York.

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